

Facilitating NGOs' access to structural funds through global grants, technical assistance and capacity-building

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This briefing was developed to support the work of the seminar "Social Inclusion NGOs' access to structural funds: state of play and challenges for 2007-2013 (Porto, 27th September)". It aims to present specific mechanisms that can facilitate social inclusion NGOs' access to structural funds, including their legal basis at EU level and illustrating them by national examples.

1. The need for an "NGO friendly" approach to structural funds

Structural funds' contribution to tackling poverty and exclusion – Since the creation of the European Social Fund in 1957, structural funds have made a considerable contribution to tackling social exclusion through the EU. This was primarily ensured through the European Social Fund, which allowed tackling exclusion through measures likely to bring people back into work (training, employability, lifelong learning, access to childcare...), but also allowing for a wider integration and empowerment of excluded groups (through for instance development of soft skills, targeted social services). More recently, the European Social Fund but also significantly the European Regional Development Fund's contribution have gone beyond this, by providing support for capacity building for social NGOs, social economy initiatives and inclusive entrepreneurship approaches, infrastructures linked to social inclusion.

Obstacles faced by NGOs – Although they are particularly well placed to deliver on structural funds' social inclusion objectives (in particular in dealing with excluded groups), NGOs are facing a number of specific obstacles that prevent them from living up to their full potential. These include in particular:

- Lack of information about the funds' potential for NGOs
- Lack of resources in application rounds (including partnership and transnational brokerage, project planning and drafting) and following them up (audit, reporting, dissemination..)
- Difficulty to use the funds for "micro-projects"
- Level playing field with government agencies and lack of acknowledgement of NGOs' specificity and added value in delivering projects
- Financial obstacles (including financial risks, need for match-funding, pre-financing)

The need for specific mechanisms to facilitate NGOs' operation – A number of mechanisms do exist at EU, national and regional level that can help overcome such obstacles. They aim in particular to build capacity to access the funds, through technical assistance, and facilitate their access through "NGO friendly" financial mechanisms. Though Member States or regions are free to choose if they wish to use them or not, NGOs can build both on the guidance provided at European level and on good practices from across the EU to spread them, which remains possible even after the programmes are adopted.

- *The following sections therefore inform you about three different mechanisms that can support you in accessing structural funds, how they are supported and defined across the EU and have been used innovatively in some countries.*

2. Global grants: reaching out to small groups through “light touch” procedures

Structural funds management through an intermediary body - The “global grants” mechanism was introduced in the reformed Structural Funds in 1989, as part of a system designed to ensure that the funds reach those most in need, especially for purposes of local development. For this reason, it is also sometimes designed as a “small” or “micro” grants mechanism. This particular use of the Funds was pioneered by the European Commission in the ESF Pilot “Local Social Capital” initiated in the 1997-1999 phase of the Funds.

Global grants involve the managing authority entrusting the management and implementation of an operational programme to one or more intermediate bodies (which might be local authorities, regional development bodies, but also non-governmental organisations). This allows better reaching out to small and local organisations and overcome financial obstacles, as global grants systems often also include facilities in terms of co and pre-financing. Global grants are particularly welcome by social inclusion NGOs and their added value can be summarised as follows:

- “easily understood and accessible application systems and procedures,
- 100% up-front financing
- ‘light touch’ monitoring and reporting requirements (...)
- quality, hand-on and practical support provided to applicants and grant recipients”¹.

Yet only in a limited number of countries are provisions made for global grants. Besides, the intermediary bodies already identified tend to be located in the public sector, with only limited provisions for NGOs to deliver them.

What do EU guidelines say? – Article 42 of the Structural funds regulation defines the Global Grants mechanisms through which the “Member State or the managing authority may entrust the management and implementation of a part of an operational programme to one or more intermediate bodies”. The use of Global Grants to achieve the objectives of the European Social Fund is also encouraged by article 11 of the European Social Fund draft regulation. However, it is up to national authorities to decide whether there will be a Global Grant or not for 2007-2013, without any obligation. National authorities and in particular Ministries of Finance must be persuaded that Global Grants are a proven way of achieving the objectives of the Structural Funds by delivering them in the most appropriate way to the lowest possible level.

Building upon good practices from across the EU – So far, only a limited number of governments have announced their willingness to make use of global grants for the new programming period (2007-2013). Britain, Czech Republic, Slovenia, Hungary and Ireland which intend to do so will be able to build upon good practices from across the EU that were successfully implemented, among others in Spain and the United Kingdom.

¹ UK Department for Work and Pensions, Evaluation of the European Social Fund Objective 3, Global Grants programme, http://www.esf.gov.uk/_docs/287summ.pdf

Some information about existing mechanisms and their effectiveness can be found on the following links:

Evaluation of ESF Objective 3 Global Grants Programme, UK Department for Work and Pensions,
<http://www.esf.gov.uk/docs/rrep287.pdf>

Fast forward grants programme, delivered in the London Region
<http://www.gle.co.uk/services/Programmes/FFG.htm?id=23>

Catalyst programme (East Midland)
<http://www.catalystfund.org.uk/index.htm>

Programme run by the Luis Vives Foundation (Spain)
<http://www.fundacionluisvives.org/areas/pse/fse/index.html>

3. Technical assistance: supporting NGOs' access through targeted information and training

A wide-ranging concept - Defined in article 45 of the Structural Funds Regulation, technical assistance is designed to support the smooth running and management of structural funds' operation, for instance by covering studies concerning the operation of the Funds, the exchange of information and experience, evaluation and computerized information systems, but also reaching out to final beneficiaries (essential for social inclusion). Member States tend to use it as well to cover internal management, the costs of monitoring committee meetings, publicity materials, posters and signage. Yet there is no good reason why technical assistance cannot be used creatively as a management tool.

Some NGO specific programmes - In a number of countries, technical assistance has been used to support potential beneficiaries' access to the funds, through information and training programmes, sometimes directly targeted as NGOs to meet their needs. Such NGO-targeted programmes provide information and training on the following points: general Information about Structural Funds work, programming documents and areas in which NGOs are encouraged to participate, role of NGOs in the management of funds, co-financing solutions. Beyond actual training, technical assistance can also consist in provide ongoing tailored support to some groups throughout different phases (e.g. applications, follow-up and reporting).

Lack of obligations upon Member States, but EU level guidelines – Member States have the possibility to devote up to 4 % of the total amount allocated under the Convergence and Regional competitiveness and employment objectives to technical assistance. Besides, although there is no obligation upon the Member States to follow up, the European Social Fund Regulation specifies (see annex) that technical assistance can be used to strengthen social inclusion objective within the ESF. Yet, the structural funds regulations do not specify for which precise actions Member States are advised to use it: this needs to be described in more detail within Operational Programmes. In essence, technical assistance is a tool available to help Programme Managing Authorities to manage the process of project formation, delivery and appraisal.

Some good practices from across the EU – Despite the lack of obligation upon Member States to deliver technical assistance targeted to NGOs, some inspiration can also be drawn from the experience of their neighbour countries which acknowledged NGOs' added value in delivering the funds, but also the difficulties they face. In Spain, social NGOs have, under 2000-2006, received TA within the Operational Programme for Combating Discrimination. In Malta, technical assistance has recently been awarded to the Malta Resource Centre to improve the quality of NGO interventions. The project is part of a national information, training, development and technical assistance programme for NGOs 2007-

2008. One of the key areas of training for NGOs is access and management of Structural Fund projects. In the UK, for more than 15 years, the Government has extensively dedicated TA to national and regional NGOs to underpin both ESF and ERDF programmes.

Examples of practices on technical assistance

Malta, structural funds training programme for NGOs active in social inclusion, <http://www.mrc.org.mt/page.asp?p=8680>

Activities of LVSTC (London Voluntary Sector Training Consortium, member of EAPN UK), <http://www.lvstc.org.uk/>

4. Using the funds for capacity-building purposes

A new opportunity in convergence areas – While technical assistance is directly linked to facilitating NGOs' delivery of projects, their more general organisational capacity needs to be reinforced through a wider range of aspects (resources, networking, planning...). It is often little known that structural funds have also been used by NGOs for capacity-building purposes which, despite the relatively low level of funding, has made a difference for them. This can be even more the case for the 2007-2013 programming period, in the so-called "convergence" regions². The European Social Fund regulation (article 3) indeed encourages Member States to use the funds to strengthen institutional capacity of non-governmental organisations (among others) both in the planning and delivery phase of the funds (through training and support).

Developing a strategic approach – The increased commitment of the new Programmes to the "partnership" principle is encouraging a more comprehensive approach to building institutional capacity. Indeed, the Commission is looking for a strategic approach, which ensures that the strengthening of institutional capacity is framed within a coherent programme of reforms rather than as a set of ad hoc actions. Such a strategy should also include the role of relevant actors important for policy development and implementation. This would be the case where actors such as social partners and NGOs are an indispensable element in the development and implementation of planned reforms, ensuring good governance and better regulation. Actions supporting these partners should be designed in line with the specific needs of a Member State or region and coherent with the objectives and priorities for ESF interventions under the institutional capacity priority.

Looking to the recent regional experience of the London ESF Programme 2000-2006, the 2-year Skills for Economic Inclusion Network (SKEIN) capacity-building project illustrates the strategic potential of working with 3100 small, street-level community providers around the local global grants programme ~ *Fast Forward*. The main thrust of SKEIN has been to help otherwise disconnected NGOs to get "into the bigger picture" and develop a regional voice for the many disadvantaged groups described as the socially excluded and *economically inactive*. The challenge has been to organize friendly one-to-one organizational support through visits, workshops, short training courses, e-bulletins, newsletters, briefings and action research.

The current example of Slovenia - In another Member State where the NGO landscape is dominated by volunteers with few paid professionals, intense discussions are underway between the Slovene Government and NGOs to scope the range of possibilities for technical assistance and capacity-building

² http://ec.europa.eu/regional_policy/policy/region/index_en.htm

in promoting partnership under the Funds. These possibilities are being assembled in Action Plans for consideration by the relevant stakeholders. Introductory events being organised for social NGOs are attracting record numbers and the Government is identifying widespread interest in helping to strengthen the delivery of the Funds. The forthcoming EU Presidency will offer an opportunity to showcase the progress being made in forging partnerships by the careful, targeted use of Technical Assistance.

Information on the use of structural funds for capacity-building purposes

Presentation from the European Commission on capacity-building for Social partners –
http://ec.europa.eu/employment_social/social_dialogue/docs/lf_070627_chapman.pps

Interpretative note on capacity-building for convergence regions (Sept. 2005):
http://ec.europa.eu/employment_social/esf2000/pdf/institutional_capacity_en.pdf

ANNEX: What are EU level guidelines Member States have to respect?

Intended to illustrate the information mentioned above, this compilation of quotes related to global grants, technical assistance and capacity-building is taken from the main structural funds documents (yet without any comment or change, except highlights in bold):

- General structural funds regulation
- ESF Regulation
- ERDF Regulation
- Implementing regulation
- Strategic guidelines (non binding).

It should be kept in mind that, while the strategic guidelines are only indicative, the structural funds regulations are binding upon the Member States. The quotes can thus be used to support national and EU level lobbying strategies.

All documents can be found in all community languages on:

http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

Global Grants

1. General Regulation

Section 3 Global grants

Article 42 General provisions

1. The Member State or the managing authority may entrust the management and implementation of a part of an operational programme to one or more intermediate bodies, designated by the Member State or the managing authority, including local authorities, regional development bodies or non-governmental organisations, in accordance with the provisions of an agreement concluded between the Member State or the managing authority and that body. Such delegation shall be without prejudice to the financial responsibility of the managing authority and of the Member States.

2. The intermediate body responsible for managing the global grant shall provide guarantees of its solvency and competence in the domain concerned as well as in administrative and financial management. It shall as a general rule be established or represented in the region or regions covered by the operational programme at the moment of its designation.

Article 43 Implementing rules

The agreement referred to in the first subparagraph of Article 42(1) shall detail in particular:

- (a) the types of operation to be covered by the global grant;
- (b) the criteria for selecting beneficiaries;
- (c) the rates of assistance from the Funds and the rules governing that assistance, including as regards the use of any interest accruing;
- (d) the arrangements for monitoring, evaluating and ensuring the financial control of the global grant referred to in Article 59(1) vis-à-vis the managing authority, including the arrangements for recovering amounts unduly paid and the presentation of accounts;

(e) where applicable, any use of a financial guarantee or equivalent facility, unless the Member State or the managing authority provides such guarantee according to the institutional arrangements of each Member State.

2. ESF Regulation

Article 11 Eligibility of expenditure

1. The ESF shall provide support towards eligible expenditure which, notwithstanding Article 53(1)(b) of Regulation (EC)No 1083/2006 may include any financial resources collectively contributed by employers and workers. The assistance shall take the form of non-reimbursable individual or **global grants**, reimbursable grants, loan interest rebates, micro-credits, guarantee funds and the purchase of goods and services in compliance with public procurement rules.

Technical Assistance

1. General regulation

(50) It is useful to specify the types of action which the Funds should support as technical assistance.

(53) For the same reasons as mentioned above, the EIB and the EIF could be awarded a grant by the Commission to undertake technical assistance actions in the area of sustainable urban development or to support restructuring measures for sustainable economic activity in regions significantly affected by economic crisis.

Article 4

3. The Funds shall contribute towards the financing of technical assistance on the initiative of the Member States and the Commission.

Article 24 Resources for technical assistance

Of the resources referred to in Article 18(1), 0,25 % shall be devoted to technical assistance for the Commission as defined in Article 45.

Section 5, Technical assistance

Article 45 Technical assistance at the initiative of the Commission

1. At the initiative of and/or on behalf of the Commission, subject to a ceiling of 0,25 % of their respective annual allocation, the Funds may finance the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for implementing this Regulation. Those actions shall include, in particular:

- (a) assistance for project preparation and appraisal, including with the EIB through a grant or other forms of cooperation as appropriate;
- (b) studies linked to the drawing up of the Community strategic guidelines on cohesion, the Commission's reporting on cohesion policy and the three-yearly cohesion report;

- (c) evaluations, expert reports, statistics and studies, including those of a general nature concerning the operation of the Funds, which may be carried out where appropriate by the EIB or the EIF through a grant or other forms of cooperation;
 - (d) measures aimed at the **partners, the beneficiaries** of assistance from the Funds and the general public, including information measures;
 - (e) measures to **disseminate information, networking, raise awareness, promote cooperation and exchange experiences throughout the Community**;
 - (f) the installation, operation and interconnection of computerised systems for management, monitoring, inspection and evaluation;
 - (g) improvements in evaluation methods and the exchange of information on practices in this field.
2. The Commission shall adopt a decision concerning the types of action listed under paragraph 1 of this Article, in accordance with the procedure referred to in Article 103(2), when a contribution from the ERDF or the Cohesion Fund is foreseen.
3. The Commission shall adopt a decision concerning the types of action listed under paragraph 1 of this Article, after consulting the committee referred to in Article 104, in accordance with the procedure referred to in Article 103(2), when a contribution from the ESF is foreseen.

Article 46 Technical assistance of the Member States

1. At the initiative of the Member State, the Funds may **finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes** together with activities to reinforce the administrative capacity for implementing the Funds within the following limits:
- (a) 4 % of the total amount allocated under the Convergence and Regional competitiveness and employment objectives;
 - (b) 6 % of the total amount allocated under the European territorial cooperation objective.
2. For each of the three objectives, technical assistance actions, within the limits set in paragraph 1, shall, in principle, be undertaken **within the framework of each operational programme**. On a complementary basis, however, such actions may be undertaken partially and subject to the overall limits for technical assistance set in paragraph 1, in the form of a specific operational programme.
3. If the Member State decides to undertake technical assistance actions in the framework of each operational programme, the proportion of the total amount of expenditure for technical assistance in respect of each operational programme shall not exceed the limits set in paragraph 1. In this case, where technical assistance actions are also undertaken in the form of a specific operational programme, the total amount of expenditure for technical assistance in such a specific programme shall not cause the total proportion of Funds allocated to technical assistance to exceed the limits set in paragraph 1.

Article 54.2

2. Technical assistance measures implemented at the initiative of or on behalf of the Commission may be financed at the rate of 100 %.

ESF Regulation

(17) The ESF should also support technical assistance, with a particular focus on encouraging mutual learning through exchanges of experience and dissemination of good practice and on highlighting the contribution of the ESF to the policy objectives and priorities of the Community in relation to employment and social inclusion.

Article 9 Technical assistance

The Commission shall promote, in particular, exchanges of experience, awareness-raising activities, seminars, networking and peer reviews serving to identify and disseminate good practice and encourage mutual learning and transnational and interregional cooperation with the aim of enhancing the policy dimension and contribution of the ESF to the Community objectives in relation to employment and social inclusion.

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| Capacity building for NGOs |
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ESF Regulation

Article 3: scope of assistance

2. Within the framework of the Convergence objective, the ESF shall support actions in Member States under the priorities listed below (...):

b) strengthening **institutional capacity** and the efficiency of public administrations and public services at national, regional and local level and, **where relevant, of the social partners and non-governmental organisations**, with a view to reforms, better regulation and good governance especially in the economic, employment, education, social, environmental and judicial fields, in particular by promoting:

(i) mechanisms to improve **good policy and programme design, monitoring and evaluation**, including through studies, statistics and expert advice, support for interdepartmental coordination and dialogue between relevant public and private bodies;

(ii) **capacity building in the delivery of policies and programmes** in the relevant fields, including with regard to the enforcement of legislation, especially through continuous managerial and staff training and specific support to key services, inspectorates and socio-economic actors including social and environmental partners, relevant non-governmental organizations and representative professional organisations.