



EUROPEAN COMMISSION

EMPLOYMENT AND SOCIAL AFFAIRS DG

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COMMUNITY ACTION PROGRAMME TO COMBAT SOCIAL EXCLUSION 2002-2006

Subject: Financial Support to be supplied by the Community

1. The Community generally provides financial support in the social and other fields in one of two ways: either through buying services such as studies, logistical support for events, the production of information material etc; or through the granting of subsidies for actions which have an interest for the community but where the recipient of the grant remains the owner of any intellectual or other property produced by the action.
2. The procedures for such actions are laid down by the Community's Financial Regulation. This Financial Regulation still applies but is being recast as part of the overall reform of the European Commission. Further guidance is provided in the Commission's Vade Mecums on Procurement and Contracts and on Grant Management. Where the Community buys a service or a product, it naturally covers 100% of the cost. However, where a grant is given to enable an organisation to carry out a project of interest to the Community, it is normal for the Community to require the co-financing of part of the operation. This reflects the fact that the grant recipient stands to benefit from the results of the action. It also provides the Community with evidence that the partners to the action are committed to implementing the work programme and, where a third party agrees to provide financial support, is evidence of the wider interest in the results of the action.
3. Community subsidies are often limited to 50-60% of the total eligible costs, in particular where there is a direct benefit to an identified target group or a particular locality, as is often the case under the Structural Funds. However, where the action is focused on policy developments and where the lessons learned need to be implemented at local, regional or national level before there is a direct benefit to individuals, experience shows that higher levels of subsidy are necessary to ensure that the action takes place. In the preparatory actions implemented by the Commission to promote good practice in the fight against social exclusion, the Commission required each action to guarantee co-financing of at least 20% of the total costs. Of this 20%, at least 10% had to be in the form of cash co-financing, with a maximum of 10% allowed to be co-financing in kind.

4. The Commission remains concerned, however, that it is extremely difficult to ascertain the true value of contributions in kind by project partners and that there is a risk both of double counting (especially where project partners are involved in more than one action financed by the Community) and that the Community is in practice funding the running costs of an organisation for its normal activities, rather than purely the action for which the grant has been sought. The Commission proposes, therefore, that it should move to requiring co-financing to be in cash only as a general rule.
5. The Decision on the Programme explicitly mentions that the level of financial assistance by the Commission may not, as a general rule, exceed 80 % of the expenditure actually incurred by the recipient (point 5 of the annex). Although the Commission recognises that a move to a 20% cash co-financing requirement is likely to create some difficulties for potential partners in the programme, especially smaller NGOs, this requirement is also justified as it enhances to some extent commitment and cost-consciousness. The Commission therefore proposes that as from the first year of the programme, the Community should finance 80% of the total eligible costs of an action, with a requirement for the remaining 20% to be co-financed in cash.
6. In the case of support for the running costs of European networks of NGOs, the Community has in the past paid up to 90% of the total eligible costs in recognition of the fact that the national NGOs which are members of the network are often unable to provide a higher level of co-financing from their own resources and that it is difficult to raise funds from national sources for purely European activities. The Council and the European Parliament recognised these facts in their consideration of the Commission's proposal for the Council Decision, which fixes a limit of 90% for such funding to be reached under exceptional circumstances. Such circumstances will be assessed on a case by case basis following the submission of applications. In the extreme case, a minimum of co-funding of 10% in cash should be guaranteed.
7. Support to data collection and for the development of statistical tools will be channelled through Eurostat and committed with Eurostat procedures. This normally leads to a Community contribution to data collection directly to the National Statistical Institutes.
8. The programme will support 100% of the costs of the Round Table where it is organised by the European Commission. If it is organised directly by the Presidency of the Union, the Presidency will qualify for a Community subsidy that may cover up to 80% of the overall cost of the conference. Where a Community subsidy is requested to support the inclusion of a European element in any other event in the field of social exclusion organised by the Presidency as part of its work programme, the Community subsidy will be limited to 80% of the total eligible cost of that element. Co-financing in cash will have to be guaranteed by the applicant.