



Interpretative note on the definition of non-governmental organisations under Article 2(49) of the Financial Regulation

1. Objective

The 2024 Financial Regulation (FR)¹ introduced in Article 2(49) a definition of a non-governmental organisation (NGO): “non-governmental organisation” means a voluntary, independent from government, non-profit organisation, which is not a political party or a trade union’. It also introduced an explicit obligation for grant applicants to indicate whether they are an NGO².

These provisions were included at the request of the European Parliament in the frame of the discharge³. They are already reflected in the Rules for Legal Entity Validation⁴ for entities participating in EU funding/tenders managed through the EU Funding & Tenders Portal Participant Register⁵.

In its Special Report 11/2025⁶, the European Court of Auditors (ECA) assessed the transparency of EU funding granted to NGOs under internal policy programmes. The ECA identified a lack of a consistent and reliable classification of NGOs, particularly regarding their **independence from government** and **whether NGOs may pursue the commercial interests of their members**:

‘The Commission should facilitate consistent understanding and application of the definition of non-governmental organisations across all management modes, by issuing guidance to clarify the criteria for: (a) “independence from government” beyond a prerequisite of being a private entity; and (b) NGO status when an entity is pursuing its members’ commercial interests.’

¹ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (‘Financial Regulation’) (OJ L, 2024/2509, 26.9.2024): [Regulation - EU, Euratom - 2024/2509 - EN - EUR-Lex](#).

² See point a) of Article 199(1) FR.

³ [European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission \(2022/2081\(DEC\)\)](#).

⁴ See Rules for Legal entity validation: [rules-lev-lear-fca_en.pdf](#).

⁵ See [Participant register | EU Funding & Tenders Portal](#).

⁶ See Recommendation 1 under the ECA [*Special report 11/2025: Transparency of EU funding granted to NGOs](#).

In parallel, numerous parliamentary questions⁷ or resolutions⁸ addressed similar concerns.

The Commission partially accepted this ECA recommendation⁹ and explained the limitations that prevent full acceptance, reminding its commitment to reduce red tape for NGOs and for funding recipients in general. The Commission replied as follows:

‘The notion of the “independence from government” is part of the definition introduced in the revision of the Financial Regulation in 2024 (Article 2 (49)), which must now be applied by the Commission in practice. In the light of such practice and the recommendation of the ECA, the Commission will explore how the notion of “independence from government” for a non-governmental organisation could be further clarified, keeping in mind that it should not lead to reduced accessibility of EU funds in some Member States where the NGOs definition might differ (as acknowledged by ECA).

It is important to emphasise that the participation in EU award procedures is not dependent on fulfilling the NGO status in the majority of EU award procedures. Requiring additional supporting documents from the applicants to all EU award procedures would represent a significant administrative burden for them. In light of the simplification agenda for accessing EU funding, demanded by stakeholders, the Commission will aim at reducing red tape.

As regards sub-recommendation 1b, the Commission will explore how to take it in consideration.

Regarding the facilitation of consistent understanding and application of the definition of non-governmental organisations across all management modes, the Commission notes that in accordance with Article 199(1)(a) of the Financial Regulation only grant applicants are required to declare whether they are NGOs. As regards the shared management with the Member States, the Commission does not have the competence to align the definitions of non-governmental organisations which are subject to national laws. As for indirect management, NGOs may receive funding from implementing partners in line with the partners’ systems, rules and procedures, once these are assessed by the Commission as equivalent to the Commission’s own rules for the protection of the budget, as stated in the Financial Regulation.’

⁷ See examples:

- [European Court of Auditors’ Special Report 11/2025: poor classification and registration of grant applicants | E-001816/2025](#)
- [European Court of Auditors special report 11/2025 on Transparency of EU funding granted to NGOs | E-003339/2025](#)
- [Transparency of EU funding to NGOs and links to political activities and irregular immigration | P-001458/2025](#)
- [Large-scale funding of NGOs without proper scrutiny or transparency | E-001634/2025](#)

⁸ See European Parliament resolution of 17 January 2024 on the transparency and accountability of non-governmental organisations funded from the EU budget (“Pieper report”) and the Commission’s response: [Procedure File: 2023/2122\(INI\) | Legislative Observatory | European Parliament](#).

⁹ See Commission reply to the ECA recommendation 1 under ECA Special report 11/2025: [COM-Replies-SR-2025-11_EN.pdf](#).

This note provides **guidance regarding the definition of an NGO as introduced by the 2024 Financial Regulation** and **addresses the recommendation issued by the ECA**.

This is without prejudice to the fact that having an NGO status does not entail any preferential treatment, nor is it an eligibility criterion in itself (aside from a limited number of very specific cases). Therefore, having the status of an NGO does not in principle determine whether an entity could or should receive EU funding.

It is furthermore important to clarify that the criteria used for the identification of NGOs are based on a set of indications that are not exhaustive. Therefore, a risk of error or lack of precision cannot be ruled out. However, the classification of entities as NGOs has in principle no impact on the protection of the EU budget, and the Commission has no indications that the NGO status would correlate to a specific (or higher) risk for the EU budget.

The NGO status primarily serves to provide **reasonably reliable information**, for instance for statistical purposes. There are three main EU level public systems in place from where data on NGOs (and other types of entities) may be extracted - the Financial Transparency System (FTS)¹⁰, the Funding & Tenders Portal (F&T)¹¹ and the EU Transparency Register (EUTR)¹². These systems have different purposes and functions, and they all allow EU citizens to search and filter information on NGOs. Specifically:

- In the FTS, the Commission publishes a significant amount of information on EU funding, in line with the publication requirements under Article 38 FR (project information such as start and end date, subject of grant or contract; beneficiary information, contracted amount, programme name, responsible department etc.).
- On the F&T Portal, additional information can be found on work programmes and calls for proposals, templates, guidance; information on entities applying for EU funding; description, objectives and achievements of projects financed by EU.
- In the Transparency Register, interest representatives are required to report their lobbying activities and provide financial information (including but not limited to EU funding). For statistical and descriptive purposes only, it distinguishes ‘NGOs, platforms and networks and similar’ from the other categories of organisations, including: ‘professional consultancies’, ‘law firms’, ‘self-employed individuals’, ‘companies & groups’, ‘trade and business associations’, ‘trade unions & professional associations’, ‘think tanks and research institutions’, ‘academic institutions’, ‘organisations representing churches and religious communities’, ‘entities, offices or networks established by third countries’ and ‘other organisations, public or mixed entities’.

To support data reliability, entities should align their self-declared status in the various systems: if an entity is an NGO it should declare as such across all systems.

¹⁰ [European Commission - Financial Transparency System](#).

¹¹ [EU Funding & Tenders Portal](#).

¹² [Search the register - Transparency register - European Union](#).

2. The definition of an NGO

The term “non-governmental organisation” refers to a wide variety of organisations, with an extensive range of missions, goals, activities, structures.

The national laws regarding NGOs vary across EU countries: according to the ECA findings, *“about a quarter of EU member states reported having legal definitions of an NGO in their national legislation, albeit often with a different scope”*¹³. For example, the ECA report mentions that in Lithuania organisations are not classified as NGOs if they are controlled by *“other entities which are not NGOs themselves and hold more than 30 % of votes or participation in the organisations’ general assembly”*, and that in Greece *“no legal person belonging to the public sector may participate in the organisation’s management bodies and general meetings”* of an NGO¹⁴. This voting threshold is set at 25% in Slovenia¹⁵, while the ECA report does not mention any threshold in the NGO definition in Poland¹⁶. Most Member States did not report any legal definitions of NGOs to the ECA.

Additionally, while the term “NGO” is widely used also outside the EU, it has no generally accepted definition at international level either. While the United Nations consider that *“a civil society organization (CSO) or non-governmental organization (NGO) is any non-profit, voluntary citizens’ group which is organized on a local, national or international level”*¹⁷, the World Bank mentions that *“any organization that is not a part of government qualifies as an NGO, but the term typically denotes organizations that are both non-governmental and not-for profit”*¹⁸. The Council of Europe define NGOs as *“voluntary self-governing bodies or organisations established to pursue the essentially non-profit-making objectives of their founders or members. They do not include political parties”*¹⁹.

The lack of an internationally agreed NGO definition is also due to the fact that countries outside the EU have different definitions of NGOs.

Based on these considerations, the difficulty to elaborate a definition and description of an NGO which is acceptable and understandable for all entities concerned has been raised by the Commission several times, including in its discussion paper COM (2000)11²⁰ and in the Commission reply to the ECA Special report 35/2018²¹.

¹³ See paragraph 18 of the [Special report 11/2025: Transparency of EU funding granted to NGOs](#).

¹⁴ See paragraph 18, box 2 of the [Special report 11/2025: Transparency of EU funding granted to NGOs](#).

¹⁵ See Article 5 of Slovenia’s Act on NGOs: [Non-governmental organisations | GOV.SI](#).

¹⁶ See paragraph 18, box 2 of the [Special report 11/2025: Transparency of EU funding granted to NGOs](#).

¹⁷ See [The UN and Civil Society | United Nations](#).

¹⁸ See WB document titled *“Nongovernmental Organizations and the World Bank”*, 1991 ([*World Bank Document](#)).

¹⁹ *Recommendation of the Committee of Ministers to member states on the legal status of non-governmental organisations in Europe*: [CM/Rec\(2007\)14](#).

²⁰ See Commission discussion paper *“The Commission and Non-Governmental Organisations: Building A Stronger Partnership”* - [COM\(2000\)11](#).

²¹ See Commission reply to the ECA Special report 35/2018: [Transparency of EU funds implemented by NGOs: more effort needed](#).

The FR recast therefore introduced a general definition of an NGO which maintains flexibility and openness for the identification of NGOs, in order to protect the operating space of NGOs in the EU and abroad. Article 2(49) FR provides that an NGO is a “*voluntary, independent from government, non-profit organisation, which is not a political party or a trade union*”.

The following characteristics are considered when identifying an NGO.

a. Private entity

NGOs are private entities, meaning that they are established under private law. Public bodies are automatically excluded from this classification, since being a private or a public entity is mutually exclusive.

An NGO does not necessarily need to have legal personality²², however the very concept of NGOs excludes the possibility that they simply correspond to a single individual (natural person)²³.

For entities applying for EU funding, this private entity status is systematically checked and validated against supporting documents.

b. Non-profit

NGOs must be non-profit entities.

A ‘non-profit entity’ is an entity that is non-profit making by its legal form or purpose (e.g. charitable organisations), or that has a legal or statutory obligation not to distribute profits to its shareholders or members.

The prohibition on profit distribution must be enshrined in law, the act of establishment, articles of association, statutes, or similar governing documents. Decisions or practices by management or stakeholders not to distribute profits, or the mere absence of profits, are not sufficient proof of non-profit status.

In this context, it is irrelevant whether the owners/founders of the entity are also non-profit.

Similarly, as long as profits are not distributed to its members or management, the generation of profits (i.e. carrying out activities/commercial transactions that generate income) itself does not prevent an entity from being non-profit. However, all profits should be reserved or reinvested in line with the entity’s statutory objectives.

The non-profit status is also systematically checked and validated against supporting documents.

c. Voluntary, independent from government

²² See Article 200(2) c) of the Financial Regulation.

²³ Additionally, it is impossible to determine the intended motivation (profit-making or non-profit-making – as per point 3.b) of a natural person on the basis of objective criteria.

NGOs must be voluntary²⁴ and independent from government.

Indicators for being independent from government are:

- NGOs must be separate from government and other public authorities and not established nor controlled²⁵ by them. For example, representatives of government and other public authorities must not exercise control over the decision-making of the entity (such as majority voting power or veto rights).
- The type and purpose of the activities carried out, having a well-defined mission, and being value driven; the aim of NGOs is to take an active part in public life, on issues and problems relating to the general interest of the population, certain groups of society or society as a whole; the activities/mission are not directly deriving from specific defined governmental policy/decisions, nor following instructions from government or other public authorities.

The mere connections that an entity has with government (annual activity reports, accountability) or receiving public funding does not automatically qualify the entity as being dependent of government. For instance, NGOs may rely on public support while maintaining operational autonomy.

d. Other characteristics of NGOs

Additionally, NGOs exist not to support the gainful/commercial activities of their members, but for charitable/general interest. They do not directly or indirectly promote or support the commercial or professional interests of their members/owners/founders. Entities whose purpose is to support the gainful/commercial activities²⁶ of their members and that are not technically profit-making cannot be classified as NGOs (see point 2.b) of this note).

NGOs usually have some degree of formal or institutional existence, unlike informal or *ad hoc* groups, involving formal statutes or other governing document(s) defining their mission, objectives and scope.

²⁴ NGOs are established based on the principles of freedom of association, as enshrined in the Charter of Fundamental Rights of the European Union, and operate according to the free will of their members.

²⁵ Ownership/membership as such will not be taken into consideration unless it leads to control.

‘Control’ is defined as the possibility to exercise decisive influence on the participant, directly or indirectly, through one or more intermediate entities, ‘de jure’ or ‘de facto’. The fact that no influence is actually exercised is not relevant, as long as the possibility exists.

Control when a shareholder/partner/member/owner — at any level in the chain of control (including intermediate layers) — has the possibility (‘de jure’ or ‘de facto’) to exercise decisive influence on the entity concerned, notably in relation to its strategic business decisions (*such as appointment and removal of senior management, budget, investment business plans, market-specific decisions, etc*).

See [Guidance-on-participation-in-eu-calls-with-ownership-and-control-restrictions_en.pdf](#).

²⁶ E.g. (European) Economic Interest Grouping, consortia, de facto associations, non-profit associations supporting industrial or commercial groups or companies, chambers of commerce, etc.

3. Organisations which are not NGOs

Article 2(49) FR provides that political parties²⁷ or trade unions²⁸ are not considered NGOs.

4. Checking the NGO status

Information on NGO status is collected as part of the legal entity registration in the Participant Register of the EU Funding & Tenders Portal, where all participants applying for EU funding or tenders must declare whether they are an NGO or not. The system will cross-check this and allow NGO status to be declared only for entities that are also private and not-for-profit organisations, which are the main elements to qualify an entity as an NGO.

This classification is based on a self-declaration. This means that the participants are solely responsible for the correctness of the information they provide (in the self-declaration). The competent services should carry out more in-depth checks into the true nature of an entity where they have substantiated doubts about it, in particular if this status is an eligibility criterion. For example, a discrepancy between the NGO self-declaration of the entity in the Participant Register and the category of the entity's registration in the Transparency Register could be an indication of potential incorrect classification. To address this, an entity which self-declares as an NGO in the Participant Register, but which registered as a different type of entity than an NGO in the Transparency Register should be requested to review and align its registration across both systems to ensure consistency.

In such cases of doubts, the entity should be first requested to review its registration; if doubts persist, the self-declared status must be verified (if needed by requesting supporting documents from the entity²⁹) and updated, if required, in the system by the entity concerned or, where possible, by the competent service if the entity refuses to update their status. If the NGO status was an eligibility criterion, this update will impact the eligibility of the entity.

In case of false declarations by the entity or refusal to update its status in the system, the EU services may:

- withdraw and correct the validated status(es)
- terminate/withdraw on-going grants, procurements, prizes, contribution agreements, etc., and recover any undue amounts

²⁷ The term 'political party' is defined as "an association of citizens which fulfils the following conditions: (a) it pursues political objectives; (b) it is either recognised by, or established in accordance with, the legal order of at least one Member State" in Article 2(1) of [Regulation \(EU, Euratom\) 2025/2445 of the European Parliament and of the Council of 26 November 2025 on the statute and funding of European political parties and European political foundations \(recast\)](#).

²⁸ The term 'trade union' should be understood in the sense of an organisation representing workers and employers, which can on their behalf negotiate and conclude collective agreements and take collective action.

²⁹ Documents such as constitution/charter, registration extracts, statutes/by-laws, articles, minutes of meetings, applicable legislation/acts/decrees, ministerial decisions, declaration on honour/questionnaire may be requested.

- impose financial penalties or administrative sanctions, including exclusion from future EU funding (grants, procurements, prizes, contribution agreements, etc.; see Articles 137 to 147 of the Financial Regulation on the Early Detection and Exclusion System)
- inform the European Anti-Fraud Office (OLAF).