How UK NGOs can access EU funding post-Brexit

FAQs on EU funding for UK NGOs by the Bond EU Funding Policy Group

About Bond

Bond is the UK network for organisations working in international development. We unite and support a diverse network of over 450 civil society organisations and allies to help eradicate global poverty, inequality and injustice. bond.org.uk

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This document was prepared in November 2020 as a response to the questions and queries raised by Bond members on their eligibility for EU funding from 2021 onwards. Given the developing situation the details included are subject to change.

Can UK organisations still be the lead applicant for EU development funding from 1 Jan 2021?

The short answer is yes, but it depends on which budget the money comes from and where the money is being spent. Some calls that go live in 2021 will come from the 2014 – 2020 MFF, i.e. the present EU budget to which we have paid up until the end of this year. The guidelines to any call for proposals (or indeed direct negotiation) will clearly state whether UK organisations are eligible[1].

For programmes funded from the next MFF (2021-2027) UK organisations can apply for funding from any budget line for actions in Least Developed Countries (LDCs) and Highly Indebted Poor Countries (HIPCs). For a list of LDCs visit here. For a list of HIPCs visit here.

For programmes funded in all other countries, UK organisations will ordinarily only be eligible to apply for grants from the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument contributing to Security and Peace (IcSP). Please check the guidelines of each call as some Delegations may apply restrictions.

UK organisations might also have other ad hoc opportunities as the EU can suspend its own regulations during emergencies, so there is a good incentive to keep in touch with your own local EU Delegations so the team there is aware of your programming.

Can UK organisations be co-applicants for the EU development funding from 1 Jan 2021?

In the great majority of development calls for proposals by the EU, the eligibility criteria for the co-applicants and affiliated entities are the same as for the lead applicant. Hence, British organisations will be eligible as partners/co-applicants only if they are also eligible as lead applicant. Please see the answer above to read about UK entities' eligibility for EU development funding.

Can UK organisations still apply for an ECHO Framework Partnership Agreement (FPA) 2021-2027?

No. ECHO's founding document, the Council Regulation (EC) 1257/96 of 20/06/1996 states in Article 7:
   "1. Non-governmental organizations eligible for Community financing for the implementation of operations under this Regulation must meet the following criteria:
   (a) be non-profit-making autonomous organizations in a Member State of the Community under the laws in force in that Member State"
Furthermore, in the FPA application process documentation, ECHO clearly states:

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[1] If you have evidence of actions, be it centrally in Brussels or at delegation level, that goes against this understanding of the Withdrawal Agreement, then FCDO will support and get in touch with the European Commission requesting them to urgently deal with the issue. FCDO will also ask EU officials to remind Delegations and other programme teams to ensure that the eligibility for UK entities be included in all relevant processes.

Please note that, as of 1 February 2020, the UK is a third country.

Consequently, the Commission will not enter into new partnership (due to apply as of 01/01/2021) with UK-based entities, even for those who would have submitted their application before 01/01/2021 (end of the transition period set in the Withdrawal Agreement), unless, by that date, different arrangements would have been agreed between the EU and the UK.

Can a UK organisation be a partner in ECHO programmes?

Yes. Non-EU/EEA members (e.g. UK) may receive ECHO funding as an official implementing partner to an EU/EEA registered organisation that is an 'FPA partner'. ECHO places no nationality restrictions on organisations named as partners within applications via the e-Single Form.

If a UK-based organisation opens an office in an EU Member State (e.g. Belgium, Netherlands, etc.), will it be able to apply for EU development funding?

In general, the eligibility for EC funding is tied to EU/ EEA membership, so having an office in an EU member state doesn't necessarily facilitate access but will help bring you physically closer to the EU. The location of the office is not the issue; it is the nationality of the organisation applying. If the office is merely a function of a UK organisation, then that does not change eligibility. The 'office' must actually be a locally registered, national organisation with its own board of directors or trustees, and independent statutes (or whatever is required to be established as an independent organisation). The 'office' must be a Dutch or Belgian or other EU MS entity, not merely an extension of UK registered operations.

What are the practical implications of applying for EU funding via a newly established European sister entity?

In order to access funding from the EC, organisations will need to obtain a EuropeAid ID by opening a PADOR account, which is not bound to any eligibility criteria. It is advisable for users to reserve at least 10 days before the deadline of a Call for proposals in order to successfully complete a PADOR registration. Organisations will have to present all legal documents that prove legal provenance along with data that details income and programming experience.

There are other challenges that a new European entity may face. In most calls for proposals, the EU will require a minimum of three years of previous relevant experience. At full proposal stage, the EU assesses the financial and operational capacity (financial, project management, technical expertise) of the applicants. As it is not possible to use the UK-based sister organisation's track record and expertise (the two entities need to be presented as autonomous and independent, although they may belong to the same "family"), in the first few years the new EU-based entity will need to build its own track record, procedures and in-house capacities to be competitive.

What impact does this have at country or regional programme level?

You have to be very careful with how you implement your programmes. If you have been forced to turn to another organisation to apply for funds in, say, Kenya – which is neither an LDC nor an HIPC - then that eligible entity needs to be fully responsible for implementing the programme in that country. As a UK organisation, not registered as lead, co-applicant or affiliated entity, you cannot manage any resources on behalf of the project; funding cannot come into your bank account, you can't pay partners or suppliers, and your staff cannot work directly on the project and have costs such as salaries recovered by the grant. There are some ways of implementing, but they remain risky and subject to a contracting authority and auditor that might not approve the financing of that implementation. BOND EU working group will host an event in early 2021 to address this further.

Will an office in an EU Member State help access ECHO funding?

Having an office in an EU member state is not enough to apply for ECHO funding. In order to receive funding directly from ECHO, NGOs must fulfil a number of criteria to obtain an FPA and become an 'ECHO partner'. These criteria are laid out in detail in the Humanitarian Aid Regulation which sets out that non-governmental organisations have to be recognised as a non-profit making organisation in a Member State of the EU under the laws in force in that Member State. The second criterion is to have the main headquarters of the organisation in a Member State of the EU or in the third countries in receipt of Community aid. Exceptionally, the headquarters may be in a third donor country. These two criteria are cumulative and both compulsory. Other criteria concern the legal form of the NGO, its administrative, operational and financial management capacities, its financial autonomy, its specific experience in the field of humanitarian aid, the results of previous operations, its impartiality and neutrality in the delivery of aid, its field co-ordination capacities etc.

Will FCDO contribute to ECHO programming?

ECHO is funded directly from the EU's budget and as the UK will cease contributions to the EU from 1 January 2021 then so will the de facto contributions to ECHO. The UK has made additional, ad hoc contributions to ECHO programmes in the past, but that was as an EU Member State. The FCDO is still developing its policies, but at present there are no plans to contribute to ECHO programming. This is not to say there won't be cooperation in the future, perhaps within a Multi Donor Trust Fund modality, but there are no plans for strategic or proactive engagement at present.

Will FCDO make up the shortfall of humanitarian funding as a result of the reduced access to ECHO programmes by UK CSOs?

The mathematics around 'repatriated' aid is complex and include outstanding commitments that will not be resolved for several years. The UK will be developing its own aid programming strategy independently

of the EU – including ECHO – but it's not yet been published, so it's difficult to ascertain what proportion of funds will be spent on humanitarian programming. The UK government no longer attends humanitarian planning meetings with the EU and has not contributed any thinking to the NDICI (development) programming so it's fair to say it's now up to UK civil society to engage directly with the FCDO if it wishes to influence global humanitarian programming.

What about the lists of LDCs and HIPCs – will these change?

Countries have graduated in the past (e.g. Botswana, Samoa and Equatorial Africa), some have had graduation delayed (Angola, Vanuatu), and others are due to graduate soon (Bangladesh, Lao and Myanmar). The rules for graduation are complex and include 3 – 6-year transition phases. The last review was in 2018. For more details read UNCTAD's 2019 annual report here.

It appears that there will be significant notice of a country's graduation given by the UN, and so EU guidelines will almost certainly reflect any changes. Where the challenge lies is that the EU has stated in the past that eligibility to apply for grants must remain in place for the lifetime of a contract (when referencing a possible no-deal Brexit). Given that a grant could last in excess of five years, that could easily span a country's graduation schedule. This will need to be elucidated further with the EU.

Are we certain there are no nationality restrictions for EIDHR and IcSP?

We are reasonably confident that these two instruments will retain their eligibility rules even when they are absorbed into the NDICI. Local rules might come into effect that restrict applications to organisations from EU MS as this has happened in the past. However, we believe such incidents will not become commonplace. Maintaining good relations with local EU Delegations will help in this regard.