

# UK NGOs and EU funding post Brexit

FAQ on EU funding for UK NGOs by the Bond EU Funding And Policy group



## About Bond

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## New EU budget and aid instrument.

The new EU seven-year budget, the Multiannual Financial Framework, or MFF, is now fully operational. It will run from 2021 to 2027 and has a budget of around €1trillion. In that budget is the new consolidated aid instrument, the Neighbourhood, Development and International Cooperation Instrument, or NDICI. The legal basis for the instrument can be found [here](#). A description of the instrument can be found [here](#). In summary, NDICI has a budget of around €80bn over seven years, has consolidated most of the aid programmes into one instrument i.e. food security, gender and human rights are all in the same programme now, and the European Development Fund has been absorbed into the main budget and to all intents and purposes, no longer exists as a separate entity.

Many of the rules on nationality for applicants still exist, though there are no longer any restrictions on the nationality or source of supplies for EU programmes (quote from Article 28, para 3 of the legal basis: *All supplies and materials financed under the Instrument may originate from any country*).

This Q&A paper will deal primarily with the rules on UK organisations accessing EU aid instruments as either lead, co-applicant or affiliated entity.

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

The short answer is yes, but with access to fewer opportunities in the new MFF. UK organisations can apply for funding from any budget line for actions in Least Developed Countries (LDCs) and Highly Indebted Poor Countries (HIPC). 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 former European Instrument for Democracy and Human Rights (EIDHR) and Instrument contributing to Stability and Peace (IcSP). In the NDICI, these programmes are now referred to as human rights and stability and peace, having dropped the word 'Instrument' as they no longer have their own discrete legal basis.

Occasionally, EU Delegations apply additional restrictions, ostensibly to limit the number of applications to a call or other funding modality. It is always worthwhile challenging additional restrictions as sometimes the EU has done this mistakenly, and has subsequently amended or clarified eligibility rules. This can be done by sending an email to the EU at the address published in the call guidelines, usually in section 2.2.4 *Further information about applications*.

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 maintain good relations 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, UK 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:

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. Organisations from 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?

To access funding from the EC, organisations will need to obtain a EuropeAid ID by opening a PADOR account in the name of the new entity. It is advisable for users to reserve at least 10 days before the deadline of a call for proposals 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 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 must be very careful with how you implement your programmes. If you can no longer apply for funding in a call for proposals, and another organisation does this on behalf of your programme, you cannot manage any resources on behalf of the action; 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 via secondment and direct payment of partners by the contracted applicants, but they remain risky and subject to a contracting authority and auditor that might not approve the financing of that implementation.

## 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 ceased contributions to the EU from 1 January 2021 then so did 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 no longer contributes 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 has not yet been published, so it is 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 HIPC – will these change?

Countries have graduated in the past (e.g. Botswana, Samoa and Equatorial Guinea), some have had graduation delayed (Angola, Vanuatu), and others are due to graduate soon (Bangladesh and Lao). 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?

This is stated clearly in the NDICI legal basis, though the EU can introduce additional eligibility parameters which may further restrict UK organisations' access to all budget lines.

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