



Department
for International
Development



Rt Hon Penny Mordaunt MP
Secretary of State

Judith Brodie
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Our ref: 192980

25 March 2019

Dear Judith,

Brexit: No Deal financial assurance

Thank you for attending the round-table that my Permanent Secretary hosted on 1 March to discuss preparations for the UK leaving the European Union without a Withdrawal Agreement.

Leaving the EU with a deal remains the Government's top priority but preparing for all scenarios, including no deal, continues to be an operational priority for the Government and it is crucial that we continue a frank dialogue on preparedness.

As you are aware, the UK has agreed a short extension of Article 50 until 22 May. This extension will apply subject to Parliament approving the Withdrawal Agreement. If Parliament does not agree a deal, the EU Council have agreed to extend Article 50 until 12 April. Whilst the Government will continue to work towards securing a deal, a No Deal Exit therefore remains a possibility.

At the roundtable concerns were raised that DFID's current financial assurance does not go far enough to protect NGOs, both in terms of contracts that were awarded prior to 23 August 2018, and in terms of funding under non-ECHO instruments. I have listened to your concerns and I am pleased to confirm that DFID is now in a position to extend the financial assurance to cover any ECHO, European Development Fund and Development Cooperation Instrument ODA funding to UK organisations where that funding will be cut by the EU in the event of No Deal. This includes contracts and grants awarded prior to 23 August. In addition, we will be extending the assurance to ECHO contracts signed prior to this date. Please note also that, given the extension to Article 50, this assurance will now apply to programmes bid for prior to 12 April.

My officials will follow up with more detail but in the meantime I wanted to ensure that you had this information for your planning purposes, and to ask you to provide full details to DFID of any contracts and grants held by your organisation which you consider to be eligible for this assurance.

As you are aware, EU funding delivered by UK organisations in Least Developed Countries and in Heavily Indebted Poor Countries is not affected by Exit, given our status as an OECD member; contracts with commercial suppliers are likewise unaffected.

I would be grateful if you could urgently inform us of any affected grants and contracts via the DFIDContingencyPlanning mailbox at DFIDContingencyPlanning@dfid.gov.uk, ensuring that you are clear about the timeframe for spend post 12 April 2019, the amounts, and why you consider the funding eligible for financial assurance. If you have a signed contract in place with the EU, this should also be shared.

I look forward to continuing our discussions with you.

A handwritten signature in blue ink, appearing to read 'Penny Mordaunt', written in a cursive style.

Rt Hon Penny Mordaunt MP
Secretary of State