

Implications of BREXIT for ERA-NET Cofunds and other types of partnerships

Since the UK House of Commons on 15 January voted down the withdrawal agreement negotiated with the European Union, there is the possibility that the UK will leave the EU on 30 March 2019 without a withdrawal agreement and therefore without a transition period (the so-called “no-deal” scenario). In the event of a “no-deal” Brexit, the UK will by 30 March obtain the status of a third country / non-EU country in Horizon 2020.

Consequences for ERA-NET Cofunds

This would have consequences for calls and ongoing ERA-NET Cofund actions, both for the implementation of transnational projects as well as for additional activities.

Just as in most other programme lines of H2020, UK funding organisations would continue to be eligible to participate in ERA-NET Cofund actions but would lose their automatic eligibility for funding.

The costs incurred by UK partners after this date would thus in most cases no longer be eligible for EU funding. This applies to both the direct costs related to transnational projects and the direct coordination costs for additional activities (so-called Unit costs) that are paid out as a lump sum per beneficiary per year. The reduction in unit cost will also have an effect on the reimbursement of indirect costs that is paid out as a 25% flat rate to the unit costs. UK legal entities would only continue to be eligible for the Unit costs if the initial call text Horizon 2020 allowed for third countries not automatically eligible for funding to be funded for the unit cost.

Moreover, it is a cost eligibility condition that the projects financed by the co-funded call must comprise at least two legal entities from two different EU Member States or Associated Countries. Projects involving cooperation between two EU member states/associated countries in which one of the two project partners is from the UK will thus no longer be eligible for funding (top-up) from the EU. This will in many cases have direct consequences not only for the project itself, but also for ERA-NET consortium, since it still need to be clarified if the funding from other funders to their project partners remains eligible in case consortia do not longer fulfil eligibility conditions of the ERA-Net Cofund MGA, or the call published by the ERA-NET. In addition the distribution Union contributions will need to be reviewed, since there will be an impact on the available amounts (allocation of funds to selected projects, use of Union contribution to finance other activities and replacing them with additional national contributions).

Furthermore, as the total amount of the Unit costs claimed cannot exceed 20% of the total EC contribution and depends therefore on the overall budget of the co-funded call as well as the maximum Union contribution foreseen for the action.

British authorities have signalled that they will cover project costs for British partners in Horizon 2020 projects in the event of a “no-deal” outcome. It remains to be seen whether this applies only to the direct costs or also to the unit costs. Moreover, British authorities will only fund British participants and will thus not cover the loss associated to other project participants with a British partner that become ineligible for funding.

Although there is nothing that formally prohibits third country coordinators in Horizon 2020 projects, it is a highly unusual practice. Thus, in the event of a “hard Brexit” it is most likely that British coordinators in ongoing ERA-NET Cofund actions would need to be replaced.

The impact at project level has to be assessed on a case by case basis, once more guidance for the EU is available, taking also into account the eligibility conditions for the calls (e.g. eligibility for participation from legal entities from countries not participating as research funders in the call).



Other types of partnerships

A hard Brexit would have similar consequences for funding received by British legal entities in other types of partnerships. For example, only legal entities established in a Member State or associated country are eligible for funding from Joint Undertakings (JUs).