



Tionól Réigiúnach
an Deiscirt

Southern Regional
Assembly



BUSINESS CASE

for co-financing of Irish Civil Society
Organisations in EU Interreg projects

Business case for EU Interreg projects co-financing scheme

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Background

European Territorial Cooperation (ETC), better known as INTERREG, is a key goal of cohesion policy and provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States. The overarching objective of ETC is to promote harmonious economic, social and territorial development of the Union as a whole. and strengthens cooperation between regions and countries within the EU. Interreg Programmes play a vital role in promoting regional development, cohesion, and reducing economic disparities by funding projects relevant to those themes.

INTERREG is built around three strands of cooperation: cross-border (INTERREG A), transnational (INTERREG B) and interregional (INTERREG C) and Irish organisations (public, private, academia, civil society) are eligible to apply for funding across all three strands including, for example, Interreg Europe, Interreg North-West Europe, Interreg Atlantic Area, Interreg Northern Periphery and Arctic Areas. Each programme has a number of specific themes that it targets and invites project promoters to submit project proposals in line with these themes. A Monitoring Committee comprised of Member State representatives then selects the projects that they feel are most closely aligned with the programme aims and will deliver the best results. Projects involve collaboration with partners drawn from the identified programme regions. The aim is that partners can learn from the experiences of each other to help develop new initiatives towards rebalancing and strengthening Europe as a whole.

The selected projects are then EU funded to a fixed percentage of their proposed project budget (between 60% and 75% depending on the programme) over a period of 3 to 5 years to implement their project ideas. The remaining percentage of the funding – co-financing, sometimes known as “match funding” - must come from the project partners own resources. EU funding is normally provided twice yearly in arrears to project partners based on the successful submission of project reports and audits.

As noted in the 5-year strategy to support the community and voluntary sector in Ireland 2019-2024¹- “Government, both central and local, has an important role to play in supporting the work of the community and voluntary sector. While **Government alone cannot provide all services and supports required by communities**, its support is critical to a robust and sustainable community and voluntary sector that works to develop innovative responses to poverty, inequality and social exclusion, including educational, health, economic and cultural initiatives.” EU Interreg funding, with its focus on Regional Development being Green, Smart, Innovative and closer to the citizens, is a source of **EU funding that can be leveraged to progress the local and regional development priorities** highlighted in several Government strategies, from Regional Spatial and Economic Strategies (RSES), Smart Specialisation and Climate Action Plans to Rural Development.

The Issue

Civil Society Organisations (CSOs)² in Ireland participate in a broad range of EU funded programmes. Due to their size and not for profit nature; many CSOs in Ireland do not have an alternative income stream free of EU funding to enable them to provide their own project match funding. It is not permitted to co-finance EU funding from one programme with EU funding from another.

Table 1 Co-financing requirements from Irish CSO partners for EU Interreg funding programmes 2021-2027

EU Interreg Funding Programme	Co-financing requirements from Irish CSO partners
Interreg North West Europe	40%
Interreg Atlantic Area	25%
Interreg Northern Periphery and Arctic	35%
Interreg Europe	30%
Urbact	between 40% -50%
Urban Innovative Actions	20%

The result is that Irish CSOs are at a disadvantage when applying to these EU funded programmes, and Ireland’s regions are missing out on the significant benefits such projects can deliver for their areas and for the country overall. For example, the success rate of CSOs is under 12%, lower than other sectors applying for EU funding on regional development topics.

¹ *Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024*; prepared by the Department of Rural and Community Development supported by the Cross Sectoral Group on Local and Community Development, Published on 28 August 2019.

² Civil Society Organisations (CSOs) are understood as private, not for profit entities registered with Charity Regulators Office or as a not-for-profit company in Ireland. They are not an official government body or agency. Typical CSOs might include community, local development groups, patient organisations, not-for-profit interest groups, environmental/climate groups, energy community, housing associations, land trusts, youth, social inclusion, tourism, trade unions etc.

Type of partner breakdown (Ireland):
 25% Higher education and research
 32% SMEs, Private enterprises
 31% Public authorities (local, regional, national)
 12% Interest groups, NGOs, other

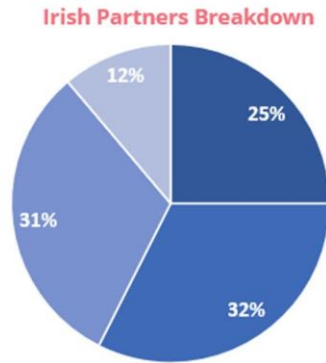


Figure 1. Analysis Interreg North West Europe Irish partners receiving funding 2014-2020

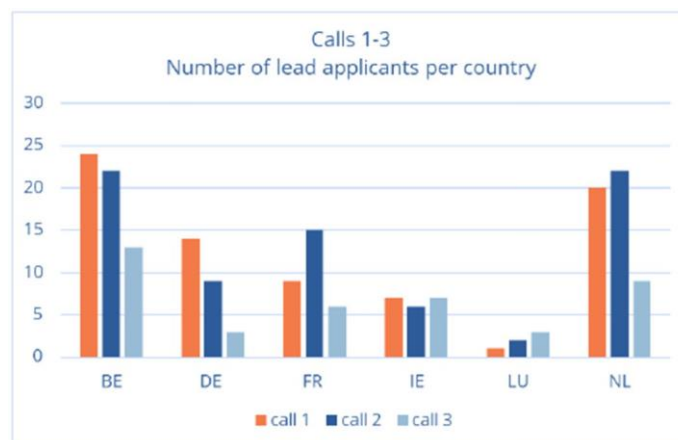
A recent survey³ revealed that CSOs are aware of Interreg opportunities for EU funding and believe that Interreg funding would enhance their organisations work and strategic objectives (97%), however, 83% of Irish CSOs surveyed noted that a lack of co-financing stopped them from applying for Interreg EU funding. 39% dropped out of a proposal that had already been started with international partners due to a lack of co-financing. Typical Interreg projects where Irish CSOs have participated required co-financing of between €22,500 - €30,000 per partner per year (average project duration of 3.5 years).

“Interreg projects do not suit community organisations because of the co-financing required. We stopped looking at Interreg projects as an option because of this.” – Survey respondent

Experience from other EU Member States

Several Member States run co-financing support programmes similar to the one suggested, including The Netherlands (who also provide support for organisations at application stage), Germany and Belgium. The impact of these programmes can be clearly seen in the number of projects that are led by partners from these countries in comparison with the numbers from Ireland and other Member States without this type of incentive.

Table 2. Interreg North West Europe analysis of Lead Applicants per country; 2021-2027



³ Survey circulated to 350 Civil Society Organisations in Ireland in June 2024 with a 10% response rate.

The Netherlands:

The importance placed in securing EU funded programmes, such as those available through INTERREG, is seen in The Netherlands through the supports they have put in place to both assist groups in applying for projects and then in providing them with match funding for approved projects.

The support schemes vary in nature between each province/municipality, but the overall structure is as follows:

Project applications: For organisations wishing to make a project application for INTERREG funding, a fund is in place that can allocate funding to cover their costs in making such an application. This funding is targeted towards offsetting the costs of developing a project application which can be substantial from a staff time and travel point of view and is aimed at ensuring that a significant number of project applications with Dutch Lead Partners are submitted for assessment. This in turn has led to a higher number of Dutch led project applications being successful. This funding is provided to the Dutch Lead Partner in addition to any development funding available from the programme following an approved application having been made.

Project Match Funding: Each province/municipality has put in place a fund that can be drawn down as match funding by Dutch partners who are involved in approved INTERREG Projects. There are slight regional variances on this: most of the provinces/municipalities allocate match funding towards successful projects that fit in with the over development aims of their regions. Some offer match funding regardless. The levels of match funding available varies also but it can in some instances amount to the full amount required. In most instances however, it amounts to circa 60% of the match funding required for the project.

The method of securing this funding varies according to each province also with some enabling funds from their match funding pool to be “reserved” as soon as a project application is made while others don’t allow applications for match funding to be made until a project has been approved at EU level.

Belgium:

The Belgians have also recognised the benefits that can be delivered for their regions through securing EU funded projects and thus, have put in place a match funding mechanism that enables Belgian partners to apply for match funding for approved projects in which they are involved. Again, this is run along a provincial basis with the organisation being able to apply for match funding for projects that are deemed to strategically fit with the development objectives of the different provinces.

This system enables the match funding to be effectively targeted towards organisations who have a strong track record of working on the ground and who can assess the needs of the regions in which they are based and deliver suitable EU Funded Projects. The positive effects of this approach are evident across many provinces of Belgium with a number of significant initiatives developed through support from EU Funded Projects such as the Food Producers Network in Flemish region that has opened up significant new market opportunities for small scale food producers in the region.

The Proposal

Establish an EU Interreg projects co-financing Scheme through which successful applicants coming from CSOs in Ireland can secure the required match funding for the project period.

Budget and return on investment:

The Scheme **would require a budget of approximately €1 million per year for 4 years⁴**, 2024-2028 during which time it is estimated that 24 Irish CSOs⁵ would be supported to participate in EU Interreg funded projects through the proposed co-financing scheme and a proposal development grant. An investment of €4 million, based on an average co-financing requirement of 33%⁶, **would result in over €12 million investment** for projects dedicated to regional development priorities in Ireland.

As this is the first iteration of the Scheme, more accurate forecasting will be available regarding use and expenditure following the first two years of implementation. The proposed timeline will run until 2028, in alignment with the European Union Multi-Annual budget timing. Should the Scheme be under-utilised, the funding could roll over to the next period (2028-2032).

Possible sources of budget:

- Dedicated government exchequer funding pot to be made available for Regional Development, and to be administered by the Regional Assemblies.
- Ring fencing of “Community Targeted Funding” from the Lottery funding stream thus having no impact on exchequer funding
- Consider expanding the remit of the “Community Support Fund” currently applicable to renewable energy projects across the country.
- Consider use of the Dormant Accounts funds

Proposed administration management:

- The Regional Assemblies, who are Managing Authorities for Regional Cohesion Policy Programmes for over 20 years also play a significant role in EU Interreg Programmes in Ireland, aover the same period including:
 - o Financial Control: the Regional Assemblies are responsible for ensuring that projects respect spending rules. Expenditure from Irish project partners are checked by a controller before claims can be approved by the Interreg Programmes.
 - o Hosting of the National Contact Point for the Interreg Programmes; the role of the Contact Point is to promote the programme to Irish applicants and provide bespoke support and guidance during the proposal development phase.

⁴ The cofinancing required by Irish CSOs involved in EU Interreg projects approved since 2021 has been approximately €48,000 per year, for an average duration of 3.5 years.

⁵ Based on the following assumptions: The participation of Irish CSOs in Interreg Calls since 2021 shows that on average 3 CSOs were partners in successful projects per Call. Across six Interreg Programme funds, it is expected that there will be an average of 2 calls per year in the next 4-year period (2024-2028); 3 CSOs selected x 2 Calls/year x 4 years = an estimated 24 CSOs would require co-financing over the 4-year period. Of those it is expected that 3 would be Lead Partners and might benefit from the Proposal Development Grant.

⁶ As per cofinancing rates displayed in Table 1, the average co-financing rate per project is 32.5%; the EU would fund the remaining 67.5%.

- Participation in the Monitoring Committee (MC): The MC from each Interreg Programme is the central decision-making body for the programme and its overall task is to ensure the quality and effectiveness of the programme's implementation, including through the voting on projects to be funded. Every Member State from the Interreg Programme region holds a single vote. Alongside colleagues from Department of Public Expenditure, NDP Delivery and Reform (PER), the Regional Assemblies are members of the Irish Member State MC delegations.
- Managing Authority Certifying Authority and hosting of Joint Secretariat for Cross-Border Ireland Wales Programme for the period 2007-2013.
- As the existing programme partners for EU Interreg Programmes in Ireland, the **Regional Assemblies** would take the responsibility for ensuring eligibility and selection of Applicant's requests for co-financing and for the administration of co-financing. With an internal division of labour as follows:
 - National Contact Point: Ensure eligibility of the Applicants and the proposal's alignment with Irish Government policy objectives
 - Financial Controllers: Ensure correct documents are submitted for audit purposes, authorise and release payments to the Applicants.

Proposed dissemination and support to applicants:

- The National Contact Points for the Interreg Programme funds in Ireland, in association with Access Europe (The Wheel) and ILDN, will ensure dissemination to Irish CSOs regarding the availability and rules of the supports available through their extensive and targeted mailing lists and newsletters.
- Access Europe, as managed by The Wheel, will also provide support through regular communications to Irish CSOs about the available supports from the Irish Government in relation to Interreg Programme funds, and will guide them to the National Contact Points for further advice.
- National Contact Points will provide support to Irish CSO as they navigate the application process at all steps.
- Where a project is led by an Irish CSO, and they are successful at Step 1 of a two step proposal process, there will be dedicated workshops and guidance provided to the Lead Partners.

Proposed eligibility criteria:

1. The Scheme eligibility would be strictly limited to Irish CSOs, registered with the Charities Regulator and/or as a not-for-profit private organisation with the Companies Registration Office.
2. The proposal topic and expected results must be in line with Irish Government policy priorities
3. **The proposal must be submitted to one of the EU Interreg programmes⁷ where Irish organisations are eligible to participate.**
4. The Applicants must be eligible to receive funds for the EU Interreg programme to which they are applying.

⁷ The co-financing will target only EU Interreg funding programmes where Irish CSO partners are eligible to participate and where the Regional Assemblies are the Managing Authorities for those funds in Ireland.

5. Applicants must be either Lead Partners or Full Partners, as part of a project consortium. Partners that will not receive any EU funding will not be eligible for the Scheme (e.g.: stakeholders or observers, will not be eligible for co-financing under the Scheme).

Proposed process:

1. Applicants must submit proposals and co-financing request to the Managing Authority prior to submission to EU Interreg programmes. This is to ensure that the eligibility criteria are met.
 2. Where an Applicant's request is eligible, and the project proposal is approved for funding by a relevant EU Interreg programme; the Irish CSO Applicant will have their co-financing requirements covered in full by the Scheme.
 3. The Scheme funding would be drawn down by the project partner in instalments based on submission of the following evidence to the Irish Managing Authority (Financial Control):
 - Approval of a financial claim by the EU Programme Joint Secretariat and the Irish Financial Controller.
 - Approval by the EU Programme Joint Secretariat of the narrative reporting, submitted with the financial claim, confirming work on the project is completed in line with its aims.
- Note that financial claims for Interreg projects are submitted on a 6 monthly basis from the project start date and are paid in arrears. The Scheme would build on this existing system and release the co-financing only after claims and reports are approved. This would ensure that funds under The Scheme are only released to project partners following a stringent and detailed independent audit process. This also ensures that there is a full, verified audit trail for all expenditure incurred under The Scheme.

Proposal Development Grant:

To date a limited number of Irish CSOs have taken the position of Lead Partner in the submission of multi-country consortium proposals⁸ to Interreg Programme funds. If a project proposal is successful in being approved at Step 1 evaluation, a proposal development grant of maximum €5,000 could be provided to the project Lead Partner to cover the costs of Step 2 proposal development. This would allow CSO partners to cover the costs of travel and staff time for meetings and proposal writing. A proposal development grant would only be awarded in the following circumstances:

- Where the Interreg Programme Call for proposals has a two-step process; and the proposal has been selected to proceed to Step 2 and
- Where the CSO is a Lead Partner of a consortium.

The process for the proposal development grant would be similar to the co-financing process; the LP will be required to submit the request for proposal development grant to the Managing Authority⁹ for the relevant Interreg Programme in order to ensure alignment of the project proposal with Irish Government policy priorities. The proposal development grant will be awarded after approval at Step 1 and only once the criteria for eligibility of the Lead Partner organisation are confirmed by the Managing Authority.

⁸ Data from Interreg North West Europe Calls since 2020 shows that only 2 proposals were led by Irish CSOs at Step 2.

⁹ The Regional Assemblies are MA for the Interreg Programmes in Ireland.

If the proposal is not submitted at Step 2, the Lead Partner will be required to return the €5,000 proposal development grant to the Managing Authority.

EU Project Benefits

EU funded projects, implemented through Irish based partners, deliver a huge range of benefits for communities and businesses across the country. Many projects provide the key early-stage professional supports, knowledge, examples and funding to enable ideas become realities. Regional Development projects are in line with Government Policy and can help ensure its goals are achieved.

- Capacity building of the Irish CSO sector – through collaboration with other Member States, through taking the Lead on projects – technical learning in the CSO’s area of work will be ensured, as well as increased knowledge on best practices for audit and governance, EU proposal writing, financial and technical reporting. This will also be supported through the Contact Point Network, Access Europe (The Wheel) and ILDN.
- Community Empowerment – through professionally supporting the development of community initiatives across many different spheres
- Generating Investment – through supporting initiatives that attract additional funding to communities/business creating a significant multiplier effect in local economies
- Long Term Community Sustainability – through delivering projects that enable communities become self-sufficient into the future through developing initiatives delivering local long-term income generation
- Accelerating Project Development – through bringing new ideas and methods of project delivery from EU project partners into Irish communities and businesses
- Enhancing Rural Businesses – through supporting them to work together to promote their regions/services and through opening up new overseas engagement opportunities
- Social Enterprises – through providing the key early stage supports to enable the development of such enterprises that deliver key local services
- Environmental – enabling benefits from the opportunities offered through renewable energy initiatives through supporting participation/transition of communities & businesses – will deliver both additional electricity generation and reduced CO2 emissions
- Re-balancing – through making communities across Ireland attractive places to live and work by facilitating the development of local services and employment opportunities
- Vision – through showcasing to Irish businesses and communities what is achievable by connecting them with their peers across Europe to learn and benefit from their knowledge

Conclusion

Overall, EU funded projects offer an excellent opportunity to regions to secure targeted funding that can deliver projects that can provide significant benefits for their areas. These projects provide a significant multiplier effect in the regions as a result of the additional jobs and opportunities they bring, not just during the course of the project themselves but in the longer-term benefits that derive from them as can be seen by the importance that is placed in securing such projects by the above countries through their various match funding support programmes.

Such a match funding programme in Ireland could be put in place very easily and effectively using the Regional Assembly structure that currently exists. This structure already has all the relevant financial and compliance information regarding the different projects that operate in Ireland to hand and

therefore can provide an excellent oversight and administrative structure for such a programme at little if any additional cost. In addition, they are perfectly placed in terms handling applications for such match funding as it is they who get all of the information directly from the awarding body (the Joint Secretariat, based in Lille) as to which project applications have been successful and which not.

Strict criteria and eligibility can also be applied to such a match funding programme to ensure that only organisations, such as not for profit development companies, who cannot source match funding from other sources (internal or otherwise) can apply and draw down the match funds. In addition, a limit as to the percentage of the total amount of match funding that is required for a project that is available through such a programme can also be put in place to ensure that those who benefit from projects are also required to have a stake in the projects.

Evidence in other countries has shown that there are clear, wide ranging and significant long-term benefits deriving from the introduction of a match funding programme that opens up the opportunities available through EU funded programmes for Irish based organisations.

The proposed scheme would provide a significant opportunity for Irish CSOs to engage fully in EU Interreg funded projects helping to deliver on Irish Government Policies and will have benefits for communities, businesses and regions across the country. This will help drive jobs growth and empower communities, particularly in more rural regions and help to kick-start much needed additional investment into these regions in particular. It will also help ensure Ireland as a whole is in a position to draw down its potential full share of EU Programme funding.

Ireland is now a net contributor to the EU, receiving a declining overall allocation of Cohesion Policy funds compared to previous decades where funding was evident to the average citizen observing infrastructure developments “funded by the European Union”. The competitive funds that are allocated in the past decade are often “distant” to the citizens and won by technical projects that can be hard to communicate. By co-financing Interreg programmes, this Scheme will bring EU programmes and support closer to the people on the ground, tackling regional development and making the EU and Irish Governments commitment more visible to the average Irish citizen.

It requires minimum management, a strong return on investment and the benefits clearly seem of outweigh the costs involved.

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