



## II Partnership

# Public-Private Partnerships

### Background

Interreg has never been designed for traditional private sector projects, but nevertheless, private sector involvement in Interreg projects has always been possible and desirable. The scope of participation by private sector partners is significant. This Fact Sheet outlines the legal framework for private sector involvement.

### The legal framework

Several options are available for the involvement of the private sector in projects under the IVB North Sea Region Programme

### Public and private beneficiaries

Both public and private sector organisations such as e.g. universities, research institutes or labour market organisations can be beneficiaries and lead beneficiaries in projects under the North Sea Region programme and as such receive money from the programme.

In order to receive money the following conditions must be met:

- The organisation is a legal body,
- The organisation acts as non-profit organisation in the context of the project and operates in line with the principle of real costs – this does not exclude beneficiaries acting on a for-profit basis in other contexts. It should be born in mind that there must be a clear separation of the project costs and other non-project related costs in the accounting system,
- All project results are made available to the general public free of charge i.e. the organisation has no physical or intellectual ownership of project results or outcome. This includes an active communication strategy in relation to the projects results,
- Public tender and publicity rules are adhered to,
- In certain cases a bank guarantee may be required.

Private sector beneficiaries are subject to the same conditions as all other beneficiaries under the programme, this includes provisions for 1<sup>st</sup> level control.

As a project partner the costs in terms of e.g. internal hours or overheads constitutes eligible expenditure.

The fulfilment of these requirements are essential for participation in projects as a beneficiary., There are, however, other important ways of participating as described below.

### **Private partners as suppliers**

This is the most common way of private sector involvement as project activities are often – following a public tender process - subcontracted to contractors. Being a supplier simply means that the company/organisation delivers some goods or services and is being paid by way of an invoice.

The costs originating from suppliers constitute eligible expenditure. It is important to emphasise that private organisations, who are or have been involved in a project as a beneficiary cannot “change horses” and become suppliers in the same project.

### **Private partners as sponsors of the “public good”**

Sometimes a company or a group of companies see an interest in sponsoring public goods e.g. a lighthouse or a transport corridor are both good examples of public goods. Financial contributions or contributions in kind from private partners in this context constitutes match-funding of ERDF.

### **Public sector projects as facilitators or providers of framework conditions**

In some cases projects produces a forum for exchange of knowledge, which can benefit private sector partners. In other cases a project can contribute to a “lift” general level of competence in a given sector. In both cases the offer from the project is open for the general public and exclusion of interested parties is not possible.

Real life examples from Interreg projects of these two options are the creation of a knowledge forum for stakeholders in the windmill industry and a project promoting the use of ICT in small and medium sized businesses. In these cases the services developed and the costs associated with the development constitute eligible expenditure.

### **References**

Council Regulation (EC) No 1083/2006, Article 2(5)