# Guidance for Private Sector Engagement in Interreg

## Unlocking Innovation, Competitiveness, Territorial Impact, and Resilience

November 2026

This document is produced by Interact as an outcome from the first Private Sector Engagement Roadshow which took place on 21,22 October 2026 at the border between France and Belgium and was organized in partnership with the France-Wallonie-Vlaanderen Interreg programme. It is intended to be used by all Interreg programmes wishing to further engage with the private sector, particularly SMEs.



# Table of contents

1. Background ..... 3
2. What are some benefits for businesses ..... 4
3. Challenges and practical solutions ..... 5
4. Perspective for the Post 2027 period ..... 10
5. Key Takeaways ..... 11
6. Private Sector Engagement Roadshow 2026 Summary and Main Outcomes ..... 12
7. Next Steps ..... 14
Annex: Roadshow Findings ..... 15

# 1. Background

Private sector engagement in Interreg means the structured participation of companies — including SMEs and sometimes large enterprises, start-ups, social enterprises, sectoral clusters and business support organisations — in cooperation projects as partners, associated partners, beneficiaries or end users.

There are different models for private sector involvement. These range from acting as a regular project partner, through lighter forms such as, for example, an associated partner or sub partner with reduced reporting and financial obligations, to the role of a final recipient. Final recipients receive a service or a product where the obligations are very limited, for example, through the form of a voucher.

As Europe faces growing competitiveness challenges and accelerates its green and digital transitions, private sector engagement is becoming increasingly important for achieving Interreg objectives. While public authorities often provide the framework for cooperation and research organisations contribute knowledge and innovation, businesses, particularly SMEs, play a critical role in transforming project outputs into products, services and solutions that create lasting impact.

## 1. Why is it important?

The 2021–2027 legal framework encourages private sector participation across objectives linked to innovation, SME competitiveness, the green transition, resilience, and digitalisation. Involving businesses helps translate collaboration outputs into real products, services and processes, increasing durability and impact of results. It helps to achieve:

- Acceleration of innovation uptake (from prototype to market).
- Stronger sustainability of project results after closure through business incentives to continue.
- Greater economic and societal impact via cross-border and transnational value chains and better productivity.
- User-centric design and validation through pilots, testbeds and living labs.
- More effective bridges between policy, research and industry.

In short, involving businesses is one of the most direct ways to ensure that cooperation delivers tangible benefits for citizens, regions and local economies. The Post 2027 proposals reinforce this. Competitiveness, with special attention to SMEs, and the right to stay are both specific objectives of the proposed future focus of funding programmes.

# 2. What are some benefits for businesses

Innovation topics have traditionally attracted a high number of applications to Interreg programmes, including topics on SME support and the commercialisation of innovation. Many SMEs nevertheless still see Interreg as a funding mechanism for the public sector. For those that take part, the benefits go beyond financial support and include:

**Access to New Markets**

Cross-border and transnational cooperation provides access to new customers, suppliers and business partners both in Europe and beyond.

**Innovation Opportunities**

Companies can test ideas with international partners and access expertise not available locally.

**Shared Risks**

Interreg allows organisations to jointly develop and pilot solutions, reducing the risks associated with innovation.

**Visibility and Credibility**

Participation in European projects enhances reputation and increases international exposure.

**Talent and Knowledge**

Businesses can collaborate directly with universities, research institutions and specialised organisations.

**Green Transition and Resilience**

Projects often provide knowledge, technologies and networks that help companies adapt to emerging market trends, particularly in relation to the green transition and resilience building.

**Long term territorial impact**

Businesses can contribute to the growth and job creation of the programming areas, while their agility enables them to adapt and refine solutions more rapidly in response to emerging challenges and opportunities.

# 3. Challenges and practical solutions

It should not be forgotten that the primary objective of the private sector is to maximise profits for its owners or shareholders. Participation in an Interreg project should therefore not interfere with or undermine this objective; otherwise, private-sector interest is likely to remain limited. While the private sector should clearly see the benefits of participation, it is equally important that, from the very beginning, participants are fully informed about what will be expected of them and about the obligations associated with participation in any form in an Interreg project.

Over the years, many challenges have been reduced or removed altogether (for example, rules on net revenue generation), and others are expected to be further eased through forthcoming reforms of the State Aid regime and the public procurement directives. Below, some common issues encountered by programmes and private partners when participating in projects are presented, together with practical ways to address them.

## 3.1 Financial Challenges

Programmes must ensure that public funding is awarded to financially sound private sector entities and that beneficiaries comply with applicable eligibility requirements.

Historically, programmes often relied on self-declarations from applicants. Today, however, access to public databases, financial registers and dedicated risk-assessment tools allows for more robust verification of financial standing and sanctions screening. Tools such as Arachne+ can further support risk assessment activities.

**How programmes can address it**

- Use external financial databases during assessment.
- Apply proportionate risk analysis.
- Provide clear guidance on eligibility requirements.
- Clarify from the outset the implications of "undertaking in difficulty" provisions.

For the next programming period, current discussions suggest that these checks may become more targeted to situations involving State Aid rather than applying universally.

Additionally, the definition of an undertaking in difficulty is being revised and may become more flexible. For example, the period during which SMEs are exempt from this test has been extended, and their financial situation will most probably no longer need to be assessed during the first five years of their existence. Furthermore, a wider range of financial instruments will be recognised as quasi-equity, which could improve companies' solvency ratios and facilitate compliance with the relevant solvency tests.

## 3.2 Liquidity and Reimbursement Procedures

One of the most frequently cited challenges by the private sector, particularly SMEs concerns liquidity.

Under the traditional reimbursement model, project partners must first incur expenditure before receiving reimbursement. In practice, this often means that companies need sufficient cash flow to finance activities for a significant period before payments are received. The reimbursement process may involve several verification steps, including controller checks, lead partner verification and programme-level controls.

**How programmes can address it**

- Offer advance payments where possible.
- Use lump sums and simplified cost options (SCOs).
- Apply risk-based management verifications.
- Streamline reporting and verification processes.

The policy discussions for the post-2027 period indicate a potential shift towards greater use of milestone and performance-based approaches, which could further improve liquidity conditions for beneficiaries.

### 3.3 Application of State Aid Rules

State aid remains one of the most frequently discussed aspects of SME participation in Interreg.

Many companies perceive State aid provisions as complex and difficult to navigate. In previous programming periods, aid intensity limitations and the constraints associated with de minimis support sometimes reduced the attractiveness of participation.

**However,** recent revisions of the State aid framework have already introduced greater flexibility. The increase of the rolling 3-year de minimis threshold to EUR 300 000 provides additional flexibility for SMEs. Also, current provisions under General Block Exemption Regulation allow already now significantly higher aid intensities than in previous periods and as of 2027 the revised GBER will offer funding companies participating in Interreg with public sources even up to 100% depending on the programme set up.

**How programmes can address it**

- Explain State aid implications early.
- Provide practical guidance and FAQs.
- Standardise aid models where possible.
- Ensure beneficiaries understand available options before applying.

### 3.4 Application of Public Procurement Rules

Public procurement requirements can represent a significant challenge for private sector actors, particularly SMEs that are unfamiliar with public-sector procedures.

Even relatively simple requirements, such as obtaining multiple quotations, may represent a substantial change from normal business practices. Procurement errors remain among the most common reasons for financial corrections.

**How programmes can address it**

- Develop simple procurement guidance.
- Provide templates and checklists.
- Organise training sessions for beneficiaries tailored to the public-sector needs.
- Offer early support and clarification.

Potential revisions to the EU procurement framework may introduce additional flexibility and easier access to public procurements via single platform in the future with the reduction of public procurement procedures although the precise implications remain to be seen since the new Public Procurement Act which is currently being discussed.

### 3.5 Transparency and Confidentiality

Private sector entities receiving public funding are subject to significant transparency requirements.

Financial information, ownership information and supporting documents often need to be provided to controllers and programme authorities for verification purposes. Some companies may be reluctant to participate because they are concerned about confidentiality and data protection.

**How programmes can address it**

- Clearly explain transparency obligations from the start.
- Limit access to sensitive information through secure monitoring systems.
- Promote the use of simplified cost options to reduce documentation requirements.
- Provide clear information on data protection arrangements.

Programmes should also remind beneficiaries that transparency obligations are an inherent feature of publicly funded interventions.

## 2. Good practice examples, innovative approaches from Interreg programmes across Europe

Below are some examples from Interreg programmes successfully engaging with the private sector.

- **Interreg South Baltic (PL–DK–DE–LT–SE)**

  - Programme allows SMEs, SME associations and clusters as beneficiaries and promotes measures on digitalisation, internationalisation, green energy, circular economy and sustainable tourism (2021–2027).
  - Project library highlights a pipeline of projects with business participation across blue and green economy value chains.
  - **Success factors:** Clear SME eligibility, practical themes (digital/green), and use of intermediaries to reach companies.

  Additional information: SME Beyond Project

- **Interreg Estonia–Latvia (EE–LV)**

  - Priority 2 “Jointly and smartly growing businesses” supports SME competitiveness, cross‑border knowledge transfer and smart/green transformation.
  - Programme documentation and Inforegio fiche emphasise support for small businesses to innovate and find joint solutions.
  - **Success factors:** Precise SME‑oriented priority, cross‑border business community building, practical pilots.

  Additional Information: Twinnovation Project

- **Interreg Flanders–Netherlands (BE–NL) and Interreg France-Wallonie-Vlaanderen (FR-BE): CrossRoads Instrument**

  - Dedicated SME instrument fostering cross‑border innovation partnerships around sustainable entrepreneurship, energy, health and Industry 4.0.
  - Typical support: up to 50% of eligible costs with a ceiling around €250k per project; strong matchmaking and coaching by intermediaries.
  - **Success factors:** Scheme design for SMEs, targeted themes, strong intermediary support, connection with local SME ecosystem, and clear economic impact criteria.

  Additional Information: Crossroads Flanders-Netherlands, Crossroads France-Wallonie-Vlaanderen

- **Interreg Meuse-Rhine (BE–NL–DE)**

  - SME Transition Innovation Partners (STIPP) mobilises development agencies to scout SMEs, matchmake and co‑develop cross‑border projects in industrial transition, green transformation and healthier citizens.
  - The BIDS team accompanies consortia end‑to‑end, while a Grants team handles eligibility and payments, reducing burden for SMEs.
  - **Success factors:** dedicated SME pipeline, hands‑on support and role clarity between business developers and grant managers.

  Additional Information: SME Transition Innovation Partners Projects (STIPP)

- **Interreg VI-A IPA Croatia-Bosnia and Herzegovina-Montenegro (HR-BA-ME)**

  - EmBRACE Small Project Fund provides financial support to SMEs.
  - Total funding available from ERDF and IPA III for micro and small enterprises under EmBRACE amounts to EUR 8,725,324.36.
  - **Success factors:** Strong cross-border cooperation at EU external border, innovation focus and strong support to commercial applicability.

  Additional Information**:** EmBRACE project

- **Interreg Aurora (FI-SE-NO)**

- Programme awards one additional point in the assessment for applications that work with research and innovation activities in SMEs.
- Programme also awards one additional point for applications focused on SME business development and internationalisation.
- **Success factors:** SME innovation and internationalisation are explicitly rewarded through Aurora's project assessment criteria

Additional Information: Interreg Aurora - New programme for cross-border cooperation 2021-2027

- **Interreg Central Baltic (FI–SE–EE–LV)**

- Competitive economy for the region has been the Programme's focus since 2014-2020 programming period, with support to more exports by Central Baltic companies as a specific objective.
- 2021-2027 programme objectives focusing on more exports for SMEs and newer scaled-up growth companies.
- Result indicator relating to companies with achieved sales and contracts to new markets.
- **Success factors:** Clear focus on supporting SMEs to enter new markets and support for scale ups.

Additional information: More Exports by SMES, More new scaled-up growth companies

# 4. Perspective for the Post 2027 period

The performance-based approach foreseen for the 2028–2034 period, which places an even stronger emphasis on achieving policy objectives, provides funding to programmes based on milestones, targets, and outputs. This approach can give programmes greater financial flexibility, for example when considering advance payments.

Changes to the State aid legal framework—particularly the new General Block Exemption Regulation—will allow Interreg programmes to finance to a greater extent with public funds and to be more flexible when it comes to not-in-difficulty test. Potential changes to the public procurement directives may also introduce additional flexibility, but this change is expected already after the new programming period has started.

# 5. Key Takeaways

1. The private sector, particularly SMEs, are critical partners for delivering lasting Interreg impact.
2. Multiple participation models can facilitate enterprise involvement.
3. Simplification remains essential for successful engagement.
4. State aid, liquidity and procurement continue to require attention.
5. Successful programmes actively support companies through intermediaries and tailored instruments.
6. The post-2027 period offers an opportunity to make Interreg even more business-friendly.

**The future of territorial cooperation will be stronger when the private sector are not only beneficiaries of cooperation, but active partners in shaping Europe's regions.**

# 6. Private Sector Engagement Roadshow 2026 Summary and Main Outcomes

In October 2026, hosted by Interreg France-Wallonie-Vlaanderen, the first Interact edition of the roadshow brought together representatives from Interreg programmes, national authorities, innovation agencies, and project partners from across Europe. Through a series of site visits and exchanges with SMEs participants gained first-hand insight into how Interreg funding is helping companies innovate, collaborate, and grow beyond national boundaries.

**Day 1: Cross-border Site Visits**

Participants started the day visiting Plinius Lab (Belgium), a company exploring innovative ways to transform mussel shells and other marine by-products into cosmetic products. What might otherwise be considered waste is being reimagined as a valuable resource, demonstrating how innovation and sustainability can go hand in hand.

At the Circular Materials Centre in Kortrijk (Belgium), participants discovered some of the latest technologies and innovations advancing the circular economy. They also learned about the work of TripleR (Belgium), (whose solutions recover and recycle materials from used mattresses, helping turn waste into valuable resources and supporting a more sustainable, circular future.

At Biomediqa (France), the group discovered how innovative healthcare technologies are being developed through cross-border cooperation. The company showcased how collaboration and access to specialised expertise across the border can help accelerate innovation in a highly competitive sector.

Across all visits, a common theme emerged: Interreg support has enabled companies to access new partners, test ideas, and collaborate across borders in ways that would have been far more difficult without it. Beyond financial support, Interreg creates the conditions for cooperation, and helps businesses connect with expertise and opportunities that exist just across the border but may otherwise remain out of reach.

By supporting SMEs, fostering innovation, and encouraging cross-border partnerships, Interreg is also helping to build more resilient regional economies and creating lasting benefits for communities in border areas.

**Day 2: Practical Exchanges**

On day 2 of the Roadshow, participants heard from different stakeholders involved in the France Belgium cooperation area and also the experience from the Central Baltic programme.

The Flanders Innovation & Entrepreneurschip (VLAIO) presented their work and engagement with the local SMEs ecosystem. The presentation on how innovation is supported and examples of companies who are now benefiting from Interreg support were extremely valuable.

The Crossroads project model was equally presented, demonstrating how they support the development of innovation supporting SMEs move from Technology Readiness Level (TRL) 5 to 8. It was an interesting example of how Interreg is supporting SME development with the involvement of the entire local ecosystem.

The final presentation was from Interreg Central Baltic programme. The focus was on how they've been supporting SMEs since the 2014-2020 programming period with a focus on promoting internationalization and global market access.

The group also jointly discussed some current challenges and benefits related to engaging with the private sector, particularly SMEs. These were prioritized as a result from a pre-Roadshow survey. **Results from discussion may be found at Annex 1 below.**

**SMEs Quotes**

Below are a few quotes from the SMEs visited during the Roadshow, sharing their experiences of taking part in Interreg.

*"Interreg enabled Plinius Labs to carry out two concrete cross-border projects. In the GreenShield project, under Interreg Flanders–Netherlands, we worked with the Dutch company EGGXPERT to upgrade eggshell residues into a functional ingredient for sun care. In the shell-waste project, under Interreg France–Wallonia–Flanders, we are working with the French company Neo-Eco to convert shells from fisheries and aquaculture into high-quality calcium carbonate for cosmetics. Both projects show that the most valuable innovation often happens where borders meet: by bringing together complementary know-how, feedstocks and markets from neighbouring regions."* **Plinius Lab**

*"Reasons for involvement with Interreg: Collaboration! To address the problem with the circularity of the mattresses we need to do it together. There isn't enough expertise to every single SME in this sector. There is a need to be an ecosystem to manage the big amount of the mattresses disposed in Europe annually! The digital product passport will help the SMEs involved to optimise the supply chain and create options not only for the environment but also for the SMEs. There is a need to close the loop of the mattresses disposed at European level".* **TripleR**

*"Benefit of being part of the Interreg project: Meet new SMEs to collaborate with, meet the market cross borders. Challenges: Admin of an Interreg project is not a challenge if you spent the time throughout the project life cycle. No need to wait, take the opportunity and be 5 steps ahead and win the race".* ***BIOMEDIQA***

# 7. Next Steps

The first edition of the private Sector Engagement Roadshow was considered successful. A new Roadshow will take place in 2027. ***Programmes now can contact Interact and share their intention of hosting it in 2027.***

Interact will explore ways to ensure the group who participated at the first Roadshow stay connected through tools such as a Teams channel or other mechanisms.

Interact will continue to engage with programmes by promoting these guidelines, gathering additional expertise and sharing best practices.

# Annex: Roadshow Findings

Roadshow participants had the opportunity to discuss common challenges when engaging with the private sector in areas such as State Aid and Co-Funding. They also discussed potential solutions and explored additional related topics. Furthermore, participants also discussed current benefits for cooperation areas and SMEs. Results may be found below:

## State Aid

### Challenges

- Limited availability of suitable state aid schemes and funding instruments.
- Funding available to SMEs is often limited or capped.
- Eligibility thresholds can exclude some organisations.
- High levels of regulatory scrutiny to ensure compliance with free market and competition rules.
- Significant bureaucracy and paperwork requirements.
- Complexity in understanding rules, application processes, and compliance obligations.
- External factors and policy changes can affect access to support.
- Lack of clear procedures and step-by-step guidance.
- Difficulty measuring and demonstrating impact after funding has been identified or awarded.

### Topics to Explore Further

- **Transparency:** How transparent are state aid decisions, criteria, and funding allocations?
- **SME Eligibility:** Are SMEs being adequately supported? Should eligibility criteria be adjusted?
- **Results and Impact:** How can the effectiveness and outcomes of state aid be measured and reported?
- **Simplification:** Opportunities to reduce bureaucracy and streamline application procedures.
- **Guidance:** Development of clearer processes and practical support for applicants.

## Co-funding

### Challenges

- Finding the right balance between external support and company commitment.
- Ensuring participating companies are genuinely ready and committed to the project.
- Small startups and SMEs often lack sufficient financial and human resources to provide their share of co-funding.
- Reductions in funding from national governments or EU programmes can limit opportunities.
- Unexpected events can create financial pressures or disrupt planned contributions.
- Managing risk when partners have different capacities and expectations.
- Securing long-term sustainability beyond the initial funding period.

### Topics to Explore Further

- **Advance Payments:** How can advance payments be structured to reduce financial pressure on participants?
- **Company Readiness:** What criteria can be used to assess commitment and preparedness before project launch?
- **Risk Sharing Models:** Alternative co-funding structures that reduce the burden on smaller organisations.
- **Financial Resilience:** Mechanisms to address unforeseen financial impacts and funding reductions.
- **SME Participation:** Ways to increase accessibility for startups and resource-constrained companies.

**Overall themes across both groups:**

- Reducing administrative burden.
- Improving accessibility for SMEs and startups.
- Increasing transparency and clarity of processes.
- Ensuring funding leads to measurable outcomes.
- Creating more flexible funding mechanisms that account for financial constraints and unexpected events.

## Cooperation Area

### Benefits

- Benefits depend on the context of the enterprise, region, and programme objectives.
- Supports regional economic growth.
- Helps address both existing and emerging market needs.
- Encourages product development and business model development.
- Facilitates cross-border cooperation and partnerships.
- Creates opportunities to start new initiatives that may not be possible individually.
- Promotes innovation through knowledge sharing.
- Can generate long-term economic benefits, including increased tax revenues.
- Encourages better alignment and division of roles with other programmes, reducing duplication.

### Topics to Explore Further

- Different approaches and successful examples from programmes.
- Flexibility versus fixed geographical cooperation areas.
- How to ensure long-term engagement of partners and stakeholders.
- How cooperation areas can better respond to changing regional needs.
- Models for sustaining partnerships beyond project funding.

## SMEs in Interreg

### Benefits

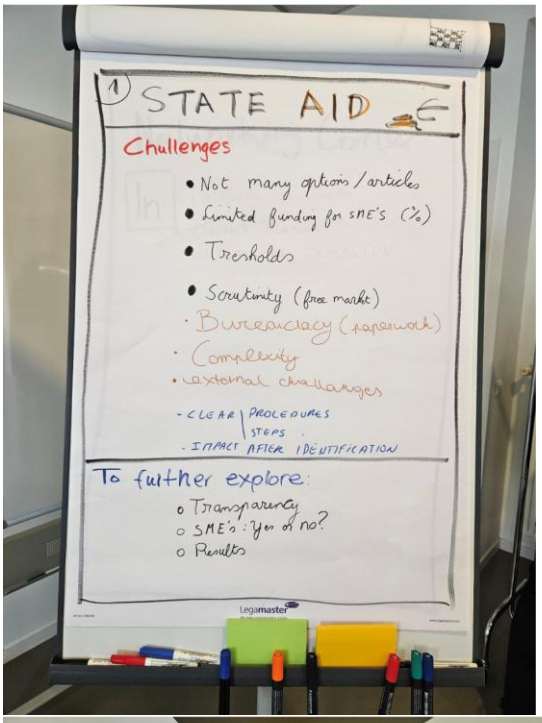
- Access to international networks and partnerships.
- Financial support for innovation, growth, and development activities.
- Exposure to new approaches, ideas, knowledge, and expertise.
- Stronger links and understanding of EU policies and opportunities.
- Different participation models (partner, final beneficiary, service provider).
- Shared regional challenges can become opportunities through cooperation.
- Increased collective strength through collaboration ("together they are stronger").
- Ability to respond to common challenges and needs collectively.
- Opportunity to test new approaches and learn from different SME cultures and environments.
- Capacity building and learning from peers across regions and countries.

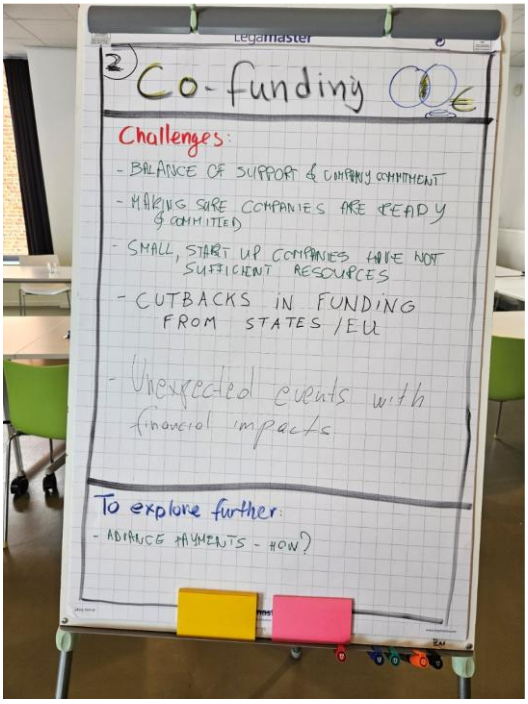
### Topics to Explore Further

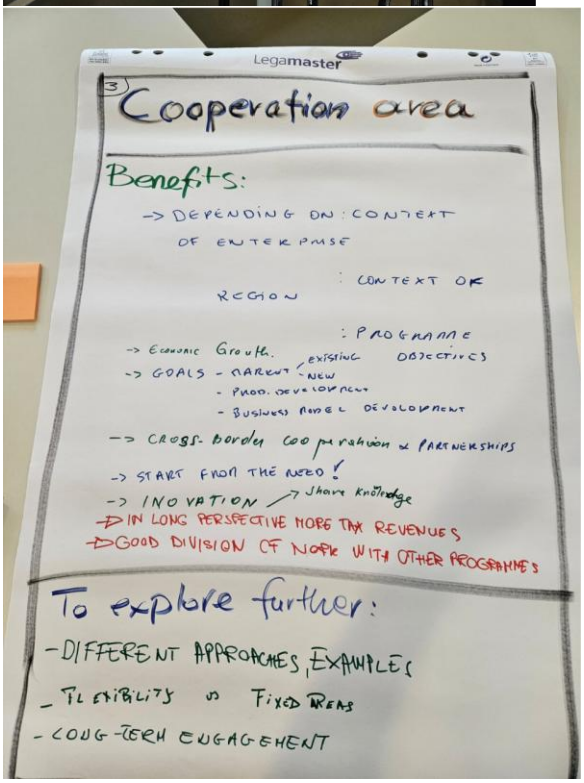
- Creating stronger SME ecosystems and support structures.
- Identifying gaps in current SME participation and support mechanisms.
- Simplifying administration and reducing the burden for SMEs (including simplified cost options).
- Improving communication and awareness of opportunities.
- Better engagement models for SMEs with limited capacity.
- How to increase the practical benefits and accessibility of Interreg participation for SMEs.

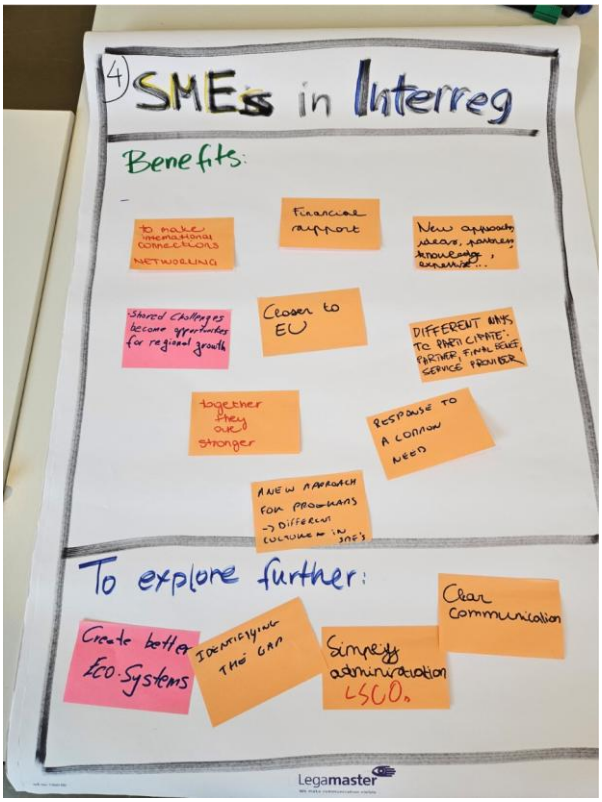
**Overall themes across both groups:**

- **Cooperation areas** create value through cross-border partnerships, innovation, and regional development.
- **SME participation** brings networking, learning, financial support, and access to European collaboration opportunities.
- Future discussions should focus on making participation simpler, more flexible, and more accessible while ensuring long-term impact.




**Pictures: Lamprini Tsoli**

## Private Sector Engagement Roadshow Highlights




**Photo: Mathilde Van Caeckenbergh POM West Flanders**



**Photo: Guilherme Johnston Interact**

**Disclaimer**: Cooperation can be complex, and while Interact's job is to make it easier, Interact cannot offer assurances on the accuracy of our pan-European information in any specific context.

Furthermore, understanding and knowledge evolves throughout the programming period. If you spot a something out of date or inconsistent, please contact us at communication@interact.eu

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