



Rialtas na hÉireann  
Government of Ireland

# Climate Action Fund

## Guidelines Applying to the Payment of Financial Support from the Climate Action Fund

**May 2022**

# Table of Contents

Table of Contents.....	i
1 Purpose of this Document.....	2
2 Background to the Climate Action Fund .....	2
3 Legal Framework.....	2
4 Operation of the Fund.....	2
5 Provision of Financial Support from the Climate Action Fund.....	3
6 General Terms and Conditions for the Provision of Climate Action Fund Support.....	4
7 Transitional Arrangements.....	6
8 Annual Accounts .....	6
9 Review of Guidelines.....	7

# 1 Purpose of this Document

The purpose of this document is to set out the general guidelines that apply to the payment of financial support from the Climate Action Fund. Where any dispute arises in relation to this document, the legislation that established the Fund will apply in the first instance.

## 2 Background to the Climate Action Fund

The Climate Action Fund was established on a statutory basis, with effect from 1 August 2020, on the commencement of the National Oil Reserves Agency (Amendment) and Provision of Treasury Services Act, 2020.

A key objective of the Fund is to provide support for projects, initiatives and research that contribute to the achievement of Ireland's climate and energy targets, and for projects and initiatives in regions of the State, and within sectors of the economy, impacted by the transition to a low carbon economy.

The Climate Action Fund is resourced from proceeds of the levy paid to the National Oil Reserves Agency (NORA) in respect of relevant disposals of petroleum products, after the funding requirements of NORA have been met. Around €500 million is expected to accrue to the Climate Action Fund to 2027. This will ensure that substantial funding is available to progress a series of funding calls, projects, initiatives and research over that period.

## 3 Legal Framework

The legislative provisions governing the establishment and operation of the Climate Action Fund are set out in Sections 37A and 37B of the National Oil Reserves Agency Act, 2007 as inserted by Sections 14 and 15 of the National Oil Reserves Agency (Amendment) and Provision of Treasury Services Act, 2020. This legislation may be viewed [here](#).

## 4 Operation of the Fund

In line with the establishing legislation, the Minister for the Environment, Climate and Communications shall manage and control the Climate Action Fund. The Minister may also delegate this function to a specified person. The Minister will consult with the Minister for Public Expenditure and Reform on certain matters as provided for in the 2020 Act.

## 5 Provision of Financial Support from the Climate Action Fund

Financial support from the Climate Action Fund may be provided in several ways. As specified in Section 37B (9) of the legislation, the Minister may provide funds from the Climate Action Fund to support certain projects, initiatives and research. In line with Section 37B (10), the Minister may also publish an invitation on the Department's website inviting proposals to avail of support from the Climate Action Fund for certain projects and initiatives. The Minister may also nominate another party to invite proposals to avail of funds from the Fund.

In summary, the types of projects, initiatives and research that may be funded are:

- projects that seek to reduce, or support the reduction of, greenhouse gas emissions in the State;
- projects that seek to increase the production, or use, of renewable energy in the State;
- projects that seek to improve energy efficiency in the State;
- projects that seek to increase climate resilience in the State;
- nature based projects that enhance biodiversity and seek to reduce, or increase the removal of, greenhouse gas emissions or support climate resilience in the State;
- initiatives involving potentially innovative solutions to:
  - reduce greenhouse gas emissions in the State
  - increase the production or use of renewable energy in the State
  - increase energy efficiency in the State
  - increase climate resilience in the State
  - increase the removal of greenhouse gas in the State
  - enhance biodiversity through nature based projects that seek to reduce, or increase the removal of, greenhouse gas emissions or support climate resilience in the State;
- research in relation to:
  - reducing greenhouse gas emissions in the State

- increasing the production, or use, of renewable energy in the State
- increasing energy efficiency in the State
- increasing climate resilience in the State
- increasing the removal of greenhouse gases in the State
- enhancing biodiversity through nature-based projects that seek to reduce, or increase the removal of, greenhouse gas emissions or support climate resilience in the State; and
- projects and initiatives in regions in the State and within sectors of the economy impacted by the transition to a low carbon economy.

## 6 General Terms and Conditions for the Provision of Climate Action Fund Support

The following general terms and conditions apply to support provided from the Climate Action Fund. The Minister reserves the right to apply additional terms and conditions, relevant to particular calls, projects, initiatives or research.

Where projects are approved for support under the Climate Action Fund, the provision of such support will be subject to compliance with:

- the underpinning legislation establishing the Fund;
- relevant provisions of the Public Spending Code - [link here](#);
- the Department of Public Expenditure and Reform (DPER) Circular 13/2014 – Management of, and Accountability for, Grants from Exchequer Funds [link here](#);
- public procurement guidelines where the beneficiary is a ‘contracting authority’ within the meaning of Directive 2014/24/EU ([link here](#)) or ‘contracting entity’ within the meaning of Directive 2014/25/EU ([link here](#));
- relevant financial management principles set out in the Public Financial Procedures [link here](#);
- European Union state aid rules ([more details here](#)) and, where appropriate, the General Block Exemption Regulation Commission Regulation (EU) no. 651/2014 ([link here](#));
- any requirements relating to cumulative thresholds for State Aid;

- the terms and conditions of any letter of offer to a beneficiary in relation to the provision of funds from the Climate Action Fund;
- the terms and conditions of any grant funding agreement between the Minister and a beneficiary in relation to the provision of funds from the Climate Action Fund;
- tax and social legislation; and
- any other relevant statutes.

### **Vouched Expenditure**

In accordance with Public Financial Procedures and DPER Grants Circular 13/2014, grant payments from the Climate Action Fund will, in general, be issued in arrears and for vouched expenditure only.

In certain circumstances, the possibility of a level of pre-funding can be facilitated under the Grants Circular **where this is required**, but this should only arise where it is actually necessary, and in such circumstances requires the advance sanction of DPER. In such circumstances, the pre-funding must be aligned with the grantee's cash needs and calculated on the basis of costs incurred. Where such pre-funding is being considered, then in accordance with Circular 13/2014, the rationale for pre-funding must be documented by the grantor and available for audit/inspection, together with the monitoring and control arrangements attaching to the pre-funding.

While there are no definitive rules regarding what limit might apply to such advance payments, where a case can be made that such payments are required, such amounts should be relatively small (10%-15% of the grant award) and not more than 25%. The release of any additional funding will be subject to any advance grant funding payments to date having met the vouched expenditure requirements. Any unused portion of such advance grant payments that remain unspent at year-end must be returned/repaid to the Climate Action Fund.

### **Communicating the Project Ireland 2040 identity**

The Project Ireland identity should be prominently communicated and displayed through all communications relating to public capital investment initiatives.

This should include displaying the Project Ireland 2040 identity on ongoing and completed projects, following the practice of previous capital plans.

The prominent positioning of the Project Ireland 2040 identity should also be incorporated in all electronic communications, including websites, social media, written reports, consultation documents, launches, fund announcements, press briefings and photo-calls etc.

### **Letter of Offer/Grant Funding Agreement**

In general, the provision of funds from the Climate Action Fund to a beneficiary will be on foot of an accepted letter of offer, complete with terms and conditions or a grant funding agreement, as appropriate.

These documents will specify the general terms and conditions that apply to the granting of such funding, and also any terms and conditions particular to the approved project, initiative or research, under which funding will be provided from the Climate Action Fund. These terms and conditions may include, but are not limited to:

- purpose of the funding;
- amount of funding;
- deliverables expected within specified timeframes;
- duration of the project/agreement;
- reciprocal responsibilities;
- governance and audit arrangements;
- monitoring, reporting and verification processes;
- financial arrangements including payment arrangements, maximum support that may be claimed, and accounts and records to be maintained;
- other conditions particular to the approved project, initiative or research; and
- process for dispute resolution and termination.

## **7 Transitional Arrangements**

The guidelines set out in this document also apply to projects approved for support from the non-statutory Climate Action Fund prior to the establishment of the statutory Climate Action Fund on 1 August 2020.

## **8 Annual Accounts**

The Minister will submit annual accounts to the Comptroller and Auditor General for audit as soon as possible after the end of each financial year. These audited accounts together with

the report of the Comptroller and Auditor General will be laid before each House of the Oireachtas.

## **9 Review of Guidelines**

The Minister for the Environment, Climate and Communications reserves the right to review these guidelines and add, amend or remove contents as appropriate, in consultation with the Minister for Public Expenditure and Reform.