Budget & Finances

Interreg Europe Secretariat

23 March 2016 | Lead applicant workshop
Session content

1. Preliminary considerations
2. Management
3. First level control
4. The budget lines
5. Points of attention
1. PRELIMINARY CONSIDERATIONS
I need a budget estimate for my project, but I don’t have a scope or a design for it yet.

Okay, my estimate is $3,583,729.

You don’t know anything about my project. That makes two of us.
- Read the programme manual
- First activities, then budget planning
- Involve partners
- Lead partner principle
- Establish effective communication channels
- Get to know your partners before starting
- Ensure same objectives for all partners
- Define roles clearly and balance inputs
2. MANAGEMENT
In the application form

- C.8 Management
  - C.8.1 Management arrangements
  - Sections C.8.2, C.8.3, C.8.4

- D.1 Phase 1 (work plan)
  - c) project management: Detailed work plan
Section C.8 Management

C.8.1 Management arrangements

Describe how the management and coordination on the strategic and operational level will be carried out in the project.

C.8.2 Project coordinator

Will project management be externalised?

Please select

C.8.3 Finance manager

Will financial management be externalised?

Please select

C.8.4 Communication manager

Will communication management be externalised?

Please select
Section C.8.1 Management arrangements

- Clear coordination procedures + efficient management structure = less complex!

- Clear tasks and roles among the partners

- Sufficient resources and capacity for the lead partner
Section C.8.1 Management arrangements

- All partners involved in the decision-making process
- Regular steering group meetings
- Relevant documents available and easily accessible
Examples

(1) “While the lead partner is responsible for the overall project coordination, each partner is responsible for project coordination and management at partner level and appoints a local project coordinator.”

(2) “Each partner is responsible to point out a financial manager for his/her organisation and to undergo a first level control according to the national programme requirements. The partner has to provide to the lead partner a certified expense report and an independent first level control certificate… The lead partner transfers the ERDF to the partners without delay in compliance with the amounts reported in the progress report.”

(3) “The steering group is chaired by the lead partner. Each partner nominates one representative as an official member of the steering group. The steering group discusses and officially approves all project relevant implementation rules, working plans, progress reports and financial issues. The steering group will decide by consensus. Controlling, monitoring, and evaluation of the project’s activities is also ensured by the steering group. Monitoring activities will be…”
Section D.1 Phase 1

D.1 PHASE 1 ‘Interregional learning’ - Detailed work plan per period

Semester 1 01/2016 - 06/2016

a) Exchange of experience

Please describe in detail the period’s activities and outputs related to exchange of experience

0

b) Communication and dissemination

Please describe in detail the period’s activities and outputs related to communication and dissemination

0

c) Project management

Please describe in detail the period’s activities and outputs related to management and coordination

0

Main Outputs

Please describe in detail the outputs
Section D.1 Phase 1

Management activities to mention, for instance:

- Signature of subsidy contract, project partnership agreement
- Preparation of partner reports
- Preparation of joint progress reports
- Financial control procedures
- Steering group meetings
- Receipt of ERDF/NO funding and payment to partners
Section D.2 Phase 2

D.2 PHASE 2 - Detailed work plan per period

<table>
<thead>
<tr>
<th>Semester 6</th>
<th>Semester 7</th>
<th>Semester 8</th>
<th>Semester 9</th>
</tr>
</thead>
</table>

**Semester 7**

a) Action plan implementation follow-up
   Each partner monitors the action plan implementation by contacting the stakeholders and beneficiaries of the different actions. All partners meet to learn from each other by exchanging on the success and difficulties met in the implementation of their action plan.
   255 / 3,000 characters

b) Communication and dissemination
   The partners ensure regular updates of the project website with information on the action plans implementation.
   111 / 1,500 characters

c) Project management
   Each partner reports the progress made in implementing the action plan. The lead partner compiles the information and prepares the report for the joint secretariat.
   164 / 1,000 characters

**Main Outputs**

- 1 project meeting
- Website updates
- 1 annual progress report

- Pre-defined activities for phase 2!
  - no particular management and coordination activities
  - 1 progress report per 12 months
Last, but not least…

Project closure

= last 3 months of the project implementation

closure costs to be planned accordingly!
3. FIRST LEVEL CONTROL
What is first level control?

- All expenditure reported to be certified by an independent controller, before submission to the JS.

- The organisation of this control = Partner State responsibility.
The systems

First Level Control

Centralised First Level Control
- public controller
- private controller

Decentralised First Level Control
- shortlist
- proposed by partner and approved by PS
To keep in mind…

Budget for first level control, if the FLC system is:
  - decentralised
  - centralised and not free of charge

No specific role for the lead partner FLC
Programme manual section 7.6!

www.interregeurope.eu/in-my-country/
4. THE BUDGET LINES
The budget lines

- Staff
- Administration
- Travel and Accommodation
- Equipment

for personnel employed by partners only!

- External expertise and services

Programme manual section 4.5 and 7.2
Staff costs

- Only staff employed by the partner institution
- Usually the largest share of the budget
- No sub-partners
Administration costs

- Flat rate of 15% of staff costs
- Automatic calculation in the online application form
- Includes: office rent, utilities, office supplies, general accounting, etc.
Travel and accommodation

- Only staff employed by the partner institution
- Includes: travel cost, meals, accommodation, visa, daily allowances
- Trips outside the programme area planned and justified in the application form

Programme manual section 7.2.3
Equipment

- Purchased, rented or leased
- Mainly office equipment for project management
- Not exceeding EUR 5,000-7,000 per project
- Must be planned in the application form

Programme manual section 7.2.5
External expertise and services

- Services outside the partner organisation
- Below 50% of total budget
- Clear links to the work plan and the role of the partner – consistency activities vs budget!

Programme manual section 7.2.4
Section E.2 of the application form

<table>
<thead>
<tr>
<th>Type of costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description: quantity, content, actual output?</td>
</tr>
<tr>
<td>Contracting partner: who is contracting the service provider?</td>
</tr>
<tr>
<td>Amount: how much will the service probably cost (total)?</td>
</tr>
</tbody>
</table>

- Type of costs: predefined!
- Description: quantity, content, actual output?
- Contracting partner: who is contracting the service provider?
- Amount: how much will the service probably cost (total)?
### E.2 External expertise and services

<table>
<thead>
<tr>
<th>Type of costs</th>
<th>Description</th>
<th>Contracting partner</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project and/or financial and/or communication manager</td>
<td>1 project coordinator, 9 days per month phase 1, 1 day per month phase 2</td>
<td>1. Lazio Region</td>
<td>0</td>
</tr>
<tr>
<td>FLC costs</td>
<td>Relates to costs for a partner’s external first level controller - no further description required -</td>
<td>1. Lazio Region</td>
<td>0</td>
</tr>
<tr>
<td>Meeting costs: partner meeting</td>
<td>1 interregional workshop with steering group meeting in phase 1 (2 participants of partner) and 1 project meeting in phase 2 (1 participant of partner)</td>
<td>2. Warsaw City Council</td>
<td>0</td>
</tr>
<tr>
<td>Travel &amp; accommodation costs: members of the stakeholder</td>
<td>Travel costs for 1 stakeholder joining 6 project meetings</td>
<td>3. Bucharest City Council</td>
<td>0</td>
</tr>
<tr>
<td>FLC costs</td>
<td>Relates to costs for a partner’s external first level controller - no further description required -</td>
<td>4. City of Zagreb</td>
<td>0</td>
</tr>
</tbody>
</table>
External expertise and services

In-house costs

- if affiliated organisation is a different legal entity
  → external expertise (costs reimbursed by partner)

- if service provided by an internal department of same legal entity
  → NOT external expertise
External expertise and services

If partners address same policy instrument, savings expected for joint activities

- Travel costs external stakeholders
- External support to develop the action plan
- Costs for stakeholder meetings
External expertise and services

Travel costs of external stakeholders

- Realistic
- Quantifiable
<table>
<thead>
<tr>
<th>Budget Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>usually the core budget (50%)</td>
</tr>
<tr>
<td>Administration</td>
<td>flat rate of 15% of staff costs</td>
</tr>
<tr>
<td>Travel and Accommodation</td>
<td>for meetings, only for partner organisations</td>
</tr>
<tr>
<td>External Expertise and services</td>
<td>any services needed outside the partner organisation, incl. T&amp;A for stakeholder groups, usually below 50%</td>
</tr>
<tr>
<td>Equipment</td>
<td>office equipment, not exceeding 5,000-7,000 €</td>
</tr>
</tbody>
</table>
5. POINTS OF ATTENTION
To keep in mind…

- Preparation costs: lump sum of EUR 15,000 attributed to lead partner
- Contracting partner principle – no shared costs
- No budget split per components/ work packages
- No more LP first level controller special role
• No in-kind contributions

• Revenues (unlikely!) can be deducted at application stage

• Source of funding: is the partner contribution coming from private or public sources?
### 4.4 Budget breakdown per source of funding and partner

<table>
<thead>
<tr>
<th>Partner</th>
<th>Country</th>
<th>TOTAL</th>
<th>ERDF</th>
<th>ERDF rate (%)</th>
<th>Norwegian</th>
<th>Partner contribution from public sources</th>
<th>Partner contribution from private sources</th>
<th>Total partner contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPCroatia_public</td>
<td>HR</td>
<td>347,300.00</td>
<td>295,205.00</td>
<td>85.00%</td>
<td>0.00</td>
<td>52,095.00</td>
<td>0.00</td>
<td>52,095.00</td>
</tr>
<tr>
<td>PP_Belgium_private</td>
<td>BE</td>
<td>240,800.00</td>
<td>180,600.00</td>
<td>75.00%</td>
<td>0.00</td>
<td>15,000.00</td>
<td>45,200.00</td>
<td>60,200.00</td>
</tr>
<tr>
<td>AP_France_public</td>
<td>FR</td>
<td>183,800.00</td>
<td>156,230.00</td>
<td>85.00%</td>
<td>0.00</td>
<td>27,570.00</td>
<td>0.00</td>
<td>27,570.00</td>
</tr>
</tbody>
</table>
- Project websites hosted by the programme
- Logos not recommended
- No gifts

Programme manual section 7.4.9 and 8.1.2
- Travel and accommodation often overestimated
- Phase 2: limited activities = limited budget
- Importance of the spending plan
Spending plan

- Amounts **paid out** per semester
- The lion’s share for phase 1, significantly lower amounts for phase 2
- Lower spending in the beginning, usually increasing towards the end of phase 1
- Decommitment risk
Which seems realistic?
Which seems realistic?

Attention! Last semester includes 3-months project closure
Example

24 months of phase 1 (4 PRs)
24 months of phase 2 (2 PRs)

Attention! Last semester includes 3-months project closure
Example

48 months project - 6 partners

- Total budget € 2,005,000
- Lead partner : € 550,000
- Partner 2 : € 195,000
- Partner 3: € 155,000
- Partner 4: € 350,000
- Partner 5: € 205,000
- Partner 6: € 550,000

- Spending plan phase 1: € 1,102,750
- Spending plan phase 2: € 902,250

What calls your attention?
- Unbalanced budget between partners
- High budget compared to the project duration and the number of partners
- Very high spending plan phase 2 compared to the pre-defined activities

Value for money?
Conclusion

Clarity and quality of management:
- are the procedures clear, transparent and fair? are the necessary activities included in the work plan?

Value for money and consistency:
- is the budget reasonable compared with the planned activities/ outputs, the project’s duration and the number of partners?
Thank you!

Questions welcome