



European Union | European Regional Development Fund



*Sharing solutions  
for better regional policies*

# Budget & Finances

Interreg Europe Secretariat

23 March 2016 | Lead applicant workshop

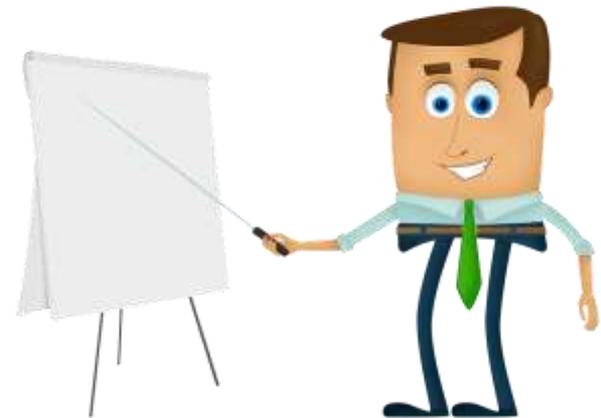


# Session content

1. Preliminary considerations
2. Management
3. First level control
4. The budget lines
5. Points of attention



# 1. PRELIMINARY CONSIDERATIONS





DilbertCartoonist@gmail.com



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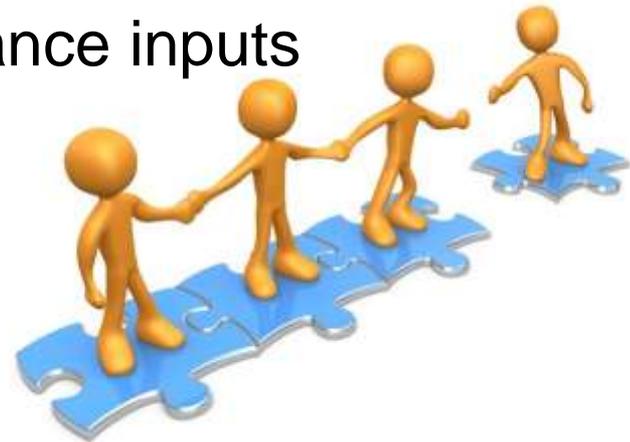


- Read the programme manual
- First activities, then budget planning
- Involve partners
- Lead partner principle

*Programme manual  
assessment criteria section 5.3.2!*



- Establish effective communication channels
- Get to know your partners before starting
- Ensure same objectives for all partners
- Define roles clearly and balance inputs



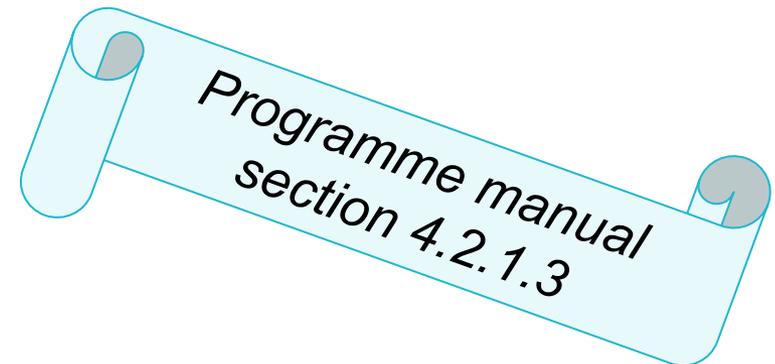


## 2. MANAGEMENT



# 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

[Home](#) > [C.8 Management](#)

A Project Summary	B.1 Partners	B.2 Policy Instruments	C.1 - C.5 Project Description	C.6 Expected r
C.7 Horizontal principles	<b>C.8 Management</b>	D.1 Phase 1	D.2 Phase 2	E Project budget

## 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?

## C.8.3 Finance manager

Will financial management be externalised?

## C.8.4 Communication manager

Will communication management be externalised?

# 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



Phase 1  
To be filled!

Home > D.1 Phase 1

A Project Summary | B.1 Partners | B.2 Policy Instruments | C.1 - C.5 Project Description | C.6 Expected results and outputs  
C.7 Horizontal principles | C.8 Management | **D.1 Phase 1** | D.2 Phase 2 | Project budget | Overview and subn

Save | Check

## D.1 PHASE 1 'Interregional learning' - Detailed work plan per period

Semester 1	Semester 2	Semester 3	Semester 4	Semester 5
01/2016 - 06/2016	07/2016 - 12/2016	01/2017 - 06/2017	07/2017 - 12/2017	01/2018 - 06/2018

### Semester 1

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  
0



# 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

Semester 6	Semester 7	Semester 8	Semester 9
07/2018 - 12/2018	01/2019 - 06/2019	07/2019 - 12/2019	01/2020 - 06/2020

### 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.	265 / 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	58 / 300 characters

- 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!



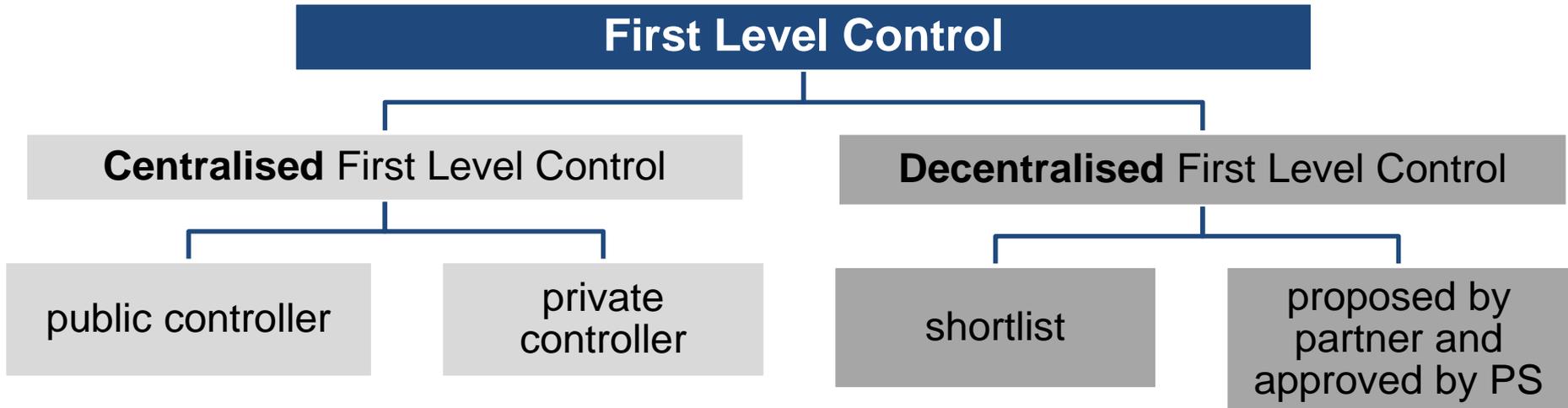
# 3. FIRST LEVEL CONTROL



# 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



# 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**



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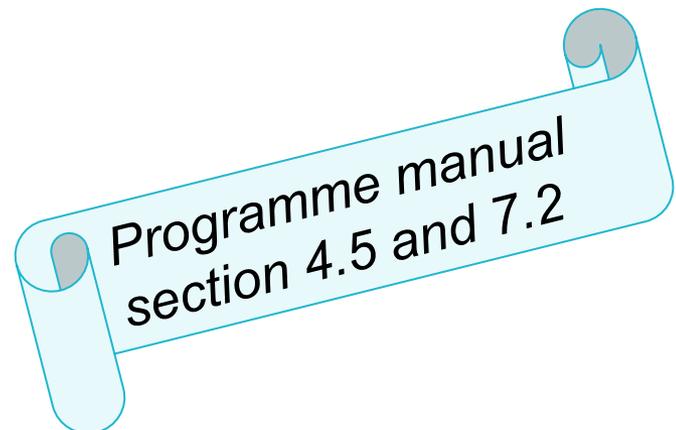
## 4. THE BUDGET LINES



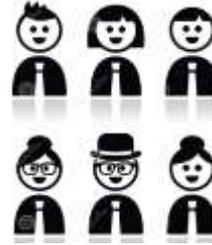
# The budget lines

- Staff
- Administration
- Travel and Accommodation
- Equipment
- External expertise and services

for personnel employed  
by partners only!



# Staff costs



- Only staff employed by the partner institution
- Usually the largest share of the budget



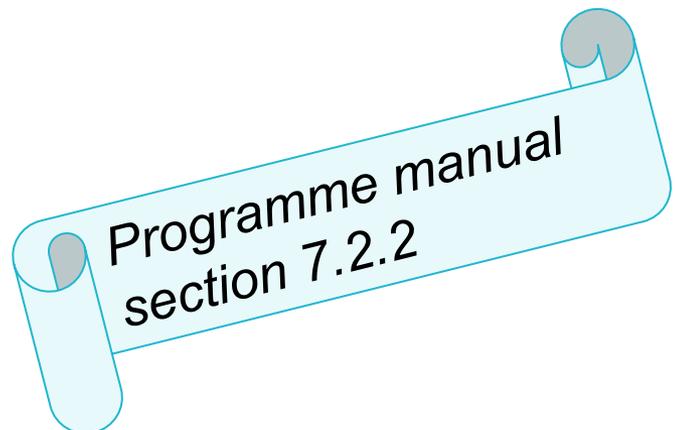
No sub-partners

Programme manual  
section 7.2.1

# 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



## E.2 External expertise and services

	Type of costs	Description	Contracting partner	Amount	
1	<div style="border: 1px solid black; padding: 2px;"><p>Please select</p><p>FLC costs</p><p>Project and/or financial and/or communication management</p><p>Meeting costs: partner meeting</p><p>Meeting costs: dissemination event</p><p>Meeting costs: stakeholder group</p><p>Travel &amp; accommodation costs: members of the stakeholder groups and other external bodies</p><p>Publication and dissemination costs</p><p>External support for the exchange of experience process, in particular the development of the regional action plan</p><p>Other</p></div>	<input type="text"/> 0 / 500 characters	Please select <input type="checkbox"/>	<input type="text" value="0"/>	<input type="checkbox"/>
2		<input type="text"/> 0 / 500 characters	Please select <input type="checkbox"/>	<input type="text" value="0"/>	<input type="checkbox"/>
3		<input type="text"/> 0 / 500 characters	Please select <input type="checkbox"/>	<input type="text" value="0"/>	<input type="checkbox"/>

- 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)?

# Example



## E.2 External expertise and services

	Type of costs	Description	Contracting partner	Amount	
1	Project and/or financial and/or communication managem <input type="text" value=""/>	1 project coordinator, 9 days per month phase 1, 1 day per month phase 2 <small>72 / 500 characters</small>	1. Lazio Region <input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="X"/>
2	FLC costs <input type="text" value=""/>	Relates to costs for a partner's external first level controller - no further description required - <small>0 / 500 characters</small>	1. Lazio Region <input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="X"/>
3	Meeting costs: partner meeting <input type="text" value=""/>	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) <small>151 / 500 characters</small>	2. Warsaw City Council <input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="X"/>
4	Travel & accommodation costs: members of the stakehol <input type="text" value=""/>	travel costs for 1 stakeholder joining 6 project meetings <small>57 / 500 characters</small>	3. Bucharest City Council <input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="X"/>
5	FLC costs <input type="text" value=""/>	Relates to costs for a partner's external first level controller - no further description required - <small>0 / 500 characters</small>	4. City of Zagreb <input type="text" value=""/>	<input type="text" value="0"/>	<input type="text" value="X"/>



# 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





## Budget Line

Staff	usually the core budget (50%)
Administration	flat rate of 15% of staff costs
Travel and Accommodation	for meetings, only for partner organisations
External Expertise and services	any services needed outside the partner organisation, incl. T&A for stakeholder groups, usually below 50%
Equipment	office equipment, not exceeding 5,000-7,000 €



# 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?

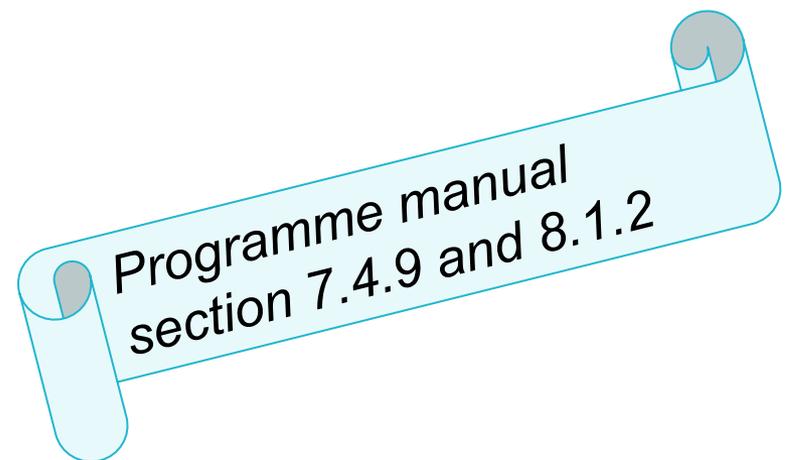


#### E.4 Budget breakdown per source of funding and partner

Partner	Country	TOTAL	Programme funds			Partner contribution		Total partner contribution
			ERDF	ERDF rate (%)	Norwegian	Partner contribution from public sources	Partner contribution from private sources	
1. LPCroatia_public	 HR	347,300.00	295,205.00	85.00 %	0.00	52,095.00	0.00	52,095.00
2. PP_Belgium_private	 BE	240,800.00	180,600.00	75.00 %	0.00	15,000.00	45,200.00	60,200.00
3. AP_France_public	 FR	183,800.00	156,230.00	85.00 %	0.00	27,570.00	0.00	27,570.00



- Project websites hosted by the programme
- Logos not recommended
- No gifts





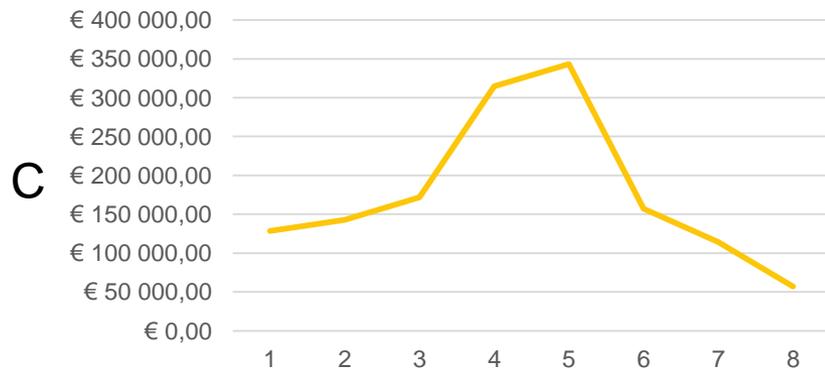
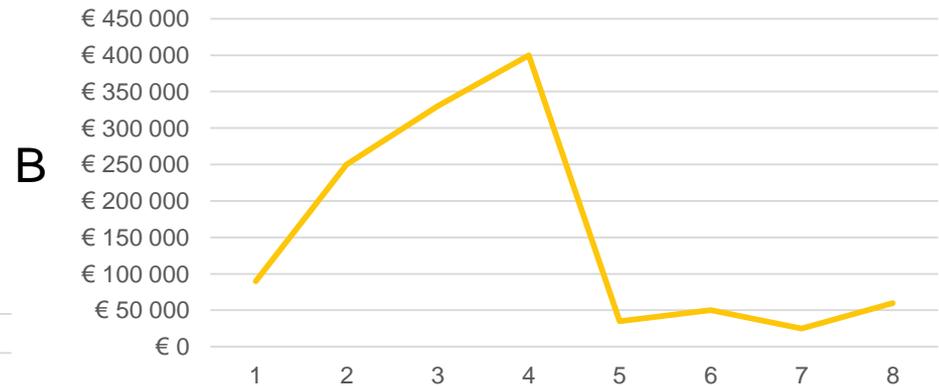
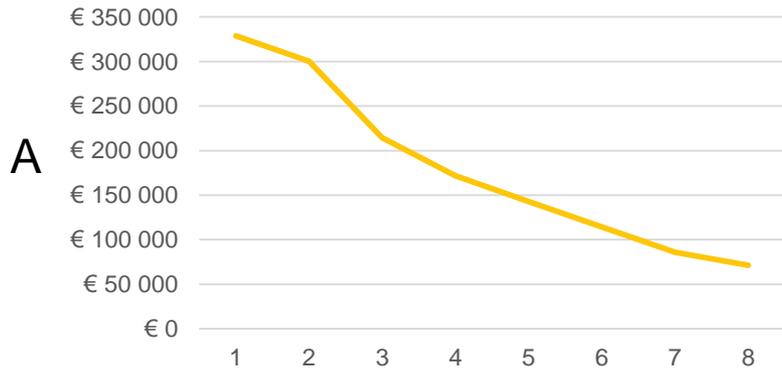
- Travel and accommodation often overestimated
- Phase 2: limited activities = limited budget
- Importance of the spending plan

# Spending plan

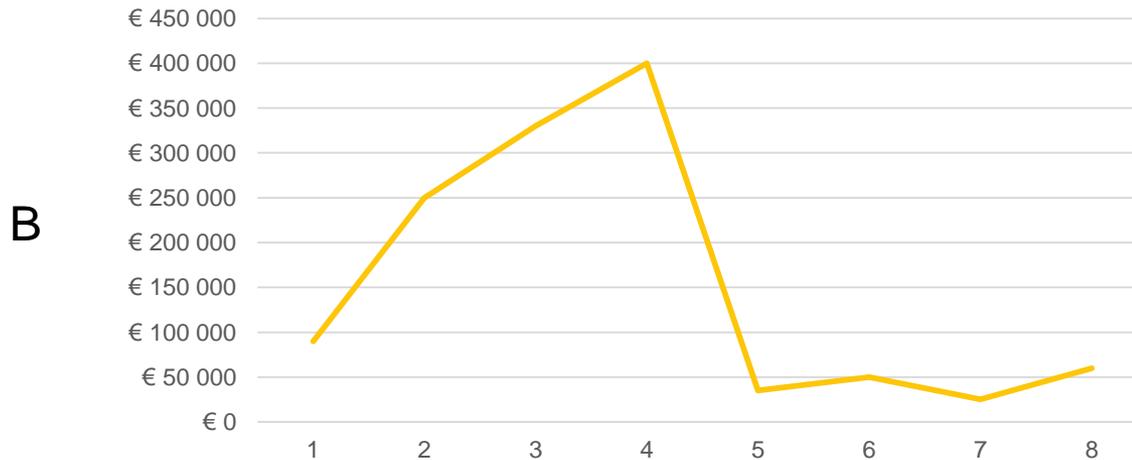


- Amounts **paid out** per semester
- The lion's share for phase 1, significantly lower amounts for phase 2
- Lower spending in the beginning, usually increasing towards the end of phase 1
- Decommitment risk

# Which seems realistic?



# Which seems realistic?



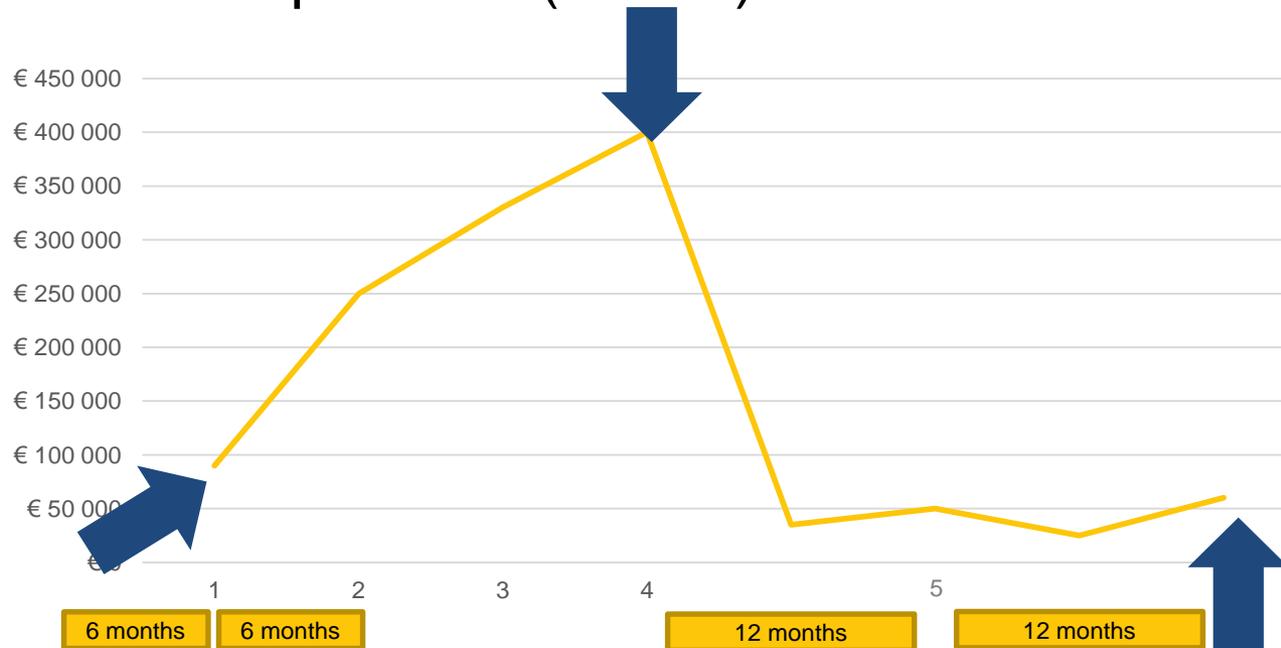
**Attention! Last semester includes 3-months project closure**

# 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

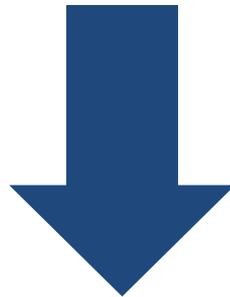
- Total budget € 2,005,000
- Lead partner : € 550,000
- Partner 2 : € 195,000
- Partner 3: € 155,000
- Partner 4: € 350,000
- Partner 5: € 205,000
- Partner 6: € 550,000
  
- Spending plan phase 1: € 1,102,750
- Spending plan phase 2: € 902,250



**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?

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# Thank you!

Questions welcome



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