

**Interreg
Europe**



Co-funded by
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Successful budget

Finance Unit | Interreg Europe secretariat

27 APR 2022

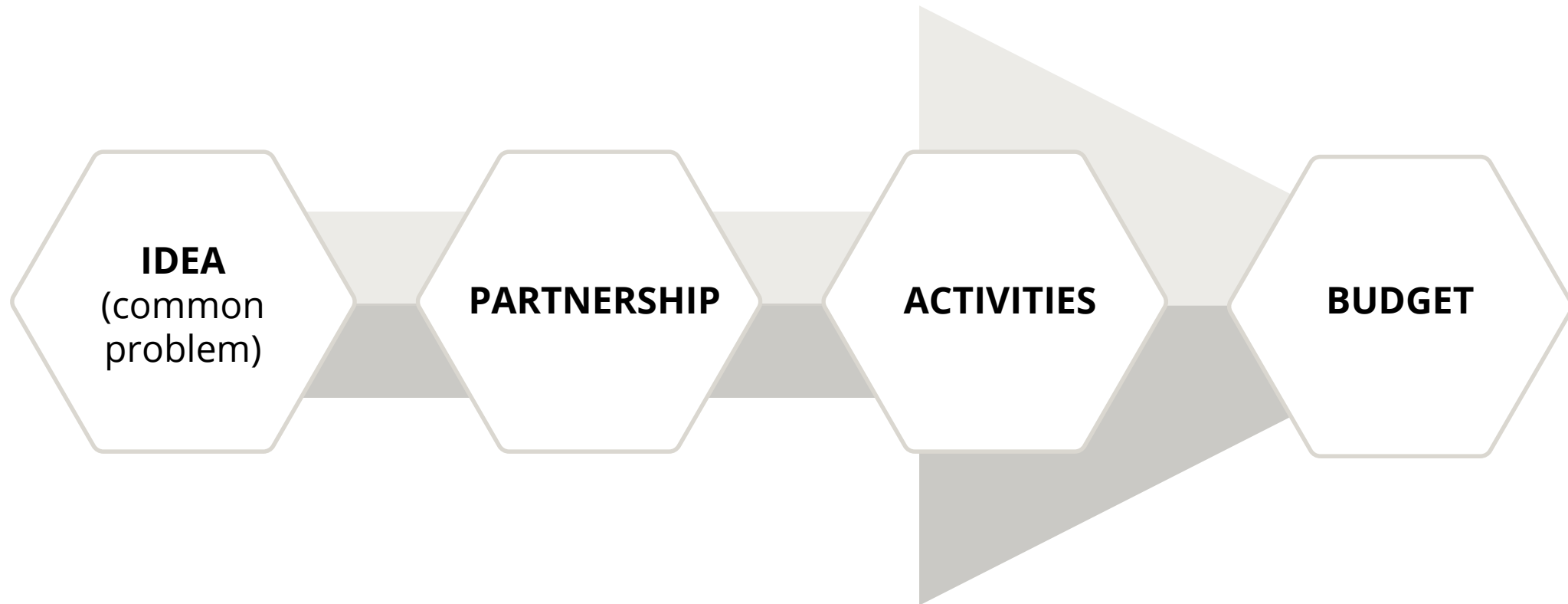
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First **steps**



General **recommendations**

- Total ERDF **budget** of a project
 - **1 – 2 MEUR**
- Involve partners in the **preparatory** work
- Clear partner responsibilities = **justified** budget allocations
- **Reasonable** budget according to:
 - Planned activities
 - Partnership size
 - Project duration

General **recommendations**

Budget of partners in line with their **project role and responsibilities**:

- **Lead partner** = usually the largest budget
(coordination, management)
- **Advisory partner** = no policy instrument, less activities
(often responsible for cross-cutting tasks)
- Partners addressing **the same policy instrument** = joint activities, savings expected

Co-financing rates

Co-financing rates	According to legal status and location
80% ERDF*	Public or public equivalent from the EU
70% ERDF*	Private non-profit from the EU
50% Norwegian funding	Public, public equivalent and private non-profit from Norway (NO)
Swiss funding	Public, public equivalent and private non-profit from Switzerland (CH)

* ERDF – European Regional Development Fund

Partner contribution

- Each partner must commit to provide their **own contribution** through a declaration (online)
- Depends on the partner's legal status and location
- Partner contribution from private or public sources

Simplified budget

Six costs categories + preparation costs lump sum

Real-cost basis	Flat rate
Staff	Administration
External expertise and services	Travel and accommodation
Equipment	
Infrastructure and works	

Simplified budget

Simplified cost options:

- **Flat rates** for admin + travel and accommodation
- Preparation costs **lump sum**
- No budget split per components/ work packages
- Contracting partner principle – no shared costs
- No in-kind contributions
- VAT eligible for operations up to 5 MEUR

(Regulation (EU) No 2021/1060 Article 64 (1) (c) i)

Communication budget

Tools provided **by the programme:**

- Website
- Main project visuals (programme logo + project acronym)
- Poster (and plaque) design

No gifts/ giveaways

No awards/ prizes



Verification of expenditure

Project expenditure must be approved by **independent controllers**

- In some countries, the verification is **free of charge**
- In others, costs need to be **budgeted** (for 8 reports)

Country-specific control information on our website:

<https://www.interregeurope.eu/in-my-country/>

Spending **plan**

Reporting periods of **6 months**
(last reporting period = 9 months)



Spending **plan**

- Estimate amounts **paid out** per semester
 - Usually lower spending at the beginning, increasing over time
- Follow-up phase \neq phase 2 of the current programme
 - \Rightarrow the spending plan depends on the follow-up phase **activities planned by each project**
- Importance of the spending plan - decommitment risk

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Cost categories

Part 1

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Programme **manual**

Section 6.1: **eligibility of expenditure**

Section 6.2: **cost categories**

Section 6.3: **preparation costs**



Cost categories

Cost categories	Calculation method
Preparation costs	Lump sum €17,500
Staff costs	Fixed % of the real gross employment cost
Office & administrative expenditure	Flat rate of 15% of staff costs
Travel & accommodation	Flat rate of 15% of staff costs (real cost reporting only in specific justified cases)
External Expertise and Services	Real costs
Equipment	Real costs
Infrastructure and Works	Real costs - for pilots only

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1. Preparation

- costs

What are **preparation costs**



- Costs for the **preparation of the application**
- Lump sum of **EUR 17,500 per project**
- Paid after the **first progress report** approval

To whom?

- Automatically included in the lead partner's budget
- **To be shared with partners** involved in the application preparation
- Distribution among partners should be in the partnership agreement

Example of **preparation costs**



Partner	Preparation costs
LP	17,500
PP2	0
PP3	0
PP4	0

2. **Staff** costs

What are **staff costs**



- Gross employment costs
 - ⇒ Salary payment + Taxes + Social security contributions

For whom?

- Only staff employed by the partner institution and working directly on the project
 - (not for associated policy authorities)

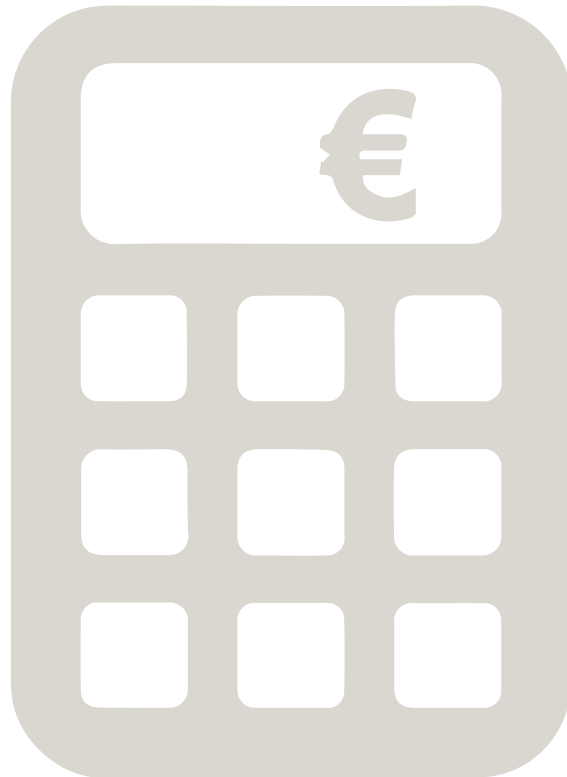
Usually the **largest share** of the budget

Staff costs **calculation**

To draw up the staff budget, **have in mind:**

- **How long** the project lasts
(fixed duration = 4 years + 3 months for closure)
- Which **project activities** will be carried out
- How many **employees** are **needed** to carry out these activities
- Which **percentage of their time** they dedicate to the project activities
- What is their **monthly gross employment cost**

Example of **staff costs calculation**



One partner organisation:

- **Two** staff members with **gross employment cost € 3,500/** employee

1. Employee n°1 working at **60%** on the project

(3,500 * 60% = **€ 2,100** per month)

2. Employee n°2 working at **30%** on the project

(3,500 * 30% = **€ 1,050** per month)

Monthly staff costs for this partner: **€ 3,150**

Project duration (4 years – core + follow-up) = **48 months**

Staff costs budget: € 3,150 * 48 = **€ 151,200**

3. **Office & administrative** expenditure

What is **office & administrative expenditure**



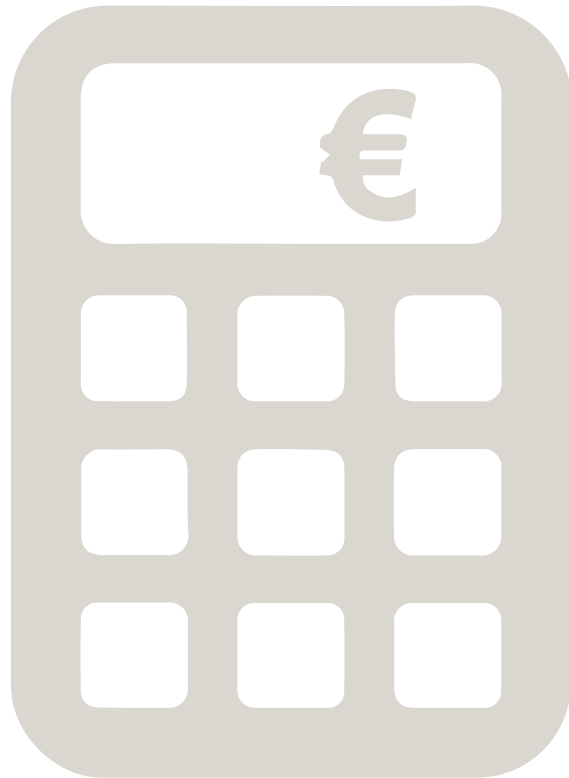
- General administrative expenses of the partner organisation
(office rent, stationery, accounting, postal services, ...)

How much?

- Flat rate - **15% of** partner's **staff costs**

Automatic calculation in the application form

Example of **office & admin. expenditure**



Partner	Staff costs	Office & admin. expenditure
PPx	151,200	22,680



4. **Travel & accommodation**

What is **travel & accommodation**



- Travel & accommodation costs of partner organisation's staff

(travel costs, meals, accommodation, visa, daily allowances, ...)

How much?

Option 1: **Flat rate** - 15% of partner's staff costs

Option 2: **Real-costs basis** - only for justified reasons when flat rate is not appropriate (e.g. outermost regions)

Each partner **must choose one option** in the application.

It cannot be changed during the project's lifetime!

Why you should **go for the flat rate**

Real simplification:

- Automatic calculation
- Less time spent on the control
(No supporting documents required when reporting)
- Recommended option
- 15% flat rate
 - From the Regulation + analysis of costs reported by our projects
- New option
 - Compared to 2014-2020 period

Example of **travel & accommodation**



Partner	Staff costs	Travel & accommodation
PPx	151,200	22,680

↘ * 15% ↗

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Cost categories

Part 2

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5. **External Expertise and Services**

What are **external expertise and service** costs



- Expenditures paid to external providers to carry out project tasks/ activities
(studies/ surveys, financial management, control costs for the verification of expenditure, ...)

How much?

- Reimbursed on **real-costs basis**

Should be **below 50%** of total budget

Clear links to the work plan and partners' role

Consistency between activities vs budget!

Section F.2 External expertise and services

Edit external expertise and services

Contracting partner

This field is required.

Type of costs

This field is required.

Total

This field is required.

Description

0/500

Cancel

Save

Contracting partner

who is contracting the service provider?

Type of costs

Predefined

Total

The total amount the **service costs**

Description

Prefilled, except for costs for:

- exchange of experience – external support
- communication – material
- pilot action

Section F.2 External expertise and services

Edit external expertise and services

Contracting partner

This field is required.

Type of costs

- Exchange of experience – meetings
- Exchange of experience – travel and accommodation external bodies
- Exchange of experience – external support
- Communication – events
- Communication – material
- Management – external support
- Management – expenditure control

meetings

67/500

Cancel

Save

Contracting partner

who is contracting the service provider?

Type of costs

Predefined

Total

The total amount the **service costs**

Description

Prefilled, except for costs for:

- exchange of experience – external support
- communication – material
- pilot action

Section F.2 External expertise and services

Type of costs in F.2	What to budget	Description in F.2	Points of attention
Exchange of experience - meetings	Costs for organising partners and local stakeholders meetings such as catering, room rental, support local transportation e.g., bus service, etc.	No	Related activity in the work plan!
Exchange of experience - travel and accommodation external bodies	Travel costs for externals joining project events including staff of associated policy authorities and local stakeholders	No	Be realistic!
Exchange of experience - external support	Costs for support from external companies/ consultants in the exchange of experience activities e.g., studies, surveys, good practice identification, etc.	Yes	Be precise!
Pilot action	Costs for the external providers needed to carry out the activities of the pilot action	Yes	Be precise!
Communication - events	Costs for the organisation of local dissemination events or interregional events (e.g., final conference)	No	Related activity in the work plan!
Communication - material	Costs for design, production and printing of communication material e.g., brochures, videos, etc.	Yes	Be precise! No gadgets! Main visual + poster design + website provided by programme
Management - external support	Costs for external project coordination, financial management or communication manager	No	Number of working days * daily/ hourly fee
Management - verification of expenditure	Costs for external controllers verifying the eligibility of expenditure	No	8 reports

External expertise and services

- Costs for people working on the project who are **not employed by the partner organisation** must be planned under external expertise and services

In-house costs

- Affiliated company is a **different legal entity** => external expertise
- Internal department of the **same legal entity** => **NOT** external expertise

6. **Equipment**

What are **equipment costs**



- Expenditure to finance the purchase, rent or lease of equipment by a partner
 - Mainly office equipment for **project management**
e.g. laptop, software (including software for online meetings)
 - Specific equipment needed for a **pilot action**, if applicable

How much?

- Not exceeding **EUR 7,000** project
(except in case of pilot action)

Budgeted and reported on a **real-costs basis**

⇒ Should be planned in the application form

Section F.3 Equipment

Edit equipment

Description

0/500

This field is required.

Contracting partner

This field is required.

Type of costs

Office Equipment
Pilot Action

Total

This field is required.

Cancel

Save

Description

- Office equipment = no description needed
- Pilot action = **precise description** of the equipment to be purchased, **clear link** with pilot activities in the application form

Contracting partner

Who is buying the equipment?

Type of costs

Predefined

Total

The total amount the **equipment**

7 Infrastructure and ● Works

What are **infrastructure and works costs**



- Only if needed to implement a **pilot action**

Usually limited to small-scale building materials or labour needed for works

Budgeted and reported on a **real-costs basis**

⇒ Must be planned in the application form

⇒ Unplanned costs eligible **only in exceptional cases.**

Must be **approved by the JS!**

Section F.4 Infrastructure and works

Edit item

Description

0/500

This field is required.

Contracting partner

This field is required.

Total

This field is required.

Cancel

Save

This section shows only if **pilot action** is described in section D

Description

- **Precise description** of the works and/ or material to be purchased
- **Clear link** with pilot activities in the application form

Contracting partner

Who is purchasing the works/ material?

Total

The total amount the **costs planned**

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