

**Interreg  
Europe**



European Union | European Regional Development Fund



*Sharing solutions  
for better regional policies*

# Management Budget & Finances

Interreg Europe Secretariat

22-23 March 2017 | Lead applicant workshop

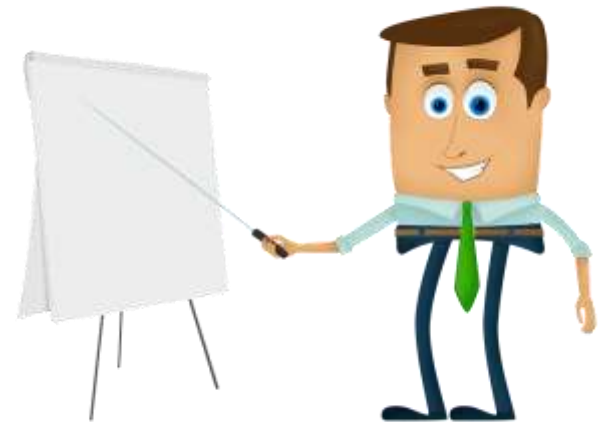


# Session content

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



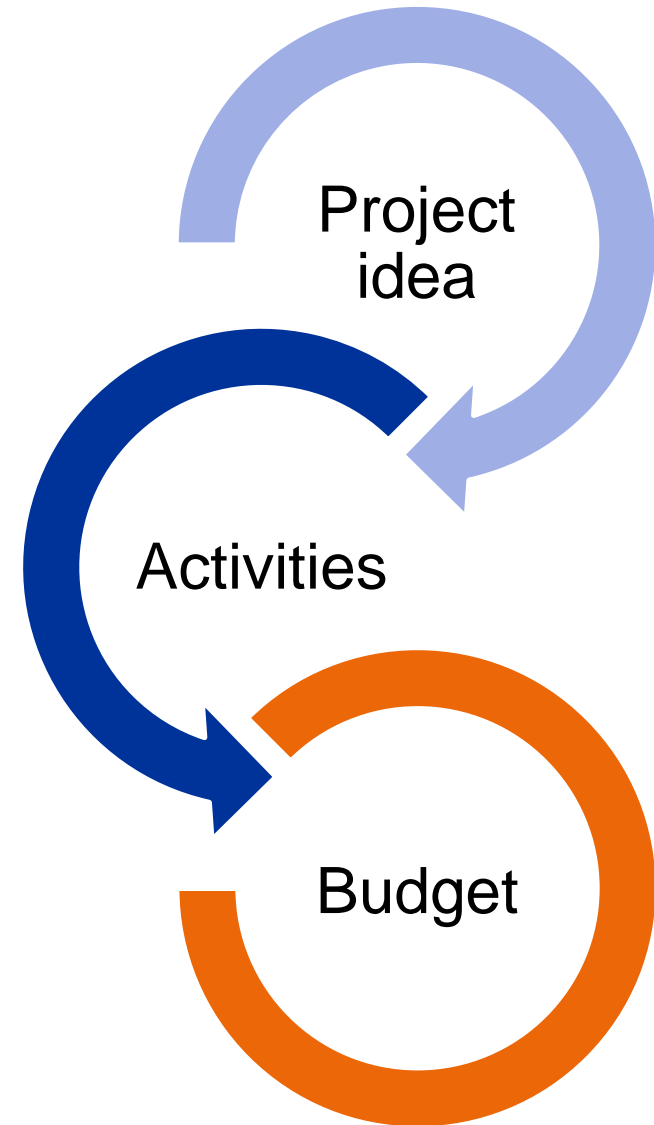
# 1. PRELIMINARY CONSIDERATIONS





# Recommendations

**First activities,  
then budget planning**



# Recommendations

A close-up photograph of a person's hands holding an open book. The person is wearing a dark, textured sweater. The book's pages are white with black text, though the text is out of focus. The background is a soft, blurred mix of green and yellow, suggesting an indoor setting with natural light.

**Read the programme manual**



- Establish effective internal communication
- Get to know your partners before starting
- Involve partners in the preparation





- Ensure same objectives for all partners
- Define roles clearly and balance inputs





## 2. MANAGEMENT





# In the application form

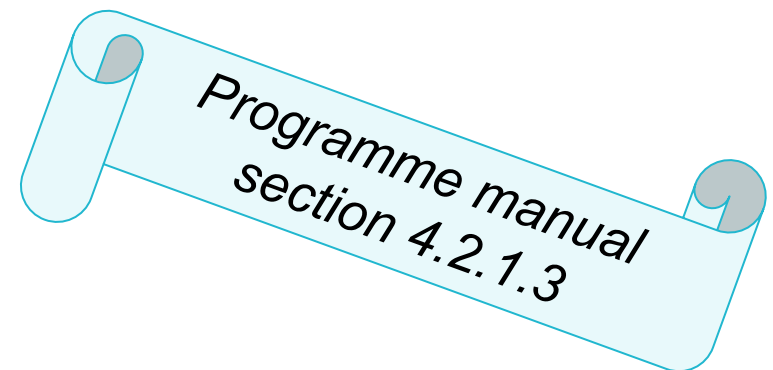
- C.8 Management

*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

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[! A Project Summary](#)   [B.1 Partners](#)   [B.2 Policy Instruments](#)   [C.1 - C.5 Project Description](#)   [C.6 Expected r](#)

[C.7 Horizontal principles](#)   **[C.8 Management](#)**   [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

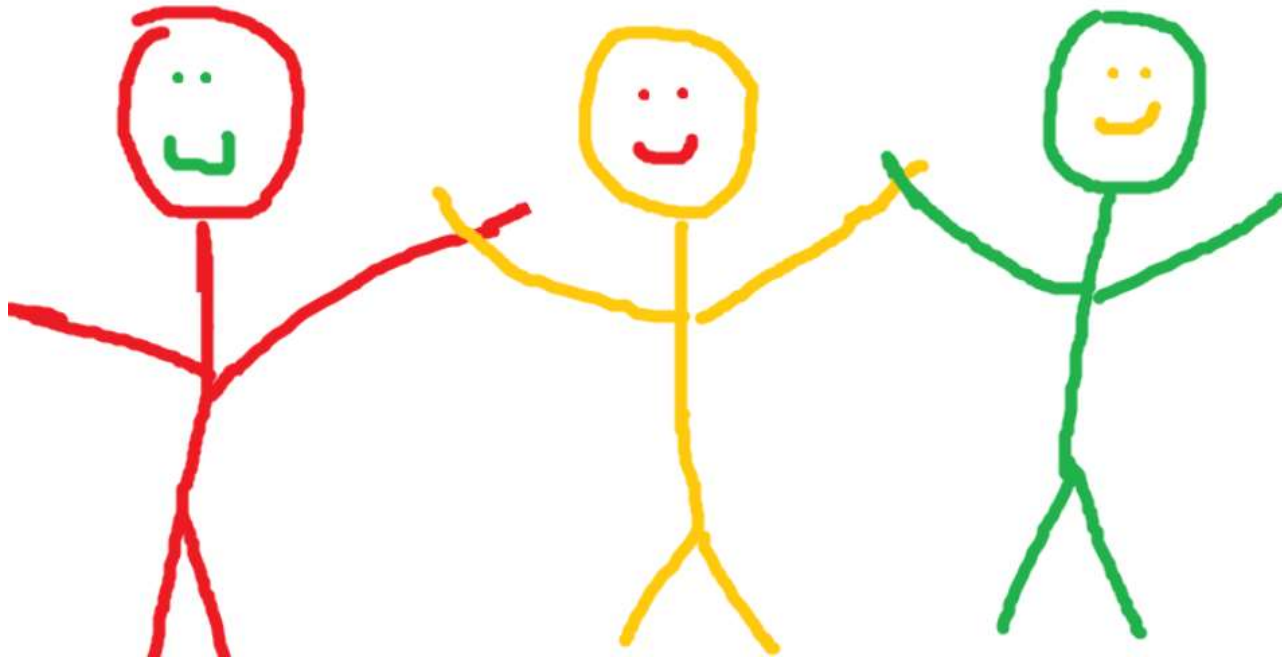
Sufficient resources and capacity for the lead partner



# 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



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

E Project budget

F Annexes

Compare

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

**Semester 1**

Semester 2

Semester 3

Semester 4

Semester 5

Semester 6

### Semester 1

a) Exchange of experience 

ACTIVITIES  
A. JOINT DEVELOPMENT



# Examples of management activities



- 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 7
- Semester 8
- Semester 9
- Semester 10

### Semester 7

a) Action plan implementation follow-up

Each region starts the implementation of its action plan. The relevant stakeholders for the implementation are mobilised.

b) Communication and dissemination

The partners ensure regular updates of the project website with information on the action plan implementation.

c) Project management

The lead partner prepares the progress report for the joint secretariat.

Main Outputs

Website updates  
1 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!



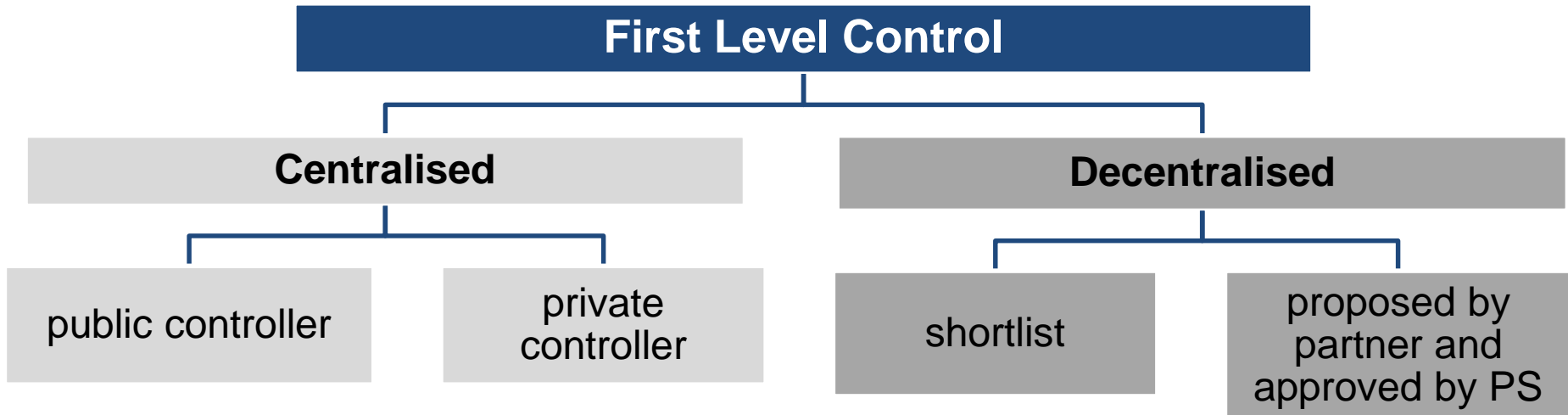
# 3. FIRST LEVEL CONTROL



# 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





## **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**



[www.interregeurope.eu/in-my-country/](http://www.interregeurope.eu/in-my-country/)

The screenshot shows the homepage of the Interreg Europe website. At the top, there is a navigation bar with four colored sections: yellow for 'Research and innovation', cyan for 'SME competitiveness', green for 'Low-carbon economy', and light green for 'Environment and resource efficiency'. Below this is the main header area featuring the Interreg Europe logo and the European Union flag. To the right of the logo are links for 'My Interreg Europe', 'Register', 'Search', and social media icons for Facebook, Twitter, and LinkedIn. A horizontal menu below the header includes 'About us', 'Projects', 'Policy learning platform', 'News and events', 'In my country' (which is circled in red), 'Help', and 'Contact us'. The main content area features a large banner with the text 'Join the Interreg Europe community' and a sub-headline 'Connect with more than 4500 registered users from all over Europe'. A 'More' button is located at the bottom left of the banner. The background of the banner is a collage of photos of people, some with handwritten text like 'DINE' and 'ELIKA'.





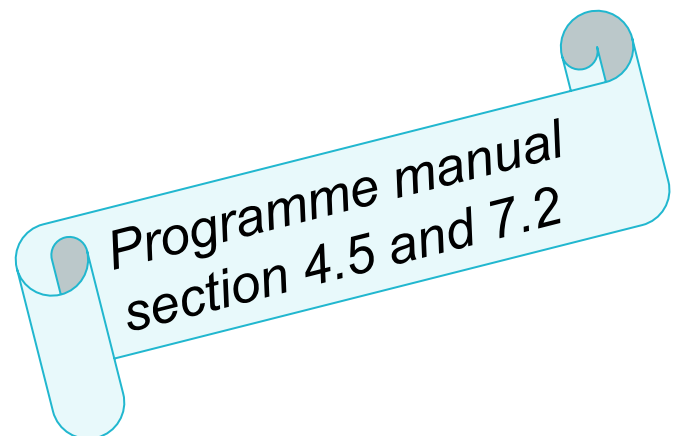
## 4. THE BUDGET LINES



# 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



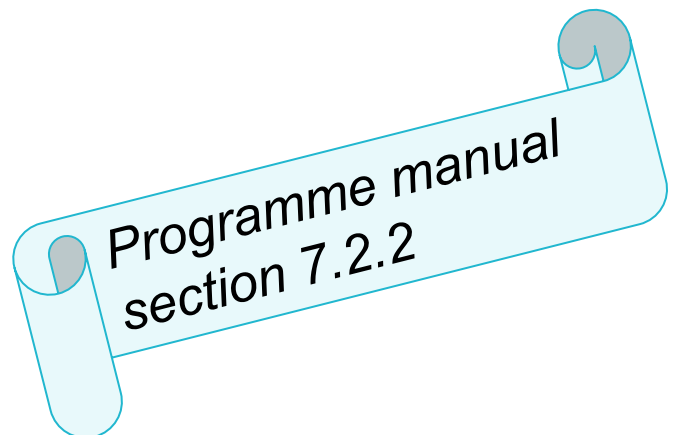
No sub-partners

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




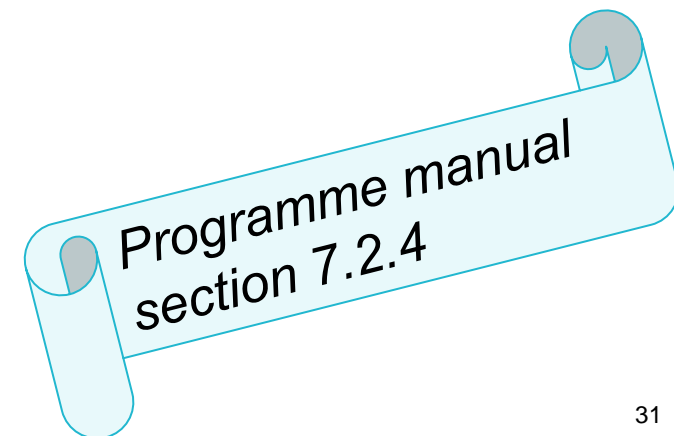
- Purchased, rented or leased
- Mainly office equipment for project management
- Not exceeding EUR 5,000-7,000 per project
- Must be planned in the application form

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!



# 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; background-color: #ffffcc; padding: 5px;"><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></div>	<input type="text"/> 0 / 500 characters	Please select <input type="button" value="v"/>	<input type="text" value="0"/>	<input type="button" value="x"/>
2	<div style="border: 1px solid black; background-color: #ffffcc; padding: 5px;"><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="button" value="v"/>	<input type="text" value="0"/>	<input type="button" value="x"/>
3	<input type="button" value="v"/>	<input type="text"/> 0 / 500 characters	Please select <input type="button" value="v"/>	<input type="text" value="0"/>	<input type="button" value="x"/>





# Type of costs

Please select



Please select

FLC costs

Project and/or financial and/or communication management

Meeting costs: partner meeting

Meeting costs: dissemination event

Meeting costs: stakeholder group

Travel & accommodation costs: members of the stakeholder groups and other external bodies

Publication and dissemination costs

External support for the exchange of experience process, in particular the development of the regional action plan

Other

# Section E.2 of the application form



- 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)?

# 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, BUT staff costs

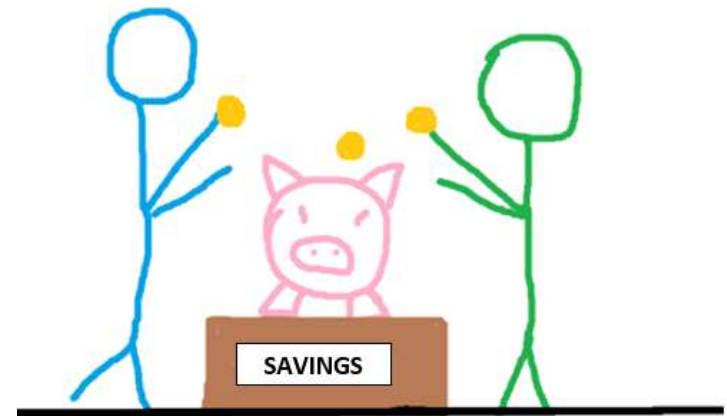




# External expertise and services

**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
- Quantified





## Budget Line

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



# 5. POINTS OF ATTENTION



- 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?

# Public or private?



## 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



## Provided by the programme!

- Hosting of project websites
- Logos
- Poster design



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
- Phase 1: lion's share,



Phase 2: significantly lower amounts



# Spending plan



- Lower spending in the beginning, usually increasing towards the end of phase 1
- Decommitment risk



# CASE STUDY





# Case study - findings

- Lead partner budget: high + project management
- 2 partners addressing same policy instrument with similar budgets/same external expertise costs planned (no shared costs!)
- Travel and accommodation overestimated?

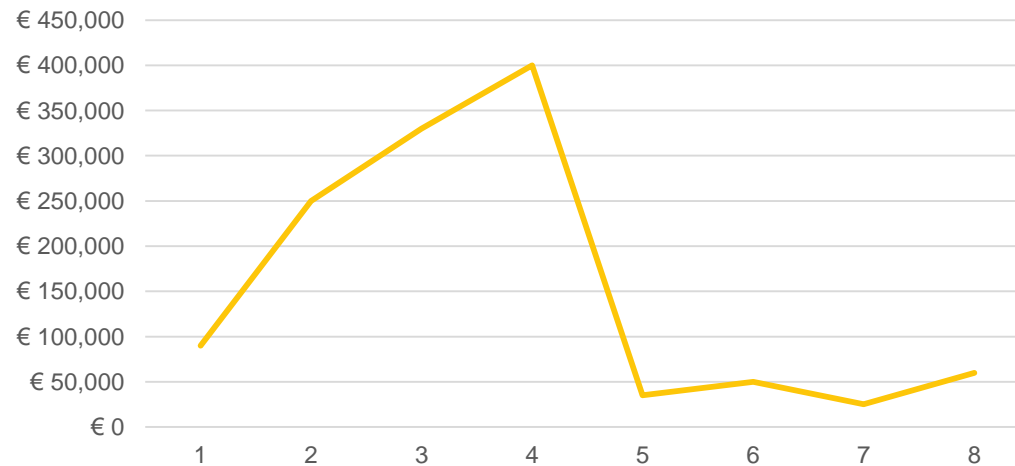




# Case study - findings

- Programme recommendations (costs for website, gadgets)
- Costs for partner with centralised free of charge FLC
- High/not quantifiable travel costs for stakeholders: realistic?
- Spending plan: high semester 1 (unlikely) + very high phase 2 (limited activities!)

# Spending plan- example



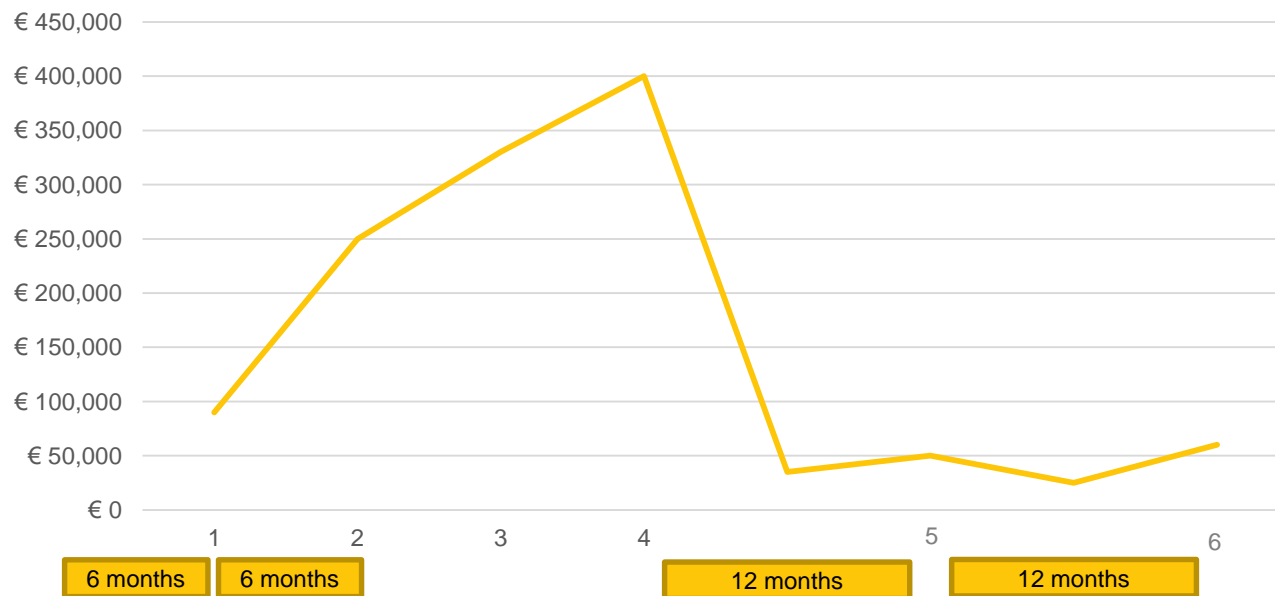
**Attention! Last semester includes 3-months project closure**

# Example



24 months of phase 1 (4 PRs)

24 months of phase 2 (2 PRs)



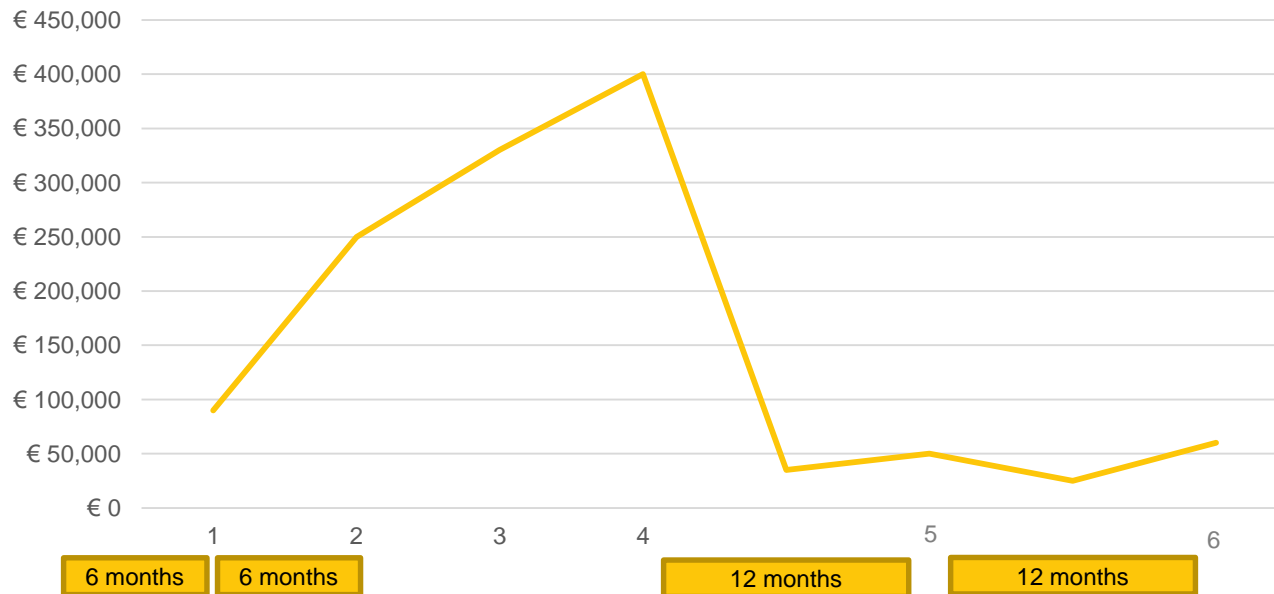
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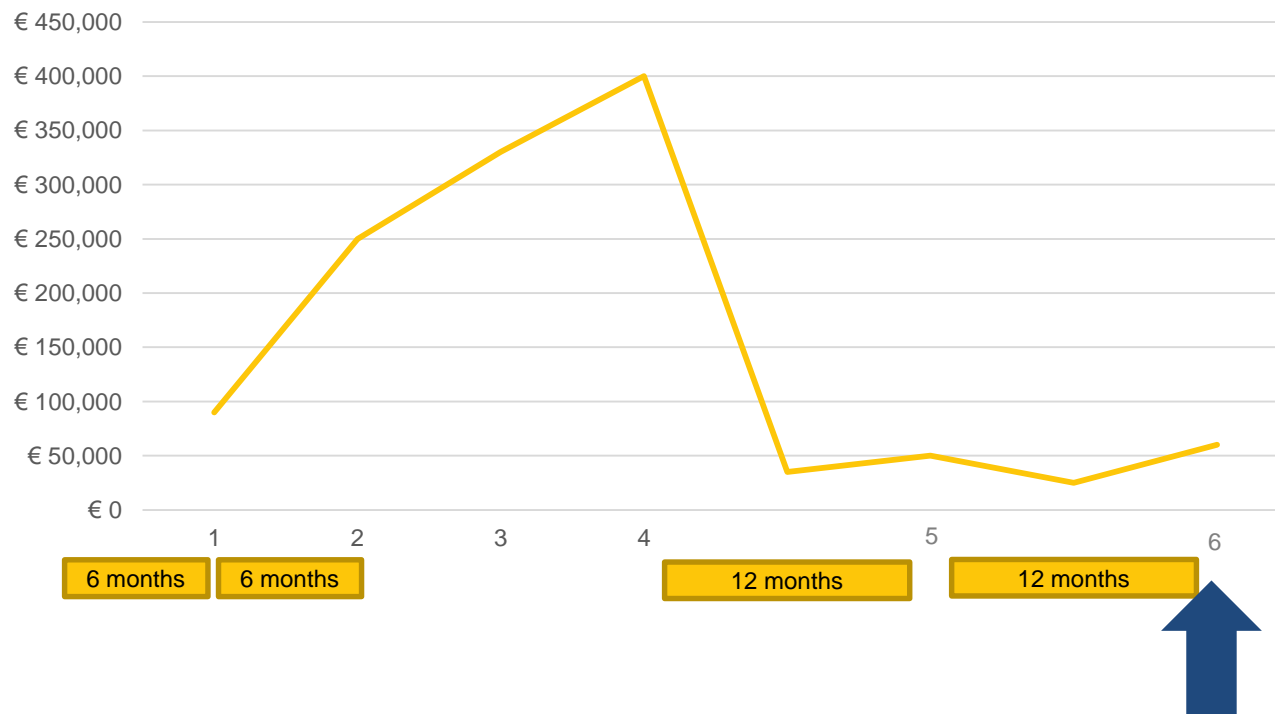
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24 months of phase 1 (4 PRs)

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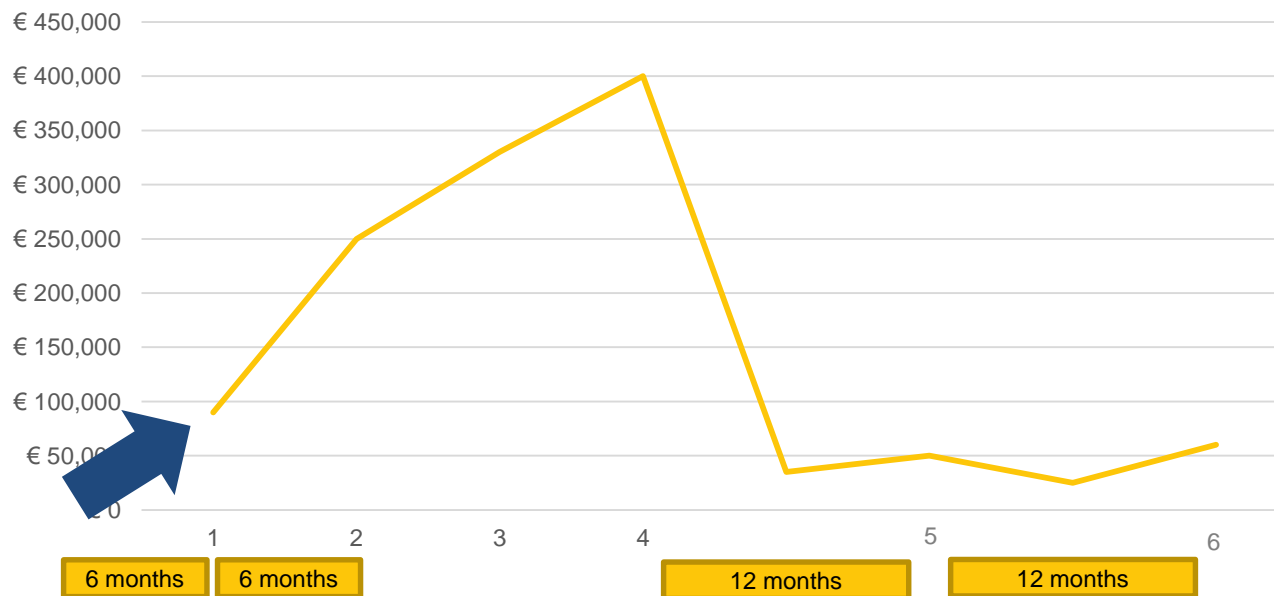
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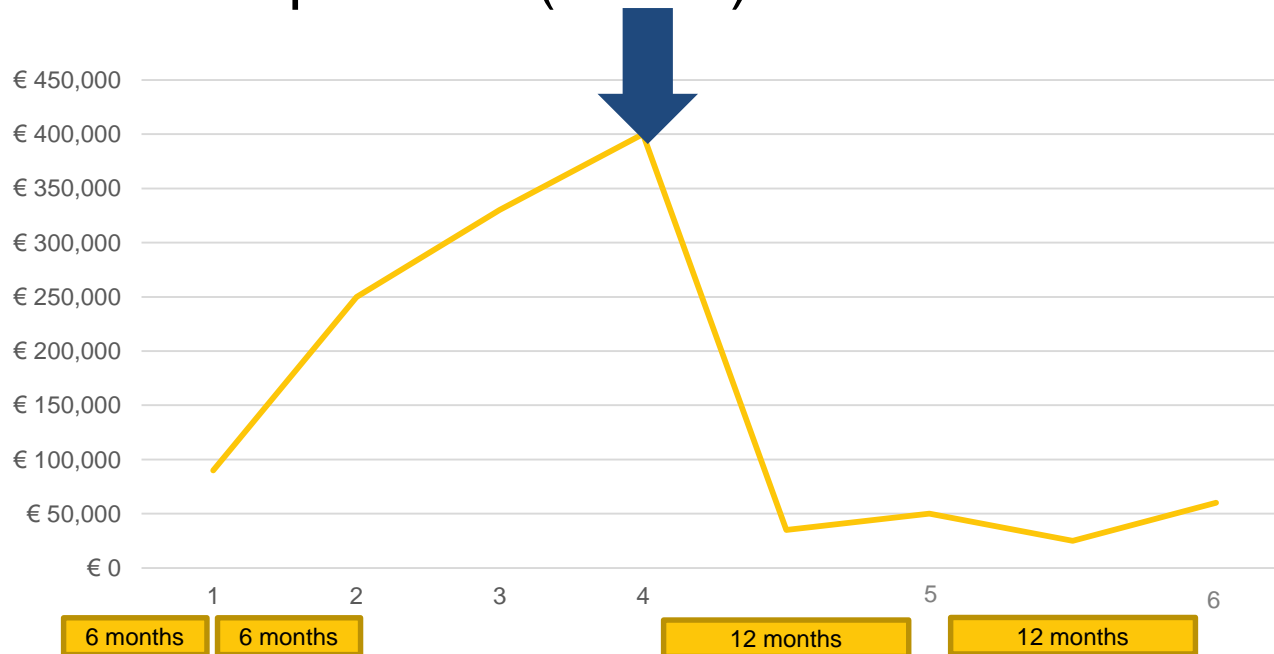
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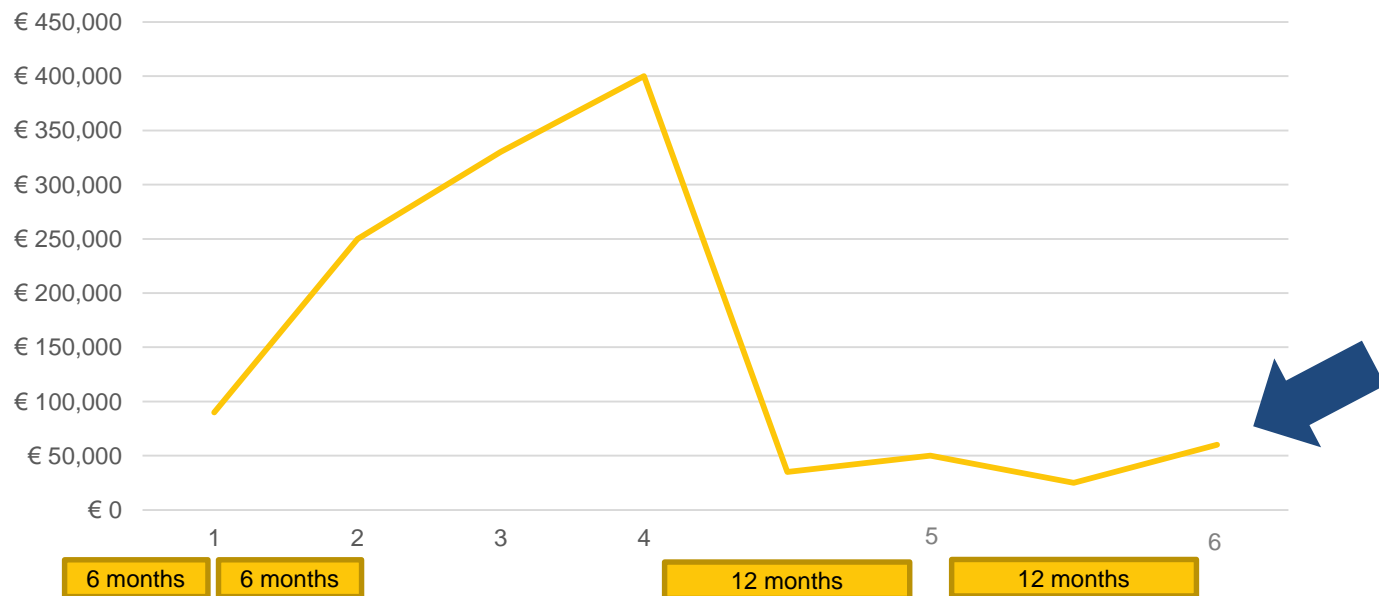
**Attention! Last semester includes 3-months project closure**

# Example



24 months of phase 1 (4 PRs)

24 months of phase 2 (2 PRs)



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





- Unbalanced budget between partners
- High budget compared to project duration and number of partners
- Very high spending plan phase 2 (limited activities)



**Value for money?**  
**Consistency?**



# 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?



**Read the programme  
manual**



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# Thank you!

Questions welcome



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