

# How to build your budget?

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# Aims?

- Point out basic financial concepts of the programme
- Show the importance of a good budget planning
- Explain basics of (in)eligibility
  
- Practice!



# Financial basics

- Co-financing rate – 85%
- Financial flow → from the invoice to the refund
- Financial controls → Will you be checked?
  - FLC → Different systems in different countries (plan on time!)
- Audit trail → Why is it important?
- How about CH and LI?
  - No ERDF funds but budget still needs to be planned
  - Common mistake – no CH budget in AF!



# The importance of a good budget

## WHY?

- Support for your project/partner activities
- The base for your (financial) management
- Part of evaluation
  - Value for money
  - Consistency and proportionality



## HOW?

- Know the rules
- Get the information
- Plan and communicate



# What you need to know?

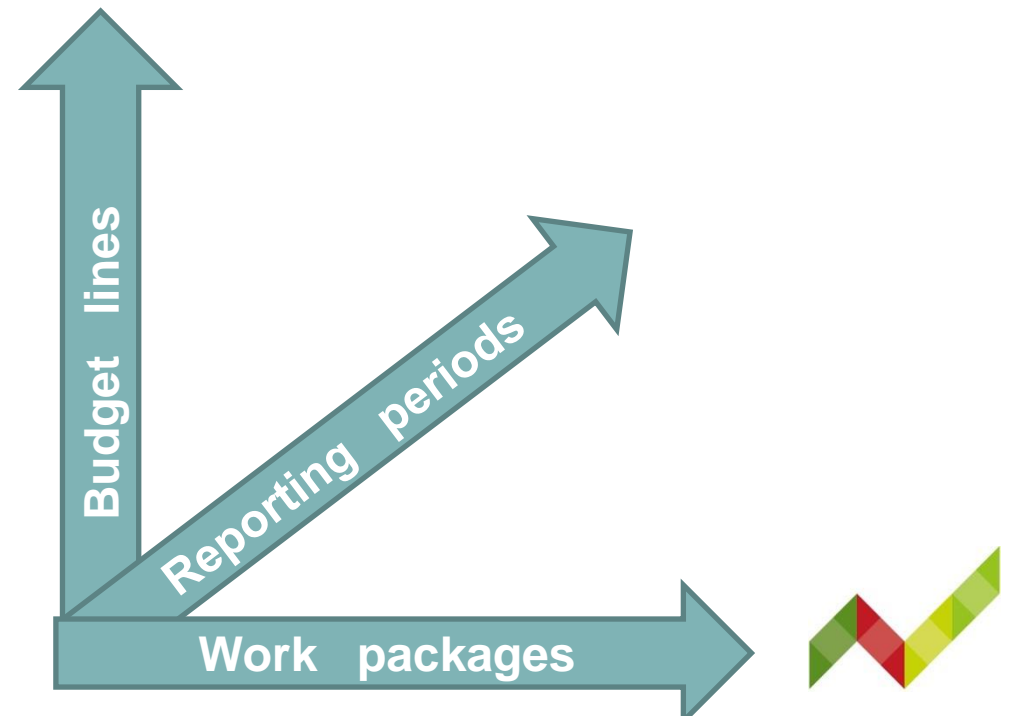
## Eligible vs. ineligible

- Please read the relevant [factsheet](#)

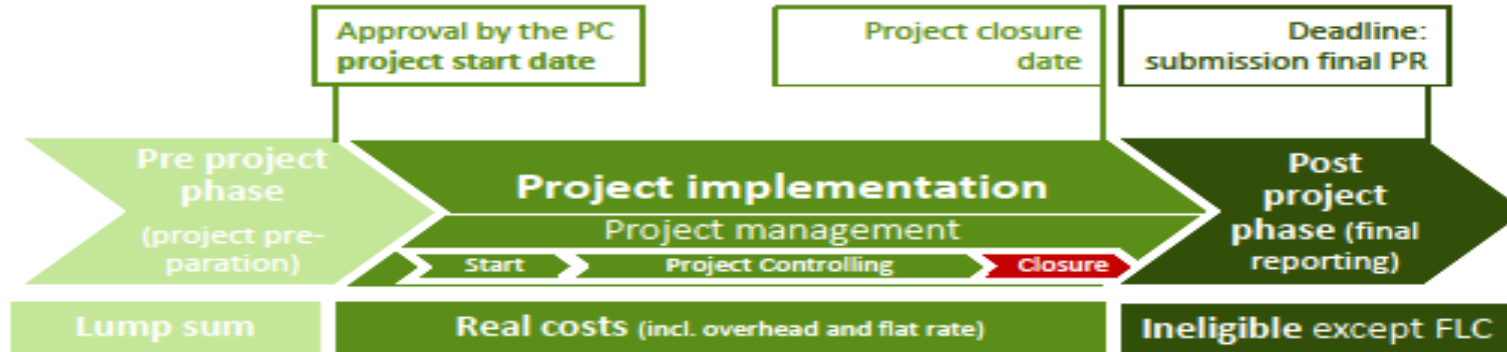
## Technical aspects –eMS

- Please read the relevant [guidance](#)

## “The 3D budget” concept



# What you need to know - Periods



- Pre-phase → Preparation costs (20.000,00 EUR lump sum)
- Implementation phase → 5 project periods

Period 1	Period 2	Period 3	Period 4	Period 5
9 months	6 months	6 months	6 months	6 months

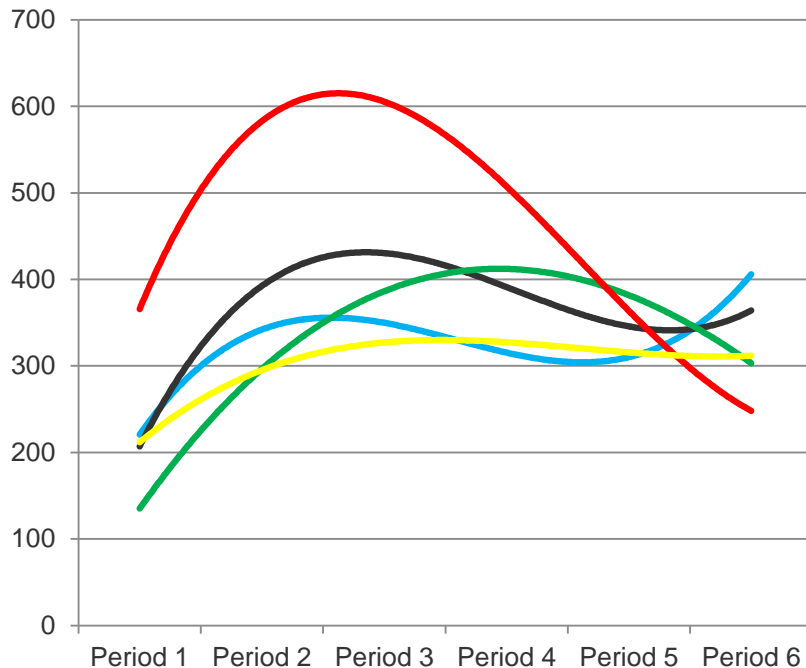
- Post project → only FLC costs are eligible



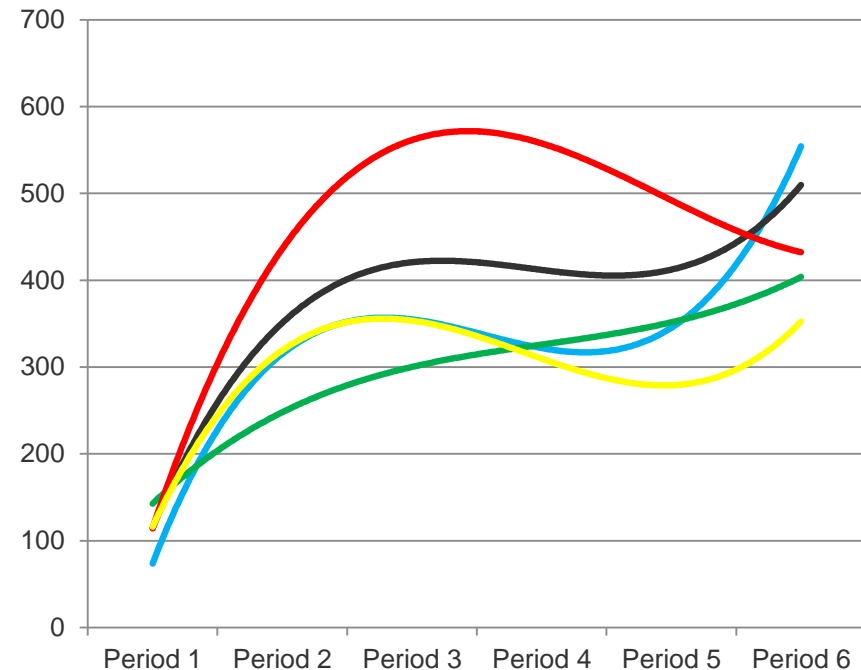
# What you need to know - Periods

- Planning and reporting per periods
  - Lower spending at the beginning → higher towards the end of the project

Call 1 - Planned budget



Call 1 - Reported budget



# What you need to know - Periods

- Can I lose funds? “a decommitment rule”
  - “*In case the LP requests fewer funds on behalf of the project partnership than the budget commitments indicated in the AF, the following rule shall apply: if less than 80% of the spending target (ERDF tranches to be requested per reporting period as indicated in the annex) is met, the difference is to be considered as "under risk" and might be lost if the programme experiences a decommitment of funds*”
- Budget allocation per periods cannot be changed in the AF!!





# What you need to know – Budget lines

## STAFF COSTS

- Gross employment costs of **staff members employed by the PP**
- Flat rate option → automatic (20% of direct partner costs)
- Real costs method → assignment and task report (no time sheets)

## OFFICE AND ADMINISTRATION EXPENDITURE

- Flat rate → automatic (15% of staff costs)

## TRAVEL AND ACCOMMODATION COSTS

- Only for project partner staff!
- Project meetings and programme events
- Concepts of effectiveness, cost-efficiency and eco-friendliness
- Is traveling outside the programme area eligible?



# What you need to know – Budget lines

## **EXTERNAL EXPERTISE AND SERVICE COSTS**

- Costs for different contractors (public procurement)
- Travel costs for external experts, observers

## **EQUIPMENT EXPENDITURE**

- Equipment necessary for the project implementation
  - DEPRECIATION PRINCIPLE!
- Equipment considered as a project output or deliverable
- Carefully defined and described in the AF
- Only eligible if not covered by the office and administration costs
- IT software (e.g. mobile apps) is equipment!



# What you need to know – Work packages

- Budget should reflect activities and involvement of PP

## WP preparation

- Lump sum: **allocate it to external expertise and services**

## WP management

- Should not exceed 20% (includes FLC costs)

## WP communication

- Promo material if needed (see communication strategy). No gifts.
- No additional project website
- Costs for logo to remain reasonable (programme template)

## Technical WPs

- Reflect involvement of PP in activities (the role of WP leader)
- “Transnationality” → reasonable budget for pilot activities



# What you need to know – partner budget

- **Balanced** per partner / WP / country
- Reflect activities and the real involvement of partners
- LP and ERDF-LP role normally reflected in the budget
  
- Don't forget non-ERDF partners!



## What you need to know – partner contribution

- 15% of all expenditures
- Defining the source in the eMS
  - PUBLIC or PRIVATE
  - Inform your PP to provide you correct information



## What you need to know – Expenditure outside

- 100% of budget of project partners based outside the EU part of the programme area (but only from a programme partner State), excluding project partners who have a competence covering the whole country or participating region;
- activities of partners (based in the EU part of programme area) that are implemented outside the EU part of the programme area (excluding activities connected to publicity and capacity building).
- This section only concerns activities that are co-financed by ERDF. The activities and budget of partners from Switzerland or Liechtenstein are not considered.



# Is there a perfect budget?



# Simplification – is it a myth?

- Constant effort of Interreg programmes
- In application // reporting // certifying processes
- HOW?
  - Flat rates
  - Simplified methodologies (e.g. staff costs)
  - Online tools
  - Flexibility rules
- **Make use of it!**





# Let's build our budget!

- Project description and instructions (5 min)
- Practical work in groups (15 min)
- Present your budget! (each group 3 min)
  
- Conclusions and Questions 10 min

