

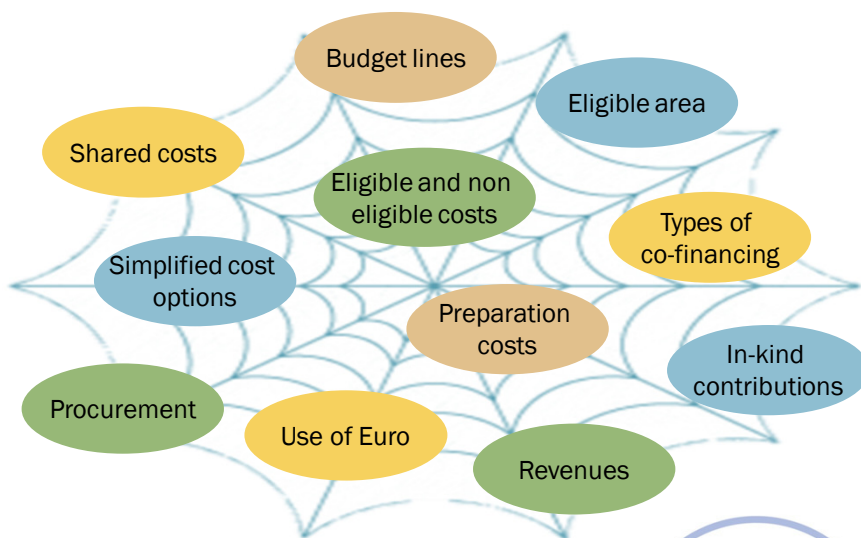
Project Development - Budget Planning

Interreg Financial Management Camp
4 – 7 July 2017 | Riga, Latvia
 @InteractEU

Iuliia Kauk, Interact Programme



What applicants should know?



Financing sources

Programme co-financing <ul style="list-style-type: none"> • ERDF, IPA II, ENI • ERDF equivalent 	The programme financial support to the project. Depending on the programme, this entails support from EU funds (ERDF, IPA II, ENI) and ERDF equivalent (e.g. ,Norwegian fund, Swiss fund, etc.).
Co-financing rate (%)	The maximum rate of programme co-financing (separate for EU funds and each ERDF equivalent).
Contribution <ul style="list-style-type: none"> • public • private 	Counterpart to programme co-financing secured by the partners (paid by the partners from their own resources, or paid to the partners from external sources).
Automatic public contribution	Public funding automatically allocated to a project partner from national/regional sources, external to the partner organisation.



Preparation costs

- Lump sum or real costs
- Granted only after project approval or granted anyway



Shared costs

- Some services procured by 1 partner but costs of service shared among all / some partners
- 1 partner pays, costs are spreaded between number of partners and the cash flow between partners is organised

In – kind contributions

- Office space
- Voluntary work
- Services



Revenues

Article 61 of CPR:

“**cash in-flows** directly paid by users for the goods or services provided by the operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services, **less any operating costs and replacement costs of short-life equipment** incurred during the corresponding period.”



Generated:

- after the project completion
- during the project implementation and after completion



Revenues

Potential net revenue shall be determined **in advance**, reducing the eligible expenditure of the operation to be co-financed.

Methods of ex-ante calculation:


- Calculation of the discounted net revenue using the funding gap method (financial analysis of the investment is required)
- Application of a flat rate net revenue percentage for a sector or subsector (e.g. water – 25%, road – 30% etc.)
- Application of a decreased maximum co-financing rate for all operations of the corresponding programme priority/measure



Revenues


Approaches related to revenue-generation in projects

Eligible cost > 1 M EUR	Ex-ante consideration: - lowered support rate, or - lowered grant based on the funding gap method
Eligible cost < 1 M EUR	If revenues occur during project implementation: - no obligation to be deducted ex-ante; - no obligation to be considered after project completion
Generating revenues during implementation	If not considered ex-ante as element of net-revenue generation – to be deducted
Eligible cost < 50 000 EUR	Revenues need not to be considered



Retention

2-3 years after completion of the project, or by the deadline for the submission of programme closure documents (whichever is earlier)



Procurement

- Finding and purchasing goods or services via a tendering or competitive bidding process.
- Public procurement rules vary substantially from one country to the other, especially below the EU threshold for public procurements.
- Interreg applies national, regional and institutional and programme-specific public procurement rules



Eligible area

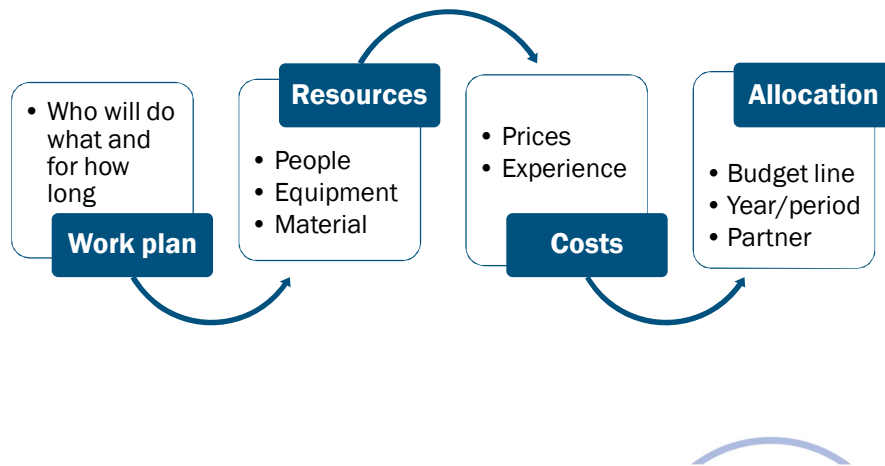
- Location of operations and expenditure incurred: in the Union part of the programme area.
- Exception: outside the Union part of the programme area (both inside and outside the EU) under conditions

Conditions:

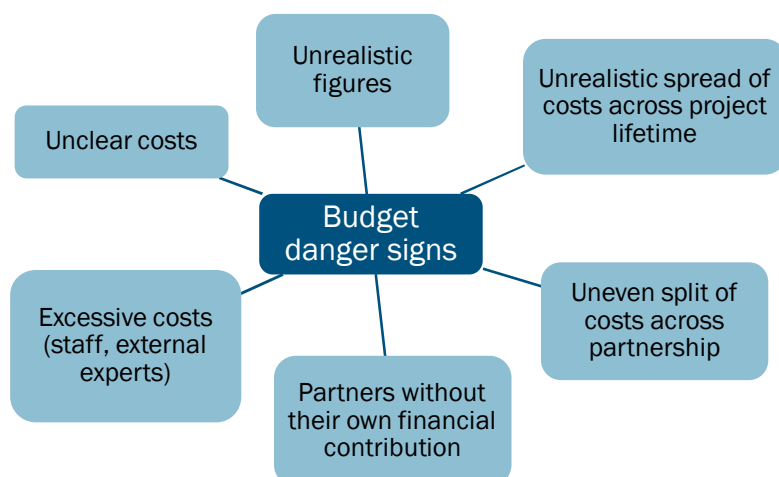
- Operation is of benefit for the programme area
- Ceiling of 20% of the Union support to all operations outside respected at programme level
- Management, control and audit obligations



Budget planning steps



Project budget danger signs





Cooperation works

All materials will be available on:

www.interact-eu.net

Contact: Iuliia Kauk, iuliia.kauk@interact-eu.net

