





Project Development – Budget Planning

Interreg finance management camp
20 - 23 March 2018 | Sofia, Bulgaria

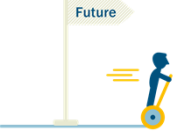
Iuliia Kauk, Interact Programme









If you don't know where you are going, then you are sure to end up somewhere else.
Mark Twain





The planning pyramid



Project budget

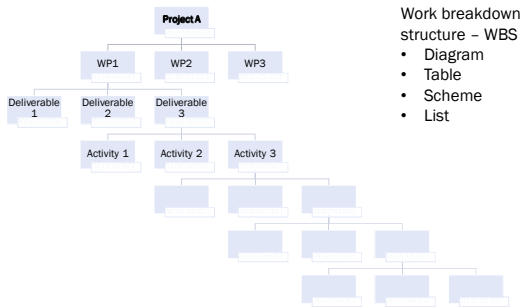
A budget tells your money where to go, otherwise you wonder where it went.

J. Edgar Hoover





Scope

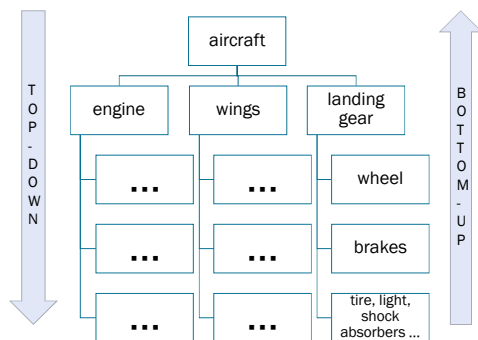



Work breakdown structure – WBS

- Diagram
- Table
- Scheme
- List




Work breakdown structure






Costs and costing standards



Don't ask the price - it's a penny!



Types of estimating

ROM - Rough order of magnitude

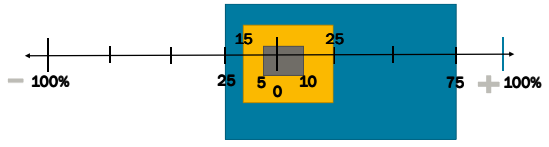
- Project initiation stage
- Based on knowledge of similar projects


Budgetary estimate

- Refinement to ROM estimate
- Collecting high level requirements

Definitive estimate

- Final project estimation
- Accurate estimate of project's costs






Schedule

1. Ensure you have all cost outlays captured (all tasks, estimates, resources)

CASH LAYOUT CHART



Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

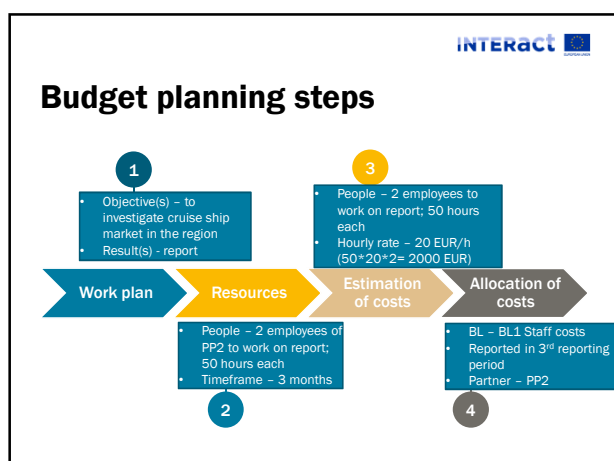
Gantt chart

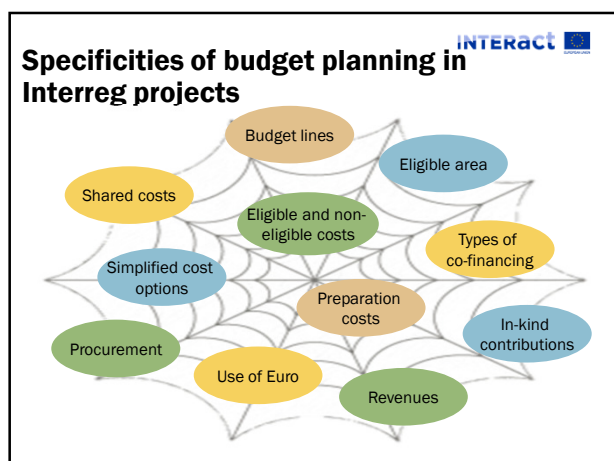
| | 8:00 | 9:30 | 9:30 | 9:30 | 10:30 | 10:30 | 11:30 | 12:00 |
|---|------|------|------|------|-------|-------|-------|-------|
| Registration | | | | | | | | |
| Workshop and introduction to Project Management | | | | | | | | |
| Coffee break | | | | | | | | |
| Project Mile Completion | | | | | | | | |
| Project Development | | | | | | | | |
| Equality of expenditures | | | | | | | | |


2. Examine your resource costs and how they are going to be assigned across the project life

3. Group similar cost types together in your WBS

Projects do not always run to plan, but by having a cost outlay plan and diligently tracking your expenses against that plan, you can anticipate issues and proactively manage your project budget.





INTERACT 

Financing sources

| | |
|---|---|
| Programme co-financing <ul style="list-style-type: none"> ERDF, IPA II, ENI ERDF equivalent | Support from EU funds (ERDF, IPA II, ENI) and ERDF equivalent (Norwegian, Swiss fund, etc.) |
| Co-financing rate (%) | The max 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 (own and/or external resources). |
| Automatic public contribution | Public funding automatically allocated to a project partner from national/regional sources, external to the partner organisation. |

Preparation costs

- Real costs or lump sum
- 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 spread between number of partners, and the cash flow between partners is organised

In-kind contributions

- Office space
- Voluntary work, other services



Procurement

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



Eligible area

2 scenarios of location of operations and expenditures incurred:

- In the Union part of the programme area
- Outside the Union part of the programme area (both inside and outside the EU) under conditions.



IF:

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

Revenues

Regulation (EU) No 1083/2006, Article 55:

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:

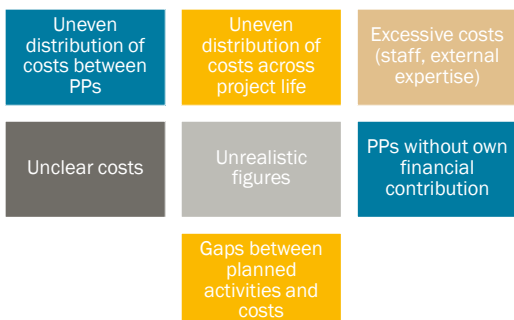
- During the project implementation
- After the project completion - CPR Article 61

Revenues

Calculation methods:

1. Flat rate net revenue % for the (sub)sector: 30% - road; 20% - rail, solid waste
2. Discounted net revenue of the operation
3. Decrease of the max co-financing rate for all operations of the corresponding programme priority/ measure

Project budget danger signs



Exercise

STEP 1:

- List all planned activities to be realised in WP3

STEP 2:

- Budget selected activities and calculate total budget for WP3 and each BL

Feedback:

- Fill in the budget table of WP3/ per BL
- Be ready to discuss outcomes



Cooperation works

All materials will be available on:

www.interact-eu.net
