

Project Development – Budget Planning

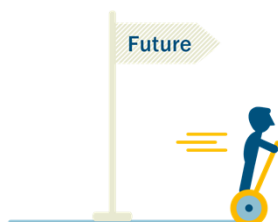
Interreg Finance Management Camp
6 – 9 November 2018 | Florence, Italy

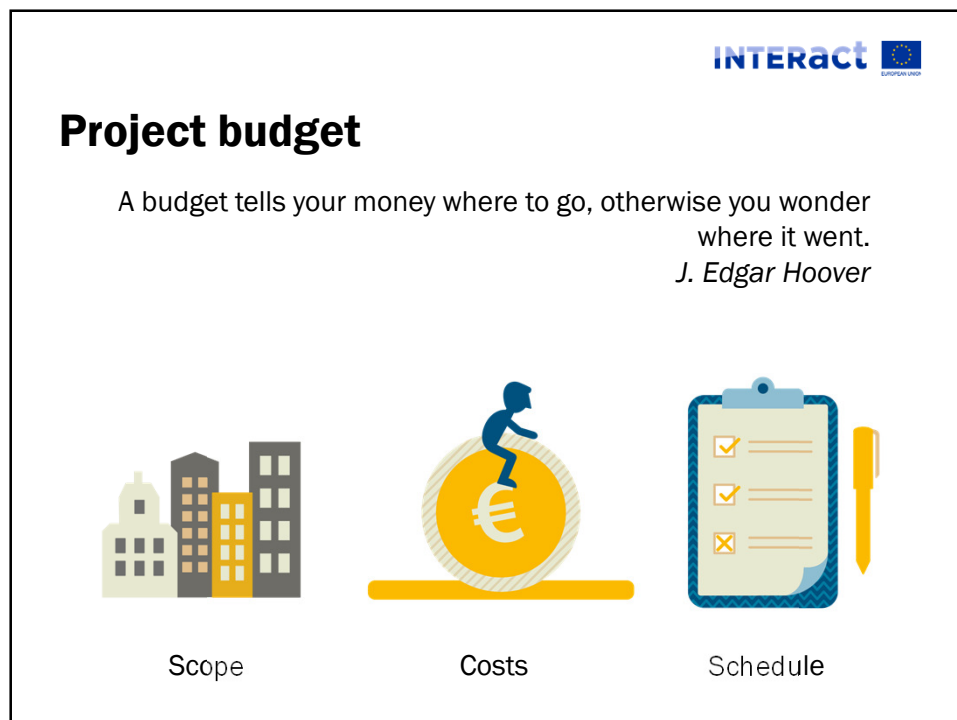
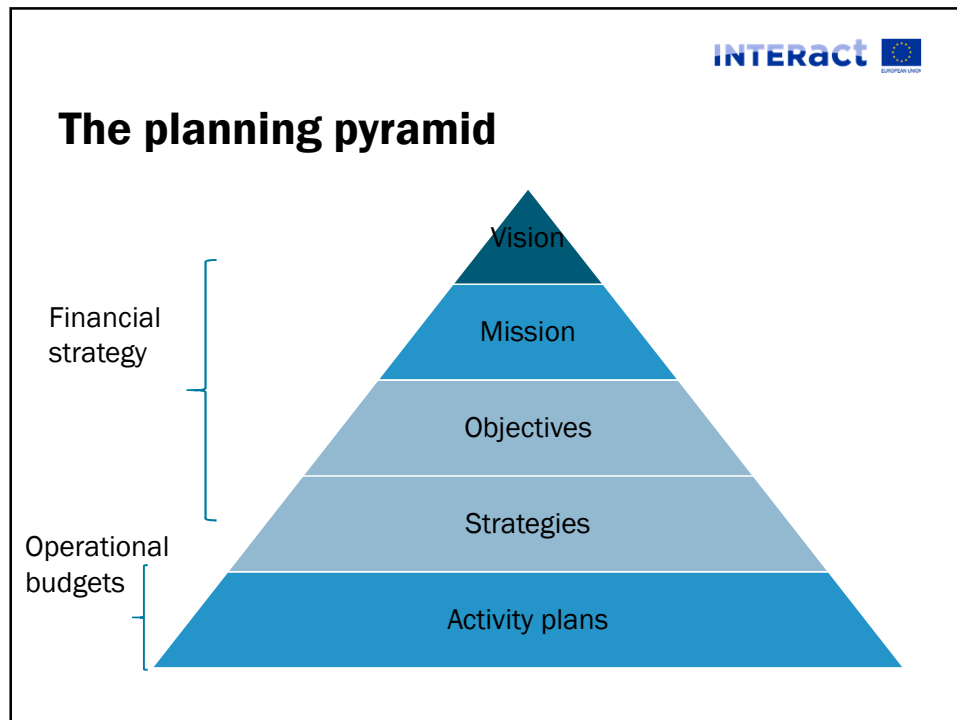
Iuliia Kauk, Interact Programme

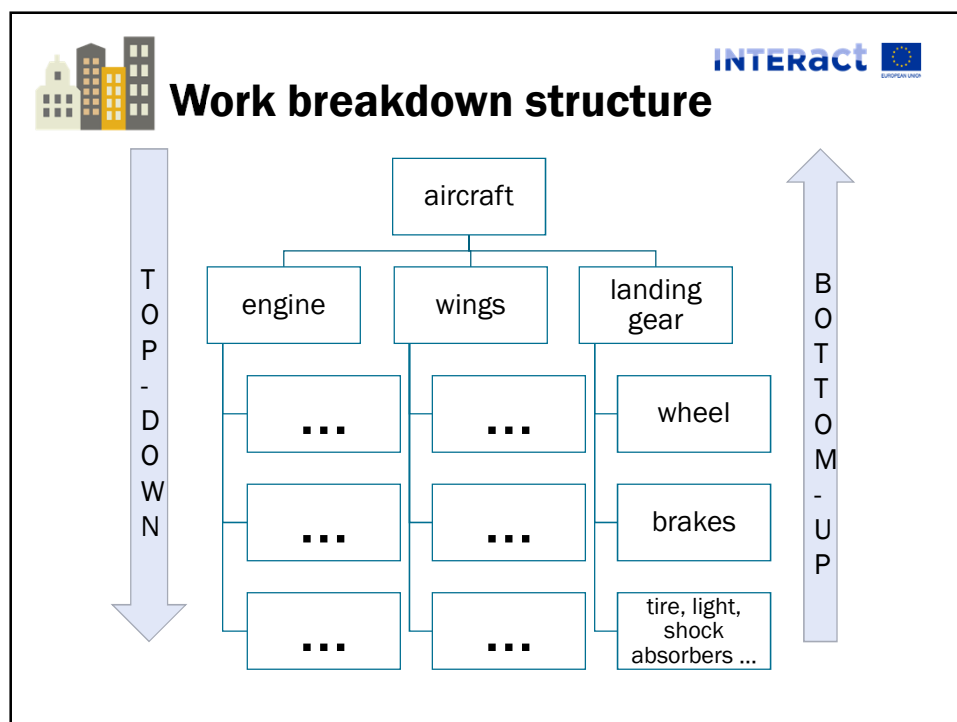
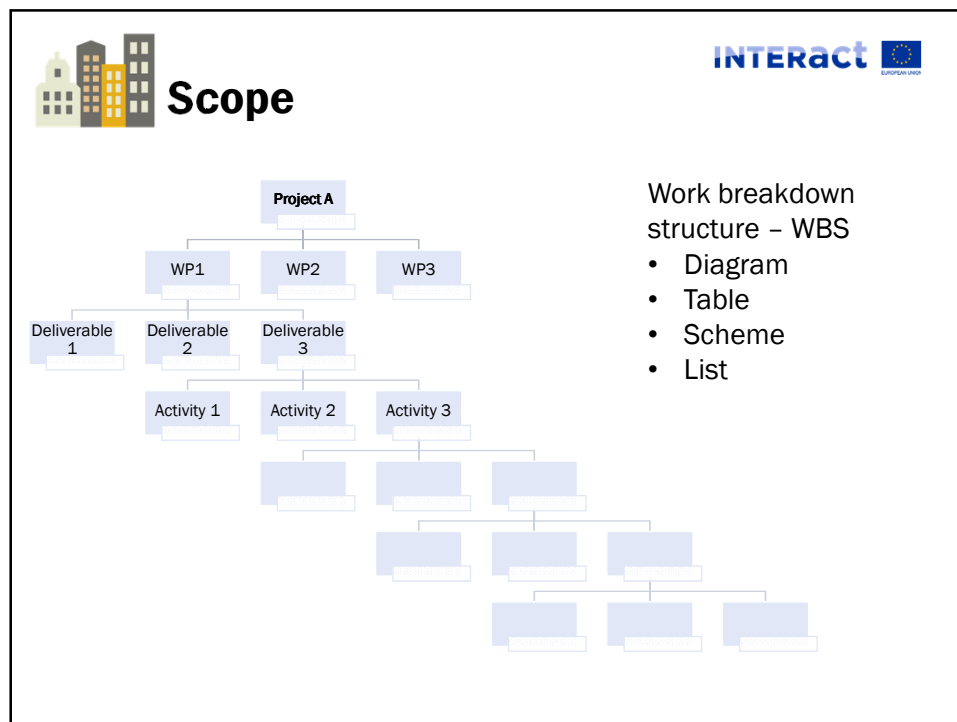


If you don't know where you
are going, then you are sure
to end up somewhere else.

Mark Twain









Costs and costing standards



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

Types of estimating

ROM - Rough order of magnitude

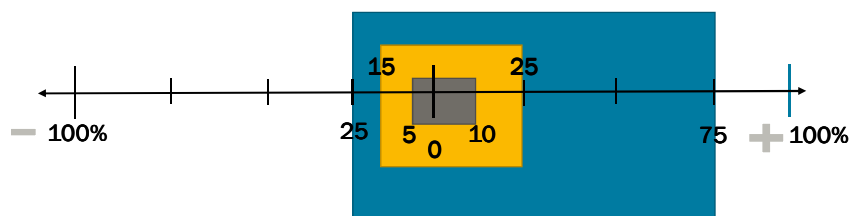
- Project initiation stage
- Based on knowledge of similar projects

Budgetary estimate

- Refinement to ROM estimate
- Collecting high level requirements

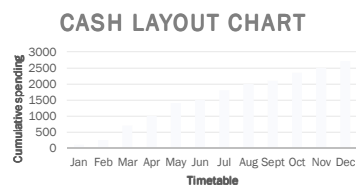
Definitive estimate

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



Schedule

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

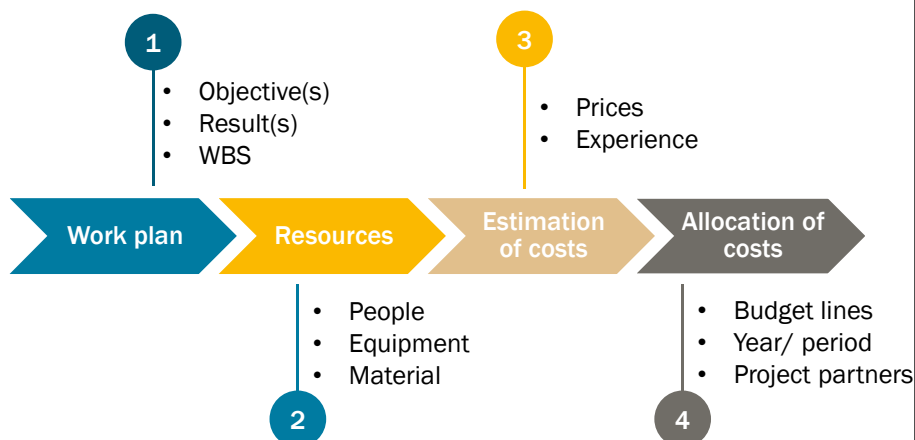


Gantt chart

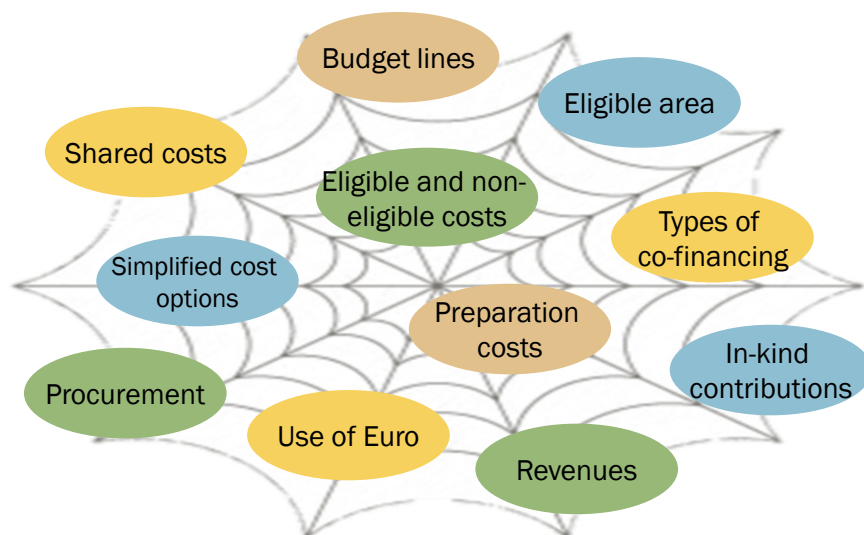
	8:00	8:30	9:00	9:30	10:00	10:30	11:00	11:30	12:00
Registration									
Welcome and introduction to Project Management									
Coffee break									
Project Idea Generation									
Project Development									
Eligibility of expenditures									

2. Examine your resource costs and how they are going to be assigned across the project lifetime
3. Group similar cost types together in your WBS

Budget planning steps



Budget planning in Interreg projects



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

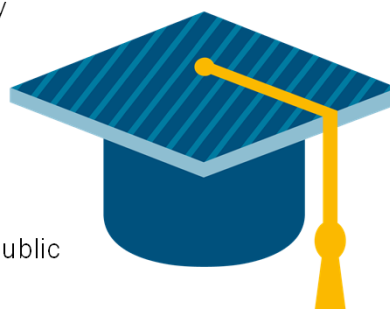
In-kind contributions

- 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 for the benefit of the programme area
- Ceiling of 20% of the 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.



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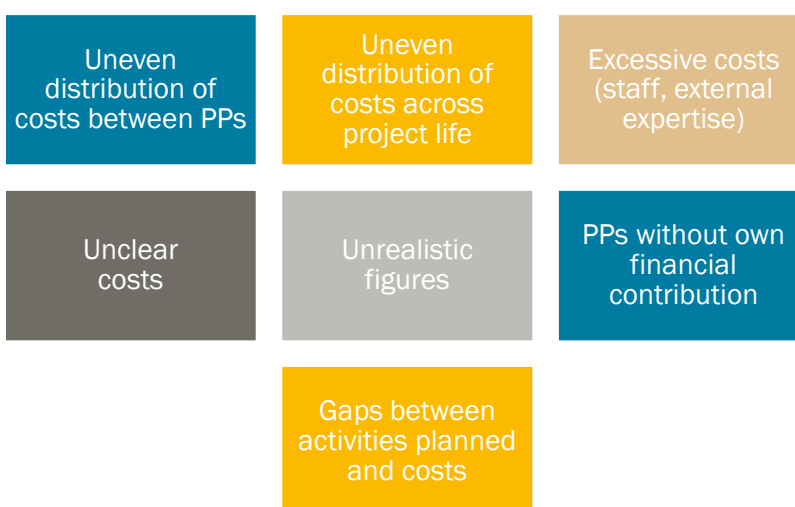
- During the project implementation
- After the project completion – CPR Article 61

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



Once planning the budget...

Takes time –
start early enough

Realism in cost
estimation

Communication –
let your partners
know

Budget = reflection
of all project
activities

Delays at
project start

Cash flow
forecast

Exercise

STEP 1:

- List all activities planned 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

