

Cash flow management

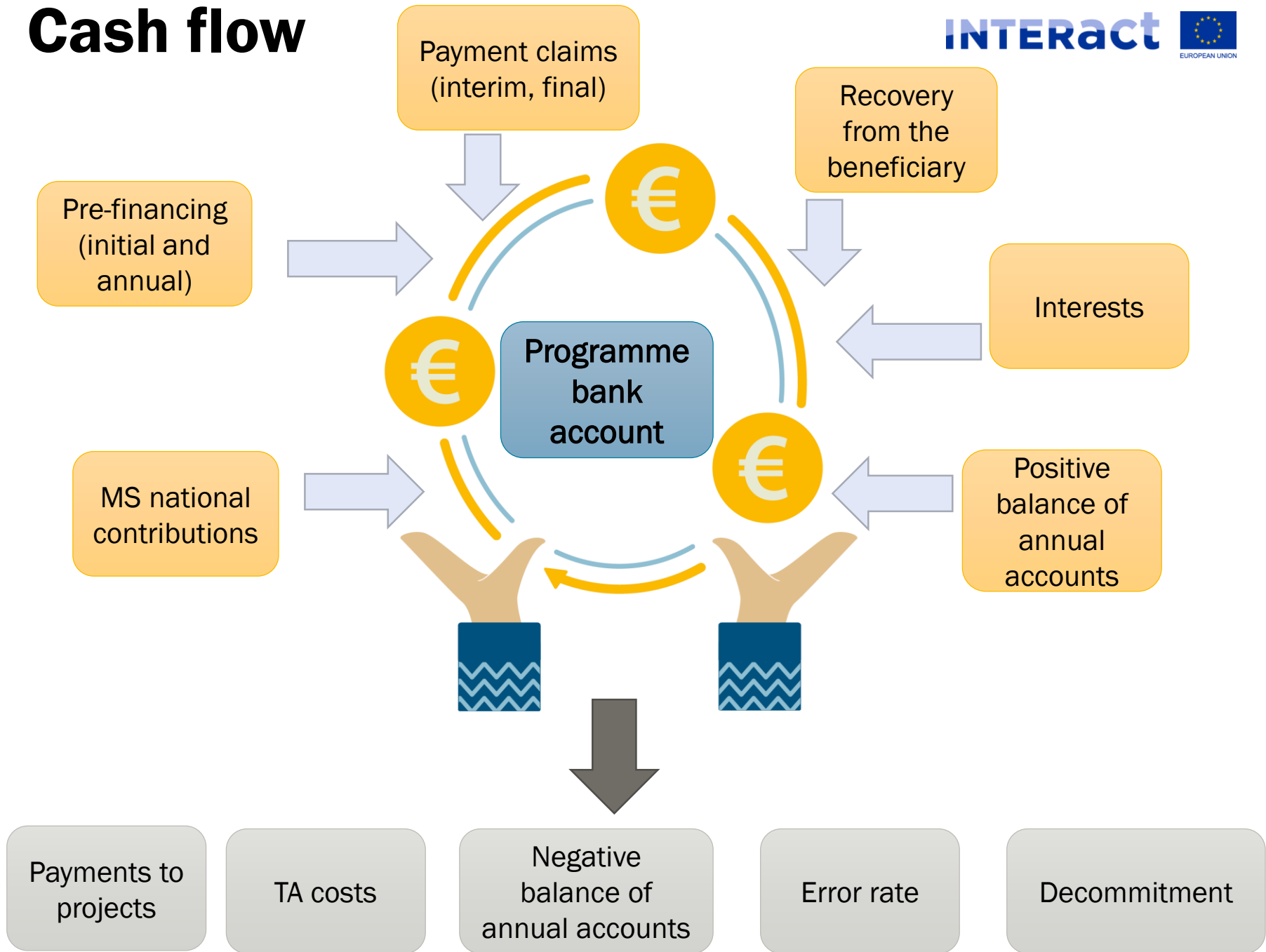
Liquidity and cash flow management in Interreg

28 February 2019 | Ljubljana, Slovenia

Malgorzata Zdunek, Interact



Cash flow

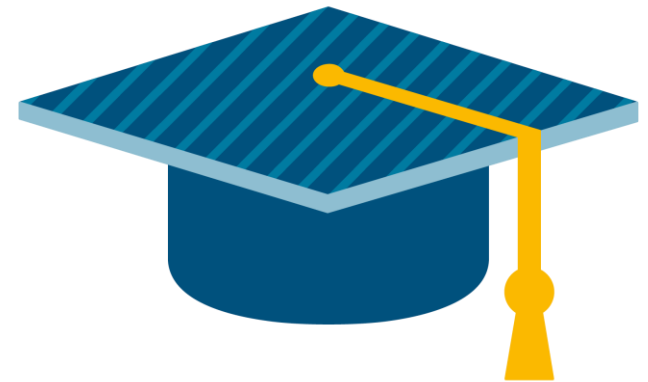


How to monitor cash flow?

DATE	ERDF Payments	ERDF Pre-financing	National Pre-financing	ERDF Payment Applications		ERDF Accounts		cash at the end of each month
	paid to Beneficiaries	paid by EC	paid by MS, Region, ...	sent to EC	paid by EC	sent to EC	paid by EC	
2019 Jan								
2019 Feb								
2019 Mar								

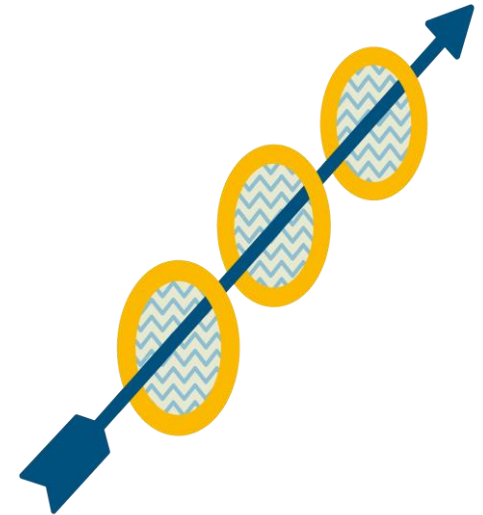
Reality strikes back

- Many Interreg programmes have no access to interim funding / bridge funding provided by their state or by programme MS
- Full dependency on the EC funds
- Payment claims of programmes only reimbursed by the EC in 90%



Reality strikes back

- Initial pre-financing lasts for short period of time
- Annual pre-financing is cleared annually
- Off-setting negative balance of annual accounts results in reduced annual pre-financing every year
- The EC calculations of the balance of annual accounts (compared to the annual pre-financing as defined in regulation and not paid in reality)



Calculation of the balance of the annual accounts

Balance of the annual accounts =
Amount in payment claims submitted to
the EC – amount reimbursed by the EC
(90%) – planned annual pre-financing -
deductions

First experience – Central Baltic

accounting year	foreseen annual pre-financing	actual pre-financing after adjustments / offsetting	payment claims to COM	COM payment 90%	retention 10%	Deductions	Balance (foreseen annual prefinancing - reserve 10% + deductions)
1.7.2015-30.6.2016	2 447 208 €	2 447 208 €	47 118 €	42 406 €	4 712 €	- 706 €	- 2 443 202 €
1.7.2016-30.6.2017	3 211 960 €	768 758 €	11 091 144 €	9 982 029 €	1 109 114 €		- 2 102 846 €
1.7.2017-30.6.2018	3 364 911 €	1 262 065 €	26 422 128 €	23 779 915 €	2 642 213 €		- 722 698 €
1.7.2018-30.6.2019	3 517 861 €	2 795 163 €	30 000 000 €	27 000 000 €	3 000 000 €		- 517 861 €
1.7.2019-30.6.2020	3 670 812 €	3 152 950 €	24 000 000 €	21 600 000 €	2 400 000 €		- 1 270 812 €
1.7.2020-30.6.2021	3 670 812 €	2 400 000 €	12 300 000 €	11 070 000 €	1 230 000 €		- 2 440 812 €
1.7.2021-30.6.2022	3 670 812 €	1 230 000 €	12 000 000 €	10 800 000 €	1 200 000 €		- 2 470 812 €
1.7.2022-30.6.2023	3 670 812 €	1 200 000 €	6 500 000 €	5 850 000 €	650 000 €		- 3 020 812 €
TOTAL	27 225 187 €	15 256 145 €	122 360 390 €				
Actual annual pre-financing as % of foreseen annual pre-financing)		56 %					

The annual pre-financing will always be paid back

Total ERDF allocations	39 392 593,45
------------------------	---------------

Accounting year	Annual pre-financing paid by the EC in January	Total eligible ERDF (in the annual accounts)	Payment claims paid - 90%	Retention - 10%	Deductions	Annual balance
1.7.2015-30.6.2016	787 851,87	7 900 000,00	7 110 000,00	790 000,00		2 148,13
1.7.2016-30.6.2017	1 034 055,58	10 400 000,00	9 360 000,00	1 040 000,00		5 944,42
1.7.2017-30.6.2018	1 083 296,32	10 900 000,00	9 810 000,00	1 090 000,00		6 703,68
1.7.2018-30.6.2019	1 132 537,07	11 400 000,00	10 260 000,00	1 140 000,00		7 462,93
1.7.2019-30.6.2020	1 181 777,81	11 900 000,00	10 710 000,00	1 190 000,00		8 222,19
1.7.2020-30.6.2021	1 181 777,81	11 900 000,00	10 710 000,00	1 190 000,00		8 222,19
1.7.2021-30.6.2022	1 181 777,81	11 900 000,00	10 710 000,00	1 190 000,00		8 222,19
1.7.2022-30.6.2023	1 181 777,81	11 900 000,00	10 710 000,00	1 190 000,00		8 222,19

The annual pre-financing concept

- (2016) 2% -----> 20%
- (2017) 2.625%-----> 26.25%
- (2018) 2.75%-----> 27.5%
- (2019) 2.875%-----> 28.75%
- (2020) 3%-----> 30%
- (2021) 3%-----> 30%
- (2022) 3%-----> 30%
- (2023) 3%-----> 30%
- Total-----> 222.5%

The proposal sent to the EC

- The letter to the EC with proposed:
 - Different way of calculation of the balance of annual accounts
 - Earlier payment of annual pre-financing
- Only earlier payment of annual pre-financing accepted
- Over 70% of Interreg programmes agreed to use it



The proposal of CPR change (annual pre-financing)

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018PC0614&from=EN>

- Reducing the annual pre-financing for the last 3 years from 3% to 1%

Annual pre-financing	
2016	2%
2017	2,625 %
2018	2,75%
2019	2,875 %
2020-2023	3% 1%

Cooperation works

All materials will be available on:

www.interact-eu.net