

Liquidity and cash flow management in Interreg Baltic Sea

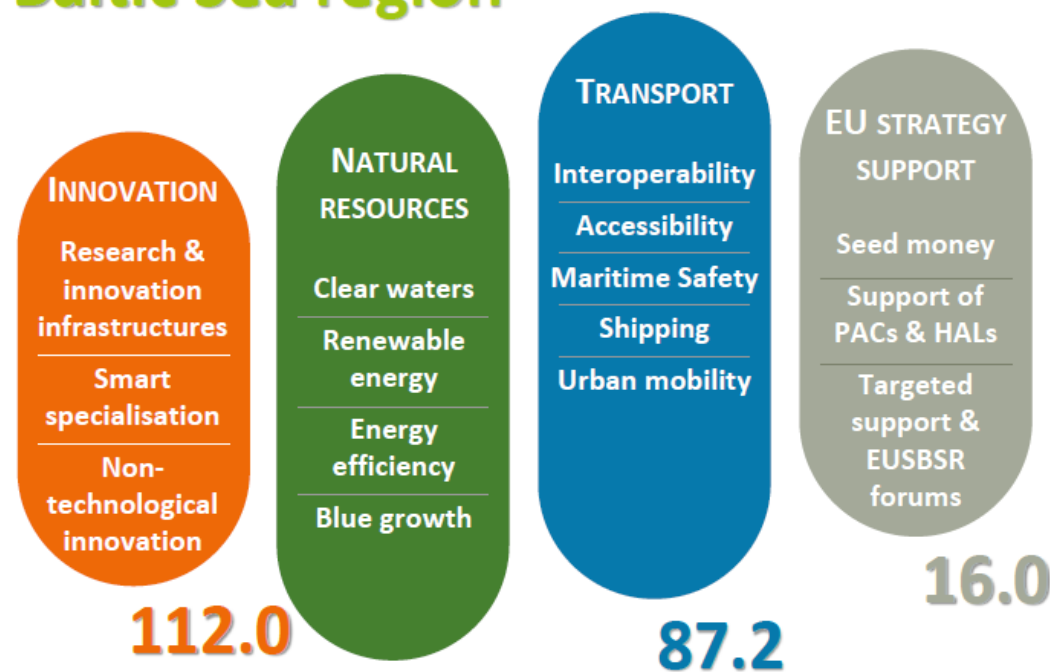
Liquidity and cash flow management in Interreg Baltic Sea
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Thomas Weber, Managing Authority/Joint Secretariat

Contents

- Programme information
- State of play – commitment and spending status
- Programme particularities
- Experiences
- Challenges

At the core of the Programme:

Developing the Baltic Sea region



Million €

total investment

Programme funding
+ expected project co-financing

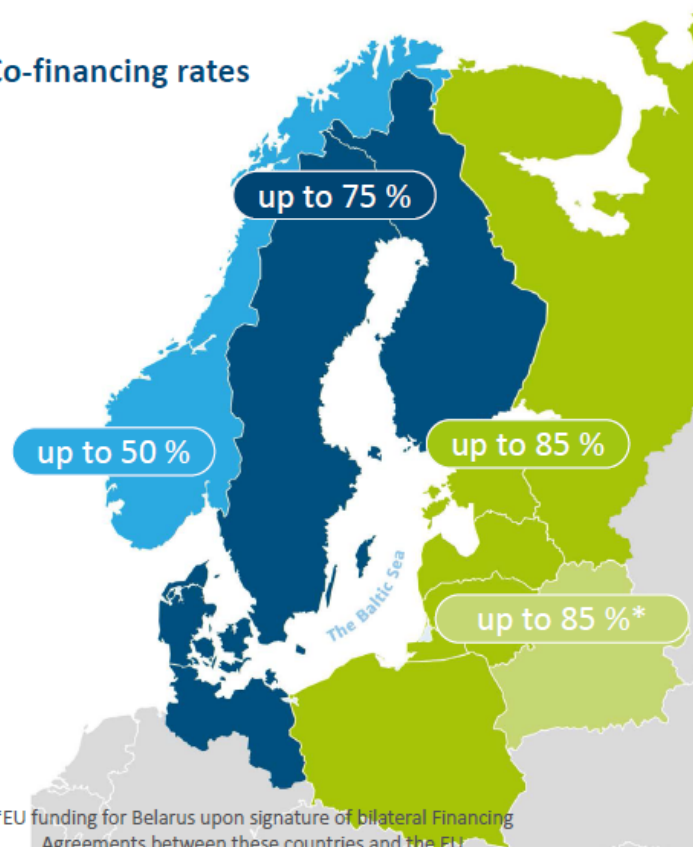
Minimum partnership

3 organisations from
different countries

Stimulating cooperation

between
local | regional | national level public authorities
research & training institutions
sectoral agencies & associations
NGOs | enterprises

Co-financing rates



*EU funding for Belarus upon signature of bilateral Financing Agreements between these countries and the EU

Programme information (I)

- ⇒ **11 countries**
- ⇒ **EUR 282.3 million**
from **4 funding sources**
 - ERDF
 - Norwegian national funds
 - ENI
 - Russian national funds
- ⇒ **50%-85% co-financing**



Programme information (2)

Funding [in €]	Total	ERDF	Norway	ENI	RUS
Interreg Baltic Sea Region Programme funds	282,356,658	263,830,658	5,326,000	8,800,000	4,400,000
expected co-financing/ own contribution	66,131,874	59,148,032	4,633,723	1,635,766	714,353
Total Programme budget	348,488,532	322,978,690	9,959,723	10,435,766	5,114,353

Projects selected so far

- **178** in 3 regular calls and in more than 10 specific calls
- **1750** project partner

State of play – Commitments (ERDF)

Commitments so far

- EUR 248 million = 100% of available project funding

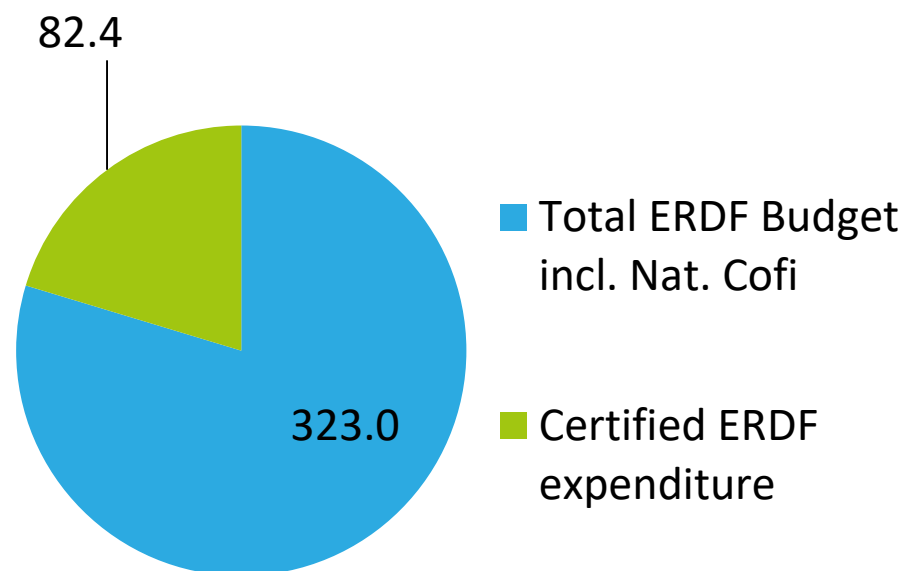
Still in the pipeline

- Extension stage call no.1 (under assessment procedure)
- Platform call no.2 (under assessment procedure)
- Seed Money call no.2 (end 2019/beginning 2020)

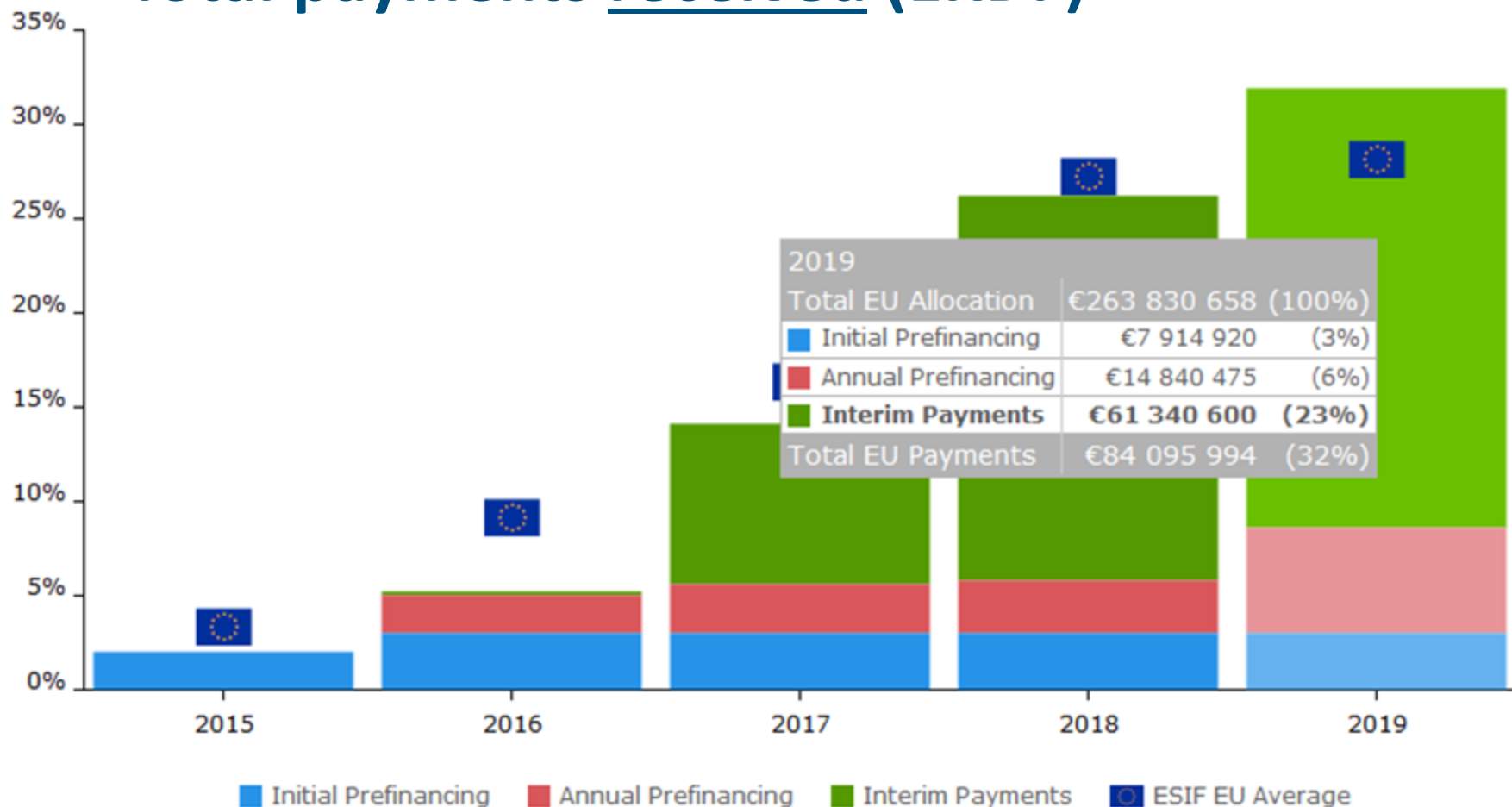
⇒ altogether about 10-12 million to come

State of play – Spending (ERDF)

- Number of payment claims submitted = **12** (incl. 3 zero claims)
- Total amount of expenditure reported to EC = **EUR 82.4 million**
- Spending rate = **25.51%**
- Total payments executed = **about EUR 67 million**



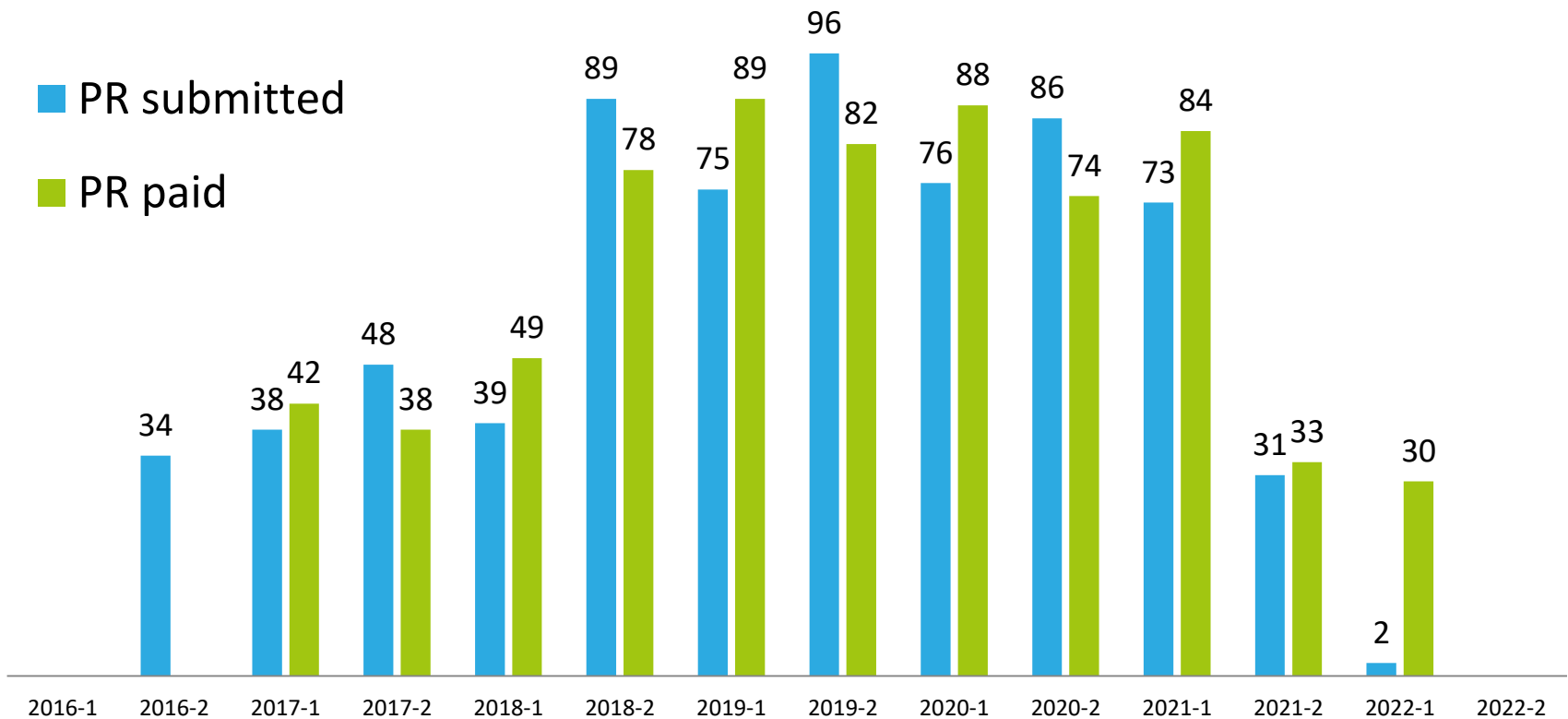
Total payments received (ERDF)



Refresh Date: 13/2/2019

Monitoring forecast

Estimation: 838 progress reports (PR)



Programme particularities (selection)

- Different financial sources and co-financing rates
- Different types of projects, calls, support measures
- (As far as possible) one set of rules for all project partner
- EUSBSR – macro regional strategy (Priority 4)
- Integrated programme management – MA/CA/JS
- BAMOS – our own e-monitoring system
- PDF tools for partner reporting and staff costs (obligatory and offline)

Experiences (1)

Financial resources (ERDF)

- 3% initial advance payment = 7.9 million Euro
- Annual advance payment = about 5-6 million Euro (in theory)
- Liquidity buffer (IVB) = 9.6 million Euro (since end of 2018)

→ so far no liquidity shortage!

Liquidity management = team work

- Payment unit (2x staff members → CA tasks, payments to projects, management of all programme accounts, reporting)
- Finance team support

Experiences (2)

Liquidity management = main features

- Integrated liquidity management *)
- Separate account for each funding source
- Strategic reserve defined by account
- Close monitoring of the accounts and the monitoring process to anticipate financial needs
- De-commitment procedure
- Use of financial simulation models to define commitment targets → ensure sufficient spending rates (reducing N+3 risks)
- Use of left-over funding (IVB) as liquidity buffer → most helpful

Challenges

- Pooling funding sources in joint projects to separate them again for reporting towards EC/NOR/RUS
- Complexity of our internal calculation/overview tables
- Reporting to EC → SFC database (e.g. Transmission of financial data)
- Integration of Russian partners (...advance payments)

My vision

- Having enough liquidity in the programmes
 - To offer advance payments to all projects, in order
 - To reduce the number of progress report by 50%
- To make “advance payments” eligible for EC re-imburement (if paid in line with agreed programme rules)
- To simplify the reporting towards the EC

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Ambitious N+3 targets ahead of us

Year	Allocation	Spending target (annually)	Spending target (cumulative)
2014	13,688,442		
2015	19,904,228		
2016	27,762,478		
2017	49,125,337	13,688,442	13,688,442
2018	50,107,867	19,904,228	33,592,670
2019	51,110,044	27,762,478	61,355,148
2020	52,132,262	49,125,337	110,480,485
2021		50,107,867	160,588,352
2022		51,110,044	211,698,396
2023		52,132,262	263,830,658
Total	263,830,658	263,830,658	

