

# Starting the Programme

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Programme Management for Beginners

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 @InteractEU

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# **The programme is approved!**

This is the moment when Programme can start its real implementation - selection, contracting and implementing projects.

But before...

Certain rules of the game must be set...

preferably in one place...

**Programme Manual**

The Monitoring Committee



# Programme Manual

Is the ultimate reference book of the programme rules for anyone interested how the programme works.

for whom?

- Lead partners
- Project partners
- First level controllers

why?

- how to apply for projects,
- how to implement activities
- how to report to the programme



# Application rules

## Types of calls

- one step
- two steps
- ongoing

## Preparatory costs

- No preparatory costs
- lump sum (if project approved) e.g. €15 000
- seed money projects

# Types of projects

## Regular

- different understanding

## Strategic

- strategic predefined
- flagship
- cluster project

## Small scale

- small scale (e.g. up to €50 000 with 2 partners)
- umbrella projects
- seed money projects



# Types of partners

## Involvement

- Lead partner
- Project partner
- Sub partner
- Associated partner
- Partners outside eligible area (internal, external)

## Private partners

- no private partners
- all enterprises
- only SMEs
- limited of full involvement (e.g. only non-profit activities)

# Implementation rules

## Co-financing rates

- Directly from the regulation (75%, 85%)
- Reduced (50%, 60%, 70%)
- different types of projects, partners (e.g. SME, outside)

## Reporting rules (timing)

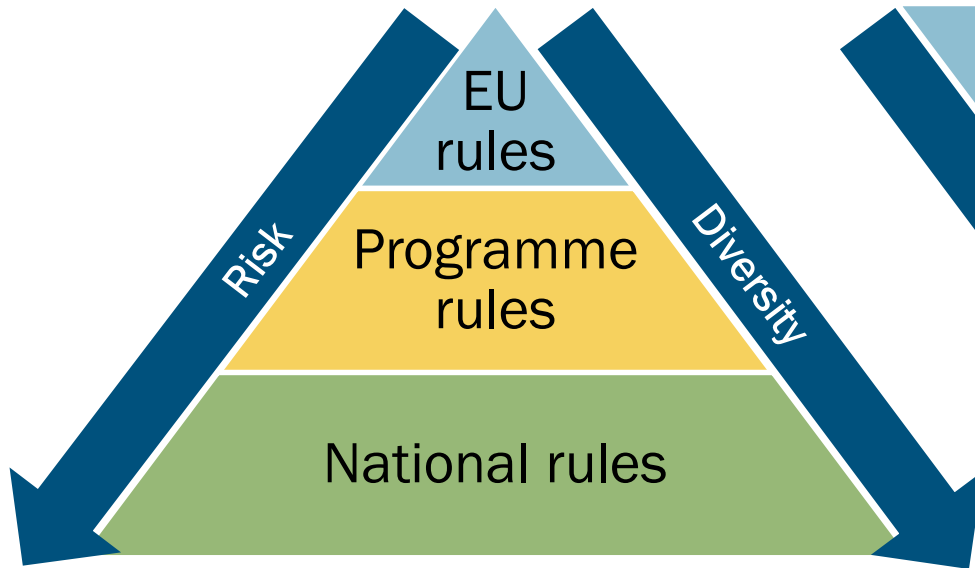
- half-yearly
- quarterly
- on-going (amount)

## Share costs

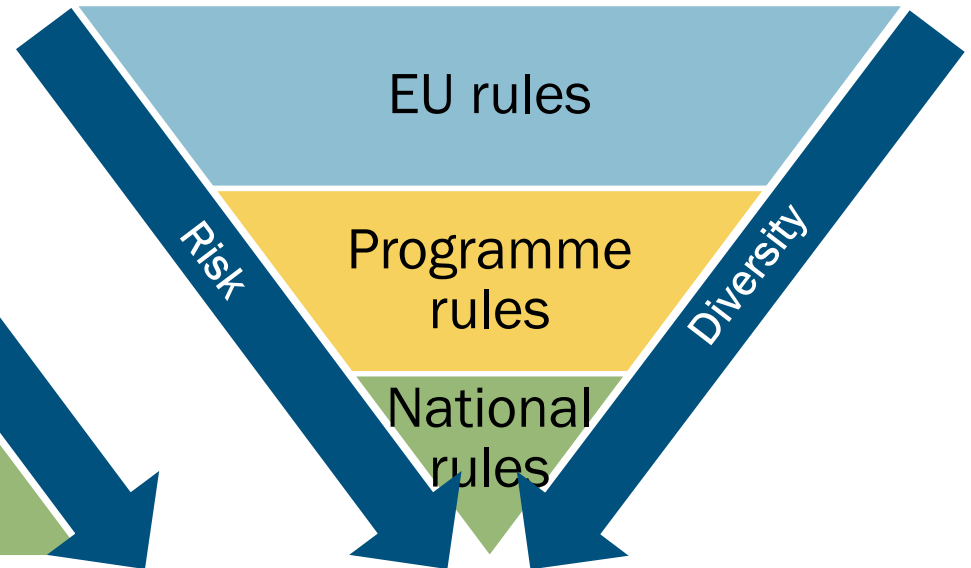
- no shared costs
- shared costs outside the project
- shared costs as part of the project

# Hierarchy of rules

Rules on eligibility of expenditure!



**2007-2013**



**2014-2020**

Art 65, CPR and Art 18, ETC Reg.



# Hierarchy of rules

Rules on eligibility of expenditure!

1. Common Provisions Regulation (CPR) 1303/2013

2. ERDF Regulation 1301/2013

3. ETC Regulation 1299/2013

4. EC Delegated Regulation 481/2014

## EU rules



- Established jointly by the Member States in the programme monitoring committee

- Apply to the programme as a whole

- Cannot contradict EU rules

## Programme rules



- Matters not covered by EU rules and programme rules

- Cannot abolish or restrict EU rules and programme rules

## National rules



# Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Infrastructure and works

**Categories of costs**  
listed in Art 18, ETC  
Reg. 1299/2013

**Specific rules**  
defined in Del.  
Reg. 481/2014

General rules  
defined in CPR  
1303/2013



# Forms of reimbursement



**Real costs**

## **Simplified cost options**

Flat rate

Standard scale of unit cost

Lump sum

- 
- Options applied in 2007-2013
  - Options in CPR 1303/2013 and ETC Reg. 1299/2013
    - Ex-ante calculations
- 

# Flat rate

- calculation of costs of a specific budget line(s)
- calculated by applying a percentage fixed in advance
- percentage applied to one/several other budget lines

Example:

Up to **15% of eligible direct staff costs**

**Staff costs \* 0,15 = Office and Administration costs**



# Standard scale of unit costs

- calculation of all or part of costs of a specific budget line
- calculated by applying a standard unit cost fixed in advance
- applied to easily identifiable quantities

Example:

Cost for advisory service based on historical data

**Number of days \* EUR 350**



# Lump sum

- calculation of all or part of costs of the project
- subject to achievement of predefined outputs/activities
- single payment – maximum limit **EUR 100.000 of public contribution per project**

## Example:

Project preparation costs

Costs of predefined project activities

Small projects / people-to-people projects



# Ineligible expenditure: non-exhaustive list

## **Art. 69, CPR 1303/2013**

- Interest on debt
- Purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure
- Recoverable VAT

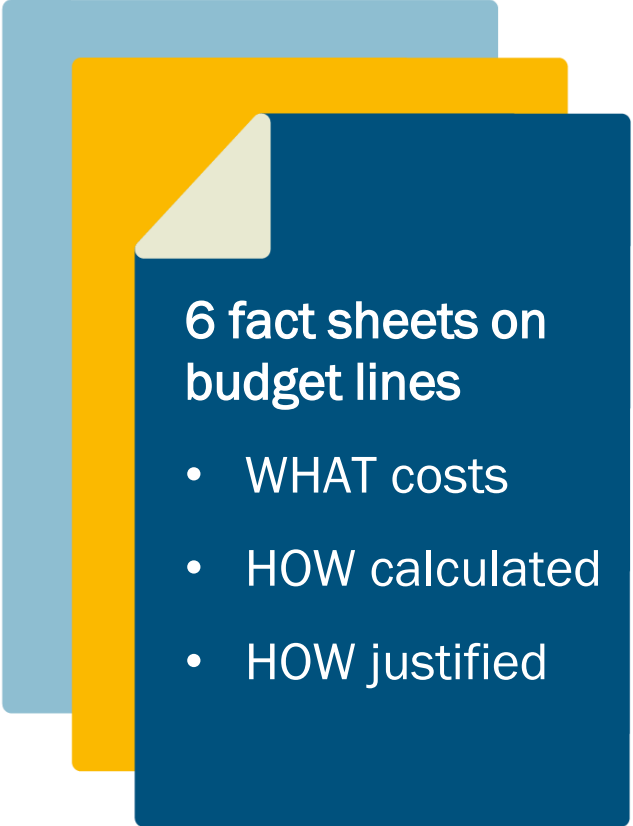
## **Del. Reg. 481/2014**

- Fines, financial penalties, expenditure on legal disputes and litigation
- Costs of gifts (except gifts not exceeding EUR 50, related to promotion, communication, publicity or information)
- Costs of fluctuation of foreign exchange currency



# Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Infrastructure and works



## 6 fact sheets on budget lines

- WHAT costs
- HOW calculated
- HOW justified

Available on Interact website





# Staff costs



# Staff costs

## Eligible cost

- Full and part-time work on the project
- Salary payments and other linked costs
  - all costs fixed in *employment document/ law*
  - salaries related to responsibilities specified in *job description*

## Forms of reimbursement

- Real costs (*payslips and proof of payment*)
- Simplified cost options
  - Flat rate
  - Standard scale of unit costs

# Staff costs – Real costs

## Full-time on the project

total gross  
employment cost

## Part-time on the project

Fixed % of time per  
month

% \* gross employment  
cost

Time varies every  
month

hourly rate \* hours  
worked on the project

## Contracted on an hourly basis

Hourly rate defined  
in the contract

hourly rate \* hours  
worked on the project

# Staff costs – Flat rate

## Art. 19, ETC Reg.

Staff costs of an operation may be calculated at a flat rate of up to 20 % of the direct costs other than the staff costs of the operation

- can apply on individual partner level
- partners do not need to provide audit trail for staff costs (but for direct costs)

Each partner can decide on the reimbursement option, unless applicable options are set at programme level.



# Staff costs – Standard scale of unit costs

## Art. 67, CPR

- Ex-ante calculation based on a fair, equitable and verifiable calculation method

Example		
Category	Annual gross employment cost	Hourly rate (annual gross employment cost / 1720)
1	Below EUR 19.999	11,63
2	EUR 20.000 – 49.999	20,35
3	EUR 50.000 – 74.999	36,34
4	EUR 75.000 – 99.999	50,87
5	Above EUR 100.000	65,41

Data: NWE area, all MS, 5 projects from 2007-2013, 18,5 m ERDF, 51 beneficiary organisations, 297 employees



# Office and administration



# Office and administration

## Eligible cost

- Operating and administrative expenses of the partner organisation that support delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

## Forms of reimbursement

- Real costs
- Flat rate

# Office and administration – Flat rate

## Art. 68.1, CPR

Indirect costs may be calculated at a flat rate of:

**Up to 25% of eligible direct costs**

fair, equitable and verifiable calculation method

**Up to 15% of eligible direct staff costs**

no calculation method required from the programme

- can apply on individual partner level
  - partners do not need to provide any audit trail







Can *Staff* costs calculated at a flat rate still form the basis for calculation of *Office and administration* costs at a flat rate of up to 15% of staff costs?



# Travel and accommodation



# Travel and accommodation




## Eligible cost

- Travel and accommodation costs of **staff of partner organisations** that relate to delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014



## General principles

- Travel and accommodation of external experts under *External Expertise and Services*
  - Daily rates for hotel and subsistence should be respected, in line with national legislation or internal policy of the partner organisation
  - Cost related to travel outside the programme area (Art. 5, Del. Reg. 481/2014) – location of the partner
- 



In the event of a cancelled trip, can the cost still be eligible?




# External expertise and services



# External expertise and services



Eligible cost

- External expertise and services provided by a **public** or **private body** or a **natural person** outside of the partner organisation
  - Open list of costs defined in Del. Reg. 481/2014  
*...; other specific expertise and services needed for operations*
- 



Under which category of costs should control costs be reported?



# Equipment





# Equipment




## Eligible cost

- Equipment **purchased, rented or leased** by a partner, necessary to achieve objectives of the project
- May include costs of equipment already in possession by the partner
- Exhaustive list of costs defined in Del. Reg. 481/2014 *...; other specific equipment needed for operations*



## General principles

- Second-hand equipment is eligible (under conditions, Del. Reg. 481/2014), unless decided otherwise by the programme
  - Depreciation is eligible (under conditions, Art. 69 CPR)
- 

# Equipment – pro-rata cost and depreciation

## Full purchase cost of equipment is eligible, provided:

- Equipment is used solely for the project.
- The total economic and depreciable life-time falls within the period of support.

## Otherwise:

### Pro-rata

- Equipment partially used for the project  
(degree of use for the project)

*Share has to be calculated according to a justified and equitable method.*

### Depreciation

- Costs relate to the period of support for the project (period of use)
  - Equipment purchased before the project approval and used for the project purpose
- Cost calculated in line with legislation or general accounting principles of the partner organisation.*

# Infrastructure and works



# Infrastructure and works

## Rules on eligibility of infrastructure expenditure

- Covers costs related to investments in infrastructure that do not fall into the scope of other budget lines
- Some general rules defined in CPR 1303/2013; e.g., purchase of land, durability of operations
- No specific rules defined in the Del. Reg. 481/2014

See the fact sheet on the budget line "Infrastructure and works"








# Planning cash flow at programme level

## Elements to be taken into account:

- Spending per priority axis (targeted calls, changes of Operational Programme, waiting list of projects)
- Spending per calendar year (additional calls, interim project reports)
- Avoiding de-commitment
- Ensuring programme liquidity (claims from COM and getting reimbursement on regular basis, bridging the 10% of funds claimed and not reimbursed)

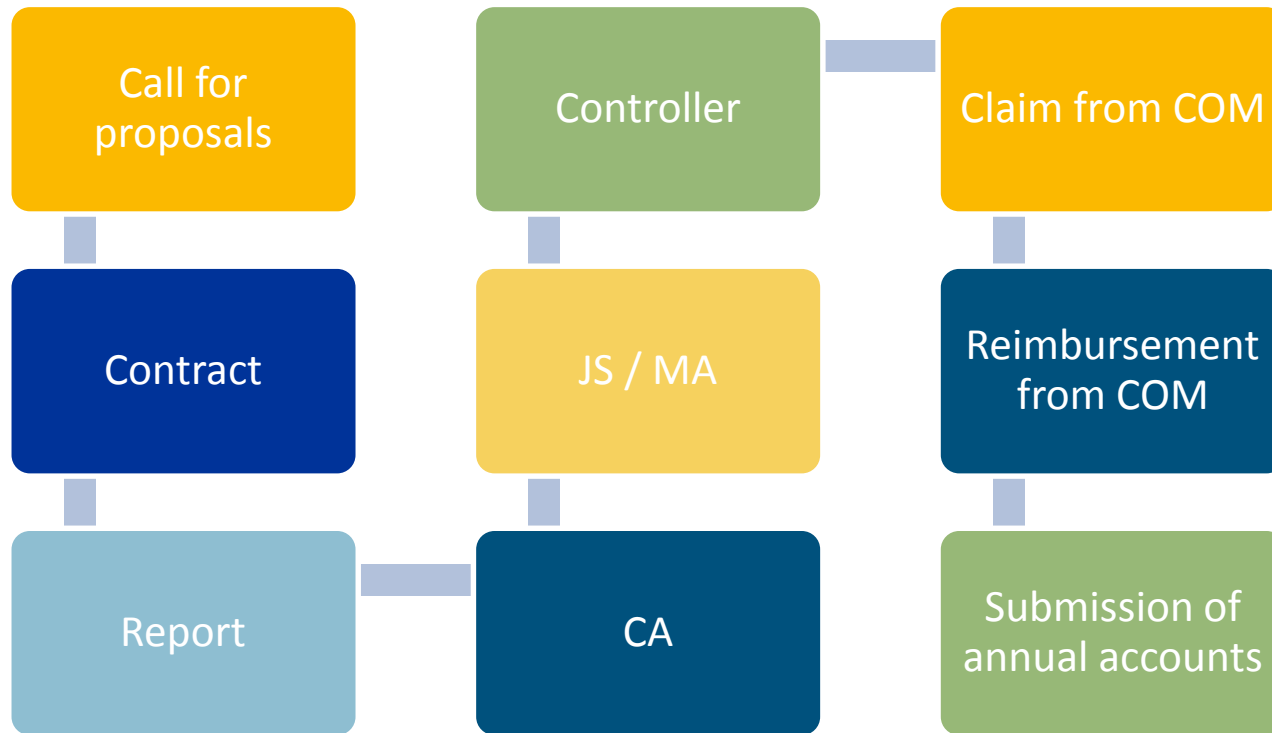


# Timing of processes

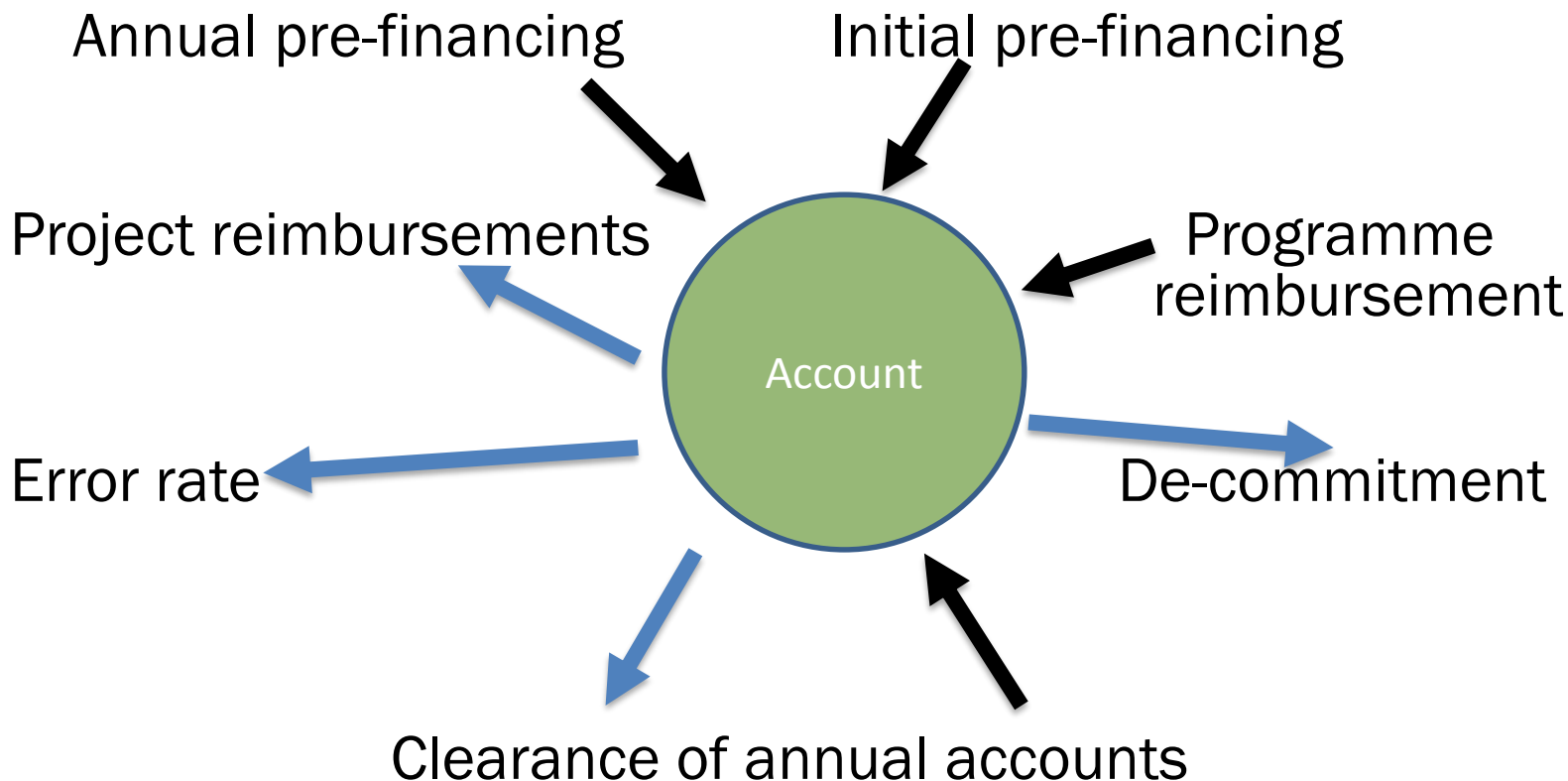
- Open call  subsidy contract signed /activities started
- Contract signed  first report submitted
- Project report  claim from COM
- Claim from COM  reimbursement
- Project report  project reimbursement



# Processes to get reimbursement from COM



# Cash flow at programme level





# Cooperation works

All materials will be available on:

**[www.interact-eu.net](http://www.interact-eu.net)**

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