

National Info Day

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SUCCESS FACTORS FOR
PROJECT DEVELOPMENT:
Focus on Finances

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PROGRAMME

FINANCIAL FEATURES

Summary of financial features

- ✓ Total budget per project ranging from **1 to 5 million EUR**
- ✓ Rate of assistance: up to **85%** in Czech Republic, Hungary, Poland, Slovakia and Slovenia; up to **75%** in Austria, Germany, Italy.
- ✓ **State aid** discipline (*de minimis* thresholds) apply to partners in relation to the activities to be implemented.
- ✓ Ceiling of **20%** of project budget for partners located outside CENTRAL EUROPE but in the EU territory.
- ✓ Ceiling of **10%** of project budget for activities implemented outside the EU territory (funds must be spent by partners located in the CENTRAL EUROPE area).



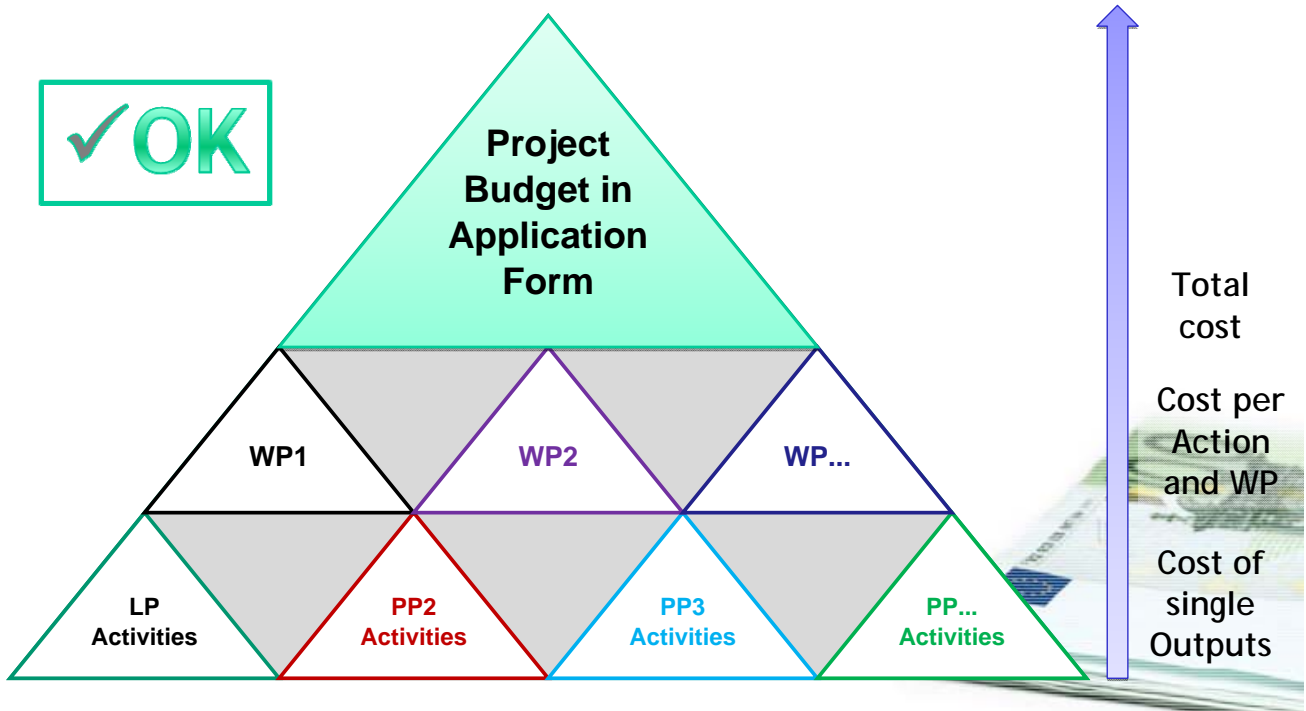
The three "E" principle

- ✓ Principle of **economy**: resources [...] shall be made available in due time, in appropriate quantity and quality and at the best price.
- ✓ Principle of **efficiency**: best relationship between resources employed and results achieved.
- ✓ Principle of **effectiveness**: attaining the specific objectives set and achieving the intended results.

Sound financial management



Budget based on real costs...



The Application Form - Reporting periods (Section 5)

- ✓ The budget is organized according to **9 Budget Lines**

- Staff costs
- Administration costs
- External expertise
- Travel and accommodation
- Meetings and events
- Promotion costs
- Equipment (for office use)
- Investments (equipment and works)
- Others

- Refer to:
- Application Manual
 - Control & Audit Guidelines



SPECIFIC REQUIREMENTS: INVESTMENTS

INVESTMENTS

- Only costs clearly **linked to Pilot Actions** corresponding to the investment category are to be included as investments. These include infrastructure works, equipment etc.
- Costs may refer either to an investment that will be set up ex-novo or to adapt an already existing infrastructure.
- **Public procurement rules** are to be followed when awarding contracts for works.



Time wise eligibility of the expenditure

1. Preparation costs

- ✓ Costs are eligible until the date of submission of the Application Form

2. Implementation costs

- ✓ Costs are eligible from the start date until the end date of the project as indicated in the Application Form. At the earliest, from the day after the submission of the AF.
- ✓ Costs must be paid out before the end date of project implementation (exception for staff costs).

3. Costs for project closure

- ✓ Costs for preparation of final report must be included in the last period of WP1.



Basics on state aid

- ✓ While building the workplan it is necessary to ensure the respect of State Aid discipline.
- ✓ Application of State Aid rules are beyond the private sector: undertakings or economic operators may also be public authorities and public equivalent bodies.
- ✓ This may have repercussions on the budget of the partners and on the **overall project feasibility**.



Application of State Aid rules **depends on the specific activities** developed within the proposed project application.



Revenues

- ✓ No estimation of revenues is requested in the AF.
- ✓ Generation of revenues will be subject to control during project implementation.
- ✓ If applicable, ERDF will be reduced accordingly.
- ✓ If your project activities and/or investments may and/or will generate revenues even after the project closure, they will be calculated over a period of time largely exceeding project lifetime.



ASSESSMENT CRITERIA (1) VALUE FOR MONEY

Sub-criterion 1: Value for money

The budget has to refer to a **realistic estimation of costs**:

- ✓ value of single outputs;
- ✓ value of the overall project in relation to its objectives.



The guiding principle is the **“three E” principle**, which is checked not only within the project assessment but also throughout the whole project implementation.



ASSESSMENT CRITERIA (2) COHERENCE WITH WORK PLAN



Sub-criterion 2: Coherence with the work plan

- ✓ clear coherence between the described activities and outputs and the financial tables;
- ✓ proper distribution of the budget between budget lines;
- ✓ analytical breakdown and description of costs for External Experts, Equipments, Investments, Others.
- ✓ allocation of costs per reporting periods based on payments.

The guiding principle is the coherence between the foreseen activities and the resources devoted to them

ASSESSMENT CRITERIA (3) PARTNERS' BUDGETS



Sub-criterion 3: Partners' contribution

- ✓ The budget of each partner should reflect its responsibilities in the work packages.
- ✓ Partners should aim at defining a fair distribution of activities and their related costs among the entire partnership (no artificial splitting).

The guiding principle is the transnationality and the budget should reflect the active participation of all partners (max. 50% of the project ERDF can be allocated to the LP).

- ✓ Budget was not sufficiently justified.
- ✓ Budget was wrongly allocated to different budget lines.
- ✓ Budgets were not in line with work plan and partners' involvement.

As a consequence, some project budgets respectively partners' budgets were decreased for approved project proposals.



Summary of requirements of a good budget

- ✓ Budget must be based on **real costs**.
- ✓ Budget must refer only to **eligible expenditure** (including the national co-financing).
- ✓ Budget has to be **transparent**, with a clear distribution into budget lines, reporting periods and partners.
- ✓ Budget has to be closely **linked to the work plan**.
- ✓ **Project-relation** and **project-relevance** of all costs has to be clearly demonstrated.



How to build the budget:

1. **Start from actions/outputs** (market prices, real wages in partner institutions, analytic calculation of travels etc.).
2. Use a budget structure allowing to distinguish **per each partner** the breakdown per workpackage and budget line and reporting period (example in www.central2013.eu).
3. Carefully check the **eligibility of planned expenditure** (ref. to the Control and Audit Guidelines).
4. Calculate the **allocation per reporting period** on the basis of payments (no artificial split of amounts).

Start in due time!



Thank you!



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