

# CENTRAL EUROPE PROGRAMME 2007-2013



LEAD APPLICANT BRIEFING SEMINAR  
March / April 2008

## SUCCESS FACTORS FOR PROJECT DEVELOPMENT: focus on finances (part I)

**“BUDGET AND COST-EFFECTIVENESS”  
IS ONLY ONE CATEGORY OF THE  
ASSESSMENT ...**

**...BUT THIS CATEGORY CAN MAKE  
THE DIFFERENCE!**



# OVERVIEW



- I. BUDGETING PRINCIPLES
- II. ELIGIBILITY TIME-WISE
- III. FINANCIAL INFORMATION IN APPLICATION FORM AND RELATED ASSESSMENT:
  - A. WORK PACKAGES AND ACTIONS
  - B. PARTNERS
  - C. BUDGET LINES
  - D. REPORTING PERIODS
- IV. STATE AID
- V. OTHER FINANCIAL ASPECTS



# I. BUDGETING PRINCIPLES (1)



## SOUND FINANCIAL MANAGEMENT

- 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.

The first two principles should be already incorporated when preparing the budget of your application.



# I. BUDGETING PRINCIPLES (2)



## PRACTICAL PRINCIPLE

- The total operation's budget should be the addition of the budget needed by all partners in order to implement their share of activities.



- Building your operation on the basis of the budget available is not a winning solution.



# I. BUDGETING PRINCIPLES (3)

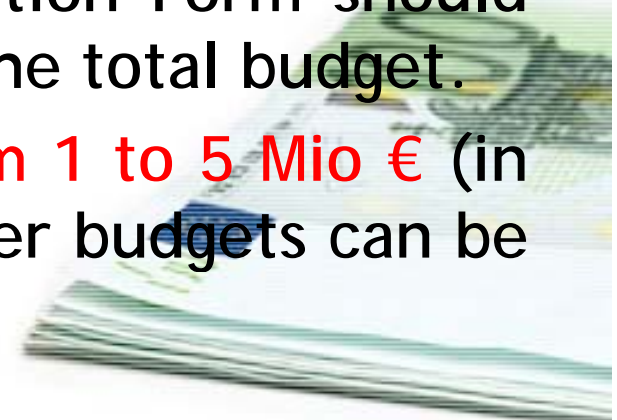


## PRACTICAL PRINCIPLE

- The core reference in budgeting terms are the TOTAL ELIGIBLE COSTS:

**Budget from EU CENTRAL EUROPE partners  
(ERDF + National co-financing)**

- Most financial sections of the Application Form should be built using exclusively this part of the total budget.
- Total eligible budget should range **from 1 to 5 Mio €** (in exceptional cases, also smaller or larger budgets can be funded).



## II. ELIGIBILITY TIME-WISE



### PREPARATION COSTS

- Eligible as from 01/01/2007 until submission of AF.
- Max total eligible costs: € 20.000.
- If applicable, ensure respect of public procurement.

### IMPLEMENTATION COSTS

- At the earliest, costs are eligible as from day after submission of the application.
- Project duration covers implementation phase.

### COSTS FOR PROJECT CLOSURE

- Costs for preparation of final report should be included in last period of WP1 even if they will be incurred later.



## III. APPLICATION FORM



### SECTION 3

- Costs **per action** and total of each work package.

### SECTION 4

- Budget of **each partner** according to funding sources.

### SECTION 5

- Breakdown by work packages and **budget lines**.
- Breakdown by work packages and **reporting periods**.
- Breakdown by work packages and **partners**.
- Specification of **budget lines 3, 7 and 9**.
- Detailed description of **investments**.



## III.A) WORK PACKAGES/ACTIONS



### BASICS:

- Even if related to work plan, Section 3 is a primary source of financial data.
- Information in this Section is automatically transferred to Section 5.
- Budget tables should be built accordingly.

### REMEMBER:

- The guiding principle is the coherence between the **foreseen activities** and the **financial resources** devoted to them.



# III.A) WORK PACKAGES/ACTIONS



## ASSESSMENT:

**Work package 1: Project management and coordination**

Work package level	
Strategic focus / main objectives	Sound project management and coordination
Summary description and approach (including the contribution to the project main objectives) (max. 400 characters)	
Links to other work packages	all
Responsible partner	LP:
Involved partners	all

Title of action	Start month of Action	End month of Action	Total costs of Action
1.1. Fulfillment of start up requirements			
1.2. Day to day project management, coordination and internal communication			
1.3. Steering and monitoring of the project implementation			
1.4. Financial management, certification of expenditure			
Total costs of the work package			0,00 €

Outputs				
	Title of output (max. 75 characters)	Month of availability	Qualitative description (max. 250 characters)	Quantitative description (max. 75 characters)
1.1.	1.1.1			
	1.1.2			
	1.1.3			

# III.A) WORK PACKAGES/ACTIONS

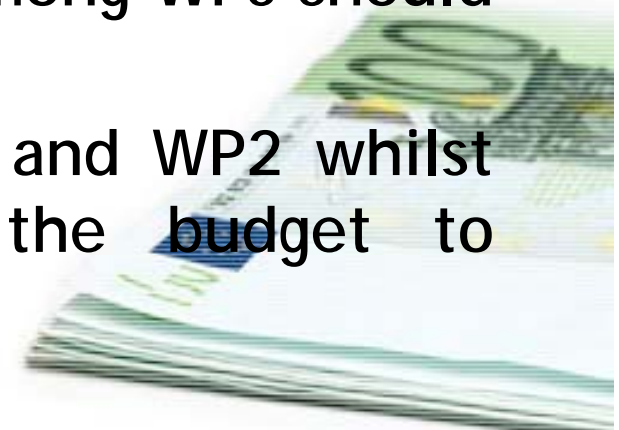


## ASSESSMENT:

Table 4: Budget break down # 1

	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total
Staff costs								
Administration cost								
External expertise								
Travel/accommodation								
Meetings and events								
Promotion costs	X							
Equipment	X							
Investments	X	X	X					
Other	X							
Total								
WP Reference Total								
%								

- Distribution of financial resources among WPs should be justified.
- Ensure sufficient resources to WP1 and WP2 whilst devoting a significant share of the budget to thematic WPs.



## III.B) BUDGETS OF PARTNERS



### BASICS:

- The budget of each partner should be based on the activities that it has to implement within the project.
- Partners should contribute in a balanced way to the operation, also financially.
- The share of ERDF devoted to the Lead Partner should not exceed 50% of the total ERDF.
- Where State Aid is applicable, budgets may be limited by thresholds of *de minimis* regime.



# III.B) BUDGETS OF PARTNERS



## ASSESSMENT:

Table 6: Budget break down # 3

LP	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total	Partner Ref.	%
Partner 2										
Partner 3										
Partner 4										
Partner 5										
Partner 6										
Partner 7										
Partner 8										
Partner 9										
Partner 10										
Partner 11										
Partner 12										
Partner 13										
Partner 14										
Partner 15										
Partner 16										
Partner 17										
Partner 18										
Partner 19										
Partner 20										

- Overall involvement in the operation and specific involvement in each WP.



## III.C) BUDGET LINES (1)



### LIST:

- Staff costs
- Administration costs
- External expertise
- Travel and accommodation
- Meetings and events
- Promotion costs
- Equipment
- Investments (Infrastructure and works)
- Other



## III.C) BUDGET LINES (2)



### BASICS:

- Budget lines are standard.
- Supporting information on how to allocate costs to the different budget lines is provided in the Manual.
- For dubious cases, especially if amounts are considerable, please consult the JTS before submission.
- Even if budget flexibility may be provided during project lifetime, it will always be limited.

### REMEMBER:

- Ensuring **proper allocation to the relevant budget lines** already at application stage has a long-lasting effect.



### III.C) BUDGET LINES (3)

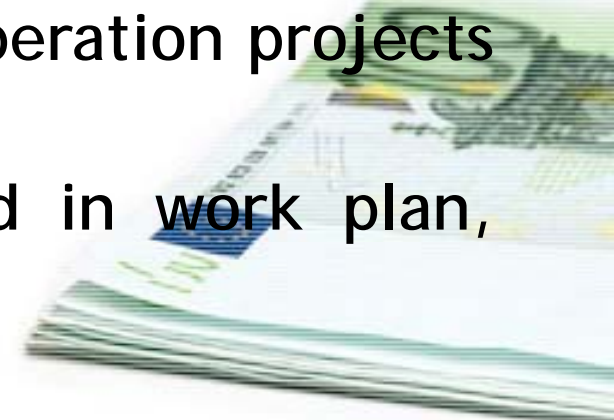


### ASSESSMENT:

Table 4: Budget break down # 1

	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total	%
Staff costs									
Administration cost									
External expertise									
Travel/accommodation									
Meetings and events									
Promotion costs	X								
Equipment	X								
Investments	X	X	X						
Other	X								
Total									
WP Reference Total									
%									

- No pre-defined thresholds or percentages, but remember we are talking about cooperation projects between the partners involved.
- Coherence with activities described in work plan, also for each single WP.



# III.C) BUDGET LINES (4)



## ASSESSMENT:

**Table 7: Specification of budget line "External Expertise"**

Work package	Description of "External expertise" to be subcontracted (max. 200 characters)	Contracting partner	Amount
Preparation			
<b>Subtotal WP0</b>			0,00 €
Management			
<b>Subtotal WP1</b>			0,00 €
Communication			
<b>Subtotal WP2</b>			0,00 €

- Provide sound description for all expenses related to budget lines "External expertise", "Equipment" and "Others".



# III.C) BUDGET LINES (5)



## ASSESSMENT:

Provide a split of costs related to the proposed investment. Should works be involved, include costs for manpower and for construction materials separately. Specify also any physical object that should be purchased in the framework of the proposed investment, providing as well its quantification.

Specification of costs:	Amount

- Provide sound description for all expenses related to each proposed investment.



## III.D) REPORTING PERIODS (1)



### BASICS:

- The reporting periods run on a 6-monthly basis.
- Costs must be based on actual payments in each period.
- If applicable, activities and related payments shall be allocated to different periods.
- Artificial splitting of total costs should be avoided.

### REMEMBER:

If spending targets are not reached, the Programme may be obliged to reduce the budget of already approved projects => DECOMMITMENT



# III.D) REPORTING PERIODS (2)



## ASSESSMENT:

**Table 5: Budget break down # 2**

	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total	%
Preparation phase		X	X	X	X	X	X		
Month 01-06	X								
Month 07-12	X								
Month 13-18	X								
Month 19-24	X								
Month 25-30	X								
Month 31-36	X								
Month 37-42	X								
Month 43-48	X								
Total									
WP Reference Total									
%									

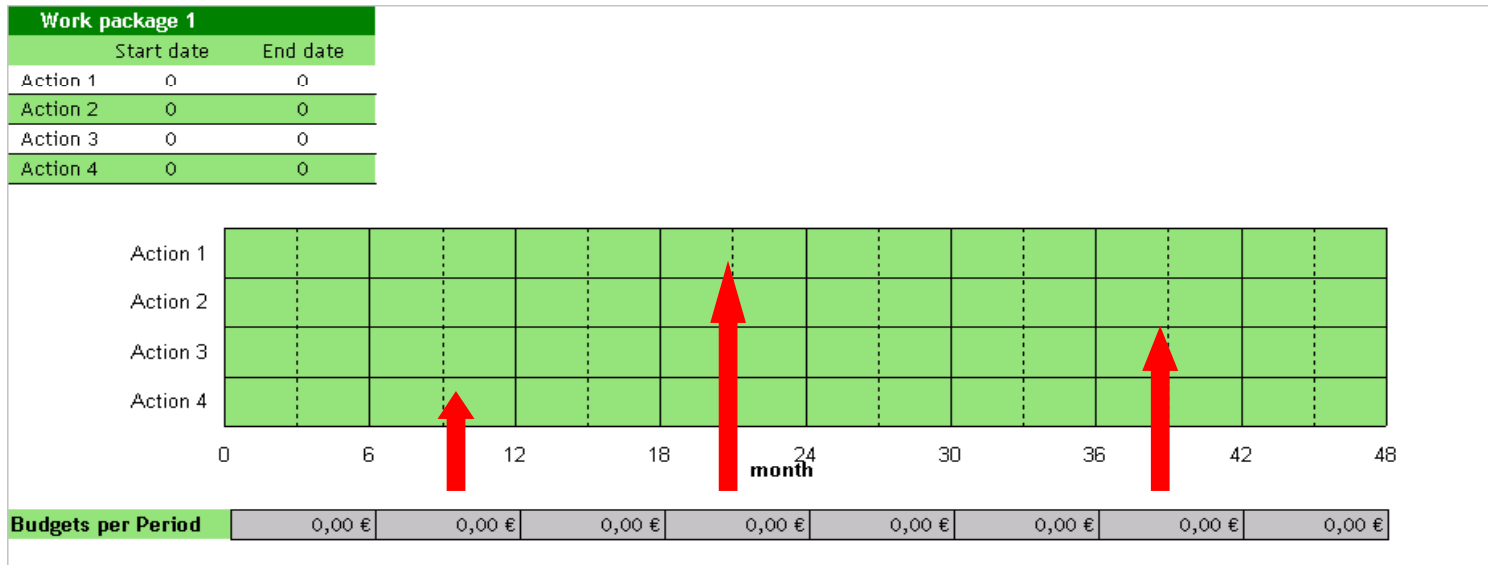
- Distribution among periods cannot follow an even pattern during the entire project lifetime.
- Take into account potential start-up delays but be ready for an early launch.
- Coherence with activities described in work plan, also for each single WP.



# III.A) WORK PACKAGES/ACTIONS



## ASSESSMENT:



- Coherence with activities described in work plan, also for each single WP.



## IV. STATE AID (1)



### BASICS:

- Need of finding a balance between involvement of private sector and respect of State Aid discipline.
- Application of State Aid rules beyond the private sector: undertakings or economic operators may also be public authorities and public equivalent bodies.
- Repercussions on budget of partners.

### REMEMBER:

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



## IV.STATE AID (2)



### ASK YOURSELF:

- Am I an undertaking?:
- Are my activities market-oriented?:
- Do they distort trade?:

YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

**STATE AID  
APPLIES**

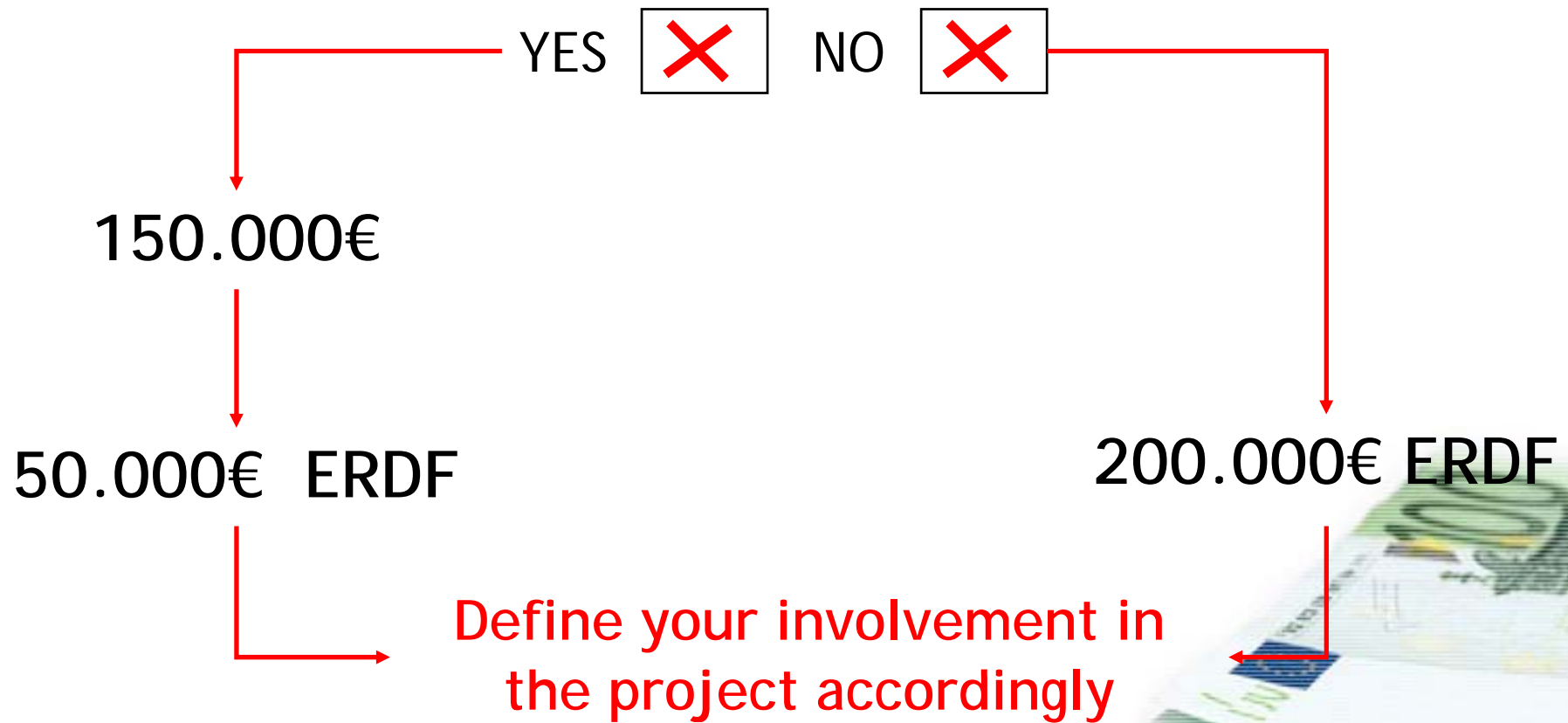


## IV.STATE AID (3)



### IF STATE AID APPLIES:

- Have I already received aid under the *de minimis*?:



## V. OTHER PRINCIPLES (1)



### DISTRIBUTING OR SHARING COSTS?:

- Partners should aim at defining a fair distribution of activities and their related costs among the entire partnership.
- As far as management costs are concerned, Lead applicants can benefit from a higher share of the ERDF in order to have them covered.
- So-called common costs should be avoided.
- If not possible to avoid, choose an option that ensures full audit trail and make sure controllers will accept it before submission of application.



## V. OTHER PRINCIPLES (2)



### 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 investments may generate revenues, they will be calculated over a period of time largely exceeding project lifetime.



## V. OTHER PRINCIPLES (3)



CHECK SECTIONS 3, 4 AND 5 OF THE MANUAL  
FOR FURTHER INFORMATION



# CONTACT/UPDATES



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