

# CENTRAL EUROPE PROGRAMME 2007-2013



Lead Applicant Briefings  
February 2009

**SUCCESS FACTORS FOR  
PROJECT DEVELOPMENT:  
focus on finances**

# OVERVIEW



- 0. NOVELTIES OF 2nd CALL
- I. BUDGETING PRINCIPLES
- II. ELIGIBILITY OF COSTS; TIME-WISE
- III. FINANCIAL ASSESSMENT CRITERIA
- IV. APPLICATION FORM
  - A. WORK PACKAGES AND ACTIONS
  - B. PARTNERS
  - C. BUDGET LINES
  - D. REPORTING PERIODS
- V. STATE AID
- VI. OTHER FINANCIAL ASPECTS



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

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



## 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.

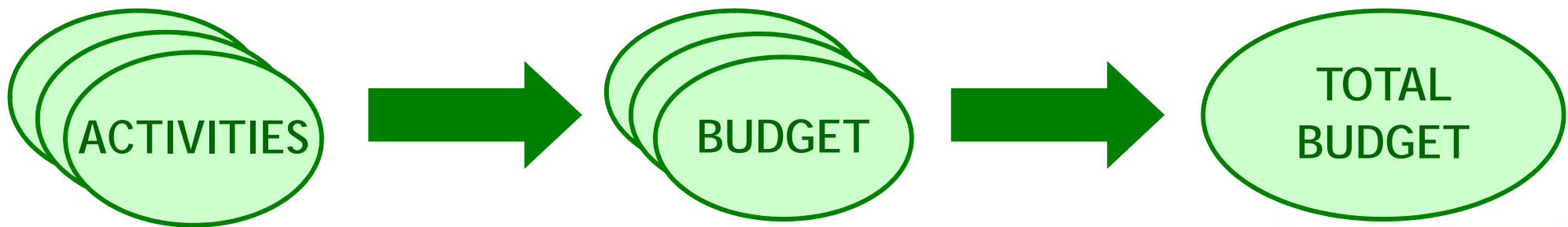
The first two principles should be already incorporated when preparing the budget of your application.



# 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)



- Budget has to be closely linked to the work plan.
- Project-relation and project-relevance of all costs should be clearly demonstrated.
- Budget should be split into budget lines, reporting periods and partners' budgets in a transparent way.
- Budgeting has to be based on real costs.
- National, institutional and Programme's rules have to be respected.



## II. TOTAL ELIGIBLE BUDGET

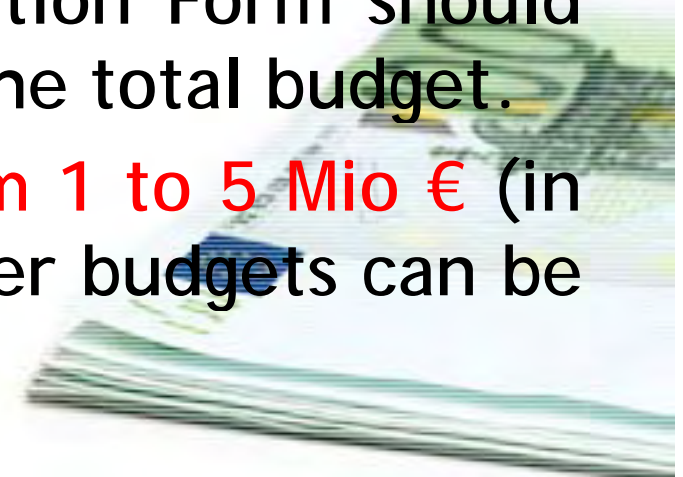


### PRACTICAL PRINCIPLE

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

**Budget from EU + 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. ASSESSMENT CRITERIA (1) VALUE FOR MONEY

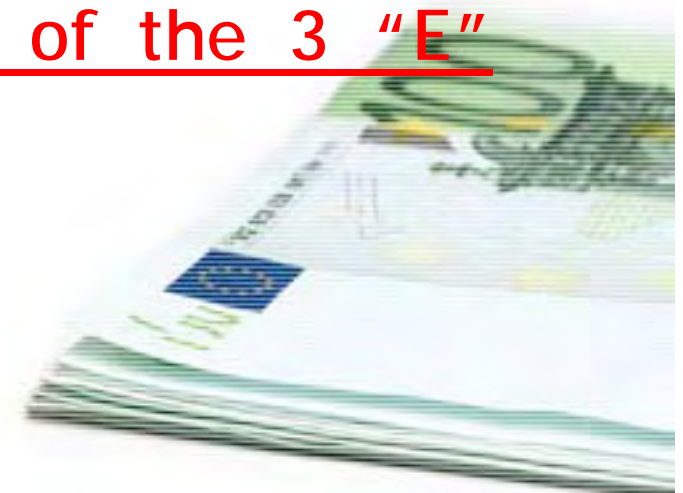


## VALUE FOR MONEY

- Coordination and communication costs should be related to project's duration and size of partnership.
- Costs of single thematic outputs/work packages should be in line with the actions proposed and with the time span.

## REMEMBER:

- The guiding principle is the respect of the 3 "E" principles



### III. ASSESSMENT CRITERIA (2) COHERENCE WITH WORK PLAN



#### COHERENCE WITH WORK PLAN

- Detailed description of activities and outputs allows for a proper assessment of the involved budgets.
- The distribution of the budget between single budget lines and reporting periods should be well justified.
- Costs for External experts, equipment, investments should be properly split into single items.

#### REMEMBER:

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



# III. ASSESSMENT CRITERIA (3) PARTNERS' BUDGETS



## PARTNERS' BUDGETS

- Single partners' budgets should reflect their responsibilities in work packages.
- Partners should aim at defining a fair distribution of activities and their related costs among the entire partnership (no artificial splitting).

### REMEMBER:

- The guiding principle is the transnationality - the budget should reflect the active participation of all partners.
- The share devoted to the LP should not exceed 50% of the total project's ERDF.



# III. 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.



## IV. 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 8**.

### SECTION 2.5

- Detailed description of **investments**.



## IV.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.



# IV.A) WORK PACKAGES/ACTIONS



## Application Form:

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

Outputs						
	Title of output (max. 75 characters)	Month of av.		Qualitative description (max. 250 characters)	Quantitative desc. (max. 75 characters)	
1.1.	1.1.1					
1.2.	1.2.1					
1.3.	1.3.1					
1.4.	1.4.1					

**At least 1 output per action should be filled.**

Activities outside Central Europe area, but within EU:



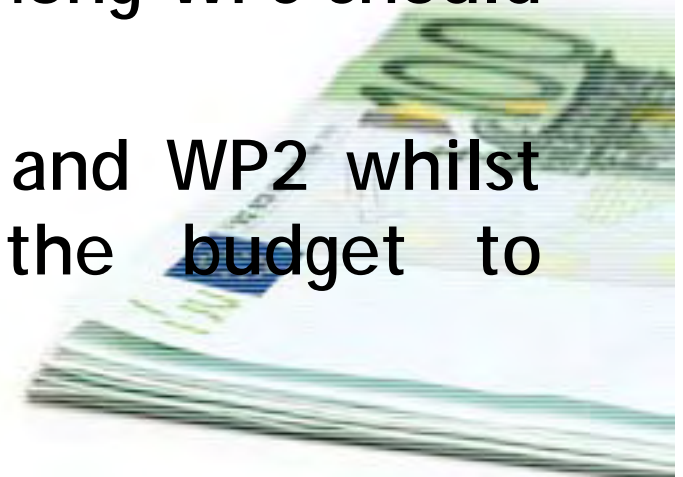
# IV.A) WORK PACKAGES/ACTIONS



## Application Form:

Section 5: Project budget									
Table 4: Budget break down # 1									
	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total eligible	%
Staff costs								0,00 €	0,00%
Administration cost								0,00 €	0,00%
External expertise		0,00 €	0,00 €	0,00 €				0,00 €	0,00%
Travel/accommodation								0,00 €	0,00%
Meetings and events								0,00 €	0,00%
Promotion costs	X							0,00 €	0,00%
Equipment	X	0,00 €	0,00 €	0,00 €				0,00 €	0,00%
Investments	X	X	X	0,00 €				0,00 €	0,00%
Other	X	0,00 €	0,00 €	0,00 €				0,00 €	0,00%
<b>Total</b>		0,00 €	0,00 €	0,00 €				0,00 €	
<b>WP Reference Total</b>		0,00 €	0,00 €	0,00 €				0,00 €	
		0,00%	0,00%	0,00%					

- 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.



## IV.B) BUDGETS OF PARTNERS (1)



### 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.
- Where State Aid is applicable, budgets may be limited by thresholds of *de minimis* regime.



## IV.B) BUDGETS OF PARTNERS (2)

### Application Form:

Table 6: Budget break down #3										
	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total eligible	Partner Ref	%
Lead Partner								0,00 €	0,00 €	0,00%
Partner 2								0,00 €	0,00 €	0,00%
Partner 3								0,00 €	0,00 €	0,00%
Total		0,00 €	0,00 €	0,00 €				0,00 €		
WP Reference Total		0,00 €	0,00 €	0,00 €				0,00 €		
%		0,00%	0,00%	0,00%						

If applicable, please provide further comments on the budget

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



## IV.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



## IV.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.



## IV.C) BUDGET LINES (3)

### Application Form:

Section 5: Project budget									
Table 4: Budget break down # 1									
	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total eligible	%
Staff costs								0,00 €	0,00%
Administration cost								0,00 €	0,00%
External expertise		0,00 €	0,00 €	0,00 €				0,00 €	0,00%
Travel/accommodation								0,00 €	0,00%
Meetings and events								0,00 €	0,00%
Promotion costs	X							0,00 €	0,00%
Equipment	X	0,00 €	0,00 €	0,00 €				0,00 €	0,00%
Investments	X	X	X	0,00 €				0,00 €	0,00%
Other	X	0,00 €	0,00 €	0,00 €				0,00 €	0,00%
Total		0,00 €	0,00 €	0,00 €				0,00 €	
WP Reference Total		0,00 €	0,00 €	0,00 €				0,00 €	
%		0,00%	0,00%	0,00%					

- 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.

## IV.C) BUDGET LINES (4)

### Application Form (Tables 7, 8, 9 and 10):

Table 7: Specification of budget line "External Expertise"			
<b>Work package 0: Preparation</b>			
Description of "External expertise" to be subcontracted (max. 300 characters)	No of corr. output	Contracting partner	Amount
<b>Subtotal WPO</b>			0,00 €
<b>Work package 1: Management</b>			
Description of "External expertise" to be subcontracted (max. 300 characters)	No of corr. output	Contracting partner	Amount
<b>Subtotal WP1</b>			0,00 €
<b>Work package 2: Communication</b>			
Description of "External expertise" to be subcontracted (max. 300 characters)	No of corr. output	Contracting partner	Amount

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



## IV.C) BUDGET LINES (5)

### Application Form (Section 2.5):

2.5 Investment			
Investment 3.1			
INVESTMENT 1			
Responsible Partner	Partner 2		
Budget	30.000,00 €		
Specify the start and end date.	Start date	End date	Duration (months)
Provide a short description of preparatory steps for the investment (e.g. feasibility study, environmental impact assessment, contacts to decision makers, etc) already carried out.			

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



## IV.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



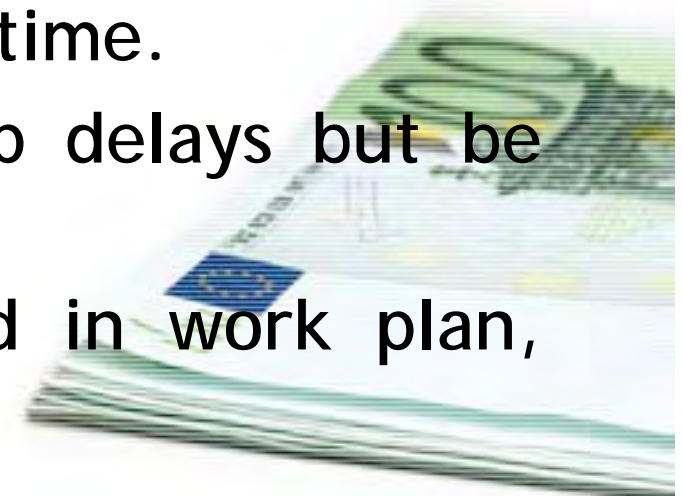
## IV.D) REPORTING PERIODS (2)

### ASSESSMENT:

Table 5: Budget break down # 2

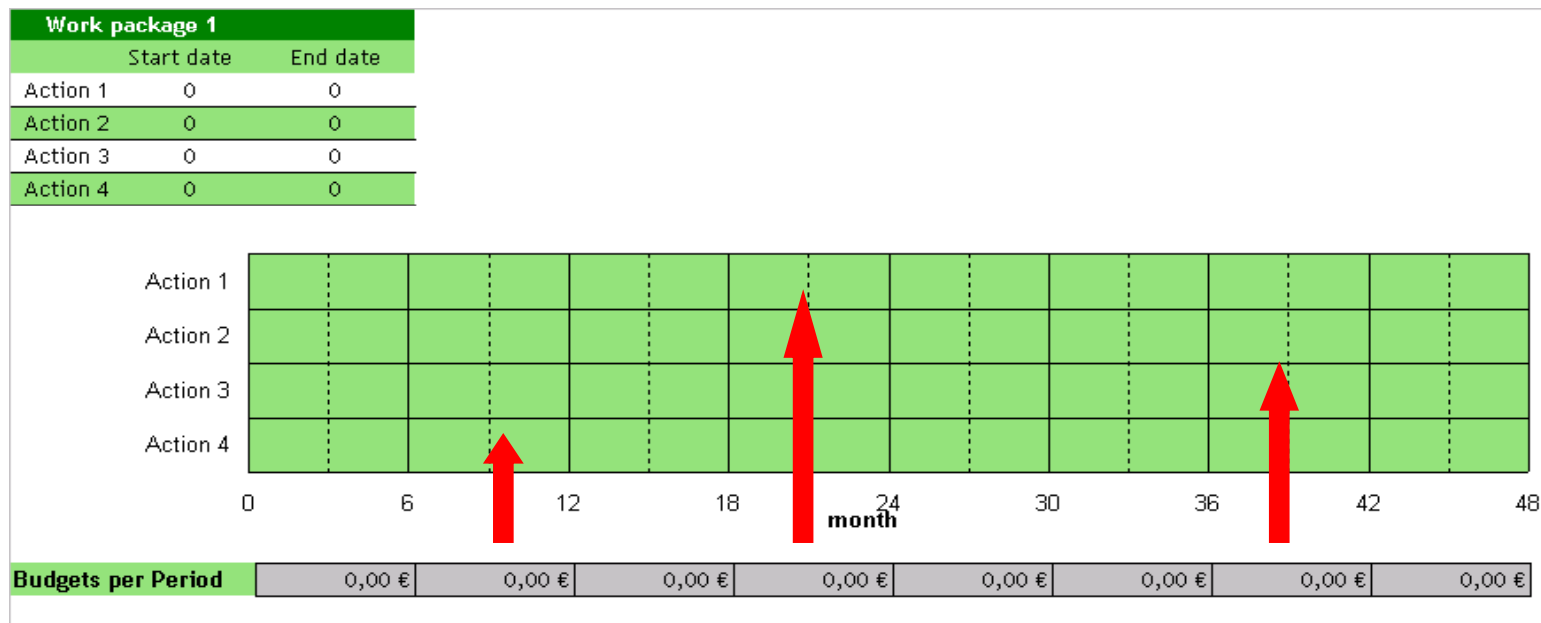
	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	Total	%
Preparation phase		X	X	X	X	X	X		
Month 01-06	X								
Month 07-12	X								
Month 13-18	X								
Month 19-24	X								
Month 25-30	X								
Month 31-36	X								
Month 37-42	X								
Month 43-48	X								
Total									
WP Reference Total									
%									

- 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.

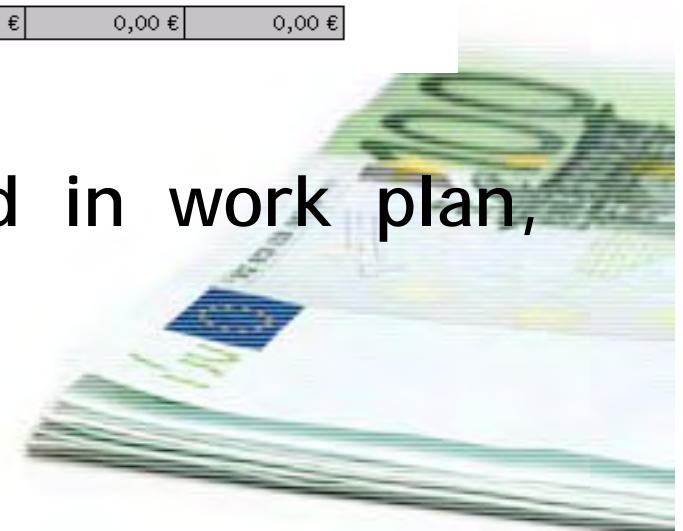


# IV.A) WORK PACKAGES/ACTIONS

## ASSESSMENT:



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



### 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.



## ASK YOURSELF:

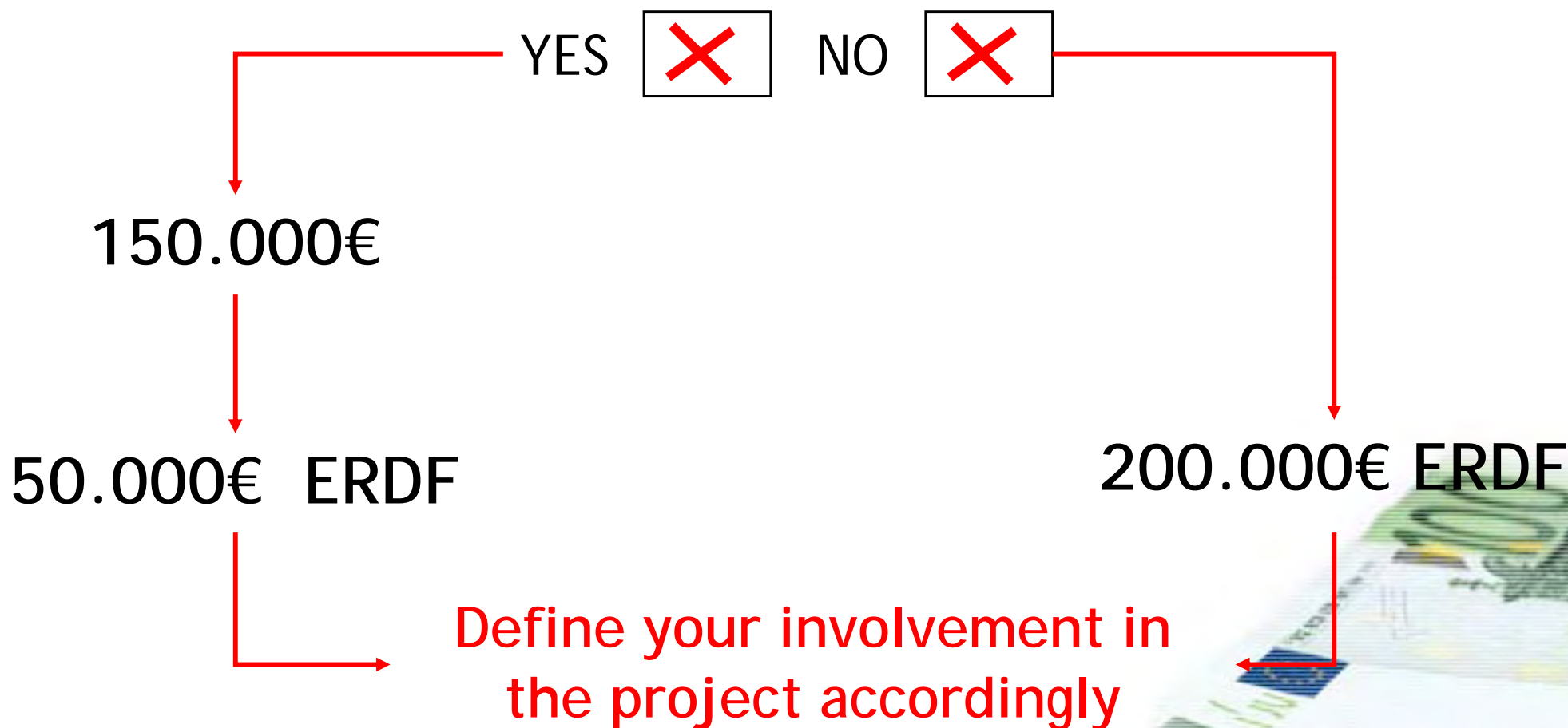
- Am I an undertaking?: YES  NO
- Are my activities market-oriented?: YES  NO
- Do they distort trade?: YES  NO

**STATE AID  
APPLIES**



## IF STATE AID APPLIES:

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



## VI. 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.



## VI. 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.



## DOCUMENTS TO BE CHECKED FOR FURTHER INFORMATION:

APPLICATION MANUAL 2<sup>nd</sup> CALL  
CONTROL AND AUDIT GUIDELINES  
IMPLEMENTATION MANUAL



Thank you for your attention!



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**EUROPEAN UNION**  
EUROPEAN REGIONAL  
DEVELOPMENT FUND

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