

CENTRAL EUROPE PROGRAMME 2007-2013



Polish Lead Applicant Workshop
Warsaw, 9th March 2010

SUMMARY OF BASIC PROGRAMME FEATURES AND REQUIREMENTS *Financial Issues*

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CENTRAL EUROPE PROGRAMME 2007-2013



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1. General principles



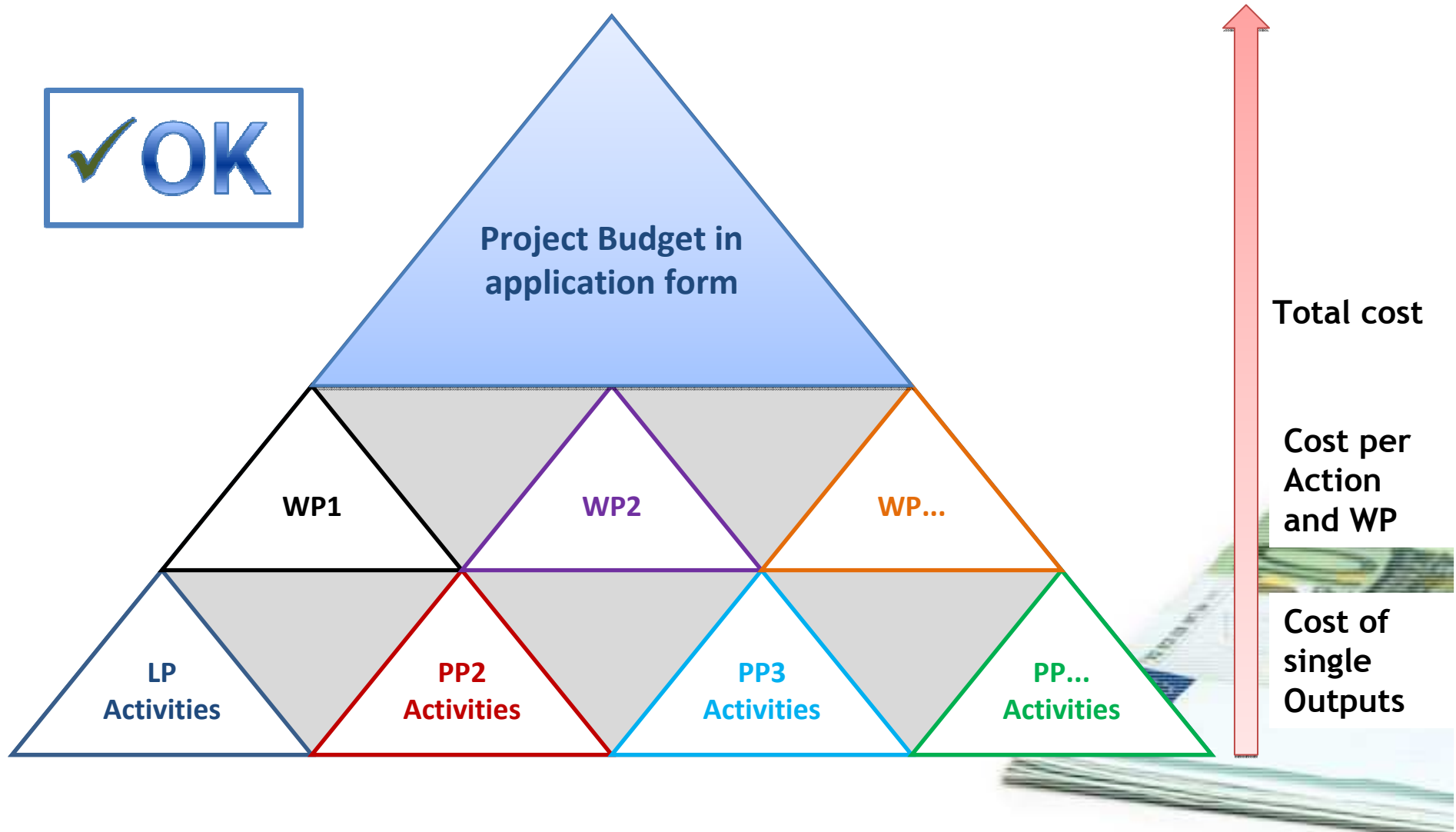
Summary of financial features for CE projects

- ✓ Total budget per project ranging from **1 to 5 million EUR**.
- ✓ Rate of assistance: up to **85%** in the Czech Republic, Hungary, Poland, Slovakia and Slovenia, up to **75%** in Austria, Germany, Italy.
- ✓ **State aid** discipline (*de minimis* thresholds) applies 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).

1. General principles



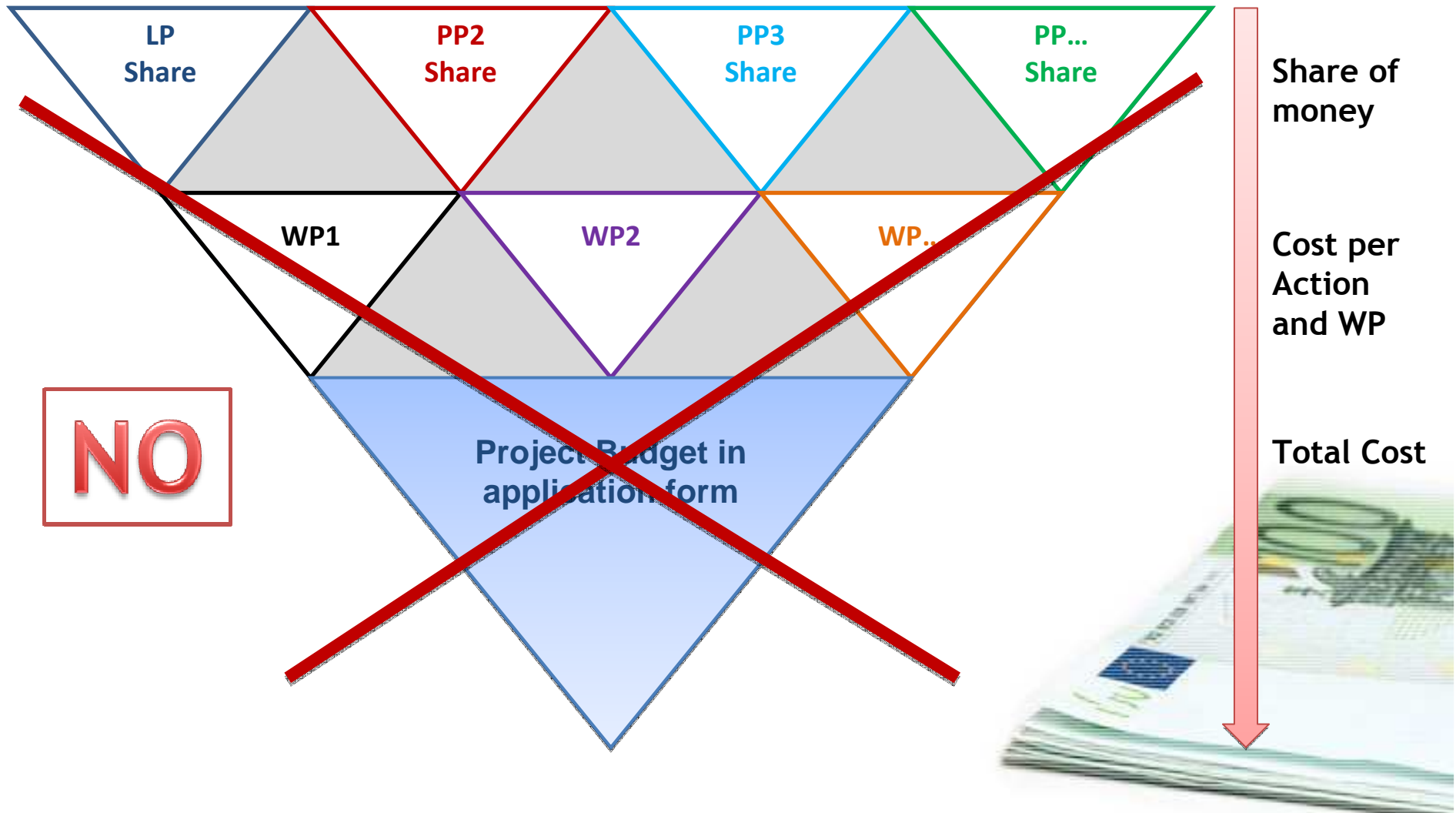
Budget must be based on real costs...



1. General principles



...and not on artificial shares!

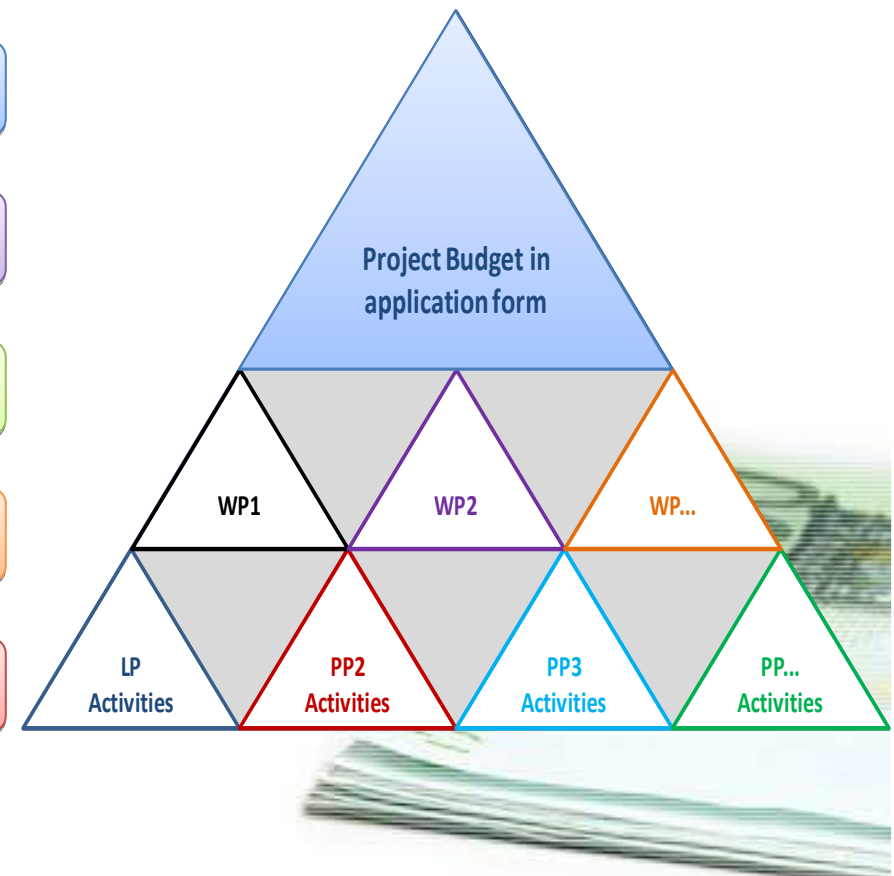
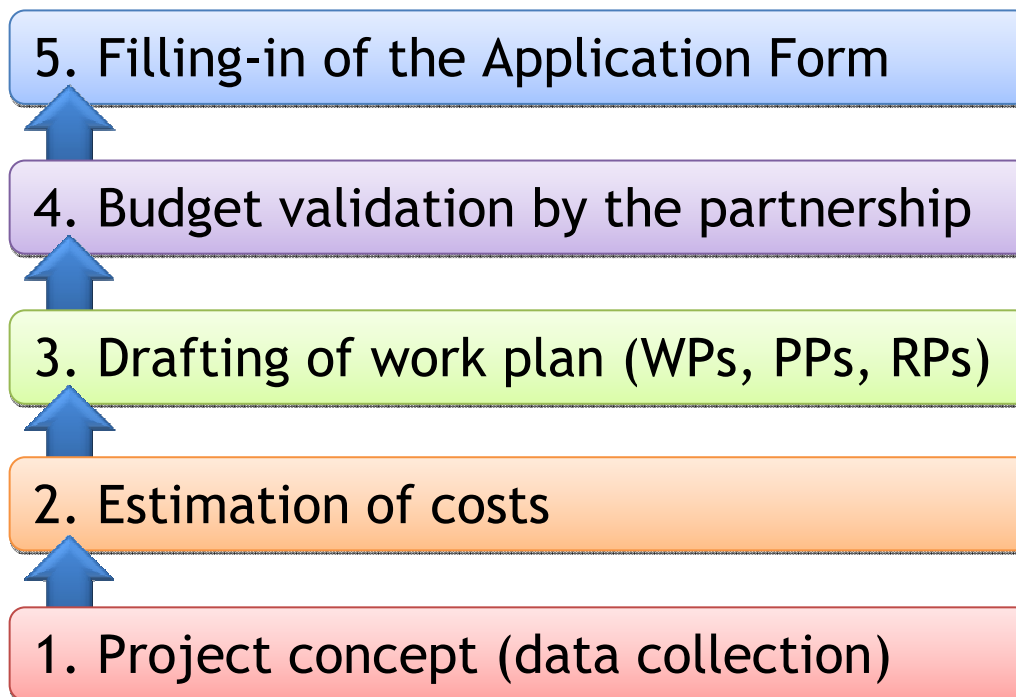


1. General principles



The approach

Filling in the financial tables in the Application Form is the last step of the “budget building” process:



2. Building the budget



Structure of the budget

- ✓ The project budget is structured according to the following parameters:
 - allocation per Budget Line;
 - allocation per WP and action;
 - allocation per Partner;
 - Allocation per Reporting Period.
- ✓ These parameters are reflected in specific tables of the Application Form;
- ✓ The **budget template** has to give a breakdown per Budget Line and WP/Action and Partner and Reporting Period.



2. Building the budget



Structure of the budget

✓ 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



2. Building the budget



General principles of eligibility

1. The expenditure is actually paid (proof of payment);
2. It refers to activities implemented within the scope of the project as approved by the Monitoring Committee;
3. Its amount is adequate for achieving the purpose of the project;
4. It has been incurred as from the eligibility starting date set in the subsidy contract;
5. It is not in contradiction to specific eligibility requirements as set by EU, Programme and national rules.

General principles of **sound financial management** (i.e., economy, efficiency and effectiveness) are respected

2. Building the budget



The “three E” principle as basis for building a budget

- ✓ 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



2. Building the budget



Not eligible expenditure

- ✓ VAT which is recoverable by whatever means, even if it is not actually recovered by the partner;
- ✓ Interest on debt, fines, financial penalties, expenditure on legal disputes and foreign exchange losses;
- ✓ Costs for bank guarantees;
- ✓ Acquisition of land.



2. Building the budget



Time wise eligibility of the expenditure

1. Preparation costs

- ✓ **What:** costs for meeting(s) among partners (incl. travel and accommodation); staff, experts and overheads for drafting the Application.
- ✓ **When:** eligible until the date of submission of the Application Form.
- ✓ **How:** all eligibility rules must apply, including public procurement (at least “bid for three” for amounts higher than € 2.500,- unless stricter national/internal rules apply).



2. Building the budget



Time wise eligibility of the expenditure

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.



3. Practical hints



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.

“Shared costs” should be avoided



3. Practical hints



Before starting...

- ✓ Read carefully the following documents:
 - **Application Manual**;
 - **Application Form** and its annexes;
 - **Implementation Manual** and **Control & Audit Guidelines**.
- ✓ Verify national requirements on eligibility (some information also available on the Country specific information section of the Programme website.
- ✓ Decide jointly within the partnership **“who-does-what and when”**.



3. Practical hints



And now?

1. **Start from actions/outputs** (market prices, real wages in partner institutions, analytic calculation of travels etc.).
2. Use a budget structure which allows to distinguish **per each partner** the breakdown per workpackage and budget line and reporting period (typically an Excel file).
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!



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THANK YOU!

