

**Interreg**  
Baltic Sea Region



Co-funded by  
the European Union

# Good quality core projects Planning finances



## Interreg Baltic Sea Region 2021-2027

Online | 29 February 2024

MA/JS Interreg BSR





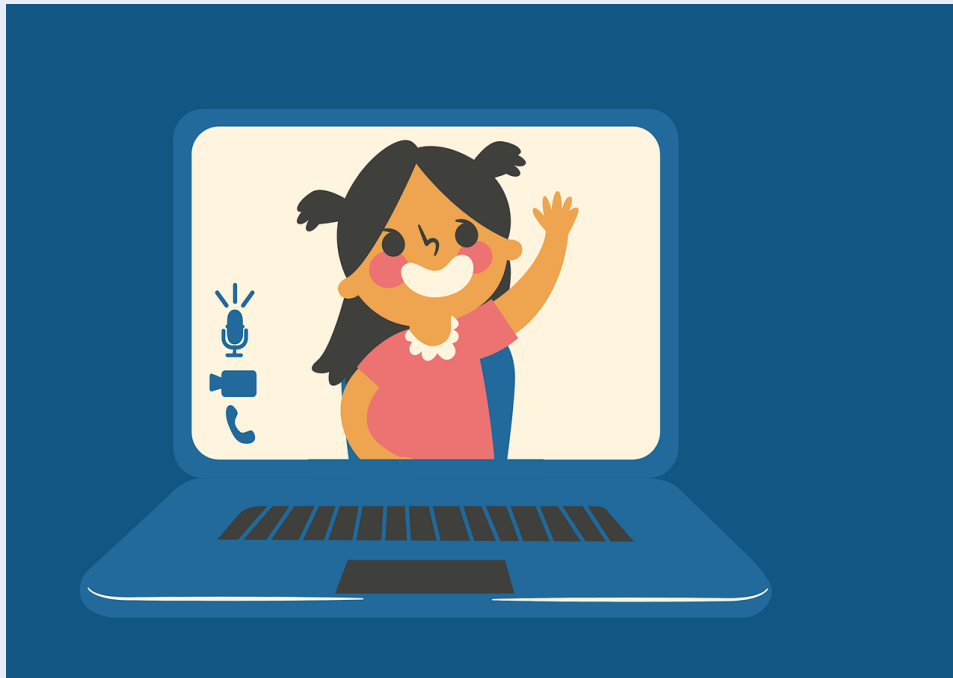
# Welcome to the webinar

Moderator: Marcin Kaczmarski





# Practicalities



- Please stay muted
- Video not needed
- Chat for the technical support
- No open-discussion format
- Content questions via SLIDO
- Recording for internal documentation

 Unmute ▾

 Start video ▾

 Participants

 Chat





# Agenda

**Interreg**  
Baltic Sea Region



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- **Introduction** **9:00 – 9:15**
  
- **Planning finances in core project** **9:15 – 10:45**
  - Horizontal principles
  - Budget planning – SCO's
  - Budget planning – real costs
  
- **Questions & BREAK** **10:45 – 11:05**
- **Answers to your questions** **11:05 – 12:00**
- **Finale** **12:00**



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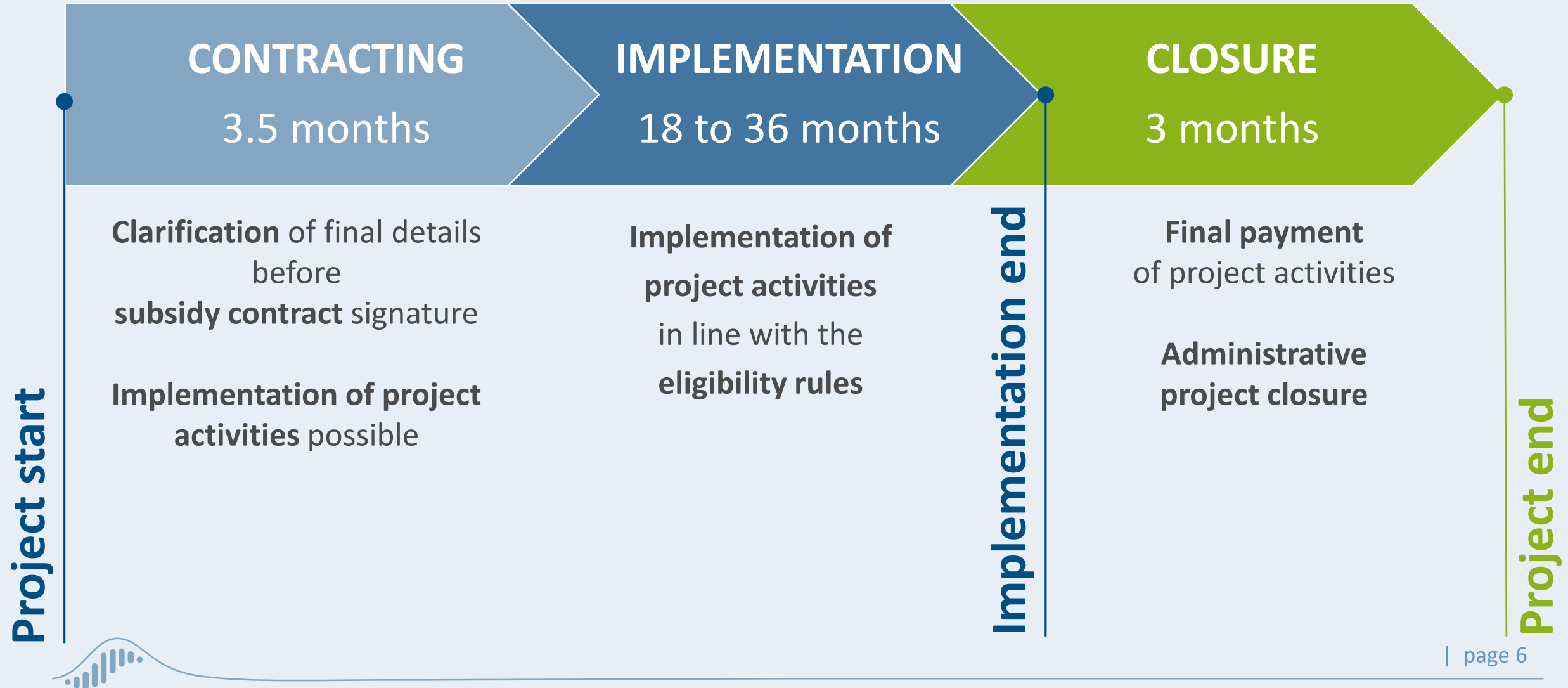
## Planning finances for core projects

- Horizontal principles and State aid
- Budget planning – introduction + SCOs
- Budget planning – real costs



**Kamila Zalesiak**

# Duration of core projects



# General principles of eligibility for core projects



## Project budget

- No specific size limits
- Reflects partner involvement and complexity of activities
- Seven cost categories (CAT) (incl. preparation costs)



## Project partner budget

- Each partner has its own budget
- Can be used only by given partner (No sub-partners & no cost sharing)
- No combination with other EU funds (No double funding)



## No service/supply/work contract

- ... with own employees
- ... with partner itself (e.g. internal invoices)
- ... with other project partners



## Further points for budget planning

- Public procurement!
- Varying value-added tax eligibility
- No gifts and awards





# Value-added tax (VAT)

## Check national legislation

- Check your partners' VAT status based on national legislation
- Enter the result in the application, section 2.2:
  - **No**, the partner cannot recover VAT
  - **Yes**, the partner can recover VAT
  - **Partly**, the partner can recover VAT in some cases





# Value-added tax (VAT)

Eligible for partners who cannot recover VAT

- ✓ Partners that cannot recover VAT (status NO or PARTLY), can declare VAT to the Programme as part of the eligible expenditure.



# Value-added tax (VAT)

Can be eligible for partners who recover VAT

- Partners that can recover VAT (status YES or PARTLY) can report VAT as part of their eligible expenditure, if
  - ✓ They **do not receive State aid under the General Block Exemption Regulation (GBER), and**
  - ✓ The **total project budget is below EUR 5,000,000 (incl. VAT)**



# Basic principles of reimbursement

- Reimbursement of costs
- Partner budget = Programme co-financing + own partner contribution

## EU partners

- **80% of ERDF co-financing**
- 20% own contribution

## Norwegian partners

- **50% of Norwegian co-financing**
- 50% own contribution

- Reporting of costs and payment of Programme funds – in **EUR**



# Management verification

**Simplified cost options  
(CAT 0, 1, 2, 3)**

**Real costs  
(CAT 4, 5, 6)**

**Verified by MA/JS**

**Verified by controllers**

**Free**  
no budget to be  
planned

**EE, FI, LV, PL, SE**  
Centralised control system

**Free**  
no budget to be  
planned

**DE, DK, LT, NO**  
Decentralised control system

**Not free,**  
**plan budget**  
**for the controller!**







# State aid

## EU Competition rules

- An undertaking receiving **government support** gains an **advantage over its competitors**.
- The Treaty generally prohibits State aid but there are **exemptions**.
- The Programme has to ensure that **State aid rules are respected** and **exemptions applied correctly**.
- **Two levels**
  - Project partners
  - Third parties supported by project



# State aid to project partners

## Programme approach

- **Ex-ante assessment of State aid risks** associated with types of project partners and their activities
- **Three risk groups:** low / medium to high / high
- Medium to high & high risk: default assumption that activities are State aid relevant  
**! BUT: Universities and sectoral agencies** can require and justify a **plausibility check at the application stage**



# State aid to project partners



## Application

Selection of  
partner type

Universities &  
sectoral agencies:

Request  
plausibility  
check



Ex-ante assessment  
results visible



## Assessment

Check of partner  
type

Plausibility check  
for partners with  
low risk and  
partners with  
medium risk who  
requested it



## Selection

State aid  
assessment result  
becomes part of  
the selection  
decision



## Contracting

Clarification of  
State aid measure  
(GBER, Article 20  
or de minimis)

No changes to the  
State aid status  
anymore



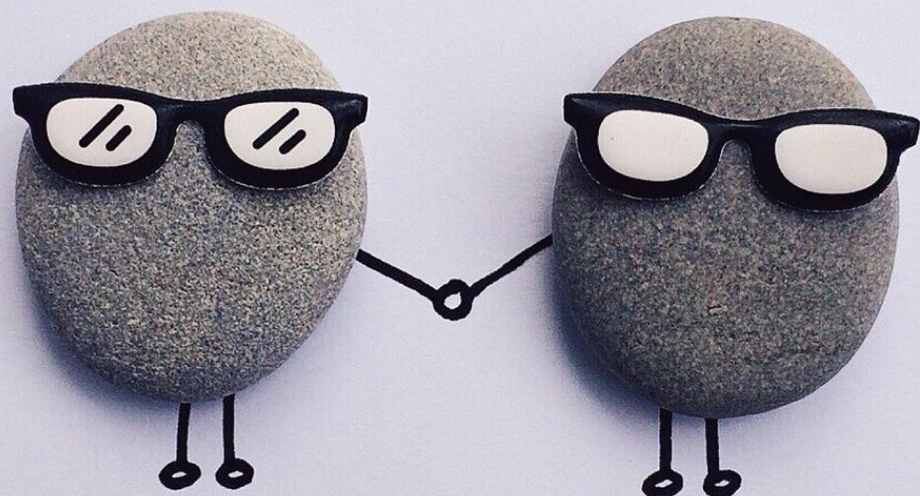


# State aid to project partners

## Compliance measures

- **General Block Exemption Regulation, Article 20**
  - Up to EUR 2.2 million per partner, per project
  - For all types of partners and project activities
  - Maximum support: 80%
- **De minimis Regulation**
  - Up to EUR 300,000 within three years
  - Not available for primary production of fishery, aquaculture and agricultural products





# State aid to third parties

## Non-financial support through project partner activities

- **Examples:** Companies receive ...
  - ... Consultancy, product development, or other subsidised services
  - ... Access to research facilities
  - ... Project output (e.g. digital service platform)
- Compliance measure: **General Block Exemption Regulation, Article 20a**
  - Max. EUR 22,000 per third party, per project
  - Project partner has to calculate ex-ante!

## Please ensure that...

- ... partners understand the State aid approach and compliance measures of the Programme
  - Use the Programme Manual
  - Use our factsheets ([interreg-baltic.eu/toolkit/state-aid](https://interreg-baltic.eu/toolkit/state-aid))
- ... partners are aware of the State aid risk group their organisation belongs to and the implications
  - Check the State aid section
  - Ask partners about plausibility checks
- ... partners know how to handle aid to third parties
  - Inform partners about the rules and the need to calculate the value of such aid ex ante



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## Planning finances for core projects

- Horizontal principles and State Aid
- Budget planning – introduction + SCO's
- Budget planning – real costs



Václav Kaplan



Łukasz Korpál



# Forms of support

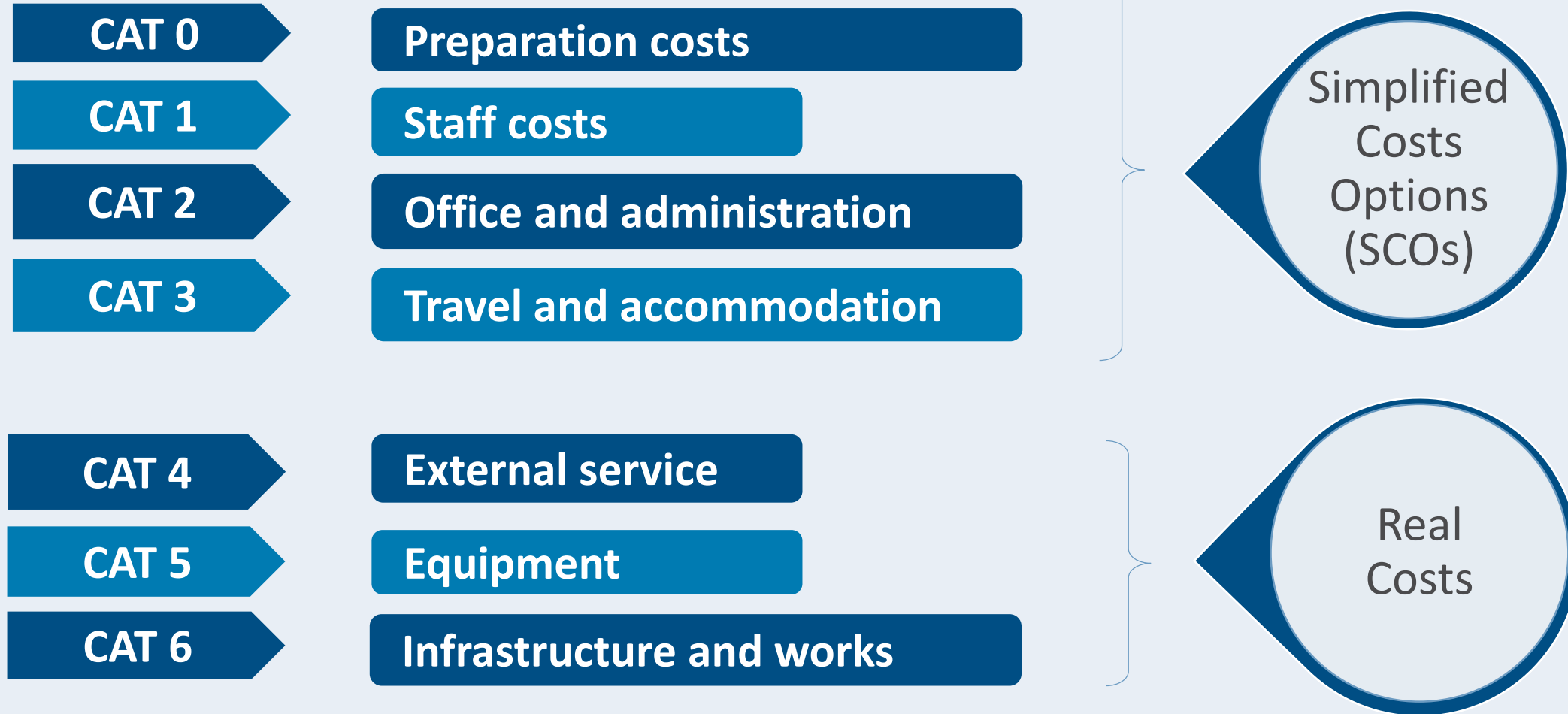


# Forms of support

## Simplified Costs Options



# What can be planned?



CAT = Cost category







# CAT0 – Preparation costs

## Preconditions for reimbursement

- Lump sum €24,000  
→ up to **€19,200** Programme co-financing
- For approved projects only
- **Project applied** in the application
- **No other EU funds** for application development



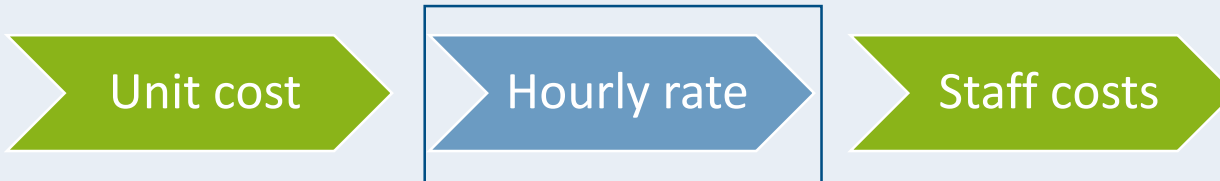
SCO



# CAT1 – Staff costs

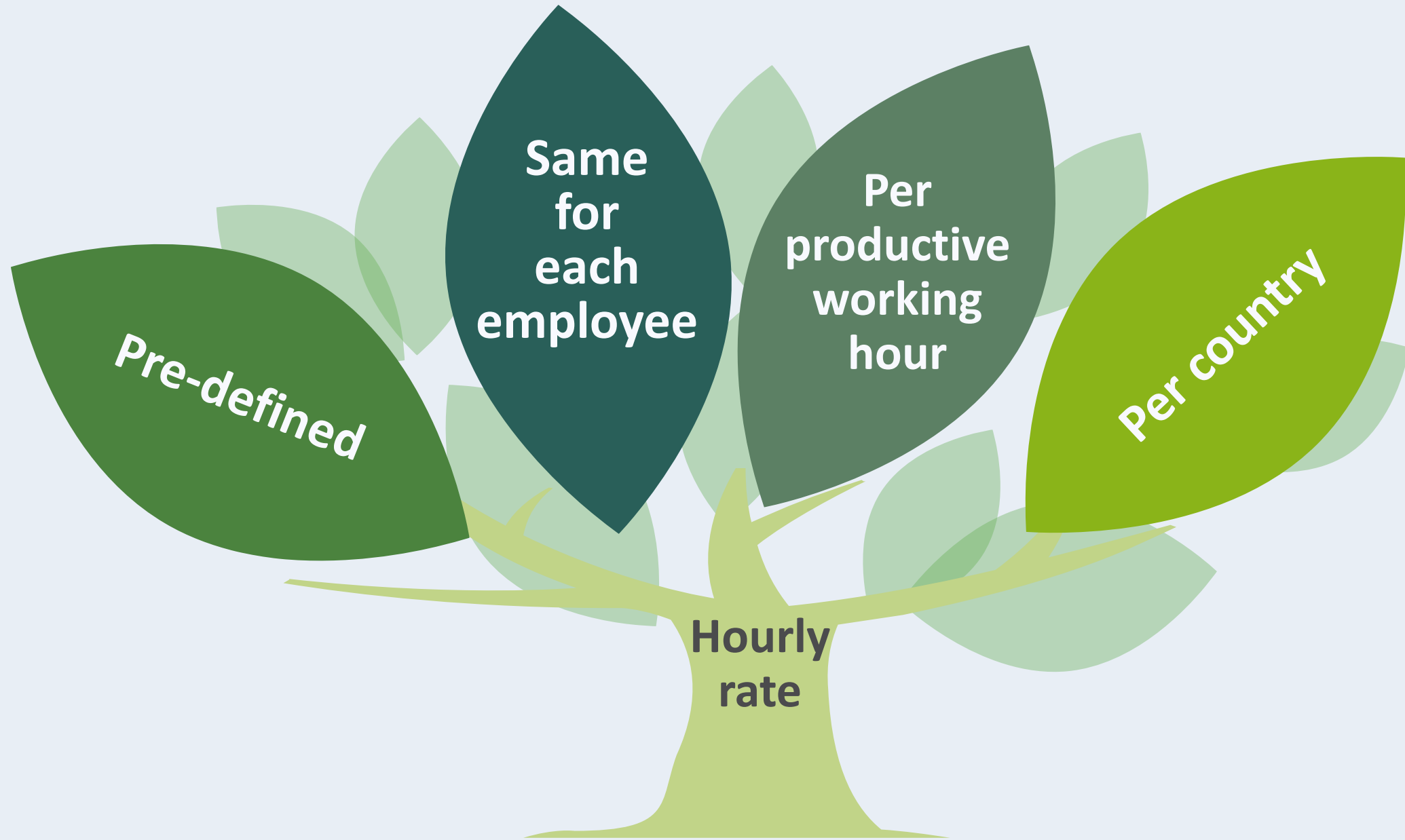
## Conditions

- Employment contract or equivalent
- 1,720 hours per full-time employee per calendar year
- Productive hours only



STAFF  
ONLY

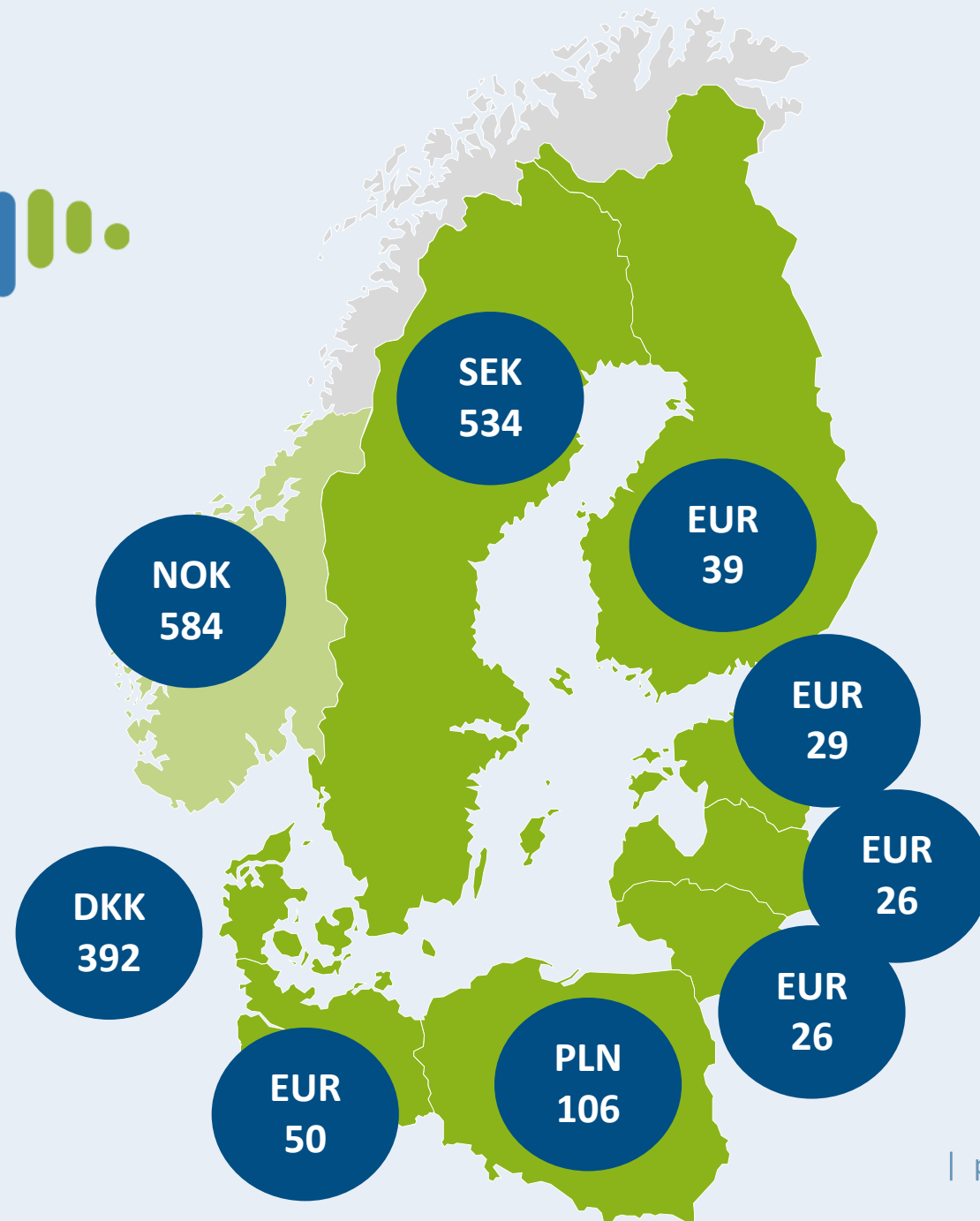
# CAT1 – Staff costs





# Hourly rates

for projects selected  
after 1 January 2024



# Hourly rate

Project Manager

Others

Financial manager

Communication specialist

Scientist

Legal advisor



# Calculation

FOR STAFF COSTS  
PLANNING

**1720  
rule**

Full-time  
100% for project

1720  
hrs/year

Part-time (50%)  
100% for project

50% x 1720  
hrs/year

Part-time (X%)  
Y% for project

$X\% \times Y\% \times 1720$   
hrs/year





# Calculation

## STAFF COSTS

**Part-time (50%) scientist**  
20% for project, 1 year

$$29 \times 1,720 \times 50\% \times 20\% \times 1 = \underline{4,988}$$

**Full time project assistant**  
50% for project, 3 years

$$29 \times 1,720 \times 50\% \times 3 = \underline{74,820}$$

**Full-time project manager**  
100% for project, 3 years

$$29 \times 1,720 \times 3 = \underline{149,640}$$

**YOUR BUDGET FOR STAFF COSTS – EUR 229,448**





# CAT2 – Office & administration

## Automatic calculation

- Flat rate – 15 % of eligible staff costs
- No supporting documents
- Over or under-compensation possible



SCO



# CAT2 – Office & administration

## Examples

- Accounting
- Archives
- Charges
- Communication costs (phone, fax, post)
- IT systems
- Maintenance, utilities (e.g. electricity, heat)
- Office rent and supplies
- Security



# CAT3 – Travel & accommodation

## Automatic calculation

- Flat rate – 15 % of eligible staff costs
- Project partner's own employees only
- Over or under-compensation possible
- No supporting accounting documents

**BUT: Check of existence!**  
**Min. 1 travel per partner**  
**during the project**



SCO



# CAT3 – Travel & accommodation

## Examples

- Accommodation costs
- Cost of meals
- Daily allowances
- Travel costs (e.g. tickets, parking fees)
- Visa costs

# Calculation of CAT2 and CAT3

CAT 1

STAFF COSTS BUDGET – EUR 229,000

+

CAT 2

OFFICE AND ADMINISTRATION

FLAT RATE  
15% OF STAFF COSTS

EUR 34,350

+

CAT 3

TRAVEL AND ACCOMODATION

FLAT RATE  
15% OF STAFF COSTS

EUR 34,350

YOUR BUDGET SO FAR - EUR 297,700





# CAT4 – External services

## Documentation

- Procurement documentation
- Invoices
- Proof of delivery of services
- Payment proof

Real  
Cost





# CAT4 – External services

## Examples

- Development of the systems
- External experts travel
- Financial management
- Promotion, communication
- Studies or surveys
- Translations
- Verification costs



# CAT 4 Calculation

**YOUR BUDGET SO FAR - EUR 297,700**



Expert support – EUR 20,000

Organisation of event– EUR 8,000

Travel of external experts – EUR 5,000

Promotional campaign – EUR 10,000

**EXTERNAL SERVICE**

**EUR 43,000**

**YOUR BUDGET SO FAR - EUR 340,700**





# CAT5 – Equipment

## Requirements

- Full costs, depreciation/rental/lease
- Second-hand equipment possible
- Equipment which is a productive investment

Real  
Cost



# CAT5 – Equipment

## Examples

- Consumables
- Furniture and fittings
- IT hardware and software
- Laboratory equipment
- Machines and instruments
- Office equipment
- Tools or devices



# CAT 5 Calculation

**YOUR BUDGET SO FAR - EUR 340,700**



Laptop (full) – EUR 1,500

Laboratory consumables (full) – EUR 6,000

Slurry tank (2 months renting) – EUR 6,000

**EQUIPMENT**

**EUR 13,500**

**YOUR BUDGET SO FAR – EUR 354,200**





# CAT6 – Infrastructure & works

## Requirements

- Design and realisation of infrastructure and works
- Site preparation, delivery, handling, installation, renovation
- Documents specifying the ownership of land or buildings
- Durability

Real  
Cost



# CAT6 – Infrastructure & works

## Examples

- Labour
- Building material
- Building permits
- Purchase of land
- Specialised interventions



# CAT 6 Calculation

**YOUR BUDGET SO FAR – EUR 354,200**



Revitalisation of peatland EUR 25,000

Construction of mobility point EUR 30,000

**INFRASTRUCTURE  
AND WORKS**

**EUR 55,000**

**YOUR TOTAL BUDGET - EUR 409,200**





# Lead Partner: Budget Summary

Preparation costs – EUR 14,000

Staff costs – EUR 229,000

Office and administration – EUR 34,350

Travel and accommodation – EUR 34,350

External service – EUR 43,000

Equipment – EUR 13,500

Infrastructure and works – EUR 55,000

**Lead Partner  
budget  
EUR 423,200**



# Total project budget

Partner 1 **EUR 423,200**

Partner 2 **EUR 250,500**

Partner 3 **EUR 180,000**

Partner 4 **EUR 60,000**

**BAMOS+**

**TOTAL  
PROJECT  
BUDGET**

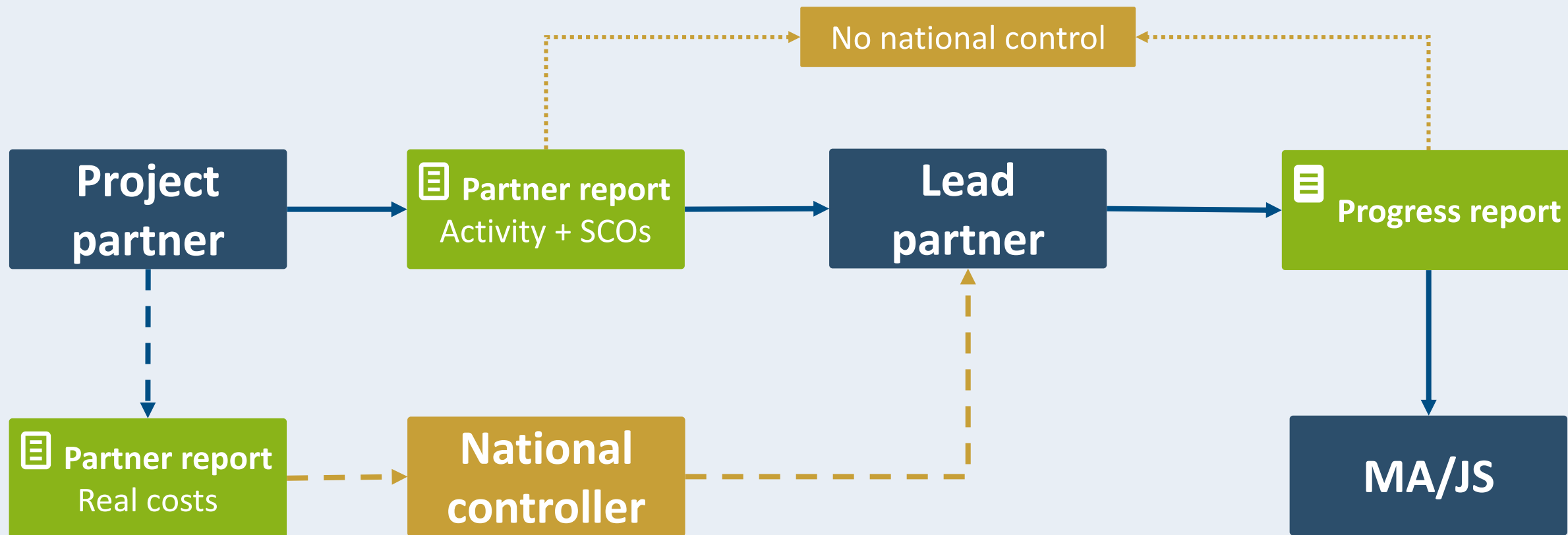


## Please ensure that...

- ... partner budgets are in line with partner roles
  - Concrete role descriptions for partners
  - Realistic budget planning, especially staff costs
- ... partners have sufficient financial capacity
  - Correct financial data
  - Sufficient funding to realize investments
- ... specification of the real cost items is clear
  - Similar contracts could be grouped



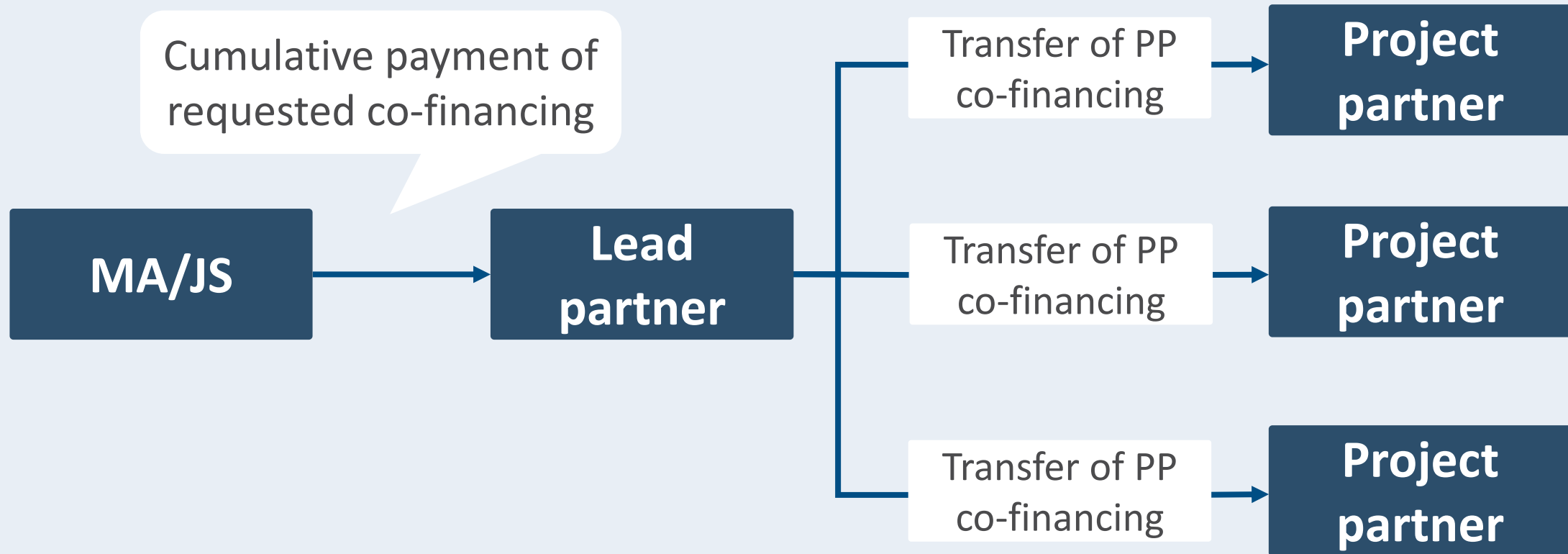
# Reporting process – core projects



**BAMOS+**



# Payment process





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# Finale







# Gateway for applicants

[interreg-baltic.eu/gateway](https://interreg-baltic.eu/gateway)

- Details about **open calls**
- **Programme manual**
- Information material: **stay tuned**
- **Video tutorials:** check available and stay tuned for more!



## Stay tuned

[Interreg-baltic.eu/subscribe-newsletter](https://interreg-baltic.eu/subscribe-newsletter)

- Sign up for the **newsletter**
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The Programme is managed by **Investitionsbank Schleswig-Holstein (IB.SH)** in Kiel, Germany.

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