

Interreg
Baltic Sea Region



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Good quality core projects Planning finances



Interreg Baltic Sea Region 2021-2027

Online | 29 February 2024

MA/JS Interreg BSR

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Baltic Sea Region



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Welcome to the webinar

Moderator: Marcin Kaczmariski





Agenda

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- **Introduction** **9:00 – 9:15**

- **Planning finances in core project** **9:15 – 10:45**
 - Horizontal principles
 - Budget planning – SCOs
 - Budget planning – real costs

- **Questions & BREAK** **10:45 – 11:05**
- **Answers to your questions** **11:05 – 12:00**
- **Finale** **12:00**



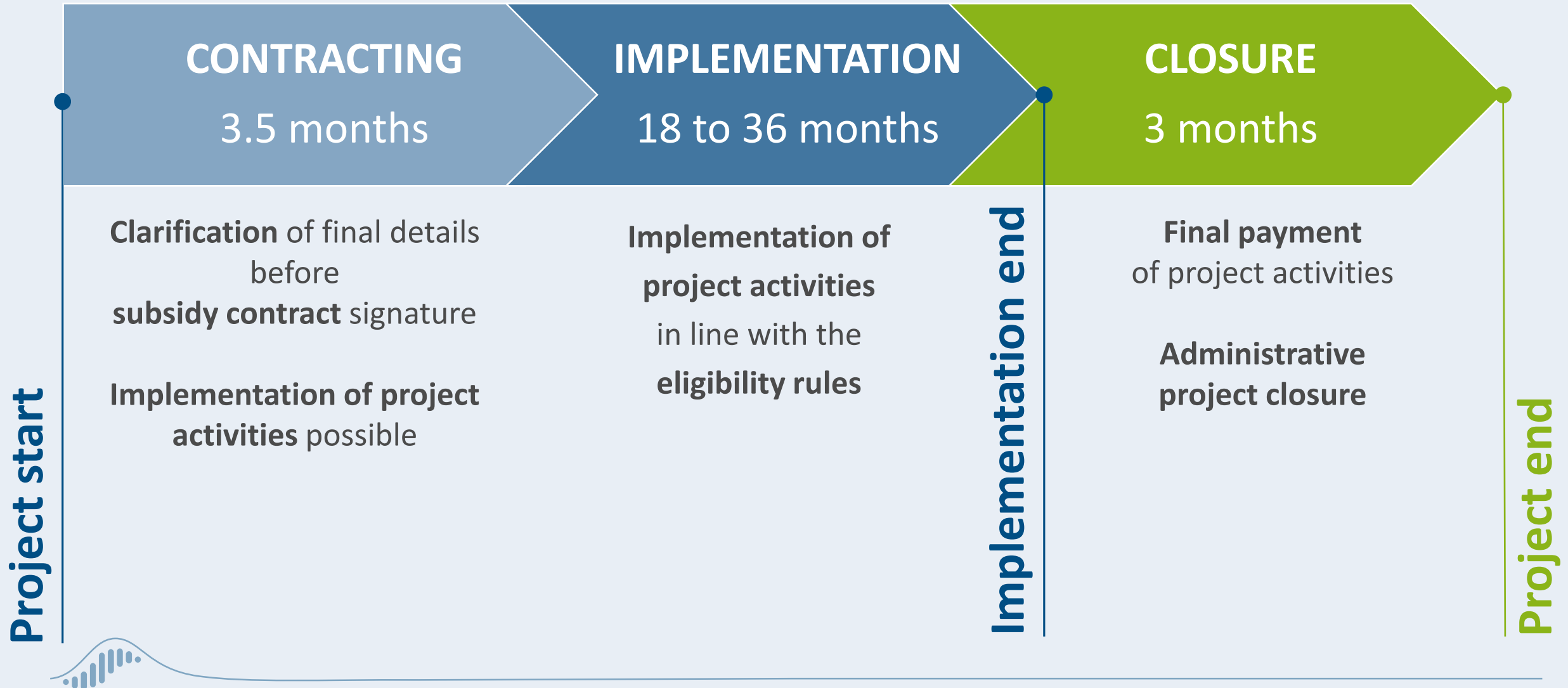
Planning finances for core projects

- 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 risk groups

- **Low risk** of implementing State aid relevant activities:
 - National, regional and local public authorities
 - European Grouping of Territorial Cooperation
 - International governmental organisations
 - Non-governmental organisations (NGOs)
- **Medium to high risk** for implementing State aid relevant activities:
 - Higher education and research institutions
 - Sectoral agencies
- **High risk** for implementing State aid relevant activities:
 - Business support organisations
 - Education/training centres and schools
 - European Economic Interest Grouping (EEIG)
 - Hospitals and medical centres
 - Infrastructure and public service providers
 - Interest groups
 - Large enterprises
 - Small and medium enterprises



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

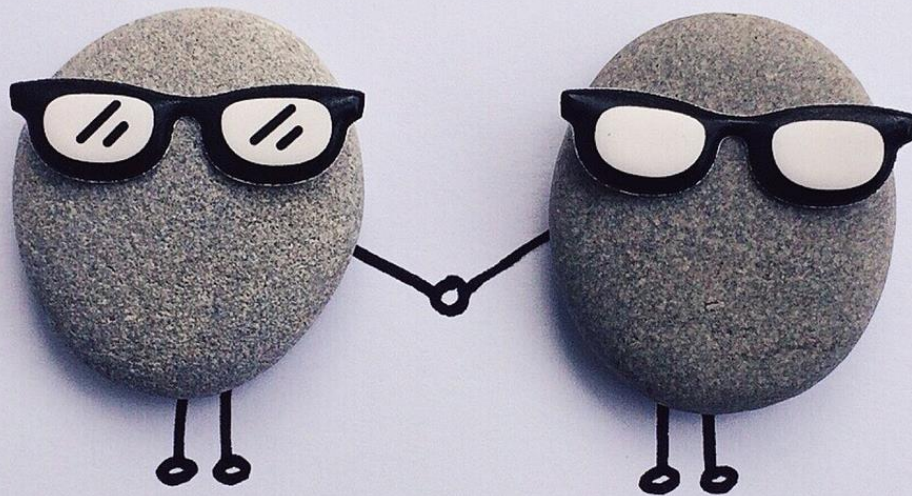
- **General Block Exemption Regulation, Article 20**
 - Up to EUR 2.2 million per partner, per project
 - For all types of partners and project activities
 - Maximum support: 80%
- **De minimis Regulation**
 - Up to EUR 300,000 within three years
 - Not available for primary production of fishery, aquaculture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

Planning finances for core projects

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



Václav Kaplan

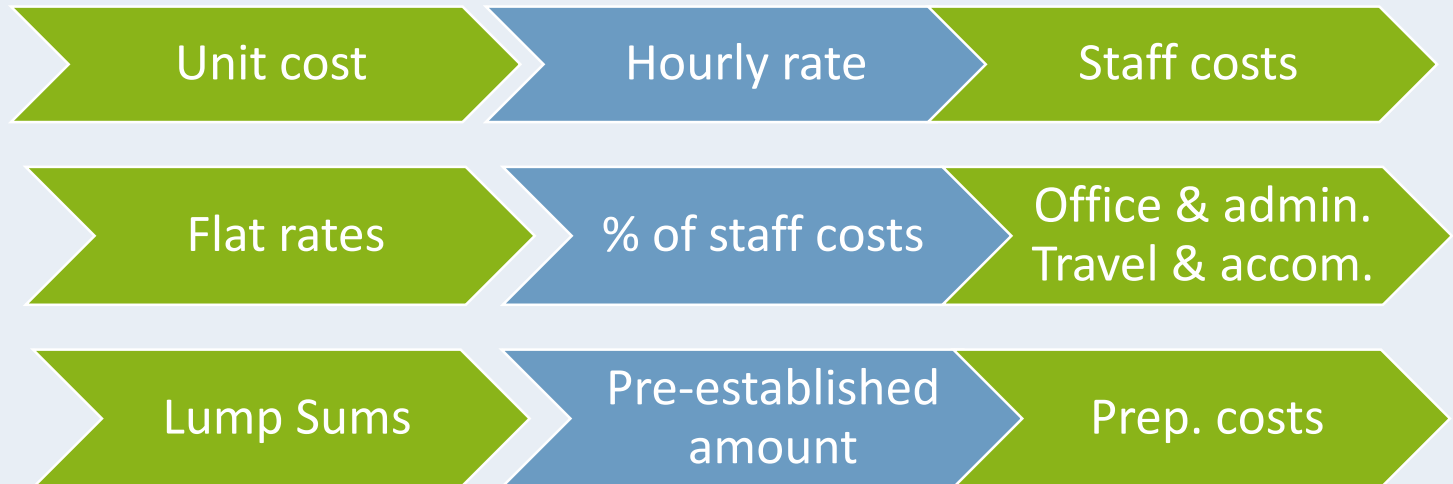


Łukasz Korpala

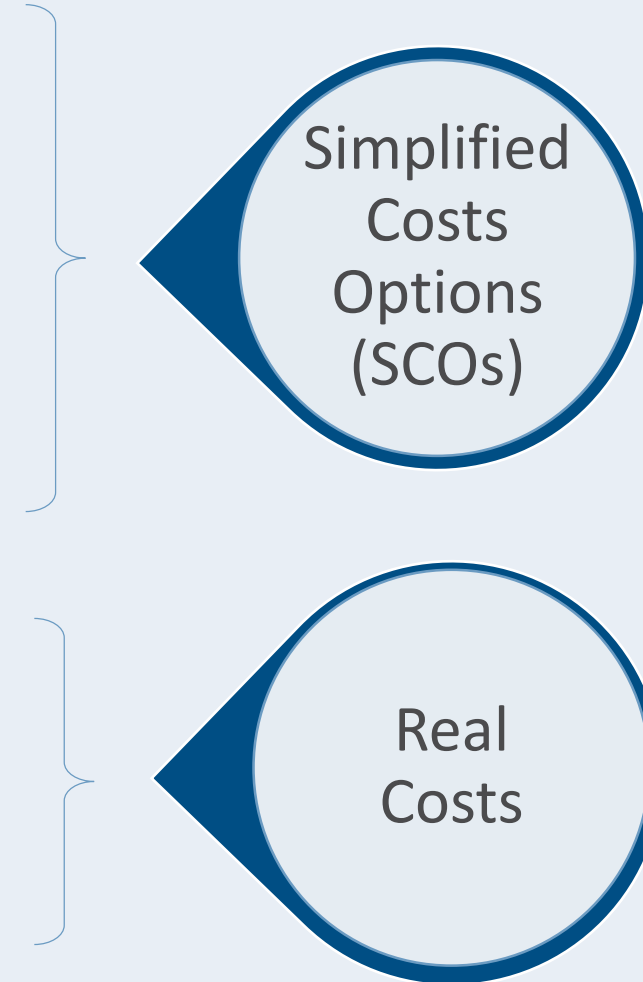
Forms of support



Forms of support



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

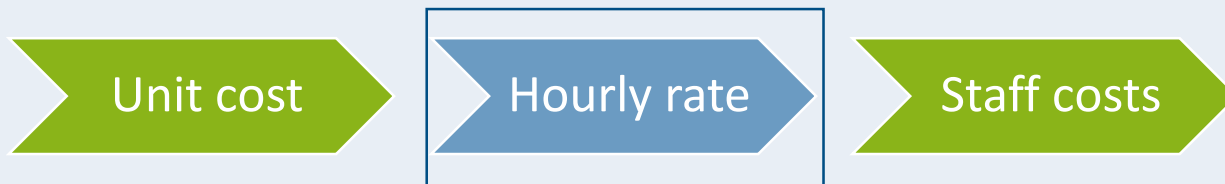
SCO



CAT1 – Staff costs

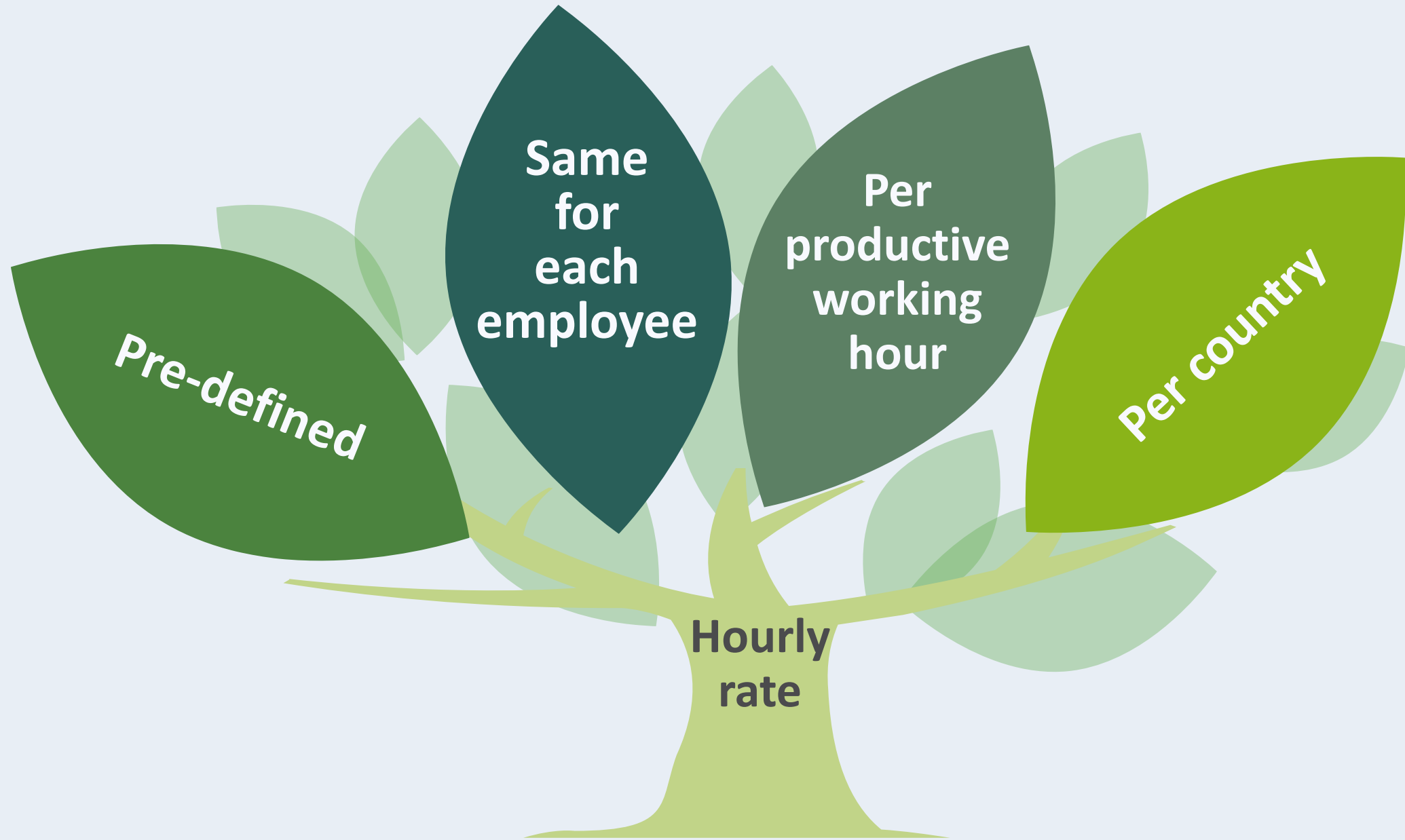
Conditions

- 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

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Project Manager

Others

Financial manager

Communication specialist

Scientist

EUR
29/hr

ESTONIA EXAMPLE

Legal advisor



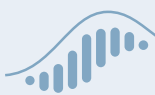
Calculation



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% x Y% x 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





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





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



EXTERNAL SERVICE

EUR 43,000

Expert support – EUR 20,000

Organisation of event – EUR 8,000

Travel of external experts – EUR 5,000

Promotional campaign – EUR 10,000

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



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



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

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Partner 1 EUR 423,200

Partner 2 EUR 250,500

Partner 3 EUR 180,000

Partner 4 EUR 60,000

BAMOS+

**TOTAL
PROJECT
BUDGET**

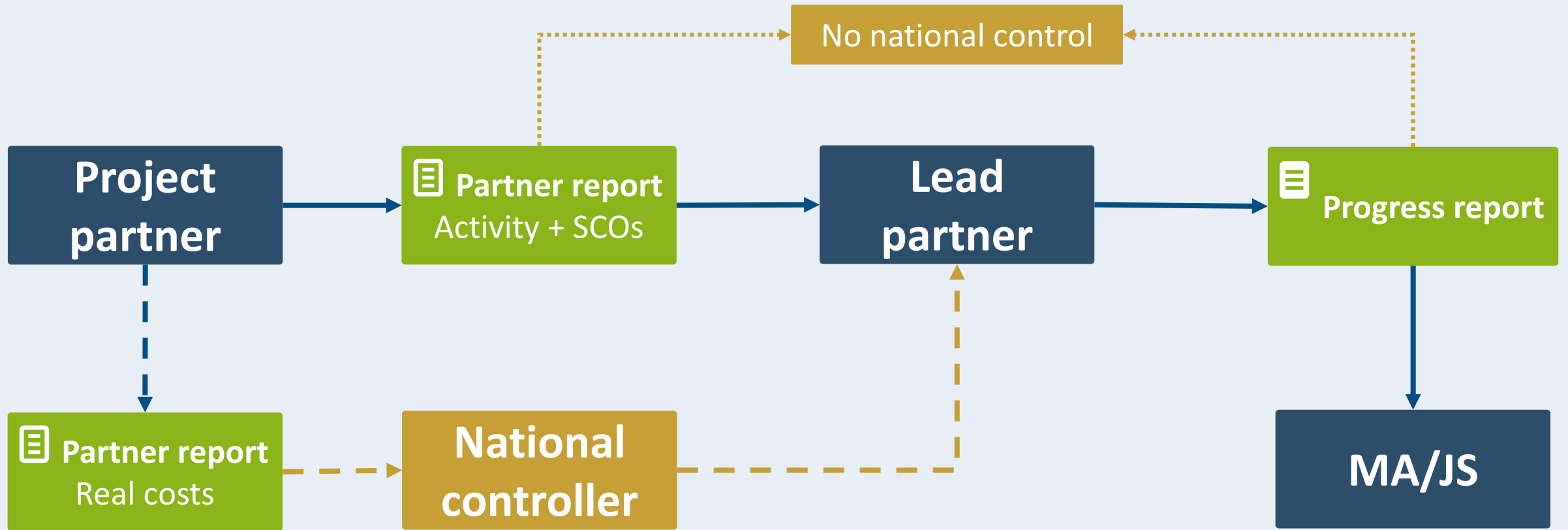




Please ensure that...

- ... 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

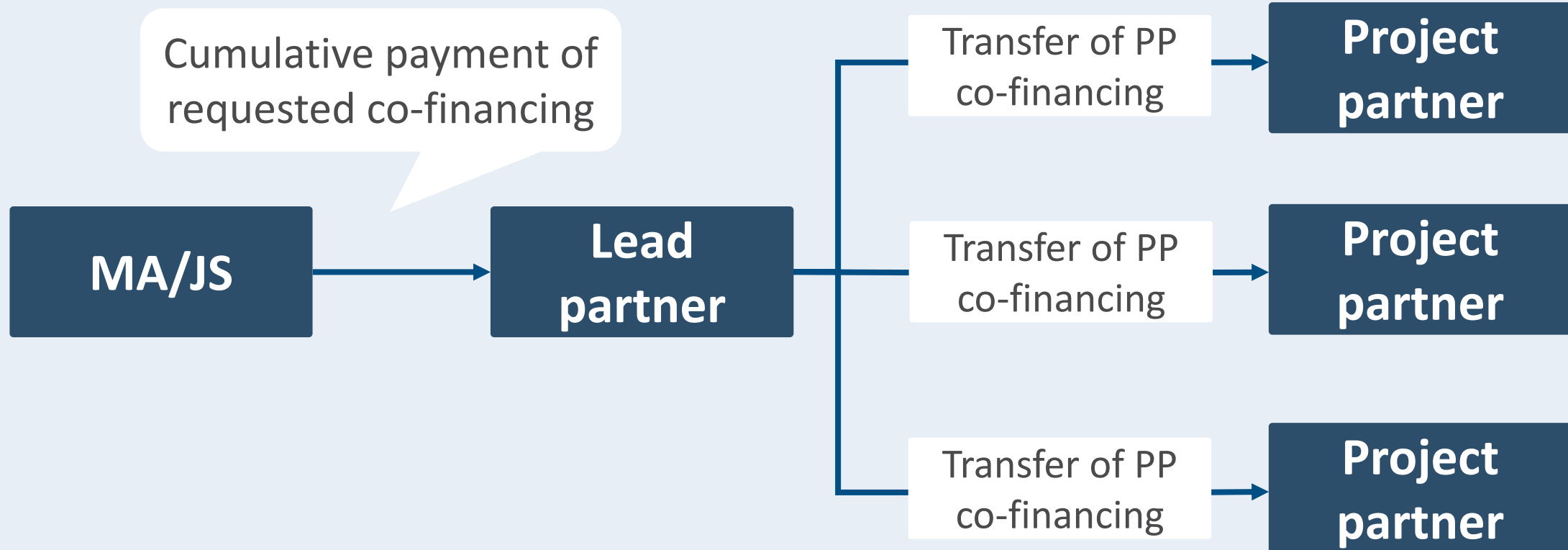
Reporting process – core projects



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Payment process



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Finale





Gateway for applicants

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

- Sign up for the **newsletter**
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