

**Interreg**



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**Latvia – Lithuania**

# Project budget

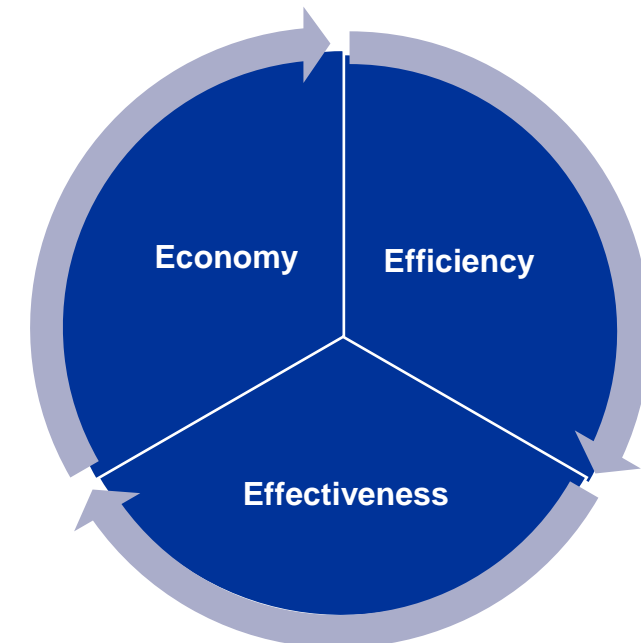
Information seminar for the potential applicants

12.01.2023

# Eligibility of costs

PP should follow **Sound financial management** principles:

- **Economy** - resources used by the institution for the pursuit of its activities shall be made available in **due time, in appropriate quantity and quality and at the best price**
- **Efficiency** - **best relationship between** resources employed and results achieved
- **Effectiveness** - attaining the specific objectives set and **achieving the intended results**



# Eligibility of costs

- Only costs incurred by PP
- Expenditure must have been paid out “gone out of the PP bank account”
- Costs are directly related to the project and planned/specified in the AF
- Costs must be paid out within the project duration



# Eligibility of costs

- PPs are not allowed to subcontract each other, themselves and own or LP/PPs' employees
- Zero tolerance towards the existence of a conflict of interest
- No Double financing



# Eligibility of costs

- Cost sharing is not allowed

The Programme defines cost sharing as a proportional allocation of certain project expenditures incurred by one PP and allocated to other PPs

- In-kind costs are not eligible

- Value added tax **is eligible**



# Cost categories

<b>CC1</b>	<b>Staff costs</b>
<b>CC2</b>	<b>Office and administration costs</b>
<b>CC3</b>	<b>Travel and accommodation</b>
<b>CC4</b>	<b>External expertise and services</b>
<b>CC5</b>	<b>Equipment</b>
<b>CC6</b>	<b>Infrastructure and works</b>

**Preparation costs lump sum does not belong to any cost category and shall be planned under section E1. of AF**

# Preparation costs

Preparation costs lump sum is **5 000 EUR** (4 000 EUR ERDF) and it could be **split** between project partners

A project can **receive reimbursement** for the preparation costs of the project based on the following preconditions:

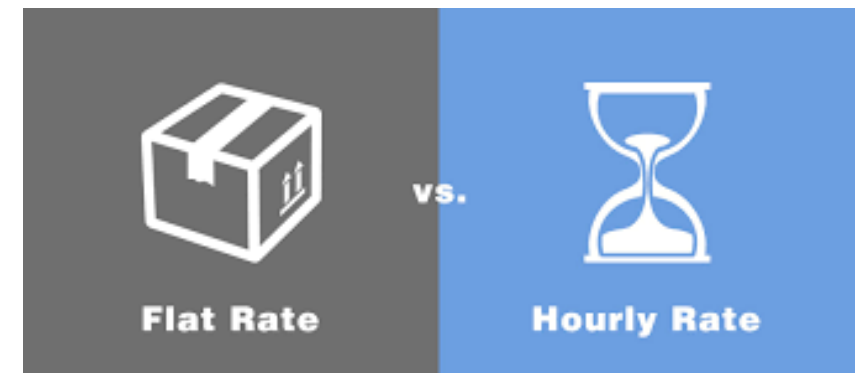
- PPs plan preparation costs in the Application Form
- LP applied for reimbursement of the preparation costs
- Will be added on top of budget



# CC1 Staff costs

Only two options are possible:

- **SCO flat rate** method: **15%** of real costs
- **SCO standard scale of unit cost** method: **17 EUR hourly rate**





# CC1 Staff costs

- Each PP can chose **only one** appropriate reporting method
- **LP/PP cannot change the Staff costs method during the project implementation!**
- Both methods do not require to provide documents to Programme bodies that expenditure has been paid out.



# CC1 Staff costs/ Flat rate

- SCO **flat rate** method: **15%** of total eligible LP/PP's real costs (CC4, CC5 and CC6)\*
- **If LP/PP chooses the flat rate method, external project management costs** (project manager, coordinator, assistant, financial managers, procurement and public relation specialists, etc.) **are ineligible.**
- The calculation is done automatically.

*\*Flat rate method is mandatory for projects with total eligible project budget below 200 000 EUR!*

# CC1 Staff costs/ standard scale of unit cost

Calculated by multiplying standard unit cost  
(**17 EUR/h**) with number of units (hours)

- The hourly rate is standard for all employees regardless of their position.
- When planning costs, LP/PP must state the number of hours that each staff member will work on the project.
- This rate is not affected by real rate of remuneration used within LP/PP institutions (it can be higher or lower).
- The rate already includes all taxes.

# CC1 Staff costs/ standard scale of unit cost

LP/PP can report only productive project related working hours.  
**Non-productive hours related to holidays, sick leave, maternity leave, etc., are not eligible**

- **LP/PP cannot declare more than 1 720 hours** per full time employee per year, for a six-month period maximum limit is 860 hours.
- PPs shall reduce this maximum number of hours to a pro-rata of 1 720 hours for employees working part-time.

# CC1 Staff costs/ standard scale of unit cost

## **Main documents must be available for control purposes:**

- Employment confirmation / work agreement.
- Timesheet with reference to evidence of implemented works from the project work plan in the AF.



# CC1 Staff costs/ standard scale of unit cost

**Detailed information about implemented duties and tasks for all reported working hours of the staff members should be provided if below-stated limits are overreached:**

- LP project management duties – 430 hours per reporting period.
- PP project management duties per PP – 284 hours per reporting period.
- LP/PP financial manager duties – 215 hours per reporting period.

For all other staff duties, irrespectively to the hours spent, LP/PP shall present detailed information about implemented duties and tasks for all reported working hours in timesheets.

# CC2 Office and administration costs

## Flat rate of **15%** of eligible staff costs

- When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for the office and administration.



# CC2 Office and administration costs

Following costs are covered by the CC2 flat rate **and they cannot be reported under any other CC:**

- Office rent, utilities (e.g. electricity, heating, water).
- Office supplies, security, communication.
- Accounting.
- Maintenance, cleaning and repairs.
- IT services of general nature that support delivery of the project (maintenance of IT systems).
- Charges for transnational financial transactions.
- Costs related to the organization of internal one partner (without the participation of LP or other PPs) meetings.



# CC3 Travel and accommodation

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## Flat rate of **10%** of eligible staff costs

The flat rate only covers travel and accommodation costs of **LP/PPs' own employees.**

When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for the Travel and accommodation.

# CC3 Travel and accommodation

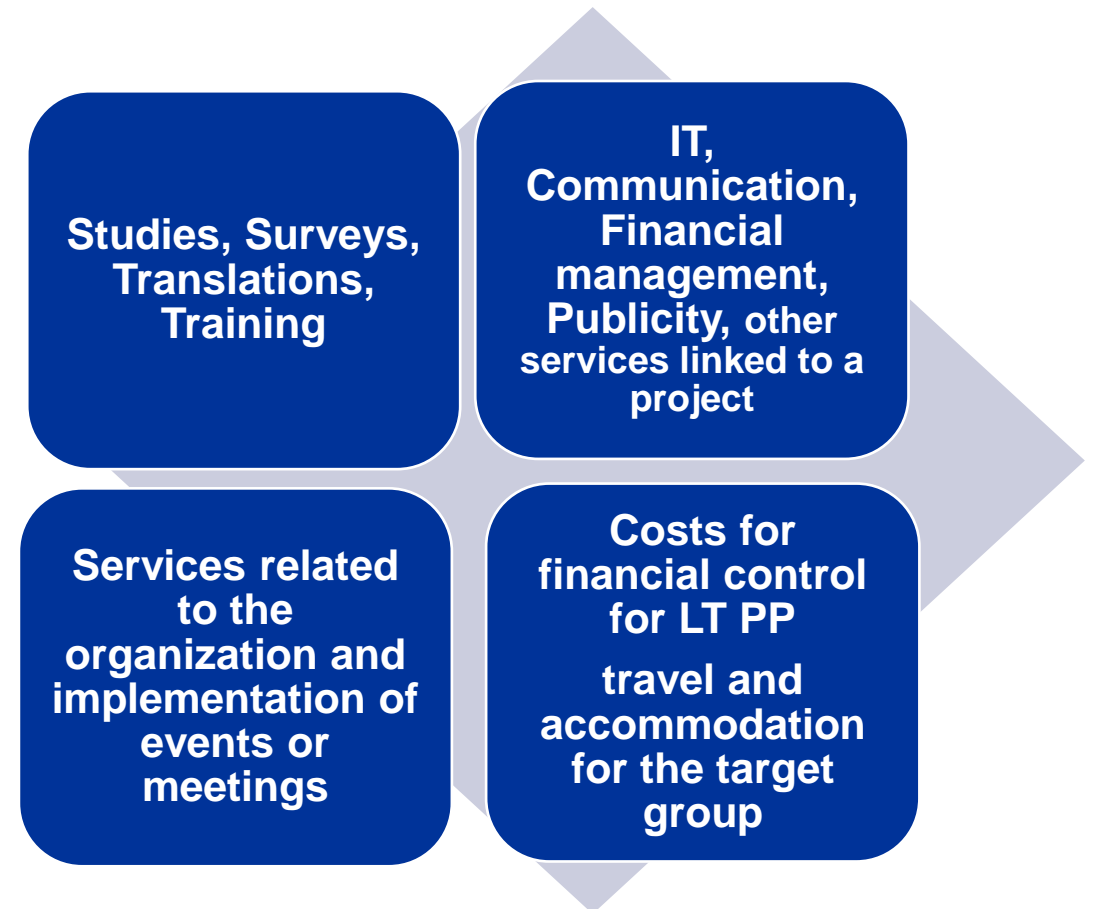
Following costs are covered by CC3 flat rate **and they cannot be reported under any other CC:**

- Travel costs of **LP/PPs' own employees** (such as tickets, travel and car insurance, fuel, car mileage, toll, parking fees, rent of vehicle).
- Accommodation costs and daily allowances of **LP/PPs' own employees.**
- The cost of meals (e.g., cost of meals provided during travelling)
  - (PPs must plan and report costs for catering during events under CC4).

# CC4 External expertise and services

Costs for the support in the project implementation provided by body or a natural person outside of the partner organisation

Costs are based on agreements concluded with service providers and paid based on invoices



# CC4 External expertise and services



## Specific rules:

- The **work** by external experts and service providers must be **essential** to the project and specified in the AF.
- Price should be **adequate**.
- LP/PPs must include under this CC all costs of external expertise and services that are linked to an investment in equipment and infrastructure planned under CC5 or CC6.
- Wages/compensation for **artists** and authors are **not eligible**, with the **exception** if activities are essential for the implementation and stated in AF.

# CC4 External expertise and services



## Specific rules:

- Costs linked to **awards and prizes** granted or given at competitions organised by the LP/PPs are **not eligible**.
- If LP/PPs use **rented** transportation for the events where project management **staff and project target group** participate, total costs for transportation are **eligible** under CC4.
- Costs for **lunch** are eligible for a minimum **six hours meeting**, and LP/PPs can include costs for **dinner** for events taking place **more than one day**.
- Costs of groceries purchased from the shops are not eligible under CC4

# CC4 External expertise and services

## Specific rules:

### Ineligible costs specified in section 7.2 “Eligibility of costs” of the PM

- Creation of **stand-alone logos or designs** for projects whose use is limited to the lifetime of the project.
- The stand-alone **project website** outside [www.latlit.eu](http://www.latlit.eu), unless it directly serves to reach project results and exceeds the lifetime of the project.
- **Promotional materials** (e.g., **gadgets, giveaways or souvenirs**) except items required explicitly for reaching defined target groups. The Programme has described such items in detail under section 6.4 “Publicity requirements” of the Programme Manual and PPs must plan them in the Application Form.



# CC5 Equipment

Purchased equipment that is necessary to achieve the project's objectives

To rent or lease equipment, LP/PP should provide justification in the project AF stating clear advantages of rent or lease compared to the purchase of equipment.

**Cross-border character and relevance** of the investments in the equipment should be evident.

**The needed functionality and quantity of equipment have to be justified in the Application Form.**





# CC6 Infrastructure and works

Costs of infrastructure and works that are necessary to achieve the project's objectives

Investments are financed only if necessary for reaching project results and guaranteeing their durability.

A cross-border character and relevance of the investments in infrastructure should be evident.



# CC6 Infrastructure and works

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Includes costs for:

- Building permits
- Building material
- Labour
- Specialised interventions (such as soil remediation and mine-clearing)
- The purchase of land for an amount below 10% / 15% of CC6



# CC6 Infrastructure and works

## Specific rules:

- Should be **planned** in the approved Application Form
- **Proof of Ownership** of land and/or premises or lease of land or premises agreements where PPs will carry out the works should be submitted together with the application (see section 5.1 “Application requirements” of the Programme Manual)
- One copy of a **full set of documents** required under the national building laws must be submitted to the JS together with the application (see section 5.1. “Application requirements” of the Programme Manual)
- Costs for building permits are not eligible for (re)construction works planned under CC6 since they must be submitted together with the AF

# Budget planning

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- Programme ERDF Co-financing rate: **80%**

- National co-financing possible: 10% of eligible costs

<https://likumi.lv/ta/id/335780-valsts-budzeta-lidzeklu-pieskirsanas-kartiba-un-kriteriji-latvijas-republika-registretiem-eiropas-teritorialas-sadarbibas>

<https://www.e-tar.lt/portal/lt/legalAct/d99fe43028f011edb4cae1b158f98ea5>

- Activities under **state aid** can not receive national co-financing

# Budget planning

LP/PP must provide **clear link** between activities and costs

Planning per periods:

- Programme set reporting periods - **6 months**
- Be realistic when planning costs per period, projects usually start slowly
- Flat rate reimbursement is linked to real costs

**Reimbursement** timeframe:

- **70%** of Programme co-financing after 3,5 months from period end
- **30%** of Programme co-financing after 5,5 months from period end

# Recommendations

- Respect **budget limits** for priorities / specific objectives
- Have **available funding** for first two periods (There are no advance payments from Programme)
- Use **market research/commercial offers** for planning CC4 & CC5 costs
- Use **up-to-date cost estimates** for planning CC6 costs



# Recommendations

- Plan costs for mandatory **communication** elements
- Use **rounding** to whole numbers
- Detailed planning of specific activities cost positions / provide **costs breakdown**
- Don't plan costs **for another PP**



# Recommendations

