

**Interreg**  
*Mediterranean*



## PROGRAMME MANUAL

# SOUND PROJECT BUDGET

Programme cofinancé par le Fonds Européen  
de Développement Régional (FEDER)

Programme cofinanced by the European Regional  
Development Fund (ERDF)

# Sound project budget

The budget of the project must be drafted following the real cost principle<sup>1</sup>, fully accomplishing the principles of adequacy of costs and sound financial management. As provided under chapter 7 of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) the principle of sound financial management builds on the following three principles:

Kindly be reminded that no budget modification is allowed during the first year of project implementation. Besides in the case of multi-modular project it would be warmly recommended to concentrate all modifications during the transition from one module to another.

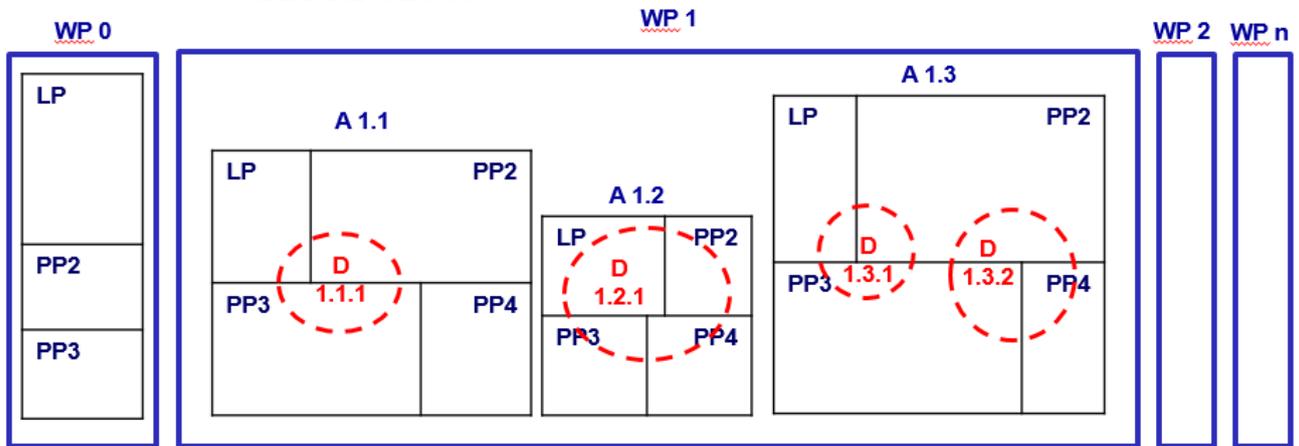
- The principle of **economy** requires that the resources used by the beneficiary in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- The principle of **efficiency** concerns the best relationship between resources employed and results achieved;
- The principle of **effectiveness** concerns the attainment of the specific objectives set and the achievement of the intended results.

Accordingly, the project budget shall reflect the work plan, i.e. outputs, activities and deliverables planned in order to achieve the intended results.

Further guidance on eligibility of the expenditures, budget lines and financial requirements can be found on Factsheet Eligibility of expenditures

The Application Form must contain a detailed budget per partner structured per budget line and work-package. For further information about how to enter the budget, please refer to SYNERGIE CTE Guide.

FIGURE 1: BUDGET CREATION



In particular, the following financial information are required in the Application Form:

- Share of the preparation costs lump sum among ERDF partners (for further information, please refer to factsheet project start-up);
- For each WP, budget per project partner and budget line;
- Indicative budget for deliverables;
- Payment forecasts per reporting period;

<sup>1</sup> Except for preparation costs as well as when simplified cost options are used for calculating costs under office and administration budget line. For further information, please refer to factsheets Eligibility of expenditures and project start-up.

Tools used by applicants when drafting the project budget must therefore allow to plan, at the level of each partner, the budget allocated to budget lines, work packages and reporting periods. Even if the information at level of activity is not required, it is warmly recommended to track this information in order to self-assess the strength of the proposed budget.

Concerning the elaboration of an **indicative budget for deliverables**, the following elements are to be taken into consideration:

- The deliverable budget must cumulate the part to be financed by each partner.
- Eligible VAT needs to be considered.
- The budget foreseen for each deliverable should be an estimation of the costs needed for its development, and may include staff costs, travel and accommodation costs and external expertise and services costs.
- This information will be used for the evaluation of the proposal. Any overestimation of the deliverable budget may be evaluated negatively.

#### **FOR EXAMPLE**

In order to establish an indicative budget for the type of deliverable “TECHNICAL EVENT”, the following expenditures of all concerned partners may be considered:

- Staff of partner in charge for the organisation of the event;
- Communication of the event: website update, production of promotional material;
- Facilities: rent of the room, catering, translation;
- Travel and staff of partners involved during the event;
- Travel of experts, speakers, stakeholders and associated partners invited to the event;
- Post-com activities;
- Draft of the technical event report.

In view of elaborating the **allocation of budget to reporting periods**, the following elements are to be taken into consideration<sup>2</sup>:

- The reporting periods run on a six-monthly basis as from the project start date proposed by the Programme (for further information regarding the reporting process, please refer to factsheet Reporting procedure)
- The budget allocated to a reporting period should be an estimation of the actual payments to be done and certified in the respective reporting period. Therefore, the budget only partly reflects the activities taking place in a certain period. Indeed, if an activity is carried out close to the end of a reporting period, the related payment may take place in the following period and the costs should therefore be budgeted only in such following reporting period.
- The capacity of spending and certifying of each partner in order to adapt as much as possible this estimation to reality.
- The time needed to set up procedures of effective competition.

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<sup>2</sup> Due to a dysfunction of the online monitoring tool this information wasn't requested in the framework of the first call for modular projects.

- The amounts included in the Application Form are incorporated to the Subsidy Contract to be signed between the Lead Partner and the Managing Authority and may be used to calculate the impact of the programme's decommitment on the projects budget. For more information please refer to factsheet decommitment.

Spending forecasts will be subject to analysis during the assessment of project proposals. In particular an artificial distribution of total costs (e.g. evenly throughout the project duration and therefore not reflecting actual payments) will be evaluated negatively due to its negative effect on the decommitment calculations on programme level.

**Some general elements to have in mind while drafting the budget proposal:**

- Even if the programme does not set formal thresholds for budget lines, some budget lines establish recommendations about the maximum percentage to be allocated to them. For further information regarding budget lines, please refer to factsheet Eligibility of expenditures.
- In the case of office and administrative costs, no detailed budget needs to be planned for this budget line since **the expenditure is automatically calculated by the on-line monitoring tool** as a flat-rate of staff costs.
- **Some budget thresholds must be respected regarding distribution per partner and country:** for the most important partner (30% of the total eligible budget: ERDF + IPA + national co-financing) and the most important country (40% of the total eligible budget: ERDF + IPA + national co-financing). The online monitoring tool will block the submission of proposals not observing those limits.
- Depending on the national First Level Control system (centralised or decentralised), partners shall budget external auditors costs under the external expertise and services budget line.
- A progress report and a payment claim, included FLC certificates, will be submitted after each six-monthly reporting period by the Lead Partner.
- In the case of modular projects, projects have to foresee some budget for cooperation activities with the horizontal projects and the Programme Authorities as well as the participation in Programme events. For further information regarding communication tasks of modular projects, please refer to the Communication Manual.
- Activities outside the MED area have to be identified in the Application Form. For further information regarding location of activities, please refer to factsheet Partners co-financing and location of project activities.
- No budget modification will be allowed during the first year of project implementation. For further information regarding budget modifications, please refer to factsheet Project modifications.