

# GREEN DANUBE

**Integrated transnational policies and practical solutions  
for an environmentally-friendly Inland Water Transport system  
in the Danube region**



Project co-funded by European Union Funds  
(ERDF, IPA)

**Financial management  
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**Danube Transnational Programme  
GREEN DANUBE**

# Subsidy Contract (SC)

## Project Code DTP1-043-3.1



- Signed between MA/JS and LP on behalf of ERDF and IPA PPs and includes the following Annexes: latest approved AF, budget tables & PA
- Total budget (including ERDF and IPA PPs): **1,586,244.00 EUR**
- Maximum EU contribution is 85%, as follows:  
ERDF- 1,267,897.00 EUR, IPA - 80,410.00 EUR
- Duration and eligibility in time:
  - Date of approval: 08/12/2016;
  - Starting date: 01/01/2017;
  - End date: 30/06/2019;
- **Deadline for last reporting period payments : 29/08/2019**

# Financial monitoring– project level



## Check-list

- Overall spending compared to plan
- Spending per budget line and work package
- Spending per project partner (per budget line and work package)
- Validation status of expenditure and issues arising (e.g. eligibility of expenditure, delays, etc...)
- Procurements status



# Financial management process

## Main steps

The LP has to submit the Progress Report (PR) twice a year.  
The reporting periods are regulated in the Subsidy Contract (SC).  
The Application for Reimbursement (AfR) is an integral part of the PR.

Period ID	Reporting period (dd/mm/yyyy-dd/mm/yyyy)	Deadline for submission of the Progress Report and Application for Reimbursement (dd/mm/yyyy)	Spending forecast <sup>1</sup> EUR
period 1	08/12/2016-30/06/2017	01/10/2017	356,202.00
period 2	01/07/2017-31/12/2017	01/04/2018	368,470.00
period 3	01/01/2018-30/06/2018	01/10/2018	300,770.00
period 4	01/07/2018-31/12/2018	01/04/2019	290,351.00
period 5	01/01/2019-30/06/2019	01/10/2019	270,451.00
Total Project budget			1,586,244.00



# Financial management process

## Main steps



1. All Project Partners (including LP) prepare and submit their Partner Reports and the supporting documents to their **designated or selected Controller** at national level ([PPR](http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation)- see. template at <http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation>).
2. The Controller, after **validation** of the reported partner expenditures, sends the validated PPR and the **issued Control Certificate** to the Project Partner. The PP has to forward the PPR and the Control Certificate to the LP.
3. Based on the PPRs, the LP compiles the project level PR. Complete and finalised PR together with the AfR are submitted by the LP to the MA/JS.
4. The MA/JS checks the submitted PR and AfR, in all their parts and annexes.

# Financial management process

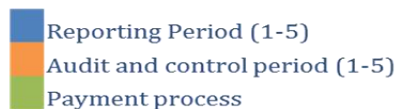
## Main steps



5. After verification, the reimbursement of the related EU contribution part (ERDF and IPA) is initiated by the MA/JS through the Certifying Authority directly to the LP's bank account.
6. The LP transfers the ERDF and IPA contributions to the PPs according to the approved AfR.

### Reporting periods

DS	2017												2018												2019																																							
Per.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36																												
1	Reporting Period (1-5)					Audit and control period (1-5)			Payment process																																																							
2	Reporting Period (1-5)												Audit and control period (1-5)			Payment process																																																
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5																																					Reporting Period (1-5)												Audit and control period (1-5)			Payment process												





## Budget reallocation among WPs or BLs

- Cannot alter general character (objectives, outputs, result) of project
- Process refers to reallocations not connected to partner/ content change
- Cannot increase WP1+WP2 budget beyond 35% of total project budget
- Reducing certain BL cannot alter relevance of PP or affect core deliverable:
  - Extreme reduction of staff costs, external expertise
  - Considerable reduction of equipment/ infrastructure and work Proportions of the flat rate (“staff”, “office” and admin” BL) cannot be modified
- Budget flexibility refers only to reallocations among WP or BL separately



# Changes affecting project budget

## Reallocation among WPs or BLs

<p><b>Minor changes</b>  <b>To be reported in due Progress Report</b>  <b>No addendum to subsidy contract</b></p>	<p><b>Major changes</b>  <b>MA/ JS or MC approval</b>  <b>Addendum to subsidy contract</b></p>
<p>Until cumulated amount of reallocation(s) remain <b>below 5% of PP budget</b> - without previous confirmation of JS PO</p>	<p>In case cumulated amount of reallocation(s) <b>exceed 10% on project level</b></p>
<p>Cumulated amount of reallocation(s) of a PP <b>exceed 5% PP budget</b>, but cumulated amount of reallocation(s) <b>on project level remain below 10%</b> - previous JS PO confirmation</p>	<p>Can be requested <b>only once</b>, revision of spending forecast needed</p>
<p><b>Flexibility rule does not apply to budget reallocations among PPs</b></p>	<p><b>Budget reallocation(s) among PPs are permitted</b></p>





# Changes affecting project budget


## Examples



### Examples of minor changes:

- WP/ BL budget reallocation below flexibility limits (5% & 10%)
- Administrative changes (contact details, contact person, project bank account, LP/ PP legal succession)
- Change of an ASP (without budgetary consequences)
- Minor adjustment of the content (timing, location, format of activities, deliverables, or increasing the quantity of the outputs, deliverables)

### Examples of major changes:

- Budget reallocation among PPs
- WP/ BL budget reallocation exceeding 10% flexibility limit
- Changes in the partnership 
- Significant changes in the content of the project
- Prolongation of the project duration
- Revision of spending forecast (as consequence of other major change)
- De-commitment of the project (initiated by MA/JS)

# Budget reallocation among WPs or BLs

## Minor changes

### Flexibility limit calculation method



- Limits and calculations **refer separately** to WP & to BL reallocations
- **5%** limit is considered **cumulatively on project partner level**
- **10%** limit is considered **cumulatively on project budget level**
- Reference basis - division of expenditure among WPs and BLs of latest approved budget in AF
- Difference between cumulated planned/ real costs of a WP/ BL and budget of same WP/ BL in latest approved AF is calculated
- Positive (+) differences at PP level summed up and compared to total budget of PP (for 5%)
- Positive (+) differences at project level summed up and compared to total project budget of ERDF + IPA PPs (for 10%)
- Budget reallocations due to other project changes not considered



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# Budget reallocation among WPs or BLs

## Major changes



### Beyond 10% flexibility limit

- Budget reallocation among ERDF/ among IPA PPs from different countries are decided by MC
- Eligibility of related activities & costs only after MC decision
- Following major WP/ BL reallocation change, further reallocations within 10% limit rule still possible
- In the first year no major project modifications (budget and activities) is allowed.

# Budget reallocation among WPs or BLs

## Monitoring



**NEW!!** MA/JS provided budget reallocation monitoring tool (MS Excel based)- you can download it at the same link as the PPR template:

<http://www.interregdanube.eu/relevant-documents/documents-for-project-implementation>

### **Responsibilities of the Lead Partner :**

*Monitors, in advance, the PPs WP/ BL budget reallocations*

- initiates and receives JS confirmation/ MC decision for appropriate project modification in time – (eligibility of activities)
- costs to be reported do not reach the limits (5%/10%)

### **Responsibilities of the Project Partner :**

- monitors WP/ BL real costs do not to exceed 5%, without JS confirmation
- informs LP, in due time, about any need for WP/ BL reallocation

# Budget reallocation among ERDF or among IPA PPs



- **Funds of different sources (ERDF / IPA) cannot be mixed**
- **Without partnership change**
  - In justified case if not affecting the main objectives, outputs, results
- **Due to partnership change**
  - Distributing activities and related budget among PPs
- **“Sponsoring” of ASP shifted from one ERDF PP to another ERDF PP**



## Further major changes affecting project budget

### Financial progress and decommitment of the project

- Spending forecast represents the validated expenditure at project level (ERDF and IPA) and it is settled into Subsidy Contract for each reporting period.
- LP ensures that each PP strictly follows its spending forecast according to the approved AF
- **NEW!!** Latest news received from DTP informing about their recent decisions: Not reaching a 75% of SF for the first year determines the project de-commitment
- In case of lower financial performance, MA/JS is entitled to initiate the decommitment of the project by the MC
- Serious problems in financial performance of the project
- Based upon MC decision, MA/JS initiate budget reduction



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**Thank you for your attention!**



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