

Project assessment with focus on value for money

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Interact



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Interreg

Welcome to the Interreg Knowledge Fair

This is a **pilot activity** for Interact, testing a new approach to our service delivery – and **whether it works for you!**

While you are here, you will be asked to **rate individual sessions** (in Whova) and to respond to a **4-question survey** at the end of each day.

Please share your feedback with us!



Outline

01

Setting the scene

02

**What is value for money?
Challenges and approaches**

Group work

03

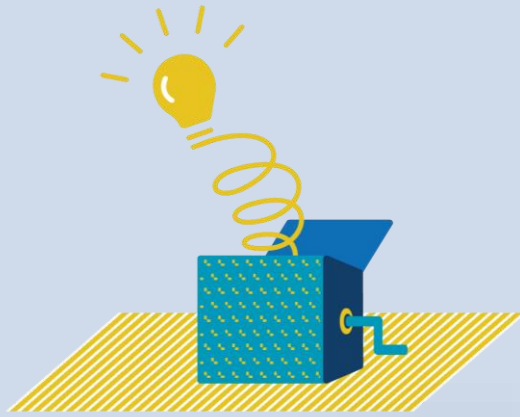
Assessment, value for money and SCOs

04

Interreg programmes testimonials

05

Wrap up



Objective of the session

- ✓ Discuss what value for money means in your programme during the assessment stage;
- ✓ Exchange on suitable approaches to tackle value for money;
- ✓ Reflect on SCOs, assessment and value for money
- ✓ Share programme experiences, tools or analysis

What is value for money?

Group discussion – what is value for money 1/4

- Define value for money it is sometimes difficult because often it involves **subjectivity**;
- There are (so) many aspects to be considered that can be referred to or lead to value for money such as:
 - ✓ the 3E: **efficiency, effectiveness, economy**;
 - ✓ the **best result** (possibly) achieved;
 - ✓ the **timely implementation**;
 - ✓ the **appropriate resources allocated** (human/finance) to achieve the BEST (not necessarily THE lowest) price for the envisaged output, outcome, and results;
 - ✓ keeping the **budget within the planned limits**;
 - ✓ putting in place a **result-oriented approach**;

Group discussion – what is value for money 2/4

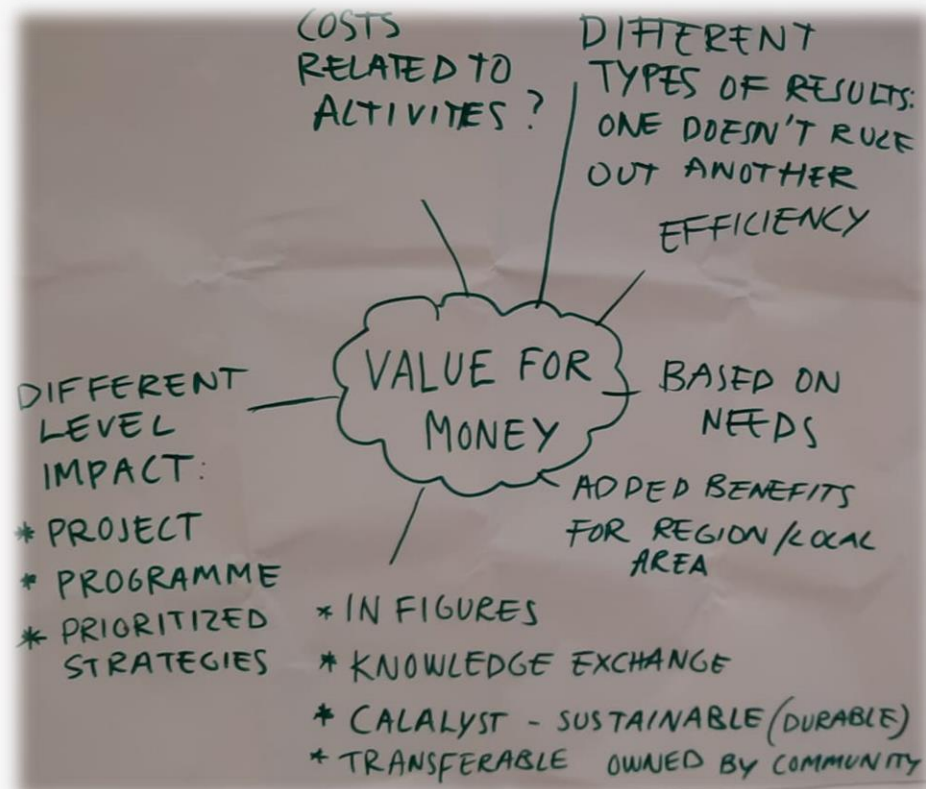
- ✓ link the **respective costs to the planned activities** (fitting the work plan);
- ✓ keep the **focus on the cross-border impact** and make sure the outputs, outcomes, and results are fit for the purpose of the project;
- ✓ keep an eye out on **the innovation aspect of the project proposal** and the relevance of the project;
- ✓ ponder the **size and the relevance of the partnership** of the project proposal, identification, and **outreach of the relevant target groups**;
- Value for money should be a **practical and useful approach that leads to impact** and achievements of programme's targets;
- An approach that engenders **long-lasting effects, durability, and sustainability** of results.

Group discussion – what is value for money 3/4

- Value for money is difficult to define and may not be straightforward also because the **supply of resources is (usually) limited**;
- Value for money can be considered to be provided by the delivery of **enhanced-quality of project outputs**;
- It is important to **factor in other aspects (other than budget)** when dealing with value for money in order to make sure to pinpoint those project proposals that are based on **concrete needs and/or prioritised programmes' strategies**;

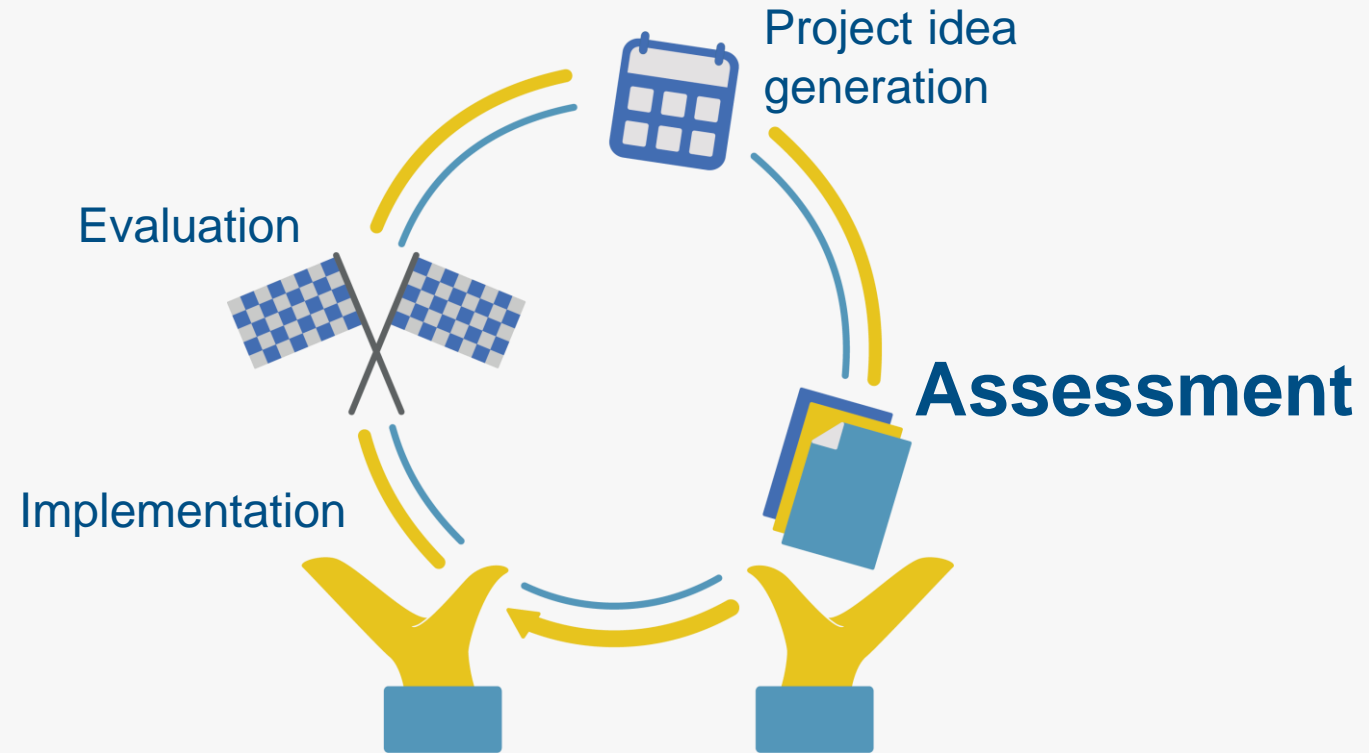
Group discussion – what is value for money

4/4



- * quality of project products/ outputs
- * impact for the communities (positive change) and to promote it
- * active involvement of all the parties
- * reaching for higher standards
↓
demanding
- * cross-border impact[±] and awareness of cross border cooperation

Value for money throughout the project life cycle



What is our starting point?



Art. 22 of the Interreg Regulation “Selection of Interreg operations”

4. (c) *In selecting operations, the monitoring committee or, where applicable, the steering committee shall ensure that selected operations present the best relationship between the amount of support , the activities undertaken and the achievement of objectives;*

Namely, programmes should select those **projects** that **best represent value for money.**



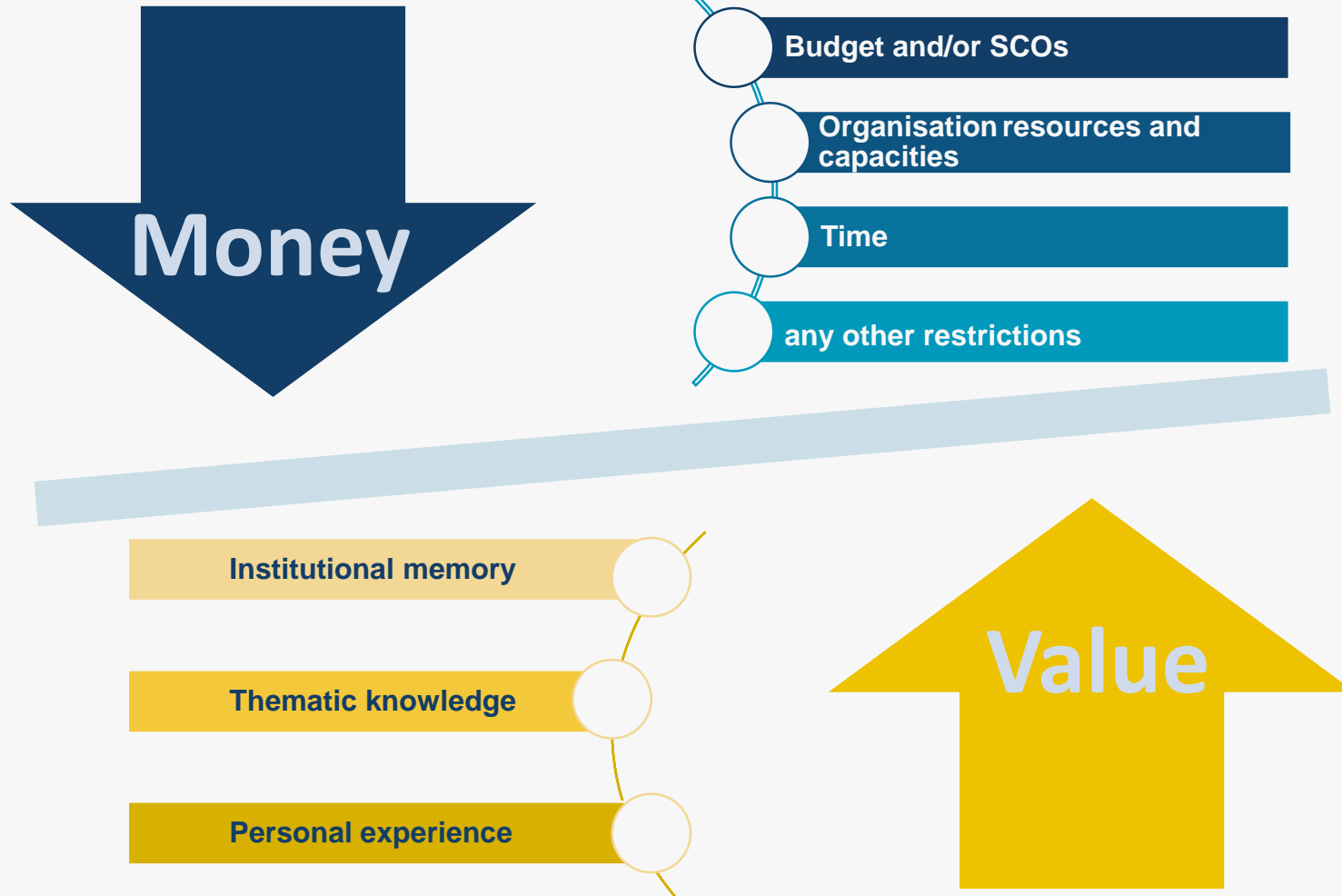
In our path to a more innovative, sustainable and cohesive growth model, the role of economic appraisal is more important than ever.

***Our projects need to provide the best value for money** and offer the best return for the society by providing services and goods in an **effective** and **efficient** manner.*

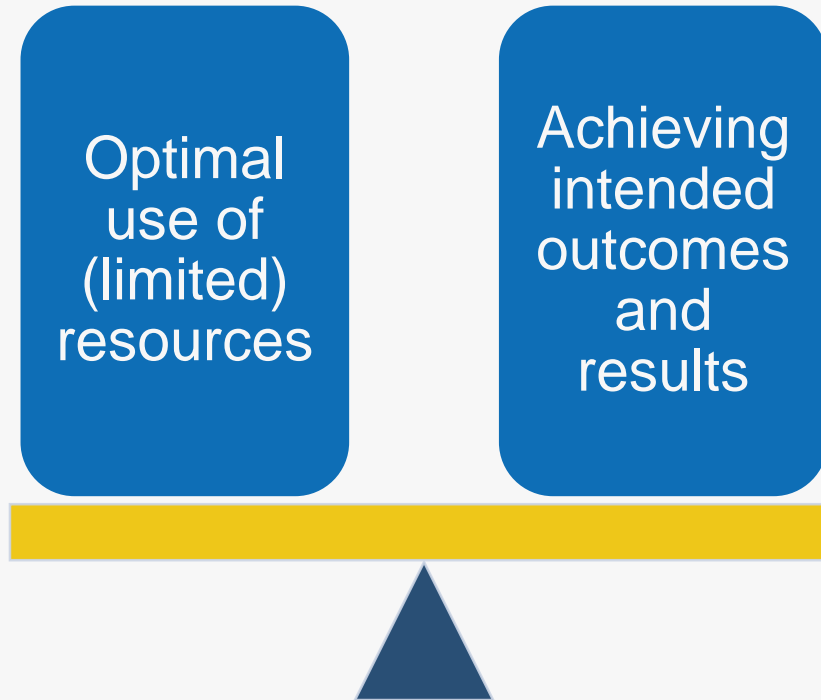
In order to achieve that we need evidence-based analysis, intellectual integrity and investment decisions based on objective and verifiable methods.

[Economic Appraisal Vademecum 2021-2027 -
General Principles and Sector Applications](#)

What is value for money?



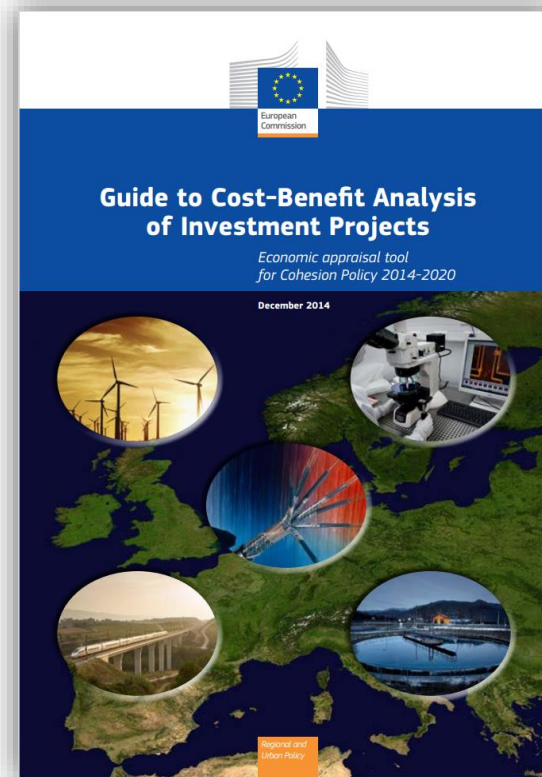
What is value for money?



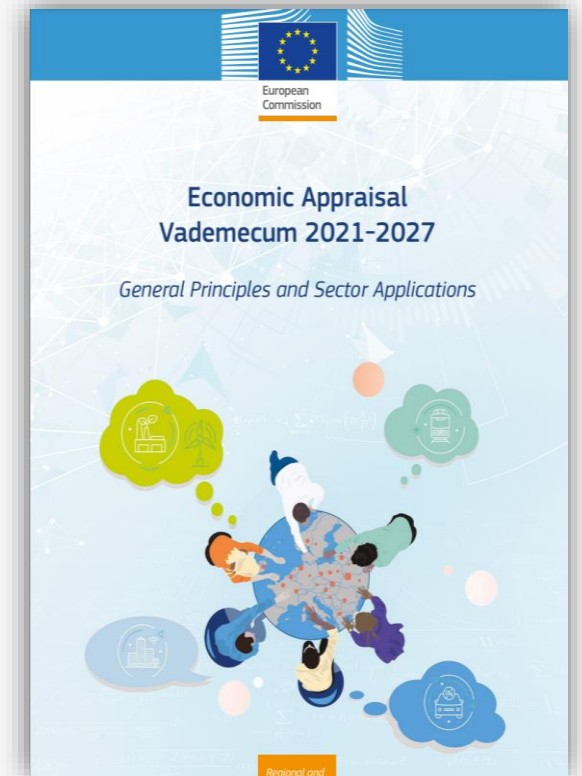
Some of the EA methodologies

CBA – Cost-benefit analysis

CEA – Cost-effectiveness analysis



<https://op.europa.eu/o/opportal-service/download-handler?identifier=120c6fcc-3841-4596-9256-4fd709c49ae4&format=pdf&language=en&productionSystem=cellar&part=>



<https://jaspers.eib.org/knowledge/publications/economic-appraisal-vademecum-2021-2027-general-principles-and-sector-applications>

Which methodologies for Interreg?



Cost Benefit Analysis Formula

$$\text{Net Present Value (NPV)} = \sum \text{Present Value of Future Benefits} - \sum \text{Present Value of Future Costs}$$

$$\text{Benefit Cost Ratio} = \frac{\sum \text{Present Value of Future Benefits}}{\sum \text{Present Value of Future Costs}}$$

	A	B
1	Particulars	Amount (\$)
2	Present Value of Future Benefits	600000
3	Present Value of Future Costs	400000
4	Net Present Value (NPV)	200000
5		



Economy - Efficiency - Effectiveness

Minimising the cost of resources used while having regard to quality

→ SPENDING
LESS

Maximising the outputs for a given level of inputs

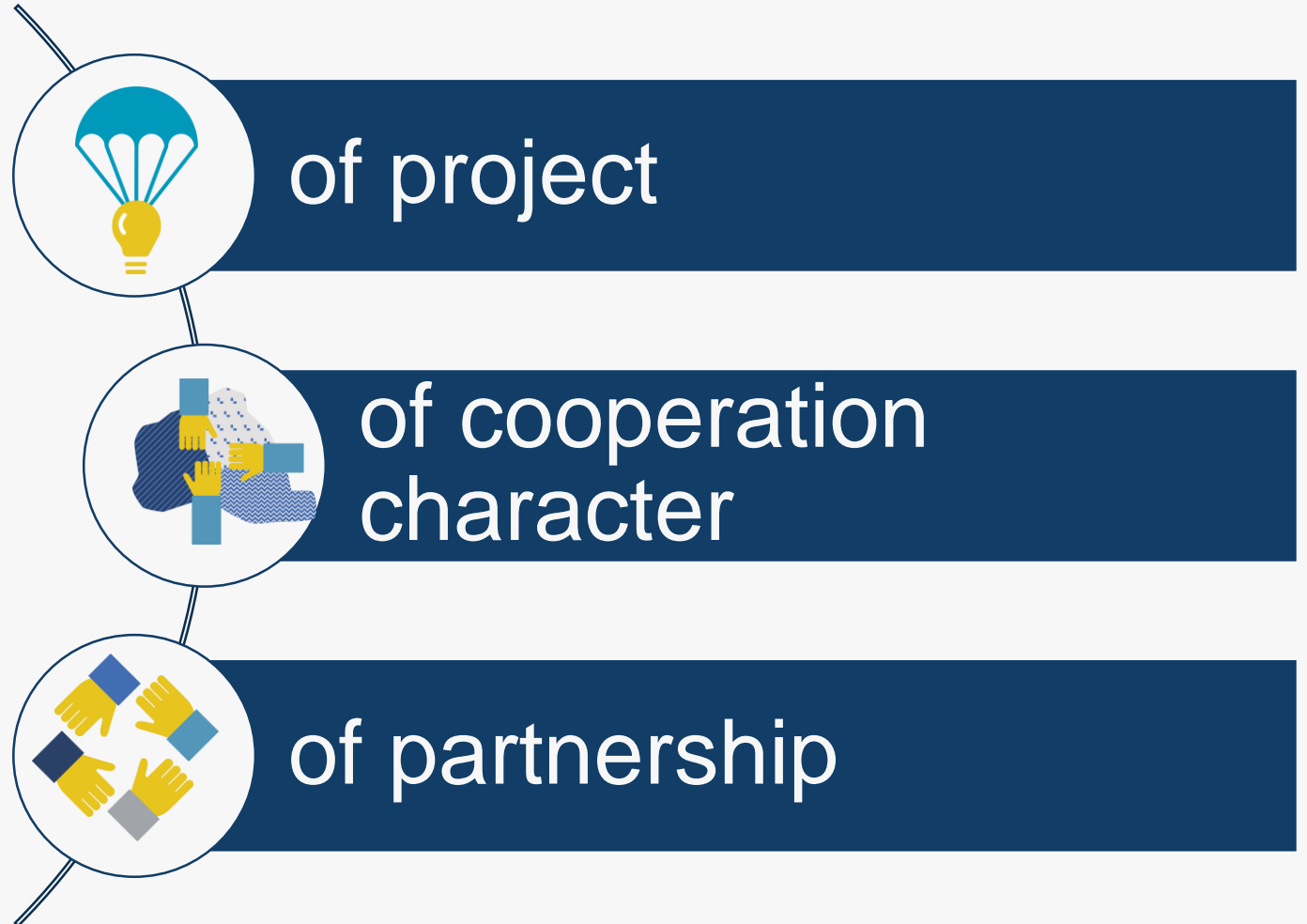
→ SPENDING
WELL

Extent to which objectives are achieved and the relationship intended and actual impacts

→ SPENDING
WISELY

and let's focus on its specificities!

RELEVANCE



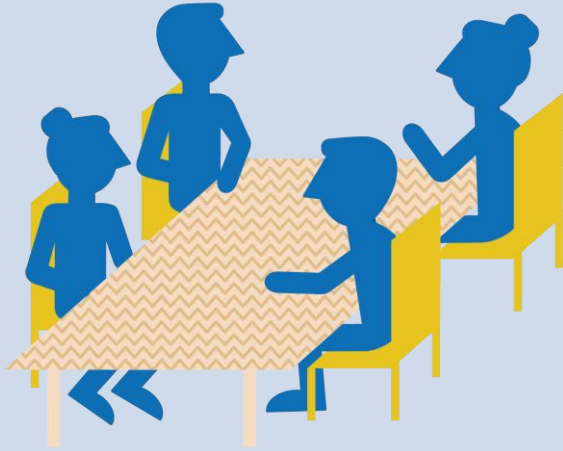


Table discussion

- Discuss and identify **3 main challenges** encountered during the assessment process/phase.
- Write each challenge on a separate sticky note – **1 sticky note per challenge.**
- Choose your table's rapporteur to sum up the discussion in the plenary.
- Put your **3 main challenges** (3 sticky notes) on the wall.



Group discussion – main challenges in assessing value for money 1/3

The appraisal of project proposals is the most demanding step of the selection process and assessing value for money is challenging due to (mainly):

❖ HUMAN RESOURCES

- Lack of knowledge and/or expertise in thematic subjects/topics given the variety of project proposals;
- Difficulties encountered in engaging with external experts;
- Lack of institutional knowledge of internal experts;
- Language of the project proposals, especially if it is not in the applicant's language;
- Lack of a standardised assessment approach;

Group discussion – main challenges in assessing value for money 2/3

❖ RELEVANCE

- Lack of cross-border character/element;
- Cost of cooperation (often embedding soft aspects);

❖ TIME

- Time constraints in the assessment process;
- Limit of some programmes to set a proper timeframe for the assessment of project proposals;

❖ BUDGET (real costs vs SCOs)

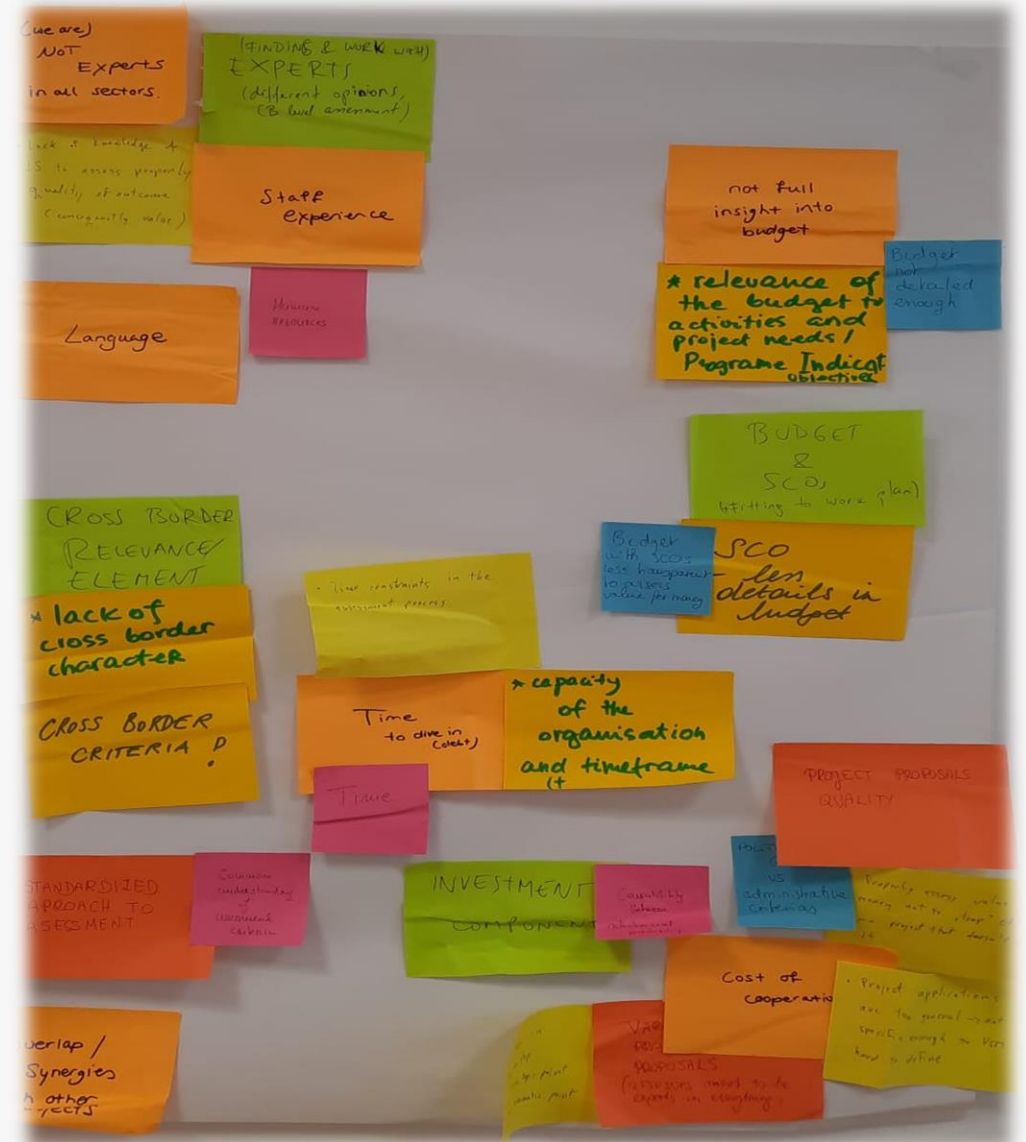
- Lack of full insight into the budget of project proposals;
- Less detailed budget when SCOs are used (e.g., flat rates);
- Lack of cost benchmarks at the programme level to assess different activities;

Group discussion – main challenges in assessing value for money 3/3

❖ QUALITY AND COHERENCE

- Lack of a good balance between activities and partnership involved in;
- Project proposals often provide a broad description of envisaged activities that hinders the define value for money;
- When assessing value for money it is difficult to keep an holistic overview on the programme level in order to make sure to fund only those projects that will meet identified needs in the programme area;
- It is demanding to distinguish overlaps and/or synergies with other project proposals or even programmes in the same programme area.

Group discussion – main challenges identified in assessing value for money



Assessment, value for money and SCOs



PRICE IS WHAT
YOU PAY



VALUE IS WHAT
YOU GET

Framework

- ❖ SCOs do not replace real costs; an alternative way of reimbursing expenditure
- ❖ SCOs are not a one-size-fits-all solution
- ❖ SCOs vs result-based financing
- ❖ SCOs – not checking underlying expenditures but all the work is there with up-front calculations (i.e., SCOs are not disconnected from expenditures at the establishment stage!)



Framework

- ❖ SCOs – a proxy of real costs, established using pre-defined methods based on outputs, results, or some other costs
- ❖ SCOs in small-scale and small projects vs SCOs in large infrastructure projects
- ❖ SCOs where:
 - ❖ Recurring costs
 - ❖ Real costs are difficult to verify and demonstrate
 - ❖ Costs create a high administrative burden



Project Assessment

Strategic criteria

Assessing the project's contribution to the achievement of programme's objectives

- ❖ Relevance and strategy
- ❖ Cooperation character
- ❖ Partnership
- ❖ Contribution to programme's objectives

Operational criteria

Assessing the consistency, viability, and feasibility of the proposed project and its value for money

- ❖ Work plan
- ❖ Management structure
- ❖ Budget
- ❖ Communication plan

Forms of financing (real costs, SCOs, combination) have no impact on the strategic assessment criteria



Operational criteria - Budget

Assessment criteria	To what extent is the project budget used in accordance with the principles of economy, efficiency and effectiveness?	Real costs vs SCOs
<p>The principle of economy concerns minimising the costs of resources. The resources used by the project partnership for its activities should be made available in due time, in appropriate quantity and quality, and at the best price.</p>	<ul style="list-style-type: none"> • The budget allocated to staff and external expertise is in line with the project content and the costs are realistic. • Sufficient and reasonable resources are planned to ensure project implementation. 	<p>Real costs:</p> <ul style="list-style-type: none"> • Employment costs & Timesheets (amount) <p>SCOs</p> <ul style="list-style-type: none"> • Rates per hour and number of hours & Timesheets (amount) • % of direct costs (amount)
<p>The principle of efficiency concerns getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.</p>	<ul style="list-style-type: none"> • The need for engaging external expertise is justified and the costs seem realistic. • Financial allocation per cost category is in line with the work plan. • If applicable, the distribution of the budget per period is in line with the work plan. • The application of lump sums and unit costs is appropriate and in line with programme rules. 	<p>No difference in real costs or SCOs</p>

Operational criteria - Budget

Assessment criteria	To what extent is the project budget used in accordance with the principles of economy, efficiency and effectiveness?	Real costs vs SCOs
<p>The principle of effectiveness concerns meeting the objectives and achieving the intended results.</p>	<ul style="list-style-type: none"> • The available information in the budget is transparent and sufficient. On that basis, the project budget appears proportionate to the proposed work plan, project outputs and project's contribution to programme indicators aimed for. • Sufficient and reasonable resources are planned for investments and equipment purchases (if applicable) and their costs are realistic. 	<p>No difference in assessment.</p>

Assessing project budget

Value for
money

Consistency

Coherency

Proportionality

Realism

Operational criteria – Work plan

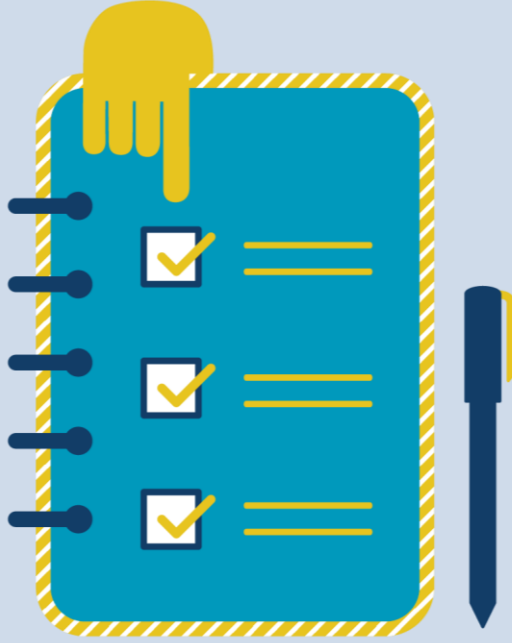
Assessment criteria	To what extent is the work plan realistic, consistent and coherent?	Real costs vs SCOs
<ul style="list-style-type: none"> Proposed activities and deliverables are relevant and lead to planned outputs and results. Distribution of tasks among partners is appropriate (e.g., sharing of tasks is clear, logical, in line with partners' role in the project, etc.). Time plan is realistic. Activities, deliverables and outputs are in a logical time-sequence. The importance of investments and their transnational/cross-border relevance is demonstrated to reach project objectives (if applicable). 		No difference in assessment.

Quality (operational) assessment of SCOs

Slightly different:

- Focus on adequacy, content, and indicators
- Less calculatory efforts
- Better benchmarking (X amount of EUR for Y results)





Quality assessment of SCOs

- ✓ Emphasis on content
- ✓ Quality vs calculations
- ✓ Impact vs administration
- ✓ Lower risks
- ✓ Better projects

Interreg testimonials



Stef Peeters – Interreg Flanders – the Netherlands programme

Jana Vanecek – Interreg Central Europe programme



Every great and deep difficulty bears in itself its own solution. It forces us to change our thinking in order to find it.

Niels Bohr – Nobel Prize in
Physics

Value for money – working group

Online, 26th of April

Kick off meeting

Ghent, 24th of May

Project assessment
with a focus on
value for money

Autumn/Winter

Online

Let us know if you are interested to join the discussion of the working group and drop us a line.

Thank you for being here!

Your opinion matters to us.

Please take a few minutes to provide us with feedback to help us improve our services.

Log into the **Whova app**, go to the **relevant session**, and tell us what you think in the **session Q&A**.

You can also talk to us at the Conference Support stand in the networking area.



Cooperation works

All materials will be available on:

[Interact / Events / Interreg Knowledge Fair \(23-25 May 2023\)](#)