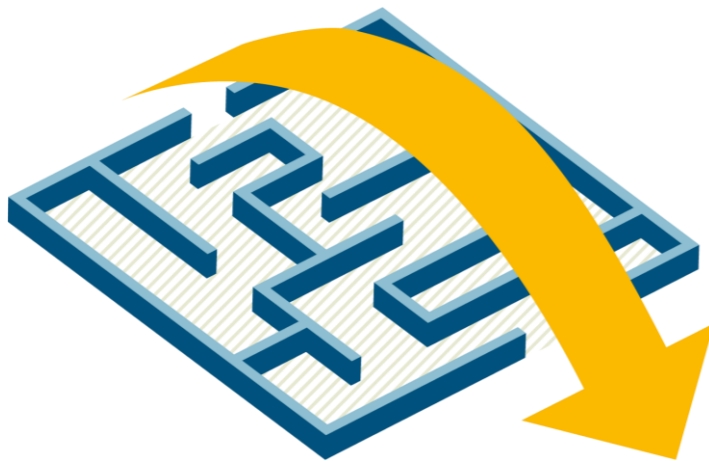


# Preparation costs lump sum survey - Report

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July 2020



**Preparation cost lump sum survey - Report**  
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**Publisher** Interact Programme **Date** July 2020 **Publication leader** Katja Ecke & Grzegorz Golda

**Contributors** Iuliia Kauk

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## Introduction

This report summarises the results of a survey carried out among Interreg programmes applying a form of preparation cost lump sum for projects in the 2014-2020 programming period. The objective of this survey was to better understand the methodologies underlying the preparation cost lumps sums in use as well as to identify identical elements to build upon for a future use of preparation cost lump sums in Interreg programmes and potentially establish a harmonised methodology.

### Main outcomes

- Finding a one-size-fits-all methodology seems difficult, programme realities vary significantly, with regard to:
  - different existing methodologies,
  - availability of historic data,
  - ideas what a preparation cost lump sum should cover.
- However, the survey also showed that there are common elements for the calculation of a preparation cost lump sum (e.g., basing it on 'own' programme data if available, going for an arithmetic 'average').
- Based on this, three different groups of programmes can be identified:
  1. programmes with existing methodologies - to find a solid way to update them;
  2. programmes without methodologies but with available historic data - to design a methodology which fits their needs;
  3. programmes without methodologies and without or incomplete historic data - to design a methodology which fits their needs.

## 1. Background

Starting a first discussion for harmonising and safeguarding existing approaches for preparation cost lump sums during the [SCO event in Tallinn](#), the issue was picked up during the following [SCO event in Bratislava](#) with a proposal for a methodology to set-up a preparation cost lump sum. During the discussion in Bratislava, it became clearer that [Interact's proposal](#)<sup>1</sup> did not align with existing methodologies, as well as the ideas of programme for their preparation cost lump sum (exclusion of investment from preparation phase, access to historic data, different eligibility periods, willingness to stay with what works). To search for the best solution, better understanding, as well as to find a common denominator, we carried out a survey on practices on preparation cost lump sums used in the 2014-2020 programming period.

## 2. Approach

In the first step we checked implementing documents of almost 90 Interreg programmes to identify if programmes used a preparatory cost lump sum.

We discovered that 30 programmes in the 2014-2020 programming period use a lump sum for preparatory costs. The value of the ERDF co-financing for the lump sum varies for different programmes from 1.000 € up to 45.000 €. Other programmes either reimburse preparatory costs on a real costs basis (up to a certain limit defined in programme documents) or do not distinguish such type of costs.

In the second step we decided to dig a bit deeper and ask in the survey these programmes that use the preparation cost lump sums about their methodical approach. In particular we were interested if programmes developed their own methodologies, what type of data they used, which budget categories, activities and eligibility period was covered (please see the template of the survey in the [appendix no 1](#)).

19 out of the 30 programmes mentioned above responded to our survey.

## 3. Results

A significant majority, 17 out of 19 programmes developed their own methodologies to establish the lump sum. One CBC programme adapted a methodology from transnational programme to its needs.

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<sup>1</sup> The hyperlink provides the initial presentation – in addition a summary can be found in the [presentation for the online event](#) (slides 26-31).

For the actual calculation of the lump sum, programmes in most cases used their own projects' data (15 programmes) from the previous (2007-2013) programming period (14 programmes).

Among other sources of data, programme indicated 'generally known price levels (for salary, travel and accommodation prices)' or data from several other programmes (in case programme missed data from previous programming period).

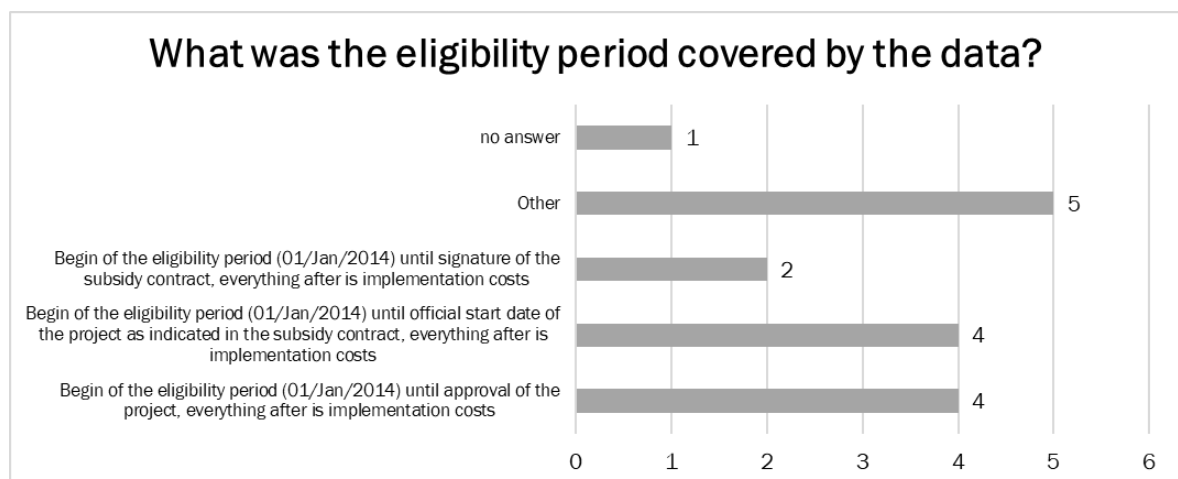
One programme, due to long history with preparatory projects used data even from before the previous (2007-2013) programming period.

14 out of the 19 programmes did not update the amount for the lump sum during the implementation period, meaning they used the same amount throughout the 2014-2020 period.

What we found interesting and what mirrored the discussion in Bratislava, differences can be observed for the eligibility period of the preparation cost lump sum. Indeed, the results show a significant variety of the time frame covered by the preparation costs lump sum, in particular, from what is considered by programmes as the starting point of the implementation phase.

Among two, equally most popular, answers were:

- date of project's approval,
- an official start date of the project (as indicated in the subsidy contract).



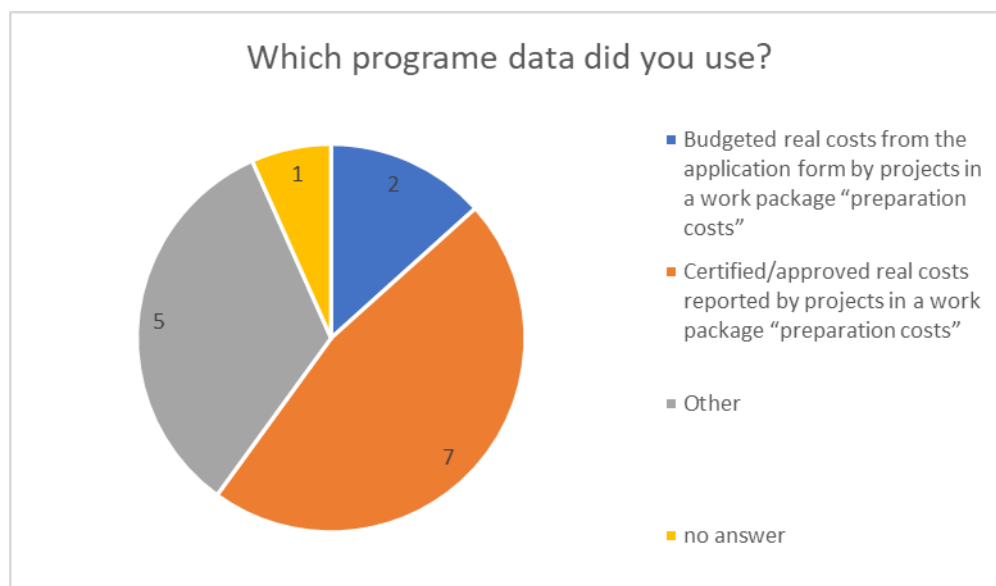
In addition, a significant number (5 programmes) indicated 'other' as the answer for this question. Further explanations for this included "from the beginning of the eligibility period until the day before the deadline for project submission" and "between 1 January 2007 [...] and the date of submission of the application form".

The results seem to go back to programme-specific rules for real costs preparation costs and then transferred to the lump sum. It is, however, difficult in such a case to simply adapt the eligibility period for the future. To solve this, we could consider applying a wording which sets the eligibility period “from the beginning of the period to the start of the implementation phase”.

The calculation methodologies developed by programmes, depended greatly on programme's types of projects and availability of historic data. The survey also shows differences regarding the budget categories used for calculations. Some programmes that used preparatory projects, based their methodology on the costs of such projects.

For designing the methodologies, the majority of programmes used an average. Several programmes used an average of all projects' costs (from particular eligible period, as well as certified/approved costs reported by projects), divided by number of projects, and followed by rounding, in most cases - down.

Some programmes also rounded received figures up. Here it is important to keep in mind, rounding up should be based on objective reasoning, with corresponding evidence.



Some programmes verified their calculation with market research data or figures from a survey distributed among programme partners.

Not many, as indicated, excluded from their calculations outliers (i.e., excluding from calculations either particular costs or projects).

Some more examples for the calculation of the preparation cost lump sum:

- 'A sum of certified/approved real costs reported by projects in a work package 'preparation costs' divided by number of projects which reported preparation costs, rounded down'.
- 'The total preparation costs were divided by the number of projects that reported preparation costs.'
- 'We added together all preparation costs per programme that our 2 Member States are managing (historical data period 2007-2013). When we got average of preparation costs per programme, we did also a survey among partners of how much they think their preparation costed. When we had two averages, we calculated the average of both numbers. At programming group, we rounded amount down, based on size of the programme.'
- 'The average amount of preparation costs reported. A questionnaire was also circulated to projects. The amount was rounded up.'
- 'Total amount of all certified preparation costs, divided by total number of projects. Amount rounded up.'
- 'Total amount of certified preparation costs divided by number of projects that claimed preparation costs and then rounded up. Other points taken into consideration:
  - The application form has a higher level of detail compared to the one of 2007-2013 programme (effort increase [to submit an application] calculated as 10% more).
  - Costs related to contracting (not included in the preparation costs of 2007-13 programming) calculated as 40 hrs of staff senior level/expert.
  - Additional compensation for missions of the staff (and/or experts) for discussing with the JS and/or with other project partners conditions for contracting.
  - Indexation at 2 % per year for the period 2012-2015'.
- 'Average of all reported preparation costs - rounded down.'
- 'The preparation costs were split into two types: preparation of feasibility studies or technical documentation and other costs (such as costs for translation of documents, meetings between partners). The biggest part of the incurred project preparation costs was due to the preparation of the feasibility studies and technical documentation - these costs were excluded as the infrastructure elements for the current programming period [2014-2020] should be smaller and no feasibility studies are required by the Programme.  
The presumptions: if to multiply the average number of partners in the open call and strategic projects in the period 2007-2013 by the above mentioned average of the actually spent preparation costs for other purposes than feasibility studies or technical documentation, the result was rounded up.'
- 'We used data from regular project cost and market research for calculation.'

#### 4. Conclusions and way forward

Overall, the survey confirmed the discussions at various events: the differences show that designing 'one-fits-all' methodology for the preparatory costs lump sum may be challenging. At the same time, programmes that in the 2014-2020 programming period applied the preparation cost lump sum, appreciated that simplification and would like to



continue work, and will have to find an answer for the question how to develop/ update the value of the lump sum for the next programming period, with the least possible cost.

At the same time, there are few conclusions and possibilities, we can work with:

- the development of a methodology based an average could be a step in the right direction;
- using historic programme data as a basis seems a logical choice;
- updating existing amounts with a sound methodology;
- thinking of ways to establish a lump sum without historic data.

We believe that we could work on a preparation cost lump sum with three different groups of programmes:

1. programmes with existing methodologies - to find a solid way to update them (as said above);
2. programmes without methodologies but with available historic data - to design a methodology which fits their needs;
3. programmes without methodologies and without or incomplete historic data - to design a methodology which fits their needs

To further look into this, we will establish working groups in the Interreg SCOs community. If you are not a member of the community yet, but would like to join, please contact [sco@interact-eu.net](mailto:sco@interact-eu.net).

# Appendix no 1

## Survey on lump sum application for preparation costs

With this survey Interact aims at finding common elements in Interreg programmes for the application of a preparation costs lump sum.

### 1. What was the programme's methodical approach to establish the lump sum?

- a)  Built our own
- b)  We are using what is used in another programme

If 1 is 'a)'

#### a) I. What was the data basis?

- a.  Project data
- b.  Other statistical sources/data

If I is 'a'.

- **What was the time frame for the project data?**
  - Previous programming period (2007-2013)
  - Specific years

If specific years, please describe briefly which years or other relevant information.

- **Which data did you use?**
  - Certified/approved real costs reported by projects in a work package "preparation costs"
  - Budgeted real costs from the application form by projects in a work package "preparation costs"
  - Other

If other, please specify.

- How did you calculate the amount?

Please provide a short description of your calculation method, e.g. total amount of all certified preparation costs, divided by total number of projects. Amount rounded down or up.

- Did you exclude “expensive” items from your lump sum or other outliers, e.g. feasibility studies for infrastructure projects or high external expertise costs?

- Yes,

If yes, please describe briefly which items and why?

- No

- What is the eligibility period covered by the lump sum?

- Begin of the eligibility period (01/Jan/2014) until approval of the project, everything after is implementation costs
- Begin of the eligibility period (01/Jan/2014) until signature of the subsidy contract, everything after is implementation costs
- Begin of the eligibility period (01/Jan/2014) until official start date of the project as indicated in the subsidy contract, everything after is implementation costs
- Other

If 'other', please provide a short description.

If 1 is 'b' (Other statistical sources/data)

Please describe.

If 1 is 'b' (We are using what is used in another programme)

What other programme?

2. Did you update the amount for the lump sum during the implementation period?

If yes, please provide some details.

a) Yes

b) No

THANK YOU!