

Interreg 
EUROPEAN UNION
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INTERACT – 2 Seas input How to speed up the 2014-2020 programmes' spending rates

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Focus on project-related decisions

- Mandatory project Initiation Stage
- Disentangled reporting with 4 fixed financial claim submission windows + a yearly obligation to claim
- Preventative monitoring focused on both output delivery and budget spending
- Performance framework for projects

Project lifecycle





Project Initiation Stage

Purpose: ensure a quick operational start of the project

Start: MC decision of project approval

End: max 6 months after approval



Key components

Submission of the following documents:

- ✓ Signed Subsidy Contract
 - ✓ Signed Partnership Agreement
 - ✓ Initiation meeting decision list and conclusions
 - ✓ First project steering committee minutes
 - ✓ Monitoring plan
 - ✓ Public procurement policy document
 - ✓ FLC designations completed
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- ✓ Initiation stage completion is a prerequisite for accessing the claiming module on our system



Preventative Monitoring

- “Preventative” as opposed to “curative” monitoring
- Ongoing, as a precondition to be “preventative”
 - It is impossible to be connected with the real life of a project and “prevent” some difficulties and/or deviations by checking ex-post contractual reports
- In association with a risk management strategy
- Inspired by PRINCE2 (PRojects IN Controlled Environments) methodology

What is it?

- On top of the ex-post “contractual reporting” (financial claims & annual progress reports) used to calculate project performance
- Additional check-ups based on processes & tools at key moments

Preventative monitoring

- Monitoring Plan
 - Milestones (including Initiation Stage)
 - Annual contacts
- Project health check-ups
- Focus on both output delivery and budget spending

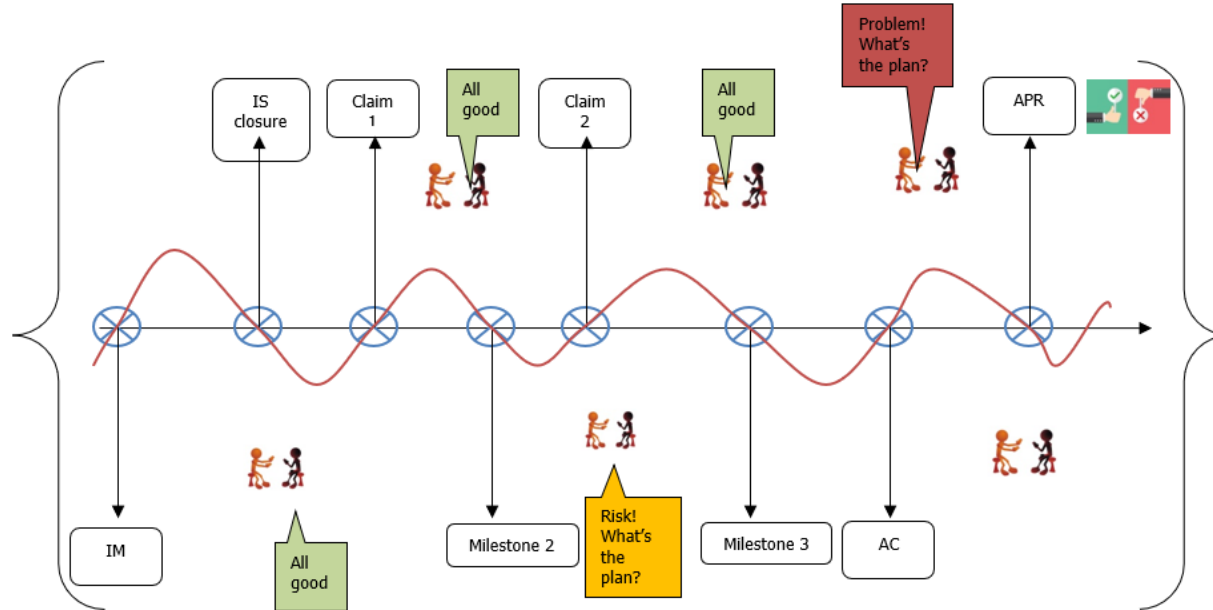
What is a milestone?

- A **significant moment** in the project's time plan such as the completion of a key work package, technical stage or management stage necessary for the smooth delivery of the project
 - Milestones are “critical moments” to inform of project delivery at the most important times to its success
 - To be discussed and agreed on with the LP and the partnership
- Examples:
- *Completion of a set of deliverables or outputs around the same period*
 - *Finalization of an investment in infrastructure*
 - *Obtaining an essential permit to begin an investment in infrastructure*

Annual Contact

- Once a year
- Ideally as a **physical meeting**
- Exceptionally via videoconference (between JS, TF and LP or when possible/needed whole partnership)
- Suggestion to organise Annual Contacts **together with project partner meetings**
- **Broad agenda** (state of play of activities, finance, cross-border cooperation, monitoring and reporting, deviations, risk strategy, communication, etc.)

What does it look like?



Monitoring Plan: Example of an overview

2018											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
							M0			AC1	

2019											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
APR1 FC1				AC2		FC2			M1		

2020											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
APR2 FC3				AC3		FC4		M2			

2021											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
APR3 FC5				AC4		FC6		M3			

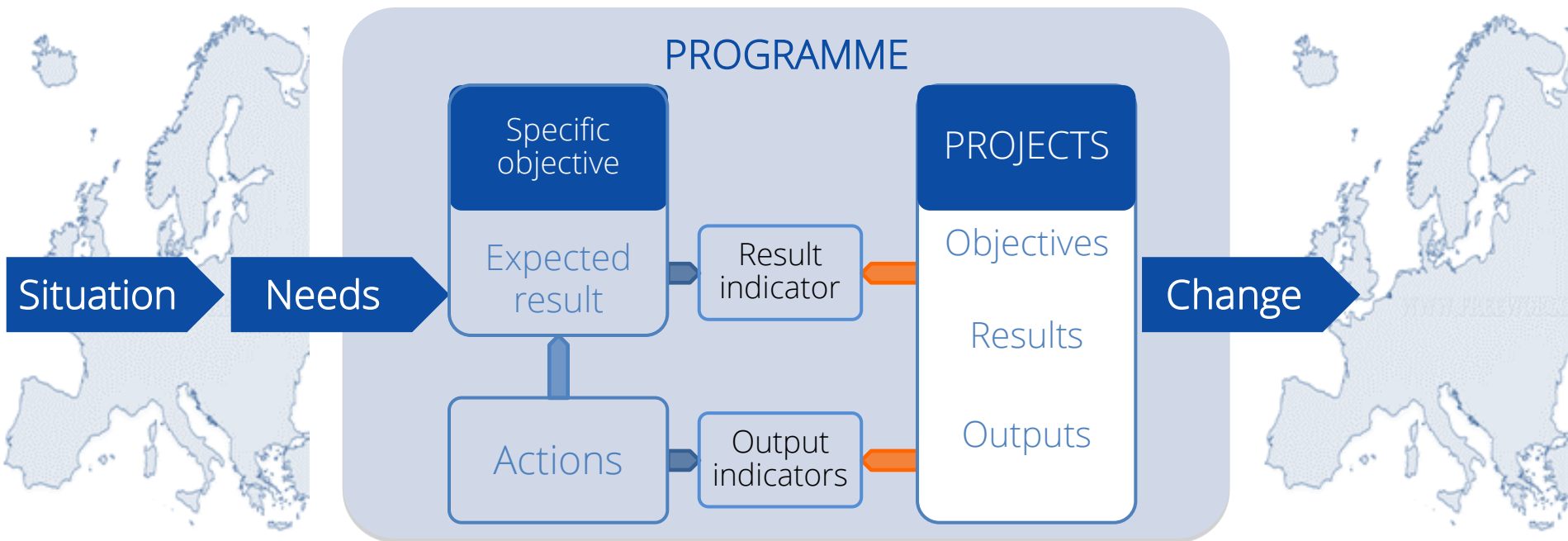
2022											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
APR4 FC7											

Example

Project health check-ups

- Project details and financial state of play (fed by the economic analysis and Programme statistics)
- **Project risk analysis based on facts** (number of partners, budget size, balance of budget, investments)
- **Project risk analysis based on monitoring information** (outputs and results achievements, soundness of partnership, financial delays, capacity to catch up on budget consumption)
- **Estimation of potential unused budget** and discussion with the project

Programme and project performance framework



Programme and project performance framework

- Replication of the Programme performance framework at project level
- Stemming from the “Design, development and implementation of an **integrated evaluation** approach within the framework of a robust 2014 – 2020 **monitoring & evaluation system**”

Annual project performance review

Annual performance targets

Outputs foreseen
€ Financial forecast

Application Form

-VS-

Achievements

Outputs delivered
€ Financial spending

Annual Progress Report

Annual project performance review

- The APR provides **two annual indicators** used to monitor project performance:

Cumulative outputs achievement rate

Cumulative number of outputs delivered by the end of the given reporting period

= $\frac{\text{Cumulative number of outputs delivered by the end of the given reporting period}}{\text{Outputs target foreseen by the end of the given reporting period}}$

Cumulative spending rate

Cumulative financial expenditure claimed by the end of the given reporting period

= $\frac{\text{Cumulative financial expenditure claimed by the end of the given reporting period}}{\text{Financial target foreseen by the end of the given reporting period}}$

Project performance evaluation

- From these two annual indicators, JS will evaluate the performance of the project by calculating the **achievement/absorption coefficient**
- It corresponds to the **average** between the **cumulative outputs achievement rate** and the **cumulative spending rate**

$$\text{Coefficient} = \frac{(\text{Cumulative achievement rate} + \text{Cumulative spending rate})}{2}$$

What if a project underperforms?

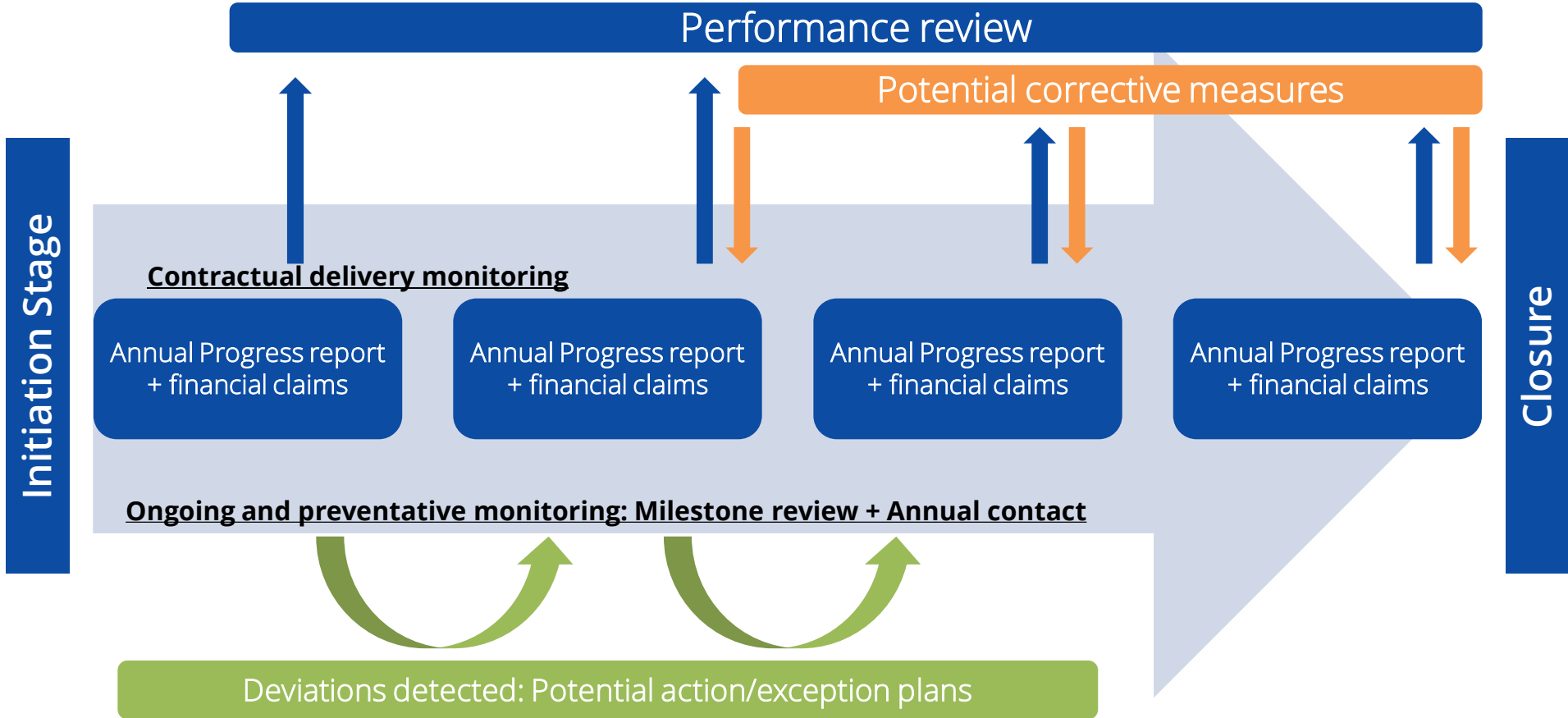


- A project is considered as “underperforming” when its achievement/absorption coefficient is below 65%
- If despite all the preventative monitoring actions, the project fails to reach the performance targets it will receive a **first warning from the Programme** (official communication sent by the MA/JS)
- If the following year the project still underperforms, **corrective measures will be applied in the form of ERDF reduction** (Monitoring Committee decision)

Scale of corrective measures

Achievement/absorption coefficient value	Corrective financial measure
[65% - 60%]	5 % of the cumulative financial target of the project of the given year
[60% - 50%]	10 % of the cumulative financial target of the project of the given year
< 50 %	25 % of the cumulative financial target of the project of the given year

Project implementation



Thank you for your attention!