



**INTERact**

# TERRITORIAL COOPERATION PROJECT MANAGEMENT HANDBOOK

**DRAFT**



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This handbook has been written to accompany the INTERACT Training Seminars on project management originally developed by INTERACT Viborg in Denmark. It aims to cover all the most common procedures and questions relating to the development and management of Territorial Cooperation projects and provide practical ideas on how to get the most value from these projects.

The first stage of the handbook was completed by consultants from LRDP KANTOR Ltd (UK), who drew experience from interviews with a wide range of INTERREG projects and programmes. We would like to thank the consultants and in particular the many project and programme staff from all strands of INTERREG and from across Europe who took valuable time to contribute their expertise, documents and ideas to the development of the handbook.

**INTERACT Viborg**  
March 2007

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## Introduction

1. The purpose of this handbook is to provide practical guidance and advice for project managers and Lead Partners in Territorial Cooperation projects in the 2007-2013 programming period.

There are lots of publications already available on general project management but none that we have found that specifically targets the unique opportunities and challenges of Territorial Cooperation. This handbook therefore aims at combining general project management theory with the very specific context and requirements of INTERREG and Territorial Cooperation projects. It builds on real examples of current successes in an accessible and easy-to-use format.

It is however important to note that the handbook must be used by project developers and managers in conjunction with the relevant EC, programme and national/regional/local regulations and guidelines applying to their project. This handbook is a general guide to methods and cannot replace official guidance on the individual requirements in each programme area.

2. The handbook follows the project cycle and by following each section project developers will get advice on every stage from idea generation, partnership and application development through contracting, start-up and implementation to closure. The main text follows key actions needed at every stage and includes examples of how projects have implemented these. The examples should be read as an integral part of the text and provide additional information. Additional information boxes cover particularly relevant points on project management, managing the project team and rules and regulations.

**Important note on project examples:** The projects included in the handbook were selected because of their success in project implementation and the examples provided illustrate how they achieved this. The themes and activities these projects chose to work with should not be regarded as part of the recommendations: Every programme has different and changing objectives and the programmes themselves are the only reliable source of information on the type of projects that will be supported.

3. There are many text boxes in the handbook containing different kinds of information. Some refer you to the templates and example documents developed to support the handbook. Others have important background information and are identified by an icon to help you find your way around.



These sections contain examples from projects. A lot of the information is not covered in the main text and the examples can provide valuable additional tips and ideas that projects have found useful during development and implementation.



These sections contain information on general project management approaches and techniques. They are designed for people who do not have much experience of working in projects.



These sections cover the rules, regulations and main terminology involved in European Territorial Cooperation projects. They are an introduction for those who are not familiar with the programmes.



Finally, these sections address the human factor in project management and some of the main concerns when working with a team. They also highlight critical moments when the project manager should be particularly aware of the team feeling.

**4.** The handbook is based on the results of a study on project management practices in on-going INTERREG projects in the 2000-2006 programming period carried out by LRPD KANTOR Ltd (UK). To complement the initial research outcomes based on 'real life' project experiences and place them in the wider framework of project management, we have used additional materials and publications, including general project management literature, EU programme and other INTERACT Publications (as referred to in the text).

The case studies used for the project examples were selected from a sample of 11 INTERREG programmes. Programmes and projects were selected to ensure coverage of all three strands (cross-border, transnational and interregional), a good geographic spread, a mixture of old and new programmes, some programmes involving non-Member States and a range of budget sizes and partnership structures. Case study research was carried out in two phases. First a survey was conducted of 8-12 projects in each of the selected programmes (a total of over 100 projects). Secondly, 30 good practice projects were identified on the basis of information provided in the survey and the good practice case studies were developed on the basis of results from a workshop with some 10 projects, visits to some further 10 projects and phone interviews with the remaining 10 projects. What all of the projects had in common was their ability to overcome any obstacles they faced and successfully deliver results.

**5.** The handbook is aimed at project developers and managers, and the programme staff who advise them. First-time project developers should find information on all the main steps needed to set up and implement a project. Experienced project managers who are new to the Territorial Cooperation will also find valuable tips on working with an international partnership and avoiding problems with European rules and regulations. We hope programme staff will find a wide range of inspiration for the practical advice needed by project developers.

**6.** The handbook has been produced to accompany an INTERACT Seminar on project management. If you have received the handbook without attending a seminar, we recommend attending a future event where you will have the chance to try out the ideas presented here by working with case studies and can ask questions and share views with colleagues. Information on future seminars can be obtained through the INTERACT Website or by contacting INTERACT.

**7.** There are almost 10.000 projects running under the current INTERREG Programmes and it has only been possible to study a tiny number of them. Every project is different. You may find that one of the ideas presented here does not work for you or you may think that vital points have been left out. If you have comments, please get in touch and we will be happy to consider your project for inclusion in a future edition of the handbook.

# 1. Essential background

*In this section you will find...*

*A basic introduction to some of the key concepts of project management and the particular challenges of working with European cooperation projects. We consider what programmes want from their projects in terms of content and introduce the main programme management bodies that are involved in assessing and assisting projects. Finally, there is an introduction to the project lifecycle and some of the main tasks project managers will have to work with at each stage.*

## 1.1 What is a project?

A project is defined by the need to achieve **fixed objectives** with **limited resources** (budget and staff) and within a **defined timeframe**. All stages of the project lifecycle are assessed on whether the outcomes justify the resources used (**efficiency**) and whether the activities carried out really contribute to the objectives (**effectiveness**). The main task of project management is to plan and steer the project team to achieve project objectives with the resources supplied.

## 1.2 What makes a Territorial Cooperation project different?

Territorial Cooperation projects are different to projects carried out by a single organisation. These differences mean that even experienced project managers can have difficulties when making the switch to cooperation projects. A number of features of cooperation projects will influence project planning and implementation. They include:

- Working with partners from different countries often involves bringing together **different (working) cultures and languages** and establishing a common way of working together in the project. Relationships and mutual trust need to be developed, if (some of) the partners do not know each other before the project.
- Building on the above point, INTERREG projects usually involve partners from **different types of institutions or organisations** from public, private and voluntary sectors with different fields of expertise and organisational cultures. They will have different expectations and working methods and these differences need to be managed so the team works together.
- **Working remotely** within larger partnerships over longer periods of time requires extremely good planning and organisation, commitment of all partners to the project and efficient and timely communication to achieve the common objectives and avoid isolated outcomes.
- **Defining concrete results with a realistic budget and timeframe** becomes more challenging in a multinational and multi-organisational context but is still essential when developing the project. Projects need to identify the right balance between necessary detail and sufficient margins for adjustments.
- Projects are co-financed by the European Commission and therefore need to comply with **programme reporting and other requirements**. They also often need to invest extra resources for developing the project and application before the start without having certainty about the success of the application.
- Project costs are almost always only reimbursed after the money has been spent. This means that project partners need to have sufficient financial capacity to **pre-finance** their

costs until payment is received from the programme (programmes normally make payments every six months).

The above aspects and practical ways of dealing with them are reflected and further elaborated during the following chapters.



### **The Operational Programme and other documents**

You will find frequent references in the handbook to the Operational Programme or OP. This document contains all of the main information about a programme and needs to be approved by the European Commission before the programme can start. It is an important reference for all project developers though programmes also produce a range of other less formal documents on more practical matters. The OP replaces the Community Initiative Programme (CIP) from the 2000-2006 programmes. In future there will be no Programme Complement (PC).

Meeting reporting and other programme requirements to comply with the regulations requires additional time and effort by the partnership. Generally, the programmes aim to simplify these processes but reporting and control are essential to ensure the funds are spent correctly. This handbook provides examples and tools of how to plan, manage and report efficiently but it is important to note that not all of the aspects mentioned are always relevant to every project. Generally, it is crucial to find out from the programme what the requirements are and then it is up to you to identify for your type of project and partnership what extra tools and management approaches you want and need to use. For example putting in place complex management structures is only necessary if you have a large partnership. In other words, proportionality or finding the right balance are key aspects. Management and control activities should not take up an unreasonable share of the project time and budget.

### **1.3 What kind of project do programmes want?**

This handbook focuses on project management and the projects selected for inclusion have been included because of their success in running a project and delivering the results promised. The handbook includes many hints on general content development and in particular on the need to clearly identify measurable objectives and the activities that will deliver these objectives. Several projects also highlight the need to consider different levels of policy and ensure as far as possible that European, national and regional objectives are effectively integrated in the project proposal. What the handbook cannot do is tell you exactly what kind of projects each programme is looking for, as every programme defines an individual strategy based on the needs of the programme area. Nevertheless, it is possible to identify some general characteristics of the content of a good project.

#### **✓ *Clear need for cooperation***

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The Territorial Cooperation programmes are defined by the value of cooperation between regions in different countries and projects that could be implemented just as effectively without cooperation have no place in the programmes. This principle is reflected in the new cooperation criteria for all projects and the fact that it will no longer be possible for partners from just one side of the border to develop and implement projects on their own. But just fulfilling the criteria does not make a good project. All project applications should clearly demonstrate the need for cooperation on the theme concerned. They should also demonstrate how each of the partners selected will contribute to and benefit from project activities.

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**✓ Relevant to the whole programme area**

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Project proposals often develop out of local concerns and it is of course important that these needs are addressed. On the other hand, good project results will be useful for other parts of the programme area or will deliver a benefit outside the local area where project activities have been carried out. A good proposal will convincingly demonstrate how results will be transferred to other stakeholders and/or how local action can be expected to have knock-on benefits for the wider region.

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**✓ Clearly defined activities and results**

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Programmes need to know what they are funding and be able to assess whether the activities planned are likely to deliver the promised results. A good application will give clear information on both issues. Good projects are sometimes rejected because they write bad applications: Remember that the programme can only assess what you put on paper. A well-defined and measurable set of indicators will provide strong support for the proposals made in the rest of the application.

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**✓ Sustainable results**

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It is important that the benefits of a project do not stop as soon as the funding ends so a good application should already consider what will be done to ensure that the knowledge, services and benefits developed during the project continue to be used after it is over.

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**✓ Clear links to the programme strategy**

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It is important that projects fit the programme. In other words, projects should study the programme carefully and ask themselves whether their aims are the same as those of the programme. The link between projects and what the programme is trying to achieve is one of the most important aspects assessed when a decision is taken on whether to grant funds to a project. This means that good projects are sometimes rejected because they are not appropriate for the programme and it should be accepted that programmes have very little flexibility on this issue.

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**✓ Integrating different perspectives**

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'Partnership' is an important principle in Territorial Cooperation programmes: It means that the views of different social, economic and environmental groups should be discussed and integrated into the programme and the projects. The inclusion of different viewpoints can lead to ideas for new or improved activities and wider acceptance of project activities and results. Demonstrating how these views have been included can therefore greatly strengthen an application.

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**✓ Strategic approach**

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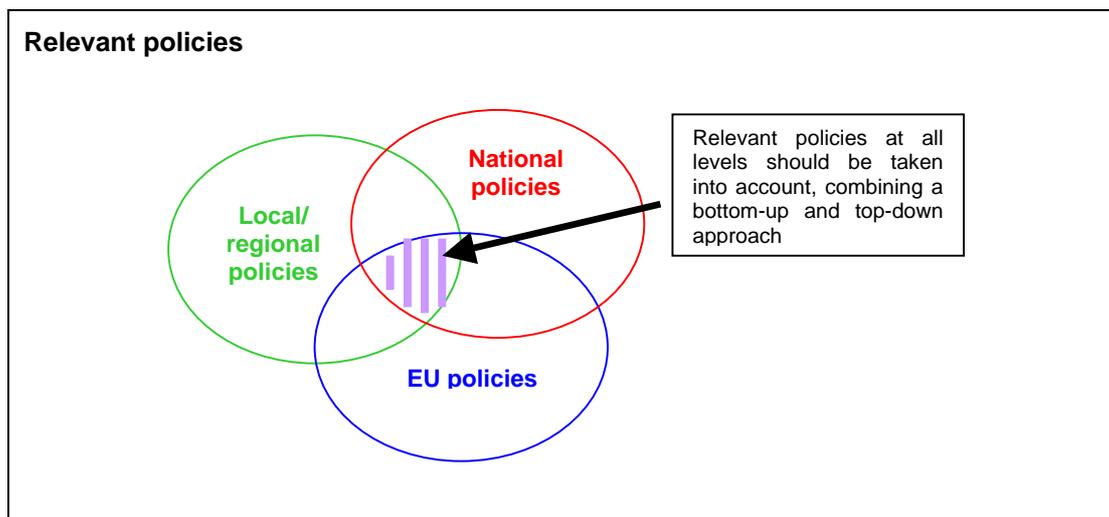
Strategic is one of the 'hot' words for the new programme period and most programmes are developing some kind of definition of the type of strategic project they would like to see. Although these definitions vary widely, we can in general say that every programme will place a very high priority on certain objectives and projects that promise to deliver these objectives. Sometimes the type of project wanted will even be outlined in the Operational Programme document. Each programme will be able to give advice on how these strategic concerns affect individual project proposals but a couple of features can improve the strategic dimension of any project (though they will be of varying relevance depending on the type of project).

## 1. Essential background

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Firstly, projects should demonstrate that they have taken account of wider policies and developments outside the programme area. Activities should be harmonised with other initiatives working on the same theme so that the funds granted to the project add maximum value to other investments taking place.

In the new period many programmes (and as a result projects) will focus on building synergies and complementarities with other community and national policies, initiatives and programmes (including other Territorial Cooperation programmes) in order to maximise the impact of the programmes. Special attention will be given to the delivery of the Lisbon and Gothenburg agendas, at the core of which will be the links established (through tangible, on the ground actions) to the National Strategic Reference Frameworks of the Member States and the Community Strategic Guidelines.



Secondly, the most successful projects generally try to combine the priorities of different levels of public administration (so-called 'top-down' input) with the needs expressed by people living in the programme area (so-called 'bottom-up' input). It can certainly be difficult to balance these two perspectives but the value is clear: If only top-down input is provided, project activities are less likely to be actively supported by people in the programme area and may fail to take account of the specific conditions in the area. If, on the other hand, only bottom-up input is provided, project activities may duplicate or in the worst case contradict other actions being supported. Furthermore, many cooperation projects include actions to develop good practice, guidelines etc. but these are unlikely to be adopted more widely and achieve a lasting impact if they do not have the support of regional and national authorities.

### ✓ ***Building on previous work***

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Many programmes are now entering their third or even fourth funding period. This means that tens of thousands of projects have been funded over recent years and a vast amount of knowledge is available on cooperation themes. Good projects will research this earlier work and particularly similar projects carried out in the same programme area in order to identify useful input and develop on it. Similarly, follow-up project proposals submitted by a partner that has already received an earlier grant will be expected to show definite progress on earlier work and demonstrate the added value of the new project.

### ✓ ***Additionality***

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Projects should also clearly comply with the principle of additionality. In simple terms this means that European funds should not replace public or equivalent expenditure by a Member

State (i.e. the funding cannot pay for activities that would have taken place anyway, on local, regional or national level).

✓ ***Respecting the principles of equality and sustainable development***

The strategic frameworks of the Territorial Cooperation programmes make clear links to these 'horizontal objectives' (meaning these themes should be considered in all programme and project activities). Projects should take these into account and make specific reference to how they plan to contribute to these objectives. Projects must, at the very least, have a neutral effect on these two themes. Experience from the current period indicates, however, that a lot of projects have direct links to sustainable development objectives and in particular to protecting and improving the environment. This type of positive impact is clearly preferred. Links to equal opportunities policies may be less obvious in many projects but should not be ignored because of this. Good examples are available.



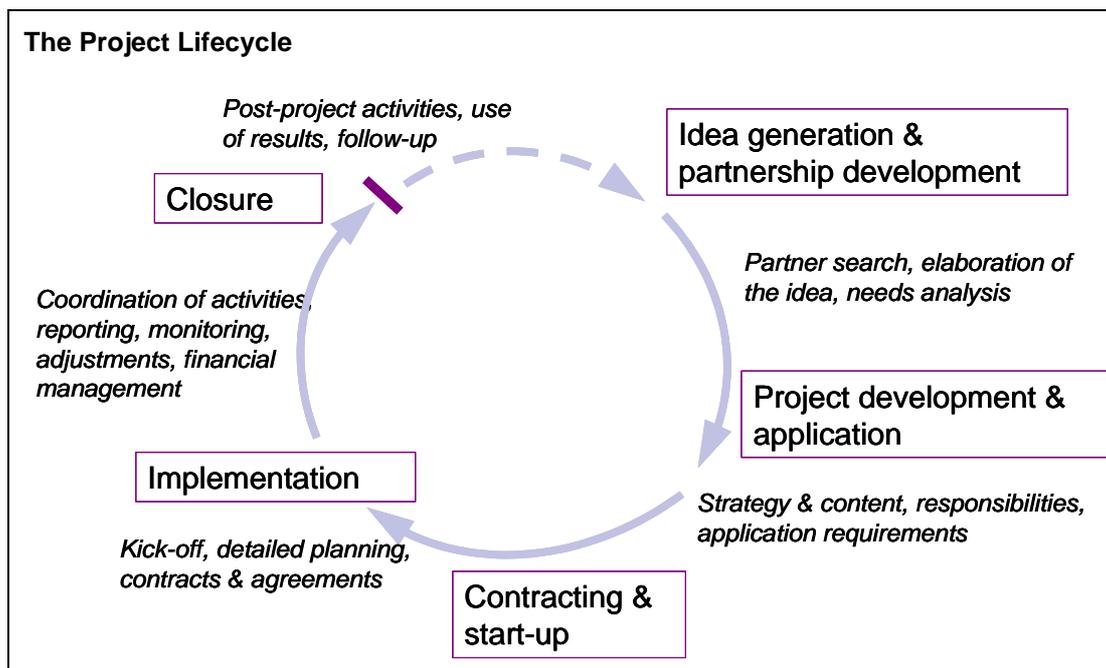
**Integrating equal opportunities in project activities**

Euro Mobile Time (IIIA Euregio Maas-Rhein)

Offering flexible working hours can be a valuable incentive for attracting and retaining skilled labour in regional economies and keeping existing workers active in the workforce. Partners from Belgium, Germany and The Netherlands compared the schemes operating in each country as a way of identifying the best methods for promoting increased employment and competitiveness through greater employment flexibility. Two particularly important target groups when considering how flexibility might bring people back to the labour market were women who had been on maternity leave and women who had been working as housewives – both untapped resources. The project illustrates how equal opportunities issues can not only be included in projects addressing economic development themes but can also play an important role in setting the agenda for these projects' activities.

### 1.4 The Project Lifecycle

Every project follows a lifecycle and Territorial Cooperation projects do not vary much from other types of projects in this respect. Various models for the lifecycle exist but the differences are small. For this handbook, we have taken into account the Project Cycle Management (PCM) model developed by the European Commission primarily for the management of aid projects (Project Cycle Management Guidelines, EC DG Development, March 2004) and adapted them to reflect the cycle of Territorial Cooperation projects. Use whatever model makes most sense to you – you should find it quite easy to relate the content of the handbook to other models. We follow the project lifecycle phases outlined below and each phase is elaborated further in the following chapters. The boxes in the chart show the different phases. Other text highlights key management tasks in each of the stages.



#### ✓ *The phases of the project lifecycle – what happens when?*

##### 1. Idea generation and partnership development

- Based on an analysis of current conditions, problems, needs and opportunities, a **general concept** for the project is established in the framework of the programme strategy
- **Partner search and identification** within the framework of the project strategy
- The **general scope and contents** – depending on the capacity and activities of the partners and activities of other actors - are outlined and revised as more partners join the project
- The **relevance of the idea** is tested and confirmed through research and possible pilot activities and the **involvement of key stakeholders** (needs and problem analysis)
- First **contacts with the programme** are established

##### 2. Project development and application

- Project partners **define the objectives**, work on the details of the project proposal and funding request describing the context, the **expected results and impact as well as implementation and resource schedules**

- The **project budget** is prepared
- During the project development process, it is formally agreed/confirmed by all partners who will be the **Lead Partner**
- The Lead Partner is in regular contact with the programme to get support for the development of the project and application
- Finally, the **application is submitted** to the programme

### 3. Contracting and start-up

- A decision is taken on whether the project will receive funding. If the project is approved, a **contract** is signed with the Lead Partner including essential finance arrangements
- **Partnership agreements** with all partners are developed and signed
- Project coordination and decision-making **structures** are put in place
- **Tasks and partner responsibilities** are outlined in detail and planned over time

### 4. Implementation

- The agreed resources are used to **carry out project activities** and to support the achievement of the overall objectives
- **Implementation and reporting procedures** are set up.
- In the course of implementation project progress is **monitored and evaluated** internally. **Revisions and adaptations** are made for unexpected events, and work packages are completed
- **Quality control.** All outputs should be reviewed by the partnership to produce the best possible collective results. The project should always be looking for ways to improve on the original plan.
- **Partnership management.** The partnership rarely functions perfectly for the whole project. Problems need to be identified and solved to keep things working smoothly.

### 5. Closure

- At the end of implementation **final reports** are prepared and submitted to the programme before final payment is received
- An **exit strategy** needs to be in place to ensure quick closure, sustainability and rules for the use of results after the end of the project
- **Follow-up activities** are developed, if relevant
- Project results are **evaluated and disseminated**

As the chart above shows, the project lifecycle should not be understood as continuous circle that leads on from closure into a new project. Every project is defined by concrete start and end dates and has to come to an end. The idea behind the circle however is that the outputs of a project should be sustainable and continue to be used after the end of the project lifetime. This can often lead to the generation of new project ideas building to some extent on these results but with clearly demonstrated added value.

The structure of this handbook follows the project lifecycle model presented above. For simplification, Financial Management is addressed in a separate chapter as the themes discussed sometimes relate to different project phases.

### 1.5 Overview of programme bodies

Managing a project means learning to live with programme rules. These rules are defined in detail in the regulations establishing the programmes. They can be frustrating at times but this handbook identifies many ways of minimising the trouble involved. As a general rule:

***Tip: Make sure that project documents and systems meet programme requirements before you start work. Putting problems right later on will involve a lot of extra work and effort (and may result in a loss of funds).***

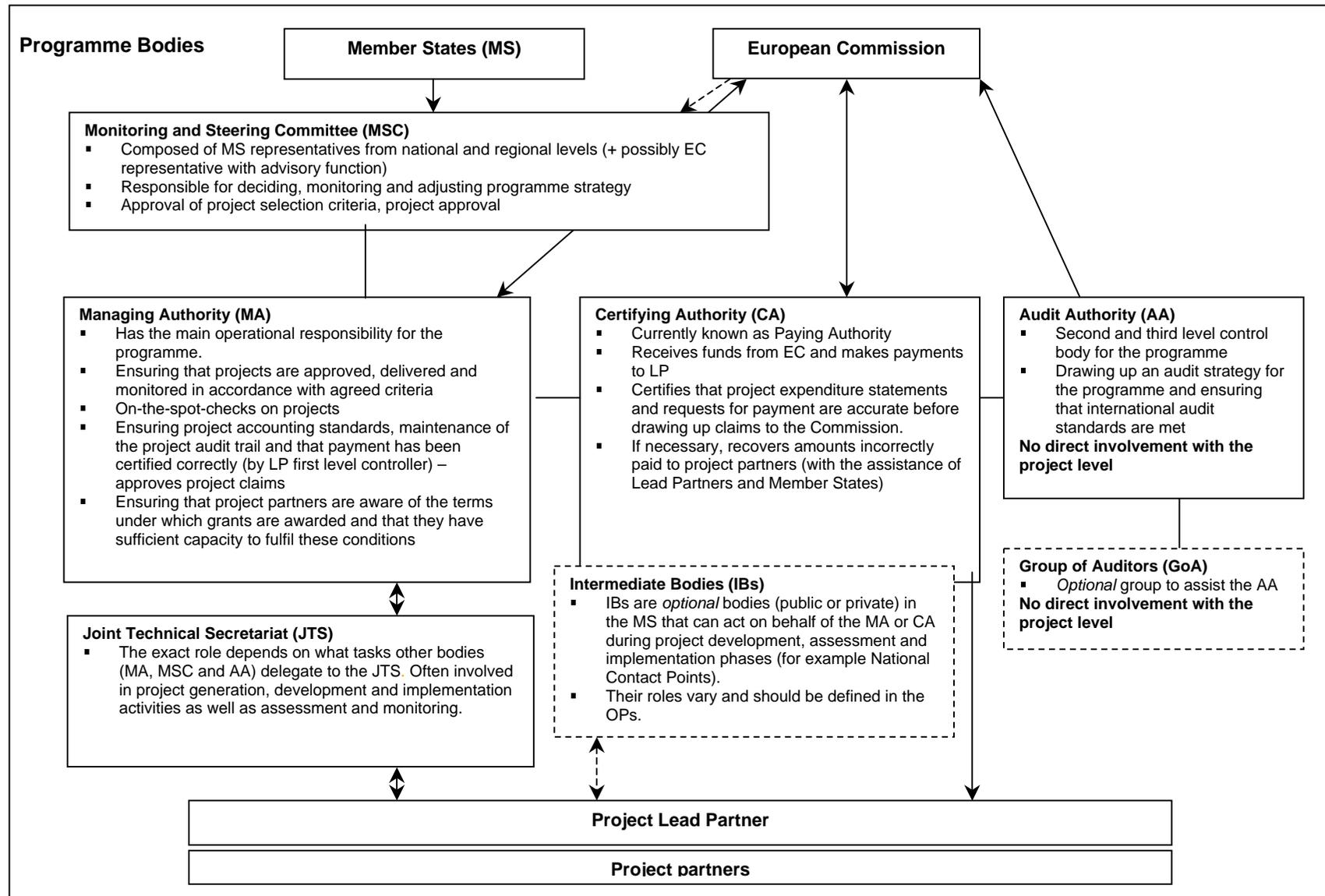
It may well be that the Lead Partner is the only member of the partnership in direct contact with the programme. Even so, it helps for every partner to have an overview of programme management bodies in order to understand where different requirements come from. The description below builds on the basic rules defined in the regulations. The Operational Programme will have information on any differences in the programme you plan to apply to.

Each programme consists of a number of programme bodies with different functions and responsibilities. The diagram below shows the structure of the programme bodies for the 2007-2013 period and their responsibilities/functions towards the project level. This is a basic model with the minimum number of programme bodies covered. Current and new programme structures can involve extra bodies including National Contact Points in each country or a sub-JTS in large programme areas.

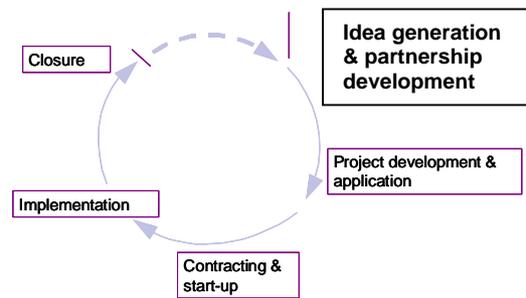
As the chart below shows, the Managing Authority (MA) has the main responsibility for the implementation of the programme. The MA has many responsibilities in addition to those related to the project level and often delegates a lot of project work to the Joint Technical Secretariat (JTS). For projects, the MA, JTS or National Contact Points (IBs) are often the main points of contact for information, project development and reporting during the development and implementation phases of the project. The other bodies can remain more or less 'invisible' for the project but – with exception of the Audit Authority and Group of Auditors - become involved in the approval of applications and the processing of reports and payment claims as the diagram shows.

These structures are established to ensure adequate information flows, objectivity during project assessment and approval, monitoring of project and programme achievements and proper certification of expenditure. The new regulations demand single 'joint' programme bodies. This means that there should be only one of each of the main bodies in the diagram rather than, for example, two Paying Authorities in two countries as was possible in the 2000-2006 period.

Project developers who are new to Territorial Cooperation may find a lot of the terminology in the diagram difficult. Don't worry! All key points and their practical implications are explained later.



## 2. Generating project ideas and building a partnership



*In this section you will find...*

*... information on how project ideas are developed and how to test whether your idea is a good one or not. Next we think about how to present ideas to potential partners, what sort of partners you should look for and how to find them. There are sections covering how to work with the partnership to develop the idea into a more concrete project proposal and how to identify and gain support from key stakeholders. The chapter closes with an overview of the type of help normally available from programmes.*

### 2.1 Defining a good project idea

Put simply, a good project idea is one that will probably make an effective contribution to the needs identified by the programme. In INTERREG project developers normally have a lot of freedom to decide for themselves based on their own knowledge and experience which activities will have the greatest effect (though programmes do sometimes have ‘focused calls’ for projects where they define what they want). One of the great benefits of INTERREG is that project developers can improve on their original ideas by drawing on the skills of the other partners: Two heads are always better than one.

“We had worked before on three national European Social Fund projects. The benefit of the INTERREG project was the partnership and the new ideas that it brought to everyone participating.”

PINEL, IIIA Wales-Ireland

Project ideas evolve in various ways but the starting point is to identify a need. The Operational Programme will include an analysis of the strengths and weaknesses of the programme area and the programme’s priorities will define the sorts of actions that the programme is willing to finance. Project developers need to combine these programme inputs with their own ideas about the best way to address the problems or opportunities they are interested in. From this they develop the **project idea** – a basic concept that is the starting point for negotiations with the programme and possible partners. The partner that develops the idea often – but not always – becomes the Lead Partner of the project. In addition to the programming documents, other strategic planning documents (regional and national development plans, regional SWOT-analysis, other field-specific strategies, etc.) can also contribute to the development of project ideas.

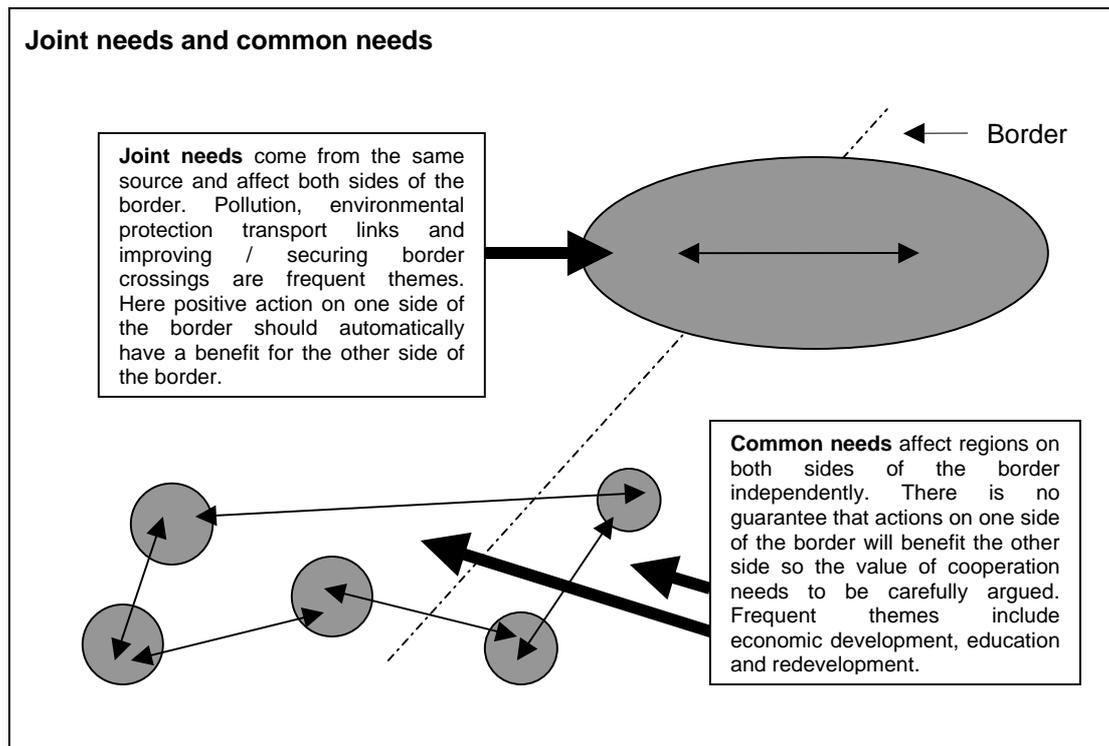
How do you identify a suitable need? Most project developers will know about the problems in their region through their own work. Of course, not all problems can be covered in an Territorial Cooperation project. There must be a well-argued reason for cooperating with regions in other countries. In this connection, two kinds of need are generally accepted. Joint needs are defined by problems that cross the border and need to be tackled on both sides if there is going to be an improvement. Examples include

“When I want to do something everyone says is impossible, I put together an INTERREG project.”

TEN3, IIIB North Sea

## 2. Generating project ideas and building a partnership

water and air pollution, transport links and improving / securing border crossings. The value of cooperation here is obvious. Common needs, on the other hand, may affect regions on both sides of the border independently. For example, the need to promote economic development may be a priority in towns on both sides but there is no guarantee that the reasons or the best solutions will be the same. In these situations it is not certain that action on one side of the border will benefit the other side so the value of cooperation needs to be carefully argued. Some of the best INTERREG projects work with exchanging and developing new ideas for dealing with common problems – based on a clear explanation of where they need help and why they think their partners may be able to provide it.



### ✓ *The idea defines the partnership or the partnership defines the idea?*

When projects respond to easily identifiable cross-border, transnational or inter-regional needs, the scope, content and partnership structure of the project often develop directly out of the needs identified. For example, the Meadow Orchard project is based on the need to protect biodiversity and meadow orchards in an area covering both sides of the border (see below). The main types of action required and the sort of partners best placed to carry out these activities are relatively easy to identify. Similar cases can be found in transnational and inter-regional cooperation projects (e.g. the need to improve wine tourism in the regions of the IIC VinTour project).

In other cases, the precise scope and content of cooperation are less clear at the start of the project and are defined during the development phase. This is often the case in projects addressing common needs where partner regions will be aware of the challenges they face but often much less clear about what action to take (this is the main thing they want to learn from their partners). A good example of this is the JEDI project, which worked with improving the situation of socially and economically excluded young people. The partners didn't know each other before the project and the scope of cooperation and the content of the project were developed during the project preparatory phase (see below). More preparation work is normally required for this kind of project.



### Project ideas develop from regional needs

#### Meadow Orchards (IIIA Slovenia-Hungary-Croatia)

The project idea was developed on the basis of a genuine need in the cross-border area; the protection of biodiversity and meadow orchards. This project theme has strong cross-border relevance. The territory where the project is implemented is part of the Natura 2000 area and the promotion of a well-preserved landscape is essential for tourism activity in the cross-border region.

#### Safety@Sea (IIIB North Sea)

More and more dangerous goods are being transported across the North Sea. The project brought together more than 20 organisations from 6 different countries to stimulate national, regional and local governments to identify common strategies and best available practices to reduce the probability and impact of accidents in the North Sea. The project promotes a joint response to a shared risk and encourages national-level maritime and coastal authorities in all seven North Sea countries to cooperate in demonstration projects.

#### City Ports (IIIB CADSES)

Many medium sized towns in the programme area share the same needs related to transport planning, traffic & logistics, environmental impact assessment and the need for competence to deal with specific issues in a coherent and consistent manner. This was the baseline from which a creative discussion with potential partners was started and later developed into a full application. The partners' contribution resulted in an integrated approach for regional policy, which enables the establishment of technical and financial tools, models and other methods useful not only for the project partners but also for other cities. The project application successfully highlighted how the project responds to regional needs by making strong links between project outputs and regional needs.

#### VinTour (IIIC East)

The ability of wine-producing areas to generate income is hindered by the oversupply of wine products at European-level and the strong competition coming from new wine-producing areas around the world. A professional way of promoting rural wine areas is the establishment of wine-routes. The three cooperating regions in this project all faced difficulties with developing a strong wine tourism sector. In the South Transdanubian Region (Hungary) five wine-routes operate in relative isolation (using different tools and techniques) without coordinated efforts to promote tourism in the area. In Treviso (Italy) the tourism industry faces several weaknesses such as the lack of development of tourist itineraries (and a sign-system), lack of environmental safeguards and a lack of coordination among relevant stakeholders. In Ciudad Real (Spain) there is a need to enhance the range of tourism-services provided, improve and standardise the quality control system of tourism services and products, and improve the promotion of wine routes. The related but different needs of the three participating regions allow partners to contribute experience in some areas while drawing on the partnership to address their own weaknesses.

### ✓ *Is the project idea the right idea?*

All projects should respond to the specific **needs of project target groups**. At the idea stage, every project developer needs to ask whether the proposal is what the region really needs. Project promoters often have a detailed knowledge about the needs of target groups (since they have been actively working with them in the framework of their regular jobs). In some cases project promoters decide to carry out further research in order to refine the project idea according to the specific needs of the target groups and strengthen the project proposal.



### Project ideas responding to target group needs

#### GSW – Gemeinsam stärker werden (IIIA Austria-Czech Republic)

The project developed a training package for businesses to increase their market knowledge and innovative capacity. The Lead Partner was a leading training and consulting organisation in Austria and as such knows the needs of entrepreneurs very well as a result of previous studies, experiences, close contact with SMEs, etc. The project idea was therefore developed directly from the needs of these entrepreneurs and evidence of this could be provided in the application.

#### PINEL (IIIA Ireland-Wales)

The project targets a very specific group (people with severe and enduring mental illness) in line with the programme objective of taking account of “the diverse nature, in terms of economic activity and population, of the cross-border area”. The barriers to inclusion for this client group are complex – PINEL addresses these and ensures wider participation and ultimately greater social inclusion. In order to select the right activities for achieving these goals, the project carried out extensive consultations with relevant organisations and members of the target group.

#### WISPR (IIIA Ireland-Wales)

The original idea of the Welsh partner came from a previous project called 'Disability Wales', which aimed at developing a Welsh language 'disability' terminology (standardised terms). During this project a need for the development of 'speech technology' was identified because Welsh documents were not available in a computerised format (e.g. to be read out by the computer for disabled people). This target group need was also identified as a common problem faced also in Irish language communication. The project developed tools and infrastructure to build speech technology applications for minority languages. Speech technology tools enable speakers of minority languages, including disabled people within those language communities, to participate more fully in the new ICT environment, thereby addressing issues of social justice and social inclusion.

### ✓ *Is somebody else already doing the same thing?*

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Project ideas should **complement (and not duplicate) other projects** being carried out in the programme area. Project developers therefore need to know how the project fits into existing operations and how the project is likely to influence these activities. The application will need to demonstrate how the project is different and how communication and learning will be secured between similar projects. Project ideas that are too close to an existing project may be rejected. If two similar ideas are under development, they may be asked to combine into one larger partnership. It is of course very useful to consult programme management on this issue before developing the project application. An **assessment of existing services** in the relevant intervention area can also be carried out in order to make sure that the project does not duplicate any existing activities being carried out by other organisations.



### Links with other initiatives

#### Strategic Innovation (IIIA Euregio Maas-Rhein)

The project fits well into the regional development strategy of the Euregio area, focusing primarily on increasing innovation capacity in the area and supporting three important sectors (life sciences, the automotive industry and ICT & multimedia). The project has established links with existing initiatives in the Euregio Maas-Rhein Region such as the two INTERREG IIIA projects, *Transcend* (dealing with cross-border technology transfer between different activity sectors in the field of Life Sciences within the Maas-Rhein Triangle) and *DAL* (working with tourism issues). There are discussions to establish links

with a further two projects, EuBan and MR Triangle. Moreover, a meeting with project managers from 12 other projects (selected out of 30) was organised to establish links and evaluate how each initiative could benefit other projects.

#### CrosboR&D (IIIA Slovenia-Hungary-Croatia)

During the preparation of the project application the views of key actors such as Regional Development Agencies (RDAs) and local administrations were taken into account. Regular communication with the programme Managing Authority was also considered to be important and emphasised the need to avoid duplication of existing project activities. The project manager found out as much as possible about similar projects being run or planned in the cross-border region and designed the project in a way that did not directly compete with other projects.

#### Safety@Sea (North Sea IIIB)

The project builds international networks and experience and is in line with the work of EMSA (European Maritime Safety Agency) and their concept of developing regional centres for monitoring purposes. The project therefore maintains close links to EMSA and will learn from their guidance and work carried out. Likewise, the project pursues cooperation with relevant international bodies like CPMR (The Conference of Peripheral Maritime Regions), IMO (International Maritime Organization), Bonn Agreement, HELCOM (The Helsinki Commission), and projects such as MarNIS (Maritime Navigation and Information Services) and SafeSeaNet. S@S also tries to draw on results and achieve synergy effects with the Northern Maritime Corridor (NMC) project to avoid overlapping or the risk of double funding. The project also cooperates with another INTERREG IIIB project (GeoShare), which improves the exchange and dissemination of spatially related information.

### ✓ ***Building on past experience***

Other projects are **continuations of previous projects**. This can be a very good way of keeping the activities for individual projects within realistic limits. For example, a first project might develop feasibility studies or strategies and a follow-up project could implement actions developed on the basis of the first project. Project promoters therefore often apply for INTERREG funding with the view to developing the project idea further (building on previous results) during the next phase of INTERREG. This '**multi-stage project** approach' helps to set and achieve realistic project goals within the timeframe of the project, and adds a long-term perspective to cooperation (which can be very valuable for maintaining partner motivation).

Some caution is required. There is no guarantee that the follow-up project will be funded and programmes are unwilling to fund the same partners to carry out similar activities in more than one project. Every follow-up project must develop the activities carried out in the first project and an added value has to be demonstrated. Follow-up projects that just offer more of the same will almost certainly be rejected.

***Tip: If you are considering building on a current project in the new period, you should think about the new focus of the cooperation programmes on growth, competitiveness and jobs (rather than issues like spatial development). Projects that were accepted in the current programmes will not necessarily be appropriate in the new programmes.***



### **Building on previous project ideas**

#### NAVE Nortrail (IIIB North Sea)

The NAVE Nortrail ("The North Sea Coastal Paths") project aims to contribute to the economic and social regeneration of the North Sea Coastal region by conserving and highlighting the region's natural and cultural heritage through the regeneration of a network of pathways around key coastal areas. Hordaland County Council in Norway was the promoter for the previous first NAVE Nortrail project as part of their Regional Strategic Business Development plan in 1994. The project idea was further developed and the Council (as Lead Partner) successfully applied under the INTERREG IIC North Sea programme. A feasibility study was organised under this project with partners from Aberdeenshire and East Lothian (Scotland), Ringkøbing (DK) and Hordaland (Norway). The study showed the great potential for a broader partnership and additional activities, which in turn led to the idea for an INTERREG IIIB application. For the INTERREG IIIB application, Hordaland County Council was not able to obtain a further national financial contribution on the Norwegian side and approached Aberdeenshire Council for the Lead Partner role.

#### PROQUA - Euregiocompetence (IIIA Euregio Maas-Rhein)

PROQUA-Euregiocompetence aims to achieve sustainable integration of a new vocational qualification (called Euregiocompetence Certificate) into the vocational education systems of the programme area. The project idea was developed by the Lead Partner as a follow-up from the previous INTERREG IIA PROQUA project. This first project analysed the vocational education and training systems and labour markets in the Euregio (1998) and identified a gap, which was developed into the idea for the second project. The results of the study were adopted by the governor's conference as the 'Euregiocompetence strategy'. PROQUA-Euregiocompetence was one of two INTERREG IIIA projects selected to implement this strategy.

#### Euregional Business Platform (IIIA Euregio Maas-Rhein)

Between 1998 and 2001 the five Chambers of Commerce in the Euregio Maas-Rhein, working together as Euregio Chambers, cooperated in the INTERREG II programme aiming primarily to raise the awareness of regional trade and industry about Euregional potentials. This project enabled the partners to develop a structured programme of further activities. The Euregional Business Platform project is designed primarily for developing new activities to improve economic integration among the different regions in the Maas-Rhein area.

#### SISTEMaPARC (IIIB CADSES)

The project idea was developed on the basis of previous experience in an INTERREG IIC project called NPIS and an existing network. Two cross-border national park regions were involved in the IIC project. Its main objective was to solve cross-border problems related to geo-information (data, analyses, systems). The present project works in the same field (geo-information, national parks, nature protection) but has a wider range of activities. SISTEMaPARC is a wider transnational project and its objectives and activities have been adjusted so they are no longer restricted to national parks. A stronger emphasis has been placed on networking between all entities concerned with nature protection that are aiming to establish / develop nature protection regions (national parks).

## 2.2 Presenting the idea

### ✓ *How far should you take the idea before involving others?*

One important question for cooperation projects is when is the right time to try and involve other partners? The basic answer is as soon as possible, as the project should be a combination of the needs and contributions of all of the partners. Potential partners will feel that they have no real control in a project where all of the decisions seem to have already been taken and this is a risk for the long-term stability of the partnership. Nevertheless, a certain minimum of more detailed information needs to be developed before approaching potential partners. This structured presentation of project ideas can help partners and other key stakeholders (e.g. programming authorities) to understand the purpose, objectives, activities and context of the project and assess whether they want to get involved.

***Tip: Even if you have a fairly clear idea of what you want to do, allow flexibility so interested partners can contribute to shaping the purpose and objectives of the project. Participating in an international project implies that the project idea needs to reflect the needs of all partners.***



#### Structured presentation of project ideas

##### Water City International (IIIB North Sea)

The starting point for developing a project idea is that it must at least fit with the regional/organisational policy and strategy of the project developer's area. This is an absolute must for a successful project, as no support can otherwise be expected. Once the project idea has been thought of, it should be documented in a clear way so as to communicate it to potential partners. The simple one-page project idea form below was developed by the IIIB North Sea programme to support projects in designing their ideas and was used by Water City International to approach potential partners. It should be regularly updated once partners begin to sign up.

Having a project idea form helps to ensure that all partners have the same interpretation of the project aim and basic contents and it allows the programme to check whether the project idea fits programme objectives. The idea needs to be clear and simple but not too narrow so other partners' needs and interests can be added.

##### *Project idea form – (based on the IIIB North Sea Region template)*

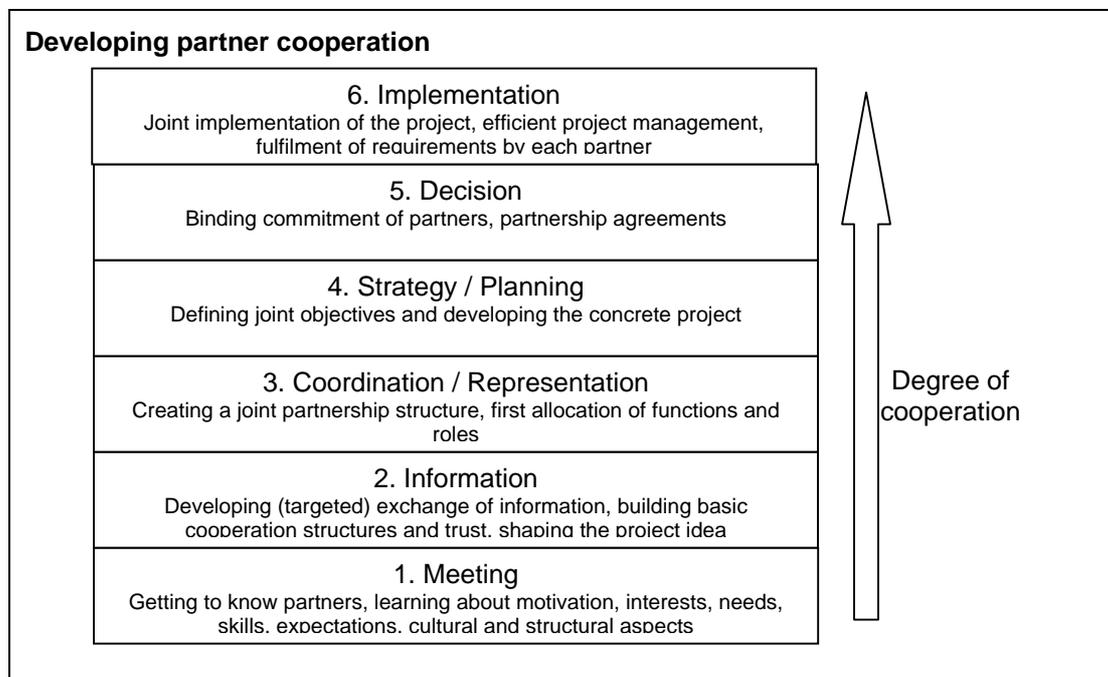
Project Title			
Priority			
Region / Authority			
Contact Person			
E-mail			
Address			
Phone		Fax	
Short description of the organisation developing the idea			
Project Description:			
Background			
Strategic questions to be answered by the project			
Short and medium term actions			
Central Aim:			
Envisaged outputs:			
Partners already found			
Type of partners wanted			
Estimated budget			
Month and Year this form is filled in:			

### DOCUMENT LINK!

The **project idea form** above is included as a template in the annexes and is ready and to fill out and use. Check with the programme you are applying to first to see if it has its own form – the information requested may vary slightly.

### 2.3 Setting up the partnership

Having developed the initial project idea, there is a need to develop the project partnership. Some of the partners may have joined the partnership already but often more partners are needed to develop and improve the project idea and/or meet programme requirements, such as transnationality of the partnership. The development of the partnership is an important process and the time it takes from a first meeting to definite commitment should not be underestimated because it involves a number of steps or phases before a solid and efficient partnership is in place:



The chart above shows the different stages through which a project partnership develops from first initial contacts in meetings, networks, etc., to the stage where the final project partnership is in place and ready for successful implementation of a concrete project. It builds on a model for the development stages in setting up cross-border cooperation structures and is adapted from a recent INTERACT Study<sup>1</sup> but the main point applies equally to projects: Joint implementation activities requiring high cooperation and trust are unlikely to succeed without previous exchange and relationship building. New partnerships should reflect on how many of these partnership building activities can be carried out during development of the application and how many will form part of the actual project.

While informal meetings and exchange of information usually involve a wider number of related organisations (networks) but usually not a high degree of depth or close cooperation, the number of organisations (potential partners) involved decreases, the higher up the chain the partnership moves, i.e. the closer the cooperation around a concrete project idea

<sup>1</sup> "Study on organisational aspects of cross-border INTERREG programmes – Legal aspects and partnerships", INTERACT, 2006

becomes. Some partner relationships remain for a long time (or even always) on level 1 and 2, while others can move relatively fast from initial meetings to close cooperation, depending to a large extent on interests, motivations and needs of the partners involved.

### ✓ **What makes a good partner?**

Getting together the **right partners** is essential for developing a good application: Their contribution is needed to turn the idea into a unified set of activities and convincing results. You will also need to work closely with all partners for the whole of the project so getting the right mix is essential – and may even mean turning some organisations away. A good partner has:

- Commitment, enthusiasm and trust towards other partners (willingness to take part actively already during project development)
- Good financial capabilities (in order to pre-finance project activities and secure co-financing)
- Knowledge of the relevant issues in order to contribute to the content of the project
- Shared needs with other partners and complementary expertise (to support exchange of experience)

### ✓ **How do you find partners in other countries?**



#### **A successful partnership building approach**

##### Water City International (IIB North Sea)

The Water City project used a successful approach for partnership building on the basis of a five-stage process as described below.

##### Stage 1- Circulate project idea among potential partners

- Document the project idea in a clear and simple way
- Circulate among actual and potential partners

##### Stage 2 – Identify partners

- Consult with the INTERREG programme, regional and national contact points throughout project development
- Put your ideas on paper and write them in a way that makes clear how objectives will be met and where the project will contribute, without being too specific at this stage since a lot has to be discussed and agreed among partners
- Make sure there is something to hand over (the project idea form) and make it look attractive
- Use international networks to find potential partners (in our case the North Sea Commission, CPMR and existing INTERREG projects)
- Try to cover as much of the programme area as possible (in our case at least 4 out of 7 North Sea Region countries)
- Use conferences and partner search meetings organised by the programme
- Build trust. For example, if you get an e-mail from an interested person, call back personally to discuss and explain the process

- Be clear about the process: What can potential partners expect? What is expected from them?

### Stage 3 – Select partners and work out the project

- How to select reliable partners?
  - Challenge them: If they want to join they will have to prove they can contribute to the project proposal with ideas and later take an active part in project implementation
  - Do partner ideas fit the overall project or even improve the overall project?
  - Be honest with the ones you do not select (explain why you selected others and not them. Ask if they want to be updated or would perhaps be interested in joining at a later stage)
  - Try to find a mix between “reliable” and “interesting” partners: You will already know some partners and know they are reliable. Others are new but may be interesting for the network or fit in with the regional development strategy
  - Are they willing to put in finance or do they only want to receive it?
- How to work out the project? What is the role of the Lead Partner in relation to the other partners?
  - Develop the main points of the project a bit further and explain what you have in mind
  - Ask partners to write about their specific situation, problems and experiences, ideas
  - Allow enough freedom for partners to document what they want, not what you want
  - Focus on the need for cooperation and let partners think about that
  - Organise partner meetings to get to know each other, facilitate contact and agree on some things like who will do what
  - Manage all formalities: Prepare letters of commitment early rather than late and even if the project content has not been decided yet
  - Be clear about financial issues from as early as possible. For example, “Total cost should be around...”, “LP costs should be around...”, “Partner costs could be around...”
  - Check partner financial proposals in order to avoid mistakes and to assess how realistic they are
  - Be open for discussion and ideas and questions: Take ideas seriously and improve the project (if relevant)

### Stage 4 – After submission of the application

- Provide follow-up information as requested

### Stage 5 – Start the project

- Make sure everybody agrees on what will be done: The partnership agreement is very important for this as it gives clarity and offers some backup in case of trouble

Keep positively stimulating the feeling of commitment – approval of the application is just the start.

### ✓ **Identifying partners through existing contacts**

**Existing contacts** or at least previous knowledge of some of the partners is very useful for partnership development. Most successful project promoters have previous knowledge of some of their partners, or contacts to representatives in the partner organisations (a recent survey suggests about half of the partners in a project know each other previously)<sup>2</sup>. These familiar partners can often also identify new partners through organisations where they have contacts. Previous knowledge of partners can facilitate the preparation of the project proposal as there is a pre-existing understanding of working methods and goals, and less need for trust-building. Project managers should be aware, however, of the risk of ‘old’ and ‘new’ groups forming and should work hard to integrate new partners as soon as possible and make them feel welcome and valued.

Some border areas, especially Euregions (or other previously established cooperation structures), have a strong background in partnership working, previous cooperation experience and prior knowledge of partners. Where these institutions exist, they will often be able to help identify suitable, reliable partners. Even where existing partnerships are strong, however, the possibility of bringing in new partners and ideas should always be explored.



#### **Getting the best out of existing contacts**

##### Exciting Cycling (IIIA Latvia-Lithuania-Belarus)

All the project partners have known each other since 1998 when the Euroregion “Country of lakes” was founded. The cooperation of all members of the Euroregion is stipulated in the agreement setting up the Euroregion so no additional partnership agreements were concluded during the project development stage. The only new partner (the state stock company “Latvia State Forests”) fitted naturally in the partnership as it had a specific role and tasks in the project that were closely linked with its daily operations. The project involves a mix of project partners – NGOs, local and regional authorities and public equivalent bodies – all suited to the project needs. The district councils have taken on a coordination role in the project for their smaller administrative units, e.g., Daugavpils district council from Latvia is coordinating the project activities for its 3 parishes, Kraslava district council in Latvia – for its 7 municipalities.

##### REVITA (IIIB Atlantic Area)

This project has successfully built on existing contacts and cooperation in the context of the Conference of Cities of the Atlantic Area (CCAA), a transnational cooperation structure in the Atlantic Area. Most partners are members of the CCAA and the one Irish partner that is not a member was proposed by the CCAA. The project idea was first discussed in the context of the CCAA and was later consolidated. CCAA meetings were used for brainstorming to present and develop the project idea as well as discuss the potential participation of partners. This allowed the development of a project that is relevant to the main needs of the Atlantic Area in general and supported at transnational level by the CCAA – an important inter-regional cooperation forum of cities and regions in the Atlantic Area. Participation and support from CCAA also guarantees the development of a partnership with high potential for future sustainability.

<sup>2</sup> ‘Best Practice Guide’ published by the INTERACT project Time2C. The average number of partners in the projects studied was 12.53. Of the projects where clear data was available, an average of 6.10 partners had worked together previously.

## 2. Generating project ideas and building a partnership

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### NAVE Nortrail (IIIB North Sea)

As Lead Partner in a related INTERREG IIC project, Hordaland County Council in Norway initiated and promoted the idea for NAVE Nortrail. Previous cooperation with some of the current project partners and existing networks helped the project find new partners in each country much faster than programme organised partner search events. Some of the key partners also have a strong tradition of European cooperation (Hordaland, Aberdeenshire Council), which accelerated the search for transnational partners. Initially some 20 partners were interested in cooperating but the programme recommended an extension of the project in September 2003 to involve another 6 partners including the Netherlands as a new country.

### INNOFIRE (IIIC East)

Project development and partnership building were characterised by a two-stage process, where a core partnership brought in further partners in order to extend the scope of the project. The final project idea was developed on the basis of two separate project ideas, from two cooperations: GC & GWS, and ZENIT & IRC-partners. Further partners were brought in following the elaboration of a first concept for the project. GC/GWS brought in three partners and ZENIT brought in a further five partners. The Italian partner Ervet provided a lot of help having participated in many INTERREG projects before. These four key players then motivated, animated and trained the other 7 partners in what needed to be done since only two partners (Ervet and ZENIT) had previous experience with EU projects at the time.

### ✓ *Identifying new partners without previous contact*

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There are successful examples of establishing partnerships without previous knowledge of partners – and bringing new partnerships together is an important feature of INTERREG. If the Lead Partner does not know of potential partner organisations, it can generally get support through partner search events and websites and other programme support services. Building a partnership from the start will, however, require more time and preparatory work (including regular partnership meetings) and it becomes even more important to be clear and open about the objectives and activities of the project. Any partnership-building process should start with the assessment of the partner's ability to contribute to the project both in technical and financial terms based on the written project idea. The active participation and commitment of potential partners during the preparatory phase can provide a good indication of their abilities and willingness to contribute to project implementation at a later stage. If a partner is inactive or shows no motivation during project preparation, it is worth considering whether to include it in the partnership.

**DOCUMENT LINK!** Knowing the type of organisation most likely to help is a starting point. Programmes and Contact Points should provide valuable information but the overview of equivalent bodies in different national administrations prepared by EUROSTAT may also give useful input.

Institutions also operate differently in different countries and it is not always easy to find the right partner organisation that will be able to implement the project in the same way in the partner country. This often means that more than one potential partner needs to be identified or even in some cases that organisations need to be specifically created for the purpose of the INTERREG project.



### Partnership-building in completely new partnerships

#### WISPR (IIIA Ireland-Wales)

The Lead Partner in Wales did not know a suitable partner organisation. The Irish partner was instead identified through a professional discussion forum of the British University, where one of the Irish University members suggested to the LP (Bangor University) to get in touch with the Irish Speech Group. The Irish Speech Group consists of three universities and a decision was taken that Trinity University had the right capacities to be a partner. Despite the lack of initial contact between the partners, the partnership was a perfect match. Several preliminary visits took place to the Irish partner organisation. These personal meetings were very important for getting to know each other, to identify differences and develop a common understanding.

#### Celtic Enterprises (IIIA Ireland-Wales)

Initial identification of the right partner on the Irish side of the border was not easy. Staff from the Welsh partner (CWW) visited several potential partners in County Wexford (Ireland) during a first exploratory visit in 1999 where several potential partner institutions were visited. These contacts were identified by various means, including personal contacts and through an earlier unrelated school-twinning link. CWW took the lead and facilitated developments, organised research visits and meetings for partnership building, and committed both time and money to ensure successful partnership building. Partners were primarily selected on the basis of similar/compatible expertise to that of the LP. (i.e. knowledge and expertise in education and enterprise development issues).

The final commitment came late from the Irish partner because no single organisation existed in Ireland that could act as single partner. Since there was no single body with a similar profile to that of CWW, three potential partners were identified in Ireland, who had previously worked together. As a result of the INTERREG project development a decision was taken on the Irish side to form a new legal entity (Celtic Enterprise Ireland) in order to make project management and financial management easier. Celtic Enterprise Ireland (CEI) Ltd. was formed specifically to run the Celtic Enterprises project as a legal partnership of Wexford County Enterprise Board and Innovation Wexford.

### ✓ *Choosing partners with the right specialisation*

The **specialisation** of partner organisations is one of the most important selection criteria when choosing partner(s). Project partners should have the right expertise and knowledge to contribute to project development and subsequently to implement the project. The project idea should be in line with the strategic focus of partner organisations, which will ensure that partners are motivated to take an active part in project development and implementation. Similarities as well as complementarity in expertise are valuable for partnership working:

- Partners often have **similar expertise**, which helps ensure that joint project activities can be efficiently implemented in each partner country and that partners have a similar understanding of key issues. More importantly, partners will most often aim to address similar problems and therefore will be motivated to take an active part in the project. Interest in the theme of the project and common needs of partners is the key motivation of large partnerships, in particular for IIIB and IIIC project partnerships (motivated by common thematic goals).
- **Complementarity** just means that the skills of one partner match the needs of other partners. It is unusual of course to find a perfect match but looking for complementarity between partner specialisations can be useful for ensuring successful exchange of experience between partners (i.e. learning from each other) and delivering one of the key INTERREG benefits.



**Integrating partner interests, needs and skills**

WISPR (IIIA Ireland-Wales)

The partners had the same types of problems (i.e. lack of speech technology developed in Irish/Welsh language) and at the same time also had complementary skills, which helped a lot in exchange of experience and knowledge and the development of the project context. The Irish partner had technical knowledge in speech technology while the Welsh partner was good in structuring research projects (i.e. experience in defining final products, target groups, setting up project structure, etc.). The Welsh partner also approached the Irish partner at just the right time, when they were looking for funding for a project on speech technology. The project brought advantages for both partners, because they had the common interest in developing a project in the field of speech technology and because many aspects of the project were not language-specific. This meant that the cost of developing the technology jointly was much lower than doing it individually. As a result the Language Technology Unit at Bangor University (LP) has extended its team expertise in linguistics and software engineering with speech technology while the Welsh partner helped the Irish partner to gain expertise in software development.

PINEL (IIIA Ireland-Wales)

During the application process the partners both visited each other and decided to prepare a joint application. The two partners have learned a lot from each other during project implementation and the complementary nature of the partners soon became evident. The Irish partner had no specific expertise in mental health services (its activities focused on socially excluded people) and was open to develop new areas of expertise in these fields.



**Grid for assessing complementarity**

Simple tools can be used during project preparation meetings to explore partner complementarity. This allows the development of activities that will bring the right partners together on the right themes and also helps when defining the results that need to be achieved and when explaining the value of cooperation. Be careful with partners who feel that they have nothing to learn – if they are unable to identify clear benefits for their organisation, their commitment to the project may be unstable.

	<b>Lead Partner</b>	<b>Partner 1</b>	<b>Partner 2</b>	<b>Partner 3</b>	<b>Partner 4</b>
<b>Activity 1</b>	<i>Significant experience, for example ...</i>	<i>Significant experience for example ...</i>	<i>Some experience, for example ... Particularly interested in learning about...</i>	<i>Minor experience, including ... Particularly interested in learning about ...</i>	<i>No experience Particularly interested in learning about ...</i>
<b>Activity 2</b>	<i>No experience Particularly interested in learning about ...</i>	...	...	...	...
<b>Activity 3</b>	...	...	...	...	...
<b>Activity 4</b>	...	...	...	...	...

**DOCUMENT LINK!**

The partner complementarity template can be found in the Annex.

✓ ***The benefits of a good partnership mix***

A good **partnership mix** (geography, type - e.g. public/private/NGO - and sector) is considered to be a main strength of partnerships. Many partners are quite similar to each other as this ensures shared interests, an ability to carry out parallel activities in each country and a good likelihood of taking over the results of other partners. The addition of 'unusual' partners outside the usual cooperation groups of the project can, however, bring new insights. Whatever the final partnership, tasks should be assigned in a way that maximises the chances of successfully implementing the project and brings benefits to all partners involved.



**Why a good partnership mix?**

CrosboR&D (IIIA Slovenia-Hungary-Croatia)

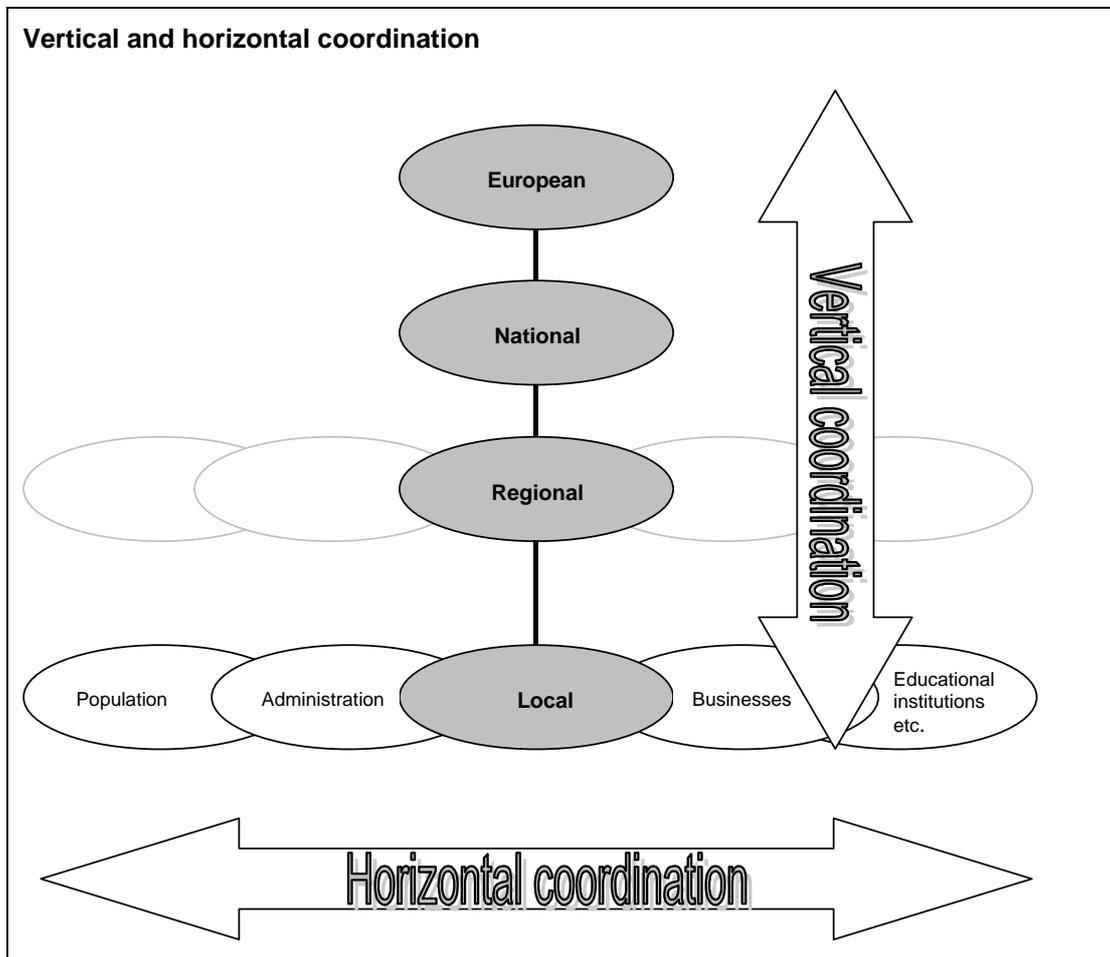
The partnership mix is one of the major strengths of this project. The partnership includes a university, a Regional Development Agency and a business support organisation/business incubator in each of the three partner countries. This partnership mix is a major factor in successful project implementation as it brings in expertise from a wide range of areas (i.e. knowledge on research, practical expertise in providing support for enterprises and wider regional development needs).

Safety@Sea (IIIB North Sea)

The Lead Partner is the Norwegian Coastal Administration (NCA). They regarded it as crucial to integrate partners from different sectors (national marine and coastal administrations, regional authorities, private companies, emergency and rescue organisations, and NGO's) as they represent different views across a range of stakeholders and provide additional knowledge and experience. Maritime accidents, such as that involving the Prestige oil tanker (which sank off Spanish waters in November 2002) ruin the environment and have been an 'eye opener' for the need to include a number of partners such as NGOs (representing local communities and/or helping to prevent pollution within these communities). NCA has so far not experienced any problems with the cooperation between these different sectors but has instead benefited from knowledge exchange (and discussions) as well as different ways of working (e.g. NGOs are very good at lobbying).

The right partnership mix will also facilitate the preparation of the project proposal. The right partners can successfully contribute to the project financially (i.e. to the level of co-financing), technically (contribution to content of the proposal, and project implementation in the partner country) and with contacts and links to key agencies to ensure that the project idea (and later implementation) is supported by important stakeholders and decision-makers.

The partnership mix is often related to the terms 'vertical' and 'horizontal' coordination. Put simply, vertical coordination refers to the need to consult and involve different levels of government and administration. The aim is to avoid overlaps and conflicts and ensure that activities being carried out at different levels are harmonised as much as possible. The best way of doing this is to try and involve different levels in the partnership itself as far as this is useful. Horizontal coordination refers to the need to involve a wide range of stakeholders from each level – and particularly at the level that project actions take place (i.e. if project activities have a strong local focus, local rather than regional partners will be the first priority). This split can be a useful way of reflecting on the existing partnership and asking whether other organisations should be approached with an offer of partnership or for consultation.



### ***Involving the private sector***

The **contribution of private partners** is considered to be useful because they can bring in new skills and contacts but projects often find it difficult to involve private organisations in EU-funded projects. Many programmes do not allow private companies to be full partners and receive European funds (as the programmes are primarily targeted at public sector actions) while others require guarantees or other documentation that companies may be unwilling to provide. Private partners are also sometimes uninterested in getting involved because of a lack of resources (financial and human) during the preparatory phase and heavy programme administrative requirements.

***Tip: Check the programme rules on private participation before approaching private partners.***

Despite this, many projects have successfully included the private sector by identifying project benefits that can compensate for the added administration and/or lack of European funding (such as the positive publicity of being involved in anti-pollution actions). Many other projects have found a solution to these problems by involving private partners as 'sub-contractors' (contracting specific project-related tasks to the company). This has added benefit that private organisations do not need to be involved in the time-consuming reporting and financing processes of the main INTERREG project. All projects considering this way of working should, however, read the relevant parts of finance section of this handbook very carefully – there are strict rules when sub-contracting is used.

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✓ ***What is the right size for a partnership?***

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This is one of those questions that cannot really be answered because it depends on the type of project. All project managers need, however, to consider the balance between the expanded knowledge, insights and geographical coverage available in a larger partnership and the added coordination work that large partnerships bring. Partnership size also varies depending on the type of cooperation programme under which the project is implemented (i.e. cross-border, transnational or inter-regional). In the sample of projects selected for this handbook the cross-border projects typically involve 4 partners (other than the LP), whereas numbers for transnational and inter-regional are 17 and 6 respectively.

The size of partnership can impact on the efficiency of project implementation particularly in terms of reporting and financial management where large amounts of information will need to be collected and coordinated and delays from some partners are almost inevitable. Because of the potential management difficulties in large partnerships some projects suggest trying to limit partnership size and include only those partners that can make a sufficient contribution to the project application and implementation. Later sections of the handbook contain examples of management structures and procedures other projects have put in place to effectively deal with these problems.

## 2.4 Developing the project idea

The project idea is a general concept and may at first be little more than a clearly identified regional need. Over time and with the input of partners this idea needs to be developed to include objectives and possible activities.

The main source of development material is partner discussion and expertise but as part of this process and in order to refine project ideas and ensure their relevance, project developers often carry out a range of activities to check the project's focus and options. This research is on-going throughout the project development phase and should be adjusted when including new activities. Useful activities include:

- **Background research** and review of existing studies and projects with particular focus on beneficiary needs and the identification of gaps in existing services/activities as well as thematic gaps identified by the programmes
- Assessment of **how the project fits into the national/regional/local and programme context** through carefully studying programme priorities and all other relevant strategic documents and related activities
- If possible, **piloting the project idea** (or parts of the project idea) in order to identify any potential weaknesses or areas where the project idea can be further strengthened
- **Feedback from programme management bodies** on the proposal is particularly helpful for fine-tuning the project idea to the particular nature of the INTERREG programmes. INTERREG programmes are founded on a number of principles and programme management can be very helpful in interpreting them. Projects should review received feedback carefully and consider adjusting proposals accordingly as the comments received are likely to reflect the outcome of the assessment and the selection process.



### Activities to strengthen an application

#### PINEL (IIIA Ireland-Wales)

In order to identify the precise scope of needs and define the content of the project the Lead Partner carried out the following main actions:

- Consulted key players such as the Conwy Department of Social Care and Housing and Denbighshire National Health Service (NHS) Trust, Llandrillo Further Education College, JobcentrePlus/Benefits Agency, Sunrise (Service User Representative Group) that work with the beneficiary group in order to ascertain their views on the provision of a pre-vocational training programme
- Met with the 'service users' themselves in order to obtain their views
- Conducted extensive research on the type of services available locally, nationally and abroad
- Established good contacts and regular communication with the Welsh European Funding Office (the programme Managing Authority) and obtained detailed guidelines from programme documents
- Studied in detail how the project fits into the relevant priority of the programme (Education, Training and Human Resources)

#### JEDI (IIIA Ireland-Wales)

The JEDI project set out to develop and implement strategies to identify and engage socially and economically excluded young people and early school leavers and promote informal and formal learning opportunities. The project application was underpinned by a wide range of activities, including:

- Preparatory meetings that identified the needs of young people and assessed existing programmes
- Linking the concept of the project to services offered by the Department of Education and Science, the Probation and Welfare Services and Youth Services
- A background assessment

#### Bioenergy (IIIA Kvarken-Mittskandia)

The aim of the Bioenergy project is to identify and solve different kinds of technical and methodological problems in forestry management. The Lead Partner of the project initiated a range of activities to prepare the project application:

- The Chydenius Institute suggested to the Regional Council of Mid Ostrobothnia that a regional meeting concerning energy should be arranged.
- Next a tentative survey was conducted of key stakeholders in the Ostrobothnian region and Sweden.
- Then a seminar concerning locally produced energy was held in Kannus. The follow up of that seminar included personal visits and contacts and strived to identify the needs of and interest in fuel from the forest.
- The Chydenius Institute went deeper into the issue with an additional survey.

After reading the programme documents there were meetings with responsible persons from the County Administration of Västerbotten, the Regional Council of Mid-Ostrobothnia, the Kvarken Council and the INTERREG secretariat in Umeå. Through these personal meetings the project understood how an INTERREG project should be generated and implemented.

## ✓ Consultation with partners

Consultation with partners from an early stage is essential. Their involvement in the design of the project will ensure that the project is based on joint needs, skills and interests. Partnership working and exchange of experience are major added values of INTERREG and can bring several benefits to partners. During the development stage this input helps to map the range of opportunities available to the partnership.



### Involving partners during preparation

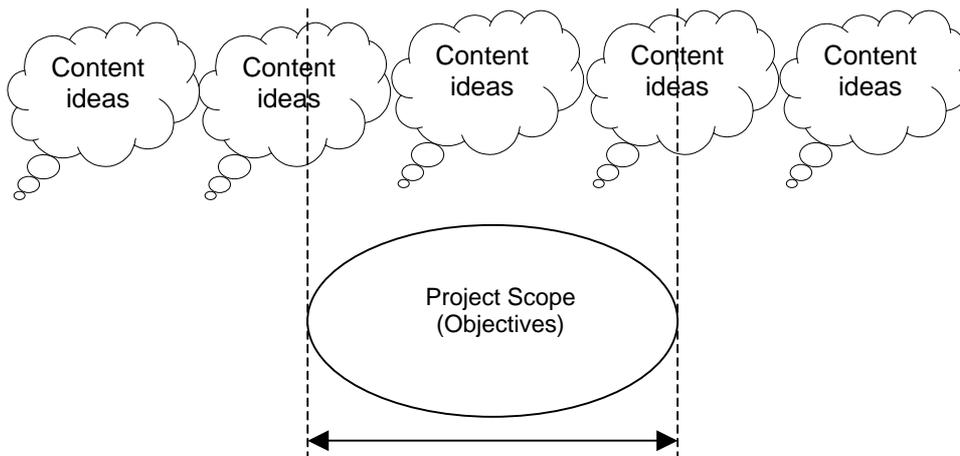
#### UniZon (IIIA Kvarken Mittskandia)

At the start the project did not have one concrete project idea. In fact the partners faced difficulties because of the large number of ideas and different partner understanding of how INTERREG works. These were resolved through discussions and contacts as well as through seminars to inform partners on the content and procedures of INTERREG programmes. The Lead Partner organised workshops for project idea generation aiming to look for common interests and ideas, real doers, partners who could agree together on activities and indicators, and partners who were willing to co-finance the project.



### Defining the project scope

The first meetings between partners can set the tone for the whole project and need to be planned carefully. When new teams come together they are normally enthusiastic about the new challenges and contacts that the project will bring them. The role of the project manager is to maintain this motivation while making sure that it does not result in unrealistic expectations about the project. This is particularly important during discussions about the content of the project.



The ideas of partners will often fall outside the original idea of the project. During the first stages of planning the scope can be adjusted to include new objectives but at a relatively early stage the actual goals need to be defined. This decision is essential so the project developer can communicate, 'What this project is about'. Partners will probably continue to develop ideas that fall outside the agreed scope of the project. The project manager must consider these carefully, balancing the need to create a project with coherent activities and objectives against the need for project partners to feel that their input is valued. This process is best managed face-to-face during preparation meetings.

Preparation meetings also need to cover the duties of each of the partners and introduce partners who are new to European cooperation projects to the most important rules. Here again there is a need for balance. Partners need to know what they are agreeing to but should not leave the meeting with the feeling that they will be over-loaded with work and administration. Keeping a firm focus on the benefits of participation can help to avoid this.

## 2. Generating project ideas and building a partnership

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### ✓ **Background research & needs assessment**

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Background research is often carried out in order to obtain further information about the project context and possible project impact. Many project promoters find it useful to carry out a **needs analysis** with particular focus on the **target groups** of the project in order to support project design. There should be a clear link between the project idea and target group needs. Through this the project promoter can also ensure that there is a market for the project.



#### **Needs analysis as a key pillar of the project application**

##### Proqua - Euregiocompetence (IIIA Euregio Maas-Rhein)

Central to the development of the project application was the development of a full analysis of Euregional needs in the vocational education sector (carried out in part through an earlier project). In the application the project objectives were formulated on the basis of the needs identified during this initial analysis. Project objectives were clearly linked to project activities.

### ✓ **Getting specialist input**

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Not all of the knowledge required for putting the project together may be available within the partnership. Specialist input whether in the form of contracted consultants or meetings with specialist organisations can bring in knowledge of relevant European issues and the most up-to-date debates on the project theme. Many organisations have also found the use of external experts of particular benefit in cases where there has been lack in own resources for developing the project idea (especially in terms of human and time resources). The potential role of consultants in writing the application and managing the project is discussed elsewhere (see also section "Writing the application").



#### **Using specialist input**

##### Celtic Enterprises (IIIA Ireland-Wales)

The Lead Partner in this project ensured specialist input on all aspects and phases of the project. It was considered that the Lead Partner has a key role in involving relevant experts in order to ensure the most effective implementation of the project. Specialist inputs were provided in various forms including telephone conversations, e-mails, meetings and reports. These contributions were considered useful for strengthening project implementation in the following areas:

- Input from local European officers on issues regarding reporting to the Funding Office and other regulatory matters
- Input from Equal Opportunities advisers within the company and externally on issues regarding equal opportunities
- Input from internal and external ICT specialists on issues regarding ICT, e.g. video conferencing, the website etc.
- Input from independent consultants who carried out an external mid-term evaluation of the project
- Input from specialists involved in teacher development, e.g. Trinity College, Wales and Waterford Institute, Ireland.

### ✓ **Piloting**

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It is a precondition of successful project implementation that partners are experienced in the field of the planned project. In some cases partners have already carried out 'pilot-type' activities, which can be used as a stepping-stone for the development of the project idea (or

parts of it). These methods can underpin the project concept and help to support the project idea with key stakeholders (and programme management in particular). Pilots show that the project idea is realistic and will increase confidence in the ability of the partnership to implement the next stage. A strong word of warning is needed, however. Projects must make sure that the main idea is not just a repeat of the pilot on a bigger scale: There is a need to demonstrate that activities build on what has been learnt or done so far. Applications that seek funding for existing activities will be rejected.

***TIP: Demonstrating the added value of the project idea should be carefully considered. Testing and developing new approaches and methods is one way forward, providing clear links to policy implementation and development or facilitating the set up of innovative collaboration networks could also testify to the project's added value. In the new period projects made up of lots of local activities with little link between them will not be encouraged.***



#### **'Piloting' project ideas**

##### Celtic Enterprises (IIIA Ireland/Wales)

Both Ireland and Wales ran separate enterprise education programmes (similar to the current Celtic Enterprise programme in Ireland and enterprise programmes in West Wales) but there was no cross-border cooperation between them. However, following exploratory visits to Ireland these programmes funded the trips of 8 student teams to Wexford as 'guests' in 2001 and 2002 while 8 student teams in Wexford visited Wales as 'guests' in 2002. A very limited student business programme was thereby established to test the INTERREG project idea. The final student business programme was developed during pre-application project development meetings and built extensively on experience gained during the pilot.

#### ✓ ***Involving key stakeholders***

Put simply, a project's stakeholders are the people and organisations implementing the project, and the people and organisations who could be positively or negatively affected by the results of the project. They may well have an important influence on successful implementation and use of results (mainstreaming) but can also be useful in the early stages for shaping the idea and gaining support for the project.

Each of these groups can and must be sub-divided (*politicians* for example should be considered at *national, regional and local levels*) in order to provide useful input to project implementation and communication strategies and avoid generalisation. This section considers the importance of involving stakeholders during the project development stage. Effective stakeholder analysis and its relevance for project communication, publicity and mainstreaming of results will be discussed in chapter 5.6 of this handbook.

Stakeholder involvement can be realised in various ways and when defining the stakeholder groups careful consideration should be paid on how these groups should be involved. In some cases consultations are organised in the framework of seminars or conferences on the topic of the project (e.g. Bioenergy project) while in other cases steering groups were set up with the participation of relevant stakeholders later on in the project (e.g. JEDI project). Involving these **key stakeholders** is very important for obtaining their views about the project, which can in turn contribute to further development of the idea. Organisations may also offer more concrete assistance such as technical contributions (i.e. knowledge of the relevant subject), links to target groups (through their existing activities), or in-kind support (i.e. access to facilities).



### Involving stakeholders in project development

#### Euregional Business Platform (IIIA Euregio Maas-Rhein)

As Lead Partner *Kamer van Koophandel en Fabrieken voor Zuid-Limburg* coordinated the preparations (both content and procedures) and efforts to get the project approved (e.g. presenting the case of the project and convincing people why the local chamber of commerce would also work for companies elsewhere etc.). This task was also supported by all project partners in their own region and it involved all regional authorities involved in the decision making process for INTERREG (i.e. INTERREG Foundation).

One of the most time-consuming tasks during project preparation was finding a consensus between the 5 partner regions as they had different ideas and sometimes conflicting opinions. This required intensive persuasion by stressing the importance of the concrete project outcomes for trade and industry in the whole Euregio. Consensus was reached by adapting the project proposal and convincing decision-making authorities of the benefits where they had doubts. Most beneficial was a joint partner meeting with regional project managers.

#### JEDI (IIIA Ireland-Wales)

Early involvement of key agencies was essential for the successful implementation of the project. For this purpose a local steering group was set up in Blancharstown (Ireland). The ability, expertise and commitment of the local agencies to engage and retain the target group throughout the life of the project were important elements of the project success. The involvement of a wide range of stakeholders provided the ability and expertise to deliver the project. Local activities were discussed at local steering group meetings and then brought forward to cross-border meetings where progress reports were discussed.

#### PINEL (IIIA Ireland-Wales)

A need was identified for providing pre-vocational training as many people in the target group are far removed from the labour market and can be characterised by poor self esteem/confidence and sometimes lack of basic skills required by employers. The Conwy and Denbighshire National Health Service Trust as one of the key project stakeholders was particularly interested in a pre-vocational training service and offered the use of office space, training room and support services.

Perhaps most importantly, stakeholders have a central role in using the results of the project. All main project outputs whether they are reports and recommendations, web services and training or concrete infrastructure need to be taken over by another organisation at the end of the project if they are to continue in use. These 'end-user' organisations are unlikely to take action if they have not been able to provide their input during the development and implementation stages. Involving them strongly from the start, on the other hand, will help ensure that end products really meet their needs and will give them a sense of ownership of results - making them much more likely to take responsibility after project closure. Insufficient stakeholder commitment has been a problem for some INTERREG projects in the past and there is likely to be greater focus on this issue in the new programmes, where most study/plan projects will be expected to demonstrate that they have had an impact on working practices in their sector.

## 2.5 Programme requirements and support

### ✓ Gain a good understanding of programme requirements & other strategic goals

**Studying programme requirements** (objectives, priorities and eligible actions) and making sure that the project idea is in line with these are essential for successful development of a project idea. There is no point developing a great project if it does not fit in the programme. **Other strategic documents** such as regional and local development plans, specific local policies and strategic guidelines covering the project themes can also be useful in designing the project.



#### **Linking project ideas, programme priorities & local development strategies**

##### WISPR (IIIA Ireland-Wales)

At first there was no clear link between the project's objectives and programme priorities: The closest theme was 'transport and communication'. The project theme had to be brought in line with the requirements set by programme priorities. The project's concept of 'computer and speech technology' was eventually fitted into the ICT-development goals of the programme.

When developing a project idea it is important to understand the importance of the application at a strategic level. You need to see how your project idea fits into government policies, legislation, etc. and you need to map your project in a way to fit in with existing initiatives. In this project, links were established between the government target to ensure 'equal access to technology for disabled people' and technology/ICT development. In order to develop the strategic focus of the project application, the Lead Partner looked through a wide range of documents (including the Disability Act, Welsh Language Act, Regulation on accessibility, Regulation on e-learning) and the Irish partner carried out a similar exercise. At the same time project synergies with disability issues (i.e. ensuring accessibility to computers and the web for disabled Welsh and Irish speakers) and the local economy (new products for SMEs to incorporate in their software) were emphasised.

##### VinTour (IIIC East)

The VinTour project concept fits well in the regional development strategy of the Hungarian partner. Activities are in line with two measures of the Regional Operational Programme and also correspond to the development concept of the Hungarian Ministry of Agriculture and Rural Development. Since the Development Agency takes an active part in the formulation of regional concepts and strategies, "lobbying" and "selling" of the project idea did not play a major part in the project generation process. The Agency elaborated its so-called "Complex Development Programme" in the summer of 1999 and this included objectives, priorities and measures for regional development. Two of these priorities dealt with the development of wine production and tourism (in the framework of the development of agriculture and development of tourism). Since these objectives enjoyed common acceptance within the region, the Agency only had to secure similar partners from abroad.

##### Celtic Enterprises (IIIA Ireland-Wales)

The project has strong synergies with local, national and European strategic policies and programmes such as the Entrepreneurship Action Plan for Wales, Youth Enterprise Strategy (Wales) and the National Development Plan in Ireland. One of the main strengths of the project idea is its relevance to cross-border needs including the promotion of entrepreneurship in the region, raising awareness of the broader European and global economy, encouraging sustainable development (indigenous businesses), encouraging trading links and developing good practice in education and training. The partners also carried out an audit of existing training in schools in Wales and Ireland in order to ensure complementarity rather than duplication of activities. The relevance of the project to programme priorities, national policies and regional development strategies was clearly

described in the application, referring to the following related initiatives (extract):

- The Entrepreneurship Action Plan for Wales and the Dynamo Role Model initiative. These initiatives aim to promote entrepreneurship amongst young people and SMEs.
- Future Skills Wales Survey.
- Education frameworks
- Careers Wales Quality Award.
- Local Authority Economic Development strategies.
- Enterprise Encounter Initiative and Student Enterprise Awards Programme (Ireland).

### ✓ **Regular contact with programme management**

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Programme management and/or Joint Technical Secretariats (JTS) should be consulted regularly for direct advice and feedback on the idea. These clarifications contribute to a better understanding for both project developers and the programme management about how the project responds to programme objectives and priorities. If a project already has a good understanding of the main issues in the programme documents, consultations can be used for fine-tuning the project so it is more likely to be approved.

Programmes also offer a variety of project development support events and tools. Not all programmes carry out all activities but common examples include:

- **Info days** to explain the type of projects the programme is currently interested in and some of the requirements
- Project **pre-assessments** to give a programme opinion on project ideas
- **Thematic seminars and partner search events** to bring together stakeholders from different sectors
- **Supporting documentation** including application manuals
- **Templates** for partnership agreements, etc.
- **Project idea web database** – listing all project ideas in a programme
- **Assistance with project idea clustering** – in the event several project developers from different regions/countries are working simultaneously on similar issues
- **Individual project meetings/consultations**
- Network of **national / regional contact points** to facilitate country-specific partner search and advice



### **Regular contact with programme management helps refine the project**

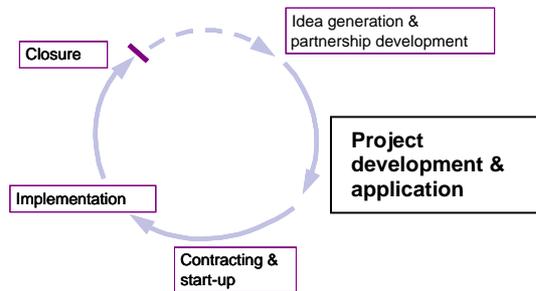
#### INNOREF (IIIC East)

The INNOREF application was at first rejected by the programme secretariat because of the weak partnership structure. The JTS was generally very supportive of the project idea and supported the project promoter in finding the right partners. It is important to communicate regularly with programme management bodies to obtain their views about the project and make necessary adjustments in consultation with them to improve the project idea and partnership structure. The Greek and Czech partners joined the partnership following participation in an INTERREG IIIC Open Day and related Partner Search Forum (organised in Berlin by the JTS).

#### NAVE Nortrail (IIIB North Sea)

Regular contacts with the JTS were very useful in developing the detailed content of the application. Aberdeenshire Council (Lead Partner) received necessary support on, for example, different budget elements and issues regarding the geographic spread of partners (initially not enough partners) and indicators used (initially not specific enough).

### 3. Project development and application



*In this section you will find...*

*... information on Lead Partner and partner responsibilities and tasks as well as some project views of what makes a good Lead Partner. We cover the development of the application, objectives and work packages and the level of detail required for the application. A large section contains practical tips on building a realistic project budget. The chapter ends with a discussion on how to decide the indicators for measuring project performance and highlights various other aspects on how to prepare a sound project application.*

#### 3.1 The Lead Partner principle – responsibilities of the LP and partners

##### ✓ **What is the Lead Partner?**

Every Territorial Cooperation project must have partners from at least two countries and particularly in the transnational programmes it is not unusual to have 20 or more partners. As a result one partner is selected as a coordinating Lead Partner. This role brings with it added responsibilities of course and we cover these below but there are two main parts. Firstly, the Lead Partner should be considered as the overall project manager. Individual partners may have their own project managers for ensuring that their share of the activities is delivered but it is the Lead Partner who is responsible for making sure that the activities, timetables and budget of the whole project stay on track and for reporting on them to the programme.

Secondly, the Lead Partner is generally also the only member of the partnership that is in regular contact with programme management bodies. Most programmes will have hundreds if not thousands of partners working on projects and communication with this large group is managed through the Lead Partners.

##### ✓ **Who is the Lead Partner?**

In many cases the project developer who has generated the project idea will take on the Lead Partner role. Having taken the project from idea to application stage it is often a natural progression for the project developer to take on the role, especially as some of the partnership will probably have been built on the contact network of the developer's organisation. The project developer is the 'glue' that holds the partnership together at the start and it is often natural to continue in this role as Lead Partner.

This is not always the case, however, and alternatives should be considered. The Lead Partner role requires a certain level of administrative and financial capacity (see below for the formal requirements). As a result, some organisations feel unprepared to take on this role or

### 3. Project development and application

prefer to focus on the project content rather than developing project management capacity. Two solutions are commonly used. Sometimes another partner is approached. In other cases the Lead Partner sub-contracts project management and administration to specialist consultants so that its own staff can focus on project content.

In Territorial Cooperation programmes, the Managing Authority is required to set criteria for assessing whether partners have the capacity to deliver the project. It can be expected that the criteria for Lead Partners will be stricter. Programmes have not yet set these criteria so it is difficult to give examples but financial stability will certainly be one. In the first instance, the Lead Partner is responsible for repaying any money that has been incorrectly paid out to any partner though this money is later recovered from the partner concerned (or the partner's Member State if anything goes wrong). Other requirements are covered below.

#### ✓ **What are the responsibilities of the Lead Partner and the partners?**

All partners are responsible for fulfilling their own tasks and spending funds solely on the activities agreed in the application.

'Coming together is a beginning. Keeping together is progress. Working together is a success.'  
Henry Ford

The split of formal responsibilities between the Lead Partner and partners in the project is defined below. Formal responsibilities should not, however, get in the way of the concept of partnership: It is the role of every partner to do what they can to ensure the success of the project.



<b>Formal partner responsibilities</b>		
<b>Project stage</b>	<b>Lead Partner responsibilities</b>	<b>Partner responsibilities</b>
<b>Development &amp; application</b>	Coordinates input from partners. Drafts and submits the application form.	The project and the application should be jointly developed and agreed by the partnership. All project partners should jointly agree on who will be LP.
<b>Co-financing</b>	Secures Lead Partner co-financing and ensures that all partners have letters of commitment for their own co-financing.	Secure co-financing in time to include letter of commitment with application.
<b>Contracts</b>	LP signs the Grant Offer Letter/ Subsidy Contract between the programme and the project. LP draws up the project Partnership Agreement including provisions for sound financial management and recovery of amounts unduly paid.	The Partnership Agreement must be signed by all project partners. They commit to deliver all approved activities and live up to financial responsibilities.
<b>Implementation</b>	Though LP has overall responsibility for ensuring implementation of the whole project. Every partner must play an active role in project implementation.	Formally every partner is responsible for carrying out the activities assigned to it in the application and partnership agreement.

<b>Finance &amp; reporting</b>	<p>LP checks that partners' expenditure has been validated by approved controllers.</p> <p>LP ensures that reported spending has been incurred through spending on the agreed activities only.</p> <p>LP controller signs a declaration that they have received properly certified statements of expenditure from the project partners. LP controller does not assess the quality of partner control work.</p>	<p>Every partner is responsible for ensuring that their expenditure has been certified by the approved controller.</p> <p>They should ensure as far as possible that certification and other documents are provided before the Lead Partner's deadline.</p>
<b>Payments</b>	<p>LP receives payments from the programme and transfers funds to the other partners.</p>	
<b>Irregularities</b>	<p>LP has to pay back the programme immediately when an irregularity is detected in any partner expenditure. LP recovers these funds directly from the project partner. If the funds cannot be recovered from the partner, the Member State where the partner is located remains ultimately responsible.</p>	<p>Every partner remains responsible for any irregularity in the expenditure it has declared.</p>

✓ ***Building partnership into the proposal***

This handbook has already stressed many times the importance of involving all partners during every stage of development. The reason for this emphasis is that the cooperation element has been weak in some INTERREG projects to date with activities in each country carried out more or less separately. As a result, new cooperation requirements have been introduced in the new regulations for the 2007-2013 period (EC1083/2006 Art. 19). All project partners must work together actively and ensure that cooperation is needed for achieving the outcomes and results of the project. The following four cooperation criteria have been established for projects:

### 3. Project development and application

<p style="text-align: center;"><b>Joint development</b></p> <ul style="list-style-type: none"> <li>▪ All partners should contribute to the development of the project</li> <li>▪ Partners define how the project will operate. Joint development of objectives and outcomes, budget, timing and responsibilities for work packages and tasks to achieve the objectives</li> <li>▪ Identifying knowledge and experience, that each partner brings to the project and what each partner expects to get from the project</li> </ul>	<p style="text-align: center;"><b>Joint implementation</b></p> <ul style="list-style-type: none"> <li>▪ The Lead Partner bears the overall responsibility for the project, all partners take responsibilities for different parts of the implementation</li> <li>▪ Each project partner responsible for a work package coordinates, ensures that planned activities are carried out, interim targets are met and unexpected challenges to implementation are dealt with</li> <li>▪ Several partners contribute to each work package</li> </ul>
<p style="text-align: center;"><b>Joint staffing</b></p> <ul style="list-style-type: none"> <li>▪ All project partners have a defined role and allocate staff to fulfil this role.</li> <li>▪ Staff members coordinate their activities with others involved in the activity or work package and exchange information regularly</li> <li>▪ There should be no unnecessary duplication of functions in different partner organisations</li> </ul>	<p style="text-align: center;"><b>Joint financing</b></p> <ul style="list-style-type: none"> <li>▪ The project has a joint budget with funding allocated to partners according to the activities they are carrying out (the budget split reflects partner responsibilities)</li> <li>▪ The budget includes annual spending targets and spending targets per work package</li> <li>▪ The project has a joint bank account for the ERDF contribution</li> <li>▪ Generally, all partners contribute with co-financing</li> </ul>

Many current projects already fulfil these criteria. The new aspect for the 2007-2013 period is that they are explicitly mentioned in the ERDF regulation. This means, for example, that 'mirror projects' with parallel activities in the partner institutions and without clear signs of cooperation will no longer be possible. Cross-border and transnational projects should fulfil at least two of the four criteria. Inter-regional projects must fulfil all four.

Each programme will identify means of measuring and assessing to what extent projects fulfil these criteria. It should be noted however, that these are only the minimum requirements and generally projects are encouraged to cooperate closely by fulfilling all four of them. In many cases, the criteria also go hand in hand with each other. For example, if partners develop a project jointly with responsibilities and activities outlined for each partner, joint implementation and staffing are the logical results of this process.

***Tip: The cooperation requirements have to be fulfilled but do not approach them as a problem. In programmes already running this type of full cooperation project, projects always state that working together in the partnership has been one of the most valuable benefits of the project.***

#### **✓ *Lead Partner role in project development and communication between partners***

The **Lead Partner** will play a key role in the partnership building process and lead the process of formulating common goals, project plan and structure of activities. The role also

involves coordinating discussion with partners, keeping them involved and ensuring that partners' suggestions are taken on board. The experiences and skills needed by a Lead Partner at this stage include:

### **Capacity / experience**

- Early involvement in project idea design
- Access to a good network of potential partners, stakeholders and external experts
- Know-how in INTERREG or international projects of similar nature and a good knowledge of EU regulations
- Financial and human resource capacity and skills to plan and manage the project and prepay project expenses.
- Good knowledge of the project theme

### **Coordination**

- Ability to keep project strategy, objectives and activity plans focused
- Able to negotiate with all partners their roles and responsibilities
- Be flexible and prepared to deal with new factors or unforeseen events or problems, without abandoning the main path of the project

### **Communication /liaison**

- Bring and keep all partners together; maintain the impetus of the project
- Coordination and quality check of inputs from partners and others (e.g. external experts.)
- Act as a single communication partner for the MA/JTS, link between partners and programme authorities, inform regularly about changes and results.
- Pass programme information (for example on requirements, eligibility, etc.) down to the partners
- Neutrality and at the same time real involvement and personal approach in dealing with partners and their problems or when resolving internal conflicts
- Be available for partners and their issues when they need assistance
- Manage differences and problems stemming from cultural differences and different languages: educate and inform, use interpreters

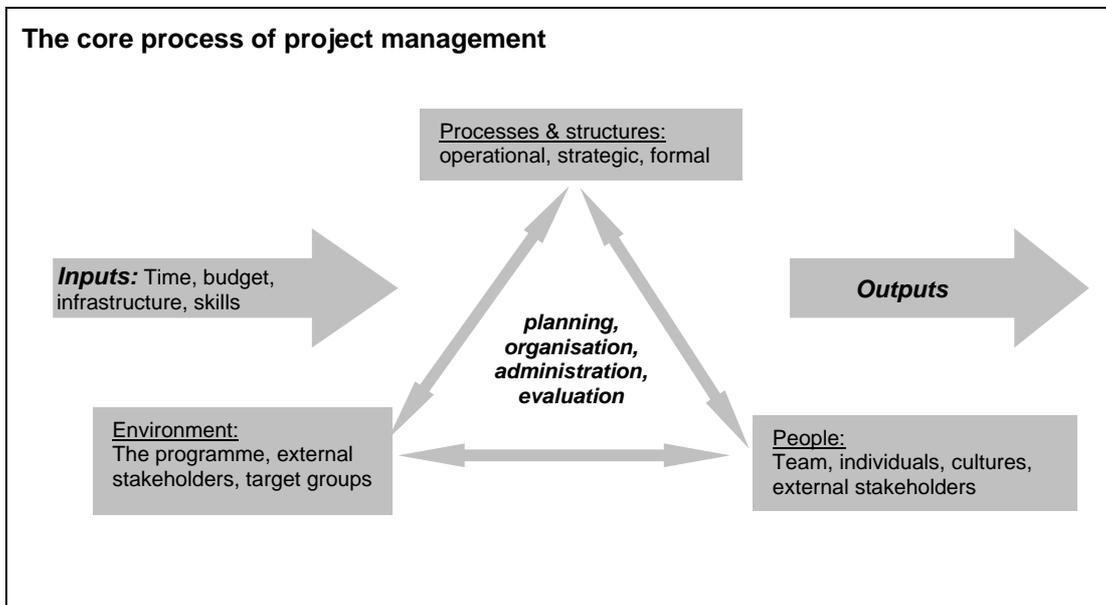
### **Financial management**

- Ensure that partners know all requirements regarding reporting, record keeping, auditing, eligibility
- Agree schedules and follow up deadlines

### **✓ *Management and coordination***

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The core tasks involved are the management and coordination of resources (inputs), processes and structures, people involved in executing the project and environmental or external factors:



Project management is complex and needs to be planned and budgeted for well in advance, taking into account the different aspects involved. It is important to realise that the actual tasks involved in this process go well beyond the formal requirements for the LP outlined earlier. The key is to plan, organise, administer and evaluate during the project to keep all three parts of the triangle in balance. The most dynamic and complex aspect here is the human one (*‘people’*), which is often underestimated in terms of project management but at the same time absolutely crucial because the performance of the team determines the results of the project to a major extent.



#### **What makes a good Project Manager?**

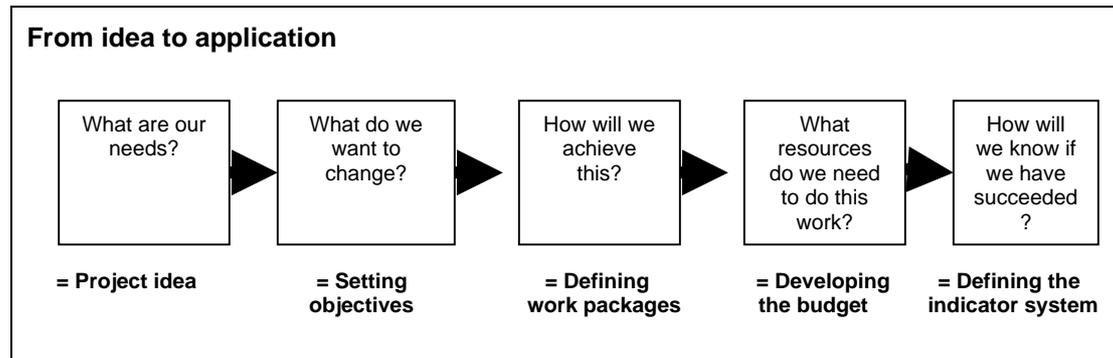
##### UniZon (IIIA Kvarken - Mittskandia)

- Project manager must be goal oriented
- Must feel and inspire trust towards the project management system
- Know well what it is to network and set the framework for a win-win situation
- Must be active and participate in all partner meetings and follow-up closely what partners do
- Have flexibility in practice in order to overcome unforeseen difficulties

##### INNOFIRE (INTERREG IIIC East)

- Good organisation skills (complete work within deadlines, follow-up, etc)
- Team leadership ability (including the ability to moderate, mediate, motivate. Solve conflicts)
- Good communication skills and cultural empathy
- Good understanding of the project content

## 3.2 Defining the content



At some point in the development process there is a need to finally set the objectives (the project's scope) and begin working on a detailed breakdown of activities and how these logically contribute to the objectives. The involvement of all partners in this process is important to ensure **common understanding** about the project, make it **realistic**, share **responsibilities** and ensure **ownership and commitment**. If too many targets and activities are assigned to partners without consultation, they are very unlikely to work on them with the same commitment they would show to self-generated goals.

Coordination, especially in the case of large partnerships, can be complex and it is advisable to nominate one person/coordinator in each partner institution as a general contact. Face-to-face meetings at this stage are also of great benefit:

- It is advisable to hold at least one **partnership meeting** (preferably more) during the project development process to get to know partners and establish personal links, especially if partners did not know each other previously.
- Smaller partnerships often organise **visits to the partner organisation**. This can already be done at an early stage of project development in order to identify partners and to obtain a better view of working methods at the partner organisation. This way of communication can of course be costly.

### ✓ **Setting project objectives**

While precise activities and tasks are very likely to change slightly during the implementation of the project, the objectives remain throughout and provide the basic pillars of the project. Objectives express the vision of the partners about why they are working together and what they are going to achieve. Regardless of what is actually needed in the application form, clearly defined objectives are crucial from the start to ensure a common understanding about the project among all partners (especially when bringing together different working cultures, languages and professional backgrounds).

'You cannot solve all the world's problems with €1 million.'

Objectives must be:

- Concrete (what exactly is going to be delivered?)
- Quantifiable (how can it be measured?)
- Realistic (can it be achieved with the resources available?)

**Tip: A recent project survey found that the top problem for projects when it came to achieving objectives was that the targets set at the start were simply**

**unrealistic<sup>3</sup>. Setting targets is about balancing the need to deliver worthwhile results with the danger of being over-optimistic to make the project look attractive to the programme.**

Objectives can be broken down in different levels, ranging from a global vision about the project's impact to operational objectives relating to core outputs. The latter can then directly feed into the development of work packages, activities, the allocation of responsibilities and definition of indicators:



<b>Global, visionary objectives</b>	What <b>impact</b> is the project going to have in the longer term? – The overall aim of the project	<sup>4</sup> “...to improve the quality of water systems in partner cities and their direct surroundings and stimulate social and economic development by using the values of water in spatial planning...”
<b>Concrete, strategic objectives</b>	What end <b>results</b> will we achieve with the project? What are the success criteria?	“...To upgrade the various functions of water within the urban area and its direct surroundings. To develop healthy and attractive water systems where ecological values strengthen the recreational possibilities. By improving the water systems the quality of the living environment as a whole will be enhanced. ...”
<b>Operational objectives</b>	What are the core (measurable) <b>outputs</b> going to be?	“... prepare a water plan with strategies for tackling problems associated with water in the cities, including details of the existing situation, prioritisation of problems and an examination of the various functions of water and the improvements that are possible. ...” “...Feasibility studies (...) to distinguish the most promising and interesting pilot projects. Each of the pilots identified will be scrutinised and evaluated by experts for their potential and social value. ...” (...)

#### ✓ **Defining the work packages**

Having defined the objectives of the project, a more detailed plan of core tasks or work packages has to be developed to map out how objectives will be achieved. One challenge is to negotiate in the partnership about what the best activities will be (and perhaps more importantly which activities are not suitable). Project managers also need to develop details of activities and outcomes sufficiently to provide a project action plan and make realistic estimates of time and budget while still leaving some flexibility to allow for the changes that will almost certainly occur later on during project implementation.

How detailed should planning be at this stage? One important factor to consider is the amount of detail required in the application as this obviously sets the minimum requirements. But even where programme requirements are limited, planning still needs to go at least as far as the work package level and a split of tasks between partners. This is the only way of:

- Assessing whether the proposal is realistic
- Being able to give reliable advice to partners on their roles
- Producing a convincing, well-argued application
- Drawing up a sound budget

<sup>3</sup> INTERACT project Time 2C. Best Practice Guide

<sup>4</sup> All contents in this column were extracted and adapted by the authors for the purpose of this example box from the project proposal for Water City International. Please note that the above text might vary from the original.

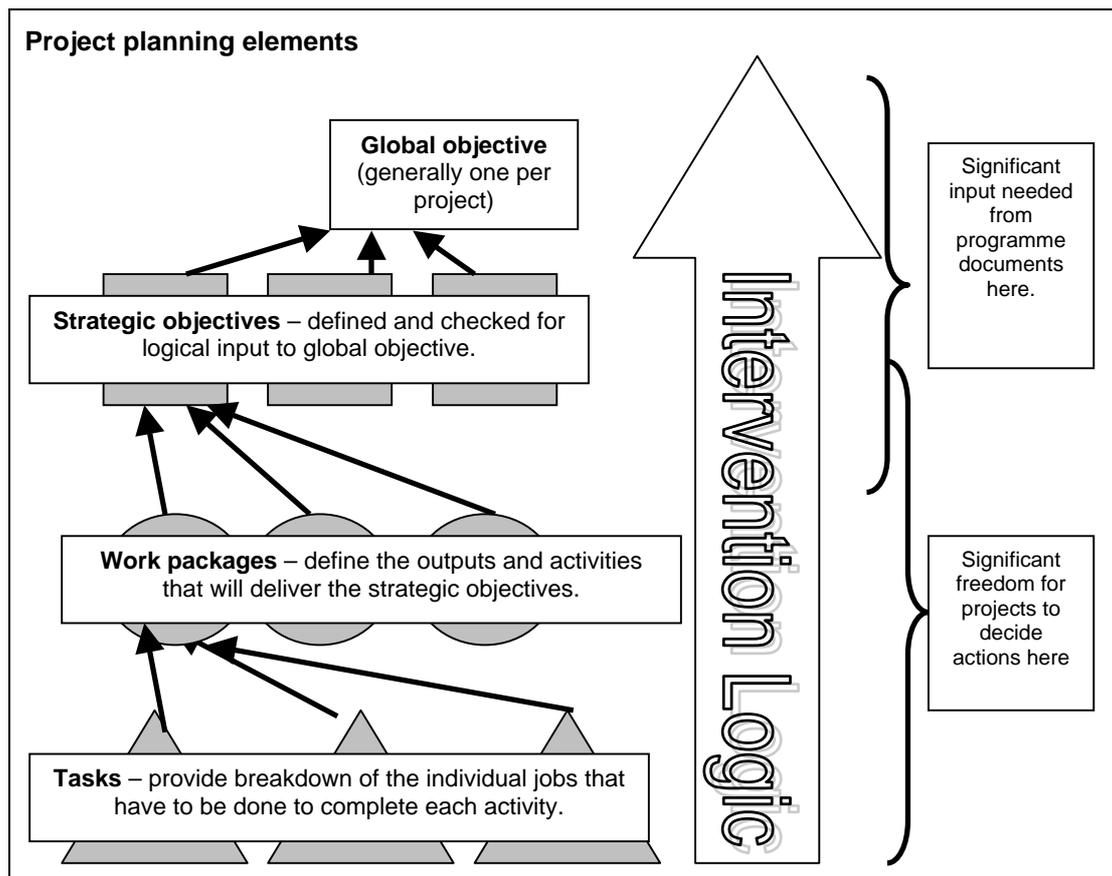
The better the planning is from the beginning, the easier it will be to work out detailed work plans for project staff after approval. It is these work plans and the staff who implement them that actually make the project happen.

**Why detailed planning**

- + All partners are clear about the common project objectives
- + All partners get a good understanding of their individual responsibilities in the project and resources required (needed for post-approval planning and the partnership agreement)
- + The refined work plan post-approval can be generated easily based on the previous plan in the application
- + Implementation can start directly after project approval
- + Provides good opportunity for initial team building
- + Limitation of risk or even project failure

= Realistic and achievable project plan - increased partner commitment

Well-defined objectives should make decisions on appropriate work packages and core tasks relatively easy. Once a work package is defined, the contents or core outputs can be further broken down into tasks and activities. Defining the project content in such detail can be difficult at an early stage but will help partners to work out probable costs and time estimates, which provide essential input to the project budget.



### 3. Project development and application

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This is also the point where partner responsibilities in each work package are defined. The allocation of tasks and resources at this stage builds the basis for defining the total budget for each partner, which then can feed directly into the partnership agreement later on. It is worth stressing again that all partners must be strongly involved in this process and that the allocation of responsibilities reflects partner expertise, organisational skills, and the resources available, especially for the coordinators of the work packages as this task involves working closely with other partners and the project manager. Although the project is not yet approved at this stage, it is advisable to invest sufficient time in this process to avoid misunderstandings about what exactly each partner will do in the project. This can make a great contribution to avoiding problems and conflicts later during implementation when things are generally more difficult to change.



#### **Work package checklist:**

- *The split of work packages is logical and serves to achieve all project objectives*
- *Tasks and sub-tasks are complete to implement the work package*
- *Non-thematic work packages are included, such as project management and publicity/ dissemination for example*
- *Tasks are distributed amongst partners according to the resources they can provide*
- *Measurable outputs are defined for each work package*
- *Each work package highlights main milestones in the project and the means to deliver them*
- *Time and budget has been allocated to each work package.*



### Defining project work packages

(Note: The text is partially extracted and adapted by the authors for the purpose of this example from the application form for City Ports, IIB CADES. Please note that the text as well as allocation of partners, time and costs differ from the original)

**Global objectives:** To make nodes (urban systems) of EU infrastructure and information networks work in a coherent, efficient and sustainable way.  
**Strategic objective:** Re-organization and process re-engineering into city logistics solutions in medium and small urban systems by integrating the main EU policies and priorities at local level.

Operational objective1: To develop, experiment and diffuse a methodology for the analysis, selection, feasibility, and implementation of optimised and integrated "city logistics solutions", allowing time savings and reducing projects risks.

Operational objective2:  
 ...

Work package 1: Comparison of methodologies and results of European city logistics projects.  
 WP coordinator: Partner 2  
 Outputs: Technical report: review of the results and methodologies (best practices and principal causes of failure)  
 Time frame: 10/2002-12/2004      total costs: € 97 100

Work package 2:  
 WP coordinator:  
 Outputs/Time frame/total resources for WP

Task 1.1: Review of results and benchmarking.  
 Responsible: Partner 2  
 Time: 10/2002-12/2004      Costs: €87 100

Task 2.1  
 Responsible:  
 Time/costs

Task 1.2: Field analysis (8 cases of EU city logistics projects)  
 Responsible: Partner 5  
 Time: 01/2003-12/2004      Costs: € 10 000

Task 2.2:  
 Responsible:  
 Time/ costs

Activity 1.2.1: Selection of cases

Activity 2.2.1:  
 ...

Activity 1.2.2: Definition of methodology

Activity 2.2.2:  
 ...

Activity 1.2.3: Interview and analysis of the cases

**DOCUMENT LINK!**  
 A blank template version of this **work package planning chart** is included in the Annex.



### Joint project development involving all partners

#### Celtic Enterprises (IIIA Ireland-Wales)

Regular project visits, meetings and focused sessions contributed to detailed, joint idea development and project planning. After opportunities were identified by Careers Wales West (CWW) personnel and the teachers, the detailed project development was done in 'brainstorming sessions' attended by CWW personnel, representatives of Wexford County Enterprise Board, Wexford Enterprise Centre, two independent consultants involved in education and a representative of the West Wales European Centre. The strong partnership in place facilitated a very thorough research and planning process and resulted in an innovative and well-planned project. Travelling to Ireland was often made difficult by

unreliable ferries, bad weather, other external conditions and was also time-consuming. The partners therefore developed a 'video conferencing' tool and used this extensively for project development and management sessions as well as making it an integral part of the student project.

### 3.3 Creating the project budget

By this stage it should be clear what exactly the project will do. The next step is work out how much it will cost. Here programme, national and European rules play an important role: Each of the planned expenditures needs to be checked to make sure it can be claimed from the programme – some planned costs may need to be modified to fit the rules.

It is vital that projects start to consider financial issues and the project budget from the very beginning. Programme advice should be requested on the possible budget available as a way of defining the scope of the project – there is no point planning activities that you will not be able to afford to implement. Then, as planning meetings move from general objectives to specific objectives and an outline of the activities needed to meet them, each activity proposal should be budgeted to develop a realistic project budget.

***Tip: Check whether the programme has maximum and minimum project budgets and whether these are guidelines or fixed limits.***

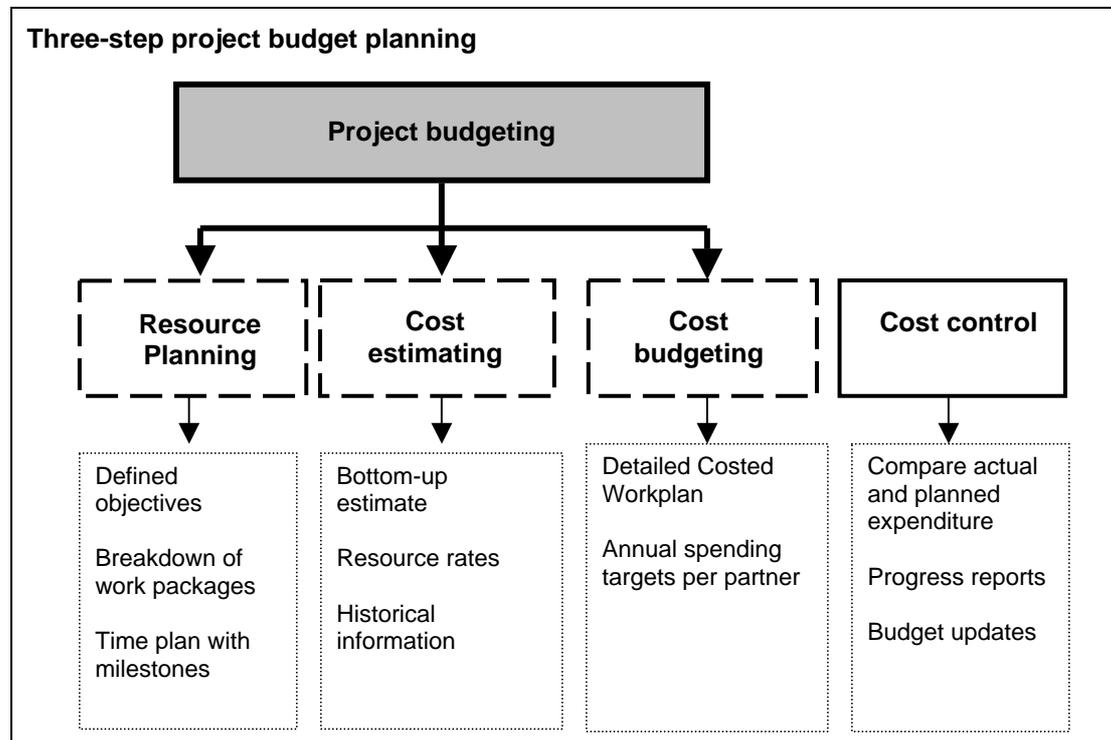
All partners are equally involved in this process. When Lead Partners develop projects in isolation and later try to assign activities and budgets to possible partners it generates resentment in the partnership and results in unrealistic proposals: All partners need to take responsibility for their own budgeting and develop figures that reflect the price levels in their own country. Of course this approach requires preparatory work and planning meetings during the development of the project application. Time invested here, however, results in strong partnerships with clear responsibilities and well-justified budget allocations.

***TIP: Successful project managers consistently identify good preparation as the main factor in smooth project implementation.***

#### ✓ ***From activity planning to budget planning***

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How in more detail should a project move from an activity plan to a realistic budget? There is a three-step process that should provide the right level of accuracy: Resource planning, Cost estimating and Cost budgeting. These steps form the basis for cost control once the project is operational. At first sight this process may seem overly complicated and intimidating. In actual fact it is not. It is really just the same process you would use if you were going to re-decorate your kitchen – just on a bigger scale. Put basically, you need to decide what your new kitchen will look like, how and when you will do the work, what supplies you will need and how much outside help you will need for the specialist jobs. You then use this to put a price on everything. If you have tried something similar in the past, this experience will help to ensure that your planning is realistic. If not, you might want some expert advice to make sure you have not missed anything. You will probably also want to allow a little bit of extra money and time for those unexpected surprises that always happen. You need to apply the same thinking to your project budget.



### ✓ **Resource planning**

Resource planning is covered in earlier sections and we just recap a few main points here. First, you need a clear idea of what you want to achieve and how you plan to do it. Identify the objectives and sub-objectives of the project. Break this down into work packages and decide what you will need to do to complete each work package. The work packages determine how the objectives will be achieved and who will do the work. Define a time plan with milestones.

**TIP: In partnership projects it is particularly important to think about how different work packages fit together: The work of one partner often depends on delivery of another partner's work and the outcomes from one work package are usually the stepping stone for the next. This needs to be emphasised to all partners and possible delays should be built into the time plan.**

**TIP: Identify the additional tasks required for the effective cooperation of the partnership and allocate resources to the partners who will incur these costs (regular face-to-face meetings of the partnership are a key success factor). New partners often underestimate the time needed for administration and coordination – in many cases this will be a full-time job for the Lead Partner (though it depends of course on the size of the project).**

### ✓ **Cost estimating**

You should now have a reasonably accurate picture of what will happen over the course of the project. The next step is to try and work out how much it will all cost. Develop an estimate of the resources (i.e. people, equipment and materials) needed to complete project activities. Estimate the cost for each resource. Some costs are reasonably easy to calculate. For example, you will know the number and type of staff required and the standard salary for this type of staff. Other costs are more difficult. For example, if you plan a pilot activity based on the results of initial research carried out by the project it will be impossible to know the exact

costs at the start. The best approach is to define a realistic maximum price for the activity. Do not forget to include indirect costs under 'Overheads' for each activity.

One question when drawing up the budget is always, 'What if we do not have enough money to do what we plan?' This question needs to be addressed during the risk assessment for the project and project managers generally ensure a small surplus of funds by adding a safety margin to the estimates: Even if things cost a bit more than expected, the project will have enough to pay. The problem is that by adding 'a bit' to every estimate, you can easily end up with a seriously over-budgeted project. See the section on de-commitment for the problems this can cause for Territorial Cooperation projects.

***TIP: The partnership should keep budget estimates as accurate as possible and agree a small surplus to meet unexpected problems as part of the project's risk management strategy.***

#### ✓ **Cost budgeting**

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You should now know the main activities, which partners will carry them out, the estimated start and end dates and the estimated resources (and therefore budget) required. The final step involves re-organising these figures to show the main categories of spending (sometimes called 'budget lines' – for example staff, travel, publications etc.)

***TIP: Every programme has slightly different requirements for how budget information should be presented in the application and the level of detail required. Look at the budget section of the application as early as possible so you can see what is needed.***

One other important part of most project budget tables is the annual budget targets for the project and for each partner. These are used by the programme to monitor whether the project is running according to plan. If the project is spending much more slowly than planned, the programme may make cuts in the overall budget (see the section on de-commitment for an explanation of this).

***TIP: Think carefully about how you spread your budget over the project's lifetime. The first few months of the project are generally slow as the first meetings need to be held and detailed planning completed. There are normally not many costs in this period and the budget needs to reflect this. If you have a big budget for the first year but do not use it by the end of the year, the programme may reduce your overall budget.***

#### **DOCUMENT LINK!**

See the **E-Teams partner budget checklist**. The checklist shows how a detailed breakdown of the activities to be carried out can be used to accurately cost each partner's participation. It also allows the Lead Partner to draw attention to some important financial rules during the budgeting stage.

#### ✓ **The dangers of over-budgeting**

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Preparing the budget for the application is often the most complicated and time-consuming task but this time needs to be invested to avoid over-budgeting. Projects that have over-estimated the budgets they require have been a major problem in the

'If someone gave you €1 million and told you to spend it by the end of the day, you would probably find it pretty difficult. If they warned you a week in advance, you would have plenty of time to think about what to buy. You have that time (and more). Avoiding de-commitment is all about using the time you have for planning.'  
Desk officer, European Commission

current programmes and it is likely that programmes will be much less tolerant in future and will be quicker to reduce project budgets. This is largely due to the 'de-commitment' rules used in the programmes.



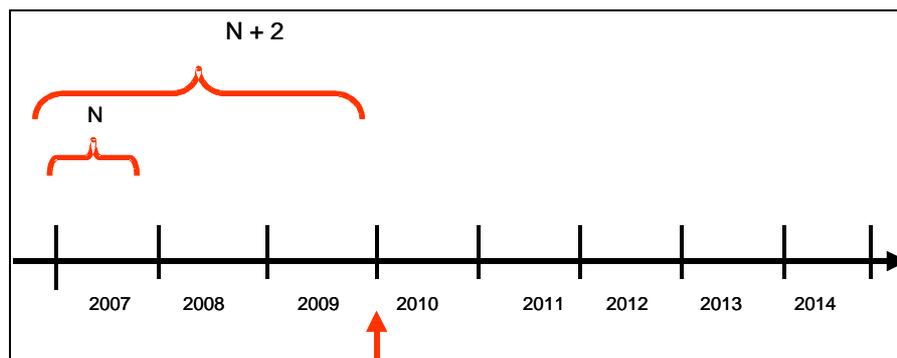
### What is de-commitment and the n+2 rule?

De-commitment was introduced as a tool to encourage efficient financial management and avoid large amounts of funds being left inactive in programme accounts for many years. At the start of each year (year N), the Commission allocates or 'commits' funds to each programme. These funds have to be spent within three years (by the end of n+2). If they have not been spent they are returned to the Commission or 'de-committed' from the programme.

This means that programmes have to operate efficiently and begin allocating funds as quickly as they can. It has been a very successful tool in these terms and has meant that programmes have re-evaluated not just the way funding is allocated but a whole range of management issues from speeding up control work to building project development capacity in programme areas.

INTERREG programmes have sometimes struggled to spend the money in time because of the added challenges of building cooperation between different countries, which often delay both programme and project start-up. Despite this, the amounts lost to de-commitment have been lower than anticipated though many programmes avoided de-commitment of funds only with special efforts and increasing the reporting burden on projects. There is strong Member State support for the rule as a way of ensuring the efficiency of EU funds management so, even though it has been relaxed for some programmes in the new period (they now operate with N+3 for the first half of the programme), it is extremely unlikely to ever be abolished.

De-commitment deadlines for the first year of a programme:



### What does it mean for projects?

One of the main causes of de-commitment problems has been that programmes estimate how much money they will spend each year from the amounts that projects say they will spend. Unfortunately, projects very rarely meet their spending targets and this means that programmes cannot report sufficient expenditure. Indeed, the threat of de-commitment led to the creation of the concept of 'project under-spending' (projects failing to meet the spending targets in their budgets).

Of course, programmes have safety margins and a small under-spend will not be a problem. The problem has come from badly managed projects that have spent substantially less than they budgeted and action will probably be taken against them in future. This is likely to take the form of grant cuts if budget performance does not improve.

Project managers need to check programme rules on what action is possible.

How do projects ensure that they do not fall into this group? One main problem in the current programmes has been that projects under-estimate the time needed for project start-up before main implementation can begin. Plan carefully for what needs to happen and how long this will take and reduce your budget for the first months accordingly. The other main problem is that projects simply over-budget: The safety margins built into the budget are too big and the project does not need the full grant it has asked for. See earlier sections on building the budget for tips on how to avoid this.

In some programmes these difficulties have led to a dangerous misunderstanding: Projects feel that the most important thing is to spend money and there is no need to make cost savings. This is clearly not the case and financial control will continue to demand evidence of value for money actions. If you find that the project is over-budgeted, unnecessary spending is not the answer. Talk to the programme instead and it will generally be possible to find a compromise solution that safeguards both the project and the programme.

#### 3.4 Fine-tuning the budget

There are limitations and / or special requirements for some types of costs in the programmes and these need to be considered when the budget is prepared: It may be necessary to reduce or even remove some of the costs the project has planned. The rules vary because they are frequently influenced by national rules but we outline some main points below.

##### ✓ **Staff costs**

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Calculating the cost of fulltime staff employed on the project should be relatively easy based on standard salaries for the types of positions involved (generally determined by partner organisations).

***Tip: Some programmes do not allow 'staff overheads' such as pension contributions and social security costs. Most programmes treat them as part of the staff costs as long as they are really paid by the partner organisation. You need to check.***

Calculating the cost of staff employed part-time on the project is more complex. As a starting point all such staff need to keep timesheets of the hours worked on the project and all partners should check that the timesheets in use in their organisations meet programme requirements (there are normally templates available from the programme).

Calculating an hourly/daily/weekly rate for such staff often causes problems. Generally speaking the salary should be split and the project should simply pay the proportion related to project work. There are many potentially complicating factors, however, such as overtime rates and time off work for sickness and holidays. Should the project pay any of these costs? Some programmes have rules. In other cases, such costs should be split proportionally and transparently between the project and other employers. You may also want to check the method of calculation with financial controllers once the project is approved: Disagreements about the way these costs are calculated is a common cause of reductions in project payments.

***Tip: Find out the programme rules for staff costs and make sure all partners keep documentation of how staff rates are calculated.***

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**✓ External experts and consultants**

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Many projects require expertise that is not available in partner organisations. As soon as experts are hired, however, projects need to consider public procurement rules. Under these rules all contracts for external services must be tendered in order to get the best value offer. There are two basic types of tender – full public tender and limited tender. The tender rules to be followed depend on the value and type of contract offered and are decided by national rules. Every Member State has ‘threshold values’. If the contract is larger than this amount, full public tender must generally be used. Even smaller amounts generally require that three offers are collected to ensure value for money. This means that it is not possible to identify contractors before the project is approved and it is not possible to firmly set the amount for a contract. Budgets should therefore be based on maximum contract amounts.

***Tip: Find out the national procurement thresholds in participating countries if your project involves any contracts to external service providers. Do not assume that these rules will not apply: Some countries have extremely low threshold values. Find out the relevant tender rules before project start.***

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**✓ Travel and accommodation**

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These costs will necessarily be based on estimates due to price changes. You should be aware that many programmes and Member States have rules about these costs – as an obvious example, first class air travel and five star hotels are generally never allowed. Travel allowances for staff can be more difficult. National rules often set limits and these may be different from those in use in some partner organisations. The other problem often encountered is travel outside the programme area. This almost always has to be approved by the programme before the journey takes place or the costs will not be accepted. It is worth deciding at the budget stage whether any such travel is planned but note that it will normally only be approved if it has a direct benefit for the project’s objectives.

***Tip: Check rules for travel and accommodation costs and particularly rules for calculating daily allowances for staff.***

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**✓ Meetings, conferences, seminars + promotion and publications**

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These costs naturally depend heavily on the number of participants / number of copies printed etc. and will need to be estimated using the same value for money procedures as other costs. Some projects in the past have had problems due to under-estimating the number of meetings needed. The application stage should therefore include a detailed discussion on working methods in the project and the need for meetings of the partnership, professional working groups, steering groups etc.

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**✓ Investments in equipment and infrastructure**

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The first issue to be resolved is whether the programme allows projects to include full purchase costs or only depreciation over the project’s lifetime. Rules vary between programmes and Member States. Secondly, it should be considered that only equipment essential to the implementation of the project is allowed and this sometimes leads to restrictions on, for example, buying mobile phones and computers. In addition, some programmes require that office equipment is specified in the budget. Others accept its inclusion under overhead costs.

***Tip: Check whether the programme allows purchase cost or depreciation cost. Does this vary depending on the type of equipment concerned? Is it possible***

***to claim depreciation for items bought before project start while they are being used for the project?***

✓ ***Overheads / General costs***

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The most problematic cost category involves the indirect costs related to running the project. Project offices are generally hosted in a larger organisation and a fair and transparent way must be found for allocating part of the general costs to the project. This is done on a *pro rata* basis: Taking the total costs for the organisation and then assigning some of them to the project based on the number of staff working there. Costs that are generally included if they are paid directly by the host organisation include:

- Office supplies and photocopies
- Office furniture
- Electricity
- Heating
- Other utilities (water etc)
- Charges for phone, fax and internet services
- Cleaning
- IT support for computers / printers etc.
- Rent if the building is not owned by the host organisation
- Taxes on the building
- Insurance for the building
- Administrative support (maintenance of archives etc)

Costs that are generally rejected:

- Costs for snacks, drinks, meals etc
- Social events
- Works of art

***Tip: Overhead calculations are perhaps the most frequent cause for reductions to project payments. It is essential that all costs paid by the project are documented and based on the real costs for the organisation of hosting the project. All partners should have this documentation available at all times.***

✓ ***VAT***

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It should be remembered that only irrecoverable VAT is eligible for payment. This means that a calculation should be made of the amount of VAT it is expected will be reclaimed and this amount should be deducted from the project budget.

✓ ***In-kind contributions***

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The project budget includes not only the ERDF funds but also the co-financing. This means that part of the budget may be made up of 'in-kind' costs in the form of unpaid work or materials provided to the project (paid staff hours in partner organisations count as cash rather than in-kind contributions). Again, the key here is that there is a fair and transparent

calculation of the value of these contributions and many programmes and Member States have rules on how to do this and /or limits for the value of in-kind contributions.

***Tip: Check whether any partners plan to make use of in-kind contributions and how they have calculated the value of these contributions.***

#### ✓ **Revenues**

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Some projects produce products or services that are later offered to the public for a charge (though this is not allowed in some programmes, which require free public access to all project outputs). All such charges are counted as revenues regardless of whether they only cover costs or also generate a profit. All revenues generated within the project's lifetime and any estimated revenues for 3 years after project closure must be deducted from the project budget.

***Tip: Check whether the programme allow projects to generate revenue. Are any partner activities expected to generate revenues? Has the amount been deducted from the budget? Some programmes have very strict rules about revenue generation and if not checked properly this may lead to serious problems at a later stage.***

#### ✓ **Ineligible costs**

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Various costs are not funded under the Territorial Cooperation programmes and cannot be included in the budget (payment of interest on debts or fines, for example). Some of these costs are defined by European rules but many more are included in national rules. Some programmes also put limits of certain types of costs (for example, capping staff costs at 50% of the total budget) or require additional information before allowing certain costs (infrastructure investments are a common example).

***Tip: Check that all partners have a working knowledge of all rules applicable in their country and that they have checked to make sure their budget does not include ineligible expenditure.***

### **3.5 Indicators**

#### ✓ **What is the point of indicators?**

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Project indicators are a technical subject and a great deal of literature has been published on how to set and measure them effectively. It is important, however, that these considerations do not get in the way of the basic purpose: The indicator targets set for a project define its level of ambition and achieving each of these targets will mean meeting one of the success criteria for the project. Indicators should therefore allow project managers to monitor progress throughout implementation and warn them of the need for corrective action. They will also allow the project manager to say at the end of the project whether the original objectives have been achieved.

#### ✓ **Why do programmes collect project indicator information?**

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Projects need to present their indicator systems as part of the application. Programmes vary on the requirements for this but typically the project will be required to select some indicators defined by the programme while other indicators can be chosen by projects to reflect the specific activities and aims of the project concerned.

The main purpose of the indicators chosen by the project are to allow the programme to measure progress on all important project activities and aims: In the application projects define the targets they expect to achieve and the programme can then monitor progress towards achieving these goals. This means that the programme can take action if progress seems to be too slow. These indicators should also provide project managers with a valuable source of information for following the progress of each partner.

The reasons that programmes require projects to choose some indicators from a defined list are slightly more complex. Every programme will fund a varied 'portfolio' of projects. There are normally around one hundred projects in a programme and sometimes many more. But programmes need to report to Member States and the Commission on how all these different projects are contributing to achieving the programme's objectives. The only way to achieve this is by asking all projects to report on how they contribute to indicators that measure these main objectives. Good project input here is extremely important because if the programme cannot demonstrate its success, national and European stakeholders will also generally take a negative view of the individual projects.

***TIP: In the new programming period specific attention will be paid to measuring project results. Compared to the current period, the emphasis is shifting from pure activity monitoring to more objective led monitoring. Identifying realistic and measurable result indicators at a project level will be essential for a good indicator system.***

#### ✓ **Indicator terminology**

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When submitting the application all projects should provide output and result indicators. Some programmes will also require impact indicators. Others may only require more general comments on expected impacts. It is very important to be clear on the differences between these different types of indicator.

- **Outputs** are the products of the activities funded e.g. number of reports written, number of seminars held, kilometres of riverbed cleaned, number of innovation centres opened. They tell us what has actually been produced for the money given to the project.
- **Results** are the immediate advantages of carrying out these activities e.g. number of regional policy changes, number of members of target group given additional training, percentage reduction of certain pollutants in a river system, number of new business start-ups. They tell us about the benefit of funding the outputs.
- **Impacts** are the sustainable long-term benefits of an activity e.g. improved regional situation because of more effective policies, fall in number of long-term unemployed, increase in biodiversity, increased regional GDP. They relate to the project's objectives and tell us whether the short-term benefits (the results) have actually caused the desired improvements.
- **Outcomes** is used to describe the combination of project outputs, results and impacts.

When defining indicators project managers should refer all possibilities back to these definitions. It can, however, sometimes be difficult to decide whether something is an output or a result. For example, if 20 regions take part in a conference this is neither something the project has produced nor a benefit (there is no guarantee that they found the conference useful!). In these cases it is better to try and redefine the indicators to give a clear output (i.e. one conference held) and a clear result (e.g. number of regions intending to implement ideas presented during the conference).

Impacts present other problems. On the one hand, they measure long-term benefits and these are by definition something that will only be identifiable after the project has closed (the real test is whether the situation is still better five or ten years after the project). On the other

hand, impacts tend to deal with major strategic objectives such as reducing unemployment and measurements on this level are easily influenced by events beyond the project's control. For example, if the intended impact is reduced unemployment, the opening or closing of a major factory in the region will have a far greater impact than the project. There are techniques to compensate for this kind of factor but this kind of sophisticated analysis is generally not worthwhile on the level of an individual project.

As a result, some programmes no longer require that projects report on impact indicators (just as programmes no longer have to report on impacts to the Member States and Commission). Every project should, however, still explain what the expected impacts are and provide some kind of framework for measuring them if evaluators later wish to assess the project.



### Logical link between project objectives and indicators

#### ICREW (IIB Atlantic Area)

The project objective is to improve bathing conditions at sites on the Atlantic coast. The output and result indicators have been designed to specifically monitor the main activities and thus the aims and objectives of the project.

Indicators for outputs	Indicators for results
Number of farms visited for pollution advice	Number of common guidelines developed for pollution control of Bathing Waters to assist in spatial planning
Number of Bathing Waters reviewed or newly designated	Improved beach management protocols in place
Number of presentations made to raise awareness	Increased number of designated waters
Number of community participation events held	Number of common tools developed to identify pollution sources
Number of field trials held to investigate tools & methodologies for pollution control	Common understanding of the consequences of implementing the new Directive
Number of transnational workshops held to progress pilot actions	Number of transnational outputs agreed and produced
Number of visits to website	Number of pollution prevention schemes implemented on farms
Number of organisations represented at annual conference	Number of new bathing waters proposed for designation
Number of staff receiving training as a result of the project	Reduction in the nutrient load in watercourses

### ✓ *What is a good indicator system?*

All indicators should be quantitative – it must be possible to measure them objectively. First of all it is important that an indicator is given a **unit**. This is necessary in order to know what has been measured (e.g. tons or kilograms.). Then, the value for the indicators at the start of the project should be defined. This is called **baseline**. It will often be zero and will only increase as the project progresses – e.g. number of reports produced. Sometimes, however, if you measure something that already exists (number of people employed in an area) or you build on the results of a previous project, the baseline figure will not be zero.

Every indicator must also have a **target**. This is the figure that the project expects to reach at the end of its activities. A well-planned project will normally report figures at the end of the project that are roughly identical to the targets set at the start. Any significant under-performance on targets will need to be explained but does not automatically mean that the project has failed: Activities do not always produce the expected results.

**Tip: Do not try to measure everything with indicators – you will end up producing confusing amounts of information that nobody will use. Instead**

***focus on a small number of results that reflect your objectives and the most important outputs that will deliver these results.***

#### ✓ ***S.M.A.R.T indicators***

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It is also important that the indicators selected are S.M.A.R.T, meaning:

- **Specific:** Is it clear exactly what will be measured, in what geographical area measurements will be made, what units (number of participants, euros, kms etc.) will be used etc.?
- **Measurable:** Will the project be able to collect accurate information to measure progress towards the targets set? The information required for measurements should be quite easy to collect. Remember that different regions and countries collect data in different ways. Check that all partners will be able to monitor and report on the indicators selected.
- **Achievable:** Closely linked to identifying what changes are anticipated as a result of the project work and whether the results planned are realistic (e.g. decrease in water pollution by XX rather than no water pollution);
- **Relevant:** Will the indicators measure all of the project's key activities?
- **Timed:** stating when something should happen (e.g. increase in visitor numbers by the end of the project).

In some cases a context indicator may also be an appropriate way to study impacts. This measures an economic, social or environmental variable and change over project lifetime, without trying to quantify the project's contribution (e.g. fall in carbon dioxide levels).

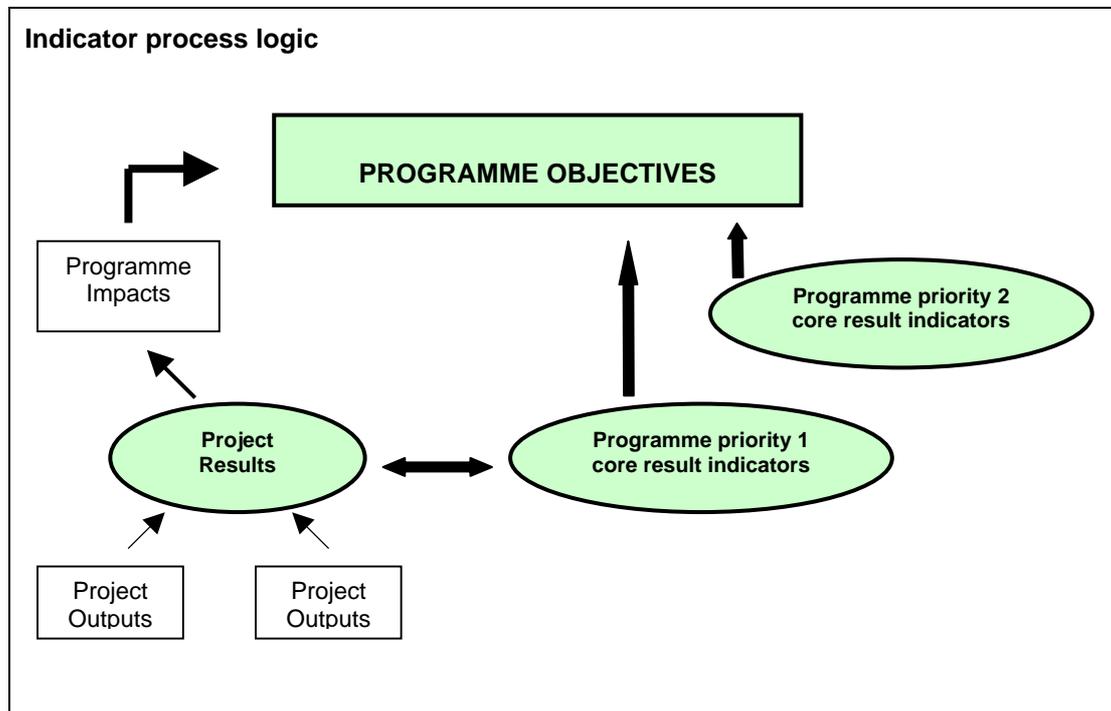
On rare occasions it may also be possible to use qualitative indicators e.g. a target for improving transport access could be 'significantly improved'. In these cases, however, the criteria for such an improvement have to be clearly defined before project start and methods must be stated for collecting evidence that these criteria have been met (i.e. define what 'significant' means and how you will assess whether the change achieved is indeed significant). Examples from operating projects for collecting this type of qualitative information include developing a score system for a particular project target, carrying out questionnaires or targeted stakeholder group discussions.

#### ✓ ***Common problems in project indicators***

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Project indicator systems in the current period have commonly faced three main problems. Firstly, there is in many cases confusion between outputs, results and impacts. This can make it hard for programmes to identify the real benefits of a project and may also lead to misunderstandings in the partnership about what exactly needs to be achieved. Secondly, many of the indicators used (particularly at the result and impact levels) have been impossible to measure: Sometimes no baseline information is provided, sometimes no relevant data is available and often indicators are too vaguely defined. Finally and most importantly, the logic of indicator systems is often very weak. The indicators selected for each level should link logically to those selected for the previous level (e.g. investing in this output should lead to that result).

Furthermore, the project's indicator system will also have to establish clear links to the relevant programme priority under which the project has applied. In the new programming period each programme will have to define a number of core indicators on priority level (with an emphasis on result indicators) to assess whether priority objectives are being met. Each project therefore needs to demonstrate a clear contribution to at least one of the priority indicators so project activities can be directly related to meeting one of the priority objectives. The indicators set for each priority will in turn be aggregated to assess overall progress on programme objectives. The process logic can be illustrated with the following diagram:



It is anticipated that the number of core programme indicators will be small in order to ensure that they are manageable and appropriate with regards to programme monitoring as well as for serving the purposes of comparative and thematic analyses (e.g. programme evaluations, thematic gaps analyses, etc.)

In this process, the consistency of project indicators both internally (within the project) and externally (with regards to the programme) will be an important requirement and an important sign of careful project planning.



**Example of an interlinked indicator system on programme level**

<b>Objective of the Priority:</b> Encouraging innovation and establishing new and strengthening existing clusters and networks.	
Impact:	Increased investment; new businesses set; influenced decision-making; new initiatives as a result from networking
Result:	Number of active/operational networks
Output:	250 regions involved in network, 75% of projects establishing such networks
Input/activity:	1 000 network meetings

✓ **How to develop good project indicators?**

Developing project indicators is carried out at the pre-application stage. Good project indicators should provide the red line throughout the application by uniting project aims,

objectives, activities and outputs in a single process and assuring consistency with the programme. In order to achieve this projects should consider the following points.



<b>Checklist for defining indicators</b>	
<b>Links to project aim and objectives:</b>	<ul style="list-style-type: none"> <li>• Are envisaged outputs/results related to project objectives?</li> <li>• Is there a logical flow between objectives/activities and results</li> </ul>
<b>Links to the programme:</b>	<ul style="list-style-type: none"> <li>• What are the programme's key priority indicators? To which of these indicators will the project contribute?</li> <li>• Will the project make a direct contribution to the programme indicators?</li> </ul>
<b>Nature of outcomes envisaged:</b>	<ul style="list-style-type: none"> <li>• What should be achieved by the end of the project? / What are the success criteria?</li> <li>• Are all major project milestones reflected in the indicator system?</li> <li>• What type of outputs is the project going to deliver – soft (e.g. network establishment) or hard (on the ground implementation work)?</li> <li>• Can you provide quantitative or qualitative measurements for your targets? If the indicators are qualitative have you secured a methodology to assess the progress made?</li> <li>• What kind of outputs / results are reflected in the indicator system – local, regional, national, international?</li> <li>• Are spin-off results anticipated? Are they reflected in the indicators?</li> </ul>
<b>Target groups:</b>	<ul style="list-style-type: none"> <li>• Do the selected indicators identify specific target groups?</li> <li>• Are there indicators measuring involvement / degree of influence of the project?</li> </ul>

As with everything else in the application, indicator development should be carried out with the rest of the project partners. In this process the Lead Partner may consider the following:

- Discuss the choice of indicators with the rest of the partners - who (partner-wise) will contribute to the different indicators? Involvement of other relevant stakeholders in indicator setting if possible
- Make a list of the project's outcomes (immediate and long term as far as possible) – discuss with your partners which of these outcomes are measurable and set indicators for them
- Devise a criteria for setting up the indicators together – e.g. simple, realistic etc.
- Make sure there is sufficient baseline data to benchmark progress achieved
- Consider whether other projects are working on similar issues and whether there is an opportunity to use some of their indicators and build on their work (avoid repetition)
- Be open to changing the indicators in the project preparation phase and consider that some indicators may also require adjustment during the implementation phase

**TIP: Active involvement of all partners in the setting up of project indicators during the pre-application stage facilitates partner performance throughout the implementation stage and outlines the division of responsibilities from a very early stage.**

### 3.6 Writing the application

The preparation of the application is often considered to be the **'first team-building effort'** for partners. At this stage regular contacts and communication have to be established between partners and the Lead Partner has a major role in this process.

Drafting the project application is a process which requires a lot of resources (human, time and budget) and a careful streamlining of the information available and the requirements set at programme level for the Lead Partner and the project partners. A good application is not limited to a good project idea; the presentation of the idea is equally important. This is the project's "selling" opportunity so all resources and advice/ support available within the partnership, through external consultants and the programme management should be used for the development of a good quality application.

#### ✓ *Resources required for the application process*

The preparation of a good proposal should be seen as an investment to increase the chances of a successful application. Any potential project promoters have to bear in mind that without **sufficient internal resources** the preparation of successful proposals is impossible:

- **Financial resources:** Project preparation takes money (for staff, travel, meetings and possibly for additional expert assistance). While some of the programmes have established mechanisms to support pre-approval project financing (e.g. seed money or preparatory projects) that is not the case for many INTERREG programmes. In some programmes there is also an opportunity to recover preparatory costs but these costs can be claimed only if the project application has been approved.
- **Human resources:** Partners - and the Lead Partner organisation in particular - will need to have sufficient staff to prepare the application, including the coordinator, field-experts (and in some cases external consultants). Partner organisations need to make a serious commitment at an early stage and give staff time to work on the application. You should whether partners that are unwilling to do this will be good contributors to the main project.
- **Time:** The preparation of applications is often time-consuming. Some project proposals take 1-2 years but on average the preparation of a good project will require approximately 1 year. It is not particularly time-consuming to fill in the application form (approximately 1-2 months) but developing the information required to do this well takes time.



#### **Resource needs in the application development**

##### Euregional Business Platform (IIIA Euregio Maas-Rhein)

Although the partners in the project were very committed, preparation took almost two years. The partners were able to pre-finance almost all preparatory activities (e.g. brainstorming sessions) during these two years but this required substantial internal resources.

##### Nave Nortrail (IIIB North Sea)

Public partners often have more internal resources to prepare applications. This project works through a partnership of a wide range of sectors and partners. The public sector partner took the leading role in the project, due to lack of resources available in private and voluntary partner organisations.

#### ✓ *Information sources for writing the application*

A good application will **serve as a key reference document** throughout project implementation and is also the main reference against which the project and programme

### 3. Project development and application

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should measure project progress. It is important that the application contains a clear outline of the project's aims, objectives, activities and outcomes, the work packages or phases that are highlighted by main project milestones as well as partner and budget allocation for the work.

The Lead Partner is not expected to do this alone but it is their responsibility to find out about the information and assistance available and make use of them when drafting the project application. It is essential that the other members of the partnership are also actively involved.

When drafting the application the information sources are the same as those used during the rest of the development process. The priority given to different sources may, however, shift. The programme and its documents should take a central role.

Programme management can advise on harmonising project content with programme priorities, necessary links between the project idea and other programme requirements, guidance with setting the indicators and drawing links to those used by the programme and technical advice on the requirements of the application form (e.g. some programmes have special events where technical questions related to filling in the application are discussed).

Look particularly carefully at the programme's '**project assessment criteria**'. These tell you what the programme will be looking for when it considers your project. Compare the assessment criteria with the application form to decide where you should include the information required. Make sure you provide enough information to allow the programme to make a decision on all criteria: A common reason for project rejection is that programmes feel unable to make a judgement on the basis of the information in the application.

***TIP: Carefully study the programme application pack and any fact sheets available well in advance. This will allow you to make sure you have discussed answers for all questions with the rest of the partnership.***

National / Regional Contact Points and Intermediate Bodies are often referred to as the "extended arms of the programmes" in the respective country / region. The Contact Points are set up for the purpose of helping project developers with any questions related to the programme or its requirements (including the requirements related to the application procedures).

***TIP: Find out the specific roles of different programme management bodies and how they interact. For example, contact points may be unable to provide firm advice on technical issues like eligibility. Make sure that contacts are established well before application submission.***

The involvement of external experts is considered useful by some projects when developing the content of the application - especially for less experienced project promoters. The best experts can contribute specialist know-how and take on the administrative burden for organisations that are uninterested in developing Structural Funds management capacity. However, external consultants should be selected only after careful consideration. Some projects have found that external consultants were costly but at the same time did not take any responsibility for the project's success. Also, the involvement of external consultants cannot substitute the involvement of partners in project preparation: Rather, the external consultant should be seen as a moderator who glues together partner ideas and provides support to the process with their own knowledge of INTERREG procedures and requirements.

Consider also whether the project is expected to be the organisation's only involvement in Territorial Cooperation. If extensive project participation is planned, reliance on consultants may become expensive. In this case ensure that external experts also take on a 'mentor' role and transfer their knowledge to staff at the partner organisation.

Finally, if the consultant is only going to be involved in the application and not in implementation, think critically about all proposals and whether partners will actually be able

to do what is being suggested. Think also about the time when the consultant leaves the project: You need to make sure this does not result in a sudden loss of project momentum.

***TIP: Hiring a consultant is not a guarantee for a successful application. Review your options carefully (a good indicator is the consultant's track record of successful applications in the programme). If in doubt, consider linking payment to the success of the application.***



#### Involvement of external consultants in the preparation process

##### City Ports (IIIB CADSES)

Consultants were involved in the preparation of the project application, and later as (private) project partners in project implementation. Technical Assistance agreements were signed with private project partners prior to the submission of the application. Their selection was the result of a tender procedure, specifically launched for this purpose. The reasons for the inclusion of private consultants into the partnership structure lies in the absence of sufficient capacity/funds to prepare the application using available resources. The signed agreements govern payment for consultant support in the preparatory phase. The main clauses of this document clarified that private partners would be paid only if the project application was successful.

#### DOCUMENT LINK!

The City Ports example for a **public tender** document to find private project partners is included in the Annex.

Good project applications are generally the result of detailed preparation and teamwork between all partners. It is however necessary for one person (usually the Lead Partner) to coordinate application preparation (including contact with programme management). Ideally the same person should later be responsible for project management. At the same time **partner organisations still have an important role to play** (providing inputs to the application, defining responsibilities, etc.). Partners will normally provide specific technical and other input for the proposal and are regularly consulted by the Lead Partner during the development of the application. In some programmes applications also have to be submitted to more than one programme body (though this should be very unusual in future). In these cases partners can often provide an important link to the submission bodies in their own regions / countries.

***TIP: Now is the last chance to make sure all partners understand their roles and responsibilities. Everyone needs to be clear about exactly what they are committing to.***

#### ✓ ***Key features of a good application***

A good application is not just about getting the project approved. It is the blueprint for the whole project and the first source of information when there are doubts or problems. Remember also that it will form an integral part of the project's contract with the programme. The final testament of a good application will come at project closure when the outputs and results achieved are measured against the initial objectives and aims originally decided. For this purpose, it is important:

- To define realistic goals for the project that can be implemented through a set of clearly defined activities marked by milestones of project implementation. Ensuring steady progress towards these targets is the main task of project management.

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- To define the responsibilities, which will serve as key reference points for partners throughout the implementation process. This also provides a good indication at the stage of project assessment of a sound project management structure and partner commitment to the work.
- To define a realistic budget. The problems of not having enough money are obvious. The equally serious dangers of over-budgeting are discussed later.

Based on project and programme experience the key recommendations for a good application can be summarised as follows:

#### 1. Project fits the programme

- Demonstrating project relevance to the programme
- Demonstrating project relevance to specific programme needs
- Demonstrating contribution to programme objectives and priority indicators
- Identification of synergies and fields for cooperation with other projects or initiatives working with similar issues within and beyond the programme
- Identification and involvement of stakeholders throughout the project work
- Demonstrate the wider impact / knock-on effects of the project on a regional/national level and identify links to other programmes, initiatives and funding mechanisms.

#### 2. Internal project coherence

- Based on clearly defined joint/common problem with a need for cooperation
- Convincing unity of the project application (the application should not leave the feeling of being a collection of individual sub-projects)
- Well-argued project objectives with a clear, logical flow between project aims, objectives, activities and outputs
- Well-defined indicator system with baseline/target identification for activity/output/result/impact indicators.
- Clear division of roles and responsibilities defined on the basis of specialisation and capabilities of each partner
- Well-defined and realistic work packages and project phases with clearly defined milestones, which will serve as key reference points of project implementation.
- Provision of supporting material for the work planned (Gantt charts, specification of the material investments, etc.)
- Transparent project budget (i.e. it is easy to understand why the project is applying for the amount requested)
- Findings of any background research are well reflected

### 3.7 Arranging the rest of the financing

The programme provides the ERDF or European part of the funding but every project also needs to secure some funds from other sources (called 'co-financing' or 'match-funding'). The amount of ERDF varies. 75% is standard in many programmes but programmes including a New Member State, Greece or Portugal are allowed to provide 85%. These rates apply to the programme, however, and you may find that the priority you are applying for has a lower or perhaps even higher rate (programmes are willing to give more funding to projects under themes where urgent action is required). You may even find that different projects in the same priority are offered different rates.

**Tip: As soon as your project has reached the stage where you can provide the information on the project idea form included before, contact the programme to ask about ERDF rates.**

It is difficult to give concrete advice about obtaining the co-financing funds as procedures vary so widely. In administration terms, the easiest way of getting the funds is as an 'own contribution', meaning that the partner organisations themselves provide the money. Another relatively simple procedure exists in countries that operate an 'automatic co-financing' system. Here all project partners from the country concerned will automatically receive co-financing if the project is approved. In a few rare cases co-financing funds are paid directly to the programme and programme management bodies also look after the distribution of these funds. In many other programmes, however, partners will have to approach various national, regional and local bodies and put together a package of funding.

The first step then is to find out how much co-financing is required for each partner and who can provide it. Approach potential financiers to find out about their requirements – some will make a decision based on a project idea. Others require a completed application. Find out how long they require to make a decision. You must supply Letters of Commitment from all financiers covering the full amount of the co-financing when you submit the application. Make sure you leave time to get these documents.

**Tip: Approach funding bodies in good time to avoid delays in agreeing co-financing arrangements.**

It is also important remember that every partner will have to approach different financiers and it is likely that all of them will have different requirements: The project cannot rely on developing standard information. Co-financer requirements may also differ from the information required by the programme. Project partnerships should make sure that they:

- Read requirements carefully
- Consult each other regularly on financing progress during the application process



#### **Different administrative requirements**

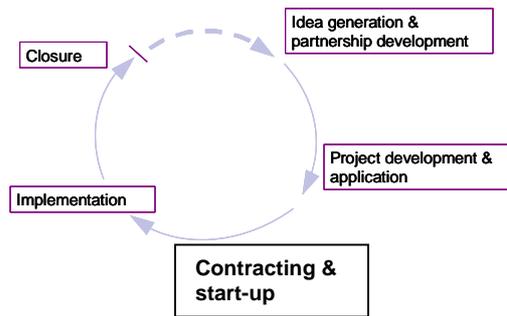
##### CrosboR&D (IIIA Slovenia-Hungary-Croatia)

The proposal was written in English by the Lead Partner and was translated into Hungarian. Identical applications had to be submitted to all programme managing bodies in the three partner countries. Since the programme was in an early stage of development, the administrative procedures were not always interpreted in the same way in the three countries (e.g. different documentation was required to be submitted with the application), which lead to some difficulties.

This project example highlights how unexpected delays can occur in relation to administrative programme procedures, some of which will hopefully be simplified through more joint structures of programme bodies in the 2007-13 period.

Co-financing does, however, have one major advantage in that some co-financers are willing to pay out all or part of these funds in advance at the start of the project. As ERDF funds are almost always only paid after money has been spent by the project, co-financing can provide the project with useful working capital.

## 4. Contracting and start-up



*In this section you will find...*

*... information about what happens after you have submitted the application. If the application is approved, you will have to move into contracting and drawing up a partnership agreement (also covered here). You will also need to think about the most effective management structure for running the project and we give some examples. Detailed planning for the first stages of the project is equally important and we provide some tools and tips. Finally, you need to start thinking about the people you are working with and develop a team spirit that will support project implementation.*

### 4.1 Selection, approval and rejection

Once the application has been submitted to the programme projects are generally not allowed to make contact with programme bodies until after the MSC (selection committee) has met, as these bodies will be assessing the project. The programme may contact the Lead Partner if important documentation is missing (such as letters of commitment for co-financing) but otherwise the project is assessed on the basis of what is written in the application.

Projects will first go through an eligibility check of formal requirements such as whether there are partners from at least two countries, whether there is evidence that co-financing will be provided, whether partners are located within the eligible area etc. After this the project will be assessed against the programme selection criteria. These vary but they generally check how well the project fits the programme's objectives and what benefits the project will bring for the programme area. Typically these assessments are carried out by programme management bodies or external experts.

The applications and the results of the assessment are then sent to the members of the MSC and may also be considered by national / regional sub-committees. It is the members of the MSC who take the final decision on whether to approve the project or not. Shortly after the MSC meeting projects should receive a letter informing them of the decision.

#### ✓ **Conditional approvals**

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Some programmes only agree to approve some projects if they meet a number of conditions before starting. These conditions can include reducing the budget, adding partners from unrepresented countries/regions or modifying activity plans. If the project faces this type of condition, the project manager needs to resolve them as soon as possible. There is a danger otherwise that the enthusiasm of the partnership will disappear and it will be difficult to re-start the project when the time comes to begin working on activities.

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### ✓ **Budget changes as part of project approval**

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In some programmes it is quite common to reduce the project budget proposed as part of the approval process. This generally happens because the original budget submitted is considered to be unrealistic. If the grant finally awarded to the project is reduced, the project will have to repeat the budgeting exercises described in the previous chapters. If partners implement the project based on the original budget and plans, there is a high risk of conflict within the project over the exact resources available to each partner. The best way to avoid this type of cut is full transparency about the amount requested: Demonstrate to the programme how the budget has been calculated and if a cut is requested, ask for specific information on which amounts are unacceptable.

### ✓ **Rejection**

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Not all projects are approved. It is impossible to give an average as the rejection rate will, for example, be much higher in programmes where very large numbers of applications are received. Following the advice in the previous chapters of the handbook (and particularly the comments on contacting the programme before submitting an application) should minimise the chances of rejection but there is never any guarantee. The programme should provide a letter clearly stating the reasons for the rejection and you may be asked to reapply if you change the project to meet these criticisms. Amongst the most common reasons for rejection are:

- Project did not provide required documentation (e.g. letters of commitment for co-financing)
- Project idea does not fit the programme
- Project did not demonstrate a need for cooperation in the activities concerned
- Planned project results did not justify the budget requested
- Partnership and/or project management structures are weak
- Project did not provide a clear description of what activities will be carried out
- No logical link between project activities and intended results
- Project is a repeat of existing activities
- Project does not fit with local/regional/national policies

At the end of the programme projects may also have to accept that there is simply not enough money to approve the project: When the programme's funds have almost run out it may have to reject otherwise good projects.

## 4.2 Contracting

Successful projects will sign a contract between the programme's Managing Authority and the Lead Partner organisation. Much of the information is standard and covers the need to comply with programme, national and Community rules and regulations<sup>5</sup>. A couple of features are, however, worth stressing:

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<sup>5</sup> We do not provide details here. A separate document, 'Recommendations for the implementation of INTERREG III subsidy contracts' is published by INTERACT Point Tool Box, Spain, available on the INTERACT Website, <http://www.interact-eu.net/download/application/pdf/1157534>

- The contract allows projects to carry out the approved activities and the approved application is normally attached as an annex to the contract. Any extra activities cannot therefore be carried out without the programme's advance approval.
- The contract contains project budget details and almost certainly annual spending targets again based on the information in the application. Projects will be expected to meet these targets (or at least come close) and failure to do so may result in a cut in the grant to the project (generally specified in another clause).

### 4.3 Partnership Agreements

While the Grant Offer Letter / Subsidy Contract is signed between the Lead Partner and the programme, partnership agreements constitute the formal project contract between the partners. As part of the Lead Partner principle, which will become compulsory for all projects in the 2007-2013 programme period, all projects must have a partnership agreement.

The INTERACT Point Tool Box (TB) has developed a detailed tool on '*Good Practice INTERREG III Partnership Agreements*' (October 2005, see [www.interact-eu.net](http://www.interact-eu.net) for further details). This manual will not discuss the technical aspects of these agreements in detail but concentrates instead on the main purpose and functions of the agreement in a project. As described in the INTERACT Point TB tool, the **main advantages of partnership agreements** are:

- By clearly defining project responsibilities and procedures for each partner and within the project as a whole, partnership agreements should make it easier to implement projects. The agreement lays out important principles such as the need to actively contribute to cooperation activities, respect deadlines and inform the Lead Partner of any problems as soon as they occur
- The legally binding nature of partnership agreements means that if problems arise that cannot be solved informally by the partners, procedures can be enforced to arrive at a solution
- Partnership agreements provide a way of minimising the various types of risks involved in carrying out INTERREG III projects
- The agreement makes clear that all partners have a responsibility to ensure the correctness of the expenditure they declare and that they must repay any funds claimed back by the programme. This is important for ensuring the Lead Partner's financial security

In some cases programme management provides a template for partnership agreements, which then can be adjusted to the specific content of the project. Project specific information covers - as a minimum - the responsibilities and roles of partners, the schedule for financial claims and the time-scale to prepare reports.



#### **Benefits of partnership agreements**

##### NAVE Nortrail (IIIB North Sea)

Aberdeenshire Council regards the Partnership Agreement as an important legal document but emphasises that any partnership should also be based on mutual trust. The Partnership Agreement adds more weight to the role of the Lead Partner and defines the roles of all other partners. As a minimum, it should cover the requirements for financial claims from partners, the time scale to prepare reports, the Grant Offer Letter/ Subsidy Contract and approved application from the secretariat to make it transparent to partners and the signature of a senior member of staff (chief executive) of each partner to strengthen their commitment.

### Partnership Agreement Structure, Aberdeenshire Council

1. Summary of Grant Offer Letter Conditions Applicable to partners
2. Lead Partner Conditions
3. Lead Partner Commitment (with signature)
4. Financial Requirements for each partner
5. Audit Requirements
6. Budget Rules
7. Periodic Reports

### Bioenergy (IIIA Kvarken-Mittskandia)

An important feature of the project was to establish partnership agreements that make problem solving easier. The agreement should include statements about economic responsibility, book keeping and documentation procedures, reporting within the project and procedures for solving major problems. The partnership agreements are mainly based on economic and reporting responsibilities in accordance with the EU project requirements. The agreement eases the financial responsibility of the Lead Partner.

In practice, partnership agreements are rarely used for settling disagreements between partners. It is extremely unusual for partnerships to end in legal disputes and most conflicts can be solved in more informal ways such as regular communication and meetings. At the same time, partnership agreements are often used for other purposes, most importantly as a reference document that describes the key roles and responsibilities. Putting key requirements on paper in a formal document increases the probability that partner organisations will take action to ensure that these responsibilities are fulfilled.

'Said is not the same as heard. Heard is not the same as understood. Understood is not the same as done.'  
SOCRATES Survival Kit



### Partnership agreements: clear definition of roles and responsibilities

#### INNOFIRE (INTERREG IIIC East)

The project is structured around several components. The project partners may be either component leaders or just active partners. This implies different roles and responsibilities which are clearly defined and confirmed by all partners when the partnership agreement is signed. The partnership agreement is a standard agreement provided by the IIIC Secretariat and includes a section on "Obligations" (see extract below).

#### Selected extracts from the partnership agreement:

#### **§ 2 Obligations**

The Lead Partner shall fulfil all obligations arising from the subsidy contract and the approved application. The Lead Partner acts as a link between the project partnership and the INTERREG IIIC Joint Technical Secretariat (JTS). In particular, the Lead Partner shall fulfil the following obligations:

- appoint a project manager.....
- start and implement the operation.....
- draw up and present progress reports comprising activity reports and audited financial reports to the JTS .....

- request payments....
- receive payments....
- manage and verify appropriate spending of the subsidy awarded
- carry out the operation's overall accounting
- communicate with the bodies implementing the INTERREG IIIC programme
- react promptly to any request by the bodies implementing the INTERREG IIIC programme ....
- notify its partners immediately of any event that could lead to a temporary or final discontinuation or any other deviation of the operation
- produce all documents required.....
- retain at all times for audit purposes all files, ....
- provide the independent assessors.... any document or information necessary to assist with the evaluation
- comply with EU and national legislation.

Every partner shall accept the following duties and obligations:

- appoint a project leader for the parts of the operation for which it is responsible and give the project leader the authority to represent the partner in the operation
- implement the part of the operation for which it is responsible in due time...
- support the Lead Partner in drawing up progress reports and the final report by providing the required data on time
- produce and deliver to the Lead Partner all information necessary for payment requests
- notify the Lead Partner immediately of any event that could lead to a temporary or final discontinuation or any other deviation of the operation
- produce all documents required for the audit,...
- retain at all times for audit purposes all files,...
- provide the independent assessors... any document or information necessary to assist with the evaluation
- respect all rules and obligations laid down in the subsidy contract and the co-financing statement each partner has signed for the application
- react promptly to any request by the bodies implementing the INTERREG IIIC programme
- comply with EU and national legislation.

*In addition to the general programme template, the project included further project-specific sections, for example on partner responsibilities:*

“According to section 1 the partners are responsible for implementing the INTERREG IIIC operation as it is described in the application. For the implementation, responsibilities related to component activities have been defined and distributed among partners. The following component leaders have been nominated in the application:

Component 1: (name of the organisation)  
Component 2: (name of the organisation)” etc.

The level of detail required for the contents of a partnership agreement varies. In many projects from the current period, the application form was used as a key reference document

by partners. The application form, financial annexes and the Grant Offer Letter/ Subsidy Contract will normally cover many of the issues that might typically be included in a partnership agreement. Rather than duplicating contents, these additional documents can be annexed to the actual partnership agreement and referred to in the text of the agreement.

#### 4.4 Partnership and decision-making structures

In addition to defining the project scope, objectives and plan, the partners also need to develop a 'team' structure for implementing and steering the project.

Especially for multinational projects with a larger number of partners involved, they need to decide on what structure to set up in order to ensure transparency and good coordination. In some cases, the Lead Partner (LP) acts as a central point for all partners, in other cases, there may be a combination of a LP and national level coordinators who deal with the respective partners in their national territories and then report back to the LP (see examples of both approaches from REVITA – INTERREG IIIB Atlantic Area and Exciting Cycling – INTERREG IIIA LV/LT/BY). **It is very important that these structures operate within the overall framework of cooperation represented by the Lead Partner principle and the four cooperation criteria. The development of independent national sub-projects must be avoided at all costs: Any management divisions within the project should reinforce cooperation and not replace it.**

In very large partnerships, which is more frequently the case for INTERREG IIIB and IIIC projects, the choice of coordination structure is a key factor for effectively managing the size of partnership (interesting examples are found in the Safety@Sea and NAVE Nortail projects).

Broadly, three different approaches to setting up management structures can be identified in most INTERREG projects as outlined below.

##### ✓ **Management structures based on national/regional coordinators**

This is often used in projects where the same activities take place in each country or region (such as regional pilot actions, research or testing for example). The danger with this structure is that you run the risk of partners working in isolation from each other. This can be avoided by balancing more national/regional work packages with joint ones, such as methodology development, and ensuring regular exchange between work packages leaders.



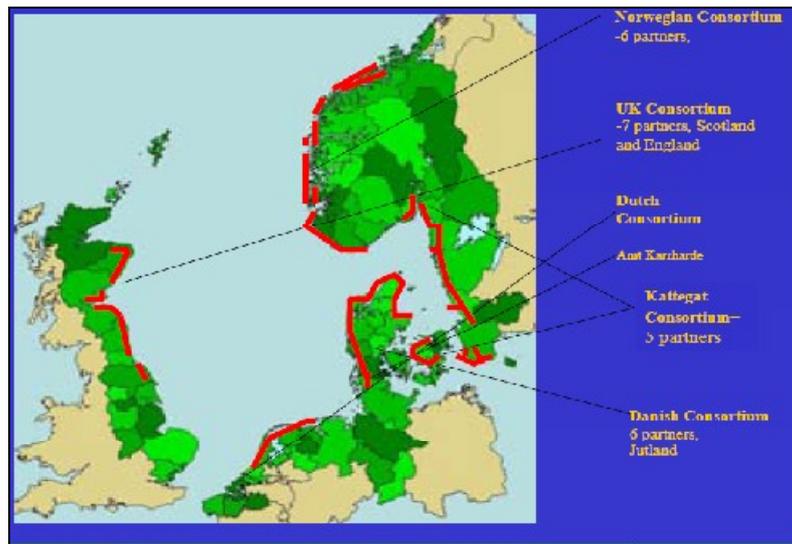
#### **Management structures**

##### **A) in large partnerships: national/regional coordinators**

###### NAVE Nortrail (IIIB North Sea)

The NAVE Nortrail involves 26 partners from 7 countries. The project leader introduced a common management standard to give each activity a more focused direction and a broader scope. One of the main strengths is that all partners are allocated to a regional consortium (UK, Norway, Denmark, Netherlands and Kattegat – see graph below), which appoints a member to the Transnational Working Groups and the NAVE Nortrail Steering Group. The regional consortia meet between transnational meetings, to work on common regional matters and prepare for the transnational meetings. The experience has been very good though some partner groups do not consider that there is equal commitment from all partners while others such as Kattegat work strongly together.

##### Regional Consortium



The Steering Group is composed of the Lead Partner as chair and one representative of each group of countries, with the representatives (and substitute) being nominated by each national grouping for a two year period. In conjunction with the transnational meetings (4 days every six months) a council meeting of partners chaired by the Lead Partner, where each partner has one vote, deals with administrative and financial matters.

This structure has enabled all 26 partners to establish good working relationships and to already discuss how to continue and sustain the project in future. A knowledge platform (website) is currently being promoted, which will contain comprehensive information on linkages between cultural heritage, landscapes, social and industrial history, traditions, food, local services and events.

#### ✓ **Management structures based on thematic coordinators**

This structure is useful in projects with partners from a variety of different sectors or different fields of expertise.

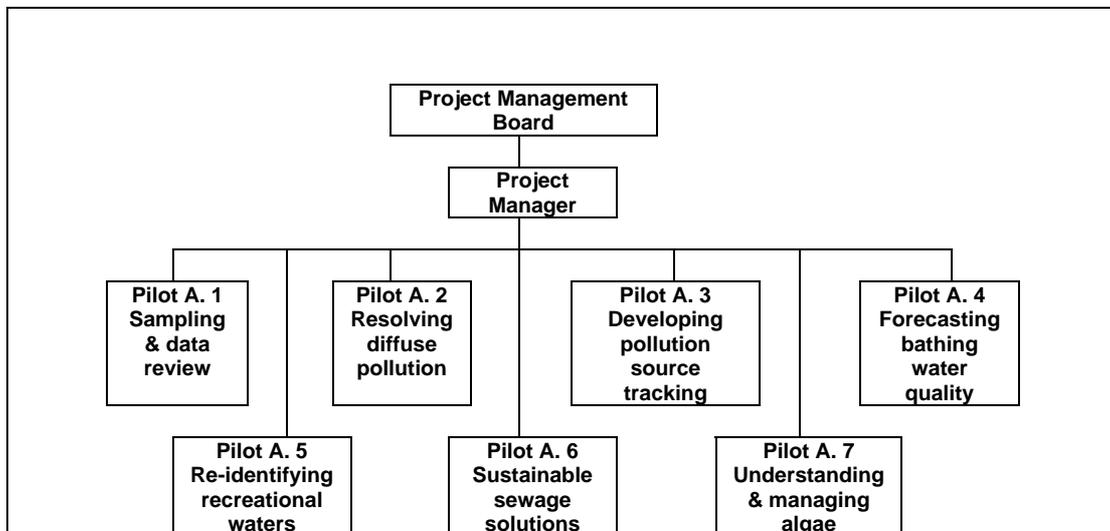


#### **Management structures (continued)**

##### **B) in multilateral and large partnerships: Thematic coordinators**

###### ICREW (IIB Atlantic Area)

The project contains 17 smaller projects grouped under seven themes – known as Pilot Actions. What facilitates cooperation in this large transnational partnership project is that although all 17 activities are undertaken at the regional level, joint implementation is ensured through the overall coordination and management structure. Each Pilot Action has a Theme Manager who reports to the overall Project Manager, who then reports to the Management Board. Theme manager meetings draw together the results of the regional actions and share their experience transnationally. This has proved to be an efficient method for carrying out the project. The Pilot Action Managers meet monthly, supported by video conferencing.



#### Euregional Business Platform (IIIA Euregio Maas-Rhein)

The Lead Partner is responsible for the management of the project including the overall financial and administrative management (reporting, monitoring etc.). Each partner is equally responsible for providing the Lead Partner with all necessary information, in compliance with the regulations of the “Financial Protocol” (Partnership Agreement). All partners accept full responsibility for doing this and consequently accept any actions if they fail to fulfil their obligations.

The project involves 5 Chambers of Commerce in the Euregio-Chambers that work together under the name “Euregio Chambers”. The existing Steering Committee of the Euregio-Chambers, consisting of the presidents and general managers of each Chamber of Commerce supported by the Coordination Point settled with the Lead Partner, has the task to examine and judge strategies or proposals.

In addition, the project is accompanied by a general Working Group of the Euregio-Chambers (WG Trade Promotion) for the project as a whole, as well as thematic Working Groups for some concrete projects, consisting of the project collaborators from the specific working area and if required an external expert. The Working Groups develop, prepare and implement any approved proposals.

#### ✓ **A combination of the above**

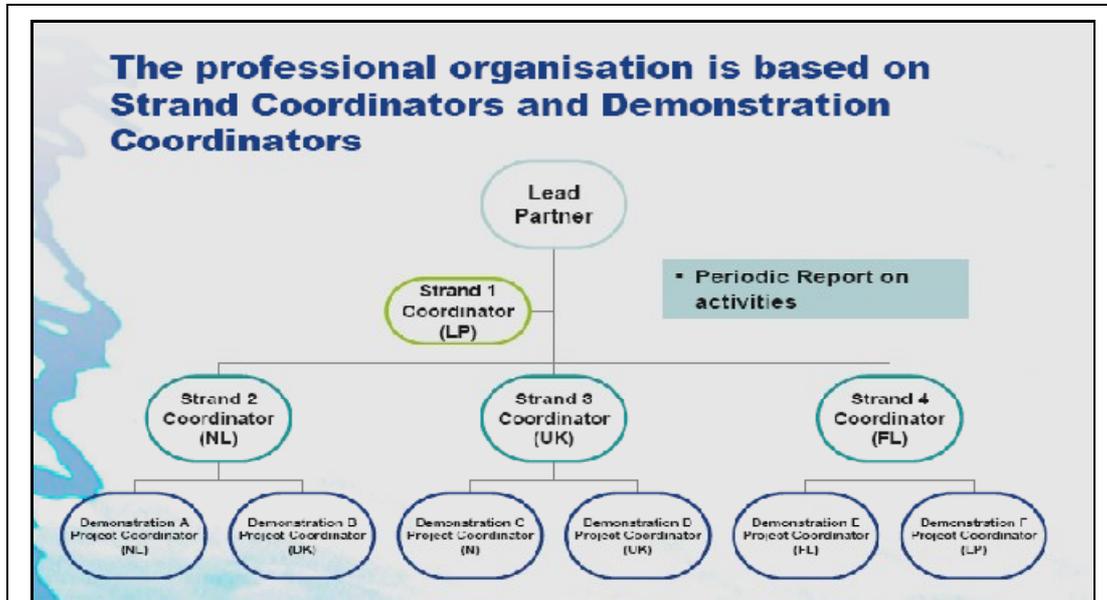


#### **Management structures (continued):**

##### **C) Combination of national/regional and thematic coordination**

#### Safety@Sea (IIIB North Sea)

In this very large partnership (22 partners from 6 countries), the agreed basis for cooperation between partners is a *Management Statement*. It defines the roles, responsibilities and tasks for each partner. These partners are represented on the Project Steering Group, the elected *International Management Group (IMG)*. All decisions should be reached by consensus, with each member of the IMG having one vote with the exception of the Project Manager. The professional organisation of the project is based on *Country Coordinators* who are the financial contact for their country and responsible for reporting on expenditures for the country consortium and *Strand Coordinator*.



CrosboR&D (IIIA Slovenia/Hungary/Croatia)

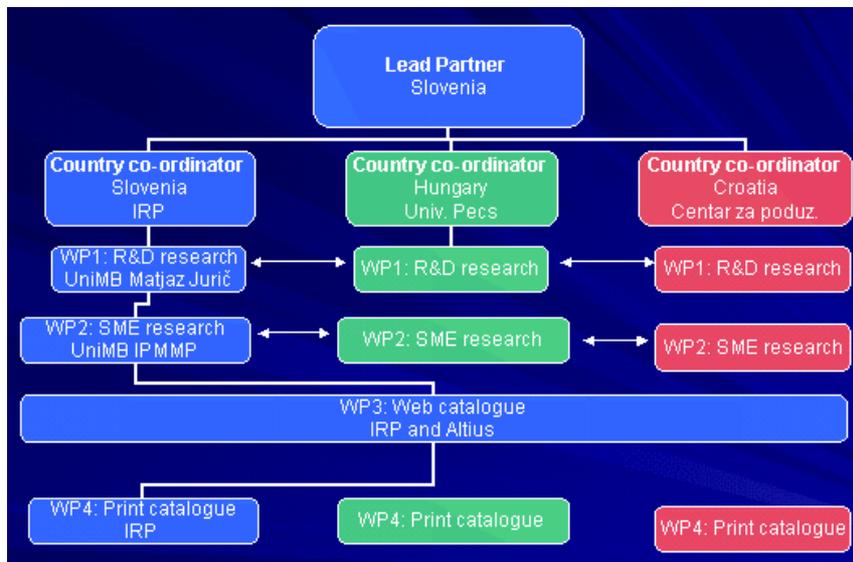
The project partnership consists of 9 partners from 3 countries. Coordination is based on two structures:

- general project and partnership coordination (operational work structure) and
- coordination of project content (thematic work structure).

These are very much interlinked, which further strengthens the project management structure. This organisational structure combines general coordination functions (in order to ensure efficient project implementation) with thematic/specialist input (in order to ensure quality project implementation).

For general management functions, a Project Leader and Country Coordinators (CC) have been nominated. The role of the Project Leader is the overall coordination of the project, whereas Country Coordinators have an overview of all the activities in the country.

Management Functions:



(extract of project structure, showing WP 1-4)

This general project management structure is complemented by a thematic one involving the Work Package Leaders for each WP and Work Package Responsible in each country. The Work Package Leaders (WPL) coordinate the work within specific work packages. WPLs communicate regularly with Work Package Responsibles (WPR). The two management systems are linked through the regular communication and reporting of WPLs to the Country Coordinators in each country.

WP No.	Deliverable	Amount	Time frame	WPL SLO	WPR CRO	WPR HUN
WP1	Method for research and questionnaire for	2 Partner Meetings	Month 2-4 Nov05-	Matjaz Juric Univ MB	...	...
WP1	Elaborated interviews in 50 R&D	50 Interviews in R&D units	Month 4-7 Jan06-	Matjaz Juric Univ MB		
WP1	Elaborated list of at least 50 R&D units	Min. 50 Identification of offers of R&D Units	Month 9-10 Jun06-	Matjaz Juric Univ MB		
WP2	Method and questionnaire for	2 Partner Meetings	Month 2-4 Nov05-	Miroslav Rebernik		
WP2	Survey with questionnaires	Min. 200 Questionnaires from SMEs	Month 4-7 Feb06-	Miroslav Rebernik		
WP3	Implementation and design of web-	1 Web-catalogue	Month 9-13 Jun06-	Tomaz Puh IRP		
WP4	Design, print 300 cross-border	900 Printed catalogues	Month 13 Oct06	Tomaz Puh IRP		
WP5	Promotion among SMEs with	9 Seminars for promotion of innovation	Month 12-14	Marko Mocnik		
WP6	Matching and selection of at least 3	Min 3 Exploitation of R&D results and transfer	Month 12-14	Marko Mocnik		
WP6	Elaboration of training programs for	6 Workshops in R&D exploitation and	Month 14-24	Marko Mocnik		
WP4	Design, print and distribution of 5000	5000 Promotion flyers printed and distributed	Month 1-24 Sep05-	Tomaz Puh IRP		
WP7	Organisation of cross-border events	4 Promotion/dissemination	Month 10, 22	Tomaz Puh IRP		
WP7	Organisation of	3 Media conferences	Month 1-24	Tomaz Puh		

#### 4. Contracting and start-up

	media conferences		Sep05- Aug07	IRP		
<b>WP8</b>	Project management (Evaluation, Reporting)	Min 5 Mid-term and Final reports	Month 1-24 Sep05- Aug07	Tomaz Puh IRP		

#### ✓ **Project Steering Groups**

Large partnership projects covering several countries often set up **Project Steering Groups (PSG)** in order to monitor and steer the project efficiently. The composition and responsibilities of the PSG are often determined by project management structures. The PSG usually consists of work package leaders and/or country coordinators and the project manager and/or LP (and financial manager, if this function is separate) as a minimum of members. Other partners can be involved in some PSG meetings according to the subjects discussed (for example experts in one specific area as part of a work package).



#### **The role of Steering Groups in the monitoring progress**

##### PINEL (IIIA Ireland-Wales)

The project involves two countries. To ensure the relevance and appropriateness of project services for socially excluded people, a Steering Group was established in each country. The Steering Group includes representatives from the Health Service (NHS Trust Community Psychiatric Nurse) and Social Services (Approved Social Worker). Steering Groups meet quarterly in their own country and twice yearly meet their counterparts in the partner country. As well as helping to ensure that the project is achieving its objectives, these meetings provide an opportunity to compare Statutory Service provision in the two countries.

In most cases, the roles of the PSG are **strategic coordination, evaluation and decision-making** in the project (as some of the examples in the previous section show). Additionally, a PSG can involve further key stakeholders to widen its mission (not necessarily involved in all discussions and meetings and without participation in decisions):

- Project Steering Groups can include political representatives, representatives from administration, social partners and other regional actors (e.g. NGOs) to make project results more visible and more likely to be mainstreamed
- In technical projects covering a specific sector (eg, water supply), it is advisable to further include experts or representatives with in-depth knowledge of that sector.

Rules of procedure for the PSG should be confirmed by all partners and information about all issues discussed and decisions taken have to be well communicated within the partnership.

**Tip: As the PSG is a decision-making group, it is very important that partner representatives have the power and the knowledge to take decisions on the issues to be discussed: It is very frustrating to leave meetings with important issues unresolved. This means that the partner preparing the meeting needs to send out papers well in advance so each partner can discuss key issues internally in their organisation and reach an opinion.**



### How does the Project Steering Group work?

#### E-teams (IIIC East)

In the E-teams project, the Inter-regional Steering Group (ISG) is the decision making body for activities carried out in the project and consists of the chairperson, the project coordinator, the financial manager and representatives of the 10 partner institutions. It usually meets every 6 months. Extracts from the document defining the structure and rules for this group are quoted below.

#### **Decision making**

3. *Decision making is based on consensus and in case an agreement cannot be reached, decisions are made by a majority of votes in the ISG.*

4. *The method of voting is decided by ISG Chairman.*

5. *When voting, agreement upon a decision is reached on condition that it is supported by more than 50% of the ISG Members present.*

(...)

#### **Meetings**

8. *ISG Meetings are organised in different participating regions according to a specific scheme described in the Application Form.*

9. *Exact dates of the scheduled ISG Meetings will be discussed with ISG Members and set by the ISG chairperson at least 1 month prior to the event.*

10. *In duly justified cases the ISG may meet at Extraordinary Meetings on request*

(...)

14. *If necessary every ISG Member may invite observers to join the ISG Meeting. Such invitations must be approved by the chairperson.*

15. *Observers may take part in every session and discussion during the ISG Meetings, unless one or more of ISG Members objects.*

16. *Observers do not vote during ISG Meetings.*

#### **DOCUMENT LINK!**

The full text can be found in the original document with the **E-Teams international steering group rules** in the Annex.

In **smaller partnership projects** there is often no need for a separate Steering Group. The success of smaller projects very much depends on the close interaction and regular (more informal) communication between the various partners to ensure joint implementation. Partners are directly involved in the decision-making processes and participate in partnership meetings.

## 4.5 Detailed planning and milestones

Effective coordination and management rely on well-coordinated and realistic project planning. Initial project planning takes place at the pre-application stage but needs to be developed further after approval in order to create a detailed work plan for the project. This is necessary for a number of reasons:

1. The project approval and Grant Offer Letter/ Subsidy Contract from the programme can be issued later than anticipated, so that the **project starts later** than originally planned. The time line for delivering the project needs to be adapted then according to the new starting date

2. The project can receive a '**conditional approval**'. That means that changes need to be made to the original outline of the project content, timing and resource allocation in order to meet the conditions required by the programme
3. The pre-application project plan needs to be further refined in order to develop a more detailed **work plan** for the first phase of project implementation. This is the time to assign tasks to named staff and set exact start and end times

Detailed planning should also show the order of what happens when and what tasks need to be completed before the next set of tasks can start (Critical Path Analysis can be used here and details can be found in most general project management literature).

Depending on the type and the scale of the project, detailed planning mostly covers only the first period of the implementation phase, such as the first 6 months or the first year (this decision depends very much on the frequency of later planning meetings). This is because a good level of detail can only be worked out on short-term basis: In order to prepare later work plans, outcomes of the previous stage need to be reviewed to see if the initial set of work packages has delivered the intended outputs / results.

The definition of milestones (the most important interim results/outputs at certain dates) throughout the work plan improves project monitoring and review and is also important for partners to see that progress is being achieved and to maintain the team spirit. Milestones are important interim outputs, that have to be achieved in order for the project to move on or be completed, such as the development of a methodology, website, etc. for example. Milestones are often the end of a work package. Keeping to the deadlines for the milestones is important in order to stay within the overall project timetable. If a milestone is not achieved as scheduled, the work plan needs to be revised to bring the project back on track.

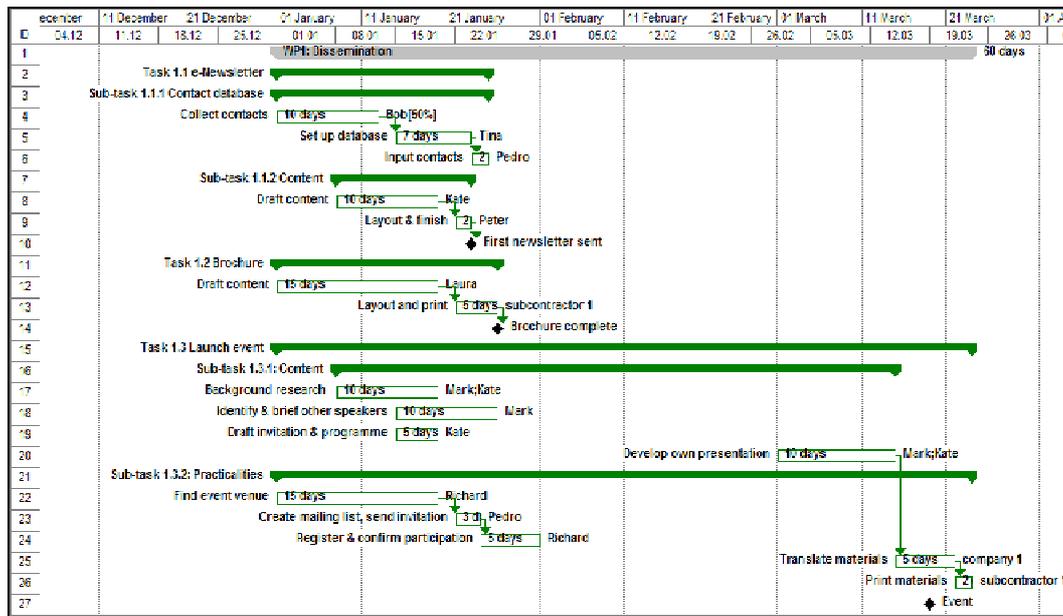
In short, detailed project planning is important for a number of reasons:

- **Confirmation of each partner's role** in the project activities (usually pre-defined in application form and/or in partnership agreements)
- More detailed outline of the necessary **resources** (time, staff, budget) for achieving outcomes
- Identification of **timeframes and deadlines**
- Identification of project outputs that mark the critical path of the project (**milestones**)
- Definition of the **workflow**, i.e. the sequence or order of tasks and relationships between tasks
- Building a **baseline for project review, evaluation, reporting** and **early identification of risks** as well as **day-to-day project management**

One way of presenting a work plan in a very transparent way is by using Gantt charts. Such charts allow project managers to break the work packages, tasks and sub-tasks over a timeline and include milestones (a much more detailed version of the Gantt chart than those often included in project applications). The example below shows a detailed work plan for one part of a work package for dissemination. The main tasks are the e-newsletter, brochure and launch event, each with a number of sub-tasks and actions listed underneath as well as milestones set for the completion of each sub-task. Staff and time are allocated per action with the partner organisations responsible for each task and sub-task.



## GANTT Chart



### DOCUMENT LINK!

A blank template for a **GANTT** chart is included in the Annex.

### ✓ How to create the plan?

#### 1. List all tasks, sub-tasks and activities

Start with the work package break down used for the application and divide each task and sub-task further down into a number of concrete activities that have to take place.

#### 2. Identify resources

Allocate names of the persons (not just partner institutions) to do the work next to each sub-task or activity. These can be team members or sub-contractors.

#### 3. Highlight relationships

Show dependencies between tasks (not necessarily activities). This is especially important when working with larger partnerships where work has to be coordinated between partners. It helps to show, for example, when the interim outputs of one stage are handed over to the next person to complete activities and tasks.

#### 4. Work out the real time frame

Define the time required for each activity and the start and end-date. The original outline of work packages should give a good indication for this but needs to be broken down further.

- Make sure you calculate with the **real time** of when the activities will be completed. If the person assigned to the task only works 50% on the project throughout the time the activity takes place, a 5-day activity may take 10 days.

- Include **time-lags** where relevant, for example time between the selection of a tenderer and their actual start of working on the project.
- Add limited time for delays. Some things will not go as planned but keep safety margins small to emphasise that partners must try to keep all deadlines.

### 5. Identify milestones

Milestones are significant points in the path of the project that have to be achieved for the project to succeed (core outputs) or before the project can proceed. They can also be linked to reporting deadlines. They have to be quantifiable and meaningful so that the project manager can see whether they are achieved or not (there are no half-completed milestones). The number of milestones for a project varies according to the duration of the project, number of partners involved and number/duration of work packages. Partners should work out a reasonable number of milestones together (if you have too many, they become meaningless if you have too few, you can't keep track of progress in between).

***Tip: Establish core milestone for the project related to the main project phases already in place at the application stage. These can be further broken down during operational planning for implementation.***

## 4.6 Establishing a common working culture

The division of roles and responsibilities is necessary in order to involve partners according to their capacity, experience and resources in the project. This process however refers to individuals rather than a team. Usually partners will work together on the project for a relatively long period of time and in order to make this process work, a common team working culture needs to be developed.

Various good practices have been identified for achieving this. These include the development of project manuals/guides that clarify roles, processes and structures as well as rules and norms for working together. During the start-up phase after project approval, projects can initiate a number of actions for building a common culture.

### ✓ ***Building the team***

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In projects where some or all of the partners are working together for the first time, they need to grow into a team, rather than work as a group of individuals. If all partners could do the work individually and achieve the same result as the project aims for, there would be no need for cooperation and no project. The project team is a new organisation that allows partners to benefit from wider input of expertise and skills, facilitates individual learning and leads to higher performance and achievements through the project.

While the project outcomes, structure and responsibilities are defined on a very tangible and technical basis, teamwork involves a lot of 'softer' aspects of human interaction. Not only do teams consist of people with different backgrounds and specialisations but also different types and characters, such as leaders, implementers, visionaries, collaborators, etc. A mix of these different roles is very valuable for projects. In order to ensure that all members have an equal status in the team, some teams define some **core values or 'ground rules' for collaboration**, such as:

- Open and honest communication and feedback
- Respecting each other as professionals
- Supporting each other and providing help when needed
- Listening to feedback and ideas

- Have the chance to ask questions any time
- Sharing information, expertise, skills, etc. within the team
- Pro-active participation of all members in the team
- Open-minded and constructive approach to conflicts

**DOCUMENT LINK!**

The E-teams project established written **feedback rules** for the project steering group as the basis for working with each other in an open, respectful and constructive manner agreed by the members, overcoming cultural differences. See Annex.

It can be part of the kick-off meeting to discuss these core values and to produce a framework for good collaboration – particularly as project partners may have different cultural approaches to common working situations. To name but a few examples:

- Is it OK to arrive late for a meeting?
- Is it OK to talk on the phone during meetings?
- Should you answer colleagues' e-mail as soon as possible or can you wait?
- Is it acceptable to criticise the work of a partner in front of others?
- Is it OK to miss deadlines?
- If you find a better way of doing things, is it OK to decide to change plans agreed with others?

One of the lessons of cooperation is developing understanding and tolerance for these types of differences but it can help to get the most important issues out in the open. What seems like normal behaviour for one partner can be a source of irritation for another and this can have a major effect on their willingness to cooperate.

***Tip: It is worth remembering that culture is not just about nationality: Organisations have their own culture as well. Do not assume that cooperation between partners from the same country will be problem-free. For example, public and private or national and local organisations may have very different ways of looking at the world.***

Teams go through certain **stages of development**, that to some extent correspond to the stages of the project lifecycle. At the beginning, when partners come together for the first time as individuals, they start to get to know each other with a certain distance and try to identify their own position in the group. Next, team members start testing and challenging each other: Different ideas on how the project can be realised come up and conflicts can arise. This phase is important and can sometimes take a long time. Once it is completed, the team develops a shared vision and agrees on values, rules and processes for working together. The roles of the team members are established and they develop trust in each other as the basis for joint performance and support (these phases are often described in project management literature as “*forming, storming, norming, performing*”. See the chart below).

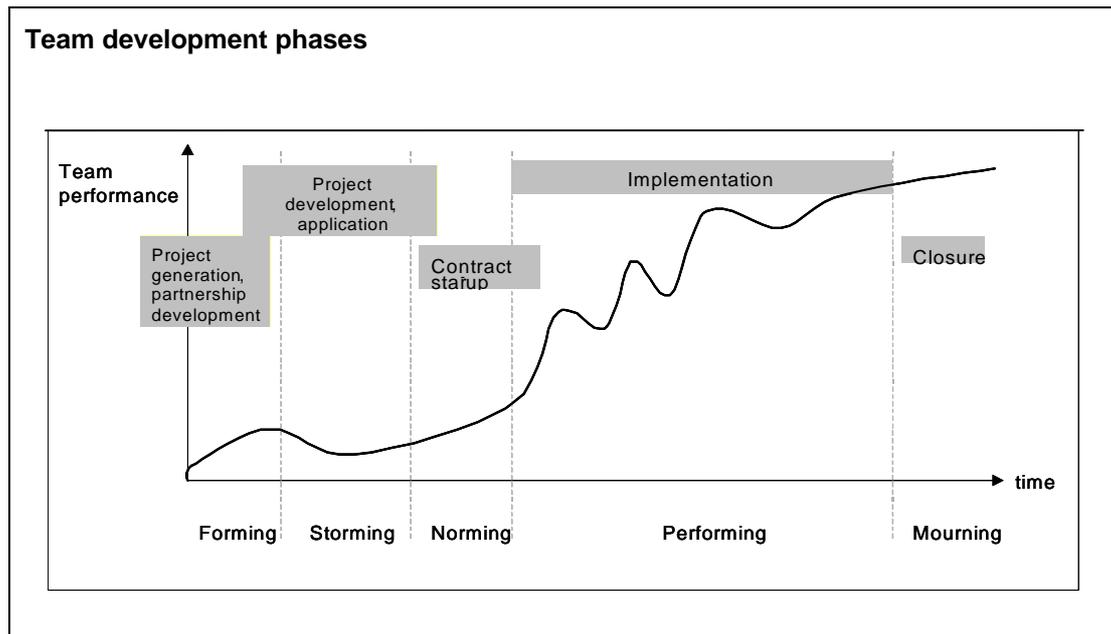
For the management of the project, it is important to be aware of these phases and when they are happening. This varies from project to project but impacts directly on the performance of the partnership. When the partners come together for the first time, everyone is usually highly motivated and things can move quite fast. However, when this initial phase ends and the team enters the phase of challenging each other and the project, work may get delayed (unfortunately this often coincides with the project start-up phase when delays are most critical). Even during implementation, when the team is working well together, there will be periods of higher and lower performance and motivation of partners. The task of the project manager is then to identify the ‘lower’ phases and intervene in a way to support the team to get back on track, for example by bringing partners together in a meeting.

## 4. Contracting and start-up

Planning the closure phase and exit strategies are important for the technical and content related aspects of the project but also for the team. At the end of the project, it is important to celebrate the achievements of the team and look ahead to new projects and challenges. This may well involve breaking up a team after very intensive and fruitful collaboration, which is why this phase is called 'mourning' – see chart below.



### Team development phases



### Developing trust between partners

#### UniZon project (IIIA Kvarken-Mittskandia)

The success of the partnership relies a lot on trust towards the LP (Kvarken Council). Kvarken Council is a cross-border organisation and as such can help bring partners together and build trust. Its neutrality was a key factor in avoiding situations of competition between the universities involved in the project. Another factor that contributed to trust was that the LP visited everybody and presented the project idea. Visits were followed by meetings with all actors from university faculties as well as the rectors. Trust is complemented with the set up of an organisational structure, in particular a Steering Group, consisting of one representative from each partner organisation. The Steering Group meets 3 times a year and the key to its successful role is having the right persons representing the partners, such as directors/rectors of universities who know the issues well and give the project political visibility.

#### ✓ **Kick-off meeting**

The starting point of project implementation and the first milestone of the project is the kick-off meeting, where all partners should be present and sometimes meet each other for the first time. This is a key step in the management and coordination process, as it offers the opportunity for partners to get to know each other, confirm the objectives, schedule and milestones, communication plan and structure and the composition of team as well as administrative procedures. Often, it is also the initial team-building event.

**Tip: Assume that the project will be approved and set a date for the kick-off meeting shortly after the programme's project selection committee meets. This**

***will allow all partners to set aside time in their diaries and avoid delays at project start. If the project is rejected, the meeting can just be cancelled.***



### What to cover at the kick-off meeting?

CrosboR&D (INTERREG IIIA Slovenia/Hungary/Croatia)

**Purpose of today's meeting**

- Introduction of project partners
- Clarification of project aims and goals
- Method of work
- Schedule and milestones
- Communication plan, proj. Administration
- Motivation and teamwork

The kick-off meeting should take place as soon as possible after project approval. It is a way to ensure that all partners are ready to start the implementation work and are clear about what steps to take next. Depending on the size of the project and its partnership, these meetings usually take 1-2 days and usually it is the Lead Partner who organises the first meeting in their respective country (to ease organisational and practical aspects).

For the **organisation of partner meetings** in general, it is important to pay special attention to a number of points:

- Provide partners with all relevant practical details about the meeting, accommodation, travel, etc. well in advance
- Create a working atmosphere where all partners feel comfortable (professional but not too formal)
- Provide sufficient space for smaller break-out groups (for example to have separate discussions with all partners in a work package) rather than having too long sessions in the plenary
- Ensure easy access to all relevant project materials that might be needed as well as technical equipment (internet, printers, copy machine, etc.)
- Work out a balanced programme with sufficient breaks and ensure that there is enough time for everyone to ask questions and discuss specific issues
- Ask partners for their inputs / discussion points beforehand and add them to the agenda
- Arrange an informal social activities, such as a joint dinner, for everyone to get to know each other better (but check programme rules to see whether you can include this type of expenditure as part of the project)
- Ensure that adequate documentation of what was discussed and decided (meeting minutes) is circulated to the partners afterwards – and give them a chance to comment before preparing the final version

### ✓ **Overcoming language barriers**

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Despite the extensive use of a common language in many projects (English in many cases but not always), some projects (especially those working at regional or local level) do not find one common working language that all partners feel confident to work with. This can get even more complex when projects involve a large number of countries and languages. This is a key barrier that may reduce the joint character of projects and needs to be managed.



#### **Dealing with different languages**

##### City Ports (IIIB CADSES)

The project involves 20 partners from 4 countries. Partners are responsible for the Pilot Projects and Work Packages that have been assigned to them. In addition, one partner per Member State has been assigned sub-coordinator for their country (e.g. EC Consulent from Austria coordinates all the other Austrian partners, in Greece the Hellenic Institute of Transport represents and coordinates the Greek partners, the Italian LP organises regular working meetings for Italian cities). This approach of assigning one partner in each country as coordinator of other partners in the same country has proved helpful to overcome the language barrier. National groups use their own language but sub-coordinators have a common working language and share the outcomes of national discussions. As a result and despite the national approach, the project methodology is implemented jointly.

The above project example based on a project structure with country coordinators, who then come together in regular coordination and management meetings, is a pragmatic approach. Depending on the individual project, the right way of dealing with language barriers has to be worked out. For example, a project with a smaller partnership and more direct collaboration of partners from different countries will need a different means of ensuring transparency and good communication and may rely more heavily on interpretation and translation.

Language should never be a cause for some partners to participate less actively in the project than others. If no common language can be found, adequate translations facilities at meetings and of other means of communication and publications have to be provided and budgeted for from the beginning and timelines must include translation times.

### ✓ **Project handbooks and guides**

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Projects working in a single organisation usually do not require a written set of project rules and procedures: They already share the same working methods and culture. These documents can, however, be very useful in cooperation projects. All partners need to have a clear idea about and agree on project processes and procedures for the time they work together because these will probably differ from how things work in their own institutions. A number of INTERREG III programmes have developed management handbooks and other tools. These provide a good basis for communicating programme requirements and give partners guidance and practical tips on technical aspects such as the use of forms and templates as well as requirements like eligibility rules, etc. They are however limited in their scope and mostly target the Lead Partner or project manager who then has to adjust requirements to the project and its partners. Project handbooks are tailored to the individual project as a tool to support all partners to have a common understanding of how the project works.



## Practical project guides

### REVITA (IIIB Atlantic Area)

The project offers a good example of how the project management guide provided by the programme authorities was adapted to the project needs. The contents of the adapted project management guide include:

- Key dates/milestones for reporting and certification of payments with strict deadlines
- Provision of documents/models useful to all partners such as VAT forms
- Names and details of contact persons in partner organisations

The project management guide contains information on technical monitoring, financial monitoring and follow-up. Unlike the formal requirements in a partnership agreement, the guide focuses on practical information. A separate document, the Benchmarking Manual, which contains information on how to carry out case studies, what type of indicators are to be used and how to collect them for the case studies. This list of indicators was developed through consensus with the project partners. The Manual contains a detailed description and calculation of indicators. It is a very good example of providing detailed advice to project partners in order to carry out pilot projects in a homogeneous way so as to reach comparative conclusions.

 	
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### DOCUMENT LINK!

The full **REVITA project management guide** can be found in the Annex.

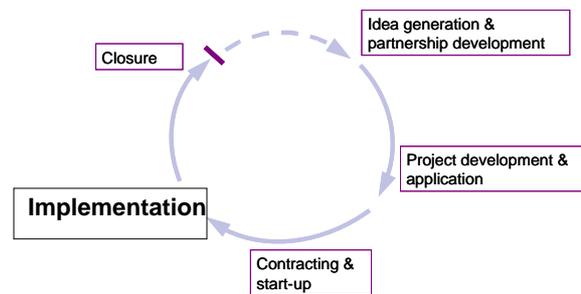
Contents and procedures to be laid out in the project management guide can be agreed in the kick-off meeting. Important points that can be included are:

- Working values and norms for the team (if discussed and agreed by the partnership in advance)
- Project working and decision-making structure
- Internal project evaluation and review
- Reporting requirements and deadlines (what and when? – financial and activity)
- Auditing and control procedures (partner, project and programme level)
- Internal communication and organisation of partner meetings
- Use of indicators
- Dissemination plan
- Resolution of problems and conflicts

In addition to processes and procedures, it is also advisable to include relevant programme forms and templates that partners will need during the implementation and reporting process.

***Tip: Some programmes provide guides and handbooks to support project implementation and management in accordance with programme requirements. Make sure that you obtain any relevant documents from the programme and pass information on to the partners. If you plan to develop your own project specific document, programme information is an essential part of it and programme guides and handbooks can give you a good starting point.***

## 5. Project implementation



*In this section you will find...*

*Effective partnership working is a major success factor for every cooperation project. The role of project management is to facilitate and enable collaboration and communication throughout the implementation phase when the actual project work is carried out according to the plans that were developed jointly by the partners. Planning can however only be based on (informed) assumptions and estimates. Therefore project management tasks during implementation relate to continuous tracking, monitoring and reporting of project progress in terms of activities and resources in order to be able to adjust the original plan accordingly.*

*This chapter covers key aspects of project management during the implementation stage. Financial management is covered in the following chapter.*

### 5.1 Keeping track of the project

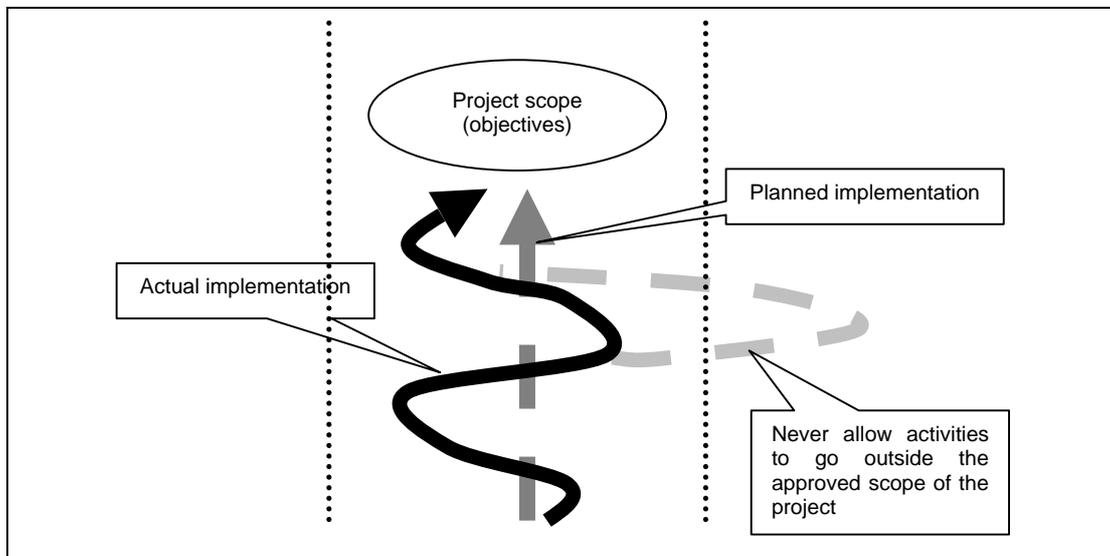
The original work plan is the main document that helps project managers track progress. It should remain unchanged and be used as a baseline together with the objectives and tasks that were initially defined for the application. The baseline then serves the project manager as a tool for comparison with what is actually being done and achieved during implementation.

No matter how good the original plan is there will always be some deviation from it during implementation. This should be anticipated and the aim of project management is to track this deviation, make sure it stays within the scope of the project and redirect activities to get back on track. The longer the project proceeds with implementation, the more important it is to track things systematically to avoid drifting away too much from the original outline and falling outside the scope of the project. Remember also that many changes will actually be improvements and it is this dynamic aspect of project management and the ability to adapt to change that are likely to ensure ultimate success.



#### **Nothing goes exactly to plan**

The project application should contain project objectives, a description of the activities for achieving them and measurable result indicators to show they have been achieved. You should not, however, expect the project to be implemented exactly as planned.



Once the project has started the objectives should be regarded as unchangeable – if you alter what you plan to achieve you are in effect starting a new project and would have to start your activity planning again from the start. Often, however, changes to objectives happen in small steps (called 'scope creepage') and do not seem to have a major impact. When these small changes add up though, they can put the project seriously off target. The project manager should compare all decisions on changes to the original objectives to make sure this does not happen. Programmes do not generally allow changes to objectives - it would mean they were getting a different project to the one they had approved.

The steps to achieving objectives are a different question. Situations change, new information becomes available, project activities may lead to better ways of doing things; all of these things naturally lead to activity changes. A large part of the project manager's role involves monitoring these changes and ensuring that they do not threaten achievement of the final objectives. A key skill is flexibility and being able to adapt to rapid changes without losing sight of objectives.

Programme attitudes to this kind of change vary. Generally speaking, the more detailed the information required in the application, the higher the likelihood that projects will have to ask for permission for even quite small changes (because the approved application is a main part of the contract with the programme). Whatever the case, adding completely new activities or removing planned ones will always require programme approval and may even mean that the project has to be reconsidered by the programme Steering Committee. Don't ever be tempted to make this kind of major change without approval: Costs for activities not included in the application are ineligible.

*Tracking progress will help you to answer the following questions:*

- Is the project delivering to schedule?
- Was the original budget allocation right?
- Have the deliverables been produced as expected (quality and quantity)?
- If not, why not and what are the implications?
- Were issues identified and resolved on time?

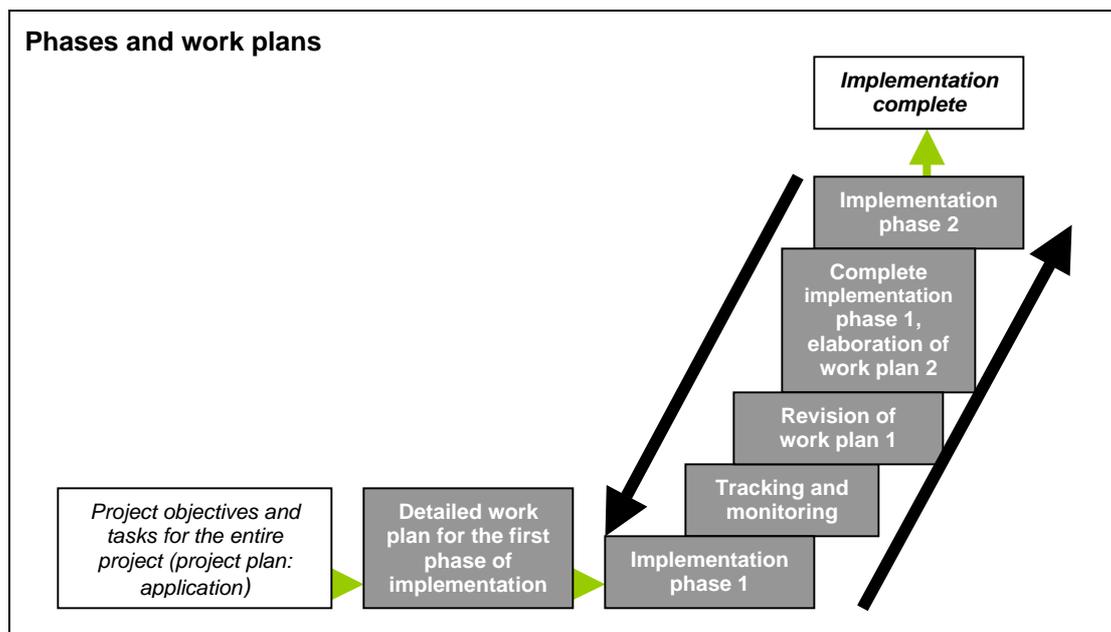
What further changes or adjustments need to be made?

*How to start tracking?*

- Fix the project baseline as a reference for comparison
- Define what information you need from partners and when. Programme reporting periods provide clear deadlines but basic information about each partner's progress should be updated much more often (say once a month).
- Define margins and the scope for variation that can be tolerated to achieve objectives with the resources given
- Document and communicate variation to partners, i.e. estimated and real progress
- Decide on a general approach about how to deal with different degrees of deviation from the plan (slight deviation within the scope, medium deviation at the limits of the scope, deviation outside the scope)

### ✓ **Revising the work plan**

Work plans are short-term planning tools that contain a lot of detail on the activities carried out in the project and can therefore only cover the immediate future of the project – but of course with reference to the overall project plan. As part of tracking and monitoring, work plans are revised periodically and adapted where necessary.



Timings for the intervals between revisions and how long each detailed work plan should cover vary and should be proportional to the size of the project. Generally, it is advisable that each work plan covers the working period between the main project meetings (many projects meet two or three times a year, therefore the periods covered by the detailed work plan are between four and six months). Connecting the work plan to the meeting schedule also has the benefit of being able to directly involve all partners in the elaboration of the next phase of the work plan so that activities can be allocated directly to the team members and coordination of shared tasks can begin straight away. This direct approach usually proves very efficient with great time-savings compared to the alternative way of sending drafts back and forth between partners. Afterwards, the project manager can prepare the updated or new work plan based

on the meeting agreements and distribute it to all partners so that implementation can continue smoothly.

### ✓ **Managing risks**

Risks are internal or external events that may occur during project implementation and could **threaten the achievement of project objectives** and the project as a whole. A risk could be, for example, a partner dropping out or a key change in policy that goes against what the project is trying to achieve. Basic risk management is important for every project but the level of detail needed varies depending on the size of the project and number of risks and possible impacts on the achievement of the objectives. Some programmes require risk assessments for their projects, in others a risk analysis can be covered as part of an initial SWOT analysis for the project (strengths, weaknesses, opportunities, **threats**). Many programmes do not require any risk analysis but this is not a good reason for not doing one. Identifying risks and outlining contingency measures for when they happen should be a part of every project's management and monitoring procedures. This process involves three steps:

#### ▪ **Identifying risks**

To identify risks you can look at possible sources of risk or at the threats / problems that can become risks. **Sources** include the team members, stakeholders, sub-contractors, target groups etc. **Problems** could be, for example, a change in the political environment or the loss of money through de-commitment.

A good way to identify relevant risks can be an open **brain-storming** session either during the project development stage or very early on in the start-up phase on *‘What can go wrong?’* All partners should be involved in this process to a) raise their awareness about possible risks, and b) to identify as many relevant risks as possible (especially with reference to different countries, legislations, sectors, types of institutions involved). Do not let this exercise get out of hand: It is not about spreading gloom and panic but rather identifying issues where a few sensible precautions can be taken.

#### ▪ **Assessing risks**

Once potential risks are identified, they need to be qualified according to their impact on the project and probability of occurring. As with most other aspects of planning, the assessment of probability can often only be based on assumptions and educated guesses. The impact however can often be estimated in relation to the budget and time lost or output indicators not achieved. This assessment allows projects to prioritise risks – the ‘high risk’ decisions and actions have to be taken first.



**Risk assessment matrix**

	Low impact	Medium impact	High impact
High probability	Medium risk	High risk	High risk
Medium probability	Low risk	Medium risk	High risk
Low probability	Low risk	Low risk	Medium risk

- **Dealing with risks.**

When a problem occurs it is often too late to take any preventive or alternative actions. The Project Steering Group, project manager and partners concerned have therefore to decide in advance how to handle each risk while there is sufficient time. Possible approaches are:

- **Ignore the risk.** This is sensible for risks with a low impact or where the resources to develop alternatives would be greater than the impact of the problem or if the probability is low but implications would be so substantial that the project cannot compensate for them anyway. Example: Natural disasters
- **Identify alternative ways to remove the risk.** This is usually the approach to take for risks with high impact and high probability. Example from the current period: Centralised first level control could take a long time in some countries and delay the payment for some projects significantly, which might cause major financial problems for smaller partner organisations. To remove this risk, the LP could seek confirmation from the programme that claims can be processed anyway without delayed partner claims.
- **Have a contingency plan to reduce the impact of problems that do happen.** This does not remove the risk but is a temporary solution. Example: The project developer has been the driving force behind developing the idea and bringing the partnership together. He/she is personally responsible for the success of large parts of the project. A plan must be made for the loss of this member of staff, ensuring that his/her knowledge and ideas are communicated to other people in the organisation so the project can continue without them if necessary.

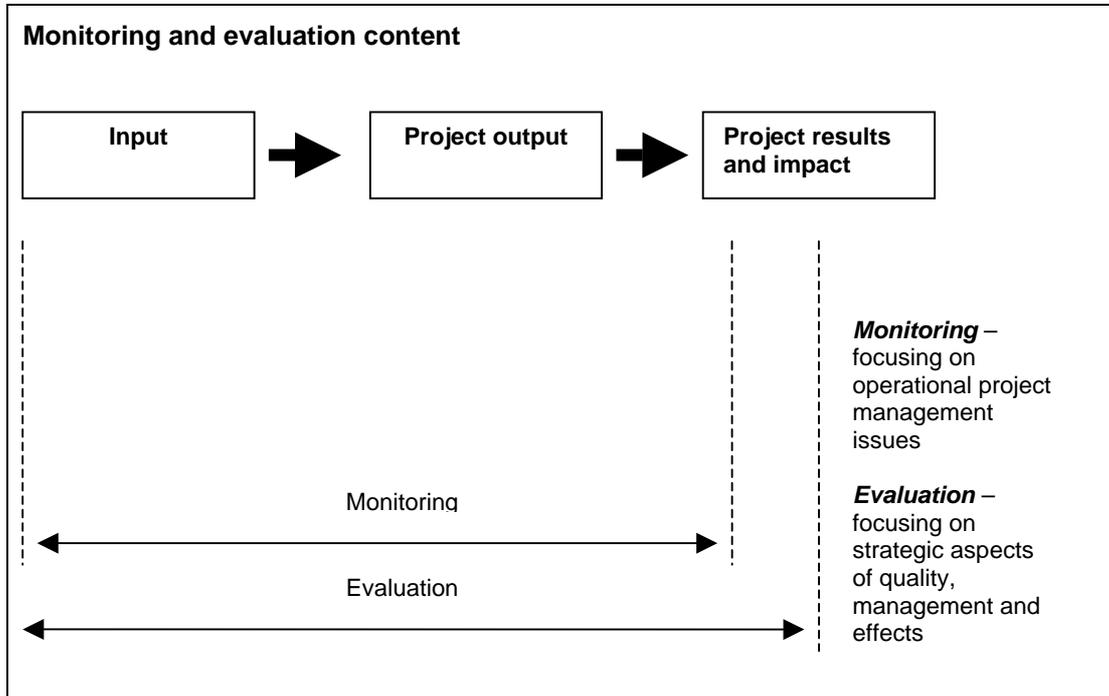
It is advisable to review and monitor risks throughout the project to keep on top of them as they might transform or new ones might come up – *nothing is as constant as change!*

## 5.2 Differences between monitoring, evaluation, reporting and control

Even though in some cases these terms seem to be interchangeable, they require different procedures, are based on different information and may involve different people with different backgrounds.

- **Reporting** – Addresses the process of collecting, summarising, structuring and presenting the information required. This refers to both financial and content related information (quantitative – indicators and qualitative – description of activities, stakeholders involved, outcomes achieved). This is an obligation of the project LP to the programme management and forms the basis for project monitoring.
- **Control and audit** – Verifies the legality and regularity of the use of funds. The focus is on finance issues.
- **Monitoring** – verifies the sound management of the interventions and produces a regular analysis of the progress of the project. Monitoring assesses whether the operational objectives of the project are being achieved and answers the questions “How many?”, “When?”, “How?” and “For how much?”.
- **Evaluation** – Assesses project implementation on the basis of outputs, results and impacts. The starting point for a project evaluation is the objectives set. Project evaluation can be performed at different stages of the project lifecycle - at the project selection phase (whether project objectives contribute to programme objectives, whether project indicators contribute to key programme indicators) as well as during project implementation and the project closure phase.

The differences and overlaps between monitoring and evaluation can be also illustrated in terms of outcomes achieved on a project timescale.



Comparison of key characteristics in evaluation and monitoring:

	<b>Evaluation</b>	<b>Monitoring</b>
<b>Description</b>	Incidental, flexible subject & methods to fit the purpose	Continuous, using regular intervals and pre-defined formats
<b>Target groups</b>	Project stakeholders	Programme management
<b>Approach</b>	Objectivity, transparency	Usefulness
<b>Methodology</b>	Rigorous research methodologies, sophisticated tools	Rapid appraisal methods
<b>Primary focus</b>	Focus on relevance, outcomes, impact and sustainability	Focus on operational efficiency and effectiveness
<b>Objectives</b>	To check outcomes / impact, verify development hypothesis To document successes and lessons learned	To identify and resolve implementation problems To assess progress towards objectives

### 5.3 Monitoring & evaluation at project level

Monitoring project progress is a main programme management tool. As an administrative procedure the main task of monitoring is to assure that project inputs (budget and activities) and outputs are in line with the original plan (the application) and that the expenditure incurred complies with the rules of eligibility. The main feature of project monitoring is that it is based on the project application.

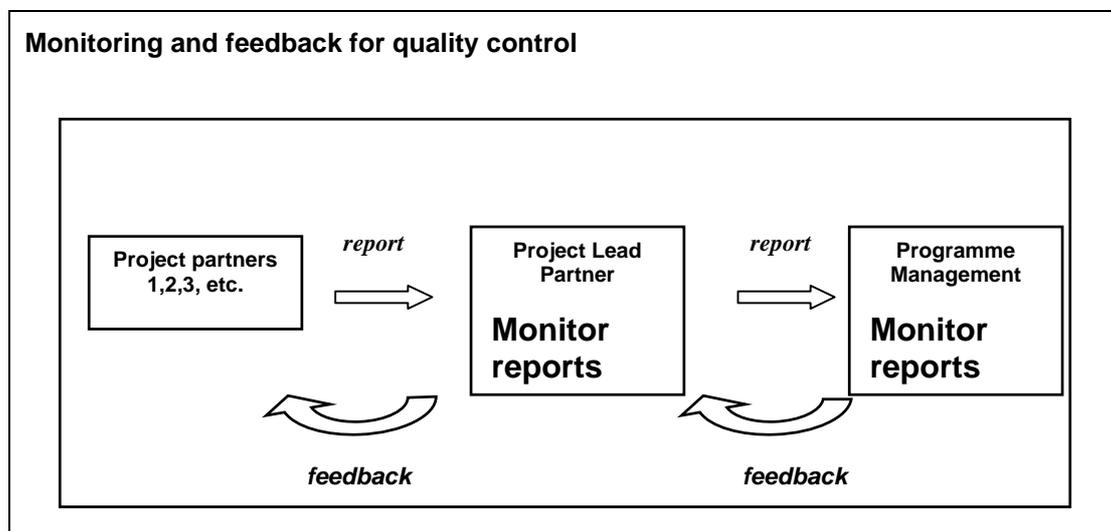
In simple terms monitoring can be described as follows:

**What?** Monitoring is a check of project progress

**How?** It involves regular tracking of the inputs, activities, outputs, results and impacts in a project or programme

**Why?** Provides information by which project and programme management can identify and solve implementation problems and assess progress towards the project's objectives

In this process, the main actors involved are programme management, the Lead Partner of the project and the project partners. They are connected in terms of interdependent reporting, monitoring and feedback tasks.



#### ✓ **Why do we need to monitor?**

Project monitoring is a programme led process but projects benefit if they develop well-structured internal monitoring procedures (particularly in projects consisting of large partnerships and representing a number of countries). The benefit on project level from internal monitoring of activities can be linked to the following:

- Provides support for project implementation and acts as an indicator of whether targets are being met
- Through feedback activities stimulates improvement in project results based upon observations of the value and the quality of various elements of the project
- Provides reliability and credibility of results
- Foresees potential problems in good time and simplifies decision-making especially in the event that corrective actions are necessary

For these reasons it is important that monitoring is an on-going process and not a task left for the end of the project. Programmes put considerable emphasis on project monitoring and it is one of the core tasks of those responsible for programme management and in particular the JTS and/or the Managing Authority. Monitoring project implementation provides vital information on the overall performance of the programme and in particular in terms of how

## 5. Project implementation

(quantitatively and well as qualitatively) programme objectives and key targets have been met. Other main reasons for monitoring are:

- Gives an accurate picture of the status of project implementation
- Allows programmes to keep track of whether projects are being implemented according to plan and thus keep track of all major project variables – cost, time, scope and quality of deliverables
- Provides programme managers with important information on significant achievements which support programme information and publicity
- Allows problem identification
- Verifies and provides transparency on spending of public funds

### ✓ **Responsibilities for monitoring**

According to the Lead Partner principle, in the new period the overall responsibility for project monitoring will be with the **Lead Partner**. However, **all partners** should be responsible for monitoring their own part of the work.

<u>Responsibilities</u>	<u>Lead Partner</u>	<u>Partners</u>
<p><b>Continuously monitor project progress</b></p> <p><i>(Ensure that the project stays on track)</i></p>	<ul style="list-style-type: none"> <li>• Monitor progress of key project elements</li> <li>• Start and end of tasks as expected</li> <li>• Deliverables comply with content and quality requirements</li> <li>• Milestones are met</li> <li>• Cost as budgeted</li> <li>• Review and process requests for changes to the plan</li> </ul>	<ul style="list-style-type: none"> <li>• Review progress of tasks on partner level</li> <li>• Report to the LP/ inform about the progress</li> <li>• Inform of the potential risks and problems associated with risks</li> </ul>
<p><b>Conduct team reviews</b></p> <p><i>(Review progress and status and plan for the next activities)</i></p>	<ul style="list-style-type: none"> <li>• Determine the information needs in the partnership</li> <li>• Decide/ discuss on how information should be communicated best</li> <li>• Acquire the necessary information (e.g. through programme sources)</li> </ul>	<ul style="list-style-type: none"> <li>• Inform about information needs and discuss them with the LP and the rest of the partnership</li> <li>• Exchange regularly status information</li> <li>• Present/ discuss plans for next actions and outline action points</li> </ul>
<p><b>Manage changes</b></p> <p><i>(monitor changes to one or more project parameters)</i></p>	<ul style="list-style-type: none"> <li>• Document the changes requested, prioritise the changes involving the whole partnership</li> <li>• Estimate the resources involved to implement the change involving all relevant partners</li> <li>• Inform programme management or make a request for a change</li> <li>• Include an alternative solution</li> </ul>	<ul style="list-style-type: none"> <li>• Outline the change – link it to the original plan – highlight deviations</li> <li>• Estimate the impact of the change on the partner's part of the project and the project as a whole</li> <li>• Inform and discuss with the LP and the rest of the partnership</li> </ul>

	<ul style="list-style-type: none"> <li>• Provide a description how the change requested affects the project resources and outcomes</li> <li>• Ensure the approved changes are incorporated in the project structure and carried out</li> </ul>	
<p><b>Formal project progress review</b></p> <p><i>(ensure that all stakeholders are kept informed of project status and progress)</i></p>	<ul style="list-style-type: none"> <li>• Identify what needs to be prepared for the review;</li> <li>• Allocate tasks in the partnership regarding the provision of information;</li> <li>• Establish logistics for information flow between the partnership and the programme;</li> <li>• Undertake overall project progress review (e.g. against timetables, indicators, etc.)</li> <li>• Prepare the project periodic reporting and submit to the programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake progress review (e.g. against timetables, indicators, etc.)</li> <li>• Prepare and present status information as requested</li> <li>• Identify action items that require attention of management and/ or stakeholders</li> </ul>

✓ ***Requirements for monitoring on programme and on project level***

In order to carry out effective project monitoring programmes usually require that projects submit<sup>6</sup>:

- Written status reports
- Updated lists of activities, risks, problems and issues
- Updates to the plan and schedule in order to reflect actual progress
- Comparisons of actual costs to budgeted costs and explanations for significant differences
- Certified statements of expenditure

In order to meet programme requirements, it is important that **monitoring procedures and tools** are established for effective monitoring of project progress and evaluation of results and achievements. Experience has identified the following **procedures** as good practice on project level:

- A good balance between frequent reporting and administrative burden. Many programmes regard six-monthly reporting as adequate in order to obtain a good indication on project progress (though some programmes ask for reports every 3 months). Because of the administrative work involved projects prefer 6-monthly reporting but on project level Lead Partners should establish a system, which provides more frequent and systematic basic updates on the progress of each partner
- Design a project monitoring system compatible with that of the programme so data can be transferred from one system to the other with minimum trouble

<sup>6</sup> For a full check list on the requirements for project reporting please see the relevant sections on activity and financial reporting.

## 5. Project implementation

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- Define and measure key indicators (output, result, impact) – setting quantifiable (where possible) baselines and targets to measure progress

In order to facilitate the set up of project monitoring procedures some good practice **tools** include:

- Facilitate reporting through the use of simplified monitoring sheets
- Tasks/output coverage tables – develop spreadsheets with a detailed outline of tasks, outputs and responsibilities in order to give a clear overview of progress made
- End user / beneficiary feedback and validation tools (questionnaires, interviews, surveys, etc). Try to obtain regular feedback from the main project stakeholders in order to improve performance and check the viability of findings
- Use project websites and intranets as tools for fast communication between partners, for monitoring progress on a frequent and direct basis and for publishing reports/articles and main project achievements to inform on project progress



### **Successful monitoring in projects with sub-contractors**

#### Strategic innovation (IIIA Euregio Maas-Rhein)

This project involves 20 sub-contractors (consultants) with the task of examining the strategy and innovative capacity of 650 companies in four regions using a standardised method developed by the Lead Partner. Close monitoring of the work of so many consultants working in different regions is therefore essential for the success of the project and to achieve equal standards. This issue was addressed through the following steps:

- Consultants prepare standardised reports from their first sessions with companies and send these to the Lead Partner. The content of these reports is described in a “protocol” for sub-contractors, which describes in detail what they have to do and deliver
- Satisfaction questionnaires are sent to the companies that have been examined
- Replies to questionnaires and consultants’ reports are subject to a quality check by the Lead Partner and the relevant local partner to ensure the correct method has been applied
- If necessary, the companies examined are contacted by the Lead Partner or local partners for further clarification
- Only after all the above steps have been carried out successfully can consultants proceed to the next step of the work.



### **Info letters as effective monitoring tools**

#### Bioenergy (IIIA Kvarken Mittskandia)

The project established a procedure where a project internal info letter (1 page) is sent out every month to all partners. These info letters are used by the project partners to report partial results (the templates are also available on the internet <http://www2.btk.slu.se/swe/nyheter/lasmer.cfm?107>). The project also arranges seminars for key persons and project personnel twice a year to give feedback to the project. All the partners report their partial results in these seminars and participate in the production of info letters (1-4 pages).

### ✓ **Capacity of partners to work with indicators for monitoring and evaluation**

Project indicators are the main tool for monitoring the project's progress. In the application stage, the project indicators selected define the project's concrete goals and ambition level. In the implementation stage they serve as an indicator of the project's success. A project which progresses smoothly towards achieving its targets can be seen as performing well whereas inability to reach targets is a sign of under-performance and will need to be explained.

The capacity of partners to provide the right quality data, including indicators, is essential in the monitoring process. Here previous experience with monitoring (especially in the context of INTERREG) and the availability of partner resources are essential: A common difficulty encountered in monitoring INTERREG projects is the lack of sufficient knowledge on how to define, use and interpret indicators.

**TIP: Defining good quality indicators can be a problem in many INTERREG projects. In order to improve the quality of the indicators make sure that the progress towards achieving targets is reviewed regularly in the partnership during implementation.**

**TIP: Precisely defining indicators as well as setting targets for some indicators can be a "grey" area at the time of preparing the application. Throughout implementation you may see room for improvement. Do not hesitate to inform programme management in this case (they are probably also struggling with your vague indicators) - your suggestions will generally be welcomed!**



#### **Innovative approach for the use of indicators**

##### INNOFIRE (IIIC East)

The LP *trains partners in the use of indicators*. This not only achieves timesavings for the LP, who does not have to spend so much time on checking the quality and consistency of indicators/activity reports provided by partners, but also initiates a learning process for the benefit of all partners and the project as a whole.

As discussed earlier in the handbook (see the chapter on indicators) another challenge for the new period is that projects should set clear links to the programme's core priority result indicators. In the current period, many programmes (especially from the B and C strand) have monitored progress achieved on a priority level by reviewing the contribution of the projects to specified programme Priority Targets. This required that clear links were set up between programme and project level indicators – an issue that tended to be overlooked when applications were submitted and assessed. As a result, much firmer common ground will need to be established between project and programme indicators in future.

### ✓ **Evaluation of project activities**

Indicators are also useful for evaluation purposes. Although **evaluation** is not a project requirement, it is highly recommended and various projects use indicators provided by the programme or develop their own project-specific indicators not only for monitoring but also for evaluation purposes. The main characteristics of project evaluation can be summarised as follows:

- What?** Evaluation is an assessment of the design, implementation and results of completed or on-going projects
- How?** Evaluation should be systematic and objective. Key criteria to be used are: Relevance, fulfilment of objectives, developmental efficiency, effectiveness,

impact and sustainability.

**Why?** Evaluation should provide credible and useful information to enable the incorporation of lessons learned into the decision-making process.

Evaluation should address also a set of specific issues. According to the DG Regional Development Working Paper on Indicators for Monitoring and Evaluation these issues are:



### Project evaluation themes

**Relevance:** To what extent are objectives relevant to the evolving needs and priorities at regional, national and EU level?

**Efficiency:** How were the resources (inputs) turned into outputs and results?

**Effectiveness:** How far has the project contributed to achieving its specific and global objectives?

**Utility:** Did the project have an impact on the target groups in relation to their needs?

**Sustainability:** To what extent can the changes (or benefits) be expected to last after the programme has been completed?

- Who carries out project evaluation?

It is normally a Lead Partner responsibility to organise any evaluation activities in the project. This can be done **internally** (internal evaluation such as for example a peer review) or through external experts (external evaluation). Ideally, projects should undertake both. In addition, projects are evaluated through **programme evaluations** (e.g. the Mid-term evaluation or Ex-post in the current period). Programme evaluations assess the overall effectiveness of the programme, the impacts of the type of cooperation being funded in the projects and the overall achievement of objectives – a process, which is underpinned by the performance of each project implemented under the programme.

- Evaluation as a continuous process

Evaluation can be carried out through e.g. developing questionnaires on the effects of the project on different target groups, on the project structure and management and on the quality of the transnational partnership. **On a project level, evaluation is important in order to measure how and whether project objectives have been met. In other words, evaluation assesses the quality of the work carried out.**

In principle there are a number of stages that projects should consider when carrying out a self-evaluation exercise.

- In the first place it is necessary to plan for the evaluation. This may involve considerations on when to discuss the issue of evaluation for the first time with the partnership (basically the earlier the better) and making sure that sufficient time is allocated to this subject, making provisions for evaluation in the project budget and agreeing with the project partners on the evaluation strategy
- Making provisions for collecting and interpreting the necessary information from all partners can be seen as a second step in the evaluation process. This includes both

quantitative and qualitative information and it is important that all partners have a clear understanding about their responsibilities in order to provide reliable information

- Agreeing on the purpose and use of the evaluation results is another important stage – why is the evaluation being carried out and how it can be embedded in the project implementation process? In the event that results from the evaluation point to the need for significant changes, proper documentation and information for programme management will be necessary

Regular and intermediate evaluations are a useful method for identifying strengths and weaknesses in the project and developing recommendations on how to improve project activities and results. Good examples in this respect are offered by the Celtic Enterprises project (IIIA Wales/Ireland), which carried out a mid-term evaluation not requested by the programme.



### Proactive approach to regular evaluation

#### Celtic Enterprises (IIIA Ireland-Wales)

The project was recommended to carry out an independent mid-term evaluation by the manager of West Wales European Centre as part of the process of developing sustainability, further development of the project and ensuring that the project meets the needs of the beneficiaries. The evaluator was selected through a competitive tendering process. This evaluation has proved to be *extremely beneficial* and project promoters recommend that every project sponsor commissions such an evaluation.

***TIP: Lead Partners should consider including monitoring and evaluation on the agenda of the first partner meeting. The Lead Partner should also include such actions in the project application and budget.***

Internal monitoring and evaluation sessions need not cost anything. They can be introduced in partner meetings with either an open agenda (in this case beware that the meeting can easily lose direction and turn into a complaint session) or as more structured session (in this case make sure that the agenda is flexible enough for all partners to participate).



### Project appraisal system PURE Check

#### Planning Urban-Rural River Environments – PURE North Sea (IIB North Sea)

The project partnership developed an internal project appraisal system known as PURE check. Using the system of peer review, they have assisted the process of mutual learning and have stimulated the process of feeding a large range of expertise into the project initiatives, pilot projects, plans and visions.

The development of the system was initiated and became an integral part of the project transnational meetings. It provides partners with a common system of environmental, social and economic appraisal in order to provide a basis for mutual comparison, transnational cooperation and learning. The PURE Check process is composed of the following steps:

- Preparation – the partner hosting the relevant transnational team is also the one being peer reviewed by the Peer Review Team. The information exchange starts usually a week prior to the Transnational meeting by the hosting partner having the responsibility to prepare (using a standard Checklist developed by the project) the outline information about their project and send it to the rest of the partners.

- The Peer Review Team is composed of the PURE Check Coordinator (not necessarily the Lead Partner of the project) and by Learning Advocates and Theme Advocates. The task of each Learning Advocate (representing each of the project partners) is to identify elements of the project under examination that can be incorporated into their own strategies, plans and initiatives. The task of each Theme Advocate is to examine how the project under examination complies with the thematic structure of the transnational project.
- The Checklist – is a formal document developed by the partnership, which supports and documents the process of the peer review.
- Site visits – a visit takes place organised by the host who provides presentations, maps and other relevant information. Seeing the activity on the ground has been ranked high and seen as an essential aspect of the learning process.
- Meeting stakeholders – additional value is gained through the input provided by local people who can provide direct feedback on the nature of the problems and gains acquired through the activity undertaken.
- Thematic workshops – the PURE Check system provides a structured series of broad questions upon which an evaluation/assessment of the project can be based. The thematic workshops are used to identify the key issues. The Pure Review Team presents the host with a formal feed back report. In addition, each partner identifies at least one aspect of the project reviewed that can be used in their own case.
- Feedback and learning – the Project Team considers the PURE Check Report and presents their reactions at the subsequent transnational meeting. Actions to be pursued by the Project Team are documented and monitored, as are the Learning points identified by the Peer Reviewers.
- Applicability – PURE Check is applicable to different scales and different phases of a project's life cycle. The PURE Check questionnaire is colour-coded and each colour relates to a specific stage of the project (e.g. planning or implementation stage) with questions related to the specific stage. The working process presented by PURE Check can be applicable for all projects but has been developed in the framework of INTERREG transnational projects. Projects interested to make use of the proposed methodology will have to adapt the questionnaire to reflect the specific themes, aims and objectives the project is addressing.
- Benefits – applying the PURE Check methodology has lead to the development of high quality plans, structured learning among partners and strong transnational cooperation – in the process the partners involved had the opportunity to work not only with their own local projects but also improve their work by using the knowledge and experience from the rest of the partners, generated by the application of the PURE Check working process.
- More information about the project and the PURE Check tool is available at:  
<http://www.purenorthsea.com/>

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### ✓ *Using monitoring and evaluation to improve the quality of the projects*

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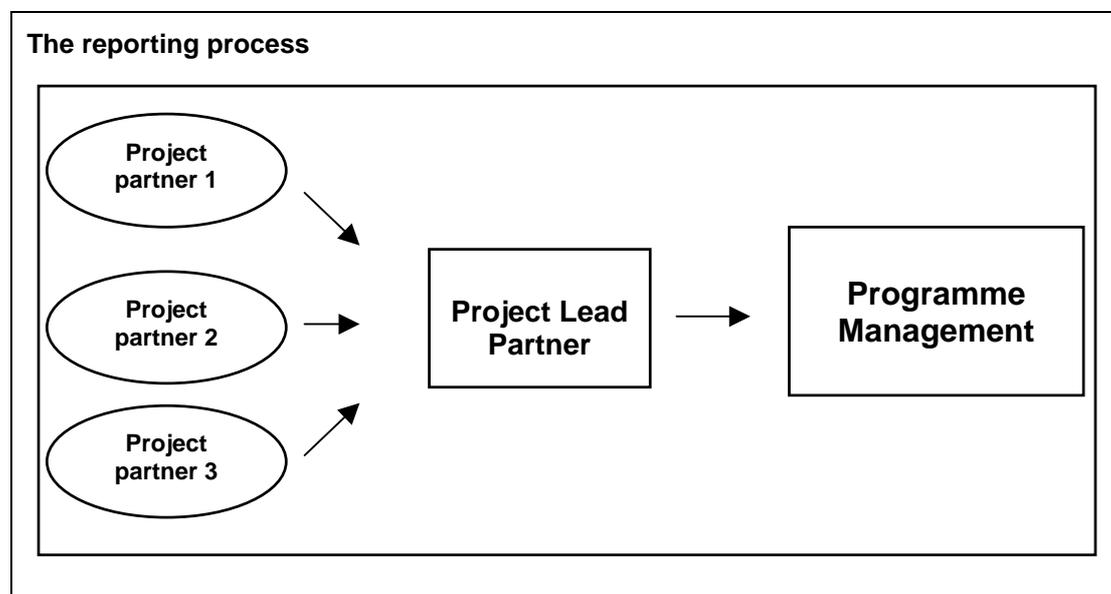
If monitoring and evaluation procedures are to provide benefits for project performance, the results obviously need to be used. This is a process that should be supported by the whole partnership – monitoring and evaluation feedback should be seen as an opportunity for improvement and strengthening the project's performance and profile.

***TIP: Assure smooth information and feedback flow in the partnership. Partners should be actively involved not only in the process of carrying out monitoring and evaluation but should also have easy access to any feedback obtained. Consider presenting and discussing feedback information as an integral part of the project meetings or, if necessary, arrange special meetings for this purpose. Use also internal project forums (e.g. intranet) for regular updates.***

The type of information collected should raise the level of knowledge in the partnership about the main factors in project success (or failure). Partners can obtain important insights into how objectives have been met, whether expected results have been obtained and any unexpected effects. This in turn can feed into the identification of transferable good practices. Feedback obtained also often suggests recommendations for improvement. Such recommendations may be related to different aspects of a project (e.g. in evaluation on how things are done while in monitoring on whether or when things are being done).

## 5.4 Activity reporting

Activity reporting is used by programmes for project monitoring. Usually projects report to programme management on a 6-monthly or quarterly basis. The process of reporting can be summarised as follows:



The figure above indicates that there are two main information streams in the reporting process: From the partners to the Lead Partner and from the Lead Partner to programme management. In this process the Lead Partner is the central figure with an important coordination and mediation role.

### ✓ *Aim of the activity report*

The main aim of the activity report is to ensure that project activities are progressing according to plan and identify areas where corrective action can / should be taken. As the programme moves from the project generation to the main project implementation phase, another important aim is to acquire information for programme publicity and information activities.

### ✓ *Requirements for activity reporting*

Uniformity of reporting both to the programme (by the Lead Partner) and to the Lead Partner (by the partners) requires harmonisation of procedures on all levels. Uniformity is important because Lead Partners need to be able to compare the input of their partners and

programmes need to be able to compare different projects. This means that as much as possible all levels need to be providing the same information in the same format.

The basic principle is that programmes provide reporting templates (checklists or other reporting tools), which are distributed well in advance to the Lead Partners (they may be also be available on programme websites) who should pass them on to the partners. These set out how information should be provided. Activity and financial reporting require different templates but are prepared at the same time for the same reporting periods and submitted together to the programme.

In order to achieve harmonisation of the information obtained, programmes may set content-related as well as technical requirements (the list below is indicative – different programmes may add different requirements according to their needs).

Content requirements	Technical requirements
<ul style="list-style-type: none"> <li>✓ Consider the relevance of the information provided</li> <li>✓ Do not report on planned activities - only on activities actually carried out</li> <li>✓ Include the results and where possible impacts of project activities</li> <li>✓ The amount of information provided should be proportionate to the level of expenditure (e.g. if you have spent € 500 000 on material investment make sure it is explained sufficiently)</li> <li>✓ Highlight main achievements – they are needed for programme dissemination</li> </ul>	<ul style="list-style-type: none"> <li>✓ Report on time</li> <li>✓ See if there is a maximum length for different report sections. Stick to it</li> <li>✓ Reporting on activities should follow and be consistent with the application and appendixes as far as possible</li> <li>✓ Do not refer to content on your project website as a main mechanism for monitoring. Provide the information with the report</li> <li>✓ The Lead Partner is required to provide one consolidated report on behalf of the whole partnership</li> </ul>

***TIP: Such requirements often come as feedback from programme management to the project. Use the feedback to improve your reporting. “Messy” reporting may lead to misunderstanding of your project and as a result to delays in project payments.***

### ✓ ***Responsibilities of the Lead Partner***

The Lead Partner is the decisive figure in this process. An efficient Lead Partner should allow for a smooth information flow from the programme to the partner level and vice versa. In terms of reporting the Lead Partner is seen as the practical link between the partnership and programme management.

Throughout the reporting process some important responsibilities of the Lead Partner are:

- Responsible for delivering the project
- Responsible for reporting according to the programme’s timetable
- Responsible for ensuring that the expenditure presented by partners is in line with the activities agreed

- Responsible that the activities carried out are in line with the application
- Responsible for immediately warning the programme, if changes occur

The Lead Partner has also definite responsibilities to the partnership in terms of:

- Making sure that all information available on programme reporting procedures and reporting templates is passed on to the partner level
- Making sure that all programme requirements are passed on to the partner level
- Providing clarifications related to the information/requirements
- Making sure that the partners provide the right information in order to produce the project report
- Making sure that any feedback from the reports reaches the partners (especially if some of the information is directly related to a specific partner)
- Funneling partner questions to the programme

✓ ***What factors help smooth and effective reporting?***

- Decentralised reporting (especially in large partnership projects)

A decentralised management structure in projects means that some management functions are carried out by country and/or thematic coordinators. This can significantly facilitate the reporting burden on the Lead Partner as the coordinator can collect forms/information from the partners he/she is responsible for and consolidate this information before passing it on to the LP who eventually puts together the report for the whole project.

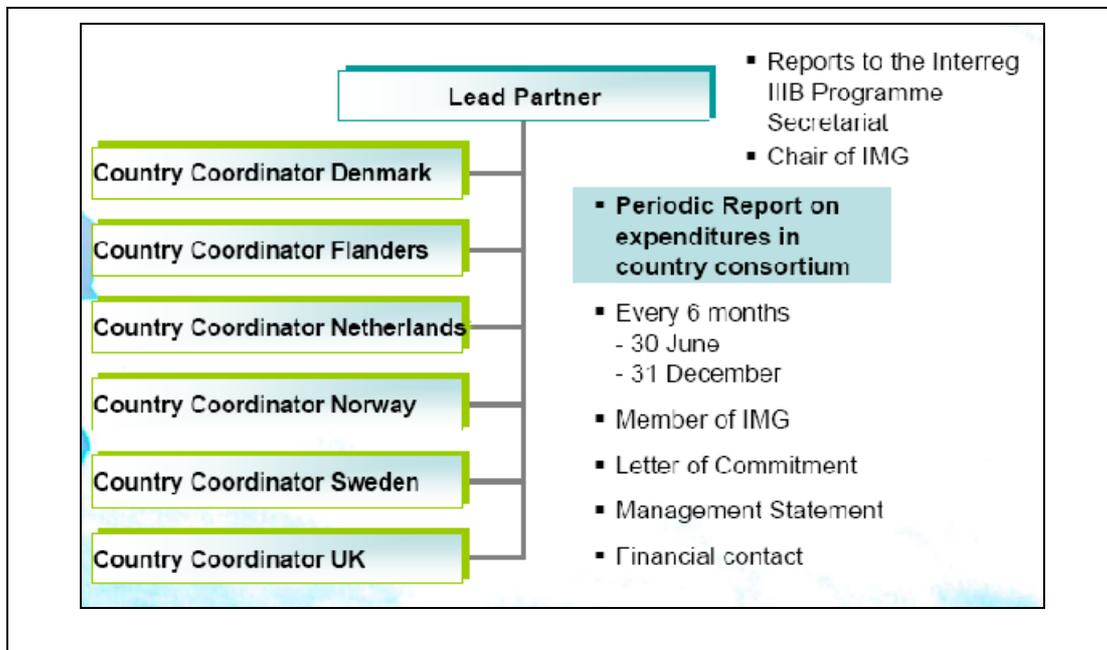


**Efficient reporting in large partnership projects**

Safety@Sea (IIIB North Sea)

The project is coordinated with a structure that combines Country Coordinators and Strand Coordinators. Each Strand Coordinator is responsible for a number of Demonstration Project Coordinators. Reporting is carried out in the following way:

- The *Lead Partner* prepares all reports for the project and has all formal contact with the programme secretariat on behalf of the project.
- Each *Country Coordinator* reports to the Lead Partner the financial reports of the country consortium. They use separate statements for themselves and their sub-partners, including a detailed budget on activities for each sub-partner.
- The *Strand Co-ordinator* reports to the Lead Partner activities performed in the Strand and corresponding Demonstration Projects.
- The *Demonstration Project Coordinator* reports to the respective Strand Coordinator and appoints partner/sub-partner contacts for the respective Demonstration project.



- Simplified reporting and standardisation of reporting

A key success factor for effective reporting is simplification of formats for reporting. The provision of clear, simple reporting tools can facilitate the provision of information from project partners as well as consolidation of information for the whole project (these can be provided by the LP or by programme management structures). There is no need, for example, to ask every partner to fill in one of the programme activity report forms – this would involve considerable duplication of work and make producing a consolidated report very time-consuming. Instead the LP should identify what information it really needs to collect from partners (e.g. activities completed) and what it can provide for itself (e.g. general statement on progress towards objectives). Include the key information on a partner report template that can be filled out quickly and easily (see the example below).

It is important however when drawing up the templates to ensure that the information necessary to assure proper project monitoring is made available. Some programmes (and/or financial controllers) require detailed information on certain costs and these must be included in the template. The LP can then take the basic monitoring data provided and write the longer descriptive texts for the full activity report.

**Tip: Ensure that all partners have a chance to review the full report before it is submitted. This ensures that the LP has not misinterpreted partner statements.**



#### Reporting with standard templates

##### Water supply services (IIIA Latvia/Lithuania/Belarus – South)

This project used common templates for all partners for reporting on activities as well as the finances of the project. This system has been set up from the beginning by the programme and allows for all activity/financial information to be collected and reported when required.

Please note that each programme has developed their own report forms, which might vary considerably to the examples presented below.

Part of the Activity Report:

Partner/Project										
		(yy.mm.dd)			Start			End		
		Reporting period		00.00.00		00.00.00		Activity Report		
Summary description of project										
Work package (component) No										
Milestone	Planned activities and outputs					Main activities that have taken place during the period			Comments	
	No	Main activities	Outputs	Output indicators	No	Main activities	Outputs	Output indicators		
I	1									
	2									
	3									
Partner/Project										
		(yy.mm.dd)			Start			End		
		Reporting period		00.00.00		00.00.00		Financial Report		
Budget line				Total planned budget	Previously reported	Current report	Total cumulated reported (previously + current)		Remaining budget	
				Euro	Euro	Euro	Euro	(%)	Euro	
1 Staff costs										
2 Administration costs										
3 External expertise										
4 Travel and accommodation										
5 Meetings and dissemination										
6 Promotion costs										
7 Other eligible costs										
8 Investments										
9 Preparation costs										
<b>TOTAL</b>										
Date		Name		Signature		Stamp				



**Efficient reporting with standard templates**

E-Teams (IIIC East)

The IIIC programme provided specific checklists or reporting tools to project partners to facilitate / accelerate data processing for inclusion in the overall project report to be completed by the Lead Partner (see attached regional progress report tool, consisting of spreadsheets. The regional progress report tool is an electronic spreadsheet that contains templates with the following information, which is in general similar to other programme forms and templates:

- Contact information
- Separate activity report sheets for each project component
- List of standard indicators
- Expenditure and breakdown of eligible expenditure per project component and budget line
- A sheet providing details on project meetings

At the end of the IIIC Regional Progress Report form, a **checklist** is provided to ensure reporting requirements are fulfilled and the report can be processed smoothly. Many points are also relevant to other projects. Selected key points from the checklist are as follows (covering both activities and finances):

Is the paper version complete in two copies (i.e. one for the Polish auditor and one for the lead partner)? Are all relevant annexes attached to one of the copies?

Is the paper version signed, stamped and dated by a duly authorised representative of the partner institution?

Is the "Confirmation by an independent auditor" signed by an independent auditor?

Is the text of the "Confirmation by an independent auditor" unchanged?

Are the electronic and paper versions of the report identical?

Are activities and outputs clearly reported against the original work plan in the contracted version of the Application Form?

Are all deviations from the originally planned activities and outputs explained and justified?

Is any over- or underspending in comparison to the original budget explained and justified?

Are the budget lines "external experts", "other" and "investment" specified? Are all deviations from the original specifications explained and justified?

Have the country specific audit requirements been respected?

### 5.5 Changes to activities, budgets, partnerships

One important question related to monitoring is to see whether the initial activity plan is still realistic for delivering the promised outcomes. For many projects the plan is likely to undergo change in order to reflect information that was unknown or changing conditions since the start of the project. Monitoring project changes and making sure that these changes stay within acceptable limits is another important task for Lead Partners and project managers alike.

#### ✓ **Changes to the project plan**

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Project changes and programme reactions vary according to the type of change requested:

- Activity changes – *Generally accepted if main outcomes are unaffected. Budget implications should be considered*
- Roles changes – *When considering a redistribution of tasks in the project programmes will make sure that joint implementation is not threatened and that all partners continue to play a strong role*
- Partnership changes – *Tend to be taken very seriously. There are administrative implications – if a partner leaves, who will provide their co-financing? Do any new organisations live up to programme requirements? Is there still a viable cooperation partnership?*
- Changes in deliverables – *Changes in results imply a change in objectives and will be questioned. Changes in outputs also need to be well-argued but should be approved if projects can demonstrate they are delivering a better alternative.*
- Changes in project timetable – *Project time extensions have been quite common in some programmes but they make de-commitment forecasting very difficult and will probably be less common in future. Requests for timetable changes should be based on evidence that delaying factors have been delayed and put right.*
- Budget changes – *Most programmes are very flexible up to a certain limit of 10%-20% of the budget. After this the procedures tend to get more complex. Some programmes require more information on certain changes such as moving budgets between partners*

(this can affect co-financing) and the movement of money from project deliverables (events, publications, investments etc.) to non-productive costs such as overheads.

**Tip: One of the most common changes requested is to move money between different budget lines (for example from staff to events) because money has run out in part of the budget. Always inform the programme before you overspend on any budget line. If the amount budgeted has already been exceeded by the time the project makes a request for a change, it will suggest that financial monitoring in the project is weak.**

All programmes have certain flexibility limits when it comes to project changes. It is imperative that Lead Partners are well acquainted with these limitations and the flexibility allowed on a project level. Changes in project activities and deliverables can be particularly sensitive issues as this implies a change to the basic terms on which the budget was approved.

**TIP: Always seek the support of the programme when in doubt or when you foresee significant project change! Inform well in advance if possible – better safe than sorry!**



#### Project changes checklist

Project changes usually require approval from programme management. In order to help the programme management make an informed and timely decision regarding the requested change it is best to provide information on:

- The nature of the change (activity, partnership, etc.)
- Who does it affect – one partner/ the whole partnership?
- Does it have an effect on the project budget?
- Does it have an effect on the project timeframe?
- Is there a danger that the project will not deliver all or part of its activities?
- Is the change related to working methods and procedures or objectives and deliverables?
- Outline alternative solutions, justify them in terms of complying with the original application (i.e. they do not significantly change the original plan)

**Activity changes** – consider which of the following scenarios applies to your case:

- The activity is changed – the deliverables are the same
- The activity is changed – the delivery is changed – the objective is unchanged
- The activity is changed – the delivery is changed – there is a need to adjust the objective.

**Budget changes** – consider which of the following scenarios applies to your case:

- Do you have the flexibility to undertake the change on your own (e.g. there might be a % set per budget line under which you can carry the change on your own though programme management should still be informed)
- Many changes require programme approval - contact the programme

**Partnership changes** – consider which of the following applies to your case:

- Has a replacement already been found? – inform the programme management;
- Has a partner dropped out? This can have serious implications: Is this one of the main partners? Can you continue the project? Is there a possible replacement? Is the new organization from the same country as the partner? (if not this can pose serious concerns about the balance of the project) Can you still carry out the same activities and deliver the same objectives?

## 5.6 Information and communication

Does your project have an impact? Do other people know about your work? Project publicity and communication are activities that may be overseen by some projects however these prove to be vital project ingredients especially if support and raising awareness for the work carried out are main operational goals. That is why it is important that serious consideration is given as to what type of communication activities should be undertaken right from the project start and when and provisions should be made that they are part of the project plan. Even though publicity and communication may be seen as the same thing they do have a different purpose, emphasis in time and coverage.

<b>Communication</b>	<ul style="list-style-type: none"> <li>▪ Connecting with your target audience;</li> <li>▪ Obtaining feedback and follow up on the impact from your activities;</li> <li>▪ More targeted;</li> <li>▪ Carried out throughout the lifetime of the project.</li> </ul>
<b>Publicity</b>	<ul style="list-style-type: none"> <li>▪ Getting the information about your project out there;</li> <li>▪ Usually one way – little room for feedback;</li> <li>▪ Wider audiences;</li> <li>▪ Mainly carried out at implementation and especially at project close phase.</li> </ul>

As main project activities communication and publicity accompany the whole project lifecycle. It is characteristic however that as the project goes through different phase of development and implementation so do the communication and publicity activities.

Communication and publicity throughout the project			
Project		Target groups	Tools
Project close		Main target groups/ key stakeholders/ wider audience (e.g. the public)	<ul style="list-style-type: none"> <li>▪ Final project conference;</li> <li>▪ Media coverage – newspapers, radio and TV;</li> <li>▪ Project evaluation results.</li> </ul>
Implementation		Key stakeholders/ main target groups	<ul style="list-style-type: none"> <li>▪ Conferences and project clustering;</li> <li>▪ Media coverage;</li> <li>▪ Project surveys;</li> <li>▪ Project publications and web site;</li> <li>▪ Project newsletter;</li> <li>▪ Seminars and workshops;</li> <li>▪ Project meetings</li> </ul>
Approval		Key stakeholders	<ul style="list-style-type: none"> <li>▪ Project meetings;</li> <li>▪ Start up project conference;</li> <li>▪ Press release;</li> <li>▪ Project leaflet</li> </ul>
Project idea		Potential partners/ key stakeholders	<ul style="list-style-type: none"> <li>▪ Project idea meetings;</li> <li>▪ Project idea info sheet</li> </ul>

Regular and open communication **at all stages** and **with all project stakeholders** either virtually, via phone/e-mail or project meetings is essential to monitor project progress, to identify problems and solutions, to disseminate results and perhaps most importantly to maintain team-spirit and remind individual project teams that they are part of a wider effort. The four main target groups to involve are:

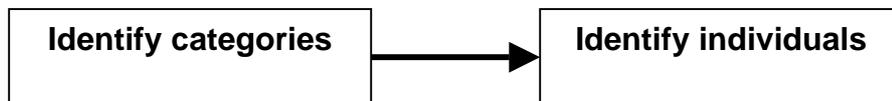
- **Project partners:**  
To share information on project progress and any issues that need to be addressed by all partners
- **Programme officers (and national funding bodies):**  
To discuss the problems and needs of the project, in particular repeated problems (e.g. with procedures, tools, etc.) to which the programme management might offer “standard solutions”. Communicating project outcomes to the programme is also key to keep them informed about progress and use them as a wider outreach body for dissemination
- **External stakeholders:**  
To maintain and increase political backing, receive expert input and feedback for the project, and create links with other projects or initiatives
- **Main target groups and users (‘customers’):**  
To disseminate results, inform about outputs and services available, increase user rates to reach project targets



### Stakeholder analysis

One of the most frequent problems in current INTERREG projects has been the failure to gain the support of important stakeholders. Large partnerships in many projects mean that a wide range of stakeholders need to be targeted and each has inter-related but different needs. The situation in Territorial Cooperation projects therefore creates two key requirements. Firstly, a systematic approach to stakeholders is needed if communication is to be targeted effectively. Secondly, Lead Partners need to play a coordinating role in the communication work of the other partners if the whole process is not to descend into chaos. These two steps are the key to winning stakeholder backing right from the development stage.

A stakeholder analysis is basically a two-stage process. Firstly the relevant categories of stakeholder are identified. Then specific people within each category need to be identified along with contact information so they can be contacted.



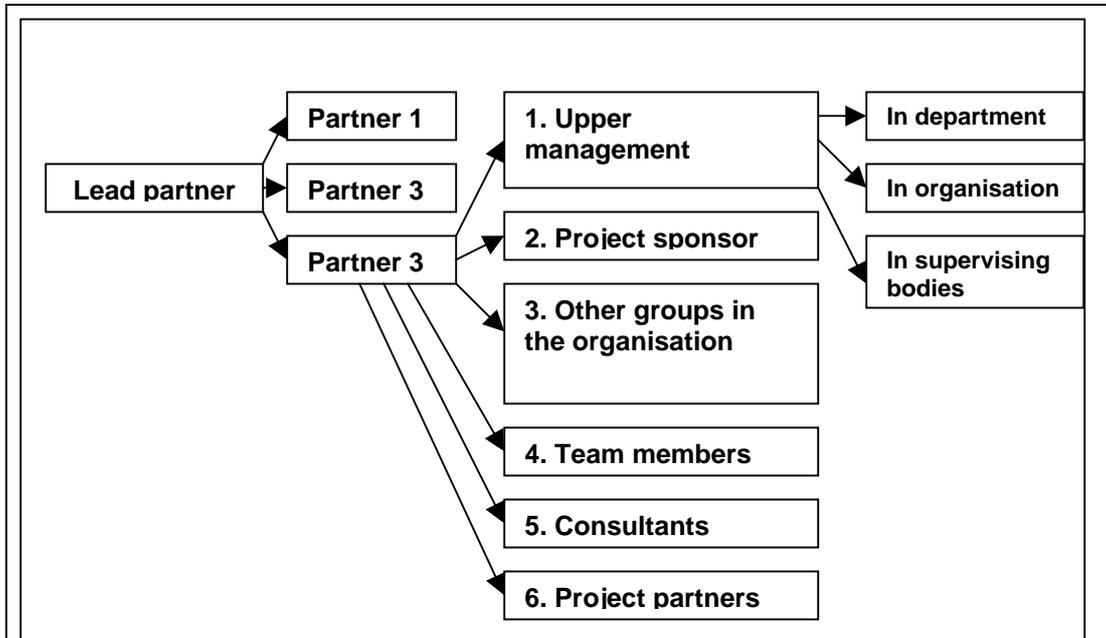
When defining categories, stakeholders can usefully be divided into **internal and external groups**. Internal stakeholders include most obviously everyone who is working directly on the project. It is important, however, that the internal group is not limited to these people. Two common project problems illustrate well the need for a more thorough analysis of the internal stakeholder group. On the one hand, projects often experience administrative problems in their own organisations when they have to implement programme rules. Problems range from difficulties in securing the necessary staff and other resources to conflicts between financial systems and all of these difficulties can delay a project.

The other common problem is to do with the mainstreaming of project results. *Mainstreaming* is the process by which project results are adopted as part of the standard systems and procedures of an organisation. Such changes operate on two different levels. Some changes require only that an organisation implements new elements in its existing way of working (e.g. using a new test for measuring air quality). If the new system or procedure can be demonstrated to be better, such change can be expected to be relatively easy to implement. Other changes, however, require a change in the whole culture of an organisation (e.g. persuading employees to use public transport rather than private cars). This is a much longer term process that requires continued communication and it can be expected that some resistance will need to be overcome. Neither process has a chance of succeeding without the support of the relevant stakeholders within the organisation who are willing to promote and implement project results.

#### Internal stakeholders

The following is a breakdown of some of the groups that should be considered as internal stakeholders. It is not exhaustive and every project will have to consider its own situation when conducting its own analysis. It is also important to stress that not everyone needs to be told about every aspect of your project and some of the stakeholders you identify may never receive any communication from you.

The purpose of the analysis is to ensure that nobody is forgotten and to give you an overview of your different communication needs and possibilities. You also need to remember that every partner will have a different list. Partners should, however, share the contents of these lists both to allow the Lead Partner to develop a master list and ensure that there are no overlaps, and because partners may provide useful ideas for further categories of stakeholders or better contact information within a targeted organisation.



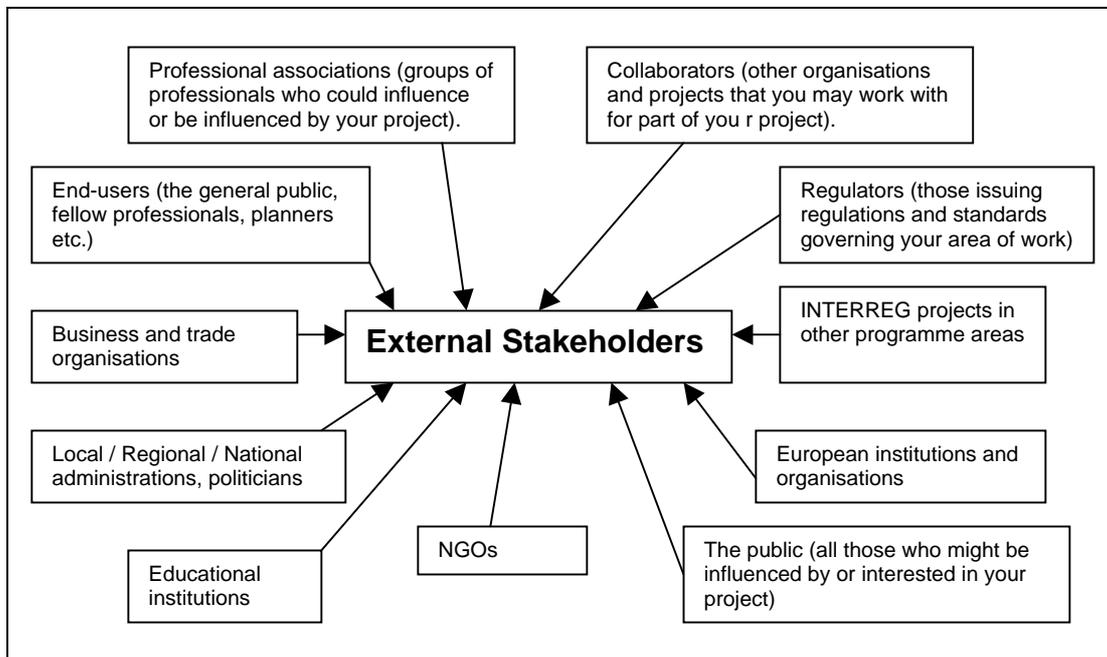
A few of the groups need a little clarification:

- **Upper management:** This key group can include many different sub-groups depending on the nature of the organisation involved. Certainly, it must include the people that project managers in each partner organisation report to, the heads of units whose work could be affected by project results and the decision-makers who will be able to approve the adoption of new measures. Some organisations may also be ultimately responsible to supervising bodies in ministries/regional administrations etc. and these groups must also be kept involved.
- **Project sponsor:** Those who provide funding for the project obviously have a keen interest in its progress. The Territorial Cooperation situation is complex because each project will have multiple providers of funding (including those who provide in-kind contributions). Each group may well have a different focus.
- **Other groups in the organisation:** The finance unit is the most obvious example but organisations may also need to call on legal, human resources, communication skills etc. Ensure that these groups are aware of the project, its requirements and the timescales involved.

#### External stakeholders

External stakeholders can be considered as anyone outside the implementing organisations who could be affected by the project's results. They provide vital input during the development phase and should be consulted (see example below for some ideas on how to do this).

## 5. Project implementation



### ✓ **Internal communication**

When teams are working together over long distances between different countries, good communication flows are important. 'Good' in this context means that they involve all partners and are concrete, clear and timely. Insufficient communication can easily lead to conflicts and problems. Too much information or irrelevant information may on the other hand confuse or lead to a drop in interest in project communications. Therefore it is important to be clear in advance about:

- **What** needs to be communicated and to what level of detail?
- **Who** needs to be informed?
- **When** and how often they need to be informed?
- **How** they should be informed? What is the most appropriate medium?

The main reasons for communication within the project team are:

- Sharing information that partners need in order to work together
- Information about project progress to identify and react to problems and successes
- Information about decisions and changes within the project and externally (the programme) to ensure all partners have the latest information

A number of ground rules for all communication with regard to the complex multinational and long-distance environment of INTERREG projects should also be kept in mind:

- Use **simple, clear language** that is also easy to understand for non-native speakers.
- Be as **concrete** as possible – vague messages that can be interpreted in different ways and can easily lead to confusion or conflicts.
- When using technology, ensure that all partners have **technical access/ capacity and the skills** to use these tools without creating extra work for others.

## ✓ **Project meetings**

Communication through project meetings is a basic pillar for effective management and coordination. There are differing views as to what is the “ideal” frequency of meetings. Some projects find it appropriate to meet every three, others every six months and this depends to a great extent on the size of the project in terms of funding (i.e. whether enough funding is available for frequent meetings) and on the size in terms of partners. Regarding the latter, a common paradox is that although large partnerships benefit from more frequent meetings to communicate on a “face to face” basis, at the same time it is difficult to arrange for a large number of people to be available on a certain date.

Overall, there is consensus that meetings once a year are not enough but the frequency has to be decided by the partners depending on the availability of resources and the project needs. These aspects should be decided early on, preferably during budget preparation to be able to calculate for a reasonable number of meetings. Different types of meetings include the kick-off meeting (see previous chapter), interim meetings (to discuss progress, reporting, work plan) and the final meeting (to evaluate outputs and initiate project closure).

The results of meetings need to be documented and communicated to all partners as minutes and specific decisions taken to address issues/problems.



### **Balancing the need for frequent meetings and efficiency in a large partnership**

#### INNOFIRE (IIIC East)

The project developed an efficient approach for ensuring all 11 partners were updated / consulted frequently without necessarily attending every meeting. This approach consists of the creation of **working groups on specific activities** (thematic working groups). Three out of eleven partners carry out each activity and participate in the relevant working group and then report to the others. In this way meetings are focused and resources concentrated where most needed, while feedback is ensured from each working group to the rest of the partners in order to decide next steps.

This focused approach, in addition, deals with obstacles arising from different national/regional situations that affect financial and technical reporting and the implementation of specific activities. The LP takes on **process leadership** in all this (i.e. defines the process for carrying out the thematic working groups), while all the other partners have specific content leadership with clearly allocated roles/functions.

In summary, this is a **simplification of the process** as it allows for the most relevant actors to be involved in a working group and thus address first in a smaller context (of 3 rather than 11) any difficulties/differences, before sharing with the rest of the partners.

#### **Clear meeting documentation**

#### Celtic Enterprises (IIIA Ireland Wales)

To document and share information on each meeting (virtual or personal), the Lead Partner fills in a *simple template* that summarises key items discussed during the meeting, a summary of decisions and further actions and responsibilities (see below).

<u>Celtic Enterprises Meeting Minutes and Action Points</u>				
Meeting Date: _____		Venue: _____		
Present: _____				
<u>Item</u>	<u>Summary/Decision</u>	<u>Action</u>	<u>Who</u>	<u>When</u>

### DOCUMENT LINK!

See Annex for the Celtic Enterprises template document for **meeting documentation**.

### ✓ **Electronic information and communication systems**

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### DOCUMENT LINK!

See **framework for website development** in the Annex. It provides a structure of key aspects to keep in mind when developing a project website, such as target group interests, functionality, purpose, etc.

The use of information systems and communication tools facilitates not only communication between partners but also project management, particularly coordination and reporting. While phone, fax and e-mail are the most commonly used tools, multinational projects often have a need for additional, more sophisticated technologies that can support collaboration.

The implementation and use of such systems should be prepared well to ensure their benefit for the project. This requires including additional resources for installation, set-up and user training in the project budget and time plan.

Generally, the use of technological information tools and devices can improve the working efficiency of the team greatly if used in the right way. Online **storage of documents**, as described in the example below, is a good way to ensure that all partners have easy access to the latest information and documents, templates, etc.



### **Using websites as shared information and work spaces**

#### Safety@Sea (IIIB North Sea)

This project involves 22 partners from 6 countries and is developing demonstration projects in different thematic strands. One of the problems has been cooperation between demonstration projects. Each demo coordinator runs their activities and the Lead Partner is only there to help coordinate. At one stage, the demo projects did not seem to know enough about activities in the other demos and outputs being produced.

The solution to this problem was the development of an informational website, driven by the need to increase communication between all partners and to have a constant overview of the status and results of the project. The Lead Partner also uses the website based intranet to issue more detailed information and formats for publications, public relations and internal communication. A communication plan, project logo, brochure, poster and newsletter were produced and provided here.

The website ([www.safetyatsea.se](http://www.safetyatsea.se)) is divided into two parts, one internal and one external and has the following features:

- All documents in the project are uploaded
- All meeting minutes, agendas, presentations are uploaded. This helps the partners to see what is going on in the other demos. Overview of past and coming meetings.
- Contact details of every project member with picture and overview of skills. Knowing every participant's skills makes it easier to contact the right person.
- Templates, presentations, reports, Media Kit are available online

Taking this approach one step further, some projects use **shared internet-based work spaces** for collaboration between team members. These are often a combination of storage

and management platforms, which can be highly valuable for teams working together over long distances. Documents can be uploaded and tasks can be assigned to team members, workflows can be set up and monitored by the project manager.



### Electronic collaboration platform

#### UniZon (IIIA Kvarken-Mittskandia)

The project builds on the experience of a previous Structural Funds project, which developed an information system allowing time and cost savings in management, coordination and reporting. The example below is of the “Marratech”/ Moodle information system consisting of “Virtual offices”:



For direct communication between partners, increasing numbers of projects are using electronic tools and particularly **video-conferencing** to reduce the need for physical meetings, which are more time and cost intensive. It is however stressed by some of the projects using these tools that while they are extremely useful, they cannot replace the basic need for face-to-face meetings for some key occasions (for example, the kick-off meeting). Partners also need to have met each other and built up a certain level of confidence and trust before they can use such tools effectively.



### Virtual communication

#### Celtic Enterprises (IIIA Ireland Wales)

A *video-conferencing tool* was developed to overcome occasional difficulties in travelling to and from Ireland (sea crossing), to save valuable travelling time (cost) and as part of the implementation of two cross-cutting themes on the environment (less use of fuel) and the use of information and communication technology (by beneficiaries and management group). Video conferencing is far more effective than telephone conversations because several people can participate simultaneously and you can see the people you are talking to and their ‘body language’. You can also show items, play videos, display and exchange electronic documents live etc.

It takes time to get used to using video conferencing because it can be rather ‘impersonal’. However, this project now uses video conferencing as a regular and effective communication tool. It is recommended that partners first get to know each other well on a personal, face-to-face level before using video conferencing as a major tool of

communication.

Video conferencing technology has developed quickly in recent years. The project uses a desk-top system, feeding into a data projector (rather than a big, cumbersome TV monitor) so that images are projected on to a screen. There are two systems for transmitting signals: (i) On ISDN digital telephone lines. This is the system the LP recommends using at least six channels, giving a transmission speed of 384kbps in order to achieve good quality. (ii) On Broadband. This is the technology of the future although at the present level of development there can be problems with quality because the system shares 'transmission channels' with 'the world' whereas ISDN technology uses dedicated lines.

### ✓ **External communication and publicity**

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External communication and publicity of project outcomes to key stakeholder and target groups is essential to make the project visible as widely as possible, achieve objectives and obtain necessary backing. In large European cooperation projects this can be a quite complex process as different target groups need to be approached in different ways. Projects should develop communication strategies in order to:

- Identify all stakeholders and target groups to be addressed by external project communication
- Develop methods and tools for managing and communicating key messages
- Develop a joint communication plan so the activities of individual partners are coordinated
- Provide the Project Steering Group with a detailed framework of appropriate communication mechanisms/tools
- Ensure the communication of regular project updates to external stakeholders
- Ensure adherence of all external communication and publicity with programme requirements
- Identify the actions and costs required for external communication and publicity

External communication involves many aspects: Everything relating to the project's appearance to the 'outside world'.

#### **DOCUMENT LINK!**

See example template for a **communication and publicity plan** in the Annex document. It includes breakdowns of communication tools according to target groups and how to measure impacts of different measures.



#### **Developing a publicity strategy**

##### E-Teams (IIIC East)

Communication is well developed towards target groups outside the project through a detailed communication strategy.

Contents of the strategy:

- Publicity requirements of INTERREG
- Publicity requirements of the project
- Groups to be addressed by publicity

- Detailed description of publicity methods and tools
- Schedule of publicity activities (when and what).

**DOCUMENT LINK!**

See Annex for the full **E-Teams communication and publicity strategy**

Reporting project progress to relevant stakeholders, beneficiaries and other target groups can also work positively for the project as a dissemination channel. It can help obtain feedback as well as “sell” the project to customers/end users. Similarly, the **results of project internal monitoring and evaluation** can be used for customers and end users to receive timely information about project achievements. Monitoring and evaluation results strengthen the publicity and credibility of the project by allowing projects to focus on concrete achievements rather than hoped for objectives.

**External reporting as a marketing/publicity instrument**Bioenergy (IIIA Kvarken-Mittskandia)

The project assessed that customers/end users expect prompt results otherwise they do not believe in the project activities. Continuous reporting about achievements to the customers also gives the possibility of getting feedback. The reaction of the project to this assessment was the organization of seminars where the achievements were reported and information distributed. This gave the possibility to get feedback from key persons and to ensure all relevant stakeholders “believe” in the project results.

**Community publicity and information requirements**

Project publicity is an obligation according to the regulations. All projects are required to publicise their actions and the fact they have received European funding in order to make the European Union’s contribution to regional development visible. The final requirements for the new period have not yet been set but will perhaps include:

- A requirement that all project publications carry the European flag and a clear statement that the project has been funded by the European Regional Development Fund.
- All major investment sites must include information about European funding on signs displayed during construction work.
- A permanent sign will have to be displayed on all infrastructure that has received a grant towards construction costs.

Other rules may follow and should be respected: Some projects in the current period have experienced major grant cuts because of failure to publicise European involvement.

### 5.7 What if things go wrong? – Common problems and solutions

#### ✓ ***Non-performing partners***

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Non-performing or inactive partners can be a problem especially in large partnership projects. This can cause delays or simply reduce the effectiveness of the project, especially if these partners fail to fulfil their obligations. The most effective solution is to create an atmosphere where all partners feel able to express dissatisfaction and internal problems. If problems continue, the LP may be forced to call on the programme or other external authorities and may even exclude the partner as a last resort.



#### **How to deal with less active or inactive partners**

##### E-teams (IIIC East)

The project discovered that less active or inactive partners are generally those who have been introduced through partners from secondary sources (colleague of a colleague...). Another reason for poor performance can be changes of staff within a partner organisation. Two complementary *solutions* proved to be useful:

- Establish minimum characteristics of good project partners, such as sufficient staff capacity and capability in terms of sound cross-cultural skills and understanding of the project content and goals;
- Carry out a managerial visit to the non-performing partner and/or provide new partner staff with the project application and other project forms from the project's online database.

##### INCLUD (IIIB CADSES)

This project established more than a well-functioning partnership where every partner actively contributed with the expected outputs, therefore intervention from the LP was not really necessary. In the case of delays (which occurred in the case of the one partner); the LP visited the project partner to push for results by applying pressure at (bilateral) political level. It is assumed that it is more practical to deal with project implementation problems internally, since programme management bodies are less familiar with all details of the project – their involvement can only help to a limited extent.

#### ✓ ***Lack of knowledge of INTERREG for some partners***

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New partners may take time to learn about and adjust to European cooperation requirements. Various solutions have been identified:

- A LP with very good experience in INTERREG can support/give direction/feedback to less experienced partners. However, the lack of INTERREG experience should not necessarily exclude an organisation from becoming LP and can be compensated in other ways (for example by the motivation to learn about the specific programme aspects and ask for support).
- Information seminars/meetings during the early stages of the project that inform partners about INTERREG
- A choice of partnership where the majority of partners have experience with INTERREG and can transmit it to less experienced partners
- Continuous provision of project and programme information during implementation on INTERREG issues that may affect the project (for example de-commitment issues)

✓ ***Unexpected delays***

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Project timetables often fail to take account of the time needed for certain administrative procedures that need to be completed before the project can proceed. Two typical examples are obtaining planning permission for construction work and carrying out public procurement procedures for contracting external services. Both procedures are unavoidable and need to be included in project planning.

Some factors cannot be planned for. Bad weather is a typical example in infrastructure projects. The only thing to do is to include this type of problem in project risk assessments and try to develop project activities so all project progress does not depend on the completion of the activities that may be affected.

Another common externality, in particular when it comes to implementation work, is if the project's work depends on the work of others. Here a typical example is when the project's material investment represents part of large national scheme: If the large project is delayed that usually obstructs the project plan as well. In this case leaving some leeway for unforeseen delays or regular updates on the progress of the other project might be necessary.

## 6. Financial management

*In this section you will find...*

*... a description of financial reporting procedures and the control of project claims for payment. There is also an explanation of common problems and solutions as well as an introduction to the eligibility rules, which decide what kind of expenditure will be accepted.*

Financial management and control requirements are generally strict in Territorial Cooperation programmes. Budgets must be reasonably accurate and once spending targets are set the project must stay close to them if it wants to avoid the danger of losing money under the de-commitment rules. Various national, programme and Community rules define the type of spending that is allowed. Although these rules mostly reflect the type of cost-effectiveness measures in place in any organisation, it can be difficult to get reliable information on how they should be interpreted and partners in different countries may well have different rules. Finally, most of the programmes operate on a fairly regular timetable of reports and financial controls. In large partnerships project managers will have to coordinate the collection and control of large amounts of financial data according to strict deadlines.

***Tip: Find out about the programme's financial management requirements before starting the project. Make sure that all partners have systems in place to provide the information required within the programme's deadlines. It is normally possible to put right most problems at a later stage but it will take a lot more time and effort.***



### Basic guide to financial control terminology

One of the most intimidating aspects of financial control for outsiders is the wide range of terms in use. We try and cut through some of the confusion here with a guide to some of the most important.

**Audit / auditor:** In Territorial Cooperation programmes this refers only to second level control. An Audit Authority is set up and with the help of a Group of Auditors from the countries participating in the programme, an audit strategy is developed. This audit checks the quality of first level controls for at least 5% of the total programme expenditure.

**Audit trail:** The documentation kept by every partner that proves how all funds have been spent.

**Beneficiary:** A beneficiary is defined as '*...an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations.*' In financial control terms this means all of the partners participating in a project.

**Certified:** Certification means that expenses have been approved by the body officially responsible. It occurs at two stages in the claims process. Firstly, all expenditure from every project partner is certified by that partner's first level controller. Secondly, the Certifying Authority certifies every programme claim before it is sent to the Commission.

**Claim for payment:** Every time a project reports to the programme it sends a statement of expenditure showing how much money it has spent. This statement also acts as a claim for the ERDF that the project expects to receive from the programme (based on the approved ERDF grant rate). Programmes follow a similar procedure when they want to claim money from the Commission.

**Control / controller:** In Territorial Cooperation this is used to refer only to the first level control check. 100% of project expenditure is checked by a designated controller in each partner's country. This may result in deductions if some of the expenditure is incorrect. When the correct amount has been confirmed, the controller will sign a controller's declaration certifying that the expenditure has been approved.

**Eligible:** Used in financial control to describe expenditure that complies with all of the relevant EU, national and programme rules. Spending that breaks one of these rules will be found ineligible and will not be paid by the programme.

**Irregularity:** An irregularity is defined as '*...any infringement of a provision of Community law resulting from an act of omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.*' In practical terms this means any attempt to claim ineligible expenditure – whether deliberately or accidentally. Most irregularities are accidental and are dealt with in first level control before funds are even claimed.

**Real costs:** The whole system of payments is based on this principle. Projects can only claim amounts that they have really been charged (amounts 'incurred') and can only claim them from the programme after these amounts have actually been paid by the project.

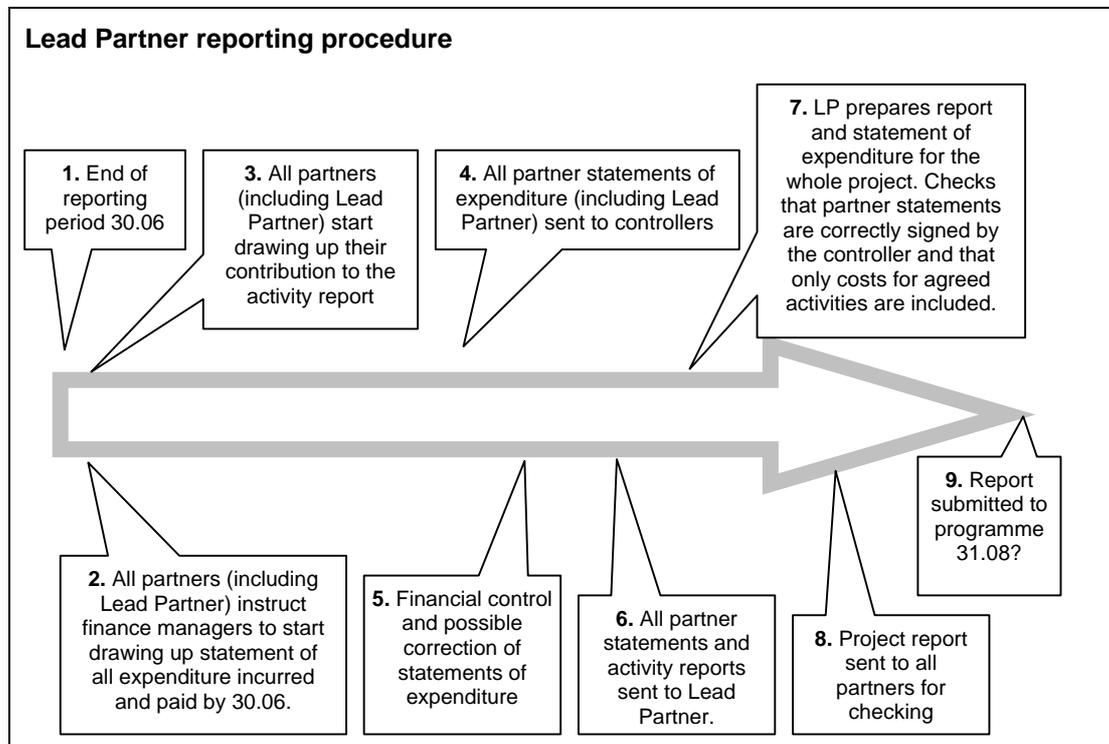
**Recovery:** When funds are incorrectly (or 'unduly') paid to a project, the programme has to get them back from the project partner concerned. Programmes do everything possible to avoid this sometimes difficult procedure by holding back the last part of project payments until they have control guarantees that the spending claimed is correct. The Commission does the same to the programmes.

## 6.1 Financial reporting

In most programmes all projects are required to report on spending and progress on activities at regular intervals. In many cases this happens twice a year though some programmes do ask for more or less frequent reports. Financial report requirements vary but generally each partner provides information on the amount spent since the last report split according to the same budget lines as the ones in the application. Each partner will also have to produce a declaration signed by the approved controller stating that he/she has checked the spending and all of the amounts included are correct and in accordance with the rules. Finally there is a request for the programme to transfer the amount claimed to the Lead Partner.

The Lead Partner plays a very important role in financial reporting. They collect all of the partners' financial report and controller declarations and prepare a report for the whole project. The payment is then transferred to the Lead Partner who sends each partner their share.

Reporting procedures have caused problems for quite a few projects in the past. This is generally because inexperienced partners under-estimate the time needed to draw up the statement of expenditure and get it controlled. The timelines are, however, generally quite clear. The programme sets an end date for the reporting period (usually the same dates every year) and a submission date for the report about two months later. Workflows must be managed in such a way that the full procedure can be carried out in this period.



**Ensuring financial reporting is done on time**

CITY PORTS (IIIB CADSES)

*Invest effort from the beginning*

To ensure financial reporting is carried out on time, the project invested major effort in the initial stages of the project to make project partners understand the reasons why such detailed information is required. The Lead Partner established two documents: A progress report explaining the activities of the last six months and a parallel cost claim referring to each of the activities. The cost claim requires greater effort (i.e. precise information) than the progress report.

*Be creative in managing delays*

When there were delays the Lead Partner managed to shift budget and related tasks from a slow to a fast performing partner. Every programme has rules on doing this and it may not always be easy.

*Invest adequate human resources to this task*

In addition, the Lead Partner has made staff available to facilitate and speed up the process of financial reporting. Two people have been put in charge of progress and financial reporting respectively and another person is in charge of overall project management. The report staff work part time on the project, managing a variety of projects at the same time, of which seven are EU funded.

*Adequate budget allocation to LP for management purposes*

The budget is split between partners by project activity, with a higher Lead Partner share in order to cover costs related to managing the partnership.

INCLUD (IIIB CADSES)

*“Watchdog figure”*

In INCLUD the potential for delayed reporting by partners has been minimised through a ‘Watchdog’ in the LP’s team. This person specially monitored reporting progress and reminded partners or warned the Lead Partner if no progress was being achieved.

Other points to remember

- Good understanding INTERREG rules and procedures needed by all partners
- Adequate resources assigned to the task of financial management
- Early and frequent reminders to project partners about financial reporting deadlines
- Strict INTERREG financial reporting requirements require well-developed internal reporting systems
- Need standard budget and report forms (provided by programme or developed by project)
- Clear demonstration and justification of all costs using the above forms
- Costs for project management and coordination should be shared by all partners (see Euregional Business Platform project from IIIA Euroregion Maas-Rhein for an example of this)

Partners cannot be guaranteed payment of costs rejected during control. This condition should be stated in the partnership agreement.

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✓ ***How to avoid reporting delays***

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**Different reporting requirements**Euroregional Business Platform (IIIA Euregio Maas-Rhein)

One difficulty that slowed down the reporting process was the different procedures and requirements for co-financing in the partner countries. For example one of the regional co-financers required that each regional project partner provides a separate declaration. Additional expenses and time were required to draw up two different declarations for the same period.

All partners should be made aware at a very early stage of the information required for financial reporting and the deadlines involved. Information requirements are generally simple and only require the reporting of totals for each of the budget lines. Some programmes do, however, ask for more detailed information for some costs (e.g. details of all travel carried out). Make sure partners are keeping a record of this information so they will be able to produce it easily when the report is due. Most projects also put reporting deadlines in the partnership agreement and make clear that the Lead Partner will not be responsible for any partner losses caused by that partner's delays. Some delays are, however, unavoidable - especially those relating to the control of project financial reports. These are dealt with in another section below.

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✓ ***Under-spending***

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Once funds are allocated, they are normally "locked" in the project and cannot be released until after project closure. This means that these funds cannot be used to get other projects started. Furthermore, if many projects fail to spend the funds allocated to them, the programme may face de-commitment under the n+2/ +3 rule (see earlier). In future there is a strong chance that if programmes lose money because of this problem, they will simply cut the unused funds from project grants. This makes it essential that projects provide reasonably accurate spending forecasts.

Under-spending is most often a result of over-budgeting during the project preparation stage and indicates poor project preparation: Budgets are not based on a realistic estimate of actual

expenditure and the date when it will be incurred. Using the budget building tools in chapter 4 should reduce these problems. Experience also plays a part – most project experience shows that implementation in approximately the first quarter of the project is slow and project managers planning the same level of expenditure here as in other parts of the period should ask themselves whether this is really realistic. External factors during the project lifetime, such as changes in land prices, can also cause projects to face under-spending. These are, however, less common causes that will not result in programme problems.



### Dealing with under-spending

#### NAVE NORTRAIL (IIIB North Sea)

*Problem:*

This project faced a serious under-spending challenge due to different control systems (6 countries involved). Spending was also low at the start of the project.

*Solution:*

This issue was addressed by the programme, which asked for an additional report in September 2003 with evidence that action was being taken to address problems. In one case, budget lines were changed and a larger grant was allocated to Danish partners, as the German partner had not claimed enough (as the project is a small scale activity there).

#### INNOFIRE (IIIC East)

*Problem:*

Project under-spending was caused by a delay in project start-up and had consequences on the activity plan.

*Solution:*

This issue was overcome through regular financial and activity monitoring by using an Excel based financial management tool (see example of tool above), which details both costs and the budget allocated per semester as well as the remaining budget. This provides a clear overview of performance against budget targets.

#### SISTEMaPARC (IIIB CADSES)

Project leadership is needed to avoid under-spending: Constantly remind or even 'threaten' project partners with the loss of funds in case of continued late reporting / non-performance. The project developed a **tracking-tool** to help partners get an overview of their expenditure per action and per work package in the respective periods for reporting / claiming ERDF funds for each year. Action numbers, number of work packages and (number and duration of) periods are examples. The table was provided to each partner with the planned budgets per year.

## 6.2 Financial control

When significant delays occur during financial reporting it is generally as a result of the financial control of each partner's statement of expenditure. Both the European and the national level have rules to make sure that funds granted to projects are not wasted or misused. These are known as eligibility rules. Spending that is eligible will be paid. Spending that breaks the rules is 'ineligible' and will not be paid.

Every time a project claims money from a programme, the spending reported is checked to make sure that the rules have not been broken. This check is normally called First Level Control. In addition, because the controllers responsible for first level control do not always spot all problems a Second Level Control has been set up. This involves rechecking about 5% of project spending to make sure that there are not too many mistakes. Although they are

unusual, extra checks by the European Commission or the European Court of Auditors are also possible. Projects should know the basic rules *before* they start: There are quite a lot of formal requirements and partners need to make sure they can provide the documentation required and that they budget staff time for the administration involved.

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✓ ***Which partners are checked during first level control?***

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Every partner is checked. In the new period almost all control will be carried out in each partner's own country to check compliance with the national rules governing that partner. The Lead Partner then collects certified statements of expenditure from each partner and checks they have been signed by the approved controller and that each partner has spent the funds on the agreed activities only. The Lead Partner then calculates the claim for the whole project and draws up a total statement of expenditure, which is sent to the programme together with each partner's statement.

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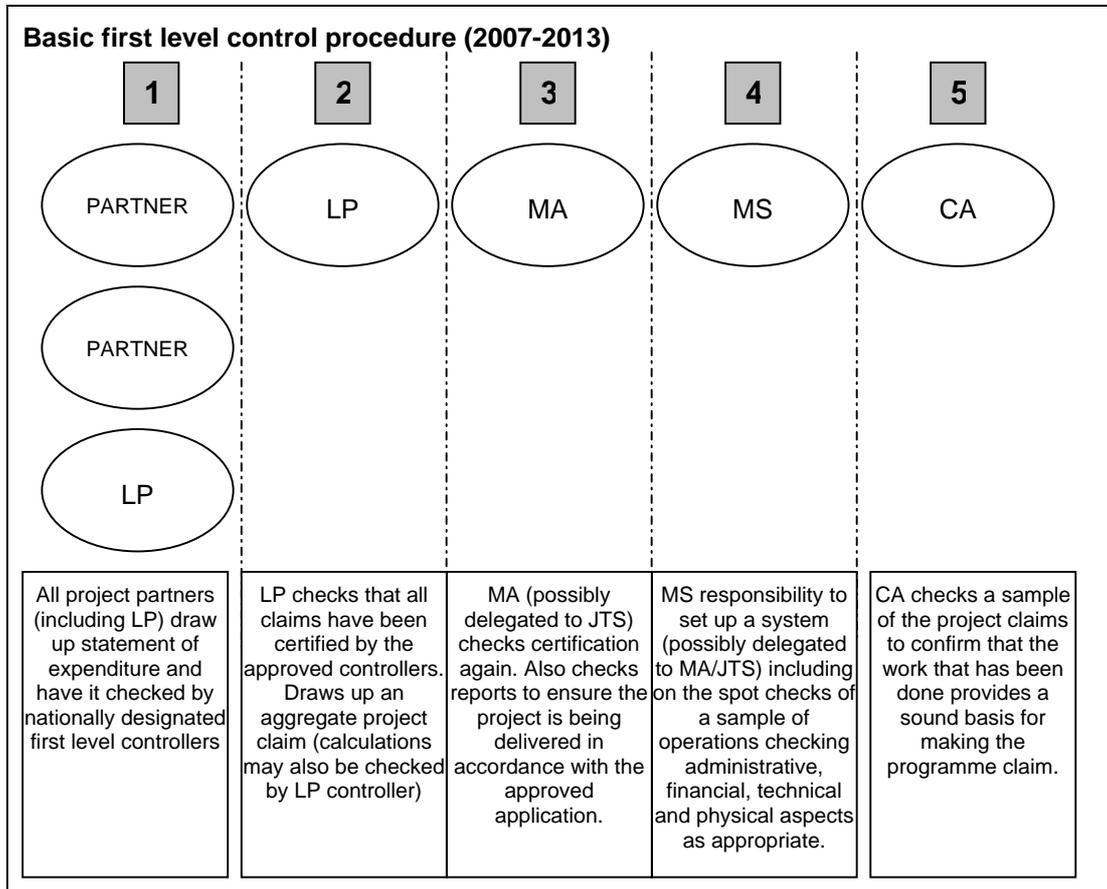
✓ ***Who are the controllers?***

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All Member States are required to select a first level control body for each programme. Different types of organisations are designated and programmes will be able to provide information on the controller for each partner (sometimes it is a public office and sometimes a private company). **Centralised first level control systems** require all partners in a country or region to submit invoices and other documents to one office, which checks all partners. The main problem here is that there are significant delays in control in some centralised systems (e.g. over a year to control a statement of expenditure). In **decentralised control systems** every project partner chooses its own controller (from an approved list) and control is generally carried out at the offices of the partner. The main problem with this system is that the controllers do not always have the time or the knowledge to carry out the checks properly and there is a risk that approved expenditure will later be corrected by other programme control bodies.

The MA (but often the JTS on its behalf) may also be delegated an important role in control. The checks often carried out by the MA focus on the delivery of activities and compliance with non-financial rules such as those on publicity and information. It does this by checking the activity reports submitted with finance reports and through on-the-spot visits to some projects to make sure that what has been reported is correct. The MA is also responsible for again checking that all partner claims have been certified by the approved controller (the Lead Partner should already have checked this once before submitting the claim). Controllers and programme management bodies can both make deductions from the amount a project has claimed if they find incorrect expenditure.

On-the-spot visits vary considerably but all programmes will use them in future. It is normally (but not always) the Lead Partner that is visited and checks focus on whether project documents are in order and whether there is proof that activities have actually been carried out. Different people carry out these checks but they are generally representatives of one of the programme management bodies or the control bodies delegated by the Member States.



✓ **Different national control systems**

In addition to the delays caused by some systems, there are sometimes also different requirements between countries for the type of documents and level of detail required during control. This can be frustrating when project managers are trying to streamline and standardise reporting documents. Some projects offer good examples of addressing this problem.



**Dealing with different financial control systems**

Water Supply Services (IIIA Latvia/Lithuania/Belarus - South)

Financial reports for Latvian partners have to be checked by a centrally appointed controller. Financial reports also have to be prepared following a standard format. The Lithuanian side however does not have a centrally appointed controller or a standard financial reporting format. As a result, the project decided to use the format developed for the Latvian side, which meant that the requirements for Latvian partners were fulfilled and at the same time control systems for all three partners were synchronised. See below for an example of a reporting template for staff costs (please note that each programme has developed their own reporting templates, which might vary considerably from this example).

Reporting period		Start	End							
		00.00.00	00.00.00							
Budget line 1 Staff Costs										
No	Month	Rate (€/h or day)	WP1 Hours/Days	WP2 Hours/Days	WP3 Hours/Days	Total Hours/days	WP1 Costs €	WP2 Costs €	WP3 Costs €	Total €
1						0				0
2						0				0
3						0				0
4						0				0
5						0				0
6						0				0

**SISTEMaPARC (IIIB CADSES)**

With regard to control and certification, the decentralised system was preferred because it gave partners the chance to choose their own controller. This results in time savings as there is direct communication and swift response by the controller. German programme bodies provided an existing Excel sheet for use in first level control and this was adjusted by the project to comply with the conditions of the CADSES programme. In cases where the certification of a specific claim is delayed, the project follows a practical approach. The technical report is still submitted, while the respective financial report follows later on.

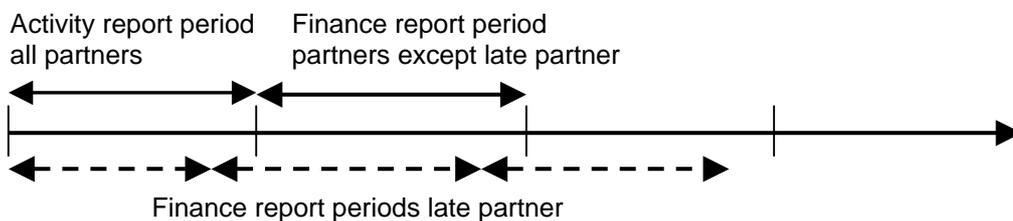
**VinTour (IIIC EAST)**

*Difficulty:*

In some countries the control procedure takes longer than in other countries and this often hinders the implementation of projects. This is particularly relevant since the Lead Partner takes responsibility for the financial management of the project even though it is not always possible to complete financial control according to the programme requirements due to delays in national auditing procedures.

*Solution:*

In order to overcome this difficulty, the Lead Partner developed a procedure (approved by the programme secretariat) where the activities carried out by all partners (including the partner with late control) are listed in the actual progress report (in order to prove compliance) but the costs of the late partner's activities from the last month of each reporting period are only included in the subsequent report when the control certificate has been issued (see diagram below). This approach has also required flexibility on behalf of the programme. The discrepancy between the time of submission of progress reports and the related request for payment by the late partner has in the short run solved efficiently the problem of delays in this partner's national control procedures.



**Tip: Different programmes react differently to delays in partner reporting. Some simply allow the missing partner to include costs in a later report. Others delay the whole claim until all partners have been certified. In extreme cases the expenditure of partners who miss the deadline may be rejected. Project**

**managers should use this information to assess the seriousness of potential delays.**

✓ **What is checked during first level control?**

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First level controllers check every item of expenditure entered in the project accounts as well as supporting documents such as time sheets and the calculation of the totals for each budget line and the claim as a whole. The whole system is designed to provide guarantees of the eligibility and correctness of all expenditure declared and this is the focus of the checks.

As such, first level controllers will also look at key documents in the audit trail to make sure that the costs claimed are real costs (e.g. overhead calculations), that the activities really took place (e.g. participant lists from seminars) and that rules are being followed (e.g. evidence of tendering procedures). The audit trail must allow controllers and auditors to enter the management system at any level and eventually trace back all declared expenditure to the original invoices (or documents of equivalent value). It should also be possible to verify the transfer of funds to final beneficiaries. A clear description of the accounting evidence to be held at each level is therefore essential as is communicating this information to everyone involved. This is particularly important in the case of project partners, who play a key role but are not always properly informed about programme requirements by Lead Partners.



### **What is the audit trail?**

The regulations and many programme documents refer to the need to safeguard the 'audit trail'. Put simply this means keeping records to show how every EURO of programme money has been spent. In most cases this is simply a matter of storing the invoices issued for products and services delivered. The MA keeps a record of where all of these documents are stored (most of them will be in project offices) so that financial controllers always know where to check if they have questions. These documents have to be kept until three years after the formal closure of the programme (until as late as 31.01.2019 for the new programmes) as it is still possible for European audit bodies to carry out checks until then.

There are, however, some costs for which it is not possible to show an individual project invoice. Overheads are a good example as the project only pays part of e.g. a larger heating bill for the whole building. In this case documents of 'equivalent probative value' need to be provided. This means that they provide reliable proof of how the money was spent and different programmes and countries have different rules for defining how such documents should be presented.

Finally, it is not always enough to prove that the money has been spent. In many cases proof also needs to be supplied that value for money principles have been observed. The most common requirement is for evidence of public procurement procedures showing that attempts have been made to find the cheapest suppliers.

Generally speaking, original documents are needed for the audit trail. In the new programme period each Member State will draw up national standards to be met if copies, electronic versions or other formats are used. If this documentation is not available, the spending it covers will be rejected. The basic rule is: If you can't prove it, it never happened!

### **You still need it even if the controller does not ask to see it**

The actual documents that a first level controller asks to see vary enormously. Some will check everything while others will assume that a lot of the supporting evidence is in place without looking at it. **You still need these documents even if they are never used during first level control.** If you are part of a programme on-the-spot check, a second

level control check, a Commission audit or a check by the European Court of Auditors, you will be required to produce the documents. If you cannot do so, you face having to pay back large amounts of money – just because the paperwork was not filed.

Expenditure that is not documented cannot be claimed. An indicative list of the accounting evidence needed to secure the audit trail has been developed by the inter-regional IIC programmes. It seems like a lot of detail but all of the information should be standard and easily obtained: All partners should get into the habit of collecting this evidence from project start up. It is always worth remembering that one of the main reasons that claims are reduced is missing evidence.

**DOCUMENT LINK!**

See the checklist of **documents required for the audit trail** for an overview of the most important documents all partners should keep. In the new programmes, the programme Managing Authority will require a list from every partner stating the location of each partner's documents. This will make checking easier and makes it even more important that project's do not forget important items.

✓ **Eligibility rules**

Controllers are required to certify not just whether expenditure has been properly documented but also whether it is eligible or not. Most of this work will again be based on the documents in the audit trail with a particular focus on expenditure for which there are no invoices (generally the overhead calculations and the staff costs). The level of ineligible expenditure detected during first level control varies enormously between about 3% and 25% of the expenditure claimed in different programmes. Almost all of the incorrect expenditure is due to lack of knowledge about the rules or lack of documentation. Most programmes have started special seminars for project finance managers in order to reduce the number of problems before they reach the control stage. If the basic tips included throughout this handbook and the advice provided by each programme are used, there should be few problems. See the separate section on common problems found by first level controllers.

The new regulations setting out the rules for implementing programmes contain a few eligibility rules forbidding some types of expenditure and allowing others only in certain circumstances. These rules are only designed a small number of problem cases. These are covered below. As a general rule for avoiding problems, if expenditure is not covered by any of the relevant rules, ask yourself whether the costs concerned are really necessary to implement the project. Only go ahead if the answer is yes and consult the programme if you are not sure.



<b>Eligibility Rules</b>			
<b>Regulation</b>	<b>Article</b>	<b>Eligible</b>	<b>Not Eligible</b>
General Reg. (EC) 1083/2006	56	In-kind contribution Depreciation costs Overheads  (See below for more details on all of these costs)	
ERDF Reg. (EC) 1080/2006	7	Expenditure on housing for the new MS only (and subject to the conditions laid down in the Draft Implementing Regulation, §47)	Interest on debt  The purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation  Decommission of nuclear power stations  Recoverable VAT
Implementing Regulation	49	Charges for transnational financial transactions + bank charges for accounts required for implementation of the operation  Legal consultancy fees, notarial fees and costs of technical or financial experts necessary for implementation  Accounting and audit costs related to MA requirements  Bank guarantees required by legislation	Fines, financial penalties and expenditure on legal disputes
Implementing Regulation	51	In-kind contributions when calculated according to the approved methods	
Implementing Regulation	52	Overheads based on real costs. Flat rates are possible based on the average real costs of the type of operation (properly documented) and subject to review. Flat rates may not exceed 25% of the overhead generating costs of an operation	
Implementing Regulation	53	Depreciation of assets actually used for an operation for the period of that operation	Purchase costs for these assets

Programmes may also add their own rules with the agreement of participating Member States. These may cap certain types of cost (e.g. no more than 50% of the project budget on staff costs), forbid others (e.g. no grants to private companies) or set out the rules (e.g. costs outside the programme area will only be accepted with previous programme permission).

All other rules are set by the Member States and this means of course that project partners may have different rules. The national rules should be available from the programme and mostly cover measures for ensuring value for money.

**Tip: Each partner should check these rules carefully before and during implementation to make sure that proposed expenditure is allowed.**

✓ **What kinds of problems do financial controllers find?**

The two tables below give an overview of some of the most common problems found during the first and second level control.



### Common control problems

First level control:

- Bank information wrong
- Payment request amount does not match finance report and/or cover letter
- Budget of a budget line or a project partner is exceeded
- Missing signatures and/or stamps
- Costs are reported under wrong budget line and/or work package
- Submission of incomplete progress report
- Changes to project made without prior agreement of the programme
- Costs do not correspond to the activity report
- Wrong exchange rate used
- Controllers have changed the text of the certification declaration
- Investments and other costs not clearly specified
- Location / project partner purchasing equipment / investment not in line with the application
- Amount of equipment / investments is higher than stated in the application
- Costs reported by project partners with no approved budget

Second level control:

- Requirements of regulations (particularly the eligibility rules) were unknown
- Public procurement rules were unknown  
Documentation was not available to demonstrate a clear link between the work actually carried out and the declared expenditure (i.e. parts of the audit trail were missing)
- The EU sign was missing on all publications and the relevant papers had already been distributed (i.e. EU communication and publicity rules were broken)
- No documents and evidence for the co-financing were available
- The project partner had changed address without informing the programme
- The project title was missing from some invoices
- Financial departments are decentralised and the book-keeping system could not be checked

- Payments were without invoices, only bank account statements
- The project partner did not submit all original invoices. Original invoices for travelling costs were not available
- Invoices from one partner were paid *after* payments were received from the EU
- Personnel costs included overheads without a comprehensible calculation
- One invoice was included twice
- Exchange rate - invoices contained two different exchange rates
- The financial report was not signed by the first level controller

From the above it will be seen that many of the problems are detected are quite basic. Others can be detected and corrected with simple financial monitoring. Another large group concerns project failures to keep an adequate audit trail. Financial control should not present serious problems if the basic financial guidelines presented in the handbook are followed.

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✓ ***Eight tips for avoiding financial management problems***

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It is not unusual for control and on-the-spot checks to reveal problems with the expenditure declared by a project or the basic financial management practices being used. Most of these problems can be solved but this of course requires considerable time and effort and may result in a suspension of payments to the project until all problems have been dealt with. The following simple tips summarise what you can do to avoid the most common problems.

1. ***Set up separate accounts for project funds.*** Or at least ensure that every partners' accounting system can clearly separate project costs. Control visits have sometimes revealed that this basic requirement is missing. When this is the case, there is no evidence for which costs have been assigned to the project or why. The probable result is that large parts of the expenditure involved will be judged ineligible.

2. ***Involve partner finance managers from the start.*** Organisations have their own financial management systems and procedures. All partners need to check that these comply with programme requirements and the systems can deliver the evidence that is needed.

3. ***Secure the audit trail.*** All partners must keep all invoices. Supporting documents are also needed such as timesheets for part-time staff and calculations of overhead costs. If these documents are missing, the costs involved will not be accepted.

4. ***Keep your filing up to date and find out what to file.*** Control visits typically have to be announced only two weeks in advance. You should make sure that you always have all documents available. Commonly missing documents are contracts and evidence of public procurement procedures. If you cannot provide these documents, it will be assumed that you have not followed the rules.

5. ***Find out what the national public procurement thresholds are in each partner country.*** Put basically, public procurement rules require that public organisations request offers for providing services and products. They are designed to promote a free and open market and give value for money. There are three values that generally need to be considered. Very small contracts do not need to be tendered. Larger contracts can be the subject of a limited tender, whereby a smaller number of offers are requested. Large contracts must be the subject of a full public tender with strict rules and procedures. 'Small' and 'large' are relative terms here: There are enormous differences between countries in the threshold values (the amount of the contract that determines which tender procedure needs to be used). In some countries, full public tendering is required for very small amounts and project

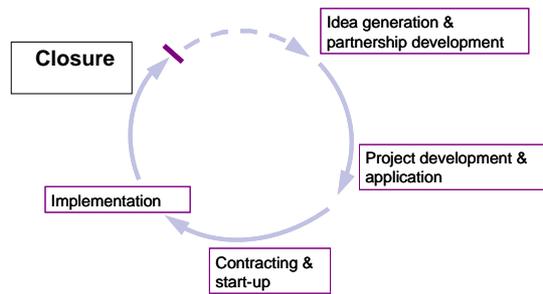
managers should be aware of the delays this will cause. You must respect the threshold values and the relevant rules - you cannot divide contracts into smaller jobs to get around these rules. If you award a contract for products or services, you must be able to prove that you used the right tender procedure. These documents are often missing and the most common reason is that partners say they did not know anyone else who could do the job involved. This is not an acceptable reason and the full value of the contract will probably be judged ineligible.

6. **Only carry out activities in the eligible area.** In future programmes there will be some flexibility on this rule and all projects should find out how their programme interprets it. Regardless of the programme interpretation, activities outside the eligible area need to be included in the application. If they are not, projects must get programme approval before carrying out these activities or they will be ineligible. This also applies, for example, to travelling to conferences and seminars outside the eligible area.

7. **Avoid grey areas.** There is sometimes a temptation to bend the rules or misinterpret programme advice. Again, if in doubt, ask – and accept the guidance that is given. Programmes are understandably harsh on projects that have deliberately ignored the rules.

8. **Only report real costs directly related to implementation of the project.** You must be able to demonstrate that all of the costs reported were actually incurred and paid out and were necessary for implementing the project. Any costs that do not fit these criteria will probably be treated as fraud and result in serious action.

## 7. Project closure



*In this section you will find...*

*Project closure is the final phase in the project implementation process and if project management has been successful, it should be relatively problem-free. Closure involves two parallel activities: Finishing up project activities and making the last financial claims and payments.*

### ✓ **Activity closure**

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As we said at the start, a project is defined by fixed (measurable) objectives that need to be achieved within a certain timeframe. The end of the project is an opportunity for the project team to come together one last time and assess the project's successes and failures. This exercise should, however, involve much more than just ticking off the boxes next to the targets achieved. Strategies should be finalised for marketing project results and ensuring the continuation of project services. Even in projects where this is not relevant, there is a need to reflect on lessons learned from the project and develop recommendations for future cooperation activities that partner organisations may be involved in.

'Go out with a bang not a whimper.'  
T.S. Eliot (almost)

### ✓ **Promoting results**

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The end of the project should be used to launch results to a wider audience. There are three key questions to ask

- What outputs has the project produced that should be made available to a wider audience?
- Which target groups should be informed about which outputs?
- What is the best way of reaching them?

Discussion on these issues should start early in the project's life but many outputs will not be finalised until near closure so a busy promotion period can be expected in the final months. The most appropriate promotion channels will vary depending on the target group but the main ones are:

- Events. Conferences and exhibitions to raise awareness in larger groups. Workshops and seminars for more detailed technical discussion with specialist groups.

- **Media.** Some projects have 'media-friendly' results, which may be reported by national and/or regional TV, radio and press. More technical projects may focus attention on specialist journals and publications.
- **Websites.** Remember, however, that having a website is not the same as having visitors to the website. Websites need to be marketed like other outputs.
- **Leaflets and brochures.**
- **Programme events and publications.** Programmes are also very interested in actively promoting the best project results and have good contact networks. Make their life easy by providing good, clear descriptions of what the project has to offer in activity reports.

The success or failure of this type of measure depends on planning and the quality of the results on offer. Result promotion should therefore be built into the communication work package and budgeted at project start, and achieving promotional targets should be ranked as highly as other success criteria.

### ✓ **Common problems**

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There has been mixed success with this kind of activity in current projects. There are a few general tips for avoiding problems:

#### **Events**

- **Content / target group unclear.** Who should be there and what will they achieve by attending? Simply offering participants the chance to hear about the project is not enough – you need to clearly describe the benefits and what is on offer.
- **Announcement too late.** If event invitations are only sent a few weeks before the event, many potential participants will already have other commitments. This particularly true for national and European stakeholders. Aim to send out materials three months before the event and follow-up with reminders nearer the time.
- **Venue inaccessible.** If you aim to attract an international audience, you should think about travel time to the venue. If you choose somewhere that is not easily accessible from an international airport, you must accept that participant numbers will be lower (and you will need to put extra effort into selling the content).
- **Not enough content.** It may be that the project does not have enough outputs to justify its own event. Consider combining the event with other projects on the same theme or providing project displays / presentations at larger events.

#### **Media**

- **You need to have a story not just a project description.** The media operate in a very competitive market and need to interest their users. You need to persuade them that you can offer an interesting story.
- **You need contacts.** Press releases from unknown projects are often ignored so you need to build up a relationship. Projects should consider at an early stage whether they will be producing media-friendly outputs and whether this kind of long-term effort is appropriate for the project.

#### **Websites**

- **When people look at a new website, they generally stay there for only a few seconds – unless they see something to make them stay.** If the project website is an important promotion tool, invest resources in good design and really interesting content.
- **Keep it updated – you need to give people a reason for coming back regularly.**

- Try and get links to your site from related sites.

### Leaflets and brochures

- Make it eye-catching. People must want to pick it up.
- Treat these publications as a way of getting people's interest. Do not fill them with details but make sure you tell people where they can get more information.
- These publications are normally targeted at a wider audience. Make sure they are written in language that people who are unfamiliar with European programmes will understand.

### ✓ **'Mainstreaming' results**

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The process of building a good relationship with key stakeholders right from the start of the project should really pay-off at project closure. There is no point in developing recommendations if responsible authorities will not consider them. There is no point identifying good practices if organisations are unwilling to implement them. There is no point writing reports if they are never read by anyone outside the partnership. Agreements need to be made about how and when outputs will be handed over to stakeholders and what they expect to do with them.

Stakeholder support is essential if project results are to be 'mainstreamed' and become accepted parts of regional, national and/ or European policies or procedures. This is extremely unlikely to happen if stakeholders are first contacted near the end of the project and presented with completed outputs. Opportunities for giving input will be expected and must be provided by the project. Other ways of building the stakeholder relationship are described in the example below.



#### **Project continuation: publicity actions**

##### PINEL (IIIA Ireland-Wales)

The rationale behind the original application was to develop an approach that would be sufficiently effective to ultimately draw in mainstream funding (and funding from the local authority in particular). This cannot be expected to take place without a strong public relations component.

Public relations are highly important in order to ensure that projects that need external support will be further funded after INTERREG. For this purpose the project carried out a wide range of publicity actions, including getting politicians to visit the project, local newspaper announcements and awareness presentations at various organisations. These activities ensure the longer-term sustainability of the project and help to raise awareness about activities carried out in the framework of INTERREG.

### ✓ **Business planning**

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Some thought also needs to be given to any products and services developed by the project. Where appropriate there should be a strategy for ensuring continuation of these services (if this has not been done as part of the main project activities). There strict limitations here and it is not possible to just sell or charge for access to project outputs (see below). As a result, business planning will generally be based on free handover of project results to public organisations willing to fund future operating and development costs.

Two limitations should always be remembered. Some programmes have strict rules on the ownership of project results and require that there should be free public access to all project funded services and products. Regardless of these rules, project partners still need to decide

who 'owns' each of the project outputs in the sense of which partners will be responsible for maintaining and updating them.

Secondly, any revenues (money paid to project partners relating to services or products developed during the project) generated within \*\* years of the end of the project must be reported and the amount repaid to the programme. There are also rules preventing change of ownership or substantial changes of use to avoid abuses of this rule.

***Tip: Check programme rules on copyright etc. Make sure that all partners are aware of the rules on documentation, revenues and ownership after project closure.***

## 7.1 Programme closure requirements

A recent INTERACT Study on INTERREG III Programme and Project Closure includes an overview of the main problems related to project closure and final reporting based on interviews with project Lead Partners:

- 57,9%** found it difficult to respect the strict deadlines established by programme bodies for submitting closure documents,
- 47,4%** considered coordination between project partners as a real problem in this phase,
- 31,6%** underlined the complexity and lack of clarity about documents and information required in this phase by the programme bodies,
- 15,8%** encountered problems while dealing with the final project audits,
- 5,3%** didn't have any problems.

The following sections will provide you with information and useful tips in order to prepare and complete the final reporting tasks smoothly and meet programme closure requirements.

### ✓ ***Time and resource planning for the closure stage***

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Project managers should be aware of the risks involved in collecting information for the final report: As activities have finished, partner organisations may already be losing interest in the project and moving on to new activities. Some key staff may already have left the organisation. It is therefore very important that the process of accumulating the necessary information starts in good time. This is particularly true when partners have only been involved in earlier stages of the project – they may already have received full payment for their activities and it can be very hard to get them to put in the time required for final reporting. You may even want to set up project closure as a separate work package and allocate resources here to all partners .

### ✓ ***Steps to project closure***

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**Accumulation of project records.** The initial step in closing a Territorial Cooperation project is the accumulation of all official project records. These records include all accounts, papers, photographs or other documentary materials made or received by the project partnership in connection with the implementation of the project (i.e. the evidence needed for the audit trail). These records are generally kept by the partner responsible for each activity.

**Preparation of project final reports.** In order to receive the final payment, projects need to submit final reports. The content of these reports varies considerably – sometimes they are little more than an activity report for the final months of the project. In other cases they are a

separate document asking the project to analyse and evaluate all of its activities. Project managers should find out programme requirements for the final report as soon as possible after the start of the project as this may help greatly in making sure that the right data is monitored during the project's lifetime. In general, programmes tend to ask their projects for a lot of information in final reports: They prefer to get more rather than less information to be sure they have what they need in future.

A final report is divided into the activity and financial sections. In general, the activity report will include:

- Executive summary. This is often also used for publicity purposes and should promote the project's achievements.
- Results obtained in relation to the targets for these in the approved application. These will be used to assess achievement.
- How the project results will be disseminated and activities followed up
- Partnership evaluation. Programmes may use the project closure phase as an opportunity to ask Lead Partners for the overall evaluation of the partnership, how it worked, what kind of problems were experienced and what solutions were proposed. Programmes should also ask projects to assess programme performance.

The finance section of the final report includes is based around the certification of all project expenditure. Financial progress reports are generally only concerned with expenditure during the reporting period but the final financial report must include certified statements from all project partners not just of individual items of expenditure but also of the overall use of the funds granted in obtaining project goals. The controllers here certify *all* expenditure for the whole project thereby declaring that all claimed expenditure is correct. Controllers should also describe the first level controls carried out for each partner with their findings and conclusions, sum up the extent to which the project has been carried out in accordance with the approved application, subsidy contract and any other conditions. Controllers must also confirm that all control issues have been satisfactorily resolved. The final signed controller's statement should therefore serve as a declaration that it is safe to close the project.

### ✓ ***What programmes are looking for in the final report***

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While progress reporting focuses on activities, the focus at project closure is on end-goals. Project managers will need to demonstrate the results and impacts achieved in comparison to the targets proposed in the application. Attention therefore needs to be paid to indicators and the completion of all work packages as well as satisfactory final reporting by all partners on the activities they have carried out. Activity checks are generally stricter in order to ensure that the project has delivered all outputs and that there is a reasonable probability that expected results and impacts will be achieved.

Sometimes of course it is not possible to achieve all of the targets set at the start of the project. Activities may not produce the intended results or the original targets may have been unrealistic. This kind of problem needs to be included in activity reports as soon as it is detected along with clear evidence that the project has learnt from the failure and taken action to ensure that overall objectives will not be affected. Programmes will generally react harshly if serious under-performance is only announced at the end of the project.

Programmes will also monitor carefully whether the project has implemented all activities in the application or has carried out activities not included in the application. In many cases this leads automatically to a cut in the ERDF grant if changes have been made but never discussed and agreed with the programme. The total paid to the project can never exceed the initial grant.

In financial terms, programmes need confirmation that it is safe to pay out the last part of the grant and that no problems are expected in future. While projects are in the main implementation phase, programmes can afford to be somewhat flexible in terms of financial control findings. If there are problems, deductions can be made from later payments and expenditure affected by open questions can be left out until a later date. Project closure means, however, that no questions can be left open: All problems need to be finally resolved. This is perhaps the main challenge of project closure though the checks carried out differ little from financial checks at earlier stages. If financial management in the project has been good, the closure check should be a formality that just confirms the findings of other first level control checks.

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✓ ***When does all project work need to stop?***

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The date for closing the project will have been set in the contract based on the information provided in the application. Project managers need to find out exactly what this date means however. In some programmes all activities including final reporting must be completed by the stated end date. In other programmes the end date is the point at which all main activities must be completed. An additional period of two or three months is provided for writing the final report and the doing final control of the project.

***Tip: Check programme rules on activities and costs that may be included after the formal end date of the project.***

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✓ ***How long does it take to get the last money?***

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Another issue that projects should be aware of is that programmes generally withhold payment of a portion of the project budget (typically 5%) until all project closure procedures have been completed. This means that even at this stage most irregularities can be resolved by simply deducting the amount concerned from the payment to the project. Some programmes go further and retain up to 20% in order to ensure that they are withholding sufficient funds to deal with this type of problem. In addition to providing insurance against irregularities, the 5% retention also gives programmes leverage to ensure that projects submit final reports in good time.

***Tip: Find out the programme rules for final project payments and the impact this will have on different partners.***

The Commission uses the same procedure for the programmes. Projects that close near the end of the programme should be aware of this: There is a strong chance that the programmes themselves will not have the funds to make the last payments to projects until they have received the final 5% payment from the Commission. If your project is one of the last to close you may therefore be waiting for the final payment for two years or more.

***Tip: If your project is due to close near the end of the programme make sure that all partners have sufficient funds to wait for the final payment.***

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✓ ***What obligations are there after project closure?***

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One other important issue is to be clear about the meaning of closure: It is a closure of the project's grant to the programme but does not represent the end of project requirements. Even though the programme has accepted the final report and made the final payment, the project is still subject to second level control and checks by Commission auditors and the Court of Auditors. All project records and documentation therefore need to be retained and stored until three years after the formal closure of the programme (in theory this could mean until 2013) and some national rules have even longer timeframes. If these later audits discover problems or missing parts of the audit trail, errors will be corrected by initiating a

recovery and taking money back from project partner organisations. One important risk needs to be assessed here: The staff who could explain project actions have usually left the organisation long before later control visits take place. Project closure records (the audit trail and final report) should therefore be good enough to allow new staff to provide these explanations.