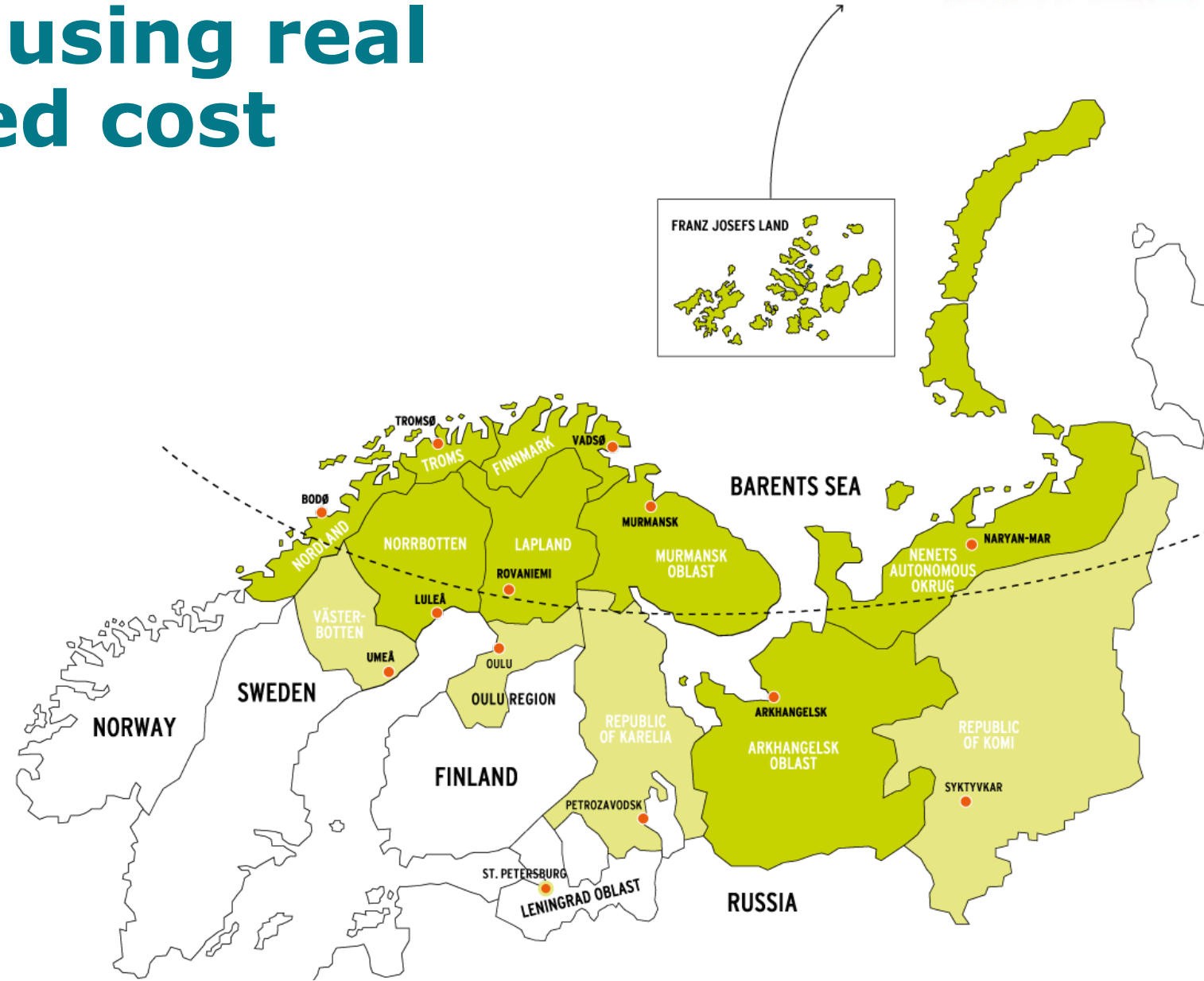


Comparison of the budgets of ongoing projects using real costs vs. simplified cost options

TESIM
"Challenges and opportunities for
SCOs in NEXT"

15.9.2021

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Practical exercise to ongoing projects in Kolarctic CBC 2014-2020 – **Standard projects**

Database; budgets of the standard projects, population 26 projects

Including the costs of Finnish, Swedish, Russian and Norwegian partners

- *2014-2020: Personnel, travel, office, equipment and external services as real costs + max 7 % for indirect costs*
- *Projects with infrastructure investments are not included to the sample*

Comparison of budgets when travel, office and indirect costs (max 7 %) are replaced with simplified cost options

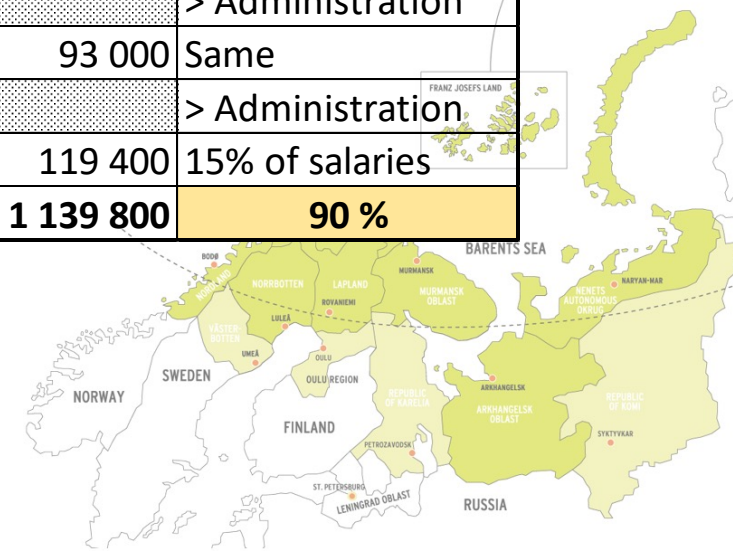
- *Travel > salaries * 15%*
- *Administration (office and indirect costs) > salaries *15%*



Practical exercise to ongoing projects in Kolarctic CBC 2014-2020 – Standard projects

- Example of the calculation method, two projects

Standard projects	Project #1				Project #2			
Budget lines	Actual budget	With SCOs			Actual budget	With SCOs		
<i>Personnel</i>	836 000	836 000	Same		796 000	796 000	Same	
<i>Travel</i>	80 000	125 400	15% of salaries		288 000	119 400	15% of salaries	
<i>Equipment</i>	252 000	252 000	Same		12 000	12 000	Same	
<i>Office</i>	33 000		> Administration		0		> Administration	
<i>External services</i>	106 000	106 000	Same		93 000	93 000	Same	
<i>Indirect</i>	91 000		> Administration		83 000		> Administration	
<i>Administration</i>		125 400	15% of salaries			119 400	15% of salaries	
TOTAL	1 398 000	1 444 800	103 %		1 272 000	1 139 800	90 %	



Practical exercise to ongoing projects in Kolarctic CBC 2014-2020 – Standard projects

Same calculation for the whole population (26 projects)

Effect to the total budgets of standard projects		
+ / - 10 %	+ / - 20 %	> 20 %
24 projects	2 projects	0 projects
92 %	8 %	0 %

The exercise shows that SCOs

- 15% of the salaries to travel
- 15% of the salaries to administration

would make only minor changes (+/- 10 %) to the total budgets of the projects.

Does not take into account differences in country level budgets.



Examples of different methods using programme level data – all standard projects

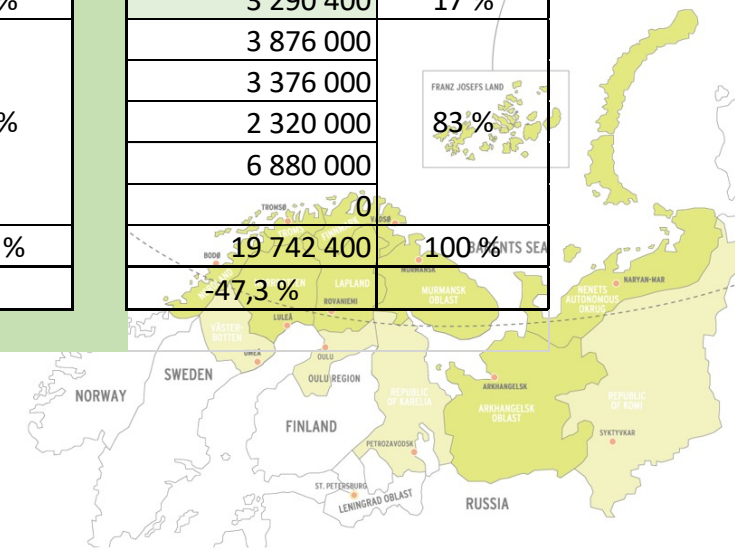
- Kolarctic projects' budgets are salary oriented, the method of 20 % to the salaries may work in some projects but not widely

Including the costs of the Finnish, Swedish, Russian and Norwegian partners			
Standard projects, actual budgets of 26 projects (rounded to 1000 €)			
	Total	% of total budget	
Personnel	21 045 000	56 %	
Travel	3 876 000	10 %	
Equipment	3 376 000	9 %	
Office+indirect	2 320 000	6 %	
External services	6 880 000	18 %	
Investment	0	0 %	
Direct total	37 497 000	100 %	

Salaries *15%	
- To travel costs	
- To administration	
	% of the total budget
21 045 000	56 %
3 157 000	8 %
3 376 000	9 %
3 157 000	8 %
6 880 000	18 %
0	0 %
37 615 000	100 %
+ 0,3 %	

Salaries * 40%	
- To other costs	
	% of the total budget
21 045 000	71 %
8 418 000	29 %
29 463 000	100 %
- 21,4 %	

Direct costs * 20 % to the salaries	
	% of the total budget
3 290 400	17 %
3 876 000	
3 376 000	
2 320 000	
6 880 000	
0	
19 742 400	100 %
-47,3 %	



Practical exercise to ongoing projects in Kolarctic CBC 2014-2020 – Micro projects

- Micro projects were implemented in the last call for proposals
- Budget was limited
 - Finland, Sweden and Russia > max 50,000 total
 - Norway > max 50,000 total
 - Budget lines Personnel, Travel and External services available
- Exercise for two projects, SCO salaries +40 % for all other costs
- Works well if the salaries take rather big part of the budget

Micro projects	Project #1			Project #2		
	Actual budget	With SCOs		Actual budget	With SCOs	
Personnel	66 200	66 200	Same	47 800	47 800	
Flatrate 40 %		26 480	40% of salaries		19 120	40% of salaries
Travel	13 100		> flatrate 40%	12 800		> flatrate 40%
External services	20 700		> flatrate 40%	39 400		> flatrate 40%
TOTAL	100 000	92 680	93 %	100 000	66 920	67 %

All micro projects, exercise for all projects

The same calculation to the whole population (19 projects)

- The exercise with the model 40 % * salaries to all other costs of the project is not relevant as only option for micros.

Effect to the total budgets of micros		
+/- 10 %	+/- 20%	> +/- 20%
10 projects	2 projects	7 projects
53 %	11 %	37 %

Relevant in the projects were the activities are implemented mainly with own employees.

If optional SCO models are available to different types of micro projects (use of SCOs anyway mandatory), the simplification suffers.

Examples of different methods using programme level data – all micro projects

- The same result as in standard projects, +15% for travel and accommodation seems to work well
- Salaries +40% for other costs is the most practical and administratively easiest model, giving the best benefit for the simplification

Including the costs of the Finnish, Swedish, Russian and Norwegian partners			
Micro projects, actual budgets of 19 projects (rounded to 1000 €)			
	Total	% of total budget	
Personnel	965 000	61 %	
Travel	285 000	18 %	
Equipment	0	0 %	
Office+indirect	0	0 %	
External services	342 000	21 %	
Investment	0	0 %	
Direct total	1 592 000	100 %	

Salaries *15%	
- To travel costs	
- To administration	
	% of the total budget
965 000	60 %
145 000	9 %
0	0 %
145 000	9 %
342 000	21 %
0	0 %
1 597 000	100 %
+ 0,3%	

Salaries * 40%	
-Other costs	
	% of the total budget
965 000	71 %
386 000	29 %
1 351 000	100 %
-15,1 %	

Direct costs	
* 20 % to the salaries	
	% of the total budget
125 400	17 %
285 000	83 %
0	
0	
342 000	
0	
752 400	100 %
-52,7 %	

LOVE YOUR NEIGHBOUR

Thank you!

