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Potential PBA application on both levels in the South Baltic Programme

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 ACTIVE

“United by the Sea into action for a blue and green future Innovative, Sustainable, Attractive and Active South Baltic”

SOUTH BALTIC 2021 - 2027



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Assumptions and goals

- ▶ To introduce PBA on the lower level
 - ▶ To distribute risks between Programme and projects
 - ▶ To reduce administrative burden during Programme implementation
- ▶ Projects should receive payment from the Programme in every half year to secure the cash-flow
- ▶ The cash-flow in the Programme would be ensured by defining milestones in every half year. These are interlinked between the two levels
 - ▶ Other option: early milestones of later calls would cover intermediate payments to projects from early calls
- ▶ To have simple Programme intervention logic
 - ▶ An SO is implemented through one Measure
 - ▶ Each Measure contains one intervention field
- ▶ To have projects with similar characteristics than before
 - ▶ 3 years duration
 - ▶ 6-10 project partners
 - ▶ Mainly soft activities
 - ▶ Testing character
 - ▶ Main indicator in 2021-2027: RCO116 that is delivered in the end of the project
- ▶ To avoid having too unified projects and keep the possible activities relatively open

The methodology

- ▶ Transforming a Specific Objective (SO1.2) from 2021-2027 to PBA context
 - ▶ Rewriting the texts of the Programme document
 - ▶ Selecting Programme indicator
- ▶ Transforming one project to the lower level PBA scheme
- ▶ Checking spending progress of projects in 14-20 and 21-27
 - ▶ To ensure that milestones will secure the cash-flow in projects

The goal of this exercise is not to replicate one-to-one the current Programme and its projects in 2028-2034 but to see what should be changed and what can be kept.

Connecting the two levels

Upper level			Lower level			
Milestones/Target	Pay-out value %	Pay-out values cumulatively (%)	Project Milestone/target	Pay-out value %	Pay-out values cumulatively (%)	Delivery Q
M1: Call launched in the given measure	5.00%	5.00%	PM1: Subsidy Contract signed	20.00%	20.00%	Q6
M2: Projects selected by the MC	5.00%	10.00%				
M3: Projects contracted	10.00%	20.00%				
M4: First yearly report of projects are accepted	15.00%	35.00%	PM2: First yearly progress report accepted	15.00%	35.00%	Q12
M5: Second yearly report of projects are accepted	20.00%	55.00%	PM3: Second yearly progress report accepted	20.00%	55.00%	Q24
M6: Final progress reports of projects are accepted	5.00%	60.00%	PM4: Final report of the project approved	5.00%	60.00%	Q30
T: Number of strategies and action plans jointly developed	40.00%	100.00%	T: Jointly developed strategy or action plan delivered	40.00%	100.00%	Q36

Cash-flow on the upper level – example of 2 calls

	1 st call				2 nd call			
Total %*	Milestone/target	%	Delivery Q	Value**	Milestone/target	%	Delivery Q	Value
5.00%	First call launched	2.50%	Q2 2028	306,830.35	Second call launched	2.50%	Q3 2028	306,830.35
5.00%	First call projects selected by the MC	2.50%	Q4 2028	306,830.35	Second call projects selected by the MC	2.50%	Q1 2029	306,830.35
10.00%	First call projects contracted	5.00%	Q3 2029	613,660.70	Second call projects contracted	5.00%	Q4 2029	613,660.70
15.00%	First yearly report of first call projects accepted	7.50%	Q2 2030	920,491.05	First yearly report of first call projects accepted	7.50%	Q3 2030	920,491.05
20.00%	Second yearly report of first call projects accepted	10.00%	Q2 2031	1,227,321.40	Second yearly report of second call projects accepted	10.00%	Q3 2031	1,227,321.40
5.00%	Final report of first call projects accepted	2.50%	Q4 2031	306,830.35	Second yearly report of second call projects accepted	2.50%	Q1 2032	306,830.35
40.00%	Number of strategies and action plans jointly developed (value 3) - 25% of target**	10.00%	Q2 2032	1,227,321.40	Number of strategies and action plans jointly developed (value: 9) - 75% of target	30.00%	Q3 2032	3,681,964.20

*Total value of the measure: 12M EUR

**Number of approved projects in the first call can lead to (temporary) over or underspending in the Programme's budget

Risk mitigation

- ▲ Milestones
 - ▲ Option 1 – Partial delivery leads to full payment: e.g. 80% of projects selected in the given call are contracted
 - ▲ Option 2 – Splitting a milestone further: 40%, 40%, 20% of projects contracted
- ▲ Targets
 - ▲ Setting the target values
 - ▲ ERDF of the measure: 12M EUR
 - ▲ 1 strategy/action plan “costs” 1M EUR -> Programme target value: 12 strategies/action plans
 - ▲ On lower level requesting 1 strategy/action plan for each 800k EUR -> 15 strategies/action plans planned in projects
 - ▲ Interim targets to mitigate risks associated with delayed delivery
 - ▲ In case of insufficient contracting, further calls could be organised that contribute only to targets
- ▲ Developing a scheme to recover reimbursement paid for achieving milestones to the projects that do not deliver targets

Costing and cash-flow in projects

Historical data vs milestones/targets

Project Milestone/target	Pay-out value %	Pay-out values cumulatively (%)	Comparable step before	Report no.	% in reports 14-20	% in reports 21-27	Average % cumulatively in 14-20	Average % cumulatively in 21-20
Subsidy Contract signed	20.00%	20.00%	1st progress report accepted	PR1	8.59%	7.62%	8.59%	7.62%
First yearly progress report accepted	15.00%	35.00%	2nd progress report accepted	PR2	11.83%	11.87%	20.42%	19.49%
Second yearly progress report accepted	20.00%	55.00%	3rd and 4th project progress report accepted*	PR3	13.01%	15.48%	47.56%	53.09%
				PR4	14.13%	18.12%		
Final report of the project approved	5.00%	60.00%	5th progress report accepted	PR5	14.80%	no data yet	62.36%	no data yet
Jointly developed strategy or action plan delivered	40.00%	100.00%	6th (final progress report accepted)	PR6	15.87%	no data yet	78.23%**	no data yet

* Data only from a limited number of projects.

** Many prolongations occurred resulting in further reporting periods. Average total spending in projects was 93.83%.

Exemplary content of milestones/target on the lower level

Project Milestone/target	Minimum scope of milestones/targets of milestone on lower level	
	Obligatory management/communication activities defined by the Programme, unified for all projects	Minimum scope of content related activities, details defined by the project during application
Subsidy Contract signed	The SC signed by both parties and introduced to the Programme monitoring system	n/a
First yearly progress report accepted	<ul style="list-style-type: none"> Partnership Agreement signed by all PPs Kick-off meeting implemented 	<ul style="list-style-type: none"> 2 deliverables defined in the AF relevant in the beginning of the project are finalised (e.g. state of play report, plan of pilots)
Second yearly progress report accepted	<ul style="list-style-type: none"> Mid-term review meeting with the JS implemented (report of the meeting is attached to the progress report) Mid-term project partner meeting implemented 	<ul style="list-style-type: none"> 2 deliverables defined in the AF relevant in the middle of the project are finalised (e.g. piloting workshops/trainings organised, pilot testing with target groups implemented)
Final report of the project approved	<ul style="list-style-type: none"> Final conference implemented Project success story delivered 	<ul style="list-style-type: none"> 1 deliverable defined in the AF relevant in the end of the project are finalised (e.g. report on pilot implementation)
Jointly developed strategy or action plan delivered	The project during application phase must prove that the planned strategy/action plan complies with the Programme definition. This is to be verified when the output is submitted by the project.	

- It must be clearly demonstrated under the “description of each milestone and target” that reports (especially the deliverables) are stepping stones towards the outputs/targets
- But keeping the list of possible deliverables open: deliverables differ between projects, clear definitions and examples would be prepared
- Importance of assessments and clarifications after approval
- Obligatory management and communication activities are relevant mainly for monitoring on the lower level

Take aways and questions

- ▶ Main questions: Could we succeed in demonstrating that reports (and their content) are stepping stones towards achieving targets?
- ▶ Budget share between milestones/targets?
- ▶ We cannot avoid planning the main features of projects together with PBA:
 - ▶ Project length, i.e. when do they deliver targets?
 - ▶ How to deal with project prolongations?
- ▶ Risk mitigation should be built into the system
- ▶ Seed money calls in the end of 2021-2027 can be helpful
- ▶ To do: Checking how the model would work when different problems occur



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Thank you!
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