

Building up for Post27 – Costing and pay-out values

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Building up for Post 2027/ day two

01

Costing

02

**Pay-out
values**

03

**Management
verifications
& audit**

04

**Wrap up and
See you soon**

P-BA How to ...?

Measure's total cost estimation

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Costing – Article 8.3(d) EFRD

- (d) set out the total estimated costs of the measures together with information on existing or planned Union financing where relevant, backed up by appropriate justification and by explanations of how it is in line with the principle of cost efficiency, sound financial management and commensurate to the expected economic and social impact;

Costing – on Article 22.2(d) NRPP (2)

Costing – Required input from Member States

- **Top-down approaches:** the estimate of costs is based on similar measures, with appropriate adjustments.
 - Such approaches are often used in the very early planning stages, or for standard investments;
 - *Example: the cost for building a hospital is estimated by using the cost of other comparable hospital(s) in the past (with appropriate adjustments).*
- **Bottom-up approaches:** classic 'accounting' of different cost categories, e.g. salaries, goods & services, subsidies & transfers, capital expenditure, etc.
 - This approach is suitable if the measure can be broken down adequately into cost categories, or if is at an advanced design stage.

<ul style="list-style-type: none"> • <i>Accounting (draft budget) methods</i> • <i>Historical costs</i> • <i>Previous audited projects at EU level</i> • <i>Statistical data</i> • <i>Credible and robust studies from trusted bodies</i> • <i>Available simplified cost options (SCOs)</i> 	<p><i>Other objective information (examples)</i> <i>...representative surveys, market research, rates of reimbursement used in Member States if not discontinued, rates set at national/regional level, hourly rates set within a national labour contract, data on remuneration for equivalent work...</i></p>
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2. Methods for Costing Exercises

01 · Historical and Verifiable Data

BASIS

- Historical datasets
- Administrative data
- Market surveys
- Other reliable and verifiable sources

KEY LOGIC

- Use past or objective data to estimate realistic costs
- Supports a robust costing exercise

EXAMPLE - Education Reform FNLC

- Mapping activities to outputs, results and duration
- Identification of required resources (HR, procurement, delegated tasks)
- Cost estimation using internal/external data, expert judgement, bottom-up costing, EU unit costs
- Aggregation into total operation cost
- Annual cost distribution (with mid-period peak)

02 · Data Already in the Programme

BASIS

- Programme output and result indicators
- Pre-agreed targets at Specific Objective level

KEY LOGIC

- Indicators used not only for monitoring, but also as payment triggers
- Amounts derived from: Programme allocative amounts
- Division of allocation by indicator targets
- Ensures alignment with programme design and sound financial management

EXAMPLE

FNLC scheme targeting marginalised communities: monthly subsidy per community defined based on programme indicators and financial allocations.

03 · Public Expenditure Savings

BASIS

- Expected savings or financial benefits generated by results

KEY LOGIC

- Payments linked to avoided or reduced public expenditure
- Forward-looking, results-based approach

KEY REQUIREMENTS

- Clear causal link between results and savings
- Robust evidence or economic models
- Data to quantify public expenditure savings (e.g. reduced subsidies, social benefits, unemployment support)

Factors to consider

Reliability data

- Verify that historical data is still reliable and representative
- Check if other sources are available and applicable
- Check for significant changes in market conditions (e.g. inflation, wages, prices)
- Ensure cost structures have not materially shifted – repetitive actions

Auditability

- Maintain full documentation of the methodology
- Clearly describe data sources, calculation methods, assumptions used
- Ensure traceability for audit purposes

Compliance

- Ensure compliance with the principle of cost efficiency and sound financial management

Approval

- Consider if approval is needed from the MA, AA or EC
- Ensure the methodology is auditable by relevant control bodies
- Be prepared for review by Audit Authority / European Commission

Flexibility

- Allow for a safety margin to achieve the final target – incorporate a “failure buffer”



Group work – 30 minutes

What's the value of your measure?



- **In your group**
 - Appoint the rapporteur
 - Discuss, decide and justify:
 1. What will be a method to justify the costing estimation (including source of data, your main steps, ...)
 2. Flexibility/Risk mitigation ideas
- After 30 minutes – present to the plenary
- Reporting back + discussion – 5 mins * 4 groups – **20 mins max**

Measure 1 – Operationalisation of joint cross-border medical teams & service

Estimated programme's allocation to the measure

3,5 M €

Duration

3 years/ Start Jan 2029

Possible actions to address this include:

- Structure and plan set up
- Selection of teams
- Trainings & study visits
- Civil society involvement
- Necessary investments
- Information campaigns

Measure 2 - Investment to establish & operationalise joint governance structures that enable coordinated decision-making, preparedness planning, & emergency response to floods in transnational river basins

Estimated programme's allocation to the measure

10 M €

Duration

3 years / Start Sept 2028

Possible actions to address this include:

- Structure and plan set up
- Selection of teams
- Development of protocol(s)
- Trainings & study visits
- Civil society involvement
- Necessary investments
- Information campaigns

P-BA How to ...?

Set up pay-out values for milestones and targets

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Pay-out value definition - Article 4(13) NRPP draft

(13) 'pay-out value' means the amount to be paid by the Commission to the Member State for the progress achieved in the implementation of the measures of the Plan, taking into account the amounts set aside for reforms;



Set-up in advance



Assigned to each milestone and target of a measure



Based on EU contribution



Without Technical assistance

Determination of pay-out values – from discussions



MAs will be able to decide when to claim



Ensure predictability and consistency between payments levels and the individual value & implementation pace of each measure



Allow for faster disbursement to help pre-finance projects and speed up implementation on the ground



Once milestones reimbursed that cannot be claimed back even if the final target will be not achieved

Types of milestones and targets – from discussions



Procedural/process milestone – e.g. *projects' selection*



Content milestone – e.g. *projects' mid-term reviews completion*



Interim target – e.g. *IF 142 Output indicator - Number of strategies and action plans jointly developed 5/12*



Final target – e.g. *IF 142 Output indicator - Number of strategies and action plans jointly developed 12/12*

Measure 1 – Operationalisation of joint cross-border medical teams & service

Milestones and targets – Measure 2 - Operationalisation of joint cross-border medical svc

Measure ID	Name of the measure	Specific Objective	Milestone/target name	Qualitative achievement	Quantitative indicators	Base-line	Target	Indicative timeline for achievement	Description of each milestone and target	Pay-out value (Euro)
2(Inv)	Operationalisation of joint cross-border medical teams and service	Idem	Milestone 1 -: Project Management Structure established	Notification confirming the approval of the project management plan				Quarter 2 2029	Approval of the project management plan, including description of governance arrangements and team composition. Notification of approval of participating Member States	200.000
			Milestone 2 – Operating procedures of the joint medical teams	Notification of approval of operating procedures by the project governance board				Quarter 3 2029	Procedures how medical teams will operate have been approved by the project governance board. Notification of the formal decision note.	100.000
2(Inv)	Idem	Idem	Target – Purchase of medical equipment in support of the joint medical teams		Unit of equipment purchased	0	60	Quarter 1 2030	Formal public procurement procedure on the basis of requirements approved by the project governance board: completed; Notification of the procurement award decision.	1.200.000
2(Inv)	Idem	Idem	Target: Joint medical teams are operational		Improved services	0	1	Quarter 1 2031	Joint medical teams are established, equipped and operational. Notification of joint declaration by participating Member States	800.000

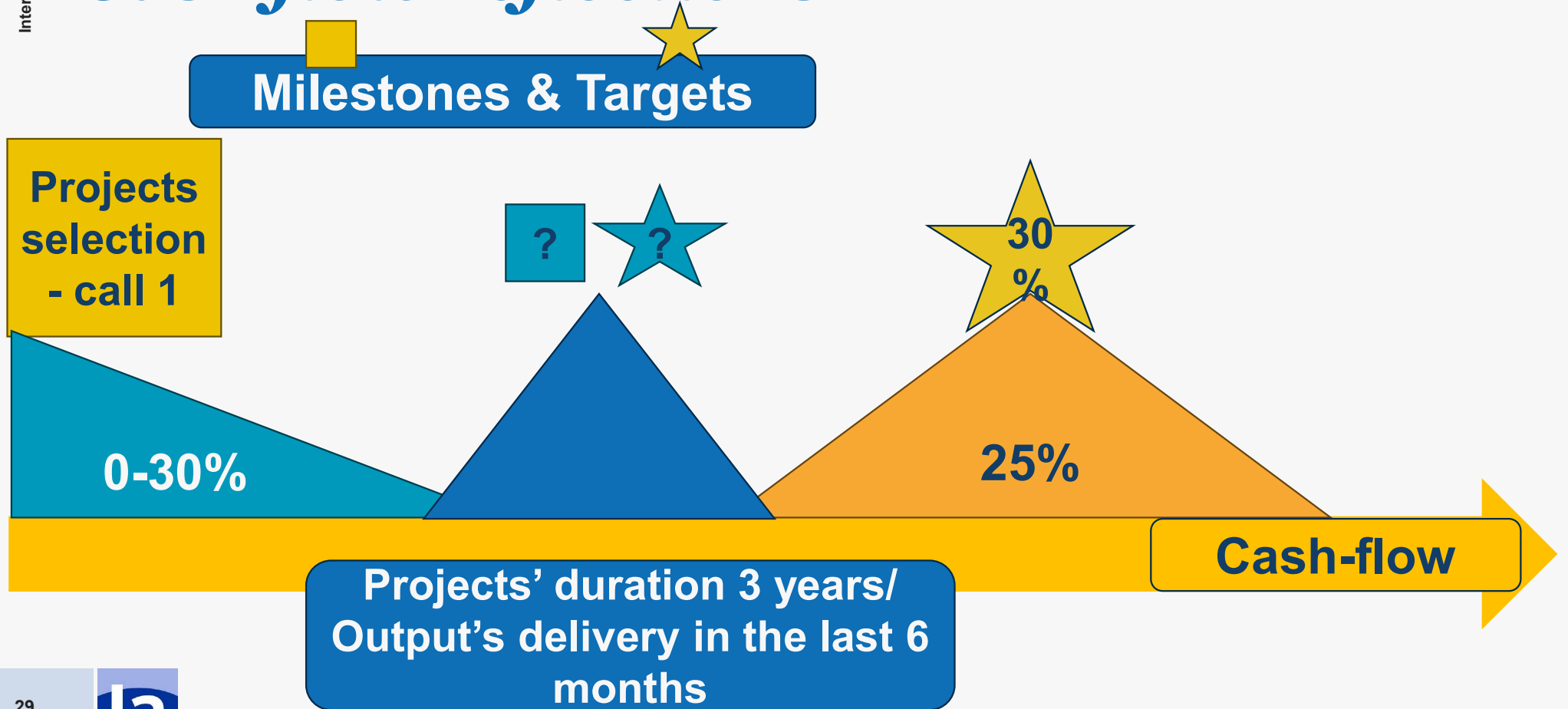
Measure 2 - Investment to establish & operationalise joint governance structures that enable coordinated decision-making, preparedness planning, & emergency response to floods in transnational river basins

Milestones and targets – Measure 4(Inv) - Establish and operationalise joint governance to improve flood preparedness

Measure ID	Name of the measure	Specific Objective	Milestone/target name	Qualitative achievements	Quantitative indicators	Base-line	Target	Indicative timeline for achievement	Description of each milestone and target	Pay-out value
4(Inv)	Improve flood preparedness and response in transnational areas XXX	Interreg-specific objective 1: Better cooperation governance	Milestone: publication of the call for proposals	Notification of the publication of the call for proposals				Quarter 3 2028	The monitoring committee has approved the call and publication of the call is notified	500.000
4(Inv)	Idem	Idem	Milestone: Signature of contracts	Contracts signed covering at least 80% of the call allocation				Quarter 2 2030	Assessment carried out and contracts signed for projects covering at least 80% of the call allocation. Extract of the MA contract register	1.500.000
4(Inv)	Idem	Idem	Target: Flood preparedness projects fully implemented		Adaptation measure supported (IF275)	0	5	Quarter 4 2030	Notification of MA's reports of project completion for at least 5 flood preparedness projects	3.000.000
4(Inv)	Idem	Idem	Target: Flood preparedness projects fully implemented		Adaptation measure supported (IF275)	5	10	Quarter 4 2030	Notification of MA's reports of project completion for the contracted flood preparedness projects	3.000.000

Possible P-BA for an Interreg measure

Cash flow reflections



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Primary knowledge area

Future regulatory discussions

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