

***PROJECT CYCLE MANAGEMENT FOR DIGITAL, ECOLOGICAL AND  
SOCIAL INNOVATIONS  
Euro-planning techniques***

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***Trieste, 22/09-19/12/2025***



**UNIVERSITÀ  
DEGLI STUDI  
DI TRIESTE**



Dipartimento  
**Scienze Politiche  
e Sociali**

# Recap of the last lesson

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Hypotheses

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Risks

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Risks evaluation

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Sustainability factors

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From the LFM to project design

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The Work Breakdown Structure (WBS)

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The Work Packages

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From the WBS to activity scheduling

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The GANTT Chart

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Evropska unija



**INTERREG VI-A  
ITALIA-SLOVENIA  
2021-2027**

**INTERREG VI-A  
ITALIJA-SLOVENIJA  
2021-2027**

**BANDO PER  
PROGETTI STANDARD  
N. 03/2024**

**RAZPIS ZA  
STANDARDNE  
PROJEKTE ŠT. 03/2024**

# Exercise

Fill in the LFM for the Interreg Italy-Slovenia call for proposals (2024-10-04\_Standard Call\_ITA\_SLO)

[https://www.ita-slo.eu/sites/default/files/media/document/Standard%20Call%2003-2024\\_ITA\\_SLO.pdf](https://www.ita-slo.eu/sites/default/files/media/document/Standard%20Call%2003-2024_ITA_SLO.pdf)

# Exercise

## General objectives:

- **Ob. PO2** - A resilient, greener and low-carbon Europe transitioning to a net-zero carbon economy through the promotion of a clean and fair energy transition, green and blue investments, the circular economy, climate change adaptation and mitigation, risk management and prevention, and sustainable urban mobility
- **ISO 1** - Better governance of cooperation

**Interreg**  
**Italia-Slovenija**



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# Exercise

## Specific objectives

**SO 2.4** - Promote adaptation to climate change, disaster risk prevention and resilience, taking into account ecosystem approaches;

**ISO 1.(b)** - Strengthening efficient public administration by promoting legal and administrative cooperation and cooperation between citizens, civil society actors and institutions, in particular with a view to removing legal and other obstacles in border regions.

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# Activity schedule and costs sheets

The activity table provides a working basis on which to assign management responsibilities for the implementation of each activity.

Once an activity table has been completed, work begins on defining the material and financial contributions and costs of the project.



# Activity schedule and costs sheets



- Estimate the start date, duration and implementation;
- Present the activity chart (= Gantt Chart);
- Prepare an expenditure sheet, i.e. a cost estimate based on an accurate and comprehensive budget.

# The construction of the project budget



In a project, the budget corresponds to the costs of project activities.

It is divided into:

- Work packages
- Expenditure categories
- Time units (annual, half-yearly)

# The construction of the project budget



The budget must be:

**Consistent:** each expenditure item must refer to a specific activity

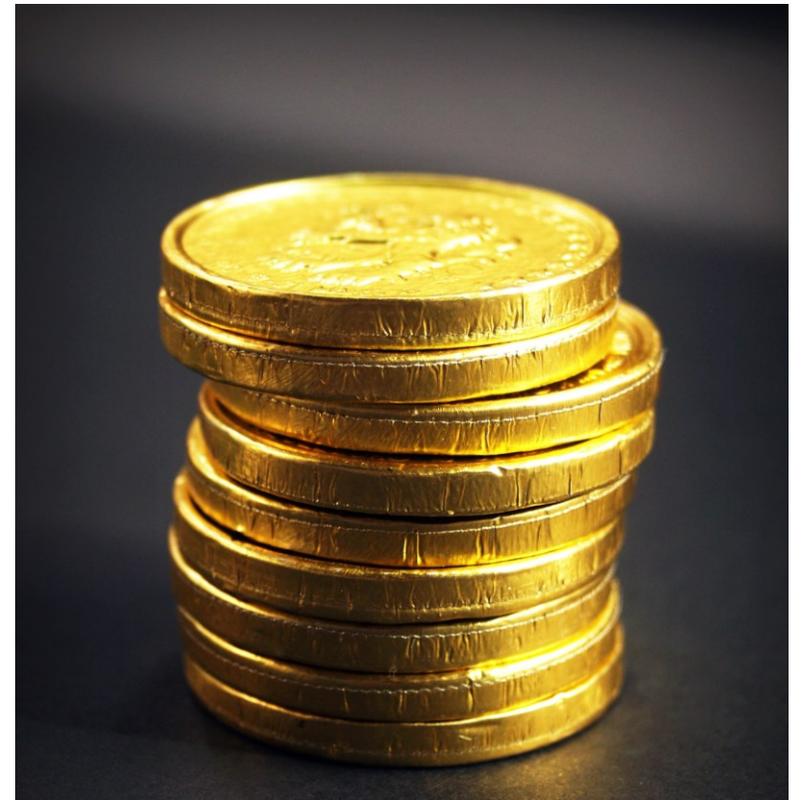
**Detailed:** precise and analytical

**Realistic:** based on plausible estimates and expenditure forecasts

# The three processes of cost management

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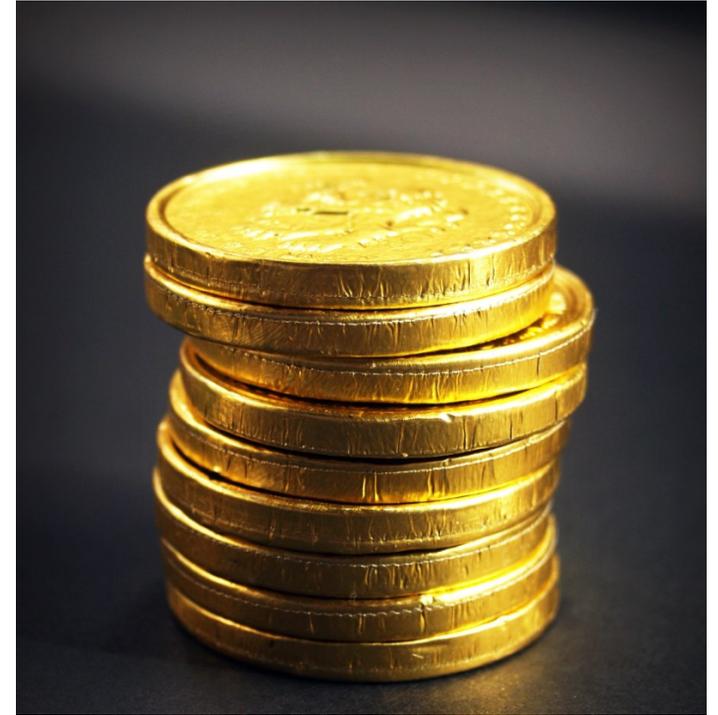
1. **Cost estimation:** development of an approximation of the costs of the resources needed to carry out the project activities. This process is conducted in the initial phase of the project, generally when it has not yet been approved.
2. **Cost allocation:** aggregation of the estimated costs of individual activities or WPs to determine a cost baseline. This process is carried out during the planning phase, after the Work Breakdown Structure (WBS) has been developed and the duration of the scheduled activities has been estimated.



# The three processes of cost management

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3. **Cost control:** monitoring of the project's progress against the baseline costs. This involves comparing the actual costs incurred with the estimated costs and taking corrective action if necessary.



# The preliminary cost estimate

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## Estimates by analogy

Estimating costs by analogy involves using the actual cost of similar projects completed in the past as a basis for estimating the cost of the current project.

This type of estimate is usually used to assess costs when there is limited detailed information available about the project (e.g. in the early stages). Generally, this type of estimate is less costly than other techniques, but also less accurate.

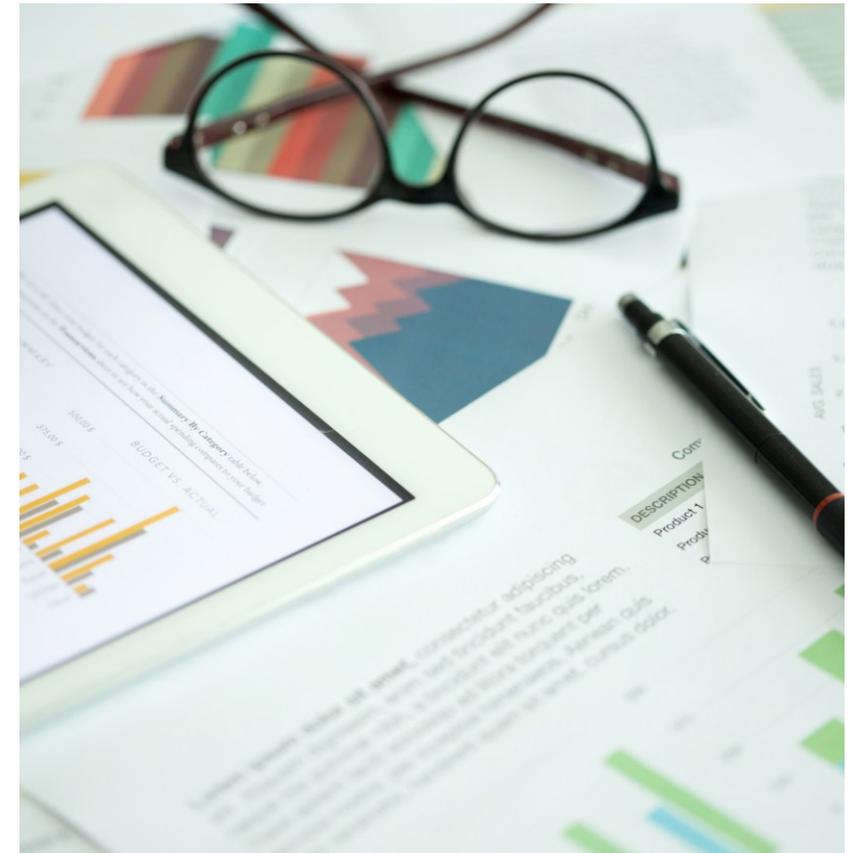


# The preliminary cost estimate

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## Parametric estimates

The parametric estimation technique uses a statistical relationship between historical data and other variables (e.g. square meters in construction, lines of code in software programming, hours of labor required) to calculate an estimate of the resource costs of a scheduled activity. This technique allows for fairly high levels of accuracy depending on the degree of sophistication and the amount of resources and cost data contained in the model. However, reliable unit costs for a certain type of work are required.



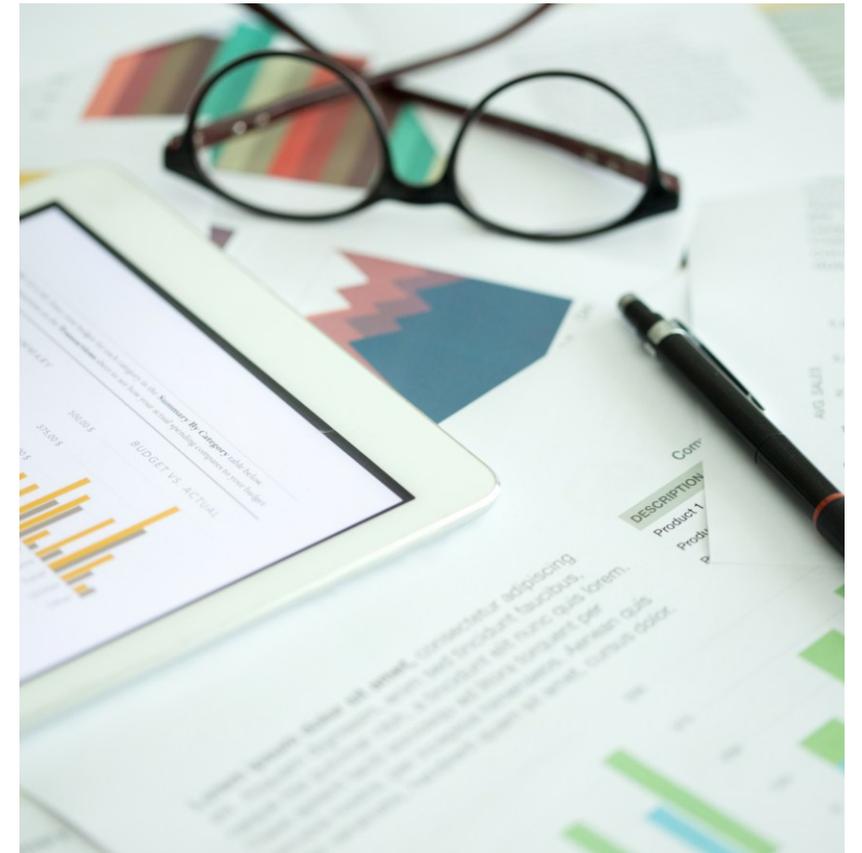
# The preliminary cost estimate

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## Bottom-up estimates

Bottom-up estimates involve detailed estimates of the costs of individual WPs or individual scheduled activities, starting from the lowest level of detail. The detailed estimated cost is then aggregated to higher levels for reporting and control purposes.

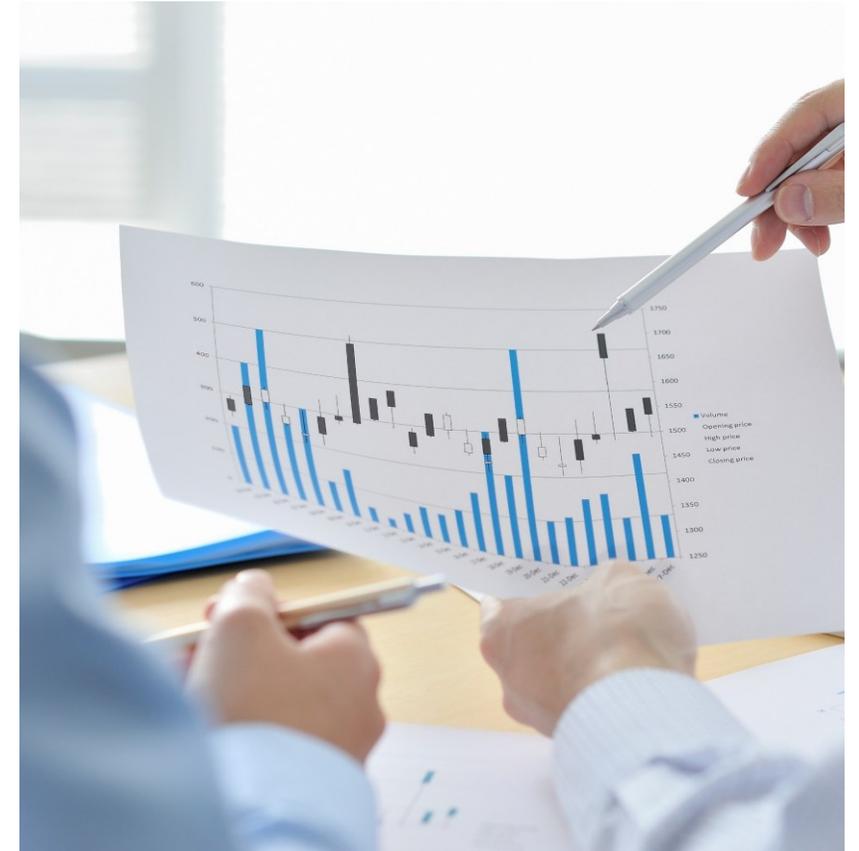
The cost and accuracy of a bottom-up cost estimate generally depend on the size and complexity of the individual scheduled activity or WP.



# The preliminary cost estimate

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- The presence of activities with a reduced scope ensures greater accuracy in estimating the costs of scheduled activities.
- Of course, in order to estimate the cost of each WP, **it is necessary to know the unit cost and the quantity of resources used in it.**



# The allocation of project costs

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## The cost baseline

The purpose of project cost allocation is to provide a detailed estimate of costs at the end of the planning phase.

At the end of this process, the so-called cost baseline, or **project budget**, will be approved, against which future economic performance during the project will be measured.

From that moment on, all actual costs will have an often very strict benchmark.



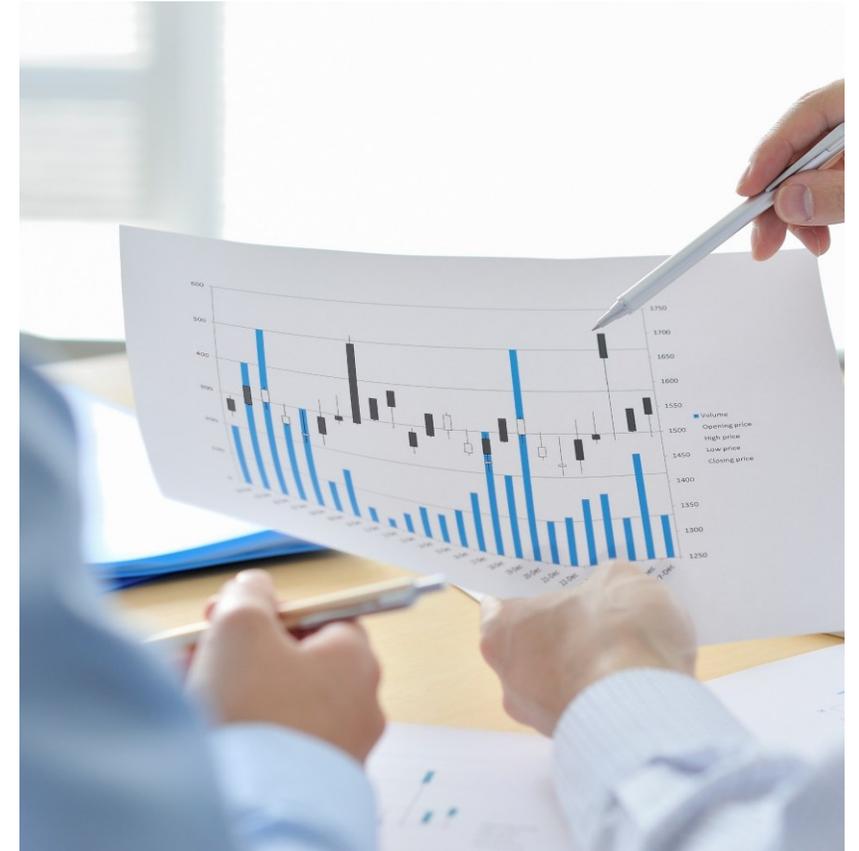
# Allocation of costs for each scheduled activity

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Cost allocation is simple in principle but not so much in practice.

The principle is simply **to assign a cost to each scheduled activity in the WBS**. In practice, this requires **knowledge of all the resources** that will be used in each activity, their unit cost and the duration of use (not necessarily equivalent to the duration of the activity for all resources: many resources will be used only partially).

Only the unit cost of resources is easy to find; determining the type and duration of resource use is much more challenging!



# Most common categories of expenditure in European projects

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- Staff costs
- Equipment
- Travel costs
- Subcontracting
- Other direct costs
- Indirect or administrative costs



# The budget in European projects

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When discussing budgets for European, national and international projects, two fundamental distinctions must be made.

The first fundamental difference is between the **provisional budget** and the **operating budget**.

The provisional budget presents a forecast of the project costs, which must be as accurate as possible, but which remains just that: a forecast. It is a “snapshot” of the costs taken at the time of submitting the proposal (before the start of the project).



# The budget in European projects

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The operating budget, which will change throughout the project cycle, is subject to adjustments and amendments because it reflects the life of the project, including unforeseen events, delays and deviations from forecasts.

It is a sort of “film” that lasts for the entire life of the project, is dynamic and must be continuously updated to monitor project expenditure.



# The budget in European projects

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The second fundamental difference is between the **financing budget** and the **analytical budget** (or “internal” budget).

The financing budget uses the budget template provided in the call for proposals, a simplified template containing eligible cost items, divided into macro-items.



# The budget in European projects

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The analytical budget (or internal budget) specifies in detail all the cost categories of the financing budget. It is a 'talking' budget because it contains all the details of each expenditure category.

It should be used in both the forecast budget and management budget phases because it provides clear indications of the types of expenditure and better financial management.



# Financing budget template

Cost Category		Total in euro	
_ftn1	Personnel	_ftn2	€ 0,00
		Senior staff	€ 0,00
		Postdocs	€ 0,00
		Students	€ 0,00
		Other	€ 0,00
	<i>i. Total Direct costs for Personnel (in euro)</i>		€ 0,00
	Travel		€ 0,00
	Equipment /server)		€ 0,00
	Other goods and services	Consumables	€ 0,00
		Services	€ 0,00
		Publications (including Open Access fees), dissemination activities, etc.	€ 0,00
Other costs Certificate on Financial statement		€ 0,00	
<i>ii. Total Other Direct Costs (in euro)</i>		€ 0,00	
<b>A – Total Direct Costs (i + ii) (in euro)</b>		€ 0,00	
_ftn3		€ 0,00	
<b>C1 – Subcontracting Costs (no overheads) (in euro)</b>			
_ftn4			
<b>Total Estimated Eligible Costs (A + B + C) (in euro)</b>		€ 0,00	
<b>Total Requested Grant (in euro)</b>			

# Analytical budget model

		Durata		54 mesi												
		RP1 (inizio e fine)	01/09/2022 29/02/2024			18										
		RP2 (inizio e fine)	01/03/2024 31/08/2025			18				1720						
		RP3 (inizio e fine)	01/09/2025 28/02/2027			18				1228						
employees or equivalent		A.1								215						
natural persons under direct contract		A.2								153,5						
seconded persons		A.3														
INSERIMENTO DATI											CALCOLO				CONTROLLO E NOTE	
RP	Dip.	Cognome e nome	Personnel subcategory	Posizione in Ateneo	Regime di impiego	dal	al	Max. mesi lavorabili per RP	Costo lordo per RP	Ore TOT timesheet per RP	Max. day eq. in RP	Daily rate RP	Day eq. lavorati per RP	Costo ammissibile per RP	Controllo max. day eq. lavorati per RP	Note
RP1	DDD	Rossi P	A.1	PA-tp	100,00%	-	-	18,00	98.000,00 €	2.580	322,50	303,88	322,50	98.000,00	OK	
RP1	DDD	Bianchi A	A.2	AdR	100,00%	01/01/2023	31/12/2025	14,00	98.000,00 €	2.000	251,00	390,44	250,00	97.609,56	OK	
RP1	DDD	Verdi N	A.3	INAF	50,00%	01/02/2023	31/12/2025	13,00	27.000,00 €	717	116,50	231,76	89,50	20.742,49	OK	PART-TIME
RP1	DDD	Neri L	A.1	PA-td	71,40%	-	-	18,00	74.000,00 €	1.842	230,50	321,04	230,50	74.000,00	OK	TEMPO DEFINITO
RP2	DDD	Rossi P	A.1	PA-tp	100,00%	-	-	18,00	99.500,00 €	2.580	322,50	308,53	322,50	99.500,00	OK	
RP2	DDD	Bianchi A	A.2	AdR	100,00%	01/01/2023	31/12/2025	18,00	44.200,00 €	2.580	322,50	137,05	322,50	44.200,00	OK	
RP2	DDD	Verdi N	A.3	INAF	50,00%	01/02/2023	31/12/2025	18,00	48.600,00 €	1.290	161,50	300,93	161,50	48.600,00	OK	PART-TIME
RP2	DDD	Neri L	A.1	PA-td	71,40%	-	-	18,00	75.100,00 €	1.842	230,50	325,81	230,50	75.100,00	OK	TEMPO DEFINITO
RP3	DDD	Rossi P	A.1	PA-tp	100,00%	-	-	12,00	65.500,00 €	1.720	215,00	304,65	215,00	65.500,00	OK	
RP3	DDD	Bianchi A	A.2	AdR	100,00%	01/01/2023	31/12/2025	4,00	18.900,00 €	572	71,50	264,34	71,50	18.900,00	OK	
RP3	DDD	Verdi N	A.3	INAF	50,00%	01/02/2023	31/12/2025	4,00	18.900,00 €	280	36,00	525,00	35,00	18.375,00	OK	PART-TIME
RP3	DDD	Neri L	A.1	PA-td	71,40%	-	-	12,00	50.100,00 €	1.228	153,50	326,38	153,50	50.100,00	OK	TEMPO DEFINITO
RP3	DDD	Vermigli B	A.1	TA	100,00%	-	-	12,00	39.784,00 €	1.628	212,00	187,66	203,50	38.188,89	OK	CONGEDO AL 30%

# Analytical budget model

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## Financing budget

- Staff costs
- Other direct costs
- Subcontracting
- Equipment
- Indirect costs

## Analytical budget

### Personnel costs:

- divided between permanent staff and staff to be recruited;
- specific by type of contract (teachers, researchers, PhD students, technical and administrative staff);
- detailed with eligible and ineligible expenses (e.g. IRAP, teaching hours);
- detailed in terms of the person's commitment to the project (= basis of the working group's timesheet)

# Analytical budget model

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## Financing budget

- Staff costs
- Other direct costs
- Subcontracting
- Equipment
- Indirect costs

## Analytical budget

### Other direct costs:

- Consumables
- Missions
- Open Access costs
- CFS (Certificate on Financial Statement) costs
- patent costs
- costs for conferences to be organised at the beneficiary's premises (room, translations, catering)
- communication costs (website, press releases, etc.)

# Analytical budget model

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## Financing budget

- Staff costs
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- Indirect costs

## Analytical budget

### Subcontracting:

- Costs for outsourcing entire project tasks (e.g. communication strategy, conducting interviews, statistical surveys, data analysis)
- Consultancy costs

# Analytical budget model

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## Financing budget

- Staff costs
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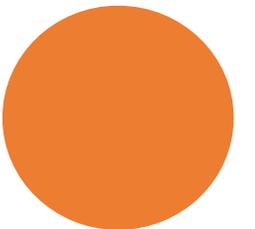
## Analytical budget

### Equipment:

- Costs for purchasing scientific equipment
- Depreciation costs for scientific equipment (with calculation of annual payments covered by the project and annual payments to be covered by own funds)
- Software licence costs
- Maintenance costs
- Testing costs

# General criteria for the eligibility of expenditure

- Project-related expenses;
- Recorded in the accounts and traceable;
- Not excessive;
- Selection of suppliers offering the best value for money;
- Expenses incurred during the project period (with some exceptions that may be expressly provided for in the call for proposals);
- Compliance with the program rules



# Non-eligible expenses

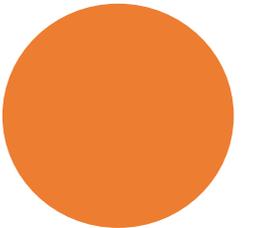
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- Contributions in kind (e.g. voluntary work)
- Bank charges (interest payable, transaction costs, etc.)
- Losses due to currency exchange
- VAT (if not a cost)
- Entertainment expenses
- Expenses for gifts/freebies
- Excessive expenses (e.g. first-class air travel)
- Expenses incurred after the end of the project (with the exception of reporting expenses, which may be incurred up to 60 days after the end of the project)
- Expenses already covered by other public or private funding (no double funding allowed!!)



# The budget: cofinancing

- Only some programs provide 100% funding.
- There are differences in the percentage of funding depending on the entity (public/private).
- Each partner must be aware of how much they have to co-finance.
- Pay attention to cash flow (advances YES/NO?).



# The budget: cofinancing

The project can be co-financed through:

- Own funds (cash)
- Own funds (valuation of internal staff hours)
- Project income (e.g. conference participation fees)
- Sponsorships

Income must be declared. If it exceeds the requested co-financing, the European contribution will be reduced proportionally!



# The budget: cofinancing

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Income must be declared. If it exceeds the requested co-financing, the European contribution will be reduced proportionally!



# Budget construction

- Follow a bottom-up approach, not a priori divisions.
- Carefully study the financial guidelines to verify that costs are eligible.
- Fair distribution of man-days with respect to tasks.
- Cost-based projects: inevitably, richer countries have higher budgets than countries with lower labor costs.
- When estimating personnel costs, take into account any possible increases; however, do not cheat on personnel costs.



# Budget construction

- Check that the WP description matches the budget;
- Ask for quotes to estimate external cost categories.
- Read and re-read: there is always some cost item that gets overlooked (slightly overestimate some cost items).
- Pay attention to the % of funding.



*Thank you for your attention!*

*Elisabetta Boglich Perasti, PhD*

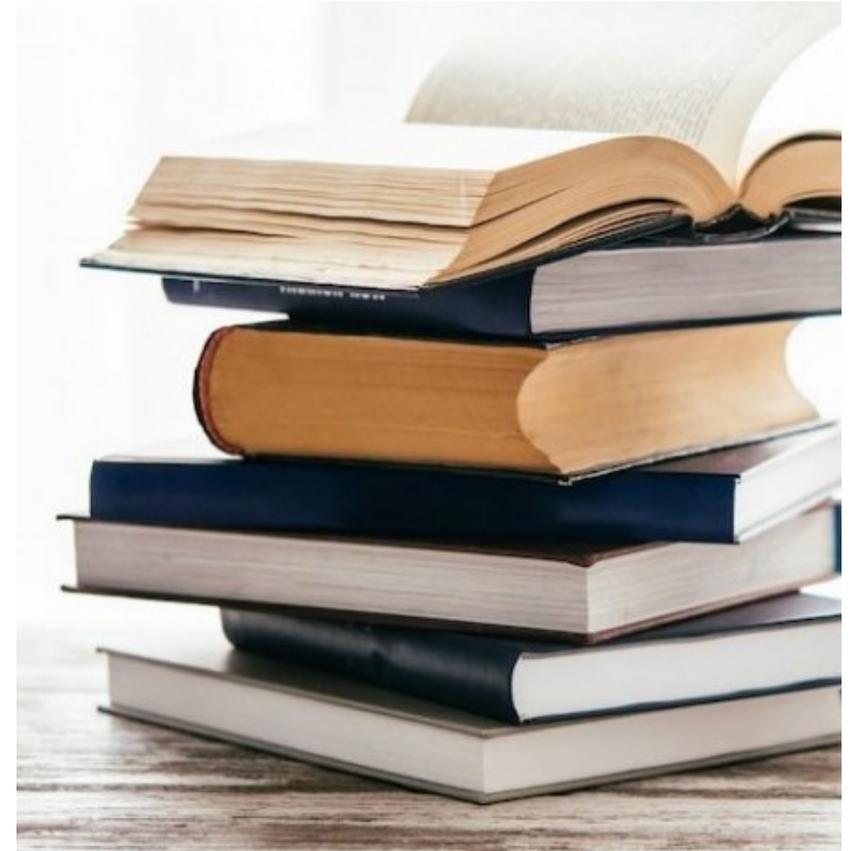
*[elisabetta.boglich@dispes.units.it](mailto:elisabetta.boglich@dispes.units.it)*

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Consortium for the Scientific and Technological Research Area of Trieste

