



# **An overview of the use of SCOs in EAFRD**

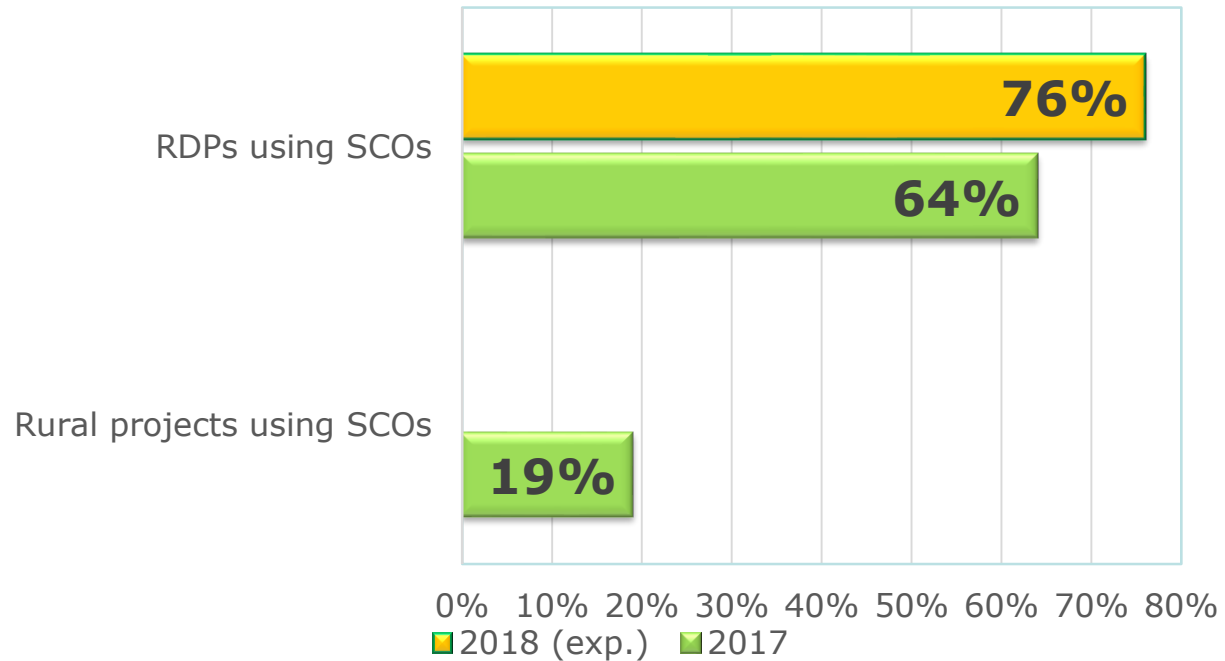
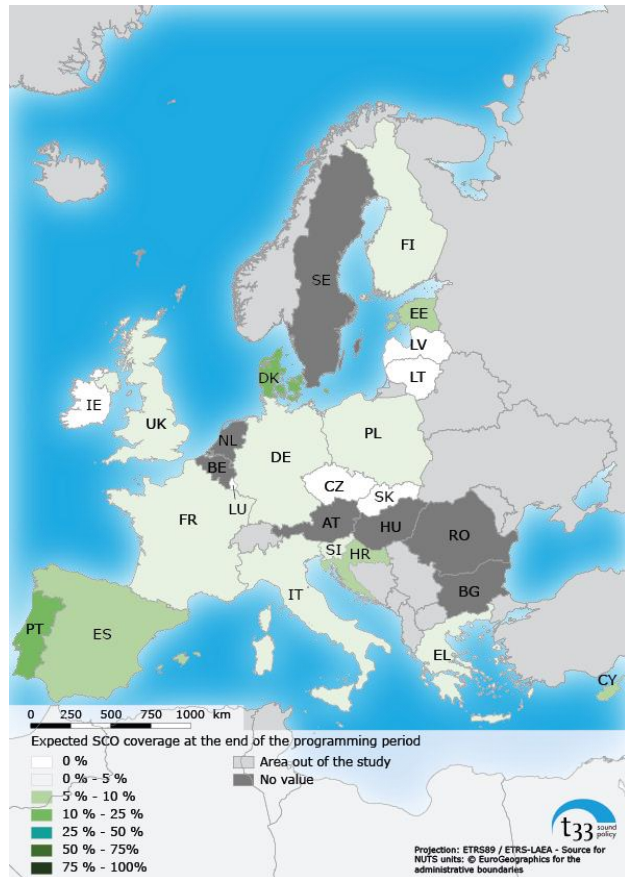
**FARNET Managing Authorities Meeting  
15 October 2019**

**Marina Hadjiyanni**  
**DG AGRI Unit F1 – Conception and Consistency of rural development**

# Uptake of SCOs



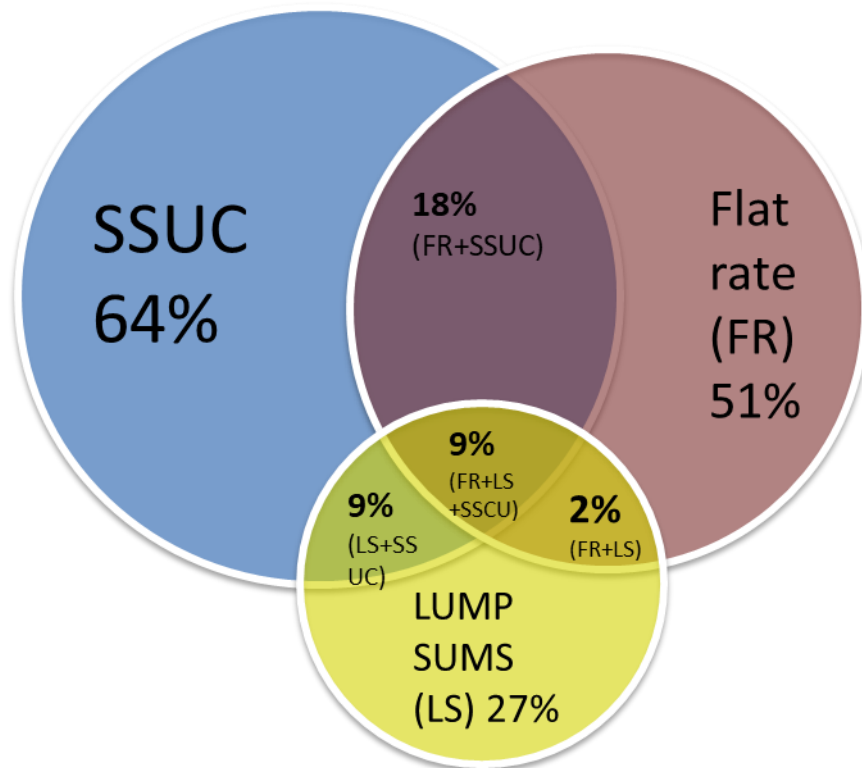
## Results of 2017 Study: Use and intended use of SCOs



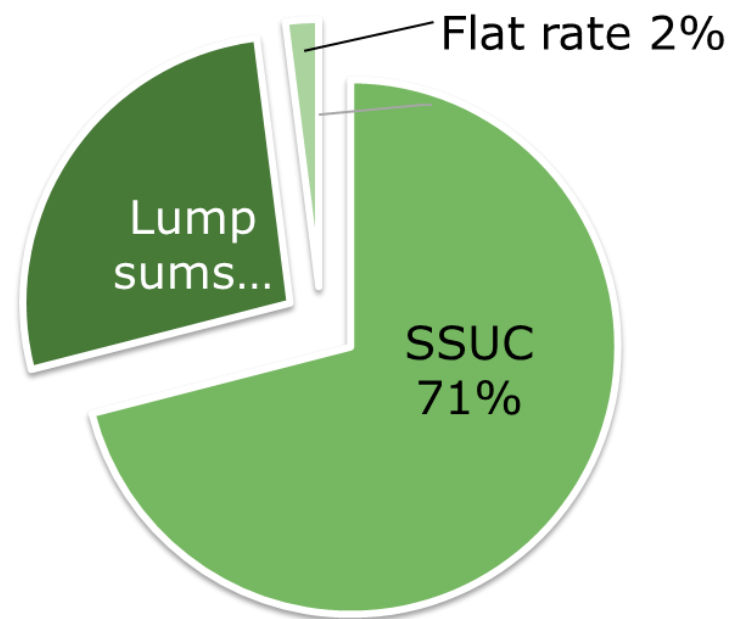
# Types of SCO used



## SCOs currently used by RDPs (2017)



## Payments to beneficiaries per SCO type (2017)



# Use of SCOs per measure (2017)



Knowledge transfer  
(measure 1)

67%



Investments in  
forest area  
(measure 8)

40%



Cooperation  
(measure 16)

40%



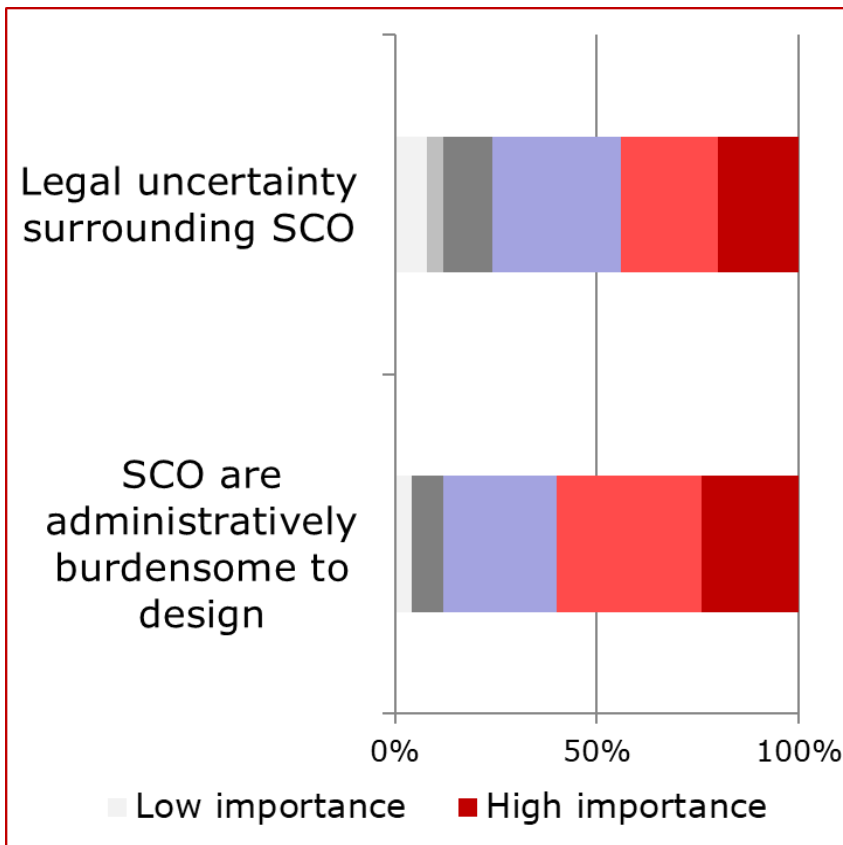
LEADER local development  
(measure 19)

**47%**

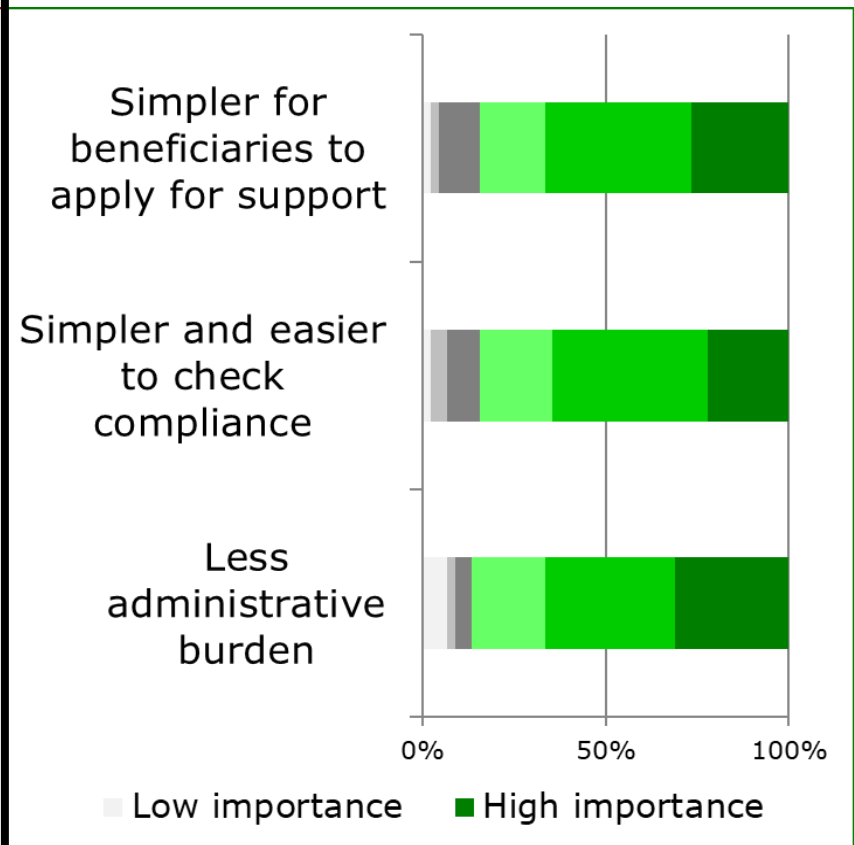
# Reasons for taking up, or not taking up SCO



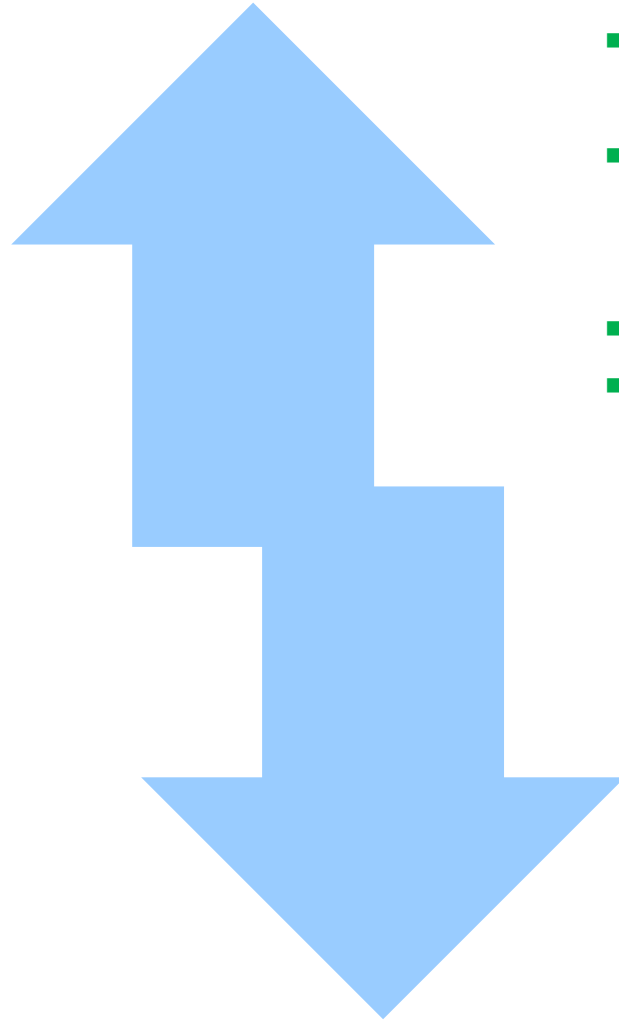
## Key reasons for not using SCO



## Key reasons for using SCO



# Deconstructing some “fears” on SCOs



- Projects using SCOs are less error-prone than reimbursements of actual costs
  - No audit of actual costs or underlying financial documents. Correct implementation of methodology
  - Guidance on SCOs, new options, workshops...
  - There is no “one size fits all” approach
- 
- Reluctance to invest in SCOs. No assurance on their methodology
  - It is more risky to sue SCOs – More financial corrections
  - Lack of Guidance/support
  - SCOs are administratively burdensome to design

# An example with LEADER



## Costs fully justified on a real costs basis

Running costs of 1 LAG

*Direct costs = 6.000 €*

<i>1. Personnel cost</i>	<i>5.000</i>
<i>Internal personnel – remuneration</i>	<i>3.500</i>
<i>Int. pers. - transport home/work</i>	<i>200</i>
<i>Internal personnel – travel costs</i>	<i>300</i>
<i>External personnel – remuneration</i>	<i>1.000</i>
<i>External personnel - travel costs</i>	<i>0</i>
<i>2. Product develop and consumption</i>	<i>1 000</i>
<i>Non depreciable consumption goods</i>	<i>200</i>
<i>Publicity</i>	<i>150</i>
<i>Organisation costs</i>	<i>650</i>
<i>Other costs</i>	<i>0</i>

*Indirect costs = 1 000 €*

<i>Personnel costs (management)</i>	<i>350</i>
<i>Equipment and immovable goods (depreciation)</i>	<i>25</i>
<i>Internal administration, accountancy, management</i>	<i>120</i>
<i>General doc. and publicity for courses &amp; structure</i>	<i>65</i>
<i>Office supplies</i>	<i>110</i>
<i>Telephone, post, fax</i>	<i>20</i>
<i>Taxes and insurance</i>	<i>150</i>
<i>Movable material (depreciation)</i>	<i>85</i>
<i>Immovable goods</i>	<i>0</i>
<i>External accountancy costs</i>	<i>75</i>
<i>Other costs</i>	<i>0</i>

*Total costs : 6.000 + 1.000 = 7.000€*

# An example with LEADER



## Costs fully justified on a ~~real costs~~ calculated basis

Running costs per staff

### Unit cost

Running costs of LAG: **1,000€** per person hired

### Output foreseen

7 persons are hired by LAG

### Maximum expenditure

7 persons x 1,000€ = **7,000€**

### Output achieved

1 person was finally not hired = **6 persons hired**

### Expenditure declared

6 persons hired x 1,000€ = **6,000€**



# An example with LEADER



## Costs fully justified on a real costs basis

Running costs of 1 LAG

**Direct costs = 6.000 €**

<b>1. Personnel cost</b>	<b>5.000</b>
Internal personnel – remuneration	3.500
Int. pers. - transport home/work	200
Internal personnel – travel costs	300
External personnel – remuneration	1.000
External personnel - travel costs	0
<b>2. Product develop and consumption</b>	<b>1 000</b>
Non depreciable consumption goods	200
Publicity	150
Organisation costs	650
Other costs	0

**Indirect costs = 1 000 €**

Personnel costs (management)	350
Equipment and immovable goods (depreciation)	25
Internal administration, accountancy, management	120
General doc. and publicity for courses & structure	65
Office supplies	110
Telephone, post, fax	20
Taxes and insurance	150
Movable material (depreciation)	85
Immovable goods	0
External accountancy costs	75
Other costs	0

**Total costs : 6.000 + 1.000 = 7.000€**

# An example with LEADER



## Costs fully justified on a ~~real-costs~~ calculated basis

Running costs of 1 LAG

### Output foreseen

The LAG fulfils the agreed strategy



### Lump sum

Running costs are established in **7,000€**



### Maximum expenditure

Running cost = **7,000€**



### Output achieved

(1) The strategy is fulfilled

(2) Only a part of the strategy is fulfilled or not at all

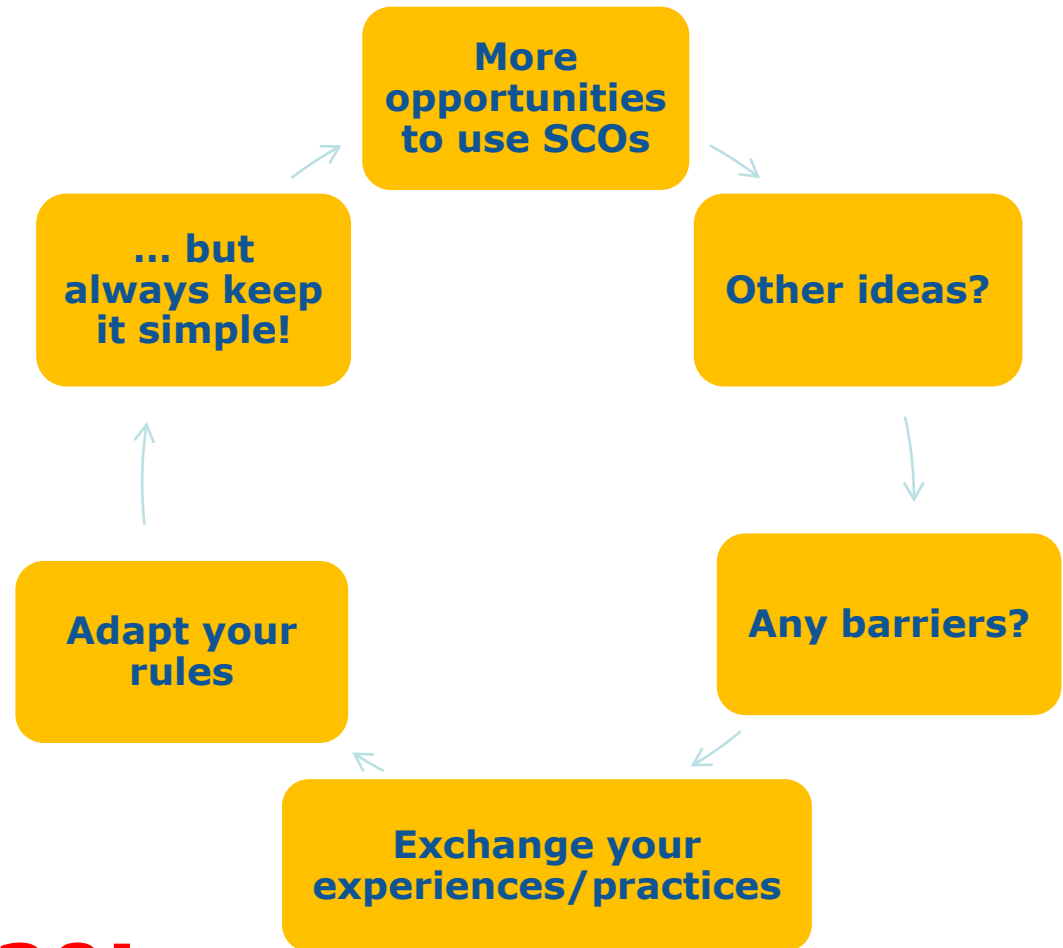


### Expenditure declared

(1) Running costs = **7,000€**

(2) A part of the strategy or no strategy = **0€**

# Simplification? Up to you!



**Also post 2020!**

# SCOs in CAP post 2020

*Article 77*  
**Simplified Cost Options/Forms of grants**

1. Without prejudice to Articles 65, 66, 67, ~~and 69, 74 and 75~~, the support granted under this Chapter may take any of the following forms:
  - (a) reimbursement of eligible costs actually incurred by a beneficiary;
  - (b) unit costs;
  - (c) lump sums;
  - (d) flat-rate financing.
2. The amounts for the forms of grants referred to under point (b), (c) and (d) of paragraph 1, shall be established in one of the following ways:
  - (a) a fair, equitable and verifiable calculation method based on:
    - (i) statistical data, other objective information or an expert judgement; or
    - (ii) verified historical data of individual beneficiaries; or
    - (iii) the application of usual cost accounting practices of individual beneficiaries;
  - (b) draft budgets; **established on a case-by-case basis and agreed *ex-ante* by the body selecting the operation**;
  - (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;
  - (d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grant funded entirely by the Member State for a similar type of operation.

10103/19 LP/JU/TLU/et 114  
LIFE.1 **LIMITE** EN

- More flexibility
- Learn from experience
- Adapt it to needs/national context

# For more information on SCOs...



## Guidance on Simplified Cost Options (SCOs)

European Structural and Investment (ESI) Funds



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