



REPUBLIC OF ESTONIA
MINISTRY OF RURAL AFFAIRS

Running costs of FLAG-s

Meeting of Managing Authorities and National Networks

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EMKF
RAKENDUSKAVA
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Euroopa Liit
Euroopa Merendus- ja Kalandusfond

100% full audit trail is necessary, but it doesn't have to be like this

(2 years of EFF Technical Assistance in 2006-2013 period)



Example 1 - FLAGs budget for running costs

- Annual budget for running cost 32 000 €, covered by 250 invoices per year
- 7 years of implementation - $7 \times 250 = 1750$ invoices
- Average invoice ca 128 euros

Example 2 - Organising FLAG-s General meeting

Total cost of the meeting 300 € (60 participants):

- rent of room – 150 €,
- coffee – 150 €.

Invitation to offer, offers, 2 invoices, 2 proofs of payment, agenda, registration sheet, photo of event (with visible EU emblem).

Example 3 - Buying a paper shredder

Paper shredder costs 80 €

In order to justify the expenditure you need 6 different documents: invitation to offer, offer, invoice, acknowledgement act, proof of payment, photo of equipment (with EU emblem).

+ min 2 persons in IB work carry out management verification based on checklist.

Invoices may be checked on 7 levels

Preparing payment claim to IB by FLAG manager takes approximately 1,5 h

+ in IB 2 persons check payment claim $1,5 \text{ h} \times 2 = 4,5 \text{ h}$

+ MA checks the work of IB

+ SA authority carries out certification

+ AA carries out audits

+ State Audit Authority

+ COM audit

+ Court of Auditors

Why to use SCOs for CLLD running costs?

- administrative burden will decrease on all levels: FLAG-s, MA-s, IB-s etc
- EMFF audit findings on running costs – **none**
- lot of small invoices (smallest amount **60 cents**)
- big part is staff costs (salaries for the FLAG managers, animators etc), on MS level similar amounts per year. With SCO-s there is no need to document the working hours.

Considerations

What is the result on FLAG-s work? What to use as proxy?
Projects selected/approved by IB/paid?

No of operations vs amount of support – do we want a lot of small projects or few large ones? Try to avoid wrong incentives.

Are the budgets allocated to FLAGs similar or not? There might be a need for different categories based on size of budget.

First ideas for FLAG-s running costs SCO

- Flat rate based approach
- Max 20%, consisting of 2 criteria with equal value (50/50)
 - 10 % of the budget of the selected projects and
 - max 10% for the number of selected projects (each 15 projects are equal to 1%).

Flat rate for running costs

	Example no 1	Example no 2	Example no 3
Committed budget (selected projects)	1 000 000 EUR	1 000 0000 EUR	1 000 000 EUR
Number of selected projects	75	150	175
10% of the budget of the selected projects	100 000 EUR	100 000 EUR	100 000 EUR
1% of for every selected 15 projects (max 10%)	50 000 EUR (5%)	100 000 EUR (10%)	100 000 EUR (max 10%)
Support for the running costs of the FLAG	150 000 EUR	200 000 EUR	200 000 EUR

Other SCO-s in CLLD

Lumpsum

- for preparation of local strategy, paid after the submission of the strategy
- for seminars, trainings etc

Unit costs

- seminars, trainings – x euros/per participant/trainee

+ there are some SCOs established in the CPR, for example for indirect costs.

Practical advice

Involve auditors from the beginning – if you can't answer their questions in the beginning you will have problems later.

NB! If there is an issue in the methodology, you need to recover support from all beneficiaries.

Additional legal certainty can be achieved by using the same SCO-s on both level-s: for payments to beneficiaries and payments from COM. Include SCO-s to the Annex of Operational Programme.

Idea to consider for the future

Currently Common Provisions Regulation establishes maximum support for running costs (25%).

Why not to establish a flat-rate on EU level? Historical information from previous periods is there and EU level flat-rate would decrease everyone's administrative burden.

Like in case of other flat-rates established in the CPR, MS could decide whether to use it or not.



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Thank you for your attention!

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