



# SCOs and simplification opportunities in the future CAP

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# Key elements of the Reform



- 1. Rebalancing responsibilities between Brussels and the Member States (more subsidiarity)*
- 2. More targeted, result and performance based support*
- 3. Enhancing environmental and climate ambition*
- 4. Simplifying and modernising the policy*

# A simpler CAP



## NEW OPPORTUNITIES

- **EU focus on results and performance** of the policy
- **Simplification** and reduction of administrative burden
  - stems from requirement of the CAP Strategic Plan
- Design of a **plan adapted to local needs**
- **Streamline schemes in both pillars**
- Potential for a lighter **compliance framework**

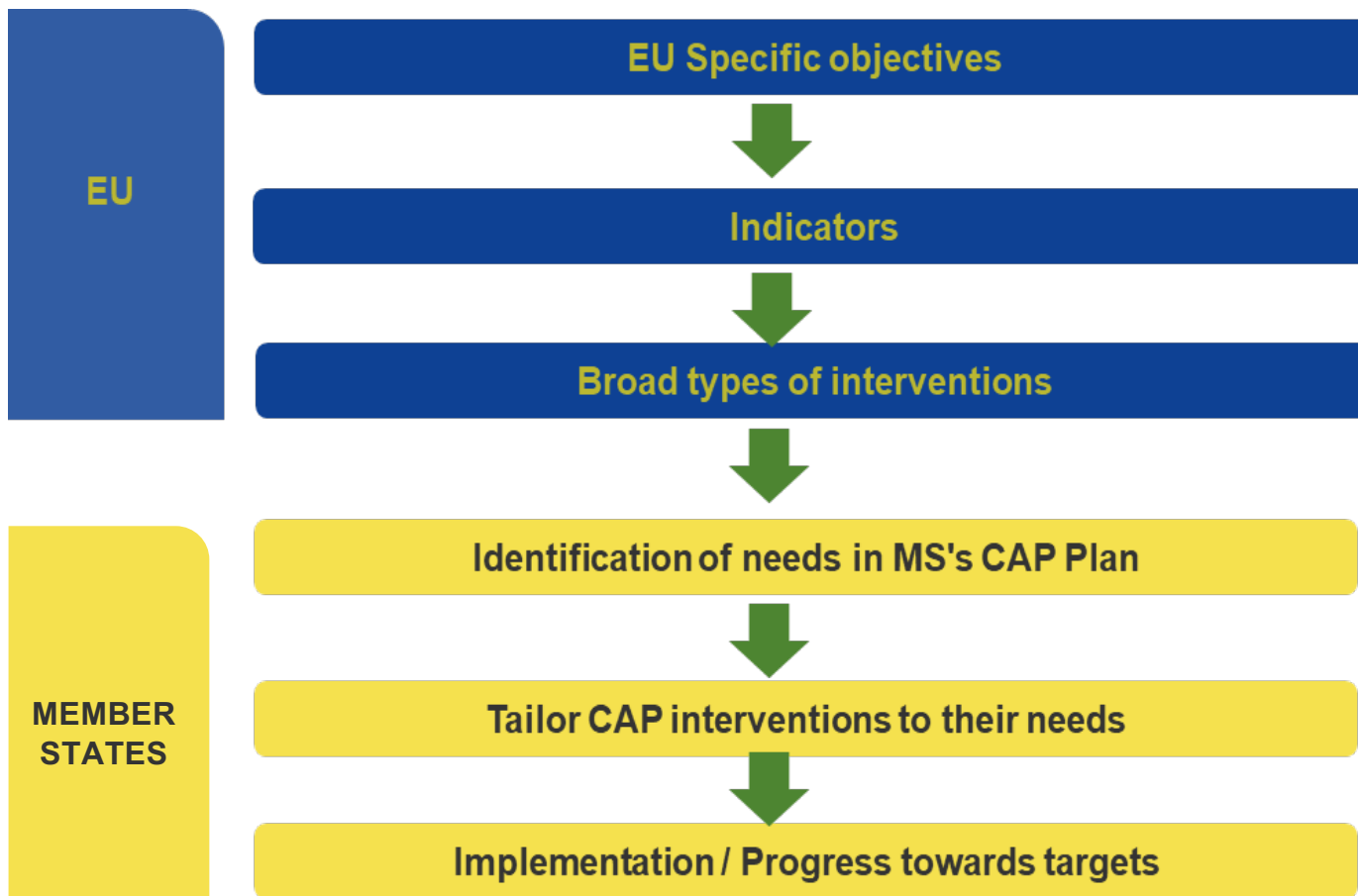
## FOR BENEFICIARIES

- **No detailed EU rules on individual beneficiaries**
- **Use of technologies** for faster, slimmer and more automatic fulfilment of administrative procedures
- **Access to improved farm advice** and assistance in applying for support

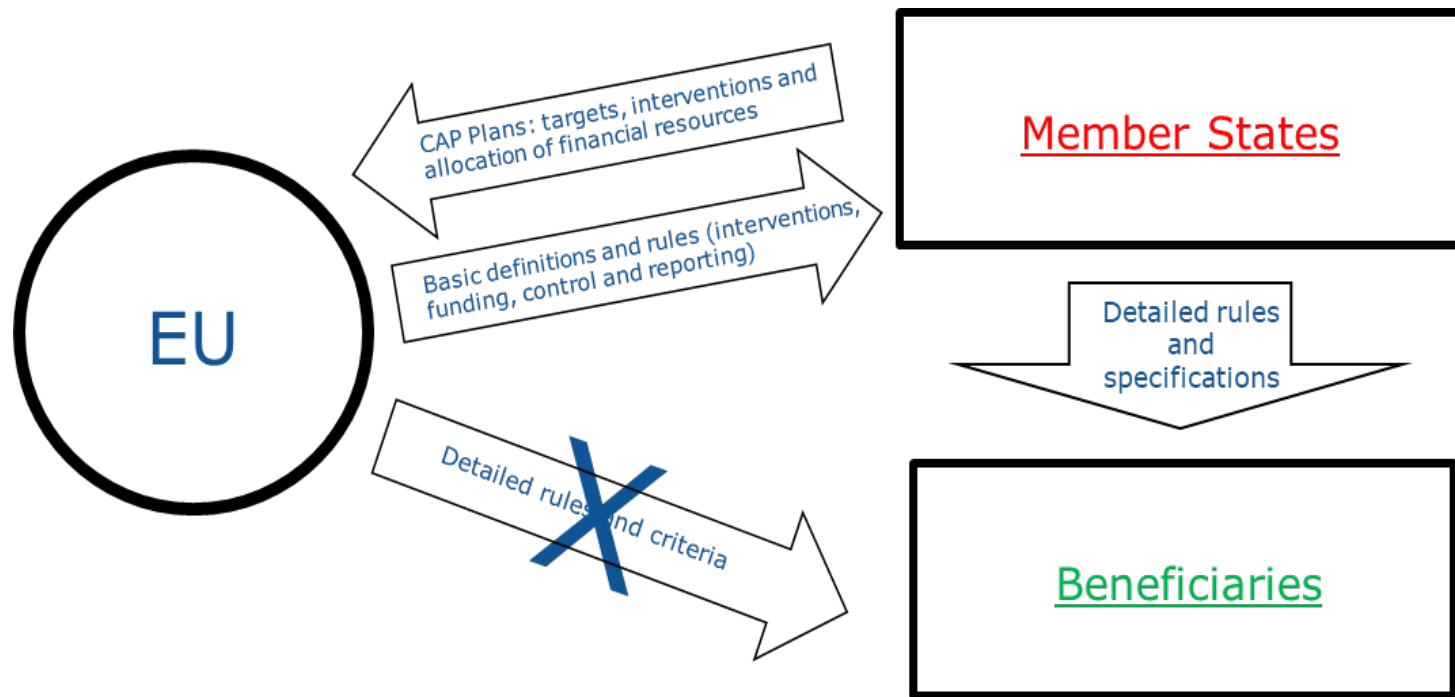
## FOR ADMINISTRATIONS

- **Less prescription from EU requirements**
- **Streamlining of reporting requirements**
- **Stability in governance bodies** (Paying Agencies, Certification Bodies) and **systems** (IACS, LPIS)

# Re-balancing responsibilities



# Enhanced Subsidiarity



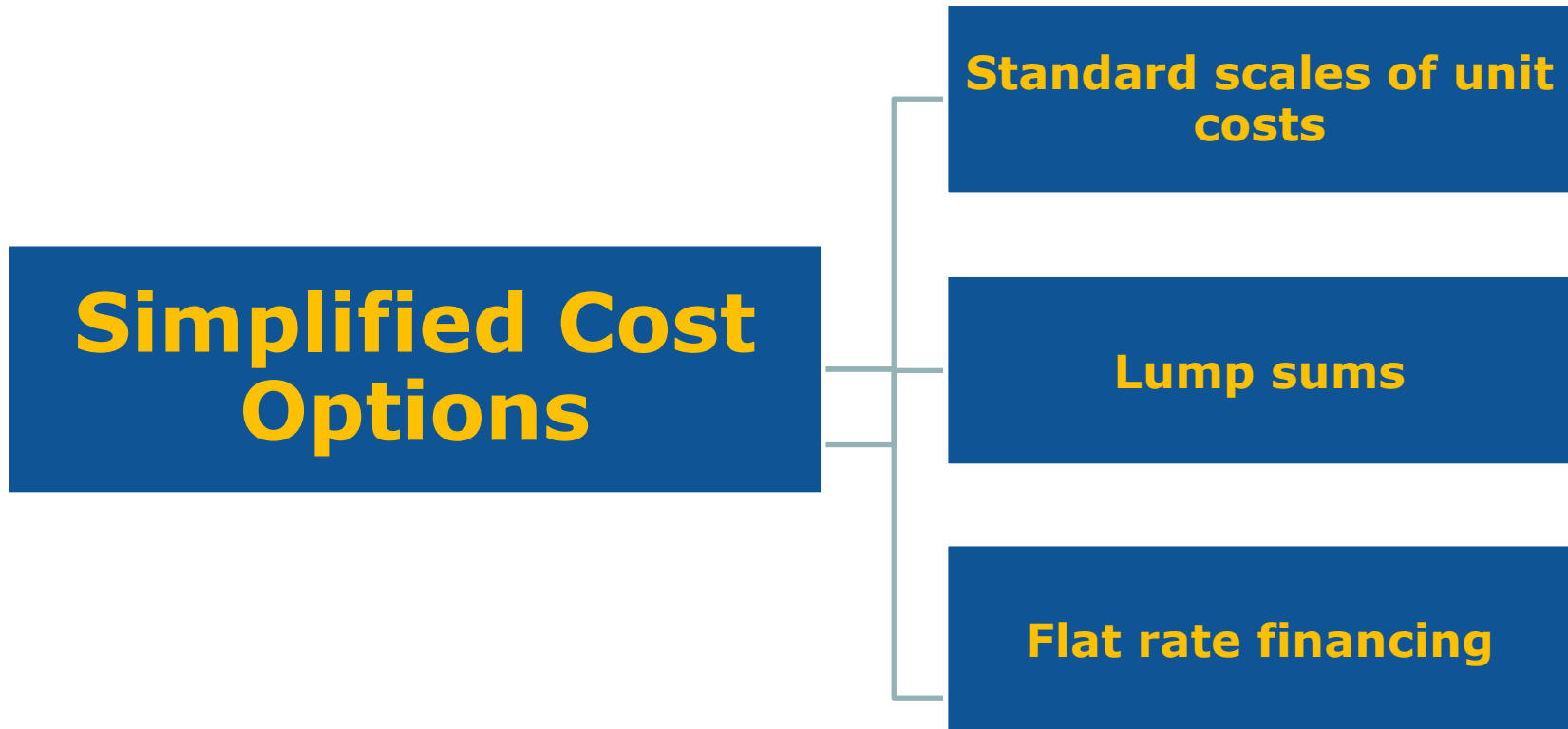
MS can decide to pay beneficiaries by using SCOs or vouchers as long as the expenditure fulfils the definition of eligible expenditure (Article 35 of the HZR- is linked with a corresponding output indicator..)

*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 grants funded entirely by the Member State for a similar type of operation.

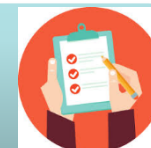
- More flexibility
- Learn from experience
- Adapt it to needs/national context





## Ex-ante evaluation

Fair, Equitable and Verifiable method



## Use of existing EU schemes

(for similar type of operation)



## Use of existing own national schemes

(for similar type of operation)



## On the basis of a Draft Budget

A small thumbnail image of a budget table with multiple columns and rows of data, including numerical values and text labels.





A fair, equitable and verifiable calculation method based on:

- **statistical data, other objective information or an expert judgement;**
- **verified historical data of individual beneficiaries;**
- **the application of usual cost accounting practices of individual beneficiaries;**



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.

## Examples of future CPR:

### Article 49

#### ***Flat-rate financing for indirect costs concerning grants***

a flat rate of up to 7 % of eligible direct costs, in which case the Member State shall not be required to perform a calculation to determine the applicable rate;

a flat rate of up to 15 % of eligible direct staff costs in which case the Member State shall not be required to perform a calculation to determine the applicable rate;

a flat rate of up to 25 % of eligible direct costs, provided that the rate is calculated in accordance with Article 48(2)(a).

### Article 51

#### ***Flat rate financing for eligible costs other than direct staff costs concerning grants***

A flat rate of up to 40 % of eligible direct staff costs may be used in order to cover the remaining eligible costs of an operation. The Member State shall not be required to perform a calculation to determine the applicable rate.

# National schemes



In accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.

# Draft Budgets



Draft budgets established on a case-by-case basis and agreed *ex-ante* by the body selecting the operation.

- Managing authority or authority responsible for the selection of operations can establish parameters (such as market surveys, expert judgements) or maximum cost levels to compare the most important budgeted costs against these parameters.
- It will not be necessary to compare the draft detailed budget proposed by the potential beneficiary with comparable operations.

# Example on Draft budget



- A LAG selects a bio-economy project submitted by an NGO aiming to use wood waste to generate energy in community buildings. The grant will cover the following actions: (1) awareness raising (such as meetings, promotional materials), (2) feasibility study, (3) pilot project including investment in bio-gas devices, and (4) project coordination.
- The LAG decides to use a lump sum arrangement. In order to calculate the amount of the lump sum, the LAG will check the detailed draft budget submitted by the NGO with its application. This draft budget will show estimated costs for all categories of costs needed to implement the four actions of the project. The LAG will assess reasonableness of these amounts (or their aggregates) based on available methods (e.g. comparison with historical data, market survey, LAG expert judgement) and adapt them if necessary before establishing a lump sum (in our example EUR 45 000).
- The LAG may decide to build in a milestone and thus have two payments: EUR 25 000 for the actions on awareness raising and the study and EUR 20 000 for the pilot project.
- The document setting out the conditions for support should clearly indicate the actions required for each payment and supporting documents (e.g. lists of participants, outcomes of the study, photo of the bio-gas device, etc.). If these are respected, EUR 45 000 will be considered as eligible costs at closure. The supporting document required to pay the grant (and then to be archived) will be the proof that the actions to raise awareness, the study and the pilot project have been carried out.

# Simplification? Up to you!

