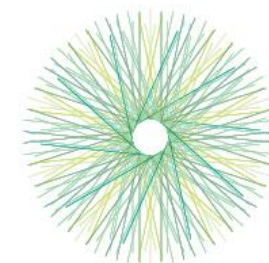


# EIP-AGRI: From OG project to impact

## Building the innovation ecosystem for the future

**17-18 OCTOBER 2018, SPOLETO**



eip-agri  
AGRICULTURE & INNOVATION



funded by



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Commission

# Programme

Wednesday 17 October

Learning about EIP-AGRI implementation:  
achieving impact

## 09:55-10:15 Simplification and reporting for EIP Inspiration and examples

- *Marina Hadjiyanni, Unit F1 – Conception and consistency of rural development, DG AGRI, European Commission*
- *Michael Schrörs, Head of Unit EU affairs, agricultural research and innovation, Lower Saxony Ministry for Food, Agriculture and Consumer Protection, DE*
- *Simona Cristiano, Policy researcher, CREA – Center for Politics and Bioeconomy, IT*
- *Lisa van Dijk, Knowledge Exchange Programme manager, Royal Agricultural University, Cirencester, UK*

## 10:15-10:25 Welcome by the host

- *Alessandra Pesce, Undersecretary of State, Ministry of Agricultural, Food, Forestry Policies and Tourism (MiPAAFT)*



EIP Seminar, Spoleto, October 17th 2018

## Simplifying Procedures: Implementation of a Standard Cost Model

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## Implementation of Standard Cost Model



### Content:

- I. Basic Information: EIP Measure Lower Saxony**
- II. Regulatory requirements**
- III. Calculation of Standard Costs in Lower Saxony**
- IV. Challenges and problems with respect to implementation**
- V. Advantages for beneficiaries and administration**

## Implementation of Standard Cost Model



### I. Basic Information: EIP Measure Lower Saxony

- ✓ **Total Budget:** 17,5 mio. € (14 mio. EU, 3,5 mio. national funds)
- ✓ **1st Call (2016):** 14 OG and their projects selected (out of 34)
  - ☞ *Total amount committed: 6.8 Mio. € (~ 500.000 €/OG)*
  - ☞ *OGs are still working on their projects*
- ✓ **2nd Call (2018):** 16 OG selected (by selection committee)
  - ☞ *Total amount applied for: ~7,6 Mio. € (475.000 €/OG)*
  - ☞ *Final project approval and commitments by end of year*

## Implementation of Standard Cost Model



## II. Regulatory requirements

### What I would like to talk about:

- ☞ **Regulation No. 1303/2013, Art. 67, 1b:**  
**Unit costs for those who are working in the OG project**
- ☞ **Basis for the calculation is Art. 67, 5a i):**  
**Transparent and comprehensible unit costs per working hour based on statistical data**

### What I am not talking about:

- ☞ **Art. 67, 1c: lump sum**
- ☞ **Art. 68, 1a and 1b: flat rate for indirect costs**

## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

#### ✓ Requirements for Standard cost model

- ☞ *Statistical data for salaries of employees have to **include the farming sector**;  
The **existing model for the ERDF in Lower saxony** therefore was not transferable.*
- ☞ *Differentiation between public service sector and private sector.*
- ☞ *The model should also cover allowances for **self employed persons**;  
apparently **the work of self employed persons** (farmers, advisers) **is crucial** for EIP Projects!*

## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

#### Calculation for Standard cost model

##### **a) public sector**

The calculation is simple, because of **existing gross salary tables** (according to rank)

The eligible salary/hour is calculated from the gross salary divided by 1.720 working hours (Art. 68, 2).

##### **Example:**

Public Service Rank E13 (e.g. Junior Researcher at the University):

**Gross Salary/year: 67.682 € ⇒ 67.682 €/1.720 h ⇒ 39,35 €/h Standard Costs**



## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

#### Calculation for Standard cost model

##### *b) private sector*

##### *Data Base:*

- **Gross salary statistics** (Verdienststrukturerhebung) on federal level for agriculture and forestry, fisheries, commerce and industry and services
- The statistics already differentiates between **5 qualification levels**
- Since the statistics does not include **non-wage-labour-costs**, one have to adjust the gross salary by the **factor 1.20695** (health insurance, pension insurance etc.)

## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

#### Calculation for Standard cost model

##### *b) private sector*

#### ***Qualification Levels based on activities for the project:***

**Category 1:** „Manager, Director with leading responsibility“

**Category 2:** „Excellent skilled Expert“ (Researcher or Adviser, Mastercertificate)

**Category 3:** „Skilled Expert“ (Junior Researcher, Worker with vocational training)

**Category 4:** „Skilled farm worker, but no vocational training“

**Category 5:** „Farm worker, no vocational training“

## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

**Calculation of eligible hourly salaries for the private sector:**

	Gross salary in € Statistical data	Factor 1,20695	Calculated hourly salary	rounded figures
Category 1	72.000,-	86.900,40	50,52	50,-
Category 2	52.587,-	63.469,88	36,90	36,-
Category 3	35.936,-	43.372,96	25,22	25,-
Category 4	29.663,-	35.801,76	20,81	20,-
Category 5	24.991,-	30.162,89	17,54	17,-

## Implementation of Standard Cost Model



### III. Calculation of Standard Costs in Lower Saxony

Comparison between public, private (EIP) and private (ERDF) standard costs in Lower Saxony:

Categories	Public Salaries in €	Private Salaries EIP in €	Private Salaries ERDF in €
1	50,-	50,-	50,-
2	39,-	36,-	33,-
3	29,-	25,-	24,-
4	25,-	20,-	20,-
5	22,-	17,-	15,-

## Implementation of Standard Cost Model



## IV. Challenges and problems with respect to implementation

EU

- ✓ **Different rules regarding eligibility of self-employed persons on and regional level (Budget regulation Lower Saxony)**
  - ☞ With regard to budget rules of Lower Saxony the work of self-employed persons in general is not eligible for funding!
  - ☞ Intensive discussions with the Ministry of Finance (because the work of farmers and advisers is crucial for the projects)
  - ☞ Exemption from the general budget rule by MoF!
- ✓ **During the project approval process every working package of every working member of the OG has to be categorized according to the job he/she is supposed to carry out within the EIP Project**
- ✓ **Potential Over- and Underestimation of real costs**

## Implementation of Standard Cost Model



## V. Advantages for beneficiaries and administration

### Traditional Cost Model

**Basis for funding:  
effectively paid salaries/allowances**

Full proof of costs from beneficiaries  
accounting system including working hours  
sheet

Pre-financing of allowances for self-  
employed persons (e.g. Farmers) by OG -  
Coordinator to ensure payment flow

### Standard Cost Model

**Basis for funding:  
categorized standard costs**

Only working hours sheet necessary  
(multiplied by standard costs/hour = eligible  
costs)

No Pre-financing by OG Coordinator  
necessary

**Reduction of administrative burden on  
administrations and beneficiaries level:  
- 15 %!!**

## Implementation of Standard Cost Model



## VI. Final Slide

**Thanks for your attention!**