EIP-AGRI: From OG project to impact
Building the innovation ecosystem for the future

17-18 October 2018, Spoleto
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)
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
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!
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
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.)
III. Calculation of Standard Costs in Lower Saxony

Calculation for Standard cost model

b) private sector

Qualification Levels based on activities for the project:

Categorie 1: „Manager, Director with leading responsibility“

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

Categorie 3: „Skilled Expert“ (Junior Reseacher, Worker with vocational training)

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

Categorie 5: „Farm worker, no vocational training“
III. Calculation of Standard Costs in Lower Saxony

Calculation of eligible hourly salaries for the private sector:

<table>
<thead>
<tr>
<th>Category</th>
<th>Gross salary in €</th>
<th>Factor 1,20695</th>
<th>Calculated hourly salary</th>
<th>rounded figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>72.000,=</td>
<td>86.900,40</td>
<td>50,52</td>
<td>50,-</td>
</tr>
<tr>
<td>Category 2</td>
<td>52.587,=</td>
<td>63.469,88</td>
<td>36,90</td>
<td>36,-</td>
</tr>
<tr>
<td>Category 3</td>
<td>35.936,=</td>
<td>43.372,96</td>
<td>25,22</td>
<td>25,-</td>
</tr>
<tr>
<td>Category 4</td>
<td>29.663,=</td>
<td>35.801,76</td>
<td>20,81</td>
<td>20,-</td>
</tr>
<tr>
<td>Category 5</td>
<td>24.991,=</td>
<td>30.162,89</td>
<td>17,54</td>
<td>17,-</td>
</tr>
</tbody>
</table>
III. Calculation of Standard Costs in Lower Saxony

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

<table>
<thead>
<tr>
<th>Categories</th>
<th>Public Salaries in €</th>
<th>Private Salaries EIP in €</th>
<th>Private Salaries ERDF in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50,-</td>
<td>50,-</td>
<td>50,-</td>
</tr>
<tr>
<td>2</td>
<td>39,-</td>
<td>36,-</td>
<td>33,-</td>
</tr>
<tr>
<td>3</td>
<td>29,-</td>
<td>25,-</td>
<td>24,-</td>
</tr>
<tr>
<td>4</td>
<td>25,-</td>
<td>20,-</td>
<td>20,-</td>
</tr>
<tr>
<td>5</td>
<td>22,-</td>
<td>17,-</td>
<td>15,-</td>
</tr>
</tbody>
</table>
IV. Challenges and problems with respect to implementation

✓ Different rules regarding eligibility of self–employed persons on EU 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

<table>
<thead>
<tr>
<th><strong>Traditional Cost Model</strong></th>
<th><strong>Standard Cost Model</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basis for funding:</strong></td>
<td><strong>Basis for funding:</strong></td>
</tr>
<tr>
<td>effectively paid salaries/allowances</td>
<td>categorized standard costs</td>
</tr>
<tr>
<td><strong>Full proof of costs from beneficiaries:</strong></td>
<td><strong>Only working hours sheet necessary</strong></td>
</tr>
<tr>
<td>accounting system including working hours sheet</td>
<td>(multiplied by standard costs/hour = eligible costs)</td>
</tr>
<tr>
<td><strong>Pre-financing of allowances for self-employed persons (e.g. Farmers) by OG - Coordinator to ensure payment flow:</strong></td>
<td><strong>No Pre-financing by OG Coordinator necessary</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Reduction of administrative burden on administrations and beneficiaries level:</strong></td>
</tr>
<tr>
<td></td>
<td>- 15 %!!</td>
</tr>
</tbody>
</table>
VI. Final Slide

Thanks for your attention!