

Brief 'title' of simplification example (if relevant)	Lump sum option applied for LAG running costs
Relevant theme <i>(Please select the relevant option from the drop-down menu in the adjacent cell.)</i>	application of Simplified Cost Option
LAG name (if relevant)	LAGs in Lower Saxony (Germany)
Country / region	Germany, Lower Saxony
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Summary of the issue/initiative/example related to LEADER simplification <i>(Please describe the key issue which was 'solved' by the simplification solution and the actual simplification 'method'/approach, also including who were involved and in how the solution was developed.)</i>	<p>In Lower Saxony there is a new option for LAGs to account for indirect personnel costs as part of their running costs.</p> <p>The rule is based on the "Directive on granting benefits to promote the implementation of LEADER (LEADER Directive) - VORIS 78210. Details are described in some additional guidelines.</p> <p>If this option is chosen by the LAG, there is a lump sum paid of 15% of the direct personnel costs.</p> <p>This lump sum covers the following expenditures:</p> <ul style="list-style-type: none"> • office supplies • pro-rata expenditure on the use of work equipment (e.g. copiers, printers, fax machines) • postal and telephone charges • pro rata office space rental including heating and utilities and insurance • travel expenses <p>The proof required comprises all direct personnel costs only. It is not necessary to provide additional invoices and proof of the listed expenditure.</p> <p>The application of lump sums is possible based on the EU-regulations, but has to be implemented by the national bodies, which in this case was the Ministry of Food, Agriculture and Consumer Protection, Lower Saxony (ML).</p> <p>LAGs can decide to use a lump sum as an option. Using the option considerably reduces the administrative burden in this specific case and the risk of bureaucratic mistakes for the beneficiaries as well as for the national bodies, this also minimises the costs for audit and control.</p>
Possible relevance to other LAGs / EU MSs - transferable experiences or elements	<p>In Germany the use of lump sums as an effective option to minimize the bureaucratic expenditures is hardly ever used. In Lower Saxony the implementation is limited to the personnel expenditures within the running costs.</p> <p>As one of the easiest and most effective ways of reducing bureaucracy, lump sums should be applied more often. The discussion in the working group of the <u>'ENRD workshop on LEADER simplification'</u> resulted in a proposal to assist the national bodies in the application of lump sums, which could be a task of the ENRD. A request</p>

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	<p>was formulated to the Commission to contribute, with appropriate guidelines if necessary, to a clarification of the framework conditions.</p> <p>Some important questions remain with lump sums:</p> <ul style="list-style-type: none"> • how is the maximum threshold of the lump sum to be defined? • how can the approval authorities and the beneficiaries be sure, that the lump sum – and its calculation method - is accepted by the audit and control bodies? <p>To answer the first question is relatively easy in the case presented of a lump sum based on direct personnel costs because they are well defined and there are long term experiences of hundreds of similar cases from reimbursements of running costs in LEADER.</p> <p>In contrast to this, however, the character of most of the LEADER projects is that they are very different and individual. A simple one-to-one transfer of the example might not be possible. It might be quite challenging for the national bodies to define reasonable lump sums. An individual calculation for each project, as discussed during the workshop, would call into question the expected effect of reduction of bureaucracy and creates a high risk that the calculation method or basis is not accepted by the audit and control bodies.</p> <p>The use of lump sums requires the understanding that it is not the exact amount of the costs incurred that will be reimbursed, the amount paid out in some cases may be too high and in other cases too low. The administrative system must accept this as a compromise and adjust the approval procedure as well as the control methods.</p> <p><u>Conclusions:</u></p> <ul style="list-style-type: none"> • lump sums have a high potential to simplify the administrative effort • national bodies have to be supported and motivated to use the existing possibilities • the whole system should adjusted to avoid new risks for approval authorities and beneficiaries.