

Brief 'title' of simplification example (if relevant)	Simplification for LAG administrative 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)	Tartu Rural Development Association
Country / region	Estonia
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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>We use the flat rate SCO method for LAGs apportioning administrative costs at up to 20% of the direct personnel costs. This means that LAGs do not need to report or justify these costs to the Paying Agency. These costs are related to office expenses (rent, utilities, phone, fuel, meetings for LAG staff etc). These costs are paid out according to reported personnel costs (salaries and taxes). It means that if the LAG reports personnel costs for €10,000, then the payment from Paying Agency is €12,000.</p> <p>Background Estonia decided to use this method because of the real need. The problem was that our Paying Agency spent a lot of time checking the eligibility of the LAG administrative costs. Then it was decided to conduct a survey to explore the process of eligibility checks and expenses and how much time the checking of different expenses really takes, what are the difficulties and which the more time-consuming checks. This survey was carried out by Estonian University of Life Sciences. It found that the Paying Agency spent most time on controlling expenses related to office costs, utilities, fuel checks accompanied with travel log, etc.) and these expenses represented only a small part of the total payment. The conclusion was that time invested in checking these costs was not proportionate to the amount payable. To be more cost-effective it was decided to use the flat rate SCO method for these costs.</p>
Possible relevance to other LAGs / EU MSs - transferable experiences or elements	This is completely transferable to Member States who have decided to use SCO methods. A short survey about cost-effectiveness of the work of Paying Agencies would help specify the exact items and methods to focus on.