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SCO in RDP in Finland:
Experiences on implementing
the lump sum cost option

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Where are we now in implementing simplified cost options?

➤ SCO used in RDP Finland 2014-2020:

➤ Flat rate 15 %

➤ Flat rate 24 %

➤ Lump sum

➤ In investment projects **eligible costs actually incurred and paid** has been the only possible cost option until 2018

➤ Flat-rate cost options have simplified the development projects and most of the development projects (in other than Leader measures) are applied with **flat rate** cost option.

➤ Lump sum cost option projects are mainly funded by LAGs due to the regulations (maximum support 100 000 €)

SCO in Finland

➤ Leader measures

Cost option	Projects	%
	3 245	
Flat rate 15 %	222	7 %
Flat rate 24 %	644	20 %
Lump sum (development projects)	1	0 %
Lump sum (investments)	21	1 %
Eligible costs actually incurred and paid	796	25 %
Eligible costs actually incurred and paid investments	1 711	53 %

➤ Other measures (M01,M07,M16)

Cost option	Projects	%
	1 147	
Flat rate 15 %	193	17 %
Flat rate 24 %	657	57 %
Eligible costs actually incurred and paid	79	7 %
Eligible costs actually incurred and paid, investments	220	19 %

Implementing lump sum

- The lump sum is included in the Rural Development Program in Mainland Finland 2014 – 2020
- Finnish Food Authority launched the Hyrrä information system in 2014. Implementation of the lump sum was included in the application.
- 2016: implementation of the lump sum cost option was ceased/paused due to the challenges in interpreting the regulations.
- 2017: the Omnibus regulation: The lump sum implementation is legitimate
- 2018: Implementation of the lump sum option continued
- 11/2018 first lump sum project was funded
- Today nearly 100 projects are applied with lump sum cost option

Key learning experience as to the added value of using lump sum:

- The Lump sum cost option has been longed-for, especially for the Leader projects
- Innovators and early adopters are adapting the lump sum right now, the majority will follow most likely on the next CAP
- There are indication that in the next CAP the lump sum is the most used cost option
- The benefits and added value are appearing in paying process
 - Easy
 - Simply
 - Fast

”Early adopters are leading the way”

Lump sum in
Leader projects
&
Beneficiary perspective

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LAG YHYRES

LEADER

YHYRES



The Leader perspective: The role of the Leader-advisor is significant

- Leader YHYRES is already funding 7 lump sum projects.
 - 7 out of 10 possible development/investment projects are applied with lump sum cost option
- Lump sum cost option requires a new way of thinking
- It's important to know and trust the applicants/beneficiaries
- Lump sum cost option is easier to advice to new project actors/applicants
- Lump sum cost option may cause risk in payments
- Planning the project does not actually difference from the project planning with eligible costs actually incurred cost option

Beneficiary perspective:

- Project plan must be plain and application form filled carefully
- Beneficiary must be sure to implement the project as planned
 - Changes are not possible in lump sum project
- The reasonable costs must be verified in the project application
- Understanding how easy the application process for payments is encourage to take on the project
- Application for payments :
 - Short application form
 - Final report where the outcome is verified



Tönkän tupa ry: Säpinää tönkälle project The final report:

Kaikki laitteet asennettuna / All devices installed

- “Siinä ne nyt on”. “There they are now”



Key learning experiences

- Lump sum is not suitable for every project: complicated building- and renovating projects are safer to run with cost option that allows changes in project plan.
- LAG´s Leader advisor is a key person in implementing the lump sum cost option: the applicants trust their expertise and advice to help to choose the right cost option for their project
- New cost option and way to run a project may intimidate the applicants, therefore activation, advising and persuasion is needed
- Beneficiaries benefit from low bureaucracy in applying the payments
 - the enthusiasm to run yet another project will remain



RURAL 2020

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