Simplified Cost Options

European Network for rural development
Brussels, 12th November 2013

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The Court did not detect any errors related to the specific use of SCOs.

**This indicates that projects whose costs are declared using SCOs are less error prone.**

Thus a more extensive use of SCOs would normally have a positive impact on the level of error.
Simplified Cost Options

- Standard scales of unit costs
  Art. 57b) CPR
- Lump sums
  Art. 57c) CPR
- Flat rate financing
  Art. 57d) CPR
What are the calculation methods?

- Ex ante evaluation
  - Fair, Equitable and Verifiable method

- Use of existing EU schemes
  - (for similar type of operation and beneficiary)

- Use of existing own national schemes
  - (for similar type of operation and beneficiary)

- Use of schemes/rates/standards from the regulation
What are standard scales of unit costs?

<table>
<thead>
<tr>
<th>Unit cost</th>
<th>A training costs 7€ per hour per trainee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output foreseen</td>
<td>10 people will follow a 100 hours training = a total of 1,000 hours</td>
</tr>
<tr>
<td>Maximum grant</td>
<td>7€ x 1,000 hours = 7,000€</td>
</tr>
<tr>
<td>Real output</td>
<td>1 trainee dropped-out at the middle of the course = 950 hours</td>
</tr>
<tr>
<td>Real grant</td>
<td>950 hours done x 7€ = 6,650€</td>
</tr>
</tbody>
</table>
What are lump sums?

<table>
<thead>
<tr>
<th>Lump sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the basis of a draft budget, a training is expected to cost <strong>7,000€</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Output foreseen</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 people will be trained</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Real output and grant received (good scenario)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 people are trained = <strong>7,000€</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Real output and grant received (unlucky scenario)</th>
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</thead>
<tbody>
<tr>
<td>1 person drops out and only 9 people are trained = <strong>0€</strong></td>
</tr>
</tbody>
</table>

Max: **100,000 EUR**
public contribution!
What is flat rate financing?

The application of a percentage to one or several categories of costs:

- **Indirect costs**
  - Art. 58 1) CPR

- **Other costs**
  - Art. 57 1) d) CPR
How do you calculate flat rate indirect costs?

DIRECT COSTS:
Directly related to an individual activity of the entity

INDIRECT COSTS:
Cannot be connected directly to an individual activity of the entity
How do you calculate flat rate indirect costs?

- Up to 25% of eligible direct costs
  - Fair, equitable and verifiable methodology
  - Existing similar national methodology

- Up to 15% of eligible direct staff costs
  - No need to make any calculation

- Using a flat rate applied in Union policies (Delegated act)
  - For a similar type of operation and beneficiary
How do you calculate hourly staff costs? (art. 58 2) CPR

Annual gross employment costs ÷ 1720 hours = Hourly rate applicable
When to use SCOs?

- Real costs are difficult to verify
- High error rates
- Risk on retention of documents
- Want to focus on outputs and results
- Reliable data on financial and quantitative implementation
- Operations are standardised
- Operations are not 100% procured
- When you are sufficiently prepared!
Thank you for your attention!