

The use of Simplified Cost Options (SCOs) in Finland

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SCO in Finland

➤ **SCO used in RDP Finland 2014-2022:**

- Flat rate 15 %
- Flat rate 24 %
- Lump sum (draft budget with case by case analysis)

➤ **SCO in new CAP-plan 2023-2027:**

- Flat rate 19 %
- Flat rate 40 %
- Lump sum (draft budget with case by case analysis)
- Preparation money for certain types of projects, eg. Smart village projects and EIP- projects
 - standard lump sum, EUR 5000
- Standard lump sum in business supports
 - About 10 different standard lump sums
- A standard percentage for covering holiday pay, holiday compensation and employer's social security contributions
- New flat rate model for LAGs running costs and animation
- Preparatory money for LAGs for the period after 2023-2027
- Standard hourly rate for farm advisory services
- standard unit costs in farm investment

Experiences of SCO

Flat rate:

- Very few problems
- It has been very popular, especially in bigger development projects

Lump Sum:

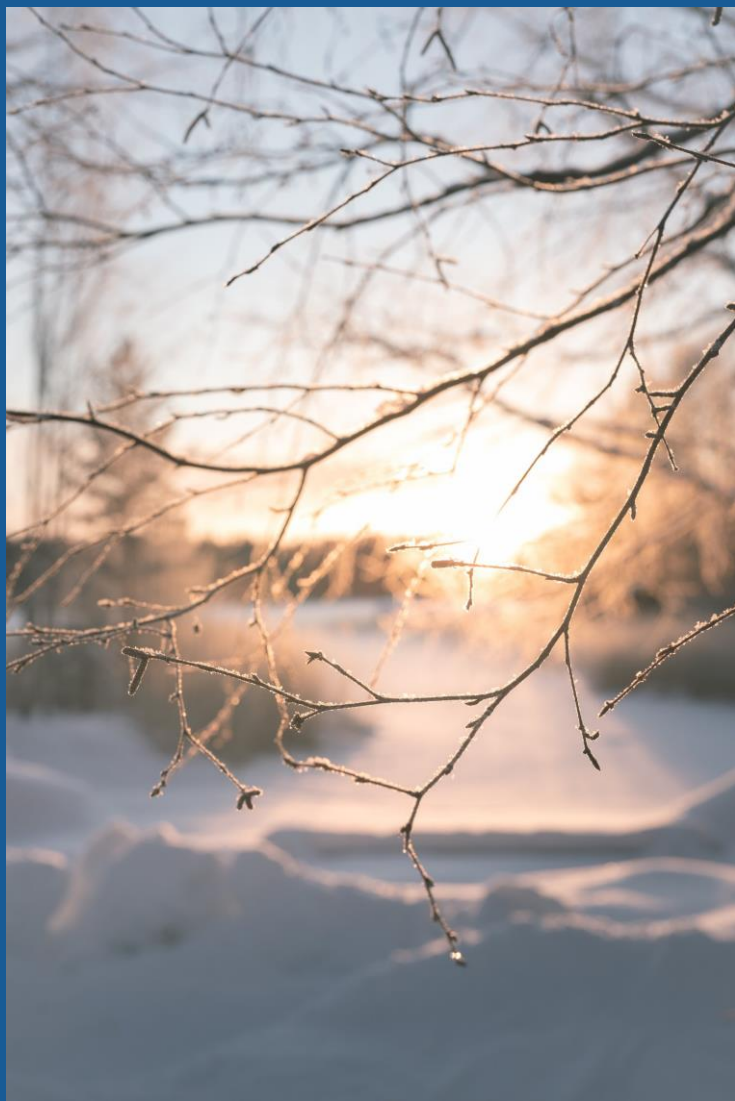
- Most lump sum projects were investments, because they are easy to verify
- Changes aren't possible in lump sum project, only the period of implementation of the project may be changed
 - Changes in market e.g. increase in prices, delivery delays (investments)
- Lump sum needed a new way of thinking

Some points of new SCO models

- A standard percentage for covering holiday pay, holiday compensation and employer's social security contributions
 - is used whenever there are salary costs in the project (project supports)
 - Standard percentage is 39 % of salary costs
 - It-system calculates this automatically
- Use of two cost models at the same time
 - It's possible to use the flat rate when making a cost estimate and when applying payment use lump sum
 - Simplifies also granting of the support
- Most Leader subsidies for companies are standardized Lump Sums
 - About 10 different standardized Lump Sum e.g.:
 - business planning EUR 1,000
 - preparation for applying for start-up or investment support EUR 2,000
 - starting a part-time business EUR 5,000
 - starting a full-time business EUR 7,500
 - planning the purchase of a company located in a sparsely populated or core rural area EUR 2,500 or EUR 5,000
- In Leader a smallscale project model
 - Projects up to EUR 8,000 are smallscale and they are always Lump Sum
 - also, other simplifications, e.g. not as much information is required as in larger projects
- New flat rate model for LAGs running costs and animation has been enthusiastically received
 - no experience with paying according to the model yet

Some points of SCO models

- Most of the SCO models are based on an external study commissioned by the Ministry of Agriculture and Forestry and carried out by KPMG Oy Ab
- Many new models
 - simplifies applying, granting and paying of the support
- The use of simplified cost models are easier to the beneficiary
- In Finland we see that SCO models simplifies the whole process
- Focus on results and effectiveness



Thank you!

And have a Merry Christmas :)



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