



2.4 Standard costs to incentivize the interactive participation of farmers/foresters to cooperation for innovation

Rationale

The implementation of multi-actor approaches (MAA) to cooperation for innovation is a challenge for farmers/foresters, as they require certain commitment and the distraction from typical on-field farming activities which is due to their participation in interactions with the partners within the EIP-Agri Operational Groups (e.g. participation in project meetings, European CAP Network).

This represents a deterrent to farmer'/forester's active participation in multi-actor innovations. During the project life of an OG, in addition to the investment on innovative tangible/intangible assets, a farmer/forester is committed to two overarching types of interactive activities with other partners of the OG that are instrumental to the effective implementation of the multi-actor and interactive innovation process: (1) joint actions of the OG for internal coordination and interactions, external dissemination and peer-to-peer activities (e.g. general assembly of the partners, demonstration of innovation, showcases, cross-visits, CAP network events) and (2) technical meetings aimed at co-development, co-adaptation and adoption of innovation (e.g. practical on-field and laboratory tests,).

During these cooperation actions, the farmer/forester provides some relevant contribution to the development and dissemination of the innovation, through sharing his practical and exclusive knowledge and experience within and outside the OG.



Keywords

Simplification, Standard costs, interactive innovation, operational groups, remuneration



Potential users

Managing authorities of the CAP strategic Plans, Paying agencies, auditors and certifying bodies, Partners of OGs, Advisors, Innovations brokers



Country

Italy: Sardinia Region, Emilia-Romagna Region



So determined, the standard cost will be the base for the calculation of the amount of remuneration that it is eligible for the farmer/forester, in relation the actual engagement into joint actions (box 3).

Solution

The introduction of standard costs served the Managing Authorities (MAs) of the RDPs of Sardinia Region and Emilia-Romagna Region recognizing a remuneration of the farmer/forester to the cooperation for innovation project correspondent to the time spent in joint activities of the OG.

The methodology adopted for the determination of the standard cost is the ones already in use by the European Research H2020 framework programme, that recognizes unit costs/hourly rates for a SME owner/beneficiary that is a natural person not receiving a salary for carrying out project activities¹.

This implies also that this methodology is compliant with the principles of²:

- a. being a fair, equitable and verifiable calculation method,
- b. using the values identified for other EU policies, similar operations and beneficiaries.

In practice...

The selected methodology for the calculation of the standard cost for the case of type 1) of joint actions of the OG is based on the parameters that are, by convention, established by the H2020 programme³ and listed in box 1.

Box 1: Conventional parameters for the calculation of the standard cost

- (A) Units: hours worked on the joint action
- (B) Maximum yearly productive hours= 1720
- (C) Maximum monthly productive hours: $1720 \div 12 = 143$.
- (D) Monthly living allowance: EUR 4.880,00*
- (E) Unit cost = Hourly rate = $\text{EUR } 4.880,00 \div 143 \text{ hours} = \text{EUR } 34,12$
- (F) Country-specific correction coefficient*
- **Standard cost = Units (A) \times Hourly rate (E) \times country-specific correction coefficient (F)**

* The applicable monthly living allowance and the country-specific correction coefficients were set out in the Work Programme (section 3 MSCA) in force at the time of the call for applications of OGs (2018-2019).

In practice, for example, in the case of 16 hours worked by the farmers/foresters on the joint action, the two MAs adopted the following formula to determine the eligible amount of remuneration (box 2).

Box 2: Calculation of the standard cost for Italy

Standard cost = EUR 34,12 ("E" for Italy) \times 106,7% (F) = EUR 36,41

Box 3: Remuneration of the farmer/forester

$$\text{Eligible amount of remuneration} = \text{EUR } 36,41 \times 16 (A) = \text{EUR } 582,50$$

So determined, the standard cost will be the base for the calculation of the amount of remuneration that it is eligible for the farmer/forester, in relation the actual engagement into joint actions (box 3). As for the case of the participation of the framer/forester to the technical meetings of the OG (point 1) under Rationale §),

- Sardinia Region applies the methodology shown in boxes 2 and 3 but under the following conditions: a) maximum eligible commitment of the farmer and forester is up to 200 hours per year; the man-day of a farmer is established by convention as equal to 6.3 hours of work.
- Emilia-Romagna Region adopted the hourly rate established by the national legislation for a farm employed worker that is equal to EUR 19,5.

Practical implications for replicability

Under the CAP Regulation 2023-2027 the adoption of standard cost has been furtherly simplified. However, some administrative arrangements still remain relevant:

- Standard unit costs set up for the research programme Horizon Europe, instead of the Horizon 2020, should be applied for the case of CAP SP 2023-2027.
- The standard unit cost used for H2020 is based on the average salaries of research staff calculated at European basis, which are likely to differ from the actual average income levels of EU farmers participating in OGs.
- The MA should clearly foresee the use of standard costs and indicate the adoption of the specific methodology (e.g. H2020 programme) by the CAP SP and the call for applications of the OGs.
- MA clearly indicates the necessary documentation to demonstrate the real engagement of the farmer/forester in interactive actions (e.g. timesheets and collection of signatures during the meetings, reports) and to attach to the request for remuneration of the farmer/forester.
- The corrective country-specific coefficient for H2020 projects is calculated on the basis of the final accounts for each full financial year. This means that administrations need to take care to update the parameter to the financial year of the publication of the call/grant for the OGs.
- If several public calls for applications are published during the implementation period of the CAP SP, MA may have to apply different standard unit costs depending on the financial year of the publication of each call/grant for the OGs.
- Alternatively, administrations may use an average of country-specific coefficients established for the Horizon Europe during the programming period 2023-2027.
- This methodology does not refer to the loss of income, which is due to the farmer's temporary distraction from the on-field farming activities.

Benefits

- Administrative simplification due to the reduced use of probative documentation and of time to spend for budgeting.
- Equal treatment of farmers/foresters and other OG's partners (e.g. researchers, academics).
- Incentivization for farmers/foresters to actively participate in OG.

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Further information

- [Public call for applications for OGs \(IT\) – Emilia-Romagna Region](#)
- [Public call for applications for OGs \(IT\) – Sardinia Region](#)
- [Guidelines of the National Rural Network \(EN\) – Simplified costs for operational groups. \(2018\)](#)
- H2020 Model Grant Agreement (Annex 2a): H2020 General MGA ([Multi: v5.0 18.10.2017](#)).

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