

ERP COSTING GUIDANCE (example based on ERPs)

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Example 1

Consolidation and defragmentation of agricultural land

The Description: gives concise linkages with the national strategic documents.

Activities: For all years clearly indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity.

Result Indicators: are done correctly in accordance with the table required by the methodology – where both indicators are fairly achievable and measurable.

Expected impact on competitiveness: a fair evaluation of the impact has been done as a narrative analysis.

Expected impact on social outcomes: A narrative estimate clearly expresses the qualitative impact of the measure on social outcomes, such as employment, poverty reduction, equality and gender in the medium-term.

Estimated costs: the cost of activities and the source of financing are done correctly mirroring the requirements from the 2020 guidance where the values – estimate the annual additional cost of the implementation of all the activities of the measure.

Potential risks: the risks are calculated in accordance with the table requested by the methodology including (i) probability of risk and (ii) planned mitigating action.



Consolidation and defragmentation of agricultural land

1. Description of the measure

Competitive and economically successful family-owned farms are the main objective of the national land consolidation strategy. A series of conditions are necessary in order to achieve land consolidation such as:

- relevant legal framework;
- implementation of land consolidation projects;
- completion of the ownership transfer of agricultural land;
- registration of agricultural land ownership titles.

Government has adopted a number of legal acts enabling farmers' documentation to be prepared at no cost by the Municipalities, to be registered with the State Cadastre Agency. A draft Law on the Completion of the Transition Process for Ownership is in process, with the titles of ownership of agricultural land also part of it.

By the end of 2019, approximately 20,000 cases were under treatment and untreated by municipalities that are in the process of completing the Land Acquisition Acts, in total about 450,000 Land Acquisition Acts have been given. Priority will be given to Districts with developed and intensive agriculture, where small and fragmented parcels limit further development of agriculture as a primary activity in rural areas, if there is interest from farmers.



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2. Activities planned

The designation of 60.000 ha building of “WEB GIS” software for 20 administrative units per year is conditional to the human capacities and budget planning.

Activities planned in 2020

Land Information System (LIS) will create/digitalise information for about 50,000 ha of agricultural land in designated districts.

Partial digitalization of agricultural land registers for 20 administrative units.

Activities planned in 2021

LIS will create/digitalise information for about 60,000 ha of agricultural land in other districts.

Partial digitalization of agricultural land registers for 20 administrative units.

Activities planned in 2022

LIS will create/digitalise information for about 70,000 ha of agricultural land in the remaining districts.

Partial digitalization of agricultural land registers for 20 administrative units.



Consolidation and defragmentation of agricultural land

3. Results indicators

Indicator	Baseline (year)	Intermediate target (year)	Target (year)
Digitalisation of information on agricultural land in the Land Information System (LIS) in ha	0	110,000	180,000
Digitalization of agricultural land register, administrative units	0	40	60



Consolidation and defragmentation of agricultural land

4a. Expected impact on competitiveness

- Land consolidation reform: complex.
- based upon establishment of legal basis and proper regulation related to formalisation of agriculture holdings as well as their economic activity, which means increased access to subsidies and rural credits by farmers and agribusinesses
- in addition, increased investments in agriculture and development of the formal land market.
- Land consolidation will lead to increase of automation of the agriculture sector, which means more jobs, and improved standard of living in rural areas.

During the early implementation of the program, the following results are expected to be achieved:

Reduction of fragmentation in agricultural plots.

Improved capacity for dealing with agricultural land management and administration.

Increased land use.

This will enable making better use of economies of scale and therefore increase the competitiveness of farming.



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4b. Expected impact on social outcomes and the environment

Expected impact in the social area

- Land reform and the economic advantages it brings will create new jobs and improve the quality of life in rural areas. Women will have equal rights to participate in land consolidation activities. Land consolidation projects will enable, protect and respect the property rights of all women, men and young people.
- Budgetary support for the agricultural sector has been significantly increased with the introduction of a National Support Scheme implemented. In the process of applying and implementing the National Support Scheme, it is envisaged that women will be more favoured than men in the application process and in the financial amount of support (subsidies).

Expected impact on the environment

- The reform is not expected to have an impact on the environment. Land consolidation is associated with processes that lead to a successful ecological system aimed at preserving nature and good use of agricultural land in an organized manner and appropriate agricultural practices, preserving land and its peculiarities from industrial and commercial activities.



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5. Expected costs and source of financing

- Assumptions:
- Cost of completion of GIS laboratory: EUR 161,943, incl **VAT** (CAPEX).
- Costs for 20 admin units, including:
 - Land expertise
 - Office equipment
 - Utilities
 - Integration in the land system (experts) per year estimated at EUR 242,9k in 2020, 251,0 k in 2021 and EUR 255,1k in 2022 (goods and services).
- The cost for additional staff working in the admin units is EUR 9,980. They are paid for by **local authorities** who receive the transfer from the state budget (salaries) – **standardized cost table**

The cost for 2020-2022 is covered by the budget of Ministry of Agriculture.



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6. Potential risks

Risk	Probability (low, high)	Planned mitigating action
Inadequate financial resources to finalise the process	Medium	
Property rights disputes		
Scepticism among landowners and rural communities	Low	Awareness raising campaigns on the importance and benefits of the success of the reform

Costing table 10a (in 1000 EUR)

Year	Salaries	Goods and services	Subsidies and transfers	Capital expenditure	TOTAL
X	9,9	242,9	0	161,9	414,7
X+1	9,9	251,0	0	0	260,9
X+2	9,9	255,1	0	0	264,9
TOTAL	29,6	749,0	0	161,9	940,5

20 admin units operated annually: land expertise, office equipment, utilities

cost of additional staff for 20 admin units

X: cost of laboratory facility

Funding table 10b (in 1000 EUR)

Year	Central budget	Local budgets	Other national public	IPA funds	Other grants	Project loans	To be determined	TOTAL
X	414,7	0	0	0	0	0	0	414,7
X+1	260,9	0	0	0	0	0	0	260,9
X+2	264,9	0	0	0	0	0	0	264,9
TOT.	940,5	0	0	0	0	0	0	940,5



Example 2

Improving entrepreneurship and innovation environment

DESCRIPTION

The measure aims to establish a good legal basis in the field of scientific research and innovation and to increase funding of projects in the field of innovation and entrepreneurship. The Ministry of I&E aims to stimulate innovative ideas and activities in order to increase productivity and develop private initiative through innovation focused on SMEs and start-ups and at the same time promote cooperation between the academy, private and public sectors. The activities include direct financial support for projects and activities to SMEs, start-ups and NGOs.

The reform entails drafting and adoption of Law on I&E incl. legal subacts, direct financial support for innovative ideas and projects, enabling the functionalization of established centres and establishment of regional I&E centres.



Example 2

Improving entrepreneurship and innovation environment

The central budget funds will be 10,775 mio EUR in year X, 11,425 mio in X+1 and 11,425 in X+2.

IPA funds will amount to 2 mio EUR in X+1 and X+2.

Other grants are 1,2 mio EUR, spread equally between X, X+1 and X+2.

CAPEX to build the centres is estimated at 4 mio per annum.

Goods and services cost for the maintenance is estimated at 0,425 mio p.a.

Subsidies and transfers to SMEs, start-ups and NGOs are estimated at 6,75 mio in X and then 8,4 mio p.a. in X+1 and X+2.



Costing table 10a (in 1000 EUR)

Year	Salaries	Goods and services	Subsidies and transfers	Capital expenditure	TOTAL
X	0	425	6.750	4.000	11.175
X+1	0	425	8.400	4.000	12.825
X+2	0	425	8.400	4.000	12.825
TOTAL	0	1,275	23.550	12.000	36.825

Funding table 10b (in 1000 EUR)

Year	Central budget	Local budgets	Other national public	IPA funds	Other grants	Project loans	To be determined	TOTAL
X	10,775	0	0	0	400	0	0	11,175
X+1	11,425	0	0	1,000	400	0	0	12,825
X+2	11,425	0	0	1,000	400	0	0	12,825
TOT.	33,625	0	0	2,000	1,200	0	0	36,825



Example 3

Enhancement of financial benefits in social protection

DESCRIPTION

The parliament adopted Law on Social Protection, Amendment to Law on Child Protection and Law on Social Security of Elders with the aim of reducing poverty and increasing social inclusion of vulnerable groups.

Main challenge: how to realistically estimate the number of beneficiaries (reliable statistical data is essential!) – if means-tested, people recognise the „business model“ and change the behaviour

Costing as such is easy, # of beneficiaries x transfer in EUR

But what if # of beneficiaries increases dramatically...



Conclusion

Description of the SR is crucial!

List of standardised costs

Statistical data

Financing sources

Good luck!!!

