



REPUBLIC OF ESTONIA  
STATE SHARED SERVICE CENTRE

# Results-Based Approaches: Less Bureaucracy, More Impact?

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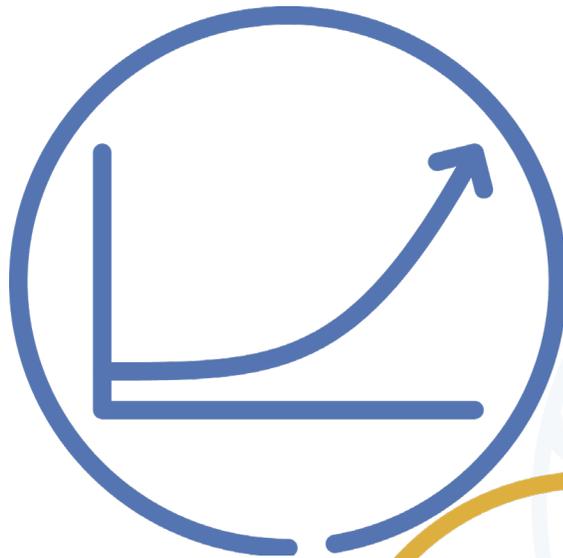
Grants Development Expert

State Shared Service Centre

04.11.2025

# 5 Services

Financial  
accounting  
2013



HR data  
and payroll  
2013



Document  
management  
and archiving  
2023

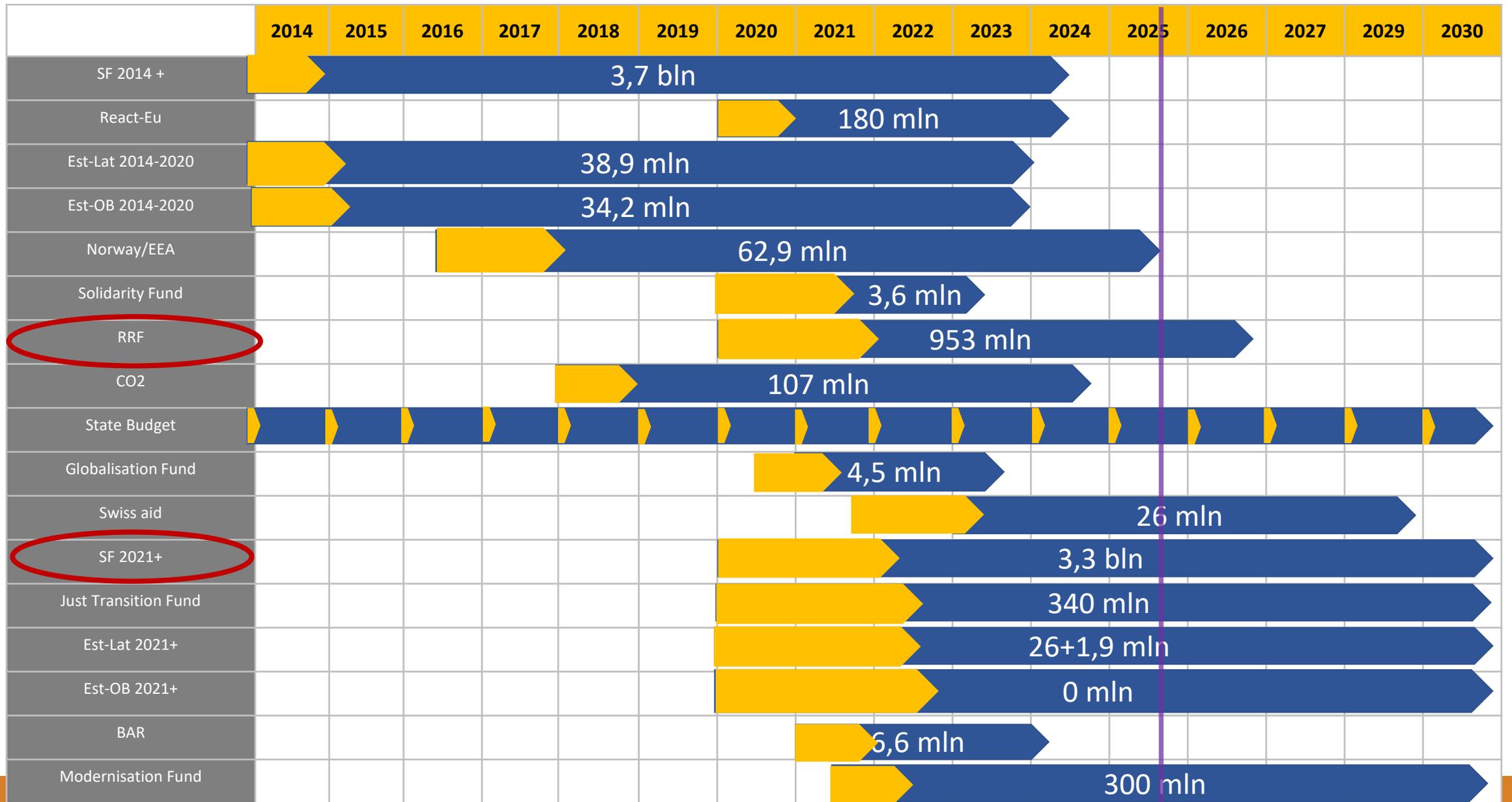


Grants  
administration  
2018



Public  
procurement  
2017

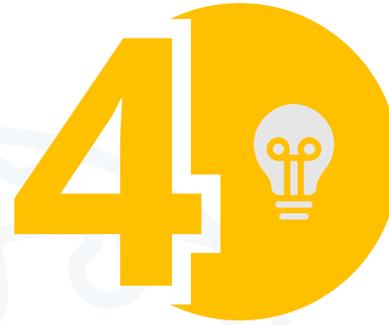




# Coordination and state of play



**Coordination of SCO  
and FNLC network**



**Extranet: all  
simplification  
information  
available**



**1 SCO expert  
2 FNLC experts**



**Simplification is KPI  
in our strategy**



**PowerBI adjustable  
dashboards**



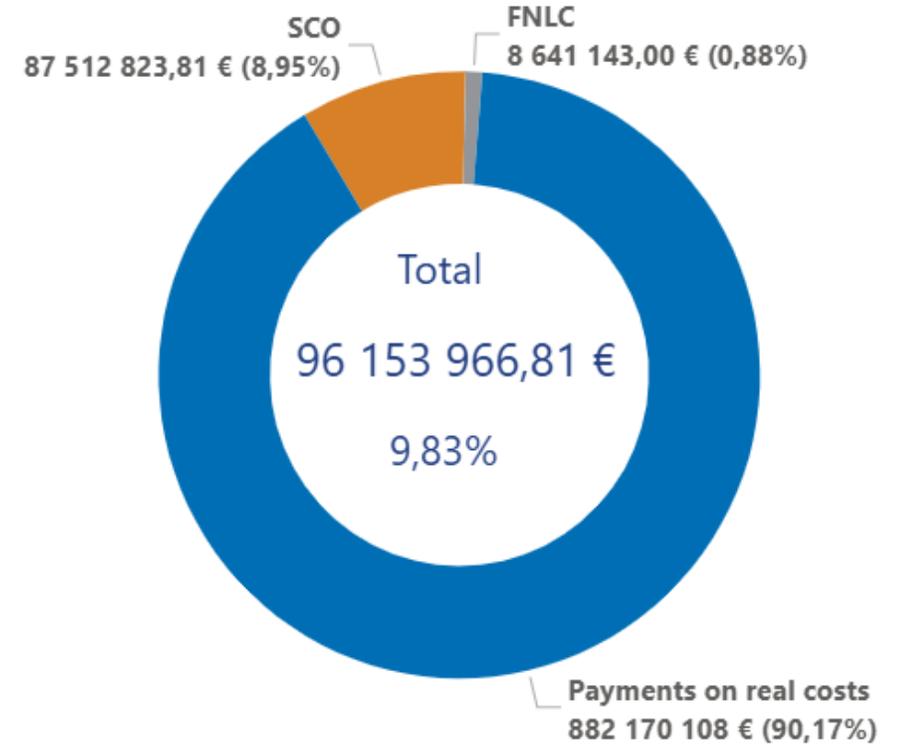
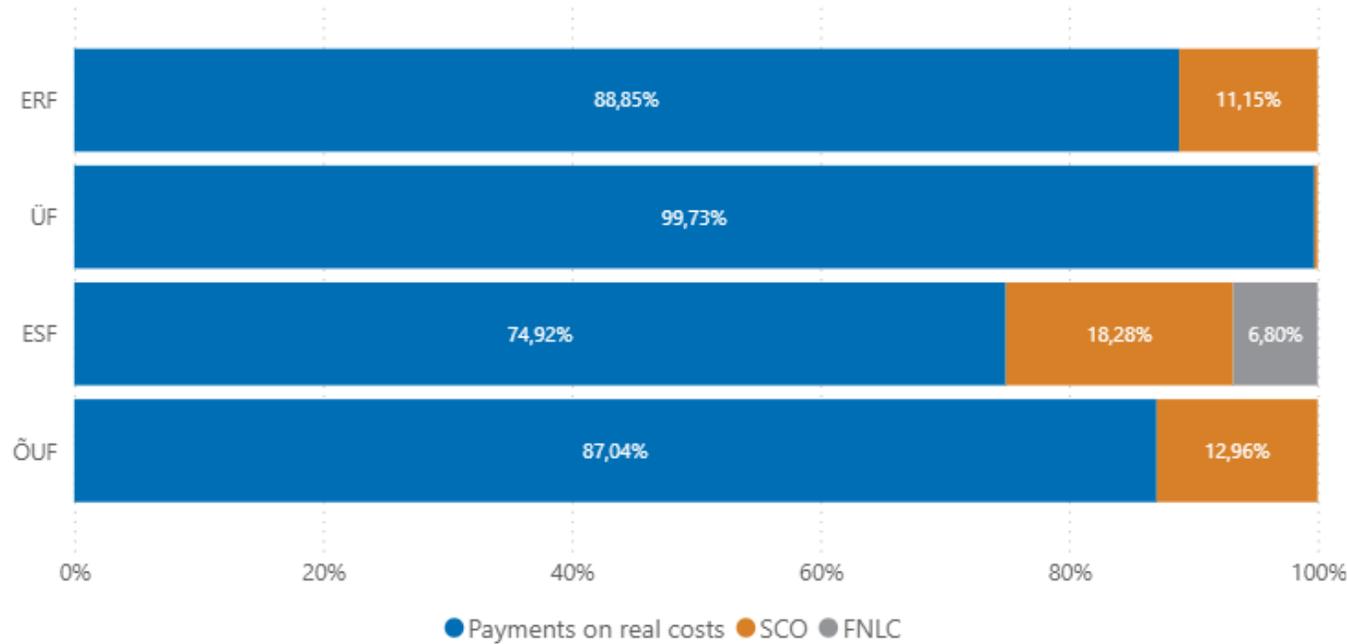
**Service design unit**



Implementing Body



Use on SCO and FNLC in funds



Fund	Total Payments	FNLC payments	FNLC as % of total payments	SCO payments	SCO as % of total payments	Lump sum	Unit cost	Flat rate
ERF	445 232 024,58 €			49 645 201,29 €	11,15%	11 677 505,76 €	31 426 872,98 €	6 540 822,55 €
ÜF	299 193 048,36 €			792 959,60 €	0,27%	90 320,20 €	564 400,00 €	138 239,40 €
ESF	127 142 793,48 €	8 641 143,00 €	6,80%	23 243 341,14 €	18,28%	1 618 210,22 €	11 660 191,54 €	9 964 939,38 €
ÖUF	106 756 208,75 €			13 831 321,78 €	12,96%	1 959 868,91 €	10 941 757,72 €	929 695,15 €
<b>Kokku</b>	<b>978 324 075,17 €</b>	<b>8 641 143,00 €</b>	<b>0,88%</b>	<b>87 512 823,81 €</b>	<b>8,95%</b>	<b>15 345 905,09 €</b>	<b>54 593 222,24 €</b>	<b>17 573 696,48 €</b>

\*The report has been prepared based on the following SAP BO reports: SFSA 2021–2027 Budget Implementation, SF 103 Standard Unit Cost Report, SF 105 Flat Rate Report, SF 97 Lump Sum Payments.

# Estonian FNLCs (1)

**Approved** Appendix 2s, ca 415 M€ EU co/f (13% of programme)

- PO4, ESF+ (Education): Development of curricula and learning materials, and initial and continuing training for education and youth sector employees; EU co-financing: €40,204,458 (19 months of preparations)
- PO2 ERDF (Energy saving): Renovation of apartment buildings; EU co-financing: €330,900,000 (12 months of preparations)
- PO1 ERDF (Digital connections): Construction of very high-capacity access networks; EU co-financing: €45,000,000; (3 months of preparations, but close to similar scheme in RRF)



# Estonian FNLCs (2)

**In pipe-line:** on-going program amendment, ca 112 M€ EU co/f (3,6% of programme)

- PO1, ERDF (Innovation) Public sector innovation projects; EU co-financing: approx. 41 M€
- PO1, ERDF (Defence capacity) Entrepreneurial infrastructure for SMEs (industrial park and production facilities); EU co-financing: 52 M€
- PO3, ERDF Narva Military base-camp; EU co-financing: approx. 19,65 M€



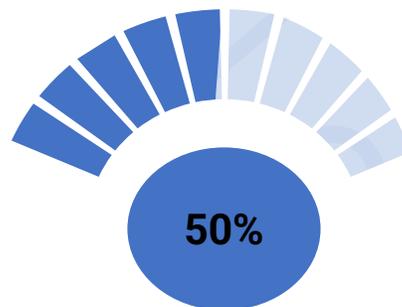
# Renovation of apartment buildings: indicators triggering reimbursement from COM to MS



**TOTAL BUDGET**  
**EUR 827 250 000**

- EU 330 900 000 € (ca 10% of the Programme)
- Self-financing 496 350 000 €

Condition



Number of signed grant decisions (500)

Result



Estimated annual reduction of greenhouse gas emissions in completed projects (8 000 tons of CO<sub>2</sub>eq/year)

The calculation is based on historical data from previous calls for proposals, taking into account inflation

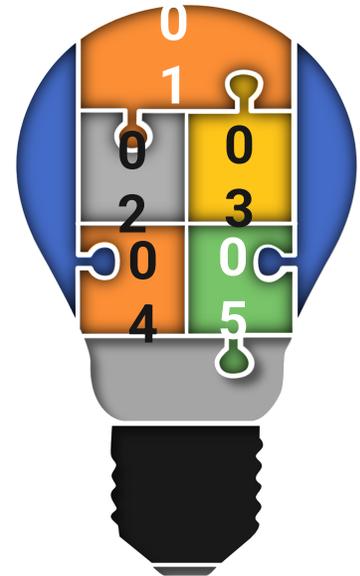


RIIGI TUGITEENUSTE  
KESKUS

# Why FNLC?

In every FNLC the reasons vary, some examples:

- High demand for simplification, but SCO-s (Art. 94) proved to be unsuitable
- A recommendation from the Audit Authority
- Easier for end beneficiaries; focus on the results
- Reduces administrative burden (ideally on both levels – upper and lower level)
- RRF experience provides confidence (similar schemes can be transposed quite easily)
- FNLC offers a more logical, integrated, and flexible approach, aligning reform steps with resource development for cohesive implementation
- Pilot for the future



# Result-based financing offers



## FOCUS

Supports substantive focus in funding policy, reducing emphasis on cost reporting

## INVESTMENT

More effective, lower administrative costs  
Faster payments

## POTENTIAL

High potential for national-level (lower level) simplification

## GOAL

Focus on objectives  
→ faster results  
Grant measures better address target group needs



# How the result-based schemes have worked in practice?

## More experience with RRF

- Stronger ownership (policy makes, IB-s)
- Increases the solution-orientation
- Completion of projects is a top priority
- Monitoring is a key in successful implementation
- Can increase the workload of IB-s
- Delays in EC decisions have hindered the domestic use of simplifications
- Burdensome verifications, unclear rules (PP checks)



# Lessons learned (so far) with FNLCs

- Lack of experience with this type of scheme can lead to overthinking both in design and approval
- Experience with RRF helped to develop the costing calculations
- Ensure that verification for payments does not become administratively burdensome
- Be prepared to educate counterparts about result-based schemes
- Controls and check-lists need to be tailor-made for each FNLC scheme
- Monitoring and reporting need adaptations in IT system
- A mindset change requires practice at all levels





- Include only **relevant** and **meaningful conditions** and **results**—avoid unnecessary risks.
- Involve **Audit Authority** to the development process.
- Be ready for **compromises** (payments versus cash flow needs).

01



- **Linking programme (or common) indicators to payments** brings clear benefits: established methodology, fewer disputes, and reduced administrative burden due to mandatory reporting.

02



- Payment verification should not be overly complex.
- **Allow time for negotiations.**
- Be ready to submit **additional explanations**, as all documents and not all details fit in Appendix 2.
- Each FLNC is **unique**; direct copying rarely works.

03



- Schemes **development timelines vary widely** (2.5–19 months in EE).
- **Adjustment methods** are hard to implement and require Programme changes.

04



# Barriers with the view to the 2028+ MMF

1. IT system(s) limitations (esp. performance-based schemes, FNLC)
2. Late launch of the programming period (+ requirement for unified national plans 2028+ & performance-based approach on MS-EU level)
3. Existing control systems and audit procedures are still predominantly focused on verifying incurred costs, lack of FNLC-audit experience
4. Some horizontal legal frameworks (e.g. state aid) are not always compatible with the use of SCO-s and esp. FNLC
5. No clarity (yet) from 2028+ regulation proposals how FNLC and SCO-s play out on the level of implementation



# Less Bureaucracy?

**Definitely (if designed wisely)**

# More Impact?

**“You get what you measure.”—Richard Hamming**





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**THANK YOU!**