

ESF THEMATIC NETWORK ON SIMPLIFICATION

REPORT ON SCO PRACTICES

(Draft for the 6th Meeting of the Thematic Network - The Hague – 8-9 June, 2017)

References:

Member State / Region	Republic of Lithuania
Reference number (TN's map of SCO practices)	46

Contact details:

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Type of SCO reported <i>(Please choose one of these types of SCO: flat rate financing, standard scale of unit costs, lump sum).</i>	STANDARD SCALE OF UNIT COSTS
Type of activities covered by the SCO <i>(Please indicate what type of activities is targeted by the SCO).</i>	UNIT COST FOR VOCATIONAL TRAINING OF UNEMPLOYED PEOPLE

A. PROJECT DESCRIPTION

A1. Description of the type of operation <i>(Please describe in brief what types of operations are covered by SCO)</i>
<p>The operation is designed for integration of the unemployed people into the labour market, i.e. to enhance employability of the unemployed people by active labour market policy measures, which are designed to provide or improve professional qualification of the unemployed people, to develop practical skills, to encourage territorial mobility and to increase motivation of the unemployed people to learn and to seek for job as well.</p> <p>Support is given for vocational training under the formal vocational training programs, which are listed in the official register of study, education and qualification</p>

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programs, or non-formal vocational training programs, listed in the official register of non-formal education programs.
A2. Definition of outputs/results <i>(Please give a short definition of outputs and/or results)</i>
The unit is the unemployed person who has successfully completed vocational training. The unit costs differ for: long-term formal training (from 184 days and more), medium-term formal training (from 97 days to 183), short-term formal training (up to 96 days) or non- formal training.
A3. Beneficiaries <i>(please indicate the types of beneficiaries involved in the operations covered by SCO)</i>
The only beneficiary is the Lithuanian Labour Exchange (LLE) under the Ministry of Social Security and Labour.
A4. Target group(s) <i>(Please list target groups within projects covered by SCO)</i>
Unemployed people registered with LLE. The priority is for those unemployed people who confront difficulties to integrate into labour market: long-term unemployed people (unemployed people up to 25 years, who are unemployed more than 6 months, and unemployed people above 25 years, who are unemployed more than 12 months), unemployed people over 54 years, disabled people, who can work, unqualified unemployed people.

B. METHODOLOGY AND CALCULATION METHOD

B.1 Methodology <i>(please indicate which methodology/ies has/have been used: Fair, equitable and verifiable method / use of existing EU schemes for similar types of operation and beneficiary / Use of existing own national schemes for similar types of operations and beneficiaries / use of rates and specific methods enshrined in the regulation or in a delegated act / use of a draft budget /combination of methodologies). Please indicate if the concerned SCO has been covered by Art. 14(1) ESF)</i>
Fair, equitable and verifiable method. The unit cost is to be covered by a Delegated Act adopted under Art. 14(1) ESF (now under procedure of adoption).
B.2 Calculation Methods <i>(please describe how the calculations have been made)</i>
In accordance with the Republic of Lithuania Law of the Employment (21th of June 2016 No. XII-2470) Article 37 the total direct cost of vocational training for the unemployed people depends on the rates determined by the legislation and consists of five different components: costs on vocational training services, vocational training scholarships costs, travel expenses to the place of vocational training and back, accommodation costs, costs on compulsory health screening and

vaccination against infectious diseases.

Each component was analysed separately on the basis of historical data of six projects:

- The historical data of vocational training services was clustered (the segmentation model) by using a Two Step algorithm and vocational training costs were divided into four groups according to the type of training (formal and non-formal) and the duration of the training – average values of vocational training costs for each group were calculated from historical data.
- As it is set in the legislation the scholarship directly depends on the duration of training program in months, minimum monthly salary and coefficient for the vocational training scholarship stated in the Republic of Lithuania Law of Employment Support. Average vocational training duration in months per person was calculated from historical data separately for each group indicated above. According to the Law on the choice of the unemployed participant (who is on unemployment insurance benefit) the vocational training scholarship may be replaced by an allowance in the size of an unemployment insurance benefit (hereinafter – UIB). The influence of this factor on the scholarship component has been assessed as well.
- As it is stated by the Law the travel expenses of unemployed people are paid according to a route specified in the person’s application and 1 kilometre tariff approved by Ministry of Social Security and Labour of the Republic of Lithuania. The average number of kilometres travelled during the training period per participant has been calculated from historical data separately for each of the four groups indicated above.
- Average accommodation costs per participant were calculated from historical data separately for each of the four groups indicated above.
- Average costs of health screening and vaccination against infectious diseases per participant were calculated from historical data.

In accordance with The Application of Flat rate to Indirect Project Costs Scheme (Order of the Minister of Finance, 8 October 2014, Order No 1K-316 “On the projects administration and financing regulation approval”) the sixth component of the indirect project costs was added to the unit cost of vocational training.

The total value of a unit cost was calculated by adding the values of the six components.

B.3 Data source *(please indicate the type of data used and the data source)*

A combination of data has been used:

- historical data of six projects for vocational training services cost, vocational training scholarships costs, travel expenses to the place of vocational training and back, accommodation costs, costs on compulsory health screening and vaccination against infectious diseases. Two projects were implemented in the 2007-2013 programming period and four of them are implemented in 2014-2020 period. Historical data has been collected and used from March 2012 to May 2016 (i.e., 4 years and 2 months’ period);
- legislation data for minimum monthly salary;
- legislation data for training scholarship coefficient;
- legislation data for 1 kilometre tariff fee;
- legislation data for indirect costs flat rate.

C. IMPLEMENTATION OF SCO

(Please describe in brief what implementation rules and conditions have been set out)

Beneficiary will be paid on the basis of the unit cost after reporting the number of participants who have successfully completed their vocational training program by applying one of the four unit costs depending on the type and duration of the program completed.

Successful completion of the training has to be verified by the certificate issued (certificate of acquired qualification in formal education or certificate of competence in non-formal education). Exceptions determined by the legislation are allowed: death, illness, injury, pregnancy of the participant etc. In these cases, costs will be reimbursed on pro rata basis and verification of the above mentioned cases will be made by the alternative documents set out in the national law.

Additionally, as an eligibility criterion, the conditions of the tripartite agreement between unemployed participant, employer and territorial labour exchange or bipartite agreement between unemployed participant and territorial labour exchange should be fulfilled in a period of 6 months after completing the training (i.e. the participant should be employed or engage himself/herself in the individual job activity).

D. AUDIT TRAIL

(Please provide a brief description of the audit trail for the concerned SCO, including documents, key contents/conditions and procedures)

For reimbursement a participant must meet all target group requirements, receive a certificate of acquired qualification (in formal education) or competence (in non-formal education), conditions of vocational training agreement and vocational training coupon must be fulfilled.

By performing the administrative review ESF agency will verify that all documents and expenditures related to unit costs are eligible. ESF agency will perform desk-based verification with every payment claim provided by LLE. The administrative verification will be carried out based on sample of participants using the methodology in line with the chapter 1.7 of the Guidance on management verifications (EFESIF_14-0012_02 final).

Desk-based verification consists of:

- verification of the list of unemployed participants who had successfully completed the training;
- verification whether participant meets all the target group requirements (data dump from LLE database);
- verification of start date and end date of training according to the vocational training coupon or agreement;
- verification of type of trainings according to the vocational training coupon;
- verification of successful completion of training – receiving of the certificate;
- verification of the tripartite/bipartite agreement conditions of employment fulfilment (data dump from LLE database);
- verification whether for each successful participant the three underlying documents are available;
- verification of the documents in a case of exceptions (death, illness, injury, pregnancy of the participant, etc.);
- verification of the calculations made by LLE for reimbursement;
- verification of the indicators to be reached according to the requirements stated in the call for proposals and the Operational Programme;

By performing the sample testing ESF agency will carry on-spot checks once a project, these checks include:

- verification of original documents and expenditures according to check list;

- verification whether participant meets all the target group requirements (is unemployed when starting training and is in LLE database of unemployed persons, and etc.);
- verification if participants are attending training as it is agreed.

E. ASSESSMENT BY THE AUDIT AUTHORITY(IES) INCLUDING EVENTUAL EX ANTE ASSESSMENT

(If relevant, please explain how the audit authority has been involved in preparation and assessment of the SCO).

The representative of the national Audit Authority has been included in correspondence with EC on drafting the unit cost. No official opinion has been received from the Audit Authority.

F. IMPACT OR ADDED VALUE FOR THE MA, BENEFICIARIES AND OTHER STAKEHOLDERS

(Please explain how you have perceived impact/added value of the SCO for the MA, beneficiaries and other stakeholders).

1. The process of submitting project applications has been simplified – applicants fill in the application form based on standardised units.
2. The evaluation of application process has been simplified and standardised.
3. Administrative verifications (both desk-based and on-spot) are focused on outputs and results achieved instead of detailed verification of financial documents.

G. SPECIFIC ISSUES FACED WITHIN CALCULATION AND IMPLEMENTATION OF THE SCO

(Please indicate any issues/problems/challenges you have experienced when setting out or implementing the SCO, i.e. high workload, state aid, public procurement, national legislation, revenues etc.)

Establishing the unit cost was a challenging process, which required a rigorous data collection, validation and analysis. Finding applicable method and getting approval from European Commission was also a demanding process.

H. LESSONS LEARNED AND POINTERS

(Please indicate any unforeseen practical implications that have emerged and any key lessons you have learned from the development and implementation of the concerned SCO practice).

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Knowing other member states practices in setting out the standard scale of unit costs before calculating and developing standard scale of unit costs would be very useful and may alleviate the process.

Though negotiating with the European Commission to cover standard scale of unit costs by a Delegated Act adopted under Art. 14(1) ESF was a challenging process, but it was also a very helpful – remarks of experts were useful in determining applicable method.

I. ANNEXES OR LINKS TO ONLINE DOCUMENTS

(Please list documents or links to online documents like complete methodology, calculation methods, documents submitted to the Commission, guidance for MAs and beneficiaries, calls for proposals, audit trail, legal acts etc.).

Calculation methods, documents submitted to the Commission (fiche including annexes) are available at the request.