

ESF Transnational Platform 2014-2020
Launch of the SIMPLIFICATION Thematic Network
9-10 December 2015, Brussels
(FINAL VERSION)

PARTICIPANTS

• **Member State representatives:**

BE / ESF Agency Flanders: Louis VERVLOET (lead of the Thematic Network)

CZ / Ministry of Labour and Social Affairs (managing authority): Věra PALOWSKA and Adam SEVERÝN

EE / Ministry of Finance (managing authority): Inge OOPKAUP

EL / Ministry of Finance (managing authority): Ioanna REKOUNIOTI

ES / Ministry of Employment and Social Security: Ana Belén SANZ

FI / Ministry of Employment and Economy (managing authority): Jenni HYVÄRINEN

FR / Ministry of Work, Employment, Vocational Training and Social Dialogue (managing authority): Alice CHONIK

HR / Ministry of Labour and Pension System (managing authority): Kristina SINGER

LV / Permanent Representation to the EU: Ieva VALTMANE

NL / Ministry of Social Affairs and Employment: Gerard SLOTEMA

SI / Cohesion policy office, Funds division (Managing authority): Darja ZORKO MENCIN

SK / Ministry of Labour, Social Affairs and Family (managing authority): Juraj LUCAK

• **EU Stakeholders:** none

• **European Commission:** Elsa KMIECIK (DG EMPL/F1, policy officers for simplified cost options), Pavlos DIMITRIOU (DG EMPL/C4, unit Cyprus, Greece), Paola BERTOLISSI (DG EMPL/D4, unit France, Netherlands, Belgium and Luxembourg), Heli KASK (DG EMPL/D5, unit Finland, Latvia, Estonia, Lithuania), Svetlana KINEVA (DG EMPL/F1)

• **ESF Transnational Platform / AEIDL core team:** Luca SANTIN (thematic expert for simplification), Antoine SAINT-DENIS (policy expert and social innovation expert, in charge of the minutes), Jyostna PATEL (gender expert)

REIMBURSEMENT OF PARTICIPANTS' EXPENSES

Participants must send the expenses claim form provided and the original invoices and boarding passes/tickets by Friday 22 January 2016 to *ESF Transnational Platform – AEIDL, 260 Chaussée Saint-Pierre, B1040 Bruxelles BELGIUM.*

For questions and electronic tickets, please contact Aleksandra KOWALSKA (ako@aeidl.eu). The rules related to travel, accommodation and daily allowance are described in this



Reimbursements
15Dec15.docx

document (updated version):

AGENDA



Agenda TN
Simplification - FINAL

COMMISSION PRESENTATION

Elsa KMIECIK, who recently handed over responsibility for simplified cost options to Colin BYRNE, presented.

Simplification means a lot more than just simplified cost options. Simplification is an objective the European Commission cares about at every level. A High Level Group on simplification was set up last summer and is in charge of making recommendations.¹ The issue of simplification is not important only for the management of ESI Funds, but also because it is instrumental in improving the implementation of policies. The Commission's ambition is to make things easier so that it becomes possible to focus more on results.

This thematic network will play a key role, since MSs need to learn more from each other and the EC needs to understand better what happens on the ground. Due to shared management, the Commission cannot be aware of all the technicalities that managing authorities face when it comes to SCOs. DG EMPL's intention is to use this network to improve its understanding of issues and contribute to solutions for faster implementation of SCOs. In addition, the MMF review gives a perspective of possible legal modifications to be applied to the current programming period.

The delegated acts adopted by the Commission on the basis of article 14 of the ESF Regulation gives MSs legal certainty with regard to the definition of standard SCOs. However, the Commission cannot go further without a reinforced cooperation with managing authorities. For instance, one of the members of the ESF Committee's recent invitation to the Commission to calculate a unit cost for migrant operations could not be followed up by the Commission alone, since the related data lay in MSs' hands.

For these reasons, Elsa KMIECIK invited participants to develop a real ambition for this network, and to strengthen their cooperation. The participation of additional managing authorities and national implementing bodies in the next meeting will be welcome.

Pavlos DIMITRIOU insisted on the interest of involving national auditors in developing methodologies. Many participants mention how difficult it can be for managing authorities to convince them that such a dialogue would not pre-empt their legal responsibilities. A different cooperative approach should be fruitful to better identify tricky points and promote adequate solutions. The Commission's auditors will join the TN at a next meeting.

PRESENTATION OF THE THEMATIC NETWORK

As the thematic expert for simplification, Luca SANTIN presented the network. He pointed out that the work starting is unprecedented: it is the first time that a transnational working

¹ See http://ec.europa.eu/regional_policy/fr/policy/how/improving-investment/high-level-group-simplification/#1

group has dealt with simplification issues within ESF management, since exchanges of information and views so far have mostly been bilateral.



Launch Meeting TN
SIMPLIFICATION_LL

There will be some specificities in the work developed by this network in comparison with the others, due to its theme:

- The issue seems to be reserved to specialists but in fact, making simplifications implies the involvement of a wide range of actors: IT experts, lawyers, etc.;
- It requires a cultural leap. If not, you don't take it up, or only in a limited way;
- Sharing knowledge from different levels – European, national, local – is needed;
- It implies strong coordination, from beneficiaries to the European Court of Auditors.

Additional simplification measures were adopted for the programming period 2014-2020, but the implementation state of play is uneven among countries.

It will be up to participants to define the role of the TN community. The TN will organise two physical meetings a year. It will be instrumental for success to involve the most experienced persons. This network is not a seminar! We should decide which stakeholders to involve.

Luca SANTIN recalled the three **sub-themes** indicated by the MS within the preliminary consultations before the launch of the TNs:

- Simplified cost options
- Joint action plans
- Financial instruments, depending on participants' interest.

Five potential **areas of activity** could be identified:

- approaching simplification: administration and calculations, simplified calls, simplified controls – change management issues (simplification does not mean only fewer people dealing with administration but also means people engaged in other tasks than collecting and managing papers);
- legal framework: MSs' constraints, promotion of an harmonised framework at EU level;
- methodological/operational solutions;
- new simplification measures/rules: delegated acts on SCOs, mandatory use of SCOs, joint action plans, etc.
- assessing the impact of simplification: quantitative and qualitatively. need for common methodologies and recommendations to improve uptake.

Success will mean that the TN has made a decisive contribution towards an effective, easy – since a complex simplification system is not simplification –, clear (to define and communicate) and correct new set of simplification of measures within the ESF.

SITUATION IN EACH MS

Please read the presentations made by participants for full details:



MS presentations
Launch Meeting 9_12

The key points were the following:

FLANDERS started implementing SCOs in 2007, with flat rates. It has been using standard scales and lump sums since 2009. Now, SCOs are used in every call. Louis VERVLOET considers that the three top issues to be addressed are: enhancing legal certainty; counterbalancing the risk of fraud; simplifying the overall administrative burden for all parties involved.

CZECH REPUBLIC already had developed some experience of SCOs during the previous programming period. It is now considering using SSUC and flat rates in all ESF OPs, preferably on the basis of art. 14(1) of the ESF Regulation. The Commission has already approved unit costs for childcare facilities and in-company training of employees. The preparation of unit costs for support to start-ups is under consideration. A problem is that developing simplified costs is heavily time consuming. Another limitation is that the auditors refuse to take any responsibility in the process. Opportunities: reducing errors, focussing on outputs, reducing administrative burden. Challenges: the information system, on-the-spot verifications, inviting other national stakeholders to opt for SCOs.

In ESTONIA, the use of flat rates is already mandatory, and unit costs used (also those existing in other EU policies). Many problems relate to auditors and concern calculation methods. There is a real need that the Commission give clear messages to audit authorities.

In SPAIN, the (single) managing authority published a manual in which the use of SCOs is compulsory for indirect costs. However, the complex administrative governance, with many implementing bodies not only at national level but also at regional and many audit authorities, induces a wide range of interpretations of the regulations. The ESF Spanish unit plans to launch a national working group on SCOs.

FINLAND has opted for a multi-fund approach in the current programming period. The reduction of implementing bodies has much improved the situation: there are few divergent interpretations, while better legislation reduces the need for guidance. A lot of emphasis has been put on the IT system. Currently, out of 519 projects, flat rates are used in 80% of them, lump sums in 9% and real costs in 12%.

In FRANCE, the number of national implementing bodies has been reduced but remains high – 130 instead of 350. The entire audit trail has been dematerialised, but the web portal <https://ma-demarche-fse.fr> only concerns the national OP. Simplification measures currently consist of three flat rates (15%, 20% and 40%), based on art. 14.1 of the EU ESF regulation. An interministerial evaluation of simplification issues is being made. The time it takes to develop SCOs and uncertainty concerning audit remain bottlenecks to further developments.

In CROATIA, simplification measures have been set up exclusively on the ground of the provisions of the CPR and the ESF Regulation. Technical assistance is being mobilised to explore further progress.

In the NETHERLANDS, standard scales of unit costs have been applied to the three types of applicants targeted by the only OP, namely municipalities, the Employee Insurance Agency and the Ministry of Security and Justice. Some are result-based.

The use of SCOs started in SLOVENIA during previous programming periods and is now developing, with a stronger focus on results. The challenge has become to speed up uptake and adopt a more qualitative approach.

A similar evolution is visible in SLOVAKIA, with a shift in orientation from process towards outcomes. Simplified costs now cover 10% of the OP, while standard scales are applied to five national projects.

CHALLENGES (PROBLEMS) AND OPPORTUNITIES (SOLUTIONS)

MS were invited to identify and present “their” key problems and solutions related to the Simplification theme.

On the basis of the MS indications/suggestions, Luca SANTIN wrapped up the session by identifying together with the participants the main problems and solutions clusters (see following charts).

CHALLENGES (PROBLEMS)	
Cluster	Challenges/problems reported by the MS
A. LEGAL (UN)CERTAINTY - Audit Trail - Audit of calculation Methodologies - Specific Issues (State Aids, Public Procurement, Proof of activities/results...)	<ul style="list-style-type: none"> • <i>Horizontal Audits (FR)</i> • <i>Legal Assurance unless enacted under 14.1 (SK)</i> • <i>Consultation with and approval of Audit Authorities (EL)</i> • <i>Lack of similar understanding on auditing (EE)</i> • <i>Reservations form the control part of management (LV)</i> • <i>Very vague (unclear) opinion of EC on control of Public Procurement in SCO projects (CZ)</i> • <i>Treatment of employment aids (ES)</i> • <i>Compatibility between SCOs and State Aids regulation (FR)</i> • <i>State Aids issues in ESF and ERDF that limit use of SCO (LV)</i>
B. EXPERIENCE SHARING AND COMMON UNDERSTANDING BETWEEN MS - Lack of experience sharing - No common terminology	<ul style="list-style-type: none"> • <i>Not sharing experiences with other Member States (CZ)</i> • <i>Very difficult to find detailed information about systems from other countries (CZ)</i> • <i>No Sharing solutions of Managing Authorities on issues of SCOs (NL)</i> • <i>Understanding: When two (especially from different offices, MAs or even countries) speak about SCO (e.g. Unit costs) each one of them often means something completely different (CZ)</i> • <i>No unified understanding of terminology (HR)</i> • <i>Terminology- definitions conflicts (EL)</i>
C. CALCULATION METHODOLOGIES - Data (Sources, Relevance ...) - Methods	<ul style="list-style-type: none"> • <i>Methodology and data defining unit costs and lump sums outside Art. 14.1 (LV)</i> • <i>How much data to use as sample (HR)</i> • <i>Relevant calculation methods for calculating Unit Costs/Lump Sums (CZ)</i> • <i>Calculation of project staff costs (FI)</i>
D. NATIONAL RULES/CONSTRAINTS	<ul style="list-style-type: none"> • <i>National control regardless SCOs (SK)</i> • <i>National legislation is favouring Real Costs Schemes (CZ)</i> • <i>How to make sure that there is no contradiction with some national law from.... the past?!? (HR)</i>
E. DIALOGUE WITH APPLICANTS AND/OR OTHER PUBLIC AUTHORITIES	<ul style="list-style-type: none"> • <i>Cooperation of applicants (NL)</i> • <i>Validation of unit costs proposed by other Authorities (e.g. IBs) (FR)</i>
F. HARMONIZATION OF RULES AT EU LEVEL (BETWEEN DIFFERENT FUNDS)	<ul style="list-style-type: none"> • <i>The additional options of ESF Regulation Article 14.1 and 14.2 are not applicable in ERDF (FI)</i> • <i>How to use SCOs in other EU policies, when the eligibility rules are different between Funds (EE)</i>
G. SCOs IMPLEMENTATION - Monitoring and justification of	<ul style="list-style-type: none"> • <i>Justifying SSUC (ES)</i> • <i>Justify and control staff costs within service contracts (ES)</i> • <i>Quality measurement (SK)</i>

activities/outcomes - Quality measurement	<ul style="list-style-type: none"> • Simplification of management verifications and payment processes (FI) • Example of combination of SCOs (SI)
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OPPORTUNITIES (SOLUTIONS)	
Clusters	Opportunities (solutions) reported by the MS
A. REGULAR EXCHANGE OF EXPERIENCES, PRACTICES AND INFORMATION AMONG MS (THEMATIC NETWORK)	<ul style="list-style-type: none"> • Exchange of detailed information about SCO systems (calculation, methodology, calls for proposals, etc.) among different countries (CZ) • More information on good examples, good programmes • Peer to peer Exchange - Study visits (frank exchange of experiences) (LV) • Thematic Network "Mailing Group" (HR) • Present calculation methods used by Managing Authorities (CZ) • Use of SCO (defined) by other Managing Authorities (SK)
B. INVOLVEMENT OF THE EC - Policy and Legislation Unit - AA - Geographical desks	<ul style="list-style-type: none"> • EC participation in the Simplification TN (CZ) • EC should give a clear guidance on auditing (EE) • Open platform in DG EMPL on the answers they have provided to Member States (LV) • Get the AA Involved in the SCO implementation (FR) • Clear and shared identification of the solutions (ES) • (Discussion on) Objective information – art 67.5.a (ES)
C. WIDER, EASIER AND HARMONIZED USE OF SCOs - SCOs defined at EU level - Funds harmonization - Mandatory use of SCOs	<ul style="list-style-type: none"> • Promoting SCO from the European level much more (CZ) • Indirect costs only as flat rates for all ESIF projects (LV) • Same rules should apply to all funds (EE) • The SCO rules could be further harmonized between ESF and ERDF (FI) • Mandatory use of SCOs (FI) • Simpler Monitoring (ES)

During the discussion the following aspects were also highlighted:

- legal uncertainty / audit trial:

Legal uncertainty is a major issue. A given project can be checked several times, and by different auditors, which will oblige to discuss the issue several times. The future participation of EC auditors in the TN meetings should positively influence signals sent from the European level to the audit authorities in MSs.

- Delegated Acts

Normally: what is outside the scope of art. 14(1) – delegated act – will be audited, what is inside will not. FR example: the delegated act mentions which documents will be requested to prove the outputs / the process leading to a delegated act usually starts with the writing of a MS fiche, as a basis for discussion with the EC and auditors; it usually took one year for the first countries which experimented with the process (their experiences could be shared at next meeting).

Does the DA cover all the costs of the operations, or only some of them? CZ: only some, since some operations involve crossfunding, which cannot be a part of a DA, but for education, it covers all costs. FR: amount paid to coaching services is different from amount

declared to EC. It was an average calculation of real costs incurred by the services. FR advises to disconnect both realities. Luca SANTIN observed that the first step should be to define the potential scope/boundaries for a DA. It is important to get the operation more secure since a DA is rigid and cannot be amended easily (only minimal automatic adaptations are allowed in the regulation). Specific issues (state aids, public procurement, proof of administrative papers - some countries implementing SCOs keep asking for a full accounting system in which beneficiaries have to keep track of everything);

- insufficient sharing of experiences: this TN is the first real community of practice (even if there are representatives from MSs in existing EU committees)
- lack of a clear terminology: Luca SANTIN proposed to write a brief document with a few key terms defined, with examples added – e.g.: definitions of indirect costs means this or that used in the different countries).
- Particular attention should be dedicated to issues like quality measurement and monitoring of activities and results within the discussion on the implementation of SCOs.
- national rules: they can impede or even make it impossible to implement simplification measures. National regulations are often a constraint or even a threat to simplification.
- dialogue with applicants and other stakeholders plays a key role for the successful implementation of SCOs (and of simplification measures in general)
- adequate access to data and a verification of methodologies are irreplaceable.
- harmonised rules at EU level: are multi-fund OPs common in the MSs? FR: yes at regional level. CZ: one. ES: no, only ESF. LT 1 multi-fund OP. SK 1 multi-fund ESF-ERDF OP (human resources). FI: 1 OP. EL 30 regional multi-fund OPs + 2 national OPs for ESF and ERDF. HR: specific OP for ERDF. NL: different OPs for different funds.

ORGANISING THE NETWORK

A. Organisational aspects

1. **Next meetings will start in the morning** (no more meetings starting at lunchtime). We can plan 1-day or 1.5-day physical meetings depending on the number and relevance of the points to be discussed/shared.
2. **The date(s) of the meetings will be proposed 2 months in advance.** This will allow all participants to organize their agendas/schedules and manage their bookings in due time. We could use a Google form to check/decide the most convenient date(s) for all.
3. **The next meeting will be held in Brussels in the first 2 weeks of March 2016.** Next meetings could also take place in **other Member States**. Of course all MSs' proposals will be welcomed.
4. **The participation and the active involvement of the European Commission** (DG EMPL Policy and Legislation Unit, Geographical desks Units, Auditors) and of other stakeholders will play a very important role in the development of the Network. On the other hand we should also organize separate sessions dedicated to discussion between MSs only.
5. Although distance work will be a key factor to ensure that the meetings are productive, **distance meetings are not foreseen at the moment** (not feasible with so many participants and also considering the quantity of issues to discuss and their relevance). The EU budget provides with resources for only two meetings a year, but participants agreed that it should not be a problem to cover the cost of the 3rd meeting in each year with national resources. TN meetings could be also organized in conjunction with other initiatives/occasions at EU level (e.g. Open days, EC thematic seminars on SCOs).
6. **Distance work will be managed mainly through:** e-mail exchanges (mailing list will be provided) and Dropbox folders (links will be provided). Only the participants will have

access to the folder. These solutions will cover the first months of work. In spring 2016 the TN website will be available (to exchange and host contents and discussions).

7. **Information flow:** as a general rule the information and documents exchanged within TN will be exchanged among the Authorities participating in the Network (including the MS reps who have not been able to participate in the launch meeting, but who have formally declared their interest in participating). The members of the TN will then decide which documents and information can be shared/disseminated.

B. Next steps

In brief, all participants agreed to work on 3 main initial tasks:

1. A common practical 'dictionary' on simplification:

Not a few participants declared they are very interested in achieving a better understanding of how the others have interpreted the EU definitions in practice at a MS level (e.g. direct/indirect costs, process, result, operation...).

Steps:

- a. Each MS will send a short list of the (5-10) key terms they would like to include in the dictionary (proposed deadline for sending the list: 15/01/2016)
- b. A consolidated list of key terms will be sent back to the MS, together with an outline 'definition template' by 20/01/2016
- c. All members of the TN will provide "their" practical definitions on how the key terms have been interpreted in their MS experiences (with a few examples). The definitions should be kept simple (we will have time and occasions to develop them). Proposed deadline: 22/02/2016

2. Map of the authorities/stakeholders in each MS:

In not a few MS the number of authorities taking relevant decisions on simplification measures is extremely high. It could then be important to have a first picture of each national framework.

Steps:

- a. Each MS will send a first map of the main authorities taking decisions and/or coordinating the implementation of SCOs at national and (possibly) regional level. Proposed deadline for sending the maps: 31/01/2016
- b. The maps will then be discussed and systematized within the 2nd meeting.

3. A first, simple, map of SCO practices and experiences

In order to start the exchange of concrete practices, CZ proposed to design a first simple template to collect other MS' experiences (at least the main ones).

All participants supported the proposal and declared their availability to collaborate on this task since the very early stage of the TN.

Steps:

- a. The CZ members will send a draft version of the template to the Leading MS and Thematic Expert by 15/01/2016. The template will be kept "as simple as possible".
- b. The template will be sent to all MS by 20/01/2016
- c. Each MS will return their templates by 22/02/2016

These 3 items/tasks will be consolidated under an "umbrella" which could be labelled 'EU Practical Travel Guide to Simplification' (or something like that). Of course, it will be a "live document" that will be improved and revised throughout the 4-year period. A first internal draft can be presented and discussed at the 2nd meeting.

Furthermore, we have been asked by the EC to write also a '**Baseline study**' on the theme. The Thematic Expert will elaborate a draft version of the document and will send it to all members (by 31/01/2016) to collect comments and proposals.

YOUR CONTACT POINTS

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