

## 12<sup>th</sup> MEETING OF THE THEMATIC NETWORK ON SIMPLIFICATION Hamburg, 6<sup>th</sup> – 7<sup>th</sup> June 2019

### Summary

The 12th meeting of the Thematic Network on Simplification took place in Hamburg on 6-7 June 2019. It involved 87 representatives from 25 Member States including Managing Authorities, Audit Authorities as well as stakeholders and the European Commission (DG EMPL and DG REGIO). The meeting was hosted by the State Ministry of Labour, Social and Family Affairs and Integration – Hamburg.

On the basis of the collaboration between authorities, the meeting aimed to achieve the following **outcomes and objectives**:

- Present the outcomes of the survey on 'proportionate control' and discuss how verifications carried out in application of national procedures could work in practice
- Present the TN Guides on 'SCO' and 'ex-ante assessment'
- Discuss practices and implications of result-based approaches and set up a preliminary discussion on Social Impact Bonds
- Provide an overview of Simplified Cost Options available under other Union Policies
- Assess the options for a wider uptake of EU level SCOs
- Discuss the practical implementation of the key provisions for simplification for the 2021-2027 period, with particular (but not exclusive) attention to the simplified forms of reimbursement/financing
- Capitalise on the main achievements of the Thematic Network and reflect on the structure and functioning of the network for the next years.

The **agenda of the meeting** is available [here](#).

**Next meeting** will take place in **Tallinn, Estonia** on **15-16 October 2019**.

**All presentations are available on the ESF Transnational Platform [online library](#) (restricted access only to TN participants)**

### DAY 1 – Thursday, 6<sup>th</sup> June 2019

#### WELCOME BY THE HOST MEMBER STATE

**Martin Weber**, Head of Department for Labour market - State Ministry of Labour, Social and Family Affairs and Integration - Hamburg, welcomed participants of the Thematic Network (TN) and thanked the involvement of Managing Authorities (MAs), Audit Authorities (AAs) and stakeholders.

#### PRESENTATION OF THEMATIC NETWORK AND AGENDA ([presentation](#))

**Luca Santin**, TN expert introduced the agenda of the meeting, which was divided into four sessions: audit; administrative costs and result-based approaches; Simplified Cost Options (SCOs); and the future of simplification.

## **SESSION I – AUDIT**

### **I.1 Proportionate control ([presentation](#))**

**Luca Santin** presented the key outcomes of the TN survey on ‘proportionate control’. On the basis of the responses provided by the Audit Authorities, the session aimed to discuss how verifications carried out in application of national procedures could work in practice and assess the potential discrepancies between national and EU standards and requirements to carry out management verifications. Discussions were preceded by two case practices presented by **William Noppe** for Belgium-Flanders ([presentation](#)), **Zuzana Pikulová** for Slovakia and **Jackie Connolly** for Northern Ireland.

Key points addressed during the Q&A session:

- The implementation of the Flemish project was the result of cooperation between MA and AA to reduce the burden for both sides as well as for beneficiaries while complying with rules. The European Commission (EC) was not approached to approve this project.
- One same sample is used for both first level control and audit.
- No ‘big’ change in the way the AA work as they still perform audits on concrete actions based on sampling. However, this approach implies less work for the beneficiary, MA and AA and therefore allows the MA and the AA to focus on other high risk areas.
- First level control error is above zero; however, in the last five years the second level control error rate is zero.

### **I.2 - TN guides on ex-ante assessment and SCOs ([presentation](#))**

**Luca Santin** presented the key points to be included in the TN guides on ‘ex-ante assessment of SCOs’ and draft Terms of Reference and in the TN guide on SCOs . The rationale and outlines of the TN guides was introduced to TN members as well as the analysis of the key outcomes from the peer to peer interviews on good and not-so-good practices.

Participants discussed the key points in groups (outcomes of the peer-review are presented in section III.2 below).

## **SESSION II – ADMINISTRATIVE COSTS AND RESULT-BASED APPROACHES**

### **II. 1 Administrative costs (and gold-plating practices): what solutions?**

On the basis of the outcomes of the TN survey on ‘administrative costs’, the session aimed to identify a preliminary set of practices/ countermeasures to reduce administrative costs and enhance the efficiency of ESF management and control. Gold-plating practices at national level were also addressed in the discussion.

A set of practices, in which IT solutions were implemented to support simplification/reduction of administrative costs and burden, were presented from Flanders by **Louis Vervloet** ([presentation](#)), from Portugal by **Lilia Melo** ([presentation](#)) and from Finland by **Jenni Hyvärinen** ([presentation](#)).

Key points addressed during the Q&A of the Flemish case:

- The implementation proved the administration burden was reduced. The system is only relevant at MA level so beneficiaries were not involved as it does not impact what they need to do. The system was, however, discussed with the AA.
- The IT system works with keywords. This is one of the things that are tested and monitored constantly to make sure keywords are correct to assure the correct performance of the IT system.
- No appeal procedure is foreseen in the assessment process of projects as objectivity is guaranteed. Only possibility to appeal is if there were any technical issues.

Key points addressed during the Q&A of the Portuguese case:

- Output indicators are integrated in the IT system
- When it comes to storing and processing microdata from beneficiaries, national law need to be followed and only some data is stored.
- The IT system includes criteria selection for projects and can be adjusted depending on the OPs, including all specificities of each of them. The criteria of a specific region can be different to others.
- The IT system is interlinked with other database registers (e.g. social security, etc.). Project promoters can upload all requested documents to support their applications and fulfilling all conditions. Only required documents can be uploaded.

Key points addressed during the Q&A of the Finnish case:

- Project promoters are only required to upload those documents requested by national rules.
- The IT system is interconnected with other databases, for example the tax office databases are automatically synchronized.

## II. 2 “Result-based approaches” ([presentation](#))

**Luca Santin** presented and discussed the key outcomes of the TN survey on ‘result-based approaches’ covering the following points: overview of the practices carried out in the Member States; aspects that have limited the uptake of result-based options; consultations with stakeholders; pros and cons of result-based approaches; and, scope (most/least suitable types of operations). The discussion was also based on the outcomes of the workshop on ‘partnership and simplification for result-based approaches’ at the ESF Transnational Platform’s Conference (Brussels, 21 and 22 May).

The session also included a preliminary discussion on Social Impact Bonds, based on the experience of Poland. The practice was presented by **Aleksandra Dmitruk** ([presentation](#)).

## SESSION III – SIMPLIFIED COST OPTIONS

### III. 1 Off-the-shelf options: present and future ([presentation](#))

This session had two presentations by European Commission representatives aiming to:

- **Colin Byrne** (EC – DG BUDG, Unit D2 “Financial rules 2 and Programme management”) ([presentation](#)) presented an overview of the options available under other Union Policies and to discuss their use within ESF operations (i.e. pursuant to the provisions of article 67(5)(b) CPR).

- **Michael Grosse** (EC – DG EMPL, Unit F1 “ESF and FEAD: Policy and Legislation”) ([presentation](#)) presented the state of play of the actual and intended uptake of ‘EU level SCO’ in the Member States and discuss the possibility to cover other policy areas of ESF(+) OPs.

Key points addressed during the Q&A:

- Expert judgement. For direct management programme, proof is needed. If no statistical data is available, some kind of other information such as an online survey or other kind of justification of costs, like an expert judgement, is needed. Expert judgement may be useful when the category of costs and the costs themselves are unknown.
- As for the assessment of the expert judgement, for direct management it is DG BUDG who double checks that judgement. In shared management, the MA is the ultimate responsible for confirming the expert judgement is reliable. MAs were encouraged to contact their AAs and see what their stance or approach on expert judgement is and discuss directly with them.
- Luca Santin suggested gathering all relevant questions regarding expert judgement (e.g. what it is, how to formalise it, how detailed it should be, etc.) and then discuss the key points at a next TN meeting.
- It is possible to use SCOs from Erasmus+ in ESF directly if the operation and beneficiary are ‘similar’. In any case, it is up to the MA to assess if it is applicable.
- How similar those operations should be and who will assess that? Key elements should be similar. The applicability of SCOs to similar operations should be checked with the relevant AA. In any case, firstly the responsibility to assess the use of the SCO is within the MA. Another practical solution for post 2020 is to include the use of potential SCOs in the OP (under art. 88 of the CPR for 2021-2027 programming period). Once validated by the EC, the MA will safely apply the agreed SCOs.
- It is possible to use existing SCOs schemes from Member States or Union policies which are up and running at the moment.

Regarding future possibilities for EU Level SCOs, the vast majority of Member States welcomed the draft proposals presented by DG EMPL. In principle they would consider the possibility to use all or most EU Level SCOs that will be adopted by the EC in the next programming period. Similarly, to what has been done with the actual EU Level SCOs, representatives of the MSs would appreciate to discuss further, within the TN, the details of how these SCOs would be designed and how they should be implemented in the view of DG EMPL.

## **DAY 2 – Friday, 7<sup>th</sup> June 2019**

### **III.2 TN guides on ex-ante assessment and SCOs (outcomes of the peer-review)**

Participants reported back in plenary to present the outcomes of the peer-review of the key points to be included in the two TN guides.

The revised version of note presenting the key points, which consolidates the suggestions provided by the groups, is available [here](#).

## **SESSION IV – FUTURE OF SIMPLIFICATION**

### **IV.1 Simplification post 2020 ([presentation](#))**

Based on the responses provided by TN members to the preliminary survey on 'post-2020', this session aimed to discuss the practical implementation of the key provisions for simplification for the 2021-2027 period, with particular (but not exclusive) attention for the simplified forms of reimbursement/financing (i.e. art. 88 and 89 of the Common Provisions).

Mihael Grosse presented issues and proposals on how to use art. 88 CPR and Annex V ([presentation](#)) and address questions raised previously by TN members.

- *Timing of initial approval/programming.* If the MA knows what SCOs will be used, these should be included in the OP in Annex V. If not, the OP can be amended later too.
- *Annex V in practice.* It is basically the same of what we have in Article 14 (1) but with some slight changes in some sections. Information and requirements are explained clearer.
- *When and why should we use Art. 88?* For legal certainty.
- *What should be included in Annex V? Existing SCOs under Art. 14(1)?* Yes, they should be included. Existing SCOs can be further improved and simplified, amounts can be updated and the modified SCOs then validated by AA before including them in Annex V as part of the programming.
- *Existing EU-level SCOs under Art. 14(1)?* Will be adopted by COM in a new Delegated Act; no need for MA to take action if they wish to use them in the future.
- *Off-the-shelf SCOs (like flat rates from the CPR)?* No justification needed when using them, no need to put them into Annex V.
- *Revision of SCOs? Eligibility of new amounts?* If it is just the amount, MAs can do an adjustment (if agreed when adopting the OP), as now it is done with Art. 14(1). Any adjustment method is valid as long as in line with national law or practice. If any major change of the SCO is needed, the OP should be amended.

Key points addressed during the Q&A:

- Any existing SCOs scheme to be used in the future can be included in Annex V. EU-level SCOs will be set by the EC in a DA and not in the OP.
- The way MA reimburses beneficiaries is not needed in Annex V.
- Automatic adjustment. It should be included and described in Annex V.
- The amendment process of an OP is quicker than for the current programming period.
- According to Art. 88, any form of reimbursement is possible from the MA towards the beneficiary.

Colin Byrne presented what financing not linked to costs (FNLC) according to art. 89 CPR is and how to use it ([presentation](#)). The Omnibus regulation already introduced a similar provision, however, it has not been used extensively in the ESF yet.

Key points addressed during the Q&A:

- Legally and technically FNLC can be used to give a premium to performance for those projects that perform above average in order to set incentives.
- There's nothing that prevents MAs to use FNLC in both small and large scale projects. There is no minimum amount.

- Participants would like to receive more information on the applicability of FNLC to concrete ESF examples.
- EC will only check how payments are done between MA and EC, not with beneficiaries.
- One key different between FNLC and SCOs is that in the first there's no need to provide evidence of the costs while in SCOs there's need for evidence and methodology.

## IV.2 The future of 'our' network ([presentation](#))

The TN now involves over 100 representatives of ESF Managing Authorities, Audit Authorities, National Coordination Units, ministries and stakeholders from 27 Member States, as well as several Directorate-Generals and Units of the European Commission. It has been widely recognised as a key forum for discussing concrete ideas and proposals around simplification in the ESF at EU level.

This session aimed to capitalise on the main achievements of the TN and, more importantly, to reflect and discuss the structure and functioning of the TN in the coming years to simplify the work of ESF authorities and stakeholders.

Key points addressed by participants are presented below.

### Past: what did you like most about your experience in the TN, so far?

- *Discussing with other MSs and the EC at very high professional level on 'hot topics'*
- *All Members States/TN members have been actively involved*
- *There is always someone in the TN to rely on when you go back home*
- *First-hand and up-to-date inputs from the EC*
- *More confidence that we are on right way / feeling of going forward*
- *Collaboration between MA and AA and involvement of the auditors in the TN*
- *Sharing of knowledge, experiences and ideas/proposals / sharing is caring*
- *Networking*
- *Sharing challenges/problems*
- *View issues from different perspectives (and still find joint solutions suitable for all)*
- *Discussions and Q&A with the EC*

### Present: what word(s)/sentence would you use to describe our TN today?

- *Reputation at EU level: TN opinion counts!*
- *Effective / Benefits/advantages for all players (MSs, SH and EC)*
- *Efficient, constantly inspirational, follow-up, growing up*
- *Big*
- *Long lasting*
- *Assuring usefulness of practices discussed*
- *Open and frank / Free speaking*
- *Partnership*
- *Provide solutions thanks to the expertise of practitioners on different levels*

- *Perfect mix between hard work, formal discussions and informal spaces*
- *Stay together, work together (one for all & all for one)*
- *Follow-ups*

*Future: What are your expectations for the future of our TN (goals, actions/experiences)?*

- *Keep up the good work and the TN!*
- *Every TN member (including EC representatives) should continue to be involved, engaged and straightforward*
- *To continue with TN meetings*
- *Publication of the two TN guides*
- *Peer-to-peer trainings*
- *Guidance for post 2020 / support the preparation for and the implementation of ESF OPs in the next programming period / practical implementation of the 'new' OPs*
- *Further participation of EC representatives*
- *Links with national networks and stakeholders*
- *New ideas and proposals for simplification*
- *More subgroups*
- *More web-meetings of the three subgroups already established*
- *Complementarity with other EU rules/policies*
- *Inclusion of the other EU stakeholders (other DGs, ECA)*
- *More conclusive answers and presentation on some topics (e.g. financing not linked to costs, public procurement)*
- *Need to go beyond SCOs /explore simplification on a wider base / more than SCOs*
- *Reduce the timing/workload to finalise a Delegated Act*
- *Case studies/examples on simplification*
- *Simplify 'the system' (public procurement, state aid)*
- *Simplification in procedures (e.g. selection of operations)*
- *Simplified audits / audit trail*
- *Simplification on indicators and microdata*
- *Sharing findings MSs get from the EC*

The contract with AEIDL (technical assistance) is finishing in July 2019 and the future contract is currently being retendered by the EC. Until the next contract is in place, DG EMPL – F1 will organise an interim TN meeting in Tallinn, Estonia on 15-16 October 2019. For that meeting, the host Member State would cover the costs related to the organisation and participants would need to cover their own expenses to attend.