



# **Result-based approaches: selected case reports of ESF-funded practices**

ESF Transnational Cooperation Platform

Community of Practice on Results-based Management

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### **What is the European Social Fund (ESF) Transnational Cooperation Platform?**

Mutual learning is at the core of the ESF Transnational Cooperation Platform and its four Communities of Practice (CoP): employment, education and skills; social inclusion; results-based management; and social innovation.

The ESF Transnational Cooperation Platform gives CoP members, including managing authorities, intermediate bodies and other ESF stakeholders, the opportunity to participate in mutual learning activities and tackle common challenges together. The CoPs were created as a place for members to share ideas and concerns, deepen knowledge and expertise, and help one another to solve problems with practical approaches.

The mutual learning activities generate hands-on outputs such as toolkits, guides, practice mapping, checklists and recommendation papers that can inspire practitioners and policymakers alike.

### **Acknowledgements**

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The eight case reports covered in this paper were prepared by the ESF managing authorities in Belgium-Flanders, Finland, France, Latvia, Lithuania, Malta, Portugal and Slovakia.

## Table of Contents

|                                                                                                                                                     |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Introduction .....                                                                                                                                  | 7  |
| 1 Belgium – Operations related to work-related advisory services for<br>registered and not registered unemployed, job seekers or inactive people... | 9  |
| 2 Finland – Draft budget-based lump sums .....                                                                                                      | 14 |
| 3 France – French Youth Guarantee Scheme .....                                                                                                      | 19 |
| 4 Latvia – Vocational continuing education, professional development and<br>non-formal education programmes .....                                   | 23 |
| 5 Lithuania – Vocational training for unemployed people .....                                                                                       | 29 |
| 6 Malta – Wage subsidies for the disadvantaged .....                                                                                                | 34 |
| 7 Portugal – Qualification Centres (Centros Qualifica) .....                                                                                        | 40 |
| 8 Slovakia – European Computer Driving Licence (ECDL) certification ....                                                                            | 45 |

## Introduction

This paper presents eight case reports on result-based approaches (RBA) implemented by ESF managing authorities (MAs) in Belgium-Flanders, Finland, France, Latvia, Lithuania, Malta, Portugal and Slovakia.

The case reports were prepared and peer-reviewed by members of the ESF Community of Practice on Results-based Management (CoP RBM), established under the ESF Transnational Cooperation Platform (TCP). The CoP RBM involves representatives of ESF+ MAs, audit authorities (AAs) and national coordination bodies from all 27 EU Member States (EU-27), as well as several Directorates-General of the European Commission, coordinated by the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) – Unit G1 ‘European Social Fund +’.

The case reports illustrate practices in several policy areas relevant to ESF+ programmes, and are intended to:

- Disseminate information on results-based approaches (RBA) practices;
- Create a knowledge base to inspire, encourage and empower ESF+ MAs to design new - or adapt existing - RBAs;
- Encourage mutual learning and facilitate the mainstreaming of successfully tested approaches at regional and national levels;
- Raise awareness of the significant positive impact of RBA practices in increased effectiveness and efficiency of ESF+ operations.

The case reports are structured in eight sections:

1. Introduction: provides background information on the practice.
2. Rationale and specific objectives of the RBA practice.
3. Defining the ‘result’: illustrates how the result and possible conditions and milestones were defined by the MA.
4. Calculation method: explains how the values for results and milestones were determined.
5. Measuring the ‘result’: presents the criteria and conditions to demonstrate and measure the achievement of results.
6. Implementation: presents the key issues and risks in implementing the practice and the solutions adopted by the MA.
7. Partnership/relationship with stakeholders: describes *ex ante* collaboration with the AA, as well as collaboration/support to final beneficiaries.
8. Lessons and recommendations: presents the lessons learned by the MA, feedback from final beneficiaries that implemented the operation, and recommendations for the use of RBAs.

Based on the case reports, members of the ESF CoP RBM identified key recommendations for the adoption of RBAs in ESF+ programmes. Table 1 presents these recommendations by theme.

**Table 1. Recommendations from the case reports**

| Theme                           | Key recommendations                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mindset/approach</b>         | <p>Use RBA if you want to achieve specific results - the effort must be based on a clear aim</p> <p>A 'willingness to change' mindset is essential to adopt RBAs (moving away from input/cost-driven approaches)</p> <p>Ensuring sound <i>ex ante</i> preparation might appear time-consuming but will smooth the flow of later stages and facilitate success</p>                           |
| <b>Partnership</b>              | <p>Approach to RBA should be based on partnership</p> <p>Involve all relevant partners (line ministries, AA, stakeholders, social partners, final beneficiaries) in designing the RBA</p> <p>Make sure that partners understand and agree on the key aspects of the RBA</p>                                                                                                                 |
| <b>Learn from experience</b>    | <p>Seek out examples of Member States already implementing RBA practices</p> <p>Use audits of previous operations for suggestions on the design and implementation of RBA</p>                                                                                                                                                                                                               |
| <b>Keep it simple and clear</b> | <p>Use Simplified Cost Options (SCOs) or Financing Not Linked to Costs (FNLC) instead of real costs</p> <p>Conditions for reimbursement should be clearly set out</p> <p>Keep it simple and feasible, especially the audit trail</p>                                                                                                                                                        |
| <b>Mitigate risk</b>            | <p>Integrate quality standards in the design of the RBA</p> <p>Address all possible contrary incentives (e.g., creaming of participants)</p> <p>Mix approaches (i.e., RBA and input-based) and establish milestones to mitigate the potential binary effect of RBAs</p> <p>Retaining period conditions should not undermine the sustainability of the operation for final beneficiaries</p> |
| <b>Tools</b>                    | <p>Consider more sophisticated IT systems as a means of simplifying RBA implementation and facilitating more sophisticated results</p>                                                                                                                                                                                                                                                      |



# 1 Belgium – Operations related to work-related advisory services for registered and not registered unemployed, job seekers or inactive people

## Introduction

The Regional Managing Authority (MA) ESF-Flanders is responsible for the 'Operational Programme ESF Vlaanderen 2014-2020'. In 2015, ESF-Flanders developed two standard scale of unit costs (SSUC) to finance two training programmes under the Flemish Public Employment Service (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding - VDAB). Both Simplified Cost Options (SCOs) were approved by the European Commission in March 2016 and have since been used for the remaining programme period.

- **Individual vocational training ('Individuele Beroepsopleiding' – IBO)**

The IBO is an individual training programme that takes place within a company. The company trains and guides jobseekers, following an individual training plan and with the commitment to employ the jobseeker on completion of the training. An IBO consultant monitors the implementation of the training plan. An IBO lasts 4-26 weeks, with the option of a longer programme (up to 52 weeks) for some target groups, such as people with an occupational disability or the long-term unemployed.

- **Vocational training (VT)**

Training is the common denominator among a set of activities to bridge jobseekers' competence gaps. Activities include determining the learning pathway, the training itself, and guidance to find a job. Each training initiative is situated within a cluster of occupations (wood and construction, industry, healthcare, services to individuals and businesses, transport and logistics, retail and business support, information and communication technology (ICT)).

Each training focuses on bridging jobseekers' competence gap towards a specific job. It begins with a learning pathway for each trainee, who is supported by a personal coach. During the training, the jobseeker is monitored and encouraged, and the plan can be adjusted if necessary. A competence portfolio is completed at the end of the training.

The main difference between the IBO and VT is that the IBO training is on-the-job, while VT takes place in a training centre.

IBO and VT activities can be submitted under Investment Priority 8.1. Priority Axis 1 in the OP (Investment Priority 8.1) defines tailored actions for various types of jobseekers and inactive persons. The OP sets some targets under Investment Priority 8.1 in the programme period 2014-2020.

- Reach 130 people;
- 40% representation of groups at risk (50+, migrants, young people, low skilled, long-term unemployed and underprivileged);
- 45% of participants find a job, according to the metrics described in the OP.

## Rationale and specific objectives

The VDAB receives 25% of the budget of the ESF-Flanders OP. IBO and VT activities span some five million trainee hours, with an accordingly high degree of inspection and control, including the four-eyes principle (two signatures on a timesheet per trainee hour). The two SSUCs are intended to generate greater legal certainty and less work for both beneficiaries and MAs/audit authorities (AAs). The focus has thus shifted towards results and beneficiary satisfaction.

- Reduced span of control: 5 million units become 10,000 units;
- Reduced level of detail: cleared in advance (four eyes on three clearly defined documents, stated in advance)

## Defining the 'result'

### IBO

Success is defined in terms of 'number of participants successfully completing the IBO'. Three conditions must be fulfilled for each individual participant:

- Follow one (or more) individual vocational training initiatives (registered with a unique contract number in the IBO online application), together with IBO guidance (registered with a unique serial number in the 'My career for partners' (Mijn Loopbaan voor Partners, MLP) client file);
- Individual vocational training must be completed within the calendar year;
- Individual is obliged to find work (employee and/or independent worker) within three months of completing their final individual vocal training.

### VT

Success is defined in 'number of participants successfully completing the VT'. Three conditions must be fulfilled for each individual participant:

- Follow one (or more) VT initiatives (registered with a unique serial number in the MLP client file);
- Individual vocational training must be completed within a calendar year;
- Individual obliged to find work (employee and/or independent worker) within three months of completing the VT.

## Calculation method

The two SSUCs were calculated on the basis of historical data, dividing the balance of the service cost (total cost – revenue) by the total performance (activities) for these services, expressed in EUR/performance.

### IBO

Net total cost of the IBO programme in 2014 = EUR 17,977,158

Total number of activities ended within the calendar year = 14,336

Number of (unique) participants following one or more individual VT = 14,010

Number of (unique) participants successfully employed within three months of completing their final VT = 12,488

$SSUC = EUR\ 17,977,158 / 12,488 = EUR\ 1,439.55$

Calculation of the SSUC was based on the most recent year of the SCO, i.e., 2014. That year had the lowest cost per participant and functions as the basis for the definition of the SSUC.

## VT

Net total cost of the process in 2012 = EUR 185,251,959

Total number of activities completed in the calendar year = 67.586

Number of (unique) participants with one or more activity(ies) ending in the calendar year = 45,683

Training activities in the sections 'target group-specific development tracks' and 'language support' are omitted from the calculation as they are not aimed at completion or finding a job.

Number of job-oriented training activities ending in the calendar year = 57,772

Number of (unique) participants with one or more job-oriented training activities ending in the calendar year = 40,577

Reduction of the total net cost proportionally (omitting training not aimed at completion/finding a job) was calculated by dividing the cost according to the split between so-called 'job-oriented training' and 'non-job-oriented training'. =>  $EUR\ 185,251,959 * 40,577 / 45,683 = EUR\ 164,546,302.57$

Number of (unique) participants with successful completion training within three months of their final complete training = 20,472

**$SSUC = EUR\ 164,546,302.57 / 20,472 = EUR\ 8,037.63$**

The SSUC was calculated from 2012 and 2013 data. 2014 was the most recent year of calculation but was characterised by a significant decrease in activities while maintaining relatively high costs. The SSUC was therefore calculated on the preceding years. The average VT cost in 2012 and 2013 is used to define the SSUC.

- 2012 EUR 8037.63
- 2013 EUR 8893.98
- **Average: EUR 8,465.80**

Neither SSUC was indexed. After a period of three years (2016 – 2017 – 2018), the costs were evaluated in cooperation with the stakeholders (MA, VDAB, European Commission). No adjustments were made.

## Measuring the 'result'

All IBO and VT activities are declared using MLP data (full declaration). Each successful participant's registration in the MLP system is accompanied by three IBO or VT process documents:

- **Training contract** signed by the trainee and a VDAB representative at the start;
- **Document** stating the end date of the training and giving an overview of the competences acquired. Also signed by the trainee and a VDAB representative;
- Employment is proved by **information provided by authentic sources**. The relevant serial numbers are added to the declaration of costs as an indication of the authenticity and correctness of the data.

Although all participants' data are submitted, the audit trail is only maintained for successful participants. The original (MLP) data for each participant, along with the three supporting documents, are stored in the ESF application and archiving system.

The quality level and unit are verified according to agreed working procedures with the AA. These procedures are laid down in the MA manual (updated annually) and are audited as per EU guidance. Data are verified once a year (desk and (possibly) on-the-spot verification) before certification.

### Implementation: issues, risks, solutions

The following risks were addressed in the design and implementation of the practice:

- Setting one price for IBO, varying by target group and duration, could cause the beneficiary to shorten the IBO period or address easier groups only;
- Setting one price for VT, varying by branches, target group and duration, could cause the beneficiary to favour less expensive VT activities or address easier groups only;
- After a certain period of time, amounts set for the SSUC no longer reflect the actual cost.

These risks were mitigated through the following measures:

- All IBO or VT activities are monitored using MLP data, allowing the MA to identify changes in the IBO or VT structure and target group outreach;
- A revision of the standard scale is foreseen after three years.

### Partnership / relationships with stakeholders

Advice was obtained from the AA in preparing and deciding the two SSUCs, and in determining the audit trail. Throughout the duration of the programme, the AA can be involved in any formal evaluations of these SSUCs, with periodic consultation allowing for follow-up and support. The final beneficiary is the VDAB. Despite some initial ambiguity with the VDAB in respect of the eligibility of actions, including the burden of proof and the audit trail, these were subsequently dealt with in clarifying frequently asked questions (FAQ).

### Conclusions: lessons learned and recommendations

Please assess the pros and cons of the practice, including lessons learned, feedback provided by final beneficiaries who implemented the operation and considerations on if/why the practice should be used in ESF+.

Overall, these practices are considered a triple win: (1) output targets were reached, with more than 45% of participants finding a job and 40% of participants were from the target groups of low-skilled, migrant, 50+, disabled or <25; (2) simplification targets were reached and the immense span of control was reduced; (3) the error rate was minimal throughout all of the MA/AA audits in the programming period.

The two SSUCs were put in place to increase legal certainty and reduce the administrative burden for both beneficiaries and the MA/AA. The focus shifted towards results and beneficiary satisfaction.

## Contacts

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## 2 Finland – Draft budget-based lump sums

### Introduction

The case report is written by the Finnish Managing Authority (MA). All projects are financed by the Intermediate Bodies (IBs).

Finland's programme for Sustainable Growth and Jobs 2014-2020 implements lump sums based on draft budgets as one of the Simplified Cost Options (SCOs). The programme had five Priority Axes - three under the European Social Fund (ESF) and two under the European Regional Development Fund (ERDF). The practice was implemented under ESF co-funded priorities of a) employment and labour mobility; b) education, skills and lifelong learning; and c) social inclusion and combating poverty. Finland has learned from the 2014-2020 programming period and modified the SCO to better meet the needs of the authorities and beneficiaries during the programming period 2021-2027. The new Innovation and Skills in Finland 2021-2027 programme has six priorities, three of which are co-funded by ESF+. The SCO practice will be implemented under two ESF+ priorities: a) competent and inclusive Finland that provides work; b) Finland of social innovations.

Types of beneficiaries: educational and research institutions, municipalities and joint municipal authorities, foundations, non-governmental organisations (NGOs), social partners, companies, and other organisations (all types of beneficiaries included in the programme).

Target group: All target groups included in the programme.

### Rationale and specific objectives

Together with other SCOs, lump sums are tools to reduce bureaucracy and administrative burden. They are also intended as an easy first step to accessing structural funds, thereby encouraging small and new beneficiaries to apply for funding. Beneficiaries are keen on using lump sums, as their overall management is easy and the payment process tends to be faster.

Lump sums based on draft budgets focus on concrete goals to be achieved and the work needed to do so. As beneficiaries and the MAs must define outcomes in advance, these preparatory exchanges offer an opportunity to improve the quality and transparency of the overall project documentation and budget. This process can shift beneficiaries, MAs and IBs to an 'outcome-based' mindset, where all the preparatory work serves the final results. For beneficiaries, their payment is directly linked to the achievement of the goals set at the beginning.

For IBs, lump sums can be burdensome at the decision phase, but yield a greater reward and greater certainty of payment for successful projects.

### Defining the 'result'

The document setting out the conditions for support determined outcomes for each individual project.

Some examples of outcomes and milestones used to trigger the reimbursement are: feasibility studies, workshops, seminars and other events, design and implementation of training packages, girls' house demo videos, guides and manuals, developing and testing

an internet-based user interface, developing and testing new operational models for social inclusion.

A simple example of a lump sum project with two stages (milestones):

1. Girls' house demo video, costs EUR 15,000 - if the outcome is reached in line with the conditions of the project financing decision and the beneficiary has provided the supporting documents required to pay the grant, EUR 15,000 is considered eligible costs;
2. Training package, costs EUR 35,000 - if the outcome is reached in line with the conditions of the project financing decision and the beneficiary has provided the supporting documents required to pay the grant, EUR 35,000 is considered eligible costs.

If only one of the outcomes (e.g., training package) is reached, only the relevant costs (EUR 35,000) are eligible.

### Calculation method

Separate calculations were made for each project. The basis of the method was set, and the costs that could be included in the draft budget were defined in the Government Decree on eligibility. Elements required in order to specify the lump sums were explained to applicants in the calls for proposals. The IBs also organised information events for beneficiaries.

Applicants had to present a detailed draft budget, including the justification for the costs. Lump sum projects usually have a few cost categories, such as staff costs and small material purchases, along with a flat rate to calculate indirect costs. The IT system supports the applicant with automatic calculation functions, checks and guidance.

The IB is responsible for verifying the calculation and obtaining any additional information needed. They can also make comparisons to similar projects. For the programming period 2021-2027, the new IT system EURA 2021 includes updated guidance for IBs and a checklist to assess the draft budget.

Table 1. Example draft budget for a development project (summary of costs per category):

| Items                          | Value             |
|--------------------------------|-------------------|
| Direct staff costs             | EUR 50,000        |
| Equipment                      | EUR 2,000         |
| Indirect costs (flat rate 15%) | EUR 7,500         |
| <b>Total costs</b>             | <b>EUR 59,500</b> |

The IT system requires applicants to present the draft budget at a particular level of detail for each cost category. For example, direct staff costs must be presented and calculated separately for each person working on the project.

The lump sum is determined in the project financing decision (document setting out the conditions for support).

For the programming period 2014-2020, the ceiling for draft budget-based lump sums was EUR 100,000 (public support).



However, for the programming period 2021-2027, the ceiling for draft budget-based lump sums is EUR 200,000 (total costs).

### Measuring the ‘result’

All project documents (applications with a draft budget and project plan, project financing decisions, payment claims, monitoring and final reports, management verifications, etc.) were uploaded and stored electronically in the SF information system EURA 2014 database, which functions as an electronic archive and maintains the audit trail.

Beneficiaries drew up their applications (including draft budget and project plan) electronically in the EURA 2014 system. All supporting documents were electronically attached to the application and stored in the same system.

The IBs’ application processing, including confirmation of the lump sum calculation, was stored electronically in specified information fields in the EURA 2014 system. The IBs performed desk-based checks to verify in each case that the outcomes of the lump sum project were achieved and that the beneficiary complied with the conditions for support set up in the project financing decision.

Several documents were needed to trigger the payment: 1) written study report (e.g., feasibility studies); 2) agenda, written report, attendance lists, photos, and feedback report for events.

The IBs also performed spot-checks to verify the realisation of the outcomes, among others. Such checks were usually not necessary for feasibility studies or other projects whose documentation could be verified in the IT system.

On-the-spot checks were documented electronically in the EURA 2014 system.

### Implementation: issues, risks, solutions

One of the risks in the use of the lump sum SCO is the risk of no payment if the project fails to achieve the targeted outcome defined in the project financing decision. This is most effectively avoided by close and careful definition of results, and ensuring that results are ambitious but achievable. Lump sum projects can also be divided into several stages (to which payments are tied) if more than one clear outcome can be identified.

Other key issues and risks identified and solutions adopted include:

- Preparation can take more time and effort than traditional approaches, but this is balanced by a faster payment process and less burden;
- While the quality of the outcome is not automatically better than using real costs or input-based options, it focuses more on the outcome and awareness of quality issues;
- A pre-defined outcome cannot be changed during project implementation. This can be a challenge with longer projects if the operating environment changes significantly. However, flexibility in the approach allows for adjustments in how the project is implemented without changing the pre-defined outcome;
- When preparing the project and its financing decision, a focus on quick or short-term results may undermine the long-term impact and/or the quality of the process (how needs are tackled). The solution is high-quality preparation of the project and better definitions of the results (and impacts);



- Ensuring cost-effectiveness can be difficult. This is sometimes related to the calculation method. When using draft budgets, value for money must be a focus throughout;
- To mitigate possible issues with unclear or overly strict outcomes, the IT system specifies information fields for defining outcomes (for applicants and IBs) and checklists for IBs. The outcome must be defined in cooperation with the beneficiary so as to avoid any misunderstandings on either side. As a good practice, the person responsible for preparing the financing decision consults the person responsible for paying the grant in order to make sure that the outcome is clearly understood by all parties involved;
- As a general solution to these issues and risks, the MA provides training for IBs, and IBs provide training for beneficiaries. The MA has regular discussions with the Audit Authority (AA) on possible challenges and solutions, and adjusts the processes if necessary.

### Partnership / relationships with stakeholders

The AA was consulted during the preparation of the lump sum scheme in the programming period 2014-2020. The Ministry of Finance (where the AA is situated) also issued an official statement on the national Government Decree on eligibility, which includes the rules for the lump sum option and other SCOs.

In preparing the SCO for the programming period 2021-2027, the MA cooperated closely with the AA and consulted IBs from a very early stage of the planning.

### Conclusions: lessons learned and recommendations

The definition and documentation of the project outcome of the project is crucial to the lump sum option. That definition must be made in cooperation with the beneficiary so as to avoid misunderstandings on either side.

The lump sum option is an easy-to-pay option, provided that the required outcome is clearly documented in the project financing decision.

Using a draft budget as a calculation method for lump sums is a flexible approach that has been successful for many different kinds of projects. It is best suited to operations where the outcome can be clearly defined, such as studies, reports, workshops, seminars, etc. However, the outcome should be neither too defined nor too explicit. The option is best suited for short projects.

A lump sum method based on a draft budget can be useful in trying/testing new or uncertain ideas on a small scale.

The risk to the beneficiary can be considerably reduced by dividing the outcomes and payments into stages (milestones). This may not always be possible, depending on the project.

A useful approach is one where the outcome ('what') is clear and the approach ('how') is flexible. Beneficiaries have found it useful where they can adjust how the project is implemented in order to achieve the same outcome defined in the project decision.

The option to use a flat-rate option to calculate the indirect costs inside the draft budget of the lump sum project was introduced for the programming period 2014-2020 and is considered a practical solution.

The practice has also paved the way for developing fixed-priced lump sums for certain types of projects for the programming period 2021-2027.

### Contacts

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## 3 France – French Youth Guarantee Scheme

### Introduction

The results-based approach has been implemented for the French Youth Guarantee Scheme since January 2015 under Investment Priority 8.2 of the Operational Programme for the implementation of the Youth Employment Initiative (YEI) in mainland France and outermost regions (2014FR05M9OP001) to support the sustainable integration into the labour market of young people neither in education, nor employment nor training (NEET), including those at risk of social exclusion or belonging to marginalised groups.

The French Youth Guarantee is a 12-month programme comprising:

- Advice and counselling to develop young people's skills, delivered by local public employment services (PES);
- A monthly financial allowance paid out by the State (up to EUR 497 per young person).

The Ministry of Labour's European and International Department is the Managing Authority (MA).

The Ministry of Labour's Department for Youth Employment is the beneficiary. The Department coordinates local PES, which implement the scheme in the regions and are responsible for achieving the results.

The final beneficiaries are the young people NEET who are registered with local PES.

### Rationale and specific objectives

The Ministry of Labour, MA of the ESF and YEI national Operational Programmes adopted a results-based approach so as to:

- Facilitate the financing of the Youth Guarantee Scheme (the Ministry of Labour is reimbursed by the European Commission as soon as a young person has achieved one of the goals);
- Focus on objectives and goals rather than justifying costs incurred;
- Increase the number of participants, means and resources dedicated to the scheme.

### Defining the 'result'

Payment of the YEI support is conditional on the young person completing the 12-month programme and achieving one of four positive outcomes:

1. Enrolled in vocational training or studies;
2. Starts a business;
3. Hired by a company;
4. Completing at least 80 days in a professional environment during the 12-month programme.

The first three positive outcomes represent the most common results of integration into the labour market or experience of the labour market (vocational training, studies).

The final positive outcome - 80 days in a professional environment - was established in collaboration with the local PES, which sought a positive outcome that emphasises the added value attached to their work of counselling and supporting young people.

### Calculation method

The standard scale of unit costs (SSUC) covers the costs of one participant in a 12-month programme. This amount includes the costs related to PES counselling activities (EUR 1,600 per person per year) and the costs of the monthly allowance for each young person (EUR 4,800 per person per year).

The counselling cost (EUR 1,600) was not calculated specifically for the SSUC because it is already defined in a French Government measure.

When the MA first began implementing the results-based approach in January 2015, the only data available on allowances were the amounts paid by the State for the first six months of 2014. Due to the lack of available data, the amount was underestimated, with the average cost set at EUR 2,000 per person per year.

In 2017, the cost of allowances was updated and set at EUR 4,800. That represents an average cost determined from amounts paid out by the State from 1 January 2015 to 30 September 2016, when the MA began to update the cost of allowances. This 21-month period covered the scheme from the beginning of the ESF/YEI co-financing and seemed sufficient to justify the average cost.

### Measuring the 'result'

As the beneficiary, the Ministry of Labour's Department for Youth Employment collects and compiles data from local PES and issues the payment claims. All data are recorded and stored in the IT system.

As the managing authority, the Ministry of Labour's European and International Department checks payment claims and declares the eligible expenditure to the European Commission.

Each type of positive outcome must be proved by supporting documentation to trigger the payment.

1. If a company hires the young person, the beneficiary must provide their employment contract and a pay slip/certificate showing that the young person is still in employment at the end of the programme;
2. If the young person is enrolled in vocational training or studies, the beneficiary must provide two certificates - one stating that the young person is registered with a training organisation or school, and another showing that the young person is still in vocational training or studies at the end of the programme;
3. If the young person starts a business, the beneficiary must provide the receipt for the filing of the business creation form or the identification number of the business, with the MA then verifying on official government websites that the business still exists at the end of the programme;
4. Where the young person has completed at least 80 days in a professional environment during the 12-month programme:
  - a) As a worker: the beneficiary must provide the employment contract, the pay slip and a summary table listing each work experience. The beneficiary needs to justify each hour of work experience of the young person;

- b) As a job shadow: the beneficiary must provide a certificate justifying the job shadowing, timesheets justifying each half-day of the job shadowing, and a summary table listing each work experience;
- c) As an intern: the beneficiary must provide the internship agreement, timesheets justifying each half-day of the internship, and a summary table listing each work experience.

### Implementation: issues, risks, solutions

The managing authority encountered some issues, with a high administrative burden associated with justifying some of the positive outcomes.

For the 80 days in a professional environment, the beneficiary had to provide any documents justifying each hour of work and each half-day of job shadowing or internship, even where the person was recruited by several employers. This was an administrative burden not only for the beneficiary but also for the managing authority, which was compelled to check these documents.

For the 'start of business', the managing authority encountered some issues during audits in justifying that the business was still viable at the end of the programme. France has official government websites to check if a company exists; thus, the managing authority considered it unnecessary to keep the justifying information on businesses checked at the end of the programme. However, by the time of the audit, some businesses were no longer viable.

It is recommended to define the goals to be achieved and the supporting documentation needed accurately. These documents must be easy to provide, of sufficient legal value, and available to the implementing bodies.

### Partnership / relationships with stakeholders

The decision on the design and implementation of the practice was made with the Ministry of Labour's Department in charge of promoting youth employment. The results-based approach was discussed with the European Commission prior to its implementation.

### Conclusions: lessons learned and recommendations

The practice is easily applicable within ESF+. There are four positive outcomes, with reimbursement requiring the achievement of any of these four, thus making it less risky than a binary model.

The managing authority succeeded in being reimbursed by the European Commission without no difficulties in respect of the documents justifying the expenditure.

France has 436 local PES, which did not welcome the results-based approach. The obligation to achieve one of the four positive outcomes was not stipulated by the national rules when the scheme was initially implemented, which meant that ESF/YEI co-funding made the national rules more complicated and reimbursement less certain. Local PES had to change their cultural mindset in order to apply the results-based approach. It is recommended that all stakeholders be involved and engaged in the procedure at the earliest possible stage.

## Contacts

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## 4 Latvia – Vocational continuing education, professional development and non-formal education programmes

### Introduction

The 'Improvement of professional competence of employed persons' project was undertaken under Specific Objective (SO) 8.4.1 'To improve the professional competence of employed persons', within the Operational Programme 'Growth and Employment'. The aim of the SO is to improve the professional competence of employees over the age of 25, ensure a qualified workforce to meet labour market demand, promote the competitiveness of employees and increase labour productivity.

The project began on 1 January 2017 and will run until 31 December 2023. Total eligible funding for the project is EUR 45,507,126.67, including EUR 38,681,057.67 ESF funding and EUR 6,826,069 state budget co-financing.

The project is implemented by the State Education Development Agency (SEDA) in cooperation with:

- Education institutions providing training;
- State Employment Agency (28 branches), which provides information and career counselling, and engages the target group;
- 34 local governments (adult education coordinators), which provide information and access to career counselling, and engage the target group.

The target group is employed and self-employed people from the age of 25 years old (including working pensioners), with incomplete or completed education (including primary, general secondary, vocational or higher education), and young parents on parental leave and in employment. Priority is given to those in social at-risk groups who are aged 45+, with a low or insufficient level of education for the labour market (completed or incomplete primary education or general secondary education) and to refugees and persons with alternative status.

Employees have access to several educational programmes:

- Professional further education programme (480-1,280 hours), culminating in a professional qualification certificate;
- Professional development programmes (160-320 hours), culminating in a professional development certificate can be received;
- Non-formal education programmes (<159 hours), with a certificate at the end;
- A module<sup>1</sup> or sets of modules consisting of a group of different knowledge, skills and competences, leading to a certificate;
- Study courses or modules from a licensed study programme in higher education institutions or colleges, leading to a certificate.

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<sup>1</sup> Pursuant to the Vocational Education Law (Section 26, Paragraph 2), modular vocational programmes may be implemented in vocational basic education, vocational secondary education and professional further education programmes.

Employees can also apply for the assessment of competencies acquired outside the formal education system by obtaining a professional qualification.

Additional support measures are provided for employed people at risk of social exclusion, including an assistant or sign language interpreter for an employed person with a disability, and support for regional mobility for an employed person granted low-income or deprived status. All employees can apply for support to cover travel expenses during their qualification internship (max. EUR 30 per month). Employees granted the status of low-income/poor household have 100% of the training fee covered, while other employees must provide a 10% co-payment of tuition fees or 5% co-payment for the acquisition of continuing professional education programmes.

The training offer is approved by the Adult Education Management Council established by the Ministry of Education and Science (MoES) (<https://www.macibaspieaugusajiem.lv>).

Project indicators include: ESF support for participation in adult education will be provided to 55,627 employees (including 19,734 employees with a low level of education). After training, competence will be improved among 38,102 employees (including 15,374 employees with a low level of education).

### Rationale and specific objectives

The MoES linked SO 8.4.1 project payments to two specific RBA indicators: 'Number of employed people aged 25+ who have improved competencies after participation in ESF-supported training (excluding employees with low education level) – 14,568 persons'; and 'Number of employed people with low level of education at age 25+ who have improved competencies after participation in ESF-supported training – 9,934 people.

RBA with Simplified Cost Options (SCO) in the form of standard scales of unit costs (SSUC) were determined for the training<sup>2</sup> costs for one SO 8.4.1 project target group, and those were then applied to educational institutions that concluded a cooperation agreement with SEDA to implement the project.

Payment for the provision of training to educational institutions is made only for those employees who complete their training and receive the relevant certificate. Education institutions are encouraged to prepare an engaging learning offer and work with their clients to ensure completion. The RBA was chosen to prevent differences in programme costs between institutions, as it is applied uniformly to all partners. As a result, the direct beneficiaries - employed persons - can choose to select their training on criteria other than cost (e.g., location).

Eligible costs are calculated according to a predefined method based on the results achieved, removing the need to ensure the traceability of each co-financing cost in euro in individual supporting documents for expenditure. This reduces the administrative burden<sup>3</sup> and speeds up the absorption of EU funding.

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<sup>2</sup> In vocational continuing education, professional development and non-formal education programmes, as well as in a modular vocational education programme module or set of modules, and in a university or college study module or study course education programme.

<sup>3</sup> For the beneficiary - SEDA for accounting of project costs and preparation of documentation substantiating the payment request, and the Central Finance and Contracts Agency for project cost documentation checks.



## Defining the 'result'

The result to be achieved within one unit is the successful completion of the chosen study programme:

- Obtaining a professional qualification (professional continuing education programme);
- Obtaining a certificate (professional development education programme), acquiring knowledge and skills corresponding to the requirements of the labour market;
- Obtaining a certificate (modular vocational education programme or study at a higher education institution or college);
- Obtaining a document certifying knowledge in case of acquisition of a non-formal education programme.

Payment is made to educational institutions on the basis of the results achieved, i.e., only for those who complete their training and receive the relevant certificate.

## Calculation method

The calculation of the SSUC<sup>4</sup> applied to training costs is based on and substantiated by the training programme base values specified in the Regulation of the Cabinet of Ministers No 75<sup>5</sup>. The hourly rate, the common cost of the implementation of the modular vocational training programme, and minimum coefficients of education programme costs are defined in the Regulation of the Cabinet of Ministers No 655<sup>6</sup>.

### **1. Costs of one person from the target group for mastering a further vocational education and a vocational in-service training programme**

Calculated by multiplying the basic value of the costs of training by the minimum coefficient of costs of the thematic field of education, the group of education programmes and the costs of the education programmes for a group of education programmes.

Variable basic values (Bi) are defined according to the basic values of the coupon for training set in Paragraph 45 of the Regulation of the Cabinet of Ministers No 75 and are:

- For vocational continuing education programmes of the first qualification level (corresponds to the second level of the Latvian Qualifications Framework), with 480 lessons – EUR 600 (B<sub>1</sub>);
- For vocational further education programmes of the second qualification level (corresponds to the third level of the Latvian Qualifications Framework):
- 480 lessons – EUR 600 (B<sub>2</sub>);
- 640 lessons – EUR 800 (B<sub>3</sub>);

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<sup>4</sup> **SSUC** is a type of Simplified Cost Option (SCO) where all or part of the eligible costs of an operation are calculated on the basis of quantified activities, input, outputs or results multiplied by standard scales of unit costs established in advance ([European Commission - Guidance on Simplified Cost Options \(SCOs\)](#) and [Simplified Cost Options – a practitioners' manual](#)).

<sup>5</sup> Regulation of the Cabinet of Ministers No 75, 'Regulations Regarding the Procedures for Organising and Financing of Active Employment Measures and Preventive Measures for Unemployment Reduction and Principles for Selection of Implementers of Measures', adopted on 25 January 2011.

<sup>6</sup> Regulation of the Cabinet of Ministers No 655, 'Regulations on the Minimum Costs per one Student in Implementation of a Vocational Education Programme', adopted on 2 October 2007.

- 960 hours – EUR 1,220 (B<sub>4</sub>);
- For vocational continuing education programmes of the third qualification level (corresponds to the fourth level of the Latvian Qualifications Framework) with 960-1,280 lessons – EUR 1,220 (B<sub>5</sub>);
- For professional development programmes from 160-320 lessons – EUR 400 (B<sub>6</sub>).

Professional development education programmes of <80 hours are funded as non-formal education programmes, where the cost of a lesson is EUR 4.50, up to a total of EUR 360.

Costs of mastering a vocational education programme for one representative of the target group are calculated using the formula:  $P_i = B_i * K$

## **2. Costs of one person from the target group for mastering a module/set of modules or a combination of modules of a modular vocational education programme, and for the acquisition of a study module or study course at a higher education institution or college**

The value of costs of a lesson (V) is determined in accordance with Sub-paragraph 21<sup>1</sup> and Paragraph 46 Regulation of the Cabinet of Ministers No 75. It is set at EUR 4.50.

Costs for one representative of the target group (M<sub>i</sub>) are calculated by multiplying the values of costs of a lesson (V) by the number of hours of the modular vocational education programmes module or university or college study course (H), not exceeding EUR 360, in total:  $M_i = V * H \leq \text{EUR } 360$ .

## **3. Costs per employed for mastering non-formal education programmes**

The unit costs of a non-formal education programme for mastering basic social skills and professional skills for one representative of the target group is defined according to Sub-Paragraph 46 of Regulation of the Cabinet of Ministers No 75. It is set at EUR 4.50.

Costs for one representative of the target group (N<sub>j</sub>) are calculated by multiplying the values of costs of a lesson (V) by the number of hours of the non-formal education programme (H), not exceeding EUR 360, in total:  $N_j = V * H \leq \text{EUR } 360$ .

The total amount of eligible costs of the implementing partner (educational institutions) is calculated by summing up the total amounts of eligible costs for a cooperation partner for the implementation of vocational continuing education programmes and professional development programmes/ non-formal education programmes/ modules or combination of modules of a modular vocational education programme or study module or study course at a higher education institution or college.

## **Measuring the ‘result’**

In order to determine and confirm the amount of eligible costs, SEDA submits to the CFCA copies of orders from educational institutions for the issuance of certificates for educational programmes completed. The CFCA can randomly request the SEDA to submit other supporting documents, such as:

- copies of qualification examination protocols,
- copies of certificates related to obtaining professional development programmes,
- copies of documents certifying obtained knowledge, copies of certificates related to completing a module or module set,
- a list of non-formal education programmes offered within the scope of the project, which reflects the duration of implementation of non-formal education programmes in hours, and

- a printout from the information systems to support adult education showing persons from the target group granted the status of a low-income/poor household (to make sure that the education is covered 100%).

### Implementation: issues, risks, solutions

The main risk of this RBA is financial losses for the educational institution, which does not receive funding if the learner does not complete the training/attain the certificate. To deter learners from deciding to discontinue their studies, the project implementation regulations<sup>7</sup> stipulate that those individuals may re-engage in training only after six months from the date of leaving the training.

### Partnership / relationships with stakeholders

The RBA is applicable to educational institutions that concluded a cooperation agreement with SEDA to implement SO 8.4.1, according to Regulation of the Cabinet of Ministers No 474<sup>8</sup>.

The RBA and SSUC methodology were developed in accordance with the conditions set out in the methodology of the Managing Authority (MA) – the MoES developed a draft of unit cost methodology and agreed it with the MA and the Cooperation Authority (CFCA). The approach and calculation methodology were also sent to the European Commission for evaluation and opinion.

As the calculation of the SSUC applied to training costs is specified in the Regulation of the Cabinet of Ministers No 655, the application of the minimum cost coefficients of educational programmes was an essential part of the discussions. The opinion of the final beneficiaries (educational institutions) was also clarified before the implementation of the RBA. Educational institutions implementing long-cycle programmes proposed that the results should be proportional to the training time, with funding calculated accordingly, regardless of whether or not a professional qualification is obtained. They pointed to the expulsion of persons from training, as a result of which the educational institution does not receive funding. The evaluation of their proposal concluded that it would create an administrative burden for the beneficiary to monitor the training process and calculate the funding, and also would increase the project documentation for CFCA to check. The MoES, the MA and the Commission agreed that an appropriate result - the person has successfully completed the training and received their certificate – should determine payment. However, educational institutions have the right to request an advance<sup>9</sup> for the implementation of educational programmes. That chosen approach motivates educational institutions to create a better offer, provide better teachers, and improve their work with adult learners.

In 2017, the Audit Authority (AA) carried out an audit to verify the effectiveness of the established management and control system in the responsible authorities and the MA. It

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<sup>7</sup> <https://likumi.lv/ta/id/283669-darbibas-programmas-izaugsmes-un-nodarbinatiba-8-4-1-specifiska-atbalsta-merka-pilnveidot-nodarbinto-personu-profesionalo>

<sup>8</sup> Regulation of the Cabinet of Ministers No 474, 'Regulations for the Implementation of the Operational Programme "Growth and Employment" 8.4.1. Specific Support Objective "To Improve the Professional Competence of Employed Persons"', adopted on 15 July 2016.

<sup>9</sup> An educational institution may request a first advance of 30% of the costs of acquiring a vocational education programme for one person if 20% of the total number of study hours is acquired. A second advance in the amount of 40% of the costs of acquiring a vocational education programme for one person may be requested by an educational institution if 50% of the total number of study hours is acquired. In order to receive the advance, the cooperation partner must submit a report on the acquisition of the educational programme/registration sheets of the participants.

also examined the SCO methodology for 8.4.1, and made no notes on either the methodology or the RBA approach.

### Conclusions: lessons learned and recommendations

The biggest benefit of this RBA is that 1) payment is made for the successful completion of a training programme, which means that the allocated funding is used to achieve results indicators; 2) payment for the achievement of results is calculated and performed under the same conditions for all partners involved in the SO 8.4.1; 3) the partners involved in SO 8.4.1 are more motivated to ensure appropriate quality and achievement of results; 4) a balance is ensured between the funding allocated and the results achieved.

SCOs reduce the administrative burden for all parties, removing the need for detailed records of the funding, or submission/checking of supporting documentation by supervisory authorities. Moreover, educational institutions have more flexibility to deal with financial resources in various unforeseen circumstances.

The MoES believes that RBA should also be applied in the new EU funds planning period. In general, the same RBA with SSUC SCO should be followed in adult education activities, with funding granted only where learners successfully complete their training and obtain the relevant certificate.

### Contacts

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## 5 Lithuania – Vocational training for unemployed people

### Introduction

**Name:** Operational Programme for EU Structural Funds Investments for 2014–2020

**Sector:** employment and social cohesion.

Under: Priority Axis 7, 'Promoting quality employment and participation in the labour market'.

**Type of operation:** vocational training of unemployed people.

**Target group:** Unemployed people registered with the Unemployment Service.

Beneficiary: Unemployment Service.

**Timeframe:** adopted in 2016.

### Rationale and specific objectives

**Rationale for results-based approach (RBA) practice:** In applying a funding scheme, an RBA approach was selected because it is easy to monitor. It also focuses on the final result (i.e., number of unemployed people receiving vocational training).

Goals achieved:

1. Increased numbers of unemployed people who successfully completed vocational training and were integrated into the labour market;
2. Reduced administrative burden, with a focus on the outcome (addressing labour market issues through vocational training) rather than cost control.

### Defining the 'result'

Results stem from the target of the operation, i.e., the unemployed people who received vocational training.

Target results for the four standard scale of unit costs (SSUCs) were set as follows:

1. People registered as unemployed who participate and successfully complete any long-term formal training (184+ days);
2. People registered as unemployed who participate and successfully complete medium-term formal training (97-183 days);
3. People registered as unemployed who participate and successfully complete short-term formal training (up to 96 days);
4. People registered as unemployed who participate and successfully complete non-formal training.

### Calculation method

To determine the vocational training unit costs, the historical data for six State planning projects were analysed: two implemented in the 2007–2013 programming period and four

in the 2014–2020 period. Historical data were collected from March 2012 to May 2016, covering 23,050 participants.

The data were collected by the public employment service (PES), which implemented those six State planning projects.

The total cost of vocational training for unemployed people depends on the rates determined by the legislation and consists of six different components. The unit costs for vocational training of unemployed people were set using the following formula:

$$\text{Unit cost} = \text{MP} + \text{MS} + \text{KI} + \text{AI} + \text{SV} + \text{NI}$$

**MP** – average cost of vocational training services per participant;

**MS** – average cost of training scholarship per participant;

**KI** – average cost of the return journey to the place of vocational training, per participant;

**AI** – average cost of accommodation per participant;

**SV** – average cost of compulsory health verification and vaccination against contagious diseases per participant;

**NI** – indirect cost per participant.

All costs reflect a single participant.

Four SSUCs were set for vocational training of unemployed people (per participant).

| Long-term formal training (184+ days) | Medium-term formal training (97-183 days) | Short-term formal training (up to 96 days) | Non-formal training |
|---------------------------------------|-------------------------------------------|--------------------------------------------|---------------------|
| <b>EUR 4,231.40</b>                   | <b>EUR 3,054.75</b>                       | <b>EUR 1,044.69</b>                        | <b>EUR 1,348.94</b> |
| MP = 1,704.26                         | MP = 1,384.58                             | MP = 588.14                                | MP = 902.25         |
| MS = 2,183.81                         | MS = 1,452.83                             | MS = 374.63                                | MS = 365.49         |
| KI = 254.83                           | KI = 158.78                               | KI = 66.04                                 | KI = 64.07          |
| AI = 44.79                            | AI = 26.50                                | AI = 3.73                                  | AI = 1.96           |
| SV = 1.81                             | SV = 1.81                                 | SV = 1.81                                  | SV = 1.81           |
| NI = 41.90                            | NI = 30.25                                | NI = 10.34                                 | NI = 13.36          |

## Measuring the ‘result’

The PES was responsible for the development and implementation of the training. It collected and retained the information and documents required to determine that the criteria for successful participation and completion of training had been fulfilled. These documents were provided to the ESF agency responsible for verifying the expenditure declared to the Commission.

### Data/information demonstrating achievement of results:

1. **Unemployed people database:** PES verifies that all participants in the projects financed are unemployed, i.e., only people registered on its database of unemployed people are included in training activities. The database contains data on every participant, including personal data, fulfilment of the requirements for the

target group, professional training data, tripartite/bipartite agreement conditions and their fulfilment, and participant status in labour market six months after professional training. These data are stored by the PES and provided to the ESF Agency for administrative verification.

2. **Certificate:** This is the main document that proves successful completion of the training. Participants who complete their training receive a certificate of acquired qualification (formal training) or a certificate of competence (non-formal training).
3. **Agreement:** The tripartite agreement between the unemployed participant, employer and PES, or the bipartite agreement between the unemployed participant and territorial labour exchange, sets conditions for individual vocational training:
  - a) - Type of training, actual training programme;
  - b) - Number of training hours according to curricula;
  - c) - Qualification or competence to be acquired;
  - d) - Preconditions of the job agreement (in some bipartite/tripartite agreements).

Unemployed participants choose the kind of agreement to sign, tripartite or bipartite. The conditions under which the agreement is concluded are regulated by national legislation (Lithuanian Employment Act). A tripartite contract is concluded between the PES, the employer who will employ the unemployed or occupied person or transfer the occupied person to a higher position, and the unemployed person, who will be employed in a vacant position. Where unemployed people undertake study in formal vocational training programmes within in-demand professions (as established by labour market forecasts carried out by the PES), a bilateral agreement is concluded between the PES and the unemployed person (Article 37 of the Lithuanian Employment Act).

4. **Vocational training coupon:** This is an agreement between the local labour exchange office, the unemployed person and a training services provider, which determines:
  - a) - Type of training (formal or non-formal), actual training programme;
  - b) - Training institution;
  - c) - Training start and end dates;
  - d) - Number of training hours according to curricula;
  - e) - Training cost.

**Recovery of training expenditure by the PES.** Expenditure may be declared to the Commission as soon as the certificate is issued. Training for which the PES, by law, will later recover expenditure from the participants or from the organisations responsible for vocational training, shall be withdrawn from the next claim for reimbursement of expenditure by the European Commission.

### Implementation: issues, risks, solutions

**Issue:** If one unit cost (amount) was set, it could be too high for some and too low for others.

**Solution.** Data were grouped by duration and form of training and different unit costs were set.

**Risk 1: Setting average values for vocational training could create a background for project beneficiaries to reduce the real costs in order to benefit from the bigger unit cost.**

**Solutions:**

- PES and its local labour exchange offices compile a list of in-demand professions facing a labour shortage;



- Unemployed participants choose the training that suits them – the PES has only an advisory function;
- PES or unemployed person must find an employer and agree that after the vocational training, the unemployed person will be employed;
- Non-formal vocational training is provided by professional training providers that meet the requirements in the Law of Adult Education and Continuing Education (Article 2, part 4) and who are registered in the Education and Science Register. Formal vocational training is provided by professional training providers with a formal professional training licence.
- In accordance with the Law of Employment Support, the PES sets out specific requirements and criteria for non-formal vocational training programmes and providers. The PES coordinates the monitoring system for non-formal professional training quality, while ten local labour exchange offices are responsible for monitoring and ensuring the quality of non-formal professional training;
- Local labour exchange offices carry out spot-checks of professional training providers to assess the quality of training provided to unemployed people;
- PES surveys participants who have completed their professional training on their overall satisfaction and quality of the training.

### **Risk 2: Paying for success might induce creaming.**

#### **Solutions:**

- PES is obliged to provide vocational training for all unemployed people;
  - Individual occupational plans are compiled for each participant, with all requests for vocational training required to be considered by the PES;
- The priority is to integrate unemployed people experiencing particular difficulties into the labour market, i.e., long-term unemployed people (unemployed people under 25 years of age who have been unemployed for more than six months; unemployed people over 25 years of age who have been unemployed for 12+ months), unemployed people over 54 years of age, disabled people who can work, unqualified unemployed people. These priorities are set in national documents.

**Risk 3: Setting three SSUCs for formal training risks inflexibility if the duration or unit cost value changes.** For example, if a concrete duration is included in the agreement, but has to extend to accommodate participant illness, there is a risk of over-compensating unit costs. There are no examples of vocational training that was shorter than agreed in the contract or defined in the training coupon.

**Solutions:** The duration of the training is set in the vocational training coupon (start and end date, number of training hours according to the curriculum). If an actual end date (in the list of unemployed participants) is later than is set in the vocational training coupon (i.e., the duration of the training was longer), the Intermediate Body requires an explanation from the PES and recovers the amounts corresponding to the duration set in the vocational training coupon.

**Risk 4: Unemployed people can access training as soon as they become unemployed, risking employers making employees redundant so that they can be retrained and then re-hired with higher skills.**

#### **Solutions:**

- The target group is all unemployed people registered with the PES. However, priority is given to unemployed people struggling to integrate into the labour market: long-term unemployed (unemployed people under 25 years of age who



have been unemployed for more than six months; unemployed people over 25 years of age who have been unemployed for 12+ months), unemployed people over 54 years of age, disabled people who can work, and unqualified unemployed people. These priorities are set out in national documents.

- Local labour exchange offices should monitor their labour market, consider the priorities in each municipality is set, and take into account local labour market needs when organising vocational training for unemployed people. When analysing applicants, local labour exchange officers examine the labour demand in the territory (vacancy spread, employers' expectations, etc.). Individual occupational plans are developed for each participant and revised according to labour demand.

### Partnership / relationships with stakeholders

The methodology was introduced to the Audit Authority (AA), in line with the European Commission recommendation, and no comments were received. It was also discussed with the beneficiary.

### Conclusions: lessons learned and recommendations

The project beneficiary experienced a lack of funds, as some measures were regulated by law and the increase in the amount in the legislation was higher than the price change in the market, meaning that the SSUCs were too low in some cases.

A renewed methodology will be used in the 2021–2027 ESF+ programming period.

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## 6 Malta – Wage subsidies for the disadvantaged

### Introduction

The results-based approach (RBA) practice was implemented under the Operational Programme II, 'Investing in human capital to create more opportunities and promote the wellbeing of society'. It fell under Priority Axis 1, Investing in the employability and adaptability of human capital.

The Access to Employment (A2E) scheme provides employment aid to organisations in Malta and Gozo to promote the recruitment of particularly challenging jobseekers and inactive people.

This State aid scheme was launched in 2015 and is still ongoing. It is in line with Commission Regulation (EC) 651/2014 of 17 June 2014, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

Beneficiaries of the A2E scheme can be any type of partnership, individual self-employed people, family businesses, companies, non-governmental organisations (NGOs), social partners, associations, cooperatives, and voluntary organisations.

A2E target groups include the following target groups:

| Target group                          | Target group description                                                                                                                                                                                     | Duration of assistance |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>DISADVANTAGED PERSONS</b>          |                                                                                                                                                                                                              |                        |
| 1                                     | Any person aged 24 and over who has been unemployed/inactive for the previous six months                                                                                                                     | 52 weeks               |
| 2                                     | Any unemployed person aged 15-24 who previously participated and completed the Youth Guarantee/Work Exposure/Traineeship scheme and is recruited for the first-time, following completion of that initiative | 52 weeks               |
| 3                                     | Any person living as a single adult, with one or more dependants, and not in full-time employment                                                                                                            | 52 weeks               |
| 4                                     | Any person aged 24 and over who has not attained an upper secondary educational or vocational qualification (ISCED 3), who does not have a job                                                               | 52 weeks               |
| 5                                     | Any person older than 50 years who does not have a job                                                                                                                                                       | 52 weeks               |
| <b>SEVERELY DISADVANTAGED PERSONS</b> |                                                                                                                                                                                                              |                        |
| 6                                     | Any person unemployed/inactive for the previous 12 months during which they have not benefitted from a traineeship with the Undertaking, and who belongs to one of the categories (3) to (5)                 | 104 weeks              |
| 7                                     | Any person aged 24 and over who has been unemployed/inactive for the previous 24 months, during which they have not benefitted from a traineeship with the Undertaking                                       | 104 weeks              |
| <b>PERSONS WITH DISABILITIES</b>      |                                                                                                                                                                                                              |                        |

|   |                                                                   |           |
|---|-------------------------------------------------------------------|-----------|
| 8 | Any person who is a registered disabled person under national law | 156 weeks |
|---|-------------------------------------------------------------------|-----------|

In addition to these target groups, calls for applications may add any other target groups that fall within the parameters allowed by the General Block Exemption Regulation (GBER), and any subsequent updates, in line with the respective articles under Section 6 GBER, Aid for disadvantaged workers and workers with disabilities, and as approved by the Managing Authority (MA) through the Covenant and published by the Intermediate Body (IB), Malta's Public Employment Service (PES), Jobsplus.

## Rationale and specific objectives

Given the types of target groups for the scheme, the **rationale** of the RBA is to ensure that extra efforts are made to provide the most disadvantaged with opportunities for employment and to enhance their employability after termination of the ESF grant.

This scheme's goal is to facilitate the integration of jobseekers and inactive people in the labour market by:

- Enhancing opportunities to access the labour market and providing work experience to those furthest away from gainful occupation, through the wage subsidy offered;
- Bridging the gap between labour market supply and demand;
- Increasing social cohesion by providing employment opportunities to the most disadvantaged.

Its ultimate aim is not only to reduce unemployment, but to retain disadvantaged people in employment by making them more employable through the work experience gained.

## Defining the 'result'

A2E scheme results reflect the retention of disadvantaged people in employment so as to give them the work experience necessary to make them more employable. A mandatory retention period following the subsidy has been established to secure the employment of participants.

| Duration of subsidy | Aid intensity | Retention period |
|---------------------|---------------|------------------|
| 52 weeks            | Approx. 50%   | 4 months         |
| 104 weeks           | Approx. 50%   | 8 months         |
| 156 weeks           | Approx. 75%   | 12 months        |

This mandatory retention period does not stem from national law, which references only the initial probation period for every hiring of new employee. Where the retention period is not respected, the IB retains the right to reimburse the Undertaking only for the weeks completed in full on the A2E scheme.

In case of premature termination:

- If the employee terminates their employment, the employer is only refunded for the full weeks carried out by the employee under the A2E scheme;
- If the employment is terminated during the probation period, the employer is only refunded for the full weeks carried out by the employee under the A2E scheme;

- If the employer terminates the employment for a legally valid reason (e.g., the employee fails to turn up for work), the employer is only refunded for the full weeks carried out by the employee under the A2E scheme;
- If the employer terminates the employment without legal validity, or during the grant retention period, a simple pro-rata recovery of the grant is determined, based on the remaining applicable retention period.

Specific case scenarios can be found under point 10 – *Premature Termination Cases* here: <https://jobsplus.gov.mt/a2e/fileprovider.aspx?fileId=20515>

## Calculation method

Simplified Cost Options (SCOs) were established for the operation in question.

The SCO is process-based, but one of the conditions for reimbursement is results-based, i.e., the 'retention in employment' post-grant period.

The details of the SCO standard scale of unit cost (SSUC)<sup>10</sup> are listed below:

|                                          |                                                                                                                                                                                                |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Indicator triggering the payment:</b> | number of persons supported                                                                                                                                                                    |
| <b>Unit of measurement:</b>              | weeks in employmentCost covered: wage (subsidy)                                                                                                                                                |
| <b>Cost covered:</b>                     | wage (subsidy)                                                                                                                                                                                 |
| <b>Calculation method:</b>               | fair, equitable and verifiable calculation method based on statistical data, other objective information or an expert judgement, in line with Article 67(5)(a)(i) of Regulation (EU) 1303/2013 |
| <b>Formula</b>                           | <ul style="list-style-type: none"> <li>• <math>SUM(A + B + C + D = E)/52 = [F]</math></li> <li>• <math>[F] * 50\% = G1</math></li> <li>• <math>[F] * 75\% = G2</math></li> </ul>               |

The SCO is based on the national minimum wage, including mandatory government bonuses and national insurance contributions. The IB pays an applicant the wages of the employee for the weeks during which the employee was in employment (process-based). However, the mandatory retention period obliging the employer to retain the employee in employment for a specific time period after the ESF grant is terminated makes the SCO results-based.

| Rate of pay for trainees that are 18+ years of age (2020):     | Per annum    |
|----------------------------------------------------------------|--------------|
| [A] Basic wage – EUR 179.33 x 52 weeks                         | EUR 9,325.16 |
| [B] Statutory bonus payable June and December – EUR 135.10 x 2 | EUR 270.20   |

<sup>10</sup> **SSUC** is a type of SCO where all or part of the eligible costs of an operation are calculated on the basis of quantified activities, input, outputs or results multiplied by standard scales of unit costs established in advance ([European Commission - Guidance on Simplified Cost Options \(SCOs\)](#) and [Simplified Cost Options – a practitioners' manual](#)).

|                                                                                                      |               |
|------------------------------------------------------------------------------------------------------|---------------|
| [C] Weekly allowance bonus payable March and September – EUR 121.16 x 2                              | EUR 242.32    |
| [D] Employer's share of national insurance – EUR 17.93 x 52 Mondays                                  | EUR 932.36    |
| [E] Total gross pay plus national insurance per annum                                                | EUR 10,770.04 |
| [F] Weekly wage – EUR 10,770.04/52 weeks                                                             | EUR 207.12    |
| <b>[G<sup>1</sup>] 50% - EUR 103.56 per week rounded up to EUR 104 for simplification purposes</b>   |               |
| <b>[G<sup>2</sup>] 75% - EUR 155.34 per week rounded down to EUR 155 for simplification purposes</b> |               |

Malta retains the option to adjust these rates based on adjustments suggested by the government in line with cost-of-living adjustments (COLA). Consequently, the amount subsidised may be increased.

These adjustments are based on Subsidiary Legislation 452.71 – National Minimum Wage National Standard Order, which is updated yearly based on any increase in COLA specified by the government (Annex Ia).

Any adjustments to the statutory bonuses and social security contributions (under Chapter 452 of the Employment and Industrial Relations Act) are specified on:

- <https://dier.gov.mt/en/Employment-Conditions/Wages/Pages/Bonus-and-Weekly-Allowances.aspx>;
- <https://cfr.gov.mt/en/rates/Pages/SSC1/SSC1-2020.aspx> is also taken into consideration if necessary.

Interim payments are allowed, especially for grants with a long implementation period.

## Measuring the 'result'

The IB is responsible for the quality, collection and storage of data on achievements. Through its database, the IB (PES) verifies that the participant was employed or that employment is still ongoing for the grant and retention period. As the Maltese PES, the IB collects and stores all employment records for all people working in the Maltese Islands.

Assurance approaches to verify that the employment is legal include checks on tax and national insurance contributions. Given that the subsidy is in line with the national minimum wage, no tax is foreseen. For national insurance contributions, the IB asks for a declaration from the Commissioner for Revenue stating that national insurance has been paid for the employee.

At the application stage, the IB checks compliance with State Aid Rules as set out in Articles 32 and 33 of the GBER.

The MA<sup>11</sup> conducts its own management spot checks prior to recommending the expenditure for certification to the Certifying Authority. Such checks include eligibility and the payments process through the MA's Management Information System, as well as verification of the retention period.

<sup>11</sup> Planning and Priorities Coordination Division within the Ministry responsible for European Union (EU) funds.

Both the IB and the MA carry out spot checks to ensure that the employment is in fact taking place.

The retention period is checked through the IB database to verify that the employee was retained in employment with the applicant Undertaking during this period.

### Implementation: issues, risks, solutions

In order to mitigate against potential abuse, the following rules were established:

- Shareholders and directors of the Undertaking are not eligible to benefit from this scheme if they take up employment with the same Undertaking;
- New participating recruits are eligible as long as the applicant Undertaking is different from any employer, they had in the previous 12 months;
- A participant can only apply once under the A2E Scheme with the same Undertaking;
- Apprenticeship:
  - Apprentices participating in subsidised apprenticeship schemes may participate in the Access to Employment Scheme with an Undertaking other than the Undertaking with which they apprenticed;
  - Apprentices remaining unemployed for a period of 12 months after the end of their apprenticeship contract will become eligible to participate with the same Undertaking to which they were apprenticed;
  - People who are registered as disabled are recognised as 'workers with disabilities' under national law and participating in subsidised apprenticeship schemes may participate in the A2E Programme with the same Undertaking to which they were apprenticed;
- Upon premature termination of the grant agreement, both the Undertaking and the participant must fill in the A2E scheme justification forms. The Undertaking is refunded only for the full weeks for which the participant was employed under the A2E scheme.
- The mandatory retention period following the subsidy period was established to secure the employment of participants under this scheme.

### Partnership / relationships with stakeholders

In setting up this scheme and implementing updates, the MA liaises continuously with the IB, which in turn collects feedback from the final beneficiaries.

In 2016, to ensure legal assurance for the SCO scheme, the MA applied for a Delegated Act under Article 14(1) of the ESF Regulation. The SCO scheme was assessed by the Commission services prior to its adoption. The MA also invited the Audit Authority (AA) to assess proposed updates to the SCO scheme.

### Conclusions: lessons learned and recommendations

#### Pros:

- A standard rate removes the need for complicated salary calculations and reduces the administrative burden for all stakeholders;

- Less documentation is required to verify payments (payslips, financial statements);
- More focus is given to physical checks and ensuring that the scheme reaches the intended target groups;
- Standard rates make it simpler for micro and small businesses to apply for and use such schemes;
- Lower error rate;
- Mandatory retention period ensures that the employer is accustomed to paying the new employee out of their own funds after the grant expires, which contributes to job retention beyond the aid given by EU funds;
- New employees benefit from the retention period, which extends their experience and enhances their employability. It also gives them a better chance of retaining their current employment long-term.

### **Cons:**

- Employers typically pay their new employees the minimum wage, as the SSUCs were calculated on the national minimum wage.

### **Lessons:**

- The basis for the SSCUs should be amended to better reflect changes in the labour market;
- SCOs made the scheme more attractive to employers, including micro and small entities;
- Reimbursement system makes it easier for employers to apply without the additional and costly help of third-party expertise.

### **Whether or not this practice should be used under ESF+:**

The A2E scheme was a huge success and is expected to be continued during the 2021-2027 programming period. The SSUCs cover the entire eligible cost of the grant, simplifying the budget for the whole operation. On examining the retention period, the MA found that many employees within the scheme were retained in employment, boosting their employability through the work experience gained.

There were more positives than negatives in the application of the SSUCs, giving more added value to the overall system.

### **Contacts**

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## 7 Portugal – Qualification Centres (Centros Qualifica)

### Introduction

The results-based approach (RBA) practice was launched in 2015 and remains ongoing under several ESF Operational Programmes:

- Human Capital Operational Programme (PO CH);
- Regional Operational Programme Lisboa;
- Regional Operational Programme Algarve.

**Investment Priority** (10iii): Improving equal access to lifelong learning for all age groups in formal, non-formal, and informal settings; updating workers' knowledge, skills and competencies; promotion of flexible learning paths through guidance, professional training, and validation of acquired skills.

**Type of ESF operations:** Qualification Centres (*Centros Qualifica*) (previously 'CQEP') are specialist adult education centres that aim to improve the employability of individuals, as well as the qualification levels of the population as a whole. The Centres' fundamental premise is the value of learning acquired by adults throughout their lives and the possibility of increasing and developing skills through qualified training. Qualification Centres can provide the following services:

- Information, guidance, and referral, with a view to obtaining an educational/professional qualification;
- Recognition, validation and certification of skills (RVCC) acquired throughout life, through formal, informal, and non-formal channels, in education, professions, or dual certification, and in training areas linked to the service sector.

**Beneficiaries:** entities promoting Qualification Centres, as established in national legislation. They have different legal natures and statutes, and are both public and private, including associations and cooperatives<sup>12</sup>.

**Target group:** adults aged 18+ and seeking a qualification (i.e. who wish to continue their qualification path, change professional area, or improve their skills).

Exceptionally, young people between 15 and 17 years of age, who are not attending education or vocational training, and are not integrated into the labour market.

**Eligible costs:** all

### Rationale and specific objectives

The model adopted for Qualification Centres adjusts the amounts and assumptions to reflect national policy and its objectives, namely to strengthen the activity of the Centres and their network. The support granted must increase guidance and referral services, with

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<sup>12</sup> Qualification Centres can be created by public or private entities (promoting entities), such as schools, professional training centres managed directly or through the Public Employment Services (PES) network, companies and associations, or other entities with significant territorial or sectoral reach and technical capacity.



a focus on providing information on professional, educational, or dual certification offers, and promoting a realistic choice that acknowledges the diversity of routes and meets the needs of individuals and the labour market, while also ensuring the development of RVCC.

Although this RBA practice implies the application of a 15% flat rate, it allows the definition of indicative proportionality between the human resources involved and the level of activity to be financed. This guarantees the results to be contracted and establishes the minimum and maximum limits of funding.

The co-financing of operations depends on the activity carried out by each Qualification Centre and is adjusted according to the performance and results indicators. The level of co-financing is determined by the level of achievement of the result expected.

The reduction in financing or the creation of an efficiency reserve is calculated according to the level of compliance with outputs and result indicators.

The model was improved, as the previous model set the same average cost per entrant, irrespective of level. In the financing model for Qualification Centres, the average cost is higher in level 3 (lower level of activity) than in levels 2 and 1. Effectively, it estimates that economies of scale dictate that the unit cost per trainee will decrease in line with increases in the centre's activity, in the logic of results, justifying a higher cost for Centres at the level with the least activity. Generally, Centres with lower numbers of subscribers are based in low-density territories, with a lower population density and territorial dispersion of potential candidates and potential partners.

Although the scheme appears complex, the IT system used in its implementation allows for simplification for stakeholders.

### Defining the 'result'

This methodology combines output and results indicators. Beneficiaries propose the number of candidates they intend to involve in the Qualification Centre, which places them in one of the three possible levels (see Table I below). The level has a direct consequence for outputs and results commitments in the context of ESF funding.

#### **Output indicators:**

- Number of candidates enrolled in a Qualification Centre - of the total enrolled, 90% should be adults and 10% young people, under the terms defined in national law.

#### **Results indicators:**

- Percentage of nominated candidates should be at least 90% of the total enrolled, of which 40% will take a training route and 60% directed towards RVCC;
- Percentage of adults completing the RVCC process should be at least 90% of adults in the process.

### Calculation method

The methodology is based on the application of a flat rate of 15%, calculated on direct eligible costs of human resources (proven and paid according to the real cost scheme) to finance indirect costs.

Personnel costs are those arising from contracts of employment or service contracts by external (clearly identifiable) personnel, including the corresponding contributory benefits incurred.

## RESULT-BASED APPROACHES: SELECTED CASE REPORTS OF ESF-FUNDED PRACTICES

For co-financing, Qualification Centres' eligible human resources are RVCC technicians (guidance technician, recognition and validation of skills) and teachers/trainers/coordinators<sup>13</sup> authorised and enrolled in the Information and Management System of the Educational and Training Offer (SIGO) platform, with evidence of their direct link to the activity financed, provided they do not exceed the maximum amount per step and commit to the required goals.

Calculation of the maximum eligible amount is based on the results agreed and is based on three factors:

- Direct costs of human resources, based on real costs evidenced in supporting documents (salary receipts and timesheet);
- Indirect operation costs: flat rate of 15% of eligible direct personnel costs;
- Output and results indicators.

The total amount to be financed is determined from the proportionality of the commitment assumed by the beneficiary applicant and the results obtained in the relevant activity level.

Table I - Activity Levels, Eligible Human Resources and Annual CO-Financing by QC

| Activity level | Annual target                                                                                                                   | Human Resources<br>Calculation basis:<br>Full-Time Equivalent (FTE)<br>30H/week |     |                      |     | Potential co-financing<br>of the approved projects<br>(including 15% flat rate) |     |                                   |              |
|----------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----|----------------------|-----|---------------------------------------------------------------------------------|-----|-----------------------------------|--------------|
| Level          | Number of people enrolled                                                                                                       | Number of RVCC technicians                                                      |     | Trainer<br>Evaluator |     | Total                                                                           |     | Number of months of operation: 12 |              |
|                | min                                                                                                                             | max                                                                             | min | max                  | min | max                                                                             | min | max                               |              |
| <b>1</b>       | 1 200                                                                                                                           | 1 800                                                                           | 4   | 4,5                  | 4   | 4,5                                                                             | 8   | 9                                 | 209 760,00 € |
| 1A             | Tier 1 indicators with >= 20% of referrals outside the promoting entity of the Qualifica Center - Human Resources Reinforcement |                                                                                 | 4,1 | 4,6                  | 4,1 | 4,6                                                                             | 8,2 | 9,2                               | 215 004,00 € |
| <b>2</b>       | 800                                                                                                                             | 1 199                                                                           | 3   | 4                    | 3   | 4                                                                               | 6   | 8                                 | 157 320,00 € |
| 2A             | Tier 2 indicators with >= 20% of referrals outside the promoting entity of the Qualifica Center - HR Reinforcement              |                                                                                 | 3,1 | 4,1                  | 3,1 | 4,1                                                                             | 6,2 | 8,2                               | 162 564,00 € |
| <b>3</b>       | 400                                                                                                                             | 799                                                                             | 2   | 3                    | 2   | 3                                                                               | 4   | 6                                 | 104 880,00 € |
| 3A             | Tier 3 indicators with >= 20% of referrals outside the Qualifica Center promoting entity - HR Reinforcement                     |                                                                                 | 2,1 | 3,1                  | 2,1 | 3,1                                                                             | 4,2 | 6,2                               | 110 124,00 € |

Table I sets out the maximum funding amounts for each 12-month period. These are adjusted in line with the targets proposed by the beneficiary applicant and the duration of the operation.

- Increase: if referrals outside the entity promoting the Qualification Centre are at least 20% of those referred to qualification offers that are not the RVCC process, the co-financing of human resources costs can be increased by 0.2 FTE, reflecting the need for greater allocation and effort.

Table II - Synthesis of the Relationship between Output and Result Indicators

| Output Indicator |         |              | Result Indicator    |             |           |                                        |             |
|------------------|---------|--------------|---------------------|-------------|-----------|----------------------------------------|-------------|
|                  |         |              | candidates referred |             |           | Non-dropout adults in the RVCC process |             |
| total            | adults  | young people | Total               | to train    | to abroad | to RVCC processes                      | total       |
| (1)              | 90%*(1) | 10%*(1)      | (2)=90%*(1)         | (3)=40%*(2) | 20%*(3)   | (4)=60%*(2)                            | (5)=90%*(4) |

(1) Number of people enrolled to which the beneficiary commits, within the framework of the defined levels of activity

<sup>13</sup> Constitution and competences of Qualification Centres' teams are established in national law.

## Measuring the ‘result’

Each request for reimbursement must be accompanied by evidence of the number of people enrolled, the number of referrals, the number of candidates in the RVCC, and the number of certificates issued.

### Evidence

SIGO is the tool used to register the activity of Qualification Centres. It is used to manage the candidates enrolled, their orientation and referral, and the development of RVCC, from the beginning through to certification (total or partial).

### Verification device

The quality of the information registered by Qualification Centres in respect of the different stages is crucial for a number of stakeholders:

- Qualification Centres – provides them with information on candidates’ individual education and training paths;
- Intermediate Body (IB) (National Agency for Qualification and Vocational Education, ANQEP) – supports monitoring and evaluation of Qualification Centres’ activity;
- Managing Authority (PO CH), Regional Operational Programme Lisboa, Regional Operational Programme Algarve) – promotes on-the-spot verification actions, in coordination with ANQEP as the IB, ensuring that the operations comply with the implementing regulations;
- Audit and Control - at national level, through the General Inspectorate of Finance, as the sole audit authority of the Cohesion and Development Agency, and, at European level, through the European Commission and the European Court of Auditors.

## Implementation: issues, risks, solutions

Rules were introduced to adjust funding to an RBA, which takes place automatically in the case of lower execution:

- For each percentage point (p.p.) of negative deviation from the contracted performance and result percentage indicators, there is a reduction of 0.5 p.p. on the total eligible expense, up to a maximum limit of 10% of that expense;
- That penalty does not apply when the output and results reach 85% of contracted performance, or 75% in the case of operations in low-density territories;
- If the execution is less than 50% of the arithmetic average of the contracted performance and results indicators, the operation will be revoked and the Qualification Centre will not be financed again.

## Partnership / relationships with stakeholders

The national Audit Authority (AA) was engaged in an informal *ex ante* consultation on the development of the Simplified Cost Option (SCO), although the SCO scheme is entirely the responsibility of the MA.

## Conclusions: lessons learned and recommendations

The MA and IB (ANQEP) consider this scheme good practice and they intend to maintain the current methodology for the period 2021-2027 (with possible enhancement of qualifications).

This model does not impose conditions in respect of numbers of people to be hired or amounts of remuneration, but only sets out an indicative proportionality between the number of human resources and level of activity to guarantee the contracted results and establish the minimum and maximum funding limits. All stakeholders are aware of the results to be achieved.

### Contacts

For more information about this result-based approach, please contact:

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## 8 Slovakia – European Computer Driving Licence (ECDL) certification

### Introduction

The results-based approach (RBA) and the related methodology of Simplified Cost Options (SCO) were developed by the Intermediate Body (IB) of the Operational Programme Human Resources (2014-2020), i.e. the Ministry of Education, Science, Research and Sport of the Slovak Republic. The case report was compiled by the Managing Authority (MA) (Ministry of Labour, Social Affairs and Family of the Slovak Republic, in cooperation with the IB.

**Operational Programme:** Human Resources (2014-2020, Slovakia).

**Thematic Objective:** #10 - Investing in education, training and vocational training for skills and lifelong learning.

**Priority Axis 1:** Education (implemented by the IB, i.e. Ministry of Education, Science, Research and Sport of the Slovak Republic).

**Type of operation:** development and implementation of educational programmes, including Information and Communications Technology skills (ICT, or IT skills). Beneficiaries could extend their educational programmes with IT training to meet the needs of the labour market.

The aim of the operation (IT skills-related areas only) was to increase the general computer skills of specific population groups through successful completion of the European Computer Driving Licence (ECDL).

### About the ECDL:

The European Certification of Digital Literacy - better known as the European Computer Driving Licence - is a computer literacy certification programme. The knowledge and skills acquired are examined through tests designed in line with the global methodology of the International Certification of Digital Literacy (ICDL). An ECDL certificate is issued where the candidate meets the required level of knowledge and skills. The areas of knowledge are divided into thematic units or modules (standardised parts with separate tests).

The ECDL certificate is internationally recognised as demonstrating a certain level (standard) of computer knowledge and skills.

Beneficiaries are public institutions providing elementary, mid-level or higher education (universities and campuses, high schools, colleges, etc.) and any institution providing lifelong education (public or non-public, including non-governmental organisations (NGOs) or private companies).

Target groups:

- 1.1.1 – students at elementary or intermediate schools;
- 1.3.1 - university students;
- 1.4.1 - employees, self-employed people, unemployed people (in-house training for own employees excluded)

## Rationale and specific objectives

The RBA was considered because it is a very simple and specific form of evidence (internationally recognised certificate), making it easy to declare and verify.

The RBA for ECDL already existed on the market, as the ECDL certification was standardised for individuals (standardised testing modules with fixed costs per person). RBA allowed for much simpler financing, simplification of costs (RBA was combined with an SCO) and a reduction in project preparation by beneficiaries.

### **Additional RBA-supporting circumstances:**

The result (achieved education) is long-term in nature. Once the expected level of knowledge is achieved, certification lasts for four years. This stable result is attractive compared to other activities (e.g. in operations supporting employment, the employment could be short, with no guarantee of a longer contract).

The international recognition of ECDL standards provides sufficient quality assurance of the result. If a certificate is issued, the MA/IB is assured that the individual achieved the required skills. ECDL certification is supervised by the national operator (Slovak Society for Informatics), with exams taken according to strict standards.

The national operator guarantees the following dimensions of ECDL: standardised, objective, based on measurable indicators, independent, factual, flexible and generally accepted by the main employer associations.

## Defining the 'result'

The result is defined as passing the ECDL exam, with the ECDL certificate constituting proof of that result.

No milestone was established. The RBA was combined with input-based expenditure within the same operation. The amount reimbursed for the result covers the cost of registration, testing and issuing (printing) the certificate, i.e. only the certification process. The cost of the training itself was not part of the RBA. Any cost related to the training was financed on the basis of lecturers' salaries and the rental of training rooms or equipment (input-based financing).

## Calculation method

The process of ECDL certification includes several components:

- Cost of registration and obtaining ECDL skills card;
- Cost of taking the test;
- Cost of issuing the certificate.

The cost of the three components was calculated per person (RBA). The price of ECDL certification does not include the training itself. Unsuccessful participants are not eligible for reimbursement from the project budget. The RBA is reflected in that only issued certificates are eligible for funding, i.e. only successful participants are supported.

The non-public institution, Slovak Society for Informatics, is the sole national operator for the ECDL. It is responsible for quality and standards control, authorisation of testing centres, localisation of the modules, and issuing certificates.

The cost of registration and certification was based on the national operator's universal price list <sup>14</sup>. The cost of the testing was calculated as the average price, based on market research – price lists of companies licensed by the national operator to provide ECDL testing (see details in Annex II).

The basic condition for grant applications was published in the open calls, requiring the beneficiary to support a pre-defined number of people to obtain ECDL certification.

Beneficiaries specified the targeted number of successful participants (i.e. target number of certificates issued) in the project proposals, according to their capacities and operational plan. For successful grant applications, that target number became a condition of reimbursement, without which financial corrections would be applied by the MA/IB.

### **Risk of failure when determining the amount**

No risk was identified according to the proper calculation of grant level. The grant level was equivalent to the sum of the costs for every proposed successful exam.

### **SCO**

Under Article 14(1) of the ESF Regulation, an SCO was applied. The highly standardised nature of the ECDL certification allowed for straightforward identification of results-based unit costs (per person). As this highly standardised form of ECDL was RBA-oriented, the SCO was automatically developed in combination with RBA.

Condition for reimbursement of unit cost: successful passing the exam per person. SCO covered the same costs as those outlined in the RBA calculation above.

## Measuring the 'result'

The result was defined as passing the ECDL exam per person. The ECDL certificate issued constituted proof of that result, i.e. evidence that the person had achieved the required level of computer literacy skills. The result increases the competences and abilities of the target groups, as well as computer literacy among society as a whole, at programme level. For those already in employment, it improved their position in the labour market. Achieving the ECDL also strengthened the employability of unemployed people. For students, it supported better career options.

The result was measured in successful project participants. Eligible expenditure (unit costs) was verified by the ECDL skill level reached (as proved by the ECDL certificate submitted).

Payment from the MA/IB to the beneficiary was triggered by the submission of a photocopy/scan of the ECDL certificates of the participants. The beneficiary requesting payment submitted a list of participants who had successfully completed ECDL exams, together with a scan of the issued and eligible certificates.

Other conditions of eligibility had common characteristics:

- Time period of eligibility was limited to the duration of the operation;
- Duplication was not allowed - only two certificates were eligible per person, one for Basic/Standard modules and one for Advanced modules (taking into account the certificates' four-year validity).

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<sup>14</sup> Price list publicly available at: <https://www.ecdl.sk/kolko-zaplatite>



The scans or copies of certificates submitted with payment requests did not represent the real evidence of eligibility. The Slovak Society for Informatics was contracted to verify the authenticity and validity of the scanned documents for the IB (original certificate always kept by the participant), as the national operator manages the evidence of all test results and certificates issued.

The scanned supporting document could be easily and sufficiently verified before the reimbursement of payment request. In addition, possible duplicates could be identified (e.g. if a participant took the same test repeatedly in the previous four years).

The IB maintained its own electronic register of certificates, allowing for a quick check of possible duplication within the operations supported.

### Implementation: issues, risks, solutions

#### Issues:

A scan or copy of the certificate was deemed insufficient proof because it could be easily misused. The original certificate remained with the certified person (e.g. for job seeking, etc.). This issue was solved in cooperation with the ECDL operator. The Slovak Society for Informatics was contracted to verify the authenticity and validity of the scanned documents for the IB. That contribution was catered for through the ESF (technical assistance to MA/IB, outside the regular project budget). The verification process increased the administrative burden slightly for the MA/IB, but not for the beneficiary.

#### Risks:

An individual/attendee (project participant) could apply for the same type of certificate more than once (i.e. potential double funding). Eligible expenditure for the project covered no more than one certificate for Base/Standard modules and one certificate for Advanced modules, per participant. This risk was eliminated by verification by the Slovak Society for Informatics.

At the level of beneficiaries, there was a risk of financial loss in reimbursement of the grant copy of the number of tests passed if the testing was unsuccessful, as the fee for registration and testing was paid in advance. Participants were registered and tested free of charge, as those expenditures were covered by the beneficiary. In the case of an unsuccessful exam, the beneficiary likely passed on their loss on participants, who may have been reluctant to participate in light of such risk. No risk mitigation was applied, as the risk was independent of funding.

The IB/MA did not identify any other RBA-related risks, as the model significantly reduced risk.

### Partnership / relationships with stakeholders

As the RBA was part of the SCO, the Audit Authority (AA) undertook ex ante assessment. Key comments focused on possible overlapping of SCO/unit cost (duplication in expenditure) and clear control mechanisms during the control of on-the-spot payment requests by beneficiaries.

The IB accepted the AA's comments and added clear control mechanisms to the SCO methodology. The IB also contracted the Slovak Society for Informatics (national operator of ECDL) for the purposes of certificate verification.



## Conclusions: lessons learned and recommendations

A serious shortcoming of this RBA model was the exclusion of training costs. Unit costs include only the costs of the certification process, with training costs reimbursed as real costs. The RBA model and related SCO would have been more rational and appropriate if training costs per person were included.

The MA/IB in the 2021-2027 programming period intends to construct a similar SCO with RBA, albeit in a more complex way and including all relevant costs in the unit cost.

A similar RBA model that includes training might represent an example of good practice, which could be used in any form of lifelong education or training.

### Contacts

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