

Second Meeting of ESF Managing Authorities in the Danube Region

07./08. July 2016

Minutes

A meeting of representatives from the ESF Managing Authorities of Baden-Württemberg, Bavaria (Germany), Bulgaria, Slovenia, Prague (Czech Republic) and Hungary, representatives from Austria, from the European Commission, AEIDL, Danube Strategy Point and Priority Area Coordinators for the Danube Strategy priority areas 9 and 10 took place for the second time on seventh and eighth July 2016 in Munich /Germany. The meeting was organized by the ESF Managing Authorities of Bavaria and Baden-Württemberg.

7 July 2016

Georg Moser, ESF Managing Authority in Bavaria - Welcome

Georg Moser welcomes the participants. Referring to the first meeting in Ulm on October 28th 2015, he points out the importance and good opportunity to continue the exchange and cooperate by using the instruments and networks of the Danube Strategy. He emphasizes that the cooperation and exchange between the Managing Authorities and beneficiaries should be as simple as possible. Double structures should be avoided.

Mag. Barbara Willsberger, L&R Social Research, Priority Area Coordinator 9 Presentation of Priority Area 9 of the Danube Strategy (see presentation)

Frequently coordinators are already involved in the initiation of PA 9 projects. They give support to the organization and coordination of project measures. Projects that meet the criteria of PA 9 can receive a label as “PA 9-Project” as a certificate. The label opens more opportunities for political support on national and European level. By now, there has been no ESF-project included in PA 9. The participants agree that the main objective is to feed transnational ESF projects into PA 9, in order to use the instruments and organization of the Strategy for the Danube Region. This encompasses the platform function and network provided by the Danube Strategy Point.

Workshop 1: Fostering transnational projects in the Danube Region

- **Discussion and analysis of the European Commission’s working paper “Guidance Note on Transnational Cooperation in the Context of ESF 2014-2020” (see presentation)**
- **Presentation: Toby Johnson, AEIDL: ESF Transnational Platform / Flow of information about transnational cooperation in the Danube Region for Managing Authorities and beneficiaries**

The ESF Transnational Platform Website is meanwhile online

(<http://www.aeidl.eu/en/projects/social-development/esf-transnational-platform.html>).

ESF Transnational Platform can be a helpful instrument to ensure a continuous and effective flow of information about transnational cooperation in the Danube Region both for Managing Authorities and beneficiaries. For this purpose, information related to transna-

tional projects respectively projects with transnational elements in the Danube Region should be collected and tailored to be put on the platform.

- **Areas / calls for transnational co-operation – input from the Managing Authorities in the Danube Region**

The representatives from the participating Managing Authorities describe their priorities laid down in their Operational Programme suitable for transnational cooperation in the Danube Region as follows:

Bavaria:

- Young people in training
- Labour mobility EURES
- Long term unemployment

Baden-Württemberg:

- Transnational cooperation = horizontal principle
- Bringing refugees into the labour market
- Youth (migrants, unemployed, marginalized)
- Skills shortage
- Long term unemployed
- Fight against poverty
- Competitiveness of SMEs and employees

Hungary:

- Vocational training
- Employment partnership

- Research, innovation
- Youth employment
- Creative industry
- Traineeship
- Roma integration
- Migration

Czech Republic (City of Prague):

- Pre-school child care
- Local community centers
- Multi-cultural education
- Social enterprises
- Work-based learning (internships, apprenticeships)
- Attractiveness of VET
- Employment
- Active ageing
- Social innovations
- Mobility
- Social services
- Integration

Bulgaria:

- Labour market: young people, long term unemployed, incentives, self-employment and business creation, lifelong learning
- Social inclusion (Roma integration, access to services, social economy)
- Institutional capacity in the field of labour market, social inclusion, health care

Slovenia:

- Employment, labour market
- Social inclusion and reducing poverty
- Competences and lifelong learning
- Public administration capacity
- 1 multifund programme

-
- **Presentation: Matija Vilfan, Danube Strategy Point: Identification of priorities and projects within the Danube Strategy and their realization**

Matija Vilfan emphasized that in all Priority Areas strategic projects are developed. They all have to meet 6 criteria. They have the advantages of:

-
- Support from all 14 countries, at both technical and political levels
 - Being bottom-up
 - Can be submitted to any funder
 - DSP gives €100,000 lump-sum seed finance.
 - All projects will be on keep.eu.

Matija Vilfan pointed out that ESF does not overlap with Interreg projects because it has different beneficiaries. It should not focus only on PA10: for instance PA1A has a project to train Danube river pilots.

8 July 2016

On the second day we conducted a workshop about simplified cost options (SCOs), which contained summaries of all participating countries according to their applied rules and experiences of their specific simplified cost options. Afterwards, specified questions in this case were discussed in relation to its future use, existing problems, ongoing processes and developments.

- **Input from Managing Authorities according to the use of SCOs in their countries**

	What works and does not work in terms of simplified cost options?
Bavaria (Germany)	<p>Uses SCOs in almost all cases, and all are published transparently on the website.</p> <ul style="list-style-type: none"> ▪ co-financing Project costs ▪ technical co-financing ▪ lump sum (apprentices) ▪ flat rate indirect costs(Art. 68) ▪ standard scale of unit costs ▪ hourly staff costs – 1720 h
Baden- Württemberg (Germany)	<ul style="list-style-type: none"> ▪ flat rate of 40 % of the eligible direct staff costs for all indirect costs covering all remaining eligible costs ▪ flat rate of 15 % of eligible direct staff costs for all indirect costs ▪ 1,8 % of all direct staff costs covering all costs for post, telecommu-

	<p>nication and leasing rates, depreciation</p> <ul style="list-style-type: none"> ▪ Only reason: To get under 50.000 Euro threshold ▪ standard scale of unit costs for teachers = project staff, co-financing, average teachers´ salaries ▪ standard scale of unit costs, ALG II subsidies for long-term unemployed persons (passive co-financing) ▪ Calculated average payment <p>REVIEW:</p> <ul style="list-style-type: none"> ▪ no “one size fits all”-solution, no “silver bullet” to the defrimaf of small regional projects, which are politically wishful to the profit of projects ▪ there will always be winners and losers
<p>Prague / Czech Republic</p>	<ul style="list-style-type: none"> ▪ separation in OP Prague and National ESF OPs ▪ <u>OP Prague</u> <ul style="list-style-type: none"> - indirect costs flat-rate: 25 % / 20 % for projects over 360.000,- Euro -> reduced to 15 % / 5 %, if more than 60 % / 90 % of budget in contracted service - unit costs for pre-school childcare (DA ready), multi-cultural education (DA being negotiated) ▪ <u>National ESF OPs</u> <ul style="list-style-type: none"> - indirect costs: almost all ESF calls - unit costs: childcare, education - lump sums: internships / apprenticeships, language courses for teachers

	<p>REVIEW:</p> <ul style="list-style-type: none"> ▪ lengths of process for DA ▪ uncertainty of beneficiaries (checks, control, audits) ▪ very welcome by beneficiaries ▪ Easier administration preferred
Slovenia	<ul style="list-style-type: none"> ▪ standard scale of unit costs: <ul style="list-style-type: none"> - subsidies for unemployment - teachers: training and education projects - NGO strengthening projects - scholarships: managing and scholarships themselves → combination with flatrates ▪ no lump sums <p>REVIEW:</p> <p>Calculations from historical data</p> <ul style="list-style-type: none"> ▪ OK for public administrations & teachers ▪ less positive for NGOs → sector underdeveloped
Hungary	<ul style="list-style-type: none"> ▪ unit costs: <ul style="list-style-type: none"> - project management: travel, daily costs - public procurement: costs of the procedure
Bulgaria	<ul style="list-style-type: none"> ▪ training-unit → costs per hour / trainee ▪ employment subsidies ▪ apprenticeships

	<ul style="list-style-type: none"> ▪ job placement → unit cost per month ▪ social services → unit costs per month of service provided to a participant (calculated according to the type of service provided)
--	---

As a conclusive finding of the workshop the attempt of finding and using more simplified cost options is seen as an important ongoing process.

- Discussion of recommendations of the High-Level Group on Simplification

Regarding the recommendations of the High Level Group on Simplification there is a need for more legal certainty, verification and revision and also a better results orientation.

The participants discuss if EC should provide more ex-ante assurance and a fast-track approval for SCO (where approval is required; the standardised SCOs don't require approval). Tomasz Karpowicz (DG EMPL) comments that this is unlikely.

At this particular time the managing authorities have to carry their own financial risks as a consequence of the lacking legal certainty. The auditing afterwards is seen critical, because the correct answer from the European Commission is needed before.

Verifications need less detailed guidance, monitoring and auditing. As a consequence less paper, but more clearly shaped guidelines enable more simplification and efficiency. This would abbreviate the process of approval of new introduced SCOs by the European Commission.

The verification of SCOs without historical data could be problematic, thus the data needed should be collected furthermore by the MAs to make them available for the research institutes.

Some argued for more mandatory cost options, which should be possible to use in broader and different optional ways. The more options for the different member states can be applied the fairer is the use of it and the less risk occur.

Christian Weinberger (Austria): MSs still suffer financial risk, so the Court of Auditors and EC audit unit need to come aboard. The problem is that auditors reserve the right to ignore previous agreements. Even the College of Commissioners cannot challenge a 2nd-level audit. This is a very high-level problem that needs to be resolved at Council level.

Georg Moser (Bavaria): 16 SCOs x 187 OPs = 3,000 decisions. It is impossible to wait for EC decisions. These are decisions of the member states, so they have to take the risk. Everything is risky with shared management.

Matthias Boll (BW): if we are forced to use SCOs we need legal certainty.

Jan Hauser (CZ): in Erasmus+ the EC sets the rules and there is no risk.

The question whether it is reasonable to remove the “up to” in terms of personal costs has been discussed. The “up to” opens up the issue of MAS’ discretion, so the decisions must be transparent. Ba.-Wü. argued for eliminating the term “up to” according to personal costs, which arises problems considering transparency.

The flat rate (up to 40 %) of the reimbursed eligible direct staff costs referring to article 14 of the EU regulation No 1304/2013 depends on the geographical region and thus also on the various salaries existing. Using employed contractors in projects increases the eligible direct staff cost in contrary to staff being paid with minimum salary (Ba.-Wü).

Georg Moser: the percentages used are proved by statistical records.

Christian Weinberger: the underlying issue is that SCOs have to be close to reality. Therefore it is unrealistic to have EU-wide SCOs, because costs vary so much between countries.

Result orientation and flexibility of projects are contradictory criteria, because flexibility can diminish the achievement of certain results determined by goal indicators. Hence, if results are not delivered, which has been spend, cannot be paid back. This problem occurs, for the case that money is paid at the beginning of a project, e. g. if the needed stuff has to be augmented.

Ulrich Wolff: There is the problem of how projects would repay advances. Payment by results is very risky because macroeconomic circumstances are unpredictable.

The question how to adjust SCOs when the real data are no longer available was discussed. Some arguments:

- Indexation will not be needed if ratio between direct and indirect costs stays the same.
- Simulated costs cause a lot of work.
- The data will still be with the beneficiaries, so the MAs would have to pay a research institute to collect them.

Next steps:

The next meeting is going to be organized by the Priority Area Coordinator in Vienna (October/November 2016)