1. Who developed the tool?

Gsub, European Social Fund (ESF) Managing and Auditing Authority, Departments of the Ministries and local actors. Gsub was formed in 1991 as a service provider, programme manager and intermediary body to manage public funds and provide consulting services within the public sector. The organisations now has 180 employees and a client list which includes the State of Berlin, Federal Ministries and the European Commission delivering activity focused on employment, education, the economy, children and young people, and integration.

2. Why was the tool/mecanism put in place?

The mechanism was put in place to:

• reduce the administrative burden on beneficiaries,
• enable a more efficient use of the funds,
• lower the error rate,
• create a more productive balance between administra-
  tion issues, content related issues and output and result indicators, and;
• widen the simplified cost options for all ESI Funds.

3. What does the tool do?

All simplified costs options must be calculated in advance and be able to demonstrate how these calculations have been carried out in a fair, equitable and verifiable fashion.

Example I – German Federal ESF Programme “Staerken vor Ort”: In 2010 a lump sum was agreed as part of the eligible costs of operational expenditure. This was calculated on the basis of historical data and as a percentage of the total value of the Programme being delivered. This approach simplified cost options for 280 local government administrations by implementing a fixed, pre-defined amount (14% of the total ESF grant) for the operational costs of the local co-ordination office. The main actors involved in delivering this simplified cost option were the intermediary at the Federal level, Ministry, ESF Management Authority, Head of Unit in charge of the Programme and 280 local co-ordination offices. To receive the lump sum the local co-ordination offices had to verify that:

• Local steering group committees had been established,
• At least one public campaign had been launched,
• The office had attended at least one federal networking group or event,
• At least 60% of the micro projects had been delivered, with the funds having been administered properly.
Example II – Berlin’s Local Social Capital (LSC) programme: The Programme is funded by ESF and co-financed by Land Berlin with the Senate Administration for Labour, Integration and Women Berlin acting as the Managing Authority. A mechanism was designed which provided a lump sum for micro-projects of up to 10 000 EUR, based on historical data. The lump sum is based on a rough calculation of each project and fixed individually to that project – (a lump sum per project). Gsub as one of Berlin’s intermediaries designed the proposal on the basis of their experience of local projects in the framework of Local Employment Pacts. The ESF Management and Auditing Authority of the Land Berlin commented on and amended the proposal. The approach has not been finally approved as yet, the Court of Audit still has to agree it, but the underlying concept may be interesting for all European Member States.

It took almost 2 years to design the full proposal for applying the SCO.

4. What is the main effect of the described tool/model/practice in relation to financing LEADER and on which level is this effect achieved?

The presented simplified cost options can be applied within the LEADER approach; in particular when it comes to micro-grants or financing operational costs for NGOs and local authorities. The approach makes it easier, in particular for small initiatives, to apply for the funds.

5. What was needed to be able to design and implement the tool?

The legal basis for the two case studies is the ESF-Regulation No. 396/2009 and the Working Paper of the European Commission COCOF 09/0025/04-EN from 28/01/2010. Further conditions are laid down in the specific grant agreements and in the programme guidelines on financial issues.

6. What are the lessons learnt and relevance for LEADER 2014-2020?

Gsub designed the proposal strictly on the basis of the above mentioned regulations and the working document in order to ensure the approach could be put into practice. It can be difficult to convince the auditors as the implementation of new approaches can cause concerns relating to the potential proportion of administrative errors reported through the auditing process. You need “brave” actors within the Administration because everyone is afraid of the auditing of such approaches and the COM gives no guarantee that the planned approach will be accepted by the European Auditors.

An internal evaluation showed a considerable reduction in the administrative burden and enabled more time to be spent working with the projects when compared to a real cost approach. The risk of the “binary approach” i.e. results achieved full payment, results not achieved no payment, may prevent authorities and beneficiaries from applying the lump sum approach. Regarding the new ESF regulation 2014 ff the common indicators are not appropriate concerning the application of the lump sum approach for micro projects. Generally creativity is needed in order to define the appropriate indicators per project or groups of projects. According to the §§57 and 58 of the Common Provisions Regulation and the Art. 14 (2), (3), (4) of the European Social Fund regulation, even more simplifications might be possible in the next period. It takes time for all participating actors in this process to get used to lump sums; it is a longer term process.

7. Contact details for further information

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