

LEADER Subcommittee Workshop „Financing for Leader/ CLLD“

Simplified cost options – Examples of application in the ESF

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Gesellschaft für soziale
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gsub



- The **gsub – Social Business Consulting GmbH** was founded in 1991 in Berlin.
- As Service provider
 - Programme Manager
 - Intermediary Body
- 180 Employees in 2013, located in Berlin Germany

Fields of Action

- Employment and labour market policy
- Education policy
- Economic policy
- Child and youth policy
- Integration policy

Our clients include

- The State of Berlin
- Federal ministries
- The European Commission
- Bundesagentur für Arbeit (Federal Labour Agency)
- The Jobcenters



gsub is

- ▀ **Trustee of the Federal Republic of Germany
and of the Land of Berlin.**

Main activities are

- ▀ **Managing of public funds and consulting services
with public responsibility**

Simplified cost options I

In the ongoing Structural Funds period (2007 – 2013)

gsub implemented several simplified cost options in

- National programmes
- ESF co-financed programmes *

Such as:

- Flat rate financing for indirect costs and for staff costs
- Standard scales of unit costs
- Lump sums

* In co-operation and approved by the Public Authorities

Legal Basis of simplified cost options in the ESF:

- **Regulation (EC) No 396/2009** of the European Parliament and of the Council of 6 May 2009
- **Working document** Article 11.3 (b) of Regulation (EC) 1081/ 2006 as amended Article 7.4 of Regulation (EC) 1080/ 2006 as amended`*

(also applicable for ERDF on basis of Regulation (EC) No 397/2009)

Background for simplified cost options:

- **Administrative burden on beneficiaries and management bodies**
- **Lower error rate**
(European Court of Auditors: majority of errors found in structural actions expenditure are partly due to the complexity of the legal and implementing framework)
- **More efficient use of the funds**
- **Widen the possibilities of simplified cost options for all ESI funds**
- **Period 2014 – 2020: New options for all funds according to Art. 57 and Art. 58 CPR and Art. 14 of the ESF-Regulation (draft)**

Simplified cost options IV

General Rules for simplified cost options:*

- The calculations must be done **in advance**
- They must be
 - **Fair**
 - **Equitable**
 - **Verifiable**

* four conditions, see “Working Document”

Example I: lump sum as part of eligible costs of an operation

Germany`s Federal Programme „Staerken vor Ort“ (2009 – 2011)

- Empowerment Programme with a localised target group approach on youth and women
- Implemented and financed by the **Federal Ministry of Families, Senior Citizens, Women and Youth** and the Programme Management Body „ESF-Regiestelle“ (SPI Foundation Berlin and gsub mbH)
- Delivered through **280** local government administrations
- Programme supported around **9.000** micro-projects up to **€ 10.000** and reached **235.000** young people and women
- ESF- Volume **71m** EUR, in addition co-financing of 15%

Example I: lump sum as part of eligible costs of an operation

In 2010 launch of a lump sum as part of eligible costs for the local co-ordination office:

Lump – sum for operational expenditures

like:

- Public campaigns , local calls for proposals for potential beneficiaries, administrative costs of the office, material, maintenance)
- Calculated on the basis of historical data and as a percentage of total ESF-value being delivered (**14%**)

Example I: lump sum as part of eligible costs of an operation

For receiving the lump sum the local co-ordination offices had to verify:

1. The local committees steering the programme on the ground had been established
2. Minimum one public campaign had been launched on the ground
3. Minimum one participation of the local co-ordination office in the federal networking groups or federal networking events had happened
4. Minimum 60% of the micro projects had been conducted
5. The funds for the micro projects had been administered properly

Example II: Berlin`s Local Social Capital Programme I

The Local Social Capital Programme (LSC) in Berlin

➤ Aims at:

- Reaching, activating and improving the chances of disadvantaged people in the labour market
- Targets local initiatives that are normally not eligible for ESF-funding

➤ Funding Period 2003 – 2013 *

➤ Embedded in the Berlin Strategy „Local pacts for economic development and employment“

➤ Over the ten years of its operation it has financed 1 335 micro-projects with a maximum of 10.000 €

* prolongation the new period 2014ff planned

The Local Social Capital Programme (LSC) in Berlin

- Funded by ESF and co-financed the Land Berlin (ESF- Operational Programme Berlin 2007-2013)
- Responsible Authority: Senate Administration for Labour, Integration and Women Berlin
- Implemented by Intermediary Body gsub (as part of comovis GbR) in close co-operation with Berlin districts
- Steering committees on district level decide upon the micro-projects based on a local action plan and after call for proposals

Proposal for a lump sum for full funding micro-projects (all eligible costs)

Background

- It is difficult for small initiatives to receive ESF-means
- The system of reimbursing real costs does not really fit to small projects and low experienced initiatives
- Conclusion: lump sums are especially appropriate for small operations (up to 50.0000) and small bodies on local level

* Proposal by gsub mbH, not finally approved !

Ways to explore the appropriate lump sum

Version 1: Lump-sum based on average expenditure of the last three years

Version 2: three different lump sums based on three categories of micro- projects

Version 3: individual lump sum per micro-project
(based on a pre – defined draft budget including a flat rate for indirect costs and on individual indicators defined in the grant agreement)

Challenges and questions

- Risk of the binary approach (100% payment or non payment) in case of lump sums
- Auditors and managing authorities are often reluctant (sometimes also beneficiaries)
- Common indicators versus programme specific indicators
- Simplified cost options for grants only ?
- Simplified cost options are only one way of simplification

Thank you for your attention

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