




Administrative burden in ESF programmes A comparative review

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Study info sheet

Title	<i>Study measuring current and future requirements on administrative cost and burden of managing the European Social Fund</i>
Client	DG Employment, Social Affairs and Inclusion (DG EMPL)
Objectives	<p>Identification of major drivers of administrative costs</p> <p>Assessment of differences between the 2000-2006 and the 2007-2013 programming period</p> <p>Assessment of differences between ESF and ERDF operations</p> <p>Identification of likely impacts of the two general change scenarios in the regulatory requirements</p>
Prepared by	GHK and COWI

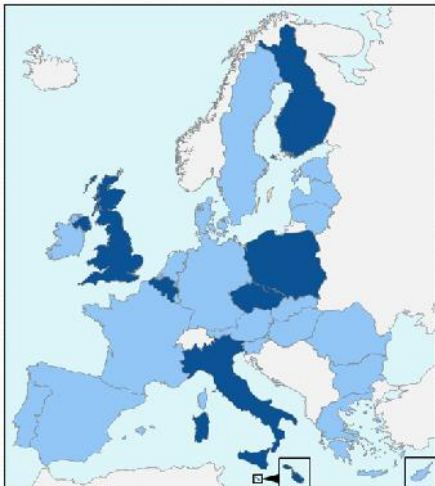
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UNIUNEA EUROPEANĂ GUVERNUL ROMÂNIEI INSTRUMENTE STRUCTURALE 2007-2013

Scope and method

- 12 ESF Operational Programmes (2007-2013) in seven Member States covered
- 44 administrative tasks (IOs) for implementing bodies, grouped into 5 categories/phases
- 30 administrative tasks (IOs) for beneficiaries
- Interviews with Managing Authorities
- Stakeholder surveys (implementing institutions, final beneficiaries), phone/online
- Extrapolation of sample estimated to OP



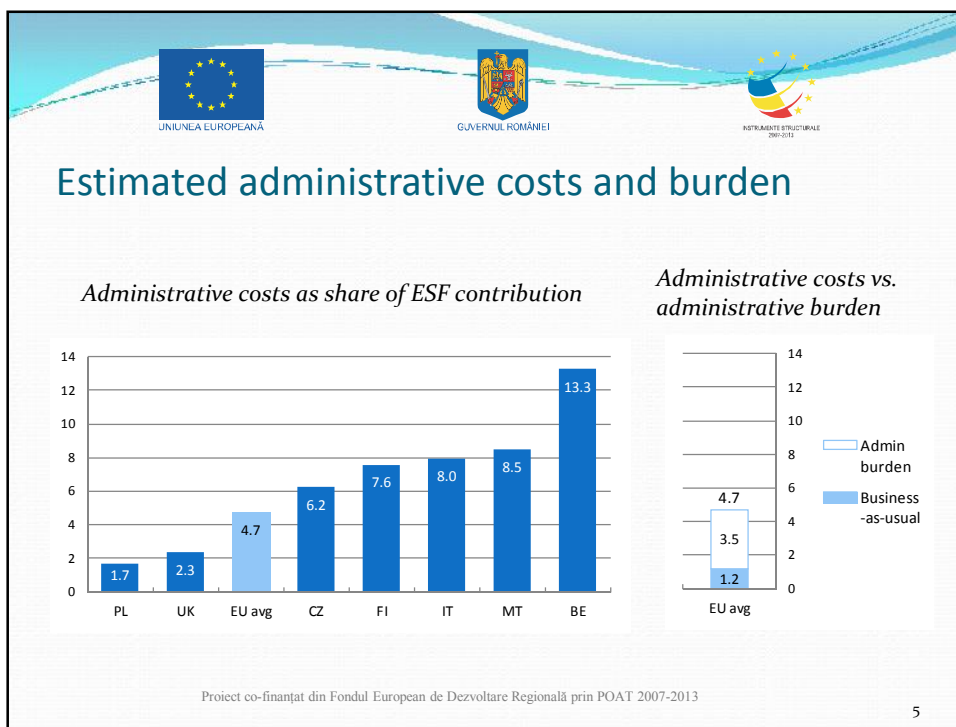
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Administrative cost profiles

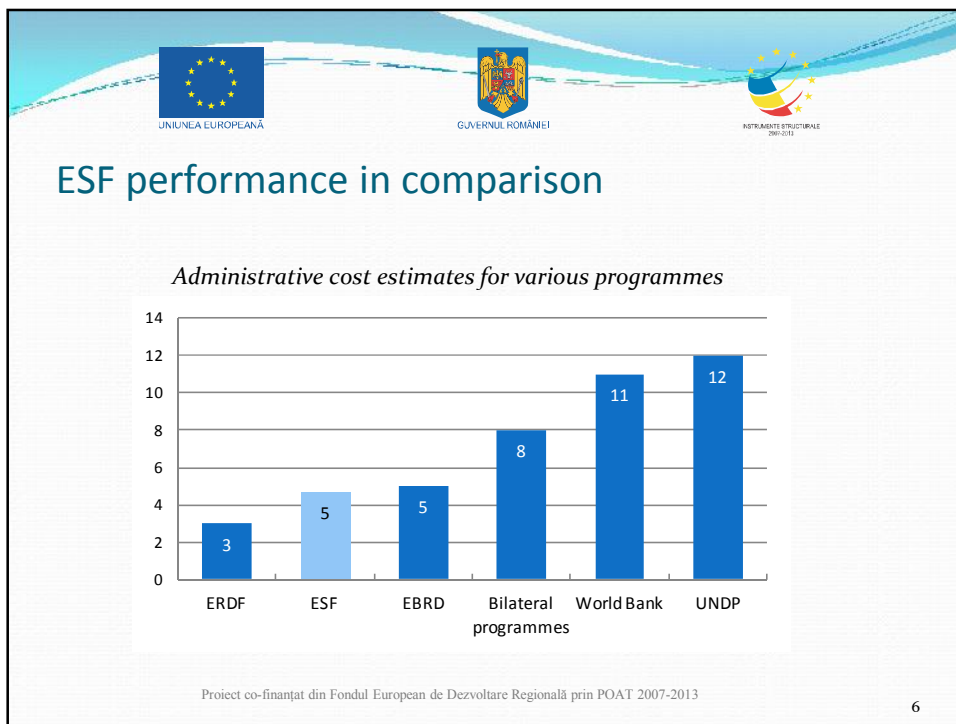
Implementing bodies

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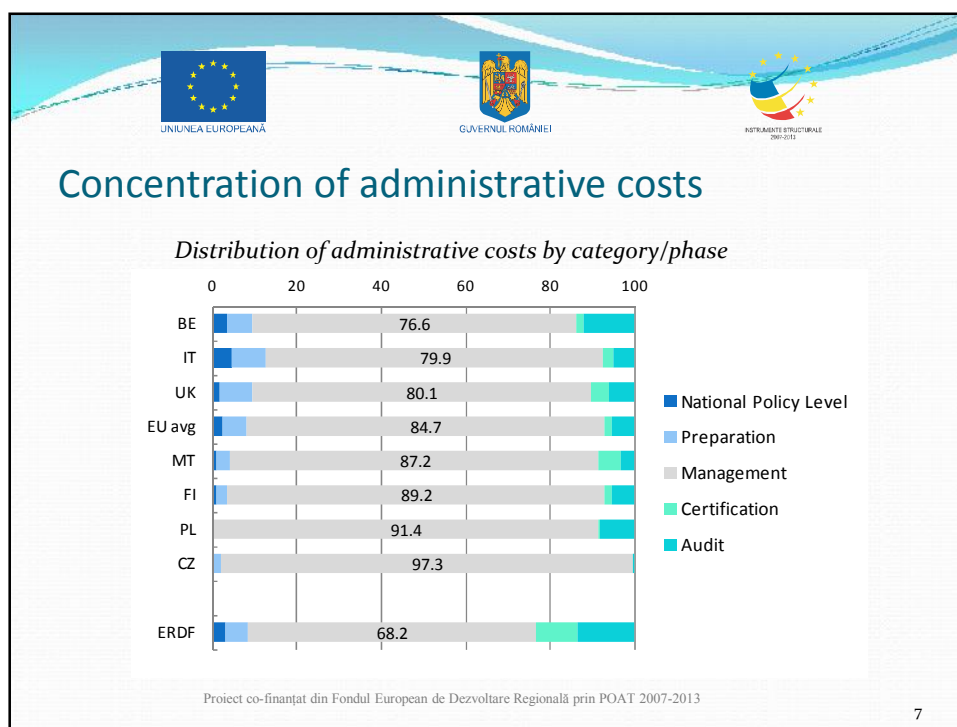
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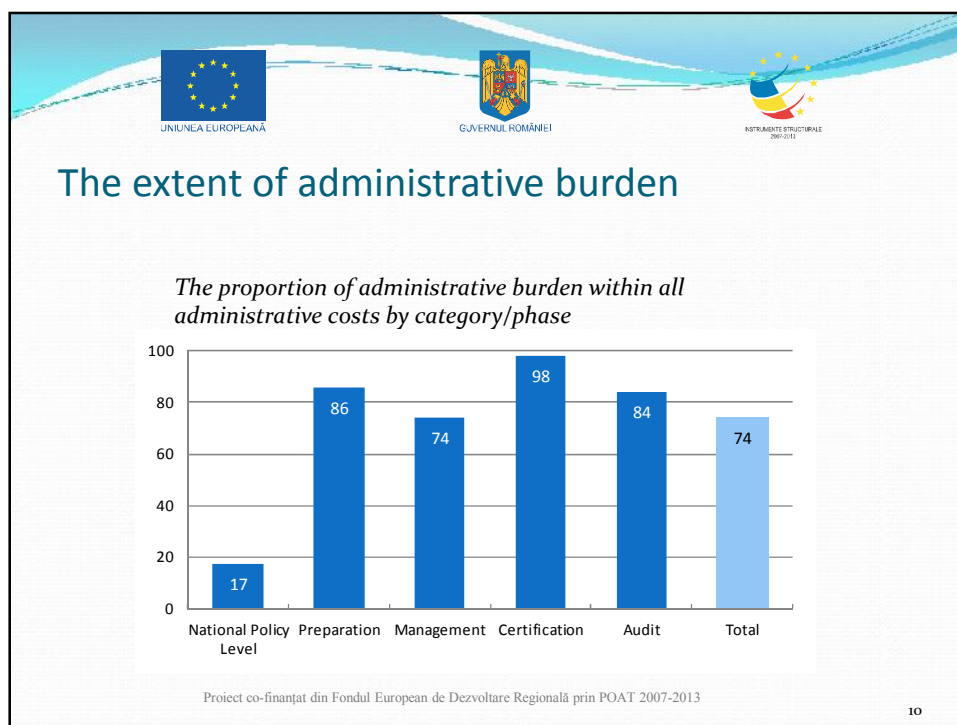
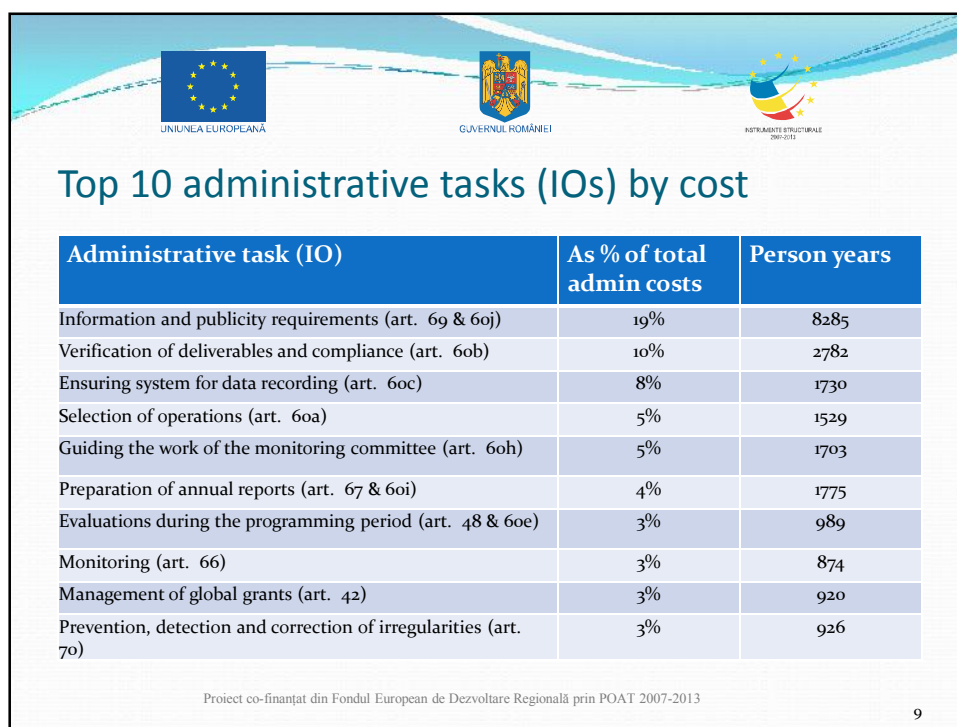
Concentration of workload

Person years and average cost by categories/phases

Category	Total administrative costs	Person years	Average cost per person year
National policy level	€ 32,119,000	490	€ 65,000
Preparation	€ 68,078,000	1,110	€ 61,300
Management	€ 1,087,199,000	27,800	€ 38,200
Certification	€ 21,889,000	430	€ 49,700
Audit	€ 67,958,000	1,180	€ 59,500
Total	€ 1,277,242,000	31,100	€ 40,400

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Administrative cost profiles

Beneficiaries

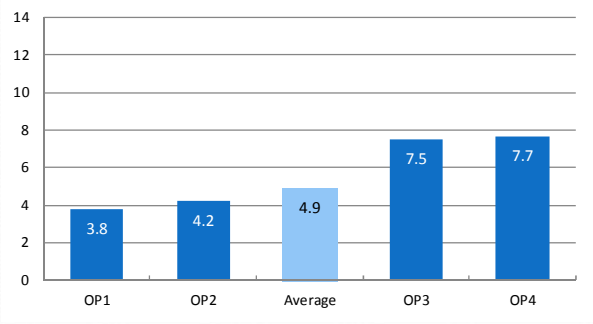
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Estimated administrative costs and burden

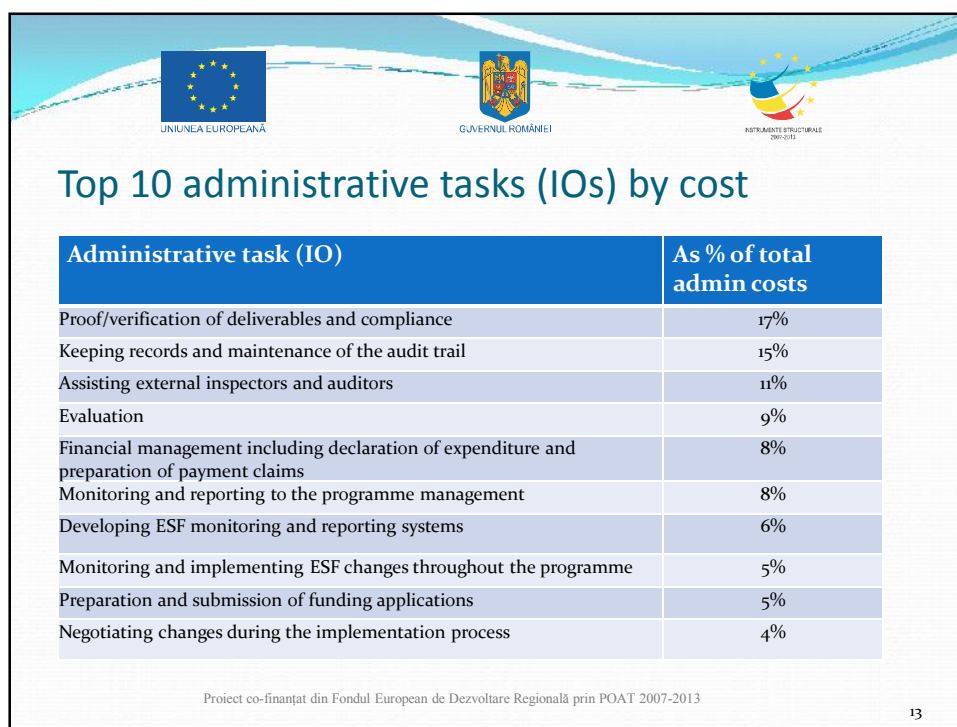
Administrative costs as share of ESF contribution




Category	Administrative costs as share of ESF contribution
OP1	3.8
OP2	4.2
Average	4.9
OP3	7.5
OP4	7.7

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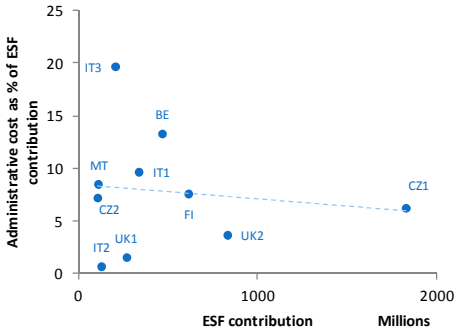
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Factors explaining variance of admin costs

- Overall size of the budget (economies of scale): a little
- Regional scope: no
- Prior ESF experience and existing infrastructure (EU15): maybe
- Lower labour cost (EU12): **yes**
- Continuation of earlier programmes (low policy and preparation costs): **yes**
- Fewer IBs: no
- Fewer beneficiaries: no



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Simplified Cost Options (SCOs)

- **Scenario One:** three Simplified Cost Options (SCO) introduced into the current 2007-2013 ESF programme by ESF Regulation (EC) No. 396/2009
 - Flat rate costs: i.e. indirect costs declared on a flat-rate basis, of up to 20 % of the direct costs of an operation
 - Unit costs: i.e. flat rate costs calculated by the application of standard scales of unit cost as defined by the Member State
 - Lump sums: i.e. to cover all or part of the costs of an operation providing it is justified, in accordance with pre-defined terms of agreement on activities and/or outputs and does not exceed €50,000.
- **Scenario Two:** the use of results based SCO (performance- or output related system). Funding linked to outputs, milestones and/or results achieved, moving from a process of payments based on measuring and validating actual costs and inputs

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The likely impact of SCOs

- The changes introduced for the 2007-2013 period have increased rather than reduced administrative costs and workload compared to 2000-2006
- However, the availability of the three SCOs had generally been positively received
 - Flat rate and especially unit cost SCOs are perceived as having slightly reduced administrative costs, lump sum costs did not help
 - Results-based SCO was perceived to increase administrative costs
- Reduction of administrative costs experienced in some of the costliest administrative tasks, especially „verification of deliverables”, and the „audit of sampled operations”
- Audit authorities tend to be critical as SCOs may lead to a loss of financial control


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Recommendations

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Recommendations

1. The reasons for reducing administrative costs and burdens, and the levels by which to reduce them, need to be made more explicit and better understood throughout the ESF programme
2. Reductions in administrative costs and workload need to focus on those administrative tasks which account for a large proportion of administrative activity
3. A more accurate and appropriate definition and measure of administrative burden is needed in relation to the ESF

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Recommendations

4. Reducing administrative costs by a significant amount will require a rebalancing of priorities, for example, between flexibility and accountability, transparency and risk. This is a political decision that needs to be taken if the aspirations for reducing administrative costs and burdens are to be met
5. More efforts should be made by MAs to consider ways of sharing administrative cost across ESF and ERDF to bring about cost savings
6. Further assessment of the impact of SCOs, including results based, in the ESF 2014-2020 programme is needed
7. Regulatory changes have not, and are unlikely to, reduce administrative costs and burdens significantly. What is necessary is a political decision to rebalance the priorities of flexibility, accountability, transparency and risk

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Thank you for your attention

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