

STUDY

Requested by the EMPL committee



The European Social Fund: Beneficiaries' Experience in the Current Funding Period



Policy Department for Economic, Scientific and Quality of Life Policies
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The European Social Fund: Beneficiaries' Experience in the Current Funding Period

Abstract

The present note aims to assess how changes introduced in 2013 have (not) improved beneficiaries' experience in the implementation of the ESF. It takes into account an overview of the changes introduced in common and specific regulations for the 2014-20 funding period; there is an analysis of how the changes affecting beneficiaries have impacted the work of beneficiary organisations across EU Member States. The results from the desk research, interviews and an online survey show that administrative burdens continue to be an important challenge, notwithstanding the measures adopted for simplification and to support access and participation in ESF interventions. The note identifies possible problem areas as well a list of recommendations to improve intervention effectiveness in the post-2020 funding period. This document was commissioned by Policy Department A at the request of the Committee on Employment and Social Affairs (EMPL).

This document was requested by the European Parliament's Committee on Employment and Social Affairs (EMPL).

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LIST OF ABBREVIATIONS

- ALMP** Active Labour Market Policy
- BFOR** EU Budget Focused on Results
- CF** Cohesion Fund
- CGET** General Commission for Territorial Equality (in its French acronym) - *Commissariat général à l'égalité des territoires*
- CLLD** Community Led Local Development
- COM** Communication
- CP** Cohesion Policy
- CPR** Common Provisions Regulation
- CSF** Common Strategic Framework
- CSR** Country-Specific Recommendations
- DG** Directorate General
- DG** Employment, Social Affairs and Inclusion (DG)
- EMPL**
- DG** Regional and Urban Policy (DG)
- REGIO**
- DGEFP** General Delegation for Employment and Vocational Training (in its French acronym) - *Délégation générale à l'emploi et à la formation professionnelle*
- EAFRD** European Agricultural Fund for Rural Development
- EC** European Commission
- ECA** European Court of Auditor
- ECCP** European Code of Conduct on Partnership
- EFF** European Fisheries Fund

EFSI	European Fund for Strategic Investments
EMFF	European Maritime and Fisheries Fund
EP	European Parliament
ERDF	European Regional Development Fund
ESF	European Social Fund
ESF TP	ESF Transnational Platform
ESI	European Structural and Investment Funds
FUNDS	
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
EU2020	Europe 2020
EUR	Euros
FEAD	Fund for European Aid to the Most Deprived
FI	Financial Instrument
GDP	Gross Domestic Product
HLG	High Level Group
IB	Intermediary Body
ICT	Information and Communication Technologies
IP	Investment Priority
IT	Information Technology
ITI	Integrated Territorial Instrument
JAP	Joint Action Plan
MA	Managing Authority

- MFF** Multiannual Financial Framework
- MS** Member State
- NEET** Not (engaged) in Education, Employment or Training
- NGO** Non-Governmental Organisation
- NOP** National Operational Programme
- NRP** National Reform Programme
- OP** Operational Programme
- PA** Partnership Agreement
- POCU** Operational Programme Human Capital (in its Romanian acronym) - *Programul Operațional Capital Uman*
- PRA** Plan for the Administrative Reinforcement (in its Italian acronym) - *Piano di Rafforzamento Amministrativo*
- SCO** Simplified Cost Option
- SMES** Small and Medium-sized Enterprises
- TA** Technical Assistance
- TN** Thematic Networking
- TO** Thematic Objective
- UAFSE** ESF Managing Authority (in its Spanish acronym) - *Unidad Administradora del Fondo Social Europeo*

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EXECUTIVE SUMMARY

Background

The 2014-2020 programming period brings a number of important changes and challenges for the European Social Fund (ESF), from fostering a job-rich recovery to addressing the persistent mismatch and educational gaps, poverty and social exclusion inherited from the economic crisis.

With respect to the 2007-13 funding period, the stronger commitment of the Cohesion Policy for inclusive growth and the fight against social exclusion represents one of the major changes in the strategic approach adopted in the current programming period.

In addition, the new legal framework establishes a **simplified delivery system** for the funds, which covers streamlined implementing rules, the possibility for beneficiaries to carry out all administrative steps electronically, a broadened scope for the use of simplified cost options and the obligation for managing authorities to take specific measures with a **view to reducing the administrative burden for beneficiaries** (EC, 2015a).

Focus of the study

The overall aim of the present note is to **assess how and to what extent the changes introduced in 2013 have or have not improved beneficiaries' experience in the implementation of the ESF**. In detail, the note presents:

- the main changes introduced in common and specific regulations for the 2014-2020 funding period, in particular those of direct relevance to beneficiaries;
- an analysis of how the changes affecting beneficiaries have impacted the activities implemented by beneficiary organisations across EU Member States, identifying possible problem areas as well as ways to overcome them, and good practices;
- a list of recommendations for further adaptation of the operating procedures to improve intervention effectiveness post-2020.

In addition to the desk review of relevant European documents, individual interviews have been conducted, involving stakeholders at the EU level and in the five countries (France, Germany, Italy, Romania, and Spain) selected for country case fiches.

Furthermore, a web survey was targeted to more than 300 members of EU groups and umbrella organisations involved in the implementation of the ESF and dealing with issues relevant for the ESF beneficiaries. Overall, 71 stakeholders responded the web survey; of these, 18.8 % were managing authorities, 21.7 % thematic experts and the remaining 59.8 % ESF beneficiaries (NGOs, private operators, public authorities).

Key findings

Main changes introduced in the 2014-2020 programming period and relevance for ESF beneficiaries

The new provisions for the 2014-2020 European Structural Investment Funds introduced important changes regarding in particular the following:

- The **strategic approach**: the 2013 reform has enforced a stronger alignment of the ESI Funds' strategies with the growth priorities of the EU Strategy Europe 2020 and the EU macro-economic governance system (European Semester);
- The **multi-level governance of the Funds**: changes focused on a greater strategic coherence and coordination, a stronger thematic concentration, a stronger result-oriented approach and a stronger focus on partnerships;
- **Delivery system** – changes meant to strengthen the intervention logic and to simplify and harmonise implementation. The Common Strategic Framework (CSF) has delivered a common set of rules applicable to all ESI Funds and increased opportunities for the use of financial instruments (FI) and Simplified Cost Options (SCOs) in multiple policy areas.

ESF beneficiaries are particularly affected by the new provisions especially regarding simplification and reduction of the administrative burden, partnership creation and capacity building, especially the following:

- The **Simplification Agenda** comprising: the new provisions on standard costs and simplified cost options (SCO); the setting up of a High Level Group on monitoring simplification for beneficiaries of the European Structural and Investment Funds; the creation of an ESIF Platform on Simplification.
- The **European Code of Conduct on Partnership and its implementation**.
- The **provisions implemented so far to support beneficiaries in accessing the ESF and implementing projects**, in particular regarding capacity building and the administrative and management capacity of beneficiaries.

Main problem areas, proposed solutions and examples of good practices according to key stakeholders

The online survey and interviews conducted in this study confirm what already emerged from previous studies (SWEKO et al., 2017). The implementation of **SCOs, simpler rules for revenue-generating projects, e-cohesion/e-governance and the harmonisation of rules across funds are the main measures expected to reduce the burden on beneficiaries**, while provisions on Common indicators and Integrated Territorial Instruments (ITIs) are likely to increase it. However, the overall uptake of these simplification measures has been relatively modest since their introduction, probably due to the difficulty in changing administrative procedures/systems already in place, the initial extra workload in implementing these measures, and the additional rules and regulations introduced at the national and regional levels that tend to overplay the EU rules ('gold plating').

The simplification measures introduced in the 2014-20 programming period, although perceived as positive by the majority of respondents and interviewees, **do not change the overall perceptions of a regulatory framework still very complex, both for managing authorities and for ESF operators**, especially in the case of NGOs and small local administrations.

Results from the web survey show that, out of 71 respondents, almost 39 % consider important/very important the stronger focus on simplification, although for 11 % the changes in simplification did not have any effect.

On the contrary, **only 22.5 % perceive that the reduction in the administrative burden has improved the activities of ESF beneficiaries**. Almost 80 % of the stakeholders involved in the survey found administrative burdens still relevant.

According to the opinion of stakeholders, the most problematic aspects regard the application process and project preparation are monitoring, reporting and archiving requirements, and the administrative and financial management of the activities. There are, however, some differences among respondents, according to their role in the ESF programmes.

Access to ESF funding is considered particularly difficult for NGOs and local public administrations which represent the largest group of ESF beneficiaries in the social inclusion thematic objective. This is mainly due to the lack of communication on the funding opportunities and the lack of guidelines with clear parameters and instructions on financial and performance reporting requirements. In addition, web-based applications and management systems are not well designed and often make access difficult as rules are not always clear and guidelines are often updated in the course of the process.

Attention to these issues and the use of technologies and e-learning in the ESF delivery may increase the transparency, access and interest among the target beneficiaries.

The country cases report show examples of good practices in this respect: in Romania this includes setting up **project officers** in charge of following the project implementation and directly liaising with the beneficiary, and the **creation of thematic groups** with beneficiaries for the drafting of ESF manuals and guides; similarly in Italy, the implementation of **MAs' web portals and assistance to beneficiaries provided by regional thematic officers** either by telephone or email.

The administrative burden in the implementation phase of projects is also particularly problematic for NGOs, especially the smallest ones, which are overwhelmed by the amount of – often overlapping – rules, and by the delays in payments. However, interviews with beneficiaries and other ESF stakeholders report that in all country cases, specific actions have been planned to reduce the administrative burden for beneficiaries through: simplification of application, procurement and payment procedures; extended use of electronic administration and 'once only' registration; use of SCOs; reduction of archiving requirements. Interviewed beneficiaries instead consider useful, although still limited, the actions planned and implemented by MSs to reduce the administrative burden, also because implementation of these actions is still at a very initial stage.

The country cases report examples of good practices: in Spain the creation of a **Quality System** produced by the Intermediate Body of the OP Employment, Training and Education, which requires the evaluation of all the implemented training actions, in order to learn from good practices and promote changes in the requirements; in Romania the setting up of **information sessions** with both potential applicants and beneficiaries to contribute to increasing implementation capacity and to prevent irregularities; in France, *the **Europ'Act programme***¹ to facilitate State-Regional coordination and support the joint implementation of operational programmes in remote regions.

The **strict and complex costs eligibility conditions and the need to justify every expense**, which represent the main source of administrative burden, as well as the long **delays in payments**, especially penalise small organisations with little financial resources. These problems incentivise beneficiaries to be conservative in the implementation of their projects, penalising innovative interventions. However, as only a few projects and actions are already concluded, most of the beneficiaries' comments are

¹ http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/france/2014fr16m2ta001
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related to past experiences and knowledge of the new regulations. The **Romanian** case provides interesting insights on the pros and cons of ways to address these problems. Following the 2015 evaluation of the administrative burden for beneficiaries, the Romanian Government introduced **fixed durations for the procedures** regarding the financial management of ESF projects. These are to be respected by both the contracting authority and beneficiaries in order to increase the predictability of the whole application and implementation process. Institutional changes were also introduced with a **greater role of Intermediary Bodies in the financial management of projects** and the increase in their staff in order to facilitate the respect of the deadlines set by the current legislation. The definition of specific deadlines for the financial management of ESF projects has been well received by beneficiaries. However, interviewed beneficiaries point out that, based on the previous programming period experience, the set deadlines are hard to be respected, and indeed the payment mechanisms and process is still far from being predictable.

Conclusions and recommendations for post-2020 programming period

The study identifies a list of **challenges for the post-2020** programming period, which are of particular relevance for the ESF beneficiaries.

- **Administrative burdens continue to be considered an important challenge** for ESF beneficiaries. Lower administrative burdens and simplification of processes, also in order to reduce payment delays, are strongly advocated to support access and participation in ESF interventions for the post-2020 programming period. However, the uptake of the simplification options is too slow, gold plating and bureaucratic rigidities are adding regulative complexities, and there is still a lack of understanding of the new rules. As underlined by some of the interviewees, in some cases simplification procedures seem to have led to even more reporting requirements.
- **Social innovation** is considered another important challenge for the post-2020 period by all the stakeholders interviewed. However, the implementation of social innovation projects often clash with rules and administrative systems that were designed for 'traditional' vocational training actions.
- Another challenge emerging from the interviews is the **risk of substantial budget cuts** post-2020, due to Brexit and the emergence of new priorities such as defence and external security. Stakeholders underline the need to continue to ensure adequate funding for the ESF in the new programming period.

Recommendations emerging from the study suggest ensuring effective governance and implementation mechanisms by improving the current multi-level governance and management systems. In addition, by supporting the strategic and administrative capacity at local and regional levels. Among the indications emerging from the reviewed documents and interviews, the following are the most common:

- **Simpler governance structures, a lower number of intermediate bodies and a clearer definition of roles across institutional levels;**
- **Strengthening the partnership and consultation** between public bodies, beneficiaries, experts and civil society actors involved in ESF;
- **Fewer, clear and stable rules;**
- **Increased use of simplification options, and particularly the use of SCOs** that have proven to be effective for ESF interventions and beneficiaries;

- **Improved capacity building at national and local level** addressing both programme managing bodies and beneficiaries with training measures, technical assistance and exchange of experience in targeted meetings and workshops, as used in the ESF Thematic Network on Simplification.

1. INTRODUCTION

The 2014-2020 programming period brings a number of challenges for the European Social Fund, from fostering a job-rich recovery to addressing the persistent mismatch and educational gaps, poverty and social exclusion inherited from the economic crisis (EC, 2015a).

The overall aim of the present note is to **assess how and to what extent the changes introduced in 2013 have or have not improved beneficiaries' experience in the implementation of the ESF**. In detail, the note considers the following aspects:

- An overview of the changes introduced in common and specific regulations for the 2014-2020 funding period, in particular those of direct relevance to beneficiaries;
- An analysis of how the changes affecting beneficiaries have impacted the activities implemented by beneficiary organisations across EU Member States, identifying possible problem areas as well as ways to overcome them, and good practices;
- A list of recommendations for further adaptation of the operating procedures to improve intervention effectiveness post-2020.

To this end, the overall methodological approach has been based on the use of triangulation, to allow for the synthesis of different types of evidence and a multi-method approach has been adopted, involving both qualitative (desk research and interviews/online survey to relevant stakeholders) and quantitative analysis (with the use of statistics and data available). Specifically, **information and data** have been drawn from the following:

- The in-depth review and analysis of the most recent studies and documents available on the topic, in order to achieve a sound and comprehensive understanding of all the dimensions, data and information to be considered for the analysis.
- Individual interviews and an online survey that collected the stakeholders' perception on:
 - the main changes introduced in the 2014-2020 programming period and their impact on beneficiaries, by type of beneficiaries;
 - the main issues that according to the interviewees affect the intervention capacity of beneficiaries positively/negatively;
 - how these issues have been addressed to their knowledge at EU and national levels, the pros and cons of solutions adopted so far and examples of good practices;
 - ways to better support access and participation in ESF interventions and indications for the post-2020 programming period.

The individual interviews involved 18 stakeholders at the EU level and in the five countries (France, Germany, Italy, Romania, and Spain) selected for the country case fiches.²

The web survey was targeted to more than 300 members of EU groups and umbrella organisations involved in the implementation of the ESF, and dealing with issues relevant to the ESF beneficiaries.

² We would like to thank all the stakeholders interviewed as well as those participating to the online survey for their support and cooperation.

As described in Annex 2, the contacted stakeholders were: members of the High Level Group on monitoring simplification for ESIF beneficiaries; thematic experts and participants in the existing EU networks and forums of ESF beneficiaries; representatives of EU umbrella associations of stakeholders (e.g. the European Social Platform, the Anti-Poverty Network; the EU trade unions; the Associations of people with disabilities; the Women's Lobby; etc.); participants in the ESF Transnational Platform Conference 2017.

Overall, 71 stakeholders responded to the web survey; of these, 18.8 % were Managing Authorities, 21.7 % Thematic experts, and the remaining 59.8 % ESF beneficiaries (NGOS, private operators, public authorities), as shown in Figure 11 in Annex 2.

This report is structured as follows:

- Section 2 summarises the main changes in the current programming period emerging from the desk review of relevant European documents, with focus on those changes directly affecting beneficiaries.
- Section 3 summarises the results of the country cases and interviews on the main problem areas, solution envisaged and examples of good practices, with focus on administrative burdens and simplification, partnerships, capacity building.
- The final section presents the main conclusions and recommendations emerging from the desk analysis and interviews.

Four annexes complete this report: Annex 1 provides some further material and data; Annex 2 presents the methodology of the online survey and its main results; Annex 3 presents the list of the stakeholders interviewed; and Annex 4 comprises the five country case fiches.

2. MAIN CHANGES INTRODUCED IN THE 2014-2020 PROGRAMMING PERIOD AND RELEVANCE FOR ESF BENEFICIARIES

KEY FINDINGS

- The new provisions for the 2014-20 European Structural Investment Funds introduced important changes regarding, in particular, the strategic approach, the multi-level governance system and the delivery system.
- First, as far as the **strategic approach** is concerned, the 2013 reform has enforced a stronger alignment between the strategies of the ESIF with the growth priorities of the EU Strategy Europe 2020 and the EU macro-economic governance system.
- Second, the changes introduced to improve the **multi-level governance of the Funds** focused on a greater strategic coherence and coordination, a stronger thematic concentration, a stronger result-oriented approach and a stronger focus on Partnerships.
- Third, changes in the **delivery system** were meant to strengthen the intervention logic and to simplify and harmonise implementation. The CSF has delivered a common set of rules applicable to all ESI Funds and increased opportunities for the use of financial instruments (FI) and Simplified Cost Options (SCOs) in multiple policy areas.
- New ESF beneficiaries are particularly affected by new provisions especially regarding **simplification and reduction of the administrative burden, partnership creation and capacity building**. In particular:
 - The **Simplification Agenda** comprising the new provisions on **standard costs and simplified cost options (SCO)**, the setting up of a **High Level Group** on monitoring simplification for beneficiaries of the European Structural and Investment Funds, and the creation of an **ESIF Platform on Simplification**;
 - The **European Code of Conduct on Partnership and its implementation**;
 - The provisions implemented so far to support beneficiaries in accessing the ESF and implementing projects, in particular regarding **capacity building** and **the administrative and management capacity of beneficiaries**.
- **The new simplification measures are expected to reduce the administrative burden for beneficiaries between 8 % and 14 % for the ESF according to a recent study by SWECO, t33 and Spatial Foresight (2017)**. In particular, the implementation of SCOs, simpler rules for revenue-generating projects, e-cohesion/e-governance and the harmonisation of rules across funds are the main measures expected to reduce the burden on beneficiaries, while provisions on Common indicators and Integrated Territorial Instruments (ITIs) are likely to increase it.
- However, the overall **uptake of these simplification measures has been relatively modest since introduction**, probably due to the difficulty in changing administrative procedures/systems already in place, the initial extra workload in implementing these measures, and the additional rules and regulations introduced at the national and regional levels that tend to overplay the EU rules (gold plating).

The stronger commitment of Cohesion Policy for inclusive growth and the fight against social exclusion represents one of the major changes in the strategic approach adopted in the current programming period.

In addition, the new legal framework establishes a **simplified delivery system** for the Funds, which covers streamlined implementing rules, the possibility for beneficiaries to carry out all administrative steps electronically, a broadened scope for the use of simplified cost options, and the obligation for managing authorities to take specific measures with a **view to reducing the administrative burden for beneficiaries** (EC, 2015a).

This section summarises the main changes in the current programming period emerging from the desk review of relevant European documents (2.1), with focus on those changes directly affecting beneficiaries (2.2).

2.1. Main changes in common and specific regulations

The 2013 reform of the ESI funds for the 2014-2020 programming period (see Table 10 in Annex 1) has enforced a **stronger alignment between the strategies of the European Structural Investment Funds (ESIF) with the growth priorities of the EU Strategy Europe 2020** (EC, 2015a) and the **EU macro-economic governance system** (European Semester)³, as well as a better definition of the **partnership principle and multi-level governance system**.

2.1.1. Changes in strategic approach

Table 1 below summarises the main changes that occurred between the two programming periods as far as the strategic approach is concerned.

Table 1: Main differences between 2007-2013 and 2014-2020 programming periods

2007-2013	2014-2020
Cohesion policy was linked to the Lisbon strategy through earmarking, requiring a share of cohesion policy funds (60–75 %) to be spent on Lisbon-related areas of investment.	All ESI Funds' interventions have to contribute to the Europe 2020 Strategy . New rules on thematic concentration set out minimum level of resources that should be spent on some specific areas of intervention and a minimum allocation for the ESF.
There was an indirect link between cohesion policy and the Lisbon strategy through the national reform programmes concerning only the programming stage.	There are direct and explicit links between the relevant CSRs, the PAs and the programmes during programming and implementation.

³ EC (2015b) Effectiveness and Added Value of Cohesion Policy Non-paper assessing the implementation of the reform in the programming for cohesion policy 2014-2020. Available at: http://www.europarl.europa.eu/meetdocs/2014_2019/documents/regi/dv/implementationeffectivenesscp_implementationeffectivenesscp_en.pdf

<p>Separate strategic reporting for cohesion policy, EAFRD and the EFF was loosely linked with the Lisbon strategy reporting.</p>	<p>2017 and 2019 progress reports will cover all ESI Funds and are integrated into the European Semester.</p>
<p>Each fund had its own thematic scope defined in a set of priorities.</p>	<p>There is a set of TOs common for ESI Funds, according to which a scope of intervention of every fund is translated into concrete investment priorities (for cohesion policy) or Union priorities (in the case of the EAFRD and the EMFF) in line with their specific objects.</p>

Source: EC (2015a) European Structural and Investment Funds 2014-2020: Official texts and commentaries. Luxembourg: Publications Office of the European Union.

The **Europe 2020 priorities** have been internalised in a Common Strategic Framework (CSF) for all the ESI Funds and translated into the Common Provisions Regulation⁴ (CPR) as Thematic Objectives (TOs) and Investment Priorities (IPs). In drafting their Partnership Agreements (PAs) and Operational Programmes (OPs), Member States and regions had to consider the relevant country-specific recommendations (CSRs) issued in the context of the **European Semester**, and, where appropriate, their National Reform Programmes (NRPs). The drafting of PAs also had to involve several policy stakeholders at national and regional level and had to be negotiated with the European Commission for adoption.

The CPR defines **eleven Thematic Objectives that closely reflect the Europe 2020 objectives**⁵. In addition, to maintain the focus on EU2020 strategic objectives, the reporting system (progress reports and the performance framework) has also to clearly specify progress made towards the Europe 2020 Strategy. Macro-economic and policy-specific ex ante conditionality measures have been introduced, that are closely linked to the EU macro-economic governance mechanism. There are also clear linkages between cohesion policy and the seven policy areas addressed by the 'Flagship Initiatives' launched with the EU2020 Strategy⁶. Investment in infrastructure and economic development programmes supported by the ESI Funds should also be in line with projects under the new European Fund for Strategic Investments (EFSI).

The stronger commitment of Cohesion Policy for inclusive growth and the strengthened fight against social exclusion represents one of the major changes in the strategic approach adopted in the current programming period. Cohesion Policy directly promotes inclusive growth through 3 of the 11 **Thematic Objectives** (TOs). These TOs are primarily addressed by the **European Social Fund (ESF)**⁷, with an overall EU budget of EUR 83.9 billion (EU co-financing at 69.3 %) for the 2014-2020 programming period (Table 10 in Annex 1 and **Error! Reference source not found.**)⁸. The three TOs are:

- **TO 8 for the promotion of sustainable and quality employment** and labour mobility, with total EU budget of 28.2 (EU co-financing at 69.3 %). Additional funds are provided by the Youth Employment Initiative (YEI)⁹ and the Youth Guarantee to support youth employment.
- **TO 9 for the promotion of social inclusion**, combating poverty and anti-discrimination with a total budget of EUR 21.3 billion (EU co-financing at 68.0 %). For the first time the ESF regulations provide that a minimum of 20 % of the ESF resources in each Member State have to be allocated to this thematic objective¹⁰. The integration of marginalised communities could also include Community-Led Local Development (CLLD).

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>

⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>

⁶ Please see: Metis GmbH and EPR (2012) How to integrate the EU Flagship Initiatives into cohesion policy in the current and future funding periods. University of Strathclyde June.

Article 3.1(c) of the ESF Regulation; Article 5 of the ERDF Regulation; Article 5(6) of the EARDF Regulation

⁸ Data are obtained from the OpenCohesion Data Platform

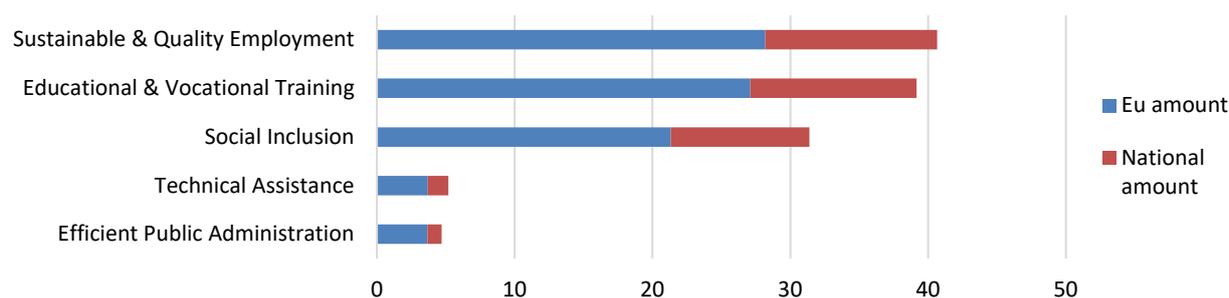
⁹ <http://ec.europa.eu/social/main.jsp?langId=en&catId=1176&>

¹⁰ Regulation (EU) No 1304/2013 of 17 December 2013 with ERDF covering the 'hard' interventions (i.e. physical and ICT infrastructures)

- **TO 10 for investment in education, training and vocational training. With EUR 27.1 billion** (EU co-financing at 69.1 %) the ESF supports education and lifelong learning, and vocational training measures to improve people’s skills, occupational opportunities and life chances. ESF funding is also used to reduce early school leaving and dropout rates. The ESF can also be used to complement Erasmus+ funding for outgoing students/trainees/apprentices at national or regional level.

In addition, the ESF supports institutional capacity (TO 11) with EUR 3.7 billion (EU co-financing at **78.2 %**) in order to make institutions and operators more transparent and easily accessible for citizens and companies. This support is available in Member States with at least one less developed region, or in Member States that are eligible for Cohesion Fund assistance. The ESF also supports capacity building across stakeholders, such as social partners and non-governmental organisations, and the creation of sectoral and territorial pacts in the employment, social inclusion, health and education domains at all territorial levels.

Figure 1: ESF Total Allocations (2014-2020) by Theme, EUR billion



Source: Own calculation using data from European Structural and Investment Funds Open Data Portal. Please see Table 12 in Annex 1.

The horizontal principles of gender equality and non-discrimination are also directly supported by the ESF and mainstreamed in all funds, as well as addressed by specific ex ante conditions.

2.1.2. Changes in the multi-level governance system

The 2013 reform of the ESI Funds has also significantly changed the approach to programming (Altus, 2016) and introduced elements of change meant to improve the multi-level governance of the funds. In details, the main changes focused on the following principles:

- a greater strategic coordination;
- a stronger thematic concentration;
- a stronger result-oriented approach;
- a stronger focus on Partnerships.

Greater strategic coordination

The 2013 regulations introduce a **Common Strategic Framework (CSF)**¹¹ to provide strategic guidance to the MSs and regions in taking full advantage of the possibilities offered by the ESI Funds

¹¹ Annex I of the CPR.

and the other EU policies and instruments in their PAs and programmes while maintaining focus on the Europe 2020 objectives. It also aims to facilitate coordination and complementarity between interventions supported by the ESI Funds (EC, 2015a).

Furthermore, **new institutional arrangements** (e.g. coordinating committees for different funds, joint managing authorities for different programmes, single programmes for all funds etc.) have been introduced to improve the multi-level governance of the funds.

Finally, **specific instruments** have been indicated to improve territorial targeting, territorial cooperation (also across borders), territorial integrated approach and a more strategic use of funds (e.g. Integrated Territorial Investments, Community Led Local Development, Sustainable Urban Development strategies).

Stronger thematic concentration

A stronger thematic concentration with respect to the previous programming period has been introduced in order to strengthen Cohesion policy's integration with broader EU objectives, reduce the dispersal of spending over too many priorities, and build a 'critical mass'.¹²

As far as the ESF is concerned, thematic concentration has two dimensions.

The first is reflected in the requirement of a minimum of 20 % of the ESF resources in each MS to be allocated to TO 9 (Article 4(2) ESF Regulation). Overall, excluding the specific allocation for the YEI and the resources allocated to technical assistance, more than a quarter of the ESF allocation has been directed to this thematic objective (EC, 2015b). Furthermore, this minimum target has been met in all MSs with the exception of France and often exceeded in a large number of Member States (EC, 2015b), as shown in Table 14 in Annex 1.

The second dimension (Article 4(3) ESF Regulation) requires that in each operational programme, 60, 70 or 80 % of ESF funding (depending on the category of region¹³) must be concentrated on up to five of the investment priorities defined in the ESF Regulation (Article 3(1)) for employment/mobility, education/training, social inclusion and institutional capacity, as summarised in Table 11 in Annex 1.

According to the European Commission (2015b), **overall in the EU there is a concentration of 60.5 % of ESF and YEI funding on five ESF priorities**: active inclusion (9i), sustainable integration of young people (8ii), access to employment (8i), early school leaving (10i) and lifelong learning (10iii). However, there is still a certain degree of dispersion of the remaining ESF resources among 13 investment priorities, particularly in the Regional Operational Programmes, which might have a negative impact on the effectiveness of the ESF interventions. Finally, 4.4 % of the ESF resources are allocated to TO 11.

Stronger result-oriented approach

The governance system of ESI Funds includes a stronger focus on monitoring, reporting and evaluation¹⁴ of results and outputs, through

- result orientation and improved indicators;

¹² EC (2010) Fifth Report on Economic, Social and Territorial Cohesion, November 2010, Brussels, p. XXV.

¹³ More developed (whose GDP per capita is above 90 % of the average GDP of the EU27) regions shall concentrate the 80 % of the allocation of each programme, transition (between 75 % and 90 %) regions the 70 % and less developed (less than 75 %) regions the 60 %.

¹⁴ Article 4, CPR.

- obligatory use and monitoring of indicators;
- regular reporting of results and outputs, performance framework linked to a performance reserve;
- evaluation plans and impact evaluation for each of the specific objectives, assessing contribution to results.¹⁵

The analysis of all the 28 Partnership Agreements and the 292 operational and cooperation programmes for the 2014-2020 period carried out in 2016 on behalf of the European Commission (Altus, 2016) revealed that the new regulatory framework has **significantly altered the Member States' approach to programming**. The new provisions required programmers to link strategic thinking and result-based management, and relate strategic thinking with the objectives and the means of the Europe 2020 Strategy.

In order to monitor progress towards the objectives set for each priority, new regulations require the setting up of a **performance framework** in each programme (Articles 21–22 CPR), which has to be built on a set of indicators and establish milestones and targets. Progress towards these milestones and targets will be assessed yearly in **implementation reports** (Article 50) and, by 2017 and 2019, in **progress reports** (Article 52). The 2016(b) European Commission's study on the implementation of the performance frameworks in the 2014–2020 ESIF programming phase highlights a set of **challenges and weaknesses pertaining to the performance framework**:

- the elaboration of performance frameworks has been mainly handled by experts at a technical level, which may limit ownership of the performance framework.
- there is a risk of conservative target setting.
- there is a difficulty in striking the right balance between output-based indicators with a shorter term, and the drive for long-term results.

Two other important requirements have been introduced for the period 2014-2020 to improve the way Cohesion spending is managed, namely **pre-conditions** and the **performance reserve**, for which the performance framework is a pre-condition¹⁶. For what concerns the pre-conditions or ex ante conditionalities a 2016 study¹⁷, reviewing their implementation through the PAs and OPs, was carried out. The study underlined how they have proved highly relevant for programming ESI Funds and enabled the bottlenecks in MSs investment frameworks to be identified and addressed. However, interviews also highlighted that MSs needed to commit additional resources to manage the scope and workload of the process: in some cases they felt that **the efforts needed to fulfil ex ante conditionalities was considerable and sometimes disproportionate**. In fact, the study identified a number of situations where MSs defined thematic ex ante conditionalities as not applicable, without

¹⁵ <https://www.ewaluacja.gov.pl/media/40488/MHristchevaEvidenceBasedCP.pdf>

¹⁶ **Pre-conditions** (known as ex ante conditionalities) set requirements that must be met before a programme is launched; the **performance reserve** requires most programmes to make 6 % of funding for Member States subject to a performance review by 2019.

https://www.eca.europa.eu/Lists/News/NEWS1711_23/INSR_PARTNERSHIP_EN.pdf

¹⁷ European Commission (2016a) The implementation of the provisions in relation to the ex ante conditionalities during the programming phase of the European Structural and Investment (ESI) Funds. Luxembourg: Publications Office of the European Union. 29/07/2016. Available at:

http://ec.europa.eu/regional_policy/en/information/publications/studies/2016/the-implementation-of-the-provisions-in-relation-to-the-ex-ante-conditionalities-during-the-programming-phase-of-the-european-structural-and-investment-esi-funds

providing any justification. Missing conditionalities resulted mainly from a **misunderstanding of MSs regarding applicability**. In addition, the study found that **social partners, NGOs and private organisations were involved in the assessment only to a certain extent**, mostly through public consultation.

Finally, according to the European Court of Auditor (ECA, 2017), **although the changes introduced are innovative they are not yet effective**. The ways in which minimum requirements are laid down and performance reviews are conducted need to be reinforced. To this end, the auditors recommended that the Commission: (1) further develops ex ante conditionalities as an instrument to assess Member States' readiness to implement EU funds and (2) considers turning the performance reserve for the post-2020 period into a more result-oriented instrument that allocates funds to those programmes that achieved good results. In particular the ECA suggested, with respect to the development of ex ante conditionalities, that the following be considered:

- Re-assess the relevance and usefulness of each ex ante conditionality, eliminate overlaps and keep only those that can impact the effective achievement of policy objectives;
- Ensure consistency of the ex ante conditionalities for the post-2020 period with the European Semester;
- Set clear assessment criteria with measurable targets wherever feasible to ensure a common understanding of what needs to be achieved;
- Require the fulfilment and application of ex ante conditionalities throughout the programming period and follow it up taking into account the potential administrative burden.

For the performance reserve, it suggested further points:

- Develop the performance reserve further into an instrument, better promoting and rewarding good performance;
- Make more use of immediate result indicators and turn the key implementation steps into tools which better demonstrate actual performance of long-term infrastructure interventions when assessing performance;
- Review the conditions for payment suspensions and financial corrections so that underperformance can be more easily addressed, at an earlier stage, with a view to further increasing the incentives to properly implement the funds.

Stronger focus on Partnerships

In the legislative framework for the 2014-2020 ESI Funds, the partnership principle has been strengthened. In order to ensure effective partnerships, the legislative framework for the 2014-2020 ESI Funds (Article 5 of the CPR) makes it compulsory for each ESI Fund programme to organise a partnership at all programming stages and at all levels.

A **European Code of Conduct on Partnership (ECCP)** has been set up to support Member States to ensure that all partners are involved at all stages in the implementation of Partnership Agreements (PAs) and programmes (for further details, see subsection 2.1.5). Furthermore, a major innovation is the fact that the **PAs will serve a strategic document covering all ESI Funds**, also describing the coordination between them (Metis GmbH, 2015).

As highlighted in a recent EC study (2016e), the partnership principle has been widely respected, although the participation is largely differentiated and dependent on many variables and processes¹⁸, e.g. differences in institutional factors¹⁹ such as different state traditions and diverse policy approaches, but also on territorial specificities and distinct local contexts²⁰.

Hence, there are still challenges across a broad range of countries concerning the mobilisation of partners.

2.1.3. Simplified delivery system

In order to strengthen the intervention logic, and to simplify and harmonise implementation, the CSF has defined a **common set of rules** applicable to all ESI Funds. The CSF includes provisions on coordination and synergies between ESI Funds and other Union policies and instruments, and measures for the reduction of administrative burden for beneficiaries.

Opportunities have been increased for the use of financial instruments (FI) in multiple policy areas. According to the OPs review conducted for the EC in 2016 (Altus, 2016), financial instruments will account for 1.3 % of the ESF allocations included in multi-fund programmes covered by the analysis. Overall, the new provisions on financial instruments enjoyed a cautious reception by Member States – despite the possibility of reaching higher leverage of EU funds.

2.2. Changes with direct relevance for beneficiaries

Among the changes illustrated above, ESF beneficiaries are particularly affected by new provisions especially regarding **simplification and reduction of the administrative burden, partnership creation and capacity building**.

¹⁸ These has been assessed by a literature review (EC, 2016e). Suggested reading: Hooghe L (Ed) (1996) *Cohesion Policy and European Integration: Building Multi Level Governance*. Oxford: Oxford University Press; Jeffery C (2000) *Sub-National Mobilization and European Integration: Does it make any Difference?* *Journal of Common Market Studies*. 38(1):1–23; Börzel T A and Risse T (2003) *The politics of Europeanization*. Oxford: Oxford University Press; van Kersbergen K and Verbeek B (2004) *Subsidiarity as a Principle of Governance in the European Union*. *Comparative European Politics*. 2: 142–162; Bache I (1998) *The Politics of European Union Regional Policy: Multi-level Governance or Flexible Gatekeeping?* Sheffield: Sheffield Academic Press; Bache I (2010) *Partnership as an EU policy Instrument: A political History*. *West European Politics*. 33(1): 70; Kull M (2014) *European Integration and Rural Development—Actors, Institutions and Power*. Aldershot: Ashgate.

¹⁹ Loughlin J, Hendriks F and Lidström A (2011) *The Oxford Handbook of Local and Regional Democracy in Europe*. Oxford: Oxford University Press.

²⁰ Fleurke F and Willemsse R (2007) *Effects of the European Union on Sub-National Decision-Making: Enhancement or Constriction?* *Journal of European Integration*. 29(1); Keating M (2008) *Thirty Years of Territorial Politics*. *West European Politics*. 31; Dabrowski M (2014) *EU cohesion policy, horizontal partnership and the patterns of sub-national governance: Insights from Central and Eastern Europe*. *European Urban and Regional Studies*. 21(4): 364–383.

2.2.1 Simplification measures

The simplification of the ESF is a part of the overall simplification agenda of the European Commission, which translated in the new programming period into a strategy on an "EU Budget Focused on Results" (BFOR)²¹ to underpin the spending of the EU funds (EC, 2016f) towards:

- better spending
- increased accountability and transparency
- creating maximum added value for EU citizens.

ESI funding is often perceived as very complex by national administrations, beneficiaries and citizens. Hence, **reducing the administrative burden** has been a constant topic over the last programming periods. **However, the requirement of a detailed analysis** of the administrative burden on beneficiaries in programming documents **is new** in the 2013 provision, while before this issue was described at a more general level (Altus 2016). This new approach has been formally stated as follows:

- In the general principles (Article 4) of the CPR:
 - Article 4 (5) requires a **principle of proportionality** in the arrangements for the implementation and use of the ESI Funds which should keep the administrative burden at bay with respect to entire programme cycle: the preparation and implementation of programmes, monitoring, reporting, evaluation, management and control.
 - Article 4 (10) explicitly requires that [The] Commission and the Member States shall carry out their respective roles in relation to the ESI Funds with the **aim of reducing the administrative burden on beneficiaries**.
- In Section 2.6. of the **template for PAs**²², in Section 10 of the **template for the OPs**²³ and in Section 7 of the **template for CPs**²⁴, requiring MSs to provide a summary of the actions planned in the programmes and an indicative timetable for achieving a reduction in the administrative burden for beneficiaries, including:
 - an assessment of the administrative burden in the 2007-13 period;
 - an identification of its main sources in the 2007-13 period;
 - a description of potential scope for reduction for the 2014-20 period (referring to data and studies where possible);
 - a description of main actions already taken for reduction for the 2014-20 period;
 - a description of main actions planned for further reduction for the 2014-20 period, including the introduction and use of simplified cost options, where appropriate (it is optional), with an indicative timeframe;

²¹ http://ec.europa.eu/budget/budget4results/index_en.cfm

²² http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf

²³ Reference: point (c) of Article 96(6) CPR. Available at: http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_op_140314.pdf

²⁴ Reference: point (b) of Article 8(5) of the ETC Regulation. Available at: http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_etc_140314.pdf

- a description of the use of technical assistance for implementing main actions for reduction for the 2014-20 period.

The regulatory framework for the 2014-2020 period also introduced **measures to reduce the administrative costs (for public administration) and burden (for beneficiaries)**.

Some of these measures are mandatory while some are optional, as shown in the following table retrieved from a recent study for the European Commission (SWEKO et al., 2017).

Table 2: Main simplification measures introduced to reduce administrative costs and burden

Type of measure	Where applicable			Legal reference	
	ERDF/ CF/ ESF	EMFF	EARDF	CPR	Fund-specific regulation
Greater thematic concentration				Part II, Art. 9	ERDF: Art. 4 ESF: Art. 5 ETC: Art. 6 EAFRD: Art. 5
Common indicators ¹				Part II, Art. 27(4)	ERDF: Art. 6 and Annex I ESF: Art. 5 and Annex I ETC: Art. 16 and Annex EAFRD: Art. 14 of Reg.808/2014
Harmonisation of rules				Part II, Art. 26(3), 32, 35	
Implementation of projects under CLLD	Option	Option		Part II, Art. 26(3), 32, 35	
Integrated Territorial Investment	Option	Option	Option	Part II, Art 36	ERDF: Art. 7
Option to merge the Managing Authority and the Certifying Authority ²	Option	Option	Option	Part IV, Art. 123(3)	EAFRD: Reg. 1306/2013 – Art. 7(2)
Proportionate control ³				Part IV, Art. 148	EAFRD: Reg. 1306/2013 – Art. 59(5)
Grants and repayable assistance which may take the form of SCO	Option ⁴	Option	Option	Part II, Art. 67–68	ESF: Reg. 1304/2013 – Art.14 ETC: Reg. 1299/2013 – Art.19 EAFRD: Reg. 1305/2013 – Art. 14, 15, 19, 27(3), 28–34, 41(d), 62(2)
E-cohesion/E-governance with beneficiaries		Option	Option	Part IV, Art. 122(3)	EAFRD: Reg. 1306/2013 – Art. 72(3), 95;

Type of measure	Where applicable			Legal reference	
	ERDF/ CF/ ESF	EMFF	EARDF	CPR	Fund-specific regulation
					Reg.1305/2013 – Art. 66(1)(c)
Simpler rules for revenue-generating projects				Part II, Art. 61	
Shorter retention period for documents			Not applic.	Part IV, Art. 140(1)	
Simplified programme modification procedure			Not applic.	Part III, Art. 96	EMFF: Article 22(2)
Simplification of the programme document		Not applic.	Not applic.	Part III, Art. 96	
Joint Action Plans (JAPs)	Option	Not applic.	Not applic.	Part III, Art. 104–109	
Independent quality report for major projects	ERDF/CF	Not applic.	Not applic.	Part III, Art. 102(1) CPR	
Advance payments	Not applic.	Option	Option		EMFF: Reg. 508/2014 – Art. 62, 66 EAFRD: Reg. 1305/2013 – Art. 42, 63; Reg. 306/2013 – Art. 75;
Establishment of advance criteria for insurance cover	Not applic.	Option	Option		EMFF: Reg. 508/2014 – Art. 57(3) EAFRD: Reg. 1305/2013 – Art 36–39
Accelerated procedure for selection process	Not applic.	Option	Not applic.		EMFF: Reg. 508/2014 – Art. 27(4), 49(5)
Special calculation rules for compensation	Not applic.	Option	Not applic.		EMFF: Reg. 508/2014 – Art. 55
The provider of the training/knowledge transfer activity/advisory services shall be considered as the beneficiary	Not applic.	Not applic.	Option		EAFRD: Reg. 1306/2013 – Art. 14 and 15

Source: SWECO, t33 and Spatial Foresight (2017) Use of new provisions on simplification during the early implementation phase of ESIF. Final report. Luxembourg: Publications Office of the European Union. June.

Note: (1) For EAFRD, enhanced monitoring framework including the performance framework. (2) For EAFRD, restriction of the number of Paying Agencies. (3) For EAFRD, minimum level of spot checks. (4) For ESF the use of SCO is obligatory for operations not exceeding EUR 50 000 of public support to be paid to the beneficiary, except in the case of a state aid scheme (See also Table 4).

The mentioned study (SWECO et al., 2017) also estimates the expected reduction of administrative costs and burden of the new simplification measures, based on the initial experience with the new regulation and the uptake of simplification measures.

As far as it concerns the administrative burden, e.g. the administrative cost sustained by beneficiaries, the study shows that the **simplification measures are expected to reduce it by 9 % to 15 % (EUR 1 to 2 billion) across all ESI Funds, with a reduction of the administrative burden between 8 % and 14 % as far as the ESF is concerned.** ESF beneficiaries are likely to be those experiencing the greatest reduction in the administrative burden in absolute terms.

The study highlights that the considered simplification measures are expected to reduce the administrative burden to different degrees. As shown in the table below, which summarises the quantifications produced in the mentioned study for the ESF, the **simplification measures contributing most to reduced administrative burden in the ESF are SCO, simpler rules for revenue-generating projects, e-cohesion/e-governance and the harmonisation of rules across ESI Funds, while provisions of Common indicators and Integrated Territorial Instruments (ITIs) are likely to increase it.**

The impact of simplification measures in reducing the administrative burden on beneficiaries largely depends on **the uptake of such measures in ESF Programmes and the reduction of the so-called gold plating**, e.g. the additional administrative requirements introduced by national and regional authorities which make EU requirements even more restrictive. According to the study, **take-up has been rather low across the EU28 MSs**, with high rates only in Estonia, Poland, Cyprus and Denmark. This is likely to be due to the difficulty of changing administrative procedures/systems already in place, the initial extra workload in implementing these measures, administrative and bureaucratic inertia and the difficulty in cutting the additional rules and regulations introduced at the national and regional levels that tend to overplay EU rules.

Table 3: Estimated impact of new regulations on the administrative burden of ESF beneficiaries

New provisions on administrative burden	Actual impact (EUR million)		Actual impact (%)	
	Most likely	Conservative	Most likely	conservative
Common indicators and enhanced monitoring framework	50.7	87.3	0.8	1.5 %
Harmonisation of rules	-66.8	-42	-1.1 %	-0.7 %
Proportionate control/minimum level of spot checks	-31	-22.3	-0.5 %	-0.4 %
E-cohesion/e-governance with beneficiaries	-277.4	-199.9	-4.6 %	-3.3 %

New provisions on administrative burden	Actual impact (EUR million)		Actual impact (%)	
	Most likely	Conservative	Most likely	conservative
Simpler rules for revenue-generating projects	-125.9	-78.5	-2.1 %	-1.3 %
Shorter retention period for documents	-35.4	-24.8	-0.6 %	-0.4 %
Community-led local development (CLLD) and local action groups	15.4	21.8	0.3 %	0.4 %
Integrated territorial investments (ITI)	5.3	12	0.1 %	0.2 %
Grants and repayable assistance as simplified cost options (SCO)	-360.4	-258.5	-6.0 %	-4.3 %
Joint action plans (JAP)	-3.1	-2.4	-0.1 %	0.0 %

Source: Impacts estimated by SWECO et al. (2017)

In the following subsections, three main tools implemented in the framework of the Simplification Agenda are shown:

- The setting up of a High Level Group (HLG) on monitoring simplification for beneficiaries of the European Structural and Investment Funds;
- The creation of an **ESIF Platform on Simplification** (named ‘Simplify ESIF’) where ESIF stakeholders may share views on how to identify and overcome the obstacles to accessing the funds;
- The new provisions on **standard costs and simplified cost options (SCO)**.

The High Level Group

In July 2015, a **High Level Group (HLG)**²⁵ was set up to advise the Commission with regard to **simplification and the reduction of the administrative burden for beneficiaries of the ESI Funds** and to identify opportunities for reducing the complexity of the cohesion policy rules²⁶.

In July 2017, the HLG published its conclusions²⁷. According to the Group, **“the current architecture of the rules is effective but needs a good clean-up”**.²⁸ In fact, what emerges from the report is that the current situation is characterised by a number of factors:

- **There is a misalignment of horizontal rules between the funds** that makes synergies difficult and creates complexity for beneficiaries as well as disparities in term of easy access to funding.
- **The high number of rules, often overlapping**, overwhelm the beneficiaries (especially the smallest).
- **Double checks and redundant procedures** increase costs of fulfilment for beneficiaries and create higher risks of mistakes and uncertainty.
- **There is a constantly changing framework**, with new regulations every 7 years and the consequent updating of IT systems, changes in application forms and elaboration of new procedures. The need to re-appoint creates delays in the beginning of the programming and beneficiaries have to adjust their activity plan to fit the schedule.
- **Multiple audits** make applying for EU funding less attractive for beneficiaries due to an ever-growing number of rules.

To further improve simplification, the HLG proposes a set of **key recommendations on Simplification for the post-2020 Cohesion Policy**²⁹, which should benefit both managing authorities and beneficiaries:

- **Alignment of horizontal rules between EU funds:** This is necessary to reduce differences and inconsistencies across EU-funded programmes. Recommendations include the principle of equal treatment, including the selection methods and criteria, which should apply to the financial instruments. Rules in different EU funds and instruments should be harmonised in terms of state aid, public procurement and methods to reimburse costs, to facilitate synergies and allow beneficiaries to apply for different sources of EU funding for the same project. Potential positive effects on beneficiaries are increased participation of small businesses and start-ups and easier combination of EU funds, which may prevent duplication, scattering and

²⁵ Decision C(2015) 4806. The group consists of twelve members appointed in a personal capacity and is chaired by former Commission Vice-President Siim Kallas. http://ec.europa.eu/regional_policy/it/policy/how/improving-investment/high-level-group-simplification/

For a summary of the different meeting of the HLG, please see http://anpal.gov.it/AreaRiservata/sciftaid/tavoli_europei/gruppo_di_esperti_sui_fondi_strutturali_e_di_investimento/Documenti/Presentation-work-HLG-EGESIF.pdf

²⁶ <https://ec.europa.eu/futurium/en/node/751>

²⁷ EC (2017b) Final conclusions and recommendations of the High Level Group on Simplification for post-2020. 11 July 2017. Available at: http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf

²⁸ EC (2017a) The future of EU finances: High Level Group presents proposals to simplify access to EU funds. Press release. Brussels. 11 July 2017. Available at: http://europa.eu/rapid/press-release_IP-17-1921_en.htm

²⁹ http://ec.europa.eu/regional_policy/it/policy/how/improving-investment/high-level-group-simplification/

best use of resources. For example, applying the same rules in Cohesion Policy and in the European Fund for Strategic Investments (EFSI) framework would allow easier access to support for small businesses³⁰.

- **Fewer, clearer, shorter rules:** Cohesion Policy should be based on shorter regulations and fewer guidelines. In order to prevent new rules from piling up again, every new requirement should be compensated for by abolishing an existing requirement. Fewer rules, easier to identify and understand will reduce the risk of making mistakes. An even simpler framework should be available to all Member States and regions, provided they fulfil a number of criteria. This would also contribute to making EU support more attractive for operators and policy stakeholders. Potential positive effects on beneficiaries are a reduced risk of mistakes and increased attractiveness of EU support for business.
- **Genuine subsidiarity and proportionality:** National procedures in respect of public expenditure should be considered sufficient. The current Cohesion Policy framework already includes a system for checking national rules and administrative capacities in the beginning of the funding period (ex ante conditionalities). National rules could be relied upon to a much larger extent, even without repeating the checks already done in the beginning of the 2014-2020 period. Potential positive effects on beneficiaries are that SMEs and other beneficiaries, who are used to national rules and procedure, would not need to learn how to apply new rules.
- **A stable but flexible framework:** This means removing unnecessary requirements and not introducing new rules, as beneficiaries learnt them over the years. To be able to adapt to new circumstances or challenges, Cohesion Policy programmes could also be modified more easily, for example by relying on the validation of Monitoring Committees in the presence of the Commission. Potential positive effects on beneficiaries are the ability to exploit existing documents, more experienced administration and funds redeployed to respond to new challenges.
- **A single audit principle:** Fewer rules and extension of the single audit principle can be introduced on the basis of the idea that each level of control builds on the preceding one. Additional checks may be needed only if it is established that in a given Member State or region there is a serious deficiency. Potential positive effects on beneficiaries are fewer controls, and the beneficiary not being confronted with diverging views from different authorities.

³⁰ <http://ec.europa.eu/esf/main.jsp?catId=67&langId=en&newsId=2844>

The ESIF Platform on Simplification, and the Simplification Thematic Network

As part of the implementation of the Simplification Agenda, an **ESIF Platform on Simplification** (named Simplify ESIF) was created, where ESIF stakeholders may share views on how to identify and overcome the obstacles to accessing the funds and help to reach a more effective and efficient management³¹.

In addition, as part of transnational cooperation in the ESF (Box 1), a specific **Thematic Network on Simplification** has been set up by the Commission, including representatives from the bodies managing the ESF Operational Programmes, policy experts, stakeholders, academics and social partners.

This ESF network is considered a good practice (SWECO et al., 2017) for its contribution to improve learning and for capacity building among ESF stakeholders.

Box 1: The EU networks of ESF beneficiaries

Thematic networking (TN) is one of the two main activities of transnational cooperation in the European Social Fund (ESF)³². Thematic networks are platforms that allow ESF Managing Authorities and Intermediate Bodies to exchange their knowledge and experience and learn mutually from each other on how to improve the operation of the ESF Member States and regions, and their policies. These networks are also designed to involve the other stakeholders in the operation of the ESF: NGOs, social partners and regional policymakers, officials from Unit F1 (ESF and FEAD: Policy and Legislation) in DG Employment, Social Affairs and Inclusion, policy experts and/or academics to ensure a balance and complementarity of perspective. Stakeholders at European level are invited to the implementation of transnationality in the ESF at an annual Stakeholder Panel meeting. The aim of networks is to bridge the gap between policymakers and practitioners by engaging with ESF project managers. To this end, Member States are encouraged to set up 'shadow' thematic networks at national level, bringing together ESF project managers and relevant stakeholders to share good practice and approaches to tackling common issues. Dissemination can also be through existing networks of stakeholders (e.g. NGOs).

In the 2014-2020 programming period, the European Commission is currently supporting **nine thematic networks**, which address both policy-related themes and 'horizontal' operational issues related to delivery and governance:

- employment;
- inclusion;
- youth employment;
- learning and skills;
- social economy;
- migrants;
- governance and public administration;
- simplification;
- partnership.

³¹ <https://ec.europa.eu/futurium/en/simplify-esif>

³² <https://ec.europa.eu/esf/transnationality/forum>

The **first meeting of the ESF TN Simplification**³³ took place in Brussels 9/10 December 2015. In this meeting, **MA's pointed to the lack of knowledge- and experience-sharing between Member States, and the lack of a common understanding or terminology**³⁴.

Other topics identified as tricky include legal certainty (particularly on the audit trail), the risk of fraud, issues with calculation methodologies, national constraints and rules, and how to use simplified cost options (SCOs) in other EU policies when the eligibility rules differ between funds³⁵.

The activities of TN involved so far³⁶ are:

- representing the state of the play of simplification in the MSs;
- identifying and sharing main problems and possible solutions;
- mapping and discussing SCOs practices, selecting the most interesting ones and sharing experiences on Delegated Acts;
- implementing concrete work plans (surveys reports, maps of practices, case reports, discussion papers, proposals);
- connecting the TN with simplification stakeholders at EU and national level;
- developing EU-Level SCOs – jointly designed by MSs and the EC.

New provision on standard costs and simplified cost options (SCOs)

Simplification should allow a shifting of resources from a focus on procedures to achieving results (EC, 2016f). A key tool for achieving result orientation and simplification are **Simplified Cost Options (SCOs)**. SCOs include flat-rate financing, standard scales of unit costs and lump sums, which represent a way to establish eligible costs to be reimbursed not on the basis of what has been spent precisely (and which then needs to be justified by documentary evidence), but on the basis of pre-defined amounts.

By making it easier to justify the expenditure, there are many advantages to administrations and beneficiaries in using SCOs, including:

- **reduction in bureaucracy and administrative burdens;**
- **faster reimbursement of expenditure;**
- **reduction in the risk of committing errors.**³⁷

³³http://anpal.gov.it/AreaRiservata/sciftaid/tavoli_europei/gruppo_tecnico_del_comitato_fse/Documents/9d-Simplification.pdf

³⁴ The next meeting will be 15-16 March 2018.

³⁵ <https://ec.europa.eu/esf/transnationality/content/simplification-necessary-cultural-leap>

³⁶ <https://ec.europa.eu/esf/transnationality/filedepot/folder/39>

³⁷ The European Court of Auditors has not found any error on transactions using SCO for three years in a row in its sample (26 % of the ESF transactions) for the annual report on the implementation of the budget (European Court of Auditors, 2013). As this means fewer interruptions and suspensions, the European Court of Auditors has repeatedly recommended to encourage and extent the use of simplified cost, especially in the ESF (EC, 2014c)

The reduction in time that administrations and beneficiaries have to spend in collecting and verifying financial documents, allow them to **focus on the outputs or the results achieved, rather than on what has been spent**, as is the case with the real costs system.

This aligns with the objective of the Commission to have a budget implementation that is more result-oriented and to maximise the impact of the money spent.

SCOs (initially defined on a flat-rate basis and then also on standard scales of unit costs and lump sums) were introduced in the 2007-2013 ESF Regulation³⁸ and then the possibility was extended to the ERDF.

Based on the estimates collected in a **survey for the European Commission**³⁹, the uptake of the SCOs in 2007-2013 was mixed (with a great variation across and within MSs) but already provided good results (EC, 2016f), with 7 % of total expenditure to be declared for ESF co-financing under SCOs. The respondents also indicated the main obstacles to an increased implementation in 2007-2013:

1. There is too much legal uncertainty around SCOs, as they have been introduced in a legal framework developed for real costs.
2. In some cases, national/regional legal systems do not allow for, or do not accommodate the use of certain types of SCOs.
3. There is a weakness in the administrative capacity of MSs for implementing SCOs.
4. Adapting to the new system could give difficulties for the beneficiaries, intermediate bodies and MAs.

For the 2014-2020 period, the Commission **extends SCOs to all ESI Funds** (in the CPR). Given the differences between the funds, some additional options are provided in the Fund-specific regulations (EC, 2014c).

Furthermore, as shown in Table 4, the 2014-2020 regulations made SCO easier to use than before by extending the calculation methods to define simplified costs, providing for greater possibilities to use flat-rate financing (extended from only indirect costs to any category of costs) and raising the ceiling for lump sums (from EUR 50 000 to EUR 100 000 of public contribution).

Table 4: Main differences between 2007-2013 and 2014-2020 SCOs rules

Field	2007-2013	2014-2020
Funds using simplified costs	ESF and ERDF	All ESI Funds
Form of support	Not specified	Grant and repayable assistance
Options	Optional in the case of grants	Optional, except for small ESF operations.*

³⁸ Art.11(3) Regulation No 1081/2006

³⁹ The survey was sent to all 2014-2020 ESF managing authorities in June 2015. All Member States replied to the survey but not all OPs were covered (84 % of the total for the EU). For details, please see EC (2016f).

Field	2007-2013	2014-2020
Calculation methods	Ex ante calculation, based on a fair, equitable and verifiable method.	Ex ante calculation, based on a fair, equitable and verifiable method. Additional calculation methods are introduced: <ul style="list-style-type: none"> • Use of existing EU schemes for similar types of operation and beneficiary; • Use of existing own national schemes for similar types of operations and beneficiaries; • Use of rates and specific methods enshrined in the regulation or in a delegated act (please see for instance Art 68(1) CPR or Art 14(2) ESF); • For ESF: use of a draft budget.
Flat-rate financing	Used to calculate indirect costs only	Can be used to calculate any category of costs. <ul style="list-style-type: none"> • For ESF: flat rate of up to 40 % of eligible direct staff costs to calculate all the other costs of the project. • For ETC: flat rate of up to 20 % of the direct costs other than staff costs of the operation to calculate the direct staff costs.
Flat-rate financing for indirect costs	Max. flat rate to reimburse indirect costs = 20 % of direct costs	Max. flat rate to reimburse indirect costs <ul style="list-style-type: none"> • with calculation requirement = 25 % of direct costs • without calculation requirement = 15 % of direct staff costs. Flat rate and method adopted by delegated act for methods applicable in EU policies for a similar type of operation and beneficiary
Threshold for lump sums	Max. EUR 50 000	Max. EUR 100 000 of public contribution
Unit costs		A specific standard scale of unit cost calculation method is set out for staff costs. Hourly staff cost = latest documented annual gross employment costs/1 720 hours

Source: EC (2014c) Guidance on Simplified Cost Options (SCOs) – Flat-rate financing, Standard Scales of Unit Costs, Lump Sums. Luxembourg: Publications Office of the European Union.

Note: (*) Less than EUR 50 000 of public support to be paid to the beneficiary, except in the case of a state aid scheme.

In addition, **Article 14(1) of the ESF Regulation empowers the Commission to adopt standard scales of unit costs and lump sums by delegated act.** This provides legal certainty on the calculation method for SCOs and addresses one of the chief obstacles identified by Member States, i.e. the fear that the methodology for calculating the unit cost or the lump sum could be challenged by auditors (national or EU), leading to a systemic error. Having the methodology validated ex ante by the Commission in a legal act secures and validates the work being done by Member States. These options can contribute to a reduction in the administrative burden and reduce the amount of paperwork, as well as making it easier to check compliance, cut red tape and reduce the risk of errors and later financial corrections.

Despite SCOs' potential to simplify the administrative burden for beneficiaries, the uptake of this provision has been relatively modest since its introduction⁴⁰, probably due to an initial extra workload in implementing the SCOs for the substantial changes to the ESF control and audit framework.

The results of the EC (2016f) survey, show however that **a progressive increase in the uptake of SCOs in the new programming period is likely** and compared to the estimated 7 % of ESF expenditure declared under SCOs for 2007-2013, the current estimate is at 35 % for 2014-2020. Furthermore, 80 % of OPs have already designed one or more SCOs and the 83 % of the remaining part intend to develop a form of SCO in the future.

The already cited 2017 study for the European Commission (SWECO et al., 2017) on the use of new provision on simplification during the early implementation phase of ESIF shows that **flat rates are the type of SCOs most commonly used.** Compared to the previous programming period, Standard Scales of Unit Costs have also been increasingly used, while the use of Lump Sums remains limited in the ESF.

In addition, the **High Level Group (HLG) recognised the potential of SCOs⁴¹** to simplify and streamline administration for beneficiaries, **but asked the European Commission to ensure that the barriers and uncertainties around their use are clarified as soon as possible, also with legislative changes if needed.** The HLG emphasises that SCOs are based on results and, for achieved results, costs should be accepted: hence, it recommends the Commission provides more support to programme authorities and extend the possibilities to give programme authorities an ex ante assurance of their SCO schemes by opening up the possibilities and/or providing a fast track approval of methodologies developed by programme authorities. Finally, the members of the HLG recommend that the Commission bring forward legislative changes as soon as possible to remove some of the restrictions that complicate the use of SCOs⁴² and make the flat rates currently possible for some funds or objectives available to all.

⁴⁰ MAs indicated that 7 % of the total expenditure to be declared for ESF co-financing for the 2007-2013 programming period will make use of at least one type of SCO (EC, 201e).

⁴¹ HLG (2016) Conclusions and recommendations on Simplified Cost Options. 2nd meeting of the High Level Expert Group on Monitoring Simplification for Beneficiaries of ESI Funds. 01/03/16. Available at: https://ec.europa.eu/futurium/en/system/files/ged/hlg_15_0012_00_conclusions_and_recommendations_on_simplified_costs_options_final_1.pdf

⁴² In particular, the HLG advises the Commission to take the necessary legislative changes to:

1. lift the restrictions imposed on fully procured projects that can only claim eligible costs actually incurred and paid and delete Article 67(4) CPR,

The Commission transposed the recommendations of the HLG on Simplified Cost Options and in 2017⁴³ published a list of services implemented so far, and a list of further possible actions on:

- ensuring ex ante support to managing authorities;
- streamlining the setting up of SCOs across all ESI Funds;
- encouraging action by the Member States for 2014-2020 period.

It is however important to stress that **simplification is a shared effort between the EU institutions and the Member States** (EC, 2016h), **requiring national/regional administrations to be adequately involved** (EC, 2016e).

2.2.2. The European Code of Conduct on Partnership

In the past programming period, partnership creation resulted in concrete achievements including⁴⁴:

- the development of skills and competences of participants;
- the improvement of organisations' capacities;
- The setting up of joint occupational training actions, workshops, forums and other events;
- the development and testing of innovative strategies (particularly in the case of social inclusion or ALMP);
- the implementation of joint services, methodologies, tools and products;
- the transfer and adaptation of expertise among organisations, regions and countries.

In addition, it improved knowledge and understanding of common challenges, as well as the creation of an 'institutional ecosystem', providing a valuable asset for institutions in terms of social capital, which actually generates greater potential for partnership development.

The lessons emerging from the 2007–13 period underline the importance of two aspects:

- Involving all the relevant stakeholders from the early phases of programming in order to increase the commitment and motivation of stakeholders for effective programming and implementation. This would also ensure stakeholder support when the ESF addresses new types of activities and experiments with innovation.
- Including partners with a direct link to target groups and exploiting already existing partnerships and networks.

2. make SCOs currently restricted to certain Funds available to all ESI Funds through the CPR, in particular Article 14 ESF (delegated act, 40 % flat rate, use of a draft budget) and ETC provisions relating to staff costs for part-time workers and staff costs at a flat rate of up to 20 % of the direct costs other than the staff costs.

⁴³https://ec.europa.eu/futurium/en/system/files/ged/hlg_17_0001_02_hlg_response_sco_final.pdf

⁴⁴ EC (2016c) *ESF Ex post Evaluation Synthesis 2007-2013* – EU synthesis report – final version

In order to address these issues, a **European Code of Conduct on Partnership** (ECCP) has been set up for the 2014-2020 programming period⁴⁵, which will help Member States in **organising a meaningful partnership with the relevant stakeholders**. The main principles of the ECCP include the following⁴⁶:

- partners representative of the relevant stakeholders;
- a transparent selection procedure, which takes into account the different institutional and legal frameworks;
- partners which are involved in the preparation and implementation of the PA and programmes – for this purpose, it is necessary to establish minimum procedural requirements;
- partners represented within the Monitoring Committees of programmes, throughout the whole cycle (i.e. preparation, implementation, monitoring and evaluation);
- effective implementation of a partnership ensured by strengthening the institutional capacity of relevant partners through capacity-building activities targeting social partners and organisations representing civil society who are involved in the programmes;
- facilitated exchange of experience and mutual learning, in particular through the establishment of a Community of Practice on Partnership covering all the ESI Funds;
- the role of the partners in the implementation of the Partnership Agreement, as well as the performance and effectiveness of the partnership during the programming period should be subject to assessment.

According to a recent EC study⁴⁷, the **partnership principle has been satisfactorily respected in a wide range of countries and programmes**. The level of stakeholder involvement has improved since the 2007–2013 programming period, although there are sometimes differences between the content of the programming documents and the perception of stakeholders. However, there are still challenges across a broad range of countries concerning the mobilisation of partners. Generally, the modified legal framework was perceived as positive as it increased awareness and visibility of the partnership principle.

According to a recent study carried out by EURO CITIES (2018) to examine the experiences of cities with ESF during the first half of the funding period 2014-2020, the European code of conduct on partnership has been a positive change from the point of view of the beneficiaries. However, there is still ample room for improvement until it is fully applied across the EU. In fact, while most cities were consulted a little in the OP preparation, many were disappointed with the quality, timing and outcomes of consultation, in that it did not take their concerns on board in the final OP.

⁴⁵ on the basis of Article 5 of the Common Provisions Regulation

⁴⁶ EC (2014b) The European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds. Luxembourg: Publications Office of the European Union. January. Available at: https://eustructuralfundswatchdotcom.files.wordpress.com/2017/07/esf_eccp_leaflet_en-1.pdf

⁴⁷ EC (2016e) Implementation of the partnership principle and multi-level governance in 2014-2020 ESI Funds, European Union, 2016.

2.2.3. Capacity building

Regarding capacity building, **the administrative and management capacity of beneficiaries** is crucial to avoid ineligibility or non-implementation of projects, particularly in the case of innovative ones. The capacity of organisations implementing the ESF was the key success factor in many of the different interventions in the previous programming period, when most of the simplifications were introduced for administrative and project management levels (Metis GmbH, 2015).

Now Member States have been asked to implement financial instruments in broader terms more strongly (EP, 2014). There is thus the need to continue to improve ESF management and coordination practices, including **further capacity building, training and ongoing mentoring, and support to applicants (particularly among stakeholders new to the ESF)**.

The thematic evaluation on '**strengthening institutional capacity**'⁴⁸ underlines problems of sustainability in contexts with less stable institutional and political environments, and with a lack of national financial resources to invest, the continuity of products and results created from the 2007–2013 Structural Funds. It is particularly in these cases, that specific interventions supporting capacity building are important. From the experience of the 2007–2013 programming period indications emerge on the need for:

- providing concrete support to project managers in the form of training or mutual learning events;
- interventions introducing e-governance and other tools;
- interventions in the field of quality management;
- the setting up of common learning portals for local authorities.

As reported in the ex post evaluation of the 2007–2013 ESF Programmes (EC, 2016d), the insufficient capacity of beneficiaries may result in a low absorption or, in some cases, in non-eligibility leading to 'capacity traps'.

However, the **administrative capacities of the beneficiaries has not always received attention by the programme authorities**. Gaps in administrative capacities of beneficiaries may include functional gaps in project development and monitoring, procurement and financial management. These also require attention, and should be addressed (Altus, 2016).

Box 2: Administrative capacities of the beneficiaries

In 2016 a study was conducted on behalf of the European Commission (Altus, 2016) to assess the use of new provisions during the Programming Phase of ESI Funds, including the development of the administrative capacity of beneficiaries. The study involved the analysis of the 28 PAs and of 292 operational and cooperation programmes for the 2014-2020 period, as well as interviews with relevant stakeholders.

[Documentary analysis](#)

⁴⁸ Metis GmbH (2016) ESF 2007-2013. Ex post Evaluation Synthesis. Thematic EU Synthesis Report: Strengthening Institutional Capacity. For the European Commission, Directorate-General Employment, Social Affairs and Inclusion. Available at: <http://ec.europa.eu/social/BlobServlet?docId=16590&langId=en>

Half of Member States made specific statements on beneficiaries' capacity-building measures. On this issue, the main needs related to: **project generation, public procurement, financial management and monitoring.**

As regards tools and mechanisms for capacity building for beneficiaries, planned actions in the PA to help beneficiaries increase their capacities mainly focus on **training, and the provision of guidelines and methodologies.**

Interviews

Most partners mentioned knowledge regarding **project preparation and management** as the most pressing needs. Further issues where training and capacity building is said to be important are: public procurement; state aid; simplified costs; the use of new information systems; and Territorial Instruments.

As far as the tools are concerned, the main one mentioned by interview partners were: **training; guidance materials, information events and publications; networks of contact points for beneficiaries; the use of TA.** Finally it was stressed the **importance of practical experience and the stability of staff at beneficiary level.**

Source: Altus (2016) The use of new provisions during the Programming Phase of the European Structural and Investment Funds. Final Report to the European Commission (DG Regio). 31 May 2016

The new legislative framework includes provisions related to administrative capacity and beneficiaries and the simplification of the policy for beneficiaries. Measures have been introduced with the aim to simplify implementation processes (Metis GmbH, 2016):

- Member States can establish either mono-fund or multi-fund programmes. However, it will be necessary to assess if the new need for coordination will in fact decrease or increase the administrative burden: some MSs already fear a consequent increase in the administrative burden due to strict sectoral divisions between subjects (sharing competencies between various ministries, often in combination with different political stances across the administrations).
- The introduction of **Joint Action Plans (JAPs)**⁴⁹ will extend the simplified costs system in order to reduce management and control costs. The approach proposes a higher focus on results rather than outcomes.
- The introduction of the **Community Led Local Development (CLLD)** aims to facilitate the bottom-up approach of local communities.

According to SWECO et al. (2017), there is limited use of JAPs, as they are perceived as excessively risky and complicated. The same study also points out that the use of CLLD is expected to increase the administrative costs for the MAs instead of reducing it.

⁴⁹ Article 104(1) of the CPR

3. MAIN PROBLEM AREAS, PROPOSED SOLUTIONS AND EXAMPLES OF GOOD PRACTICES ACCORDING TO KEY STAKEHOLDERS

KEY FINDINGS

- **The simplification measures introduced in the 2014-20 programming period**, although perceived as positive by the majority of respondents and interviewees, **do not change the overall perceptions of a regulatory framework as still very complex**, both for managing authorities and for ESF operators, especially in the case of NGOs and small local administrations.
- As far as capacity building is concerned, only half of the MSs mentioned those measures in their PAs and OPs, and **planned tools mainly focused on training, and the provision of guidance materials**. On this issue, beneficiaries underline **the importance of experience and of having trained staff with such experience**, as well as the active participation in Monitoring Committees.
- According to the opinion of stakeholders, the **most problematic aspects** regard the **application process and project preparation; monitoring, reporting and archiving requirements; and the administrative and financial management** of the activities. There are, however, some differences among respondents, according to their role in the ESF programmes.
 - **Access to ESF funding** is considered particularly difficult for NGOs and local public administrations which represent the largest group of ESF beneficiaries. This is mainly due to the **lack of communication on the funding opportunities and the lack of guidelines with clear parameters and instructions** on financial and performance reporting requirements. Attention to these issues and the use of technologies and e-learning in the ESF delivery may increase the transparency, access and interest among the target beneficiaries.
 - The administrative burden in the **implementation phase of projects** is particularly problematic for NGOs, especially the smallest ones, which are overwhelmed by the **amount of - often overlapping - rules, and by the delays in payments**. However, the interviews conducted report that in all country cases **specific actions have been planned to reduce the administrative burden for beneficiaries** through simplification of application, procurement and payment procedures; extended use of electronic administration and 'once only' registration; use of SCOs; and reduction of archiving requirements. However, interviewed beneficiaries consider useful, but still limited the actions planned and implemented by MSs to reduce the administrative burden, also because implementation of these actions is still at a very initial stage.
 - Finally, administrative burdens mainly relate to the **strict and complex costs eligibility conditions and the need to justify every expense**. The administrative burden and delays in payments encourage beneficiaries to be conservative in the implementation of their projects, penalising innovative interventions. However, as only a few projects and actions are already concluded, most of the beneficiaries' comments are mainly related to past experiences and knowledge of the new regulations.

3.1. Overview

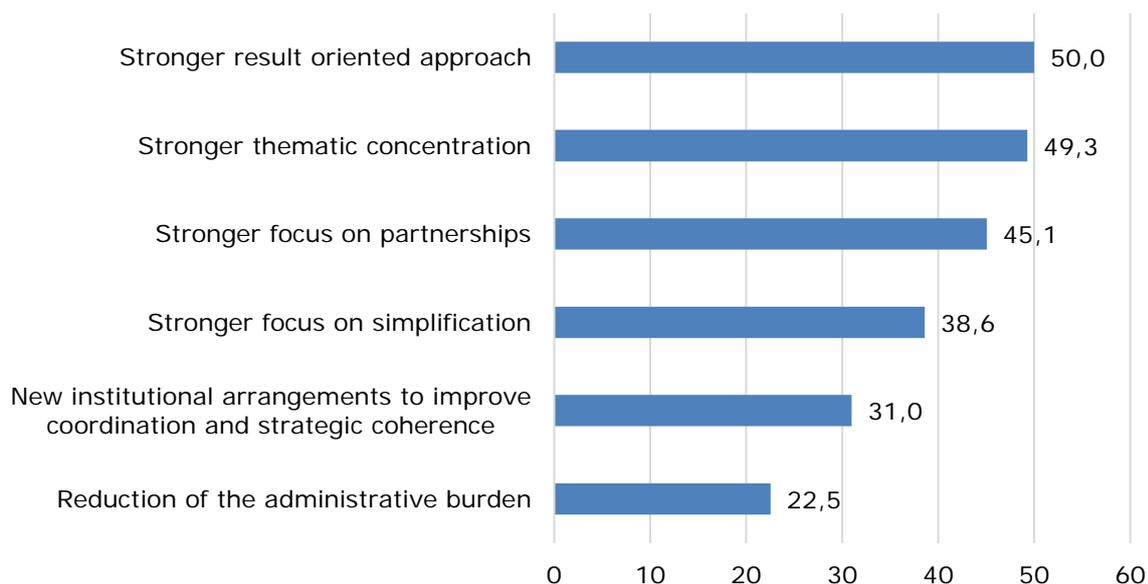
The results of the survey and the five country cases are consistent with the findings of the larger studies mentioned in the previous chapter.

The simplification measures introduced in the 2014-2020 programming period are perceived as positive by the majority of survey respondents and interviewees in the five countries. However, they do not change the overall perceptions of a **regulatory framework still very complex**, both for **managing authorities** and for ESF **operators**, especially in the case of **NGOs and small local administrations**.

3.1.1. Main problem areas for beneficiaries

As shown in the figure below, a relatively high share (around half) of the 71 respondents to our web survey consider the changes related to a stronger strategic approach and partnership building important or very important for improving the beneficiaries' activities. Almost 39 % consider important/very important the stronger focus on simplification, although for 11 % the changes in simplification did not have any effect. On the contrary, out of 71 respondents, **only 22.5 % perceive that the reduction in the administrative burden has improved the activities of ESF beneficiaries**. Almost 80 % of the stakeholders involved in the survey found administrative burdens (in access to funding, in the implementation, in financial reporting systems and delays in payments) still relevant.

Figure 2: Stakeholders' opinion on the improvement of the activity of ESF beneficiaries as a consequence of changes introduced in the 2014-2020 regulatory framework (% respondents)



Source: Own elaboration of survey results.

The responding stakeholders' opinion on the adequacy of the tools provided to implement these main changes and facilitate participation is divided between 34 % considering the provided tools very adequate and 22.5 % considering them not, or barely adequate. Among these tools, **cost simplification measures** are considered as the most useful by respondents: e.g. the use of flat-rate financing (appreciated by 63.8 % of respondents), the higher ceiling for lump sums (63.5 %), and the

new rules on standard costs and simplified cost options. Cost related tools are also those where knowledge is more widespread among respondents, another indication of their importance for the ESF stakeholders (see Figure 12 and Figure 13 in Annex 2).

The issues that most affect the intervention capacity of beneficiaries in the opinion of stakeholders participating in the web survey are presented in Table 5. Overall, the most **problematic aspects regard the application process and project preparation, monitoring, reporting and archiving requirements, and the administrative and financial management of the activities**. There are some differences among respondents, according to their role in the ESF programmes. Compared to the other respondents, a larger share of ESF beneficiaries participating in the web survey underline the issues related to administrative and financial management (24.3 %), and application and project preparation (20 %). Managing Authorities instead give more relevance to controls/audits (24.2 % compared to 9.1 % in total), while Thematic Experts give more relevance to partnerships creation and involvement (20.0 % compared to 13.6 % in total).

Table 5: Main issues that affect positively /negatively the intervention capacity of beneficiaries (% of respondents)

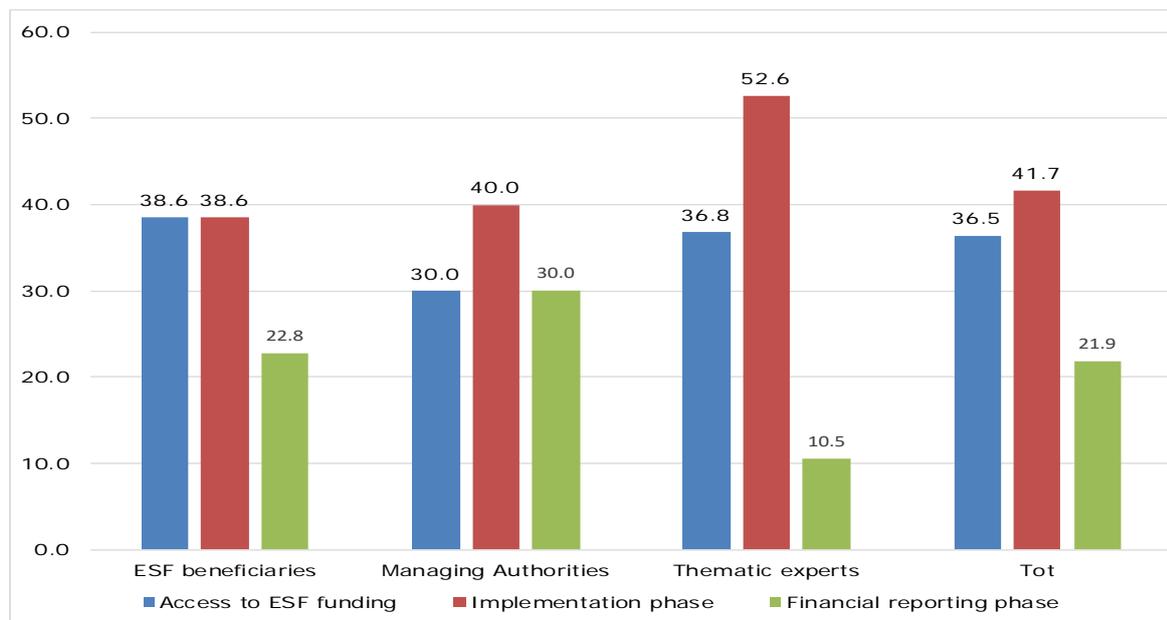
Title	ESF beneficiaries	MAAs	Thematic experts	TOT
Application process and project preparation	20.0	18.2	18.0	19.2
Monitoring, reporting and archiving requirements	16.5	21.2	22.0	18.7
Administrative and financial management	24.3	12.1	14.0	19.7
Controls/audits	5.2	24.2	8.0	9.1
Payment procedures	11.3	9.1	4.0	9.1
Differences in eligibility rules	10.4	6.1	14.0	10.6
Partnerships creation and involvement	12.2	9.1	20.0	13.6
Total	100.0	100.0	100.0	100.0

Source: Own elaboration of survey results.

Support is needed particularly in the implementation phase, considered by respondents as the most complex. As shown in the following figure, there are again different perceptions among the survey respondents. While for beneficiaries access to funding is challenging, implementation is considered more challenging by thematic experts and MAs. Support is also considered particularly necessary for the use of simplified costs options, new information systems and territorial instruments that favour the integrated use of ESF and ERDF, but show difficulties in the programming phase.

In the following sections for each phase we will present the main challenges faced by beneficiaries, the measures adopted to support them at the national level and some examples of good practices.

Figure 3: Stakeholders' opinion on policy cycle phase in which changes should support ESF beneficiaries' participation per stakeholders' categories (% respondents)



Source: Own elaboration of survey results.

NGOs and small private operators are considered the categories of beneficiaries that need more support both in the survey and in the country cases.

As underlined in the **German** case study, NGOs, and small organisations (e.g. SMEs in the social economy) are particularly penalised by late payments, as they do not have sufficient resources of their own to sustain long payment delays. They risk having to dismiss their trained personnel and having problems in accessing future calls. Indeed, most of the German stakeholders who were consulted through the web survey (75 %), consider that NGOs are particularly affected by these difficulties, followed by the small private operators (37.5 %), the local authorities (25 %) and the schools (12.5 %).

The late approval of the OPs, and the increased access funding requirements until payment, are among the main problems faced by beneficiaries in **Spain**. According to the interviewed MAs, compliance with the justification of expenditure through simplified cost options is sometimes difficult to implement. In addition, as in Germany, small organisations (e.g. SMEs in the social economy) are particularly penalised by late payments. Another problem underlined in the Spanish case is the difficulty in using active labour market policies due to the ESF regulatory framework.

The NGOs' representatives interviewed in **Italy** also underline the difficulties related to the constructions of solid and long-lasting partnerships. Strategies for public and private partnership are important for inclusion policy but a longer period is needed to individuate and share goals and actions among partners. In addition, the lack of trained staff with a good knowledge of ESF regulations and project implementation limits the interventions' capacity of new potential beneficiaries (e.g. NGOs and schools). In addition, usually private training agencies have to be accredited in the regions where they operate in order to access ESF calls, and accreditation procedures ask for high organisational and structural standards, which exclude new, small operators, unless they participate in partnerships. Some calls set a limit on the number of projects to be presented for each call and this penalises the agencies that have significant skills and a notable presence on the territory.

Also in **France**, small organisations living on public subsidies and SMEs are the most penalised beneficiaries according to interviewees. Besides the financial risks associated with late payments, the main difficulties are: the lack of information; difficult access to the application platform; rules restricting access to the 40 % flat rate (as it cannot be applied to participant-related expenses); implementation of multi-annual operations; the delays in processing the dossiers and payments; the required complex internal management control tools. The reduction in cash advances for the period 2014-2020 also penalises small beneficiaries. These problems tend to discourage beneficiaries from proposing complex and innovative social integration projects, as the time spent managing funds reduces the time that can be spent helping people into employment. In addition, the French case underlines the need to involve and support organisations that access the ESF for the first time and have no or little experience in the legal and administrative requirements of the Fund. It is therefore necessary to organise specific initiatives to support these organisations, including a simplification of the access rules, as these are organisations that usually promote small, low-budget interventions. As for Italy, the French interviewees also underline the problems related to managing large partnerships. According to an interviewee, ESF management rules do not allow real financial partnership or co-management of an action.

In **Romania**, a large number of ESF beneficiaries have little or no experience in the management of ESF projects. In addition, beneficiaries' activities is negatively affected by the continuous changes in the political situation and hence institutional and legislative framework. This often triggers changes also in the ESF institutional framework, as well as in implementation and financial rules. For instance, the structure of the Ministry of European Funds has been changed several times in the last year. Another change potentially affecting the sustainability of ESF funded projects refers to the law on social contributions that passed from the employer's responsibility to that of employees.

Finally, as underlined by the already mentioned EUROCITIES' study (2018), cities also have difficulties in accessing and using ESF in an effective way. The following box provides a summary of the main results of the study, highlighting the main improvements and the main obstacles encountered.

Box 3: Cities experience with ESF: results from the EUROCITIES report (2018)

In 2018 EUROCITIES carried out a study to examine the experiences of cities (32 from 13 Member States⁵⁰) with the new ESF regulatory framework, on the basis of a survey addressed to cities authorities.

The programming period 2014-2020 introduced three innovations which had positive effect on cities' involvement in ESF:

- Member States were encouraged to use EU structural funds for integrated actions for sustainable urban development, leading to over a third of the new urban strategies to include ESF funding.
- As Article 7 in the ERDF regulation set a minimum threshold of the national ERDF allocation to be used for integrated actions in cities, some managing authorities were inspired to delegate increasing responsibilities to cities and metropolitan areas in managing ESF funding allocations.
- The European code of conduct on partnership called upon MSs to work in partnership with all relevant stakeholders, including cities, in programming and implementing the operational programmes.

Therefore, according to the study, more cities are using and benefitting from ESF in 2014-2020 than in previous funding periods. Furthermore, a local programming approach to ESF has been tested in several countries: cities that were given the chance to manage a global ESF grant, and put it to good use in developing local labour market strategies to benefit a big part of the population.

However, obstacles to an efficient use of ESF resources remain and challenges have been identified regarding: capacity (administrative burden, timeframes, lack of match funding); regulatory obstacles (gold plating, strict auditing, inflexible indicators); and governance (OP definition of priorities and targets, lack of coordination).

In particular, results of the study show that among the 32 cities considered:

- half were faced with a too narrow a thematic focus of ESF OPs that leaves key local challenges unaddressed;
- two-thirds reported insufficient suitable calls to apply for while the existing calls are too narrow in scope and offer little room for innovation;
- a third say the target groups and indicators set in the OP do not match the local reality;
- two-thirds consider the ESF rules too complex, rigid and burdensome, hindering access, causing costly implementation and rewarding procedural compliance to the detriment of innovation and impact on the ground;
- over a quarter experienced delays in the start of their projects due to the slow start of the ESF programmes and the long time-to-grant procedures;
- 80 % find it too difficult to combine ESF with other EU funding programmes.

In addition, only a minority of cities (15%) have used ESF for improving their institutional capacity to provide employment and social services, showing a clear gap for ESF to be filled in the future.

⁵⁰ These include cities in Scandinavia (Sweden); north-western Europe (Belgium, Netherlands, UK); western Europe (France); and southern Europe (Italy and Spain).

Finally, half of the cities were dissatisfied in general with the consultation process as it was too rushed, too limited in scope or did not take on board cities' concerns in the final OP.

Source: EUROCITIES (2018) Boosting human capital and social inclusion in EU cities. Lessons learned from cities' experiences with the European Social Fund in 2014-2017. Technical report. February.

3.1.2. Measures implemented to support beneficiaries

As regards **measures taken for supporting beneficiaries' capacity**, the mentioned Altus report (Altus, 2016) underlines that **only half of the Member States mention** capacity-building measures in their PAs and OPs, and that the planned tools **mainly focus on training, and the provision of guidance materials** (on rules, techniques, as well as successful practices). In addition, some MAs provide **information events, contact points for beneficiaries** and **Technical Assistance services**.

Beneficiaries underline the importance of **experience** and of having **trained staff** with experience in facilitating access to the ESF, as well as **active participation in Monitoring Committees**, allowing the partners to develop relevant guidance materials for their members.

Among the changes introduced with the 2013 CPR, was the requirement to explicitly mention the measures to be taken to support the activities of beneficiaries and reduce the administrative burden in the PAs (Section 2.6) and the OPs (Section 10). As illustrated in Box 3, the assessment of the PAs and a selection of OPs in the five selected countries shows that all the considered countries have mentioned measures to reduce the administrative burden, improve the capacity of beneficiaries to implement ESF projects and create closer links between the managing institutions and beneficiaries.

Box 4: Examples of measures planned in the five selected countries' PAs and OPs for reducing the beneficiaries' administrative burden

In **France**, besides the use of the provisions of the European regulations to simplify procedures (e.g. the use of simplified costs options and flat rates), the PA mentions a rather articulated set of actions which are part of a more general national strategy called 'simplification shock' and involving the following tools of interest for ESF beneficiaries:

- **Support and training** to beneficiaries and the **creation of reference points**;
- The establishment of a **one-stop shop (at regional level)** ensuring a sufficient volume of dossiers to adopt a dedicated organisation with adequate skills and technical competence;
- The **setting of 'call for projects' procedures with a strong local support** and the setting up of thematic steering committees;
- The **setting up of a common framework for management documents** to be supported and monitored by the 2014-2020 Europ'Act national technical assistance programme.
- The setting up of a **monitoring body on the implementation of simplified cost** managed by the CGET to disseminate and pool best practices, experiences in the field, etc.

In **Germany** the Partnership Agreement (PA) mentions measures to implement:

- **Simple and clear rules**, including uniform guidelines, interpretative notes, standards, indicators and criteria, also targeted to ministries, to deepen the legal foundations of the

Structural Fund support or the exchange of experiences by setting a culture of mutual learning.

- **Thematic concentration of available resources on selected priorities** leading to simplification and making funding easier to understand for potential beneficiaries. This also means fewer funding guidelines, fewer participating bodies and a reduction in the administrative effort for the funding recipients. The 2017 Strategic Progress Report of the Partnership Agreement (August 2017), remarks that the ESF OPs have achieved a much higher thematic concentration and that, in the vast majority of programmes, the number of funding instruments and directives has decreased significantly.
- **Reduction in the number of administrative bodies involved**, implementing the option to bring together the managing and certifying authorities in one body, or to combine separate ERDF and ESF administrative authorities into one authority. The concentration of approval and processing procedures in few places supports professionalisation and faster and more qualitative processing. The 2017 Strategic Progress Report of the PA highlights the significant progress made in reducing the number of bodies involved in the implementation of ESF.
- **Minimum budget for projects:** Some regions plan to set minimum funding levels of between EUR 50 000 and EUR 100 000 for project funding in order to ensure that the benefits between funding and administrative effort are proportionate.
- **Flat rates:** Almost all federal states are expected to examine the flat-rate option. For the ESF the aim is to include lump sums in as many of the funding guidelines as possible, in order to reach legal certainty and lower administrative burdens and risks of errors for beneficiaries and administrative bodies. To this end, the ESF Federal Germany OP aims to increase the use of lump sums from the start of the programmes. The 2017 PA Progress Report emphasises that simplified cost options are used in all ESF programmes, but with significant differences: while 80 % to 90 % of the funds invested in some programmes are flat rate, the majority of the costs for other programmes are in the form of real cost reimbursement. The majority of the programmes also use standard unit costs. The OP recognises that additional efforts are needed in order to define the lump sums and its application. In addition, the procedures of the auditing bodies are not yet sufficiently well known on these mechanisms.
- **Digitalisation:** The aim is to simplify communication with the beneficiary and between the responsible bodies, and to facilitate the evaluation of existing data and reporting. The Federal Ministry for Economic Affairs and Energy plans to pay more attention to online applications and will make sure that applications are approved as soon as possible. The PA Progress Report remarks that significant efforts have been made to further develop the computer systems for full electronic e-cohesion, however its implementation at the end of 2016 was still ongoing.

In **Romania**, a specific evaluation was carried out in 2015 to assess the administrative burden borne by ESIF beneficiaries and to define measures to reduce it. The evaluation concludes that 56.5 % of the administrative burden borne by ESF beneficiaries refers to the application process and contracting dossier, 5.4 % to progress reporting, 17.1 % to the payment requests and 14.2 % to the reimbursement of expenditure. The study also identifies a series of measures to be implemented in the current programming period in order to reduce administrative burden of the 2014-2020 POCU beneficiaries along all the project design, implementation and conclusion phases.

Following the recommendations of the evaluation report, in 2016 the Ministry of European Funds published a guide for beneficiaries on the application, implementation, monitoring and audit process. The guide also included indications on eligibility rules (applicant's eligibility; eligibility of the project; eligibility of expenses), simplified costs options that can be used and details on the methodology for the calculation of direct staff costs, and deadlines meant to increase the predictability of the whole application and implementation process of POCU.

In **Spain**, the PA envisaged the following measures:

- The setting up of **internal working groups** within the UAFSE to organise and coordinate all actions meant to facilitate the management of the OPs.
- Production of **handbooks and guides** with practical examples to facilitate reporting and certification of expenditure.
- The setting up of a **system to deal with all queries** relating to these issues on the website for those involved in the management of the ESF.
- The development of the **information system**, through the new ESF 2014 web application, allowing the MA to interoperate with the other stakeholders involved in the process, including beneficiaries.
- The **reduction of Intermediary Bodies** and other bodies.
- The generation of **more automated and lighter reports** with essential data on the progress made and automated data generated by the information systems.
- A **greater involvement of all the partners** in the different phases of the process.

In **Italy**, the PA underlines that the simplification process had already started in the 2007-2013 programming period, with the setting up of a **digital information system** internalising the principle of 'single input' and some modernisation interventions in key sectors. This process is to be completed in the 2014-2020 programming cycle to achieve the overall integration of the information flow from the beneficiary to the European Commission. This **integration will cover the entire information chain** and involve both the regional level (Management, Certification and Audit authorities) and the national level. **The reduction of the administrative burden will also involve the fund management procedures**, the functioning of the MAs and their capacity to use the resources. In this field, the **Plans for Administrative enforcement (PRAs)**, to be provided for every central and regional administration, have set operational strategies with clear timelines for improvements in administrative processes, and have been given high political priority. The strategies involve taking steps to improve the human resources and introduce the simplification of procedures. The importance of the PRAs has also been highlighted by the European Commission in the discussions about administrative capacity concerning the post-2020 period (Centurelli, 2017). **Actions funded under ESF Thematic Objective 11** are meant to implement the strategy for 'Strengthening the institutional capacity of public authorities and stakeholders and an efficient public administration' that innovates both the content and the ways in which interventions are carried out. One of the pillars of the strategy aims at the **modernisation of the national administrative system**, coherently with the reforms contained in the NRP and with the priorities indicated in the documents of the European Commission.

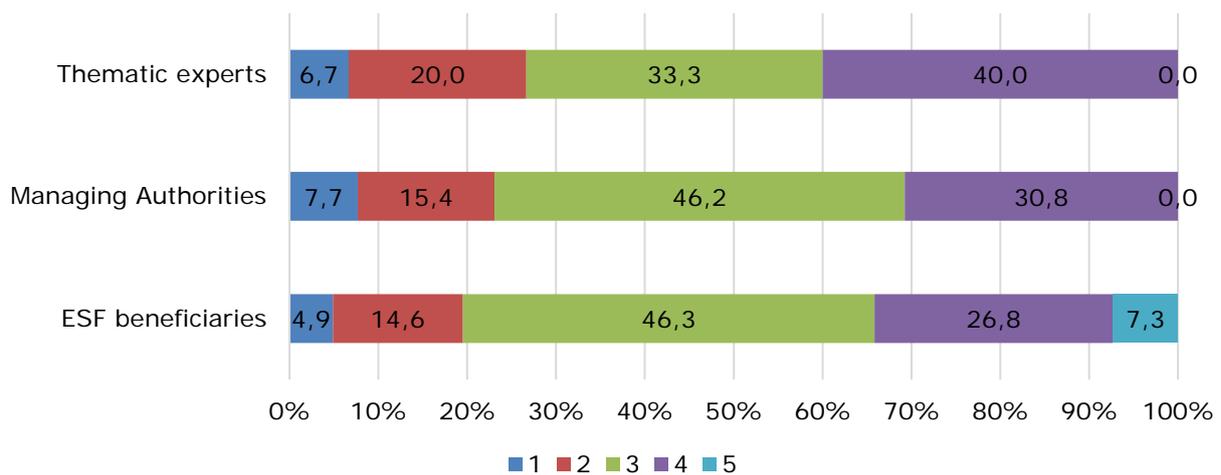
The analysis of a number of NOPs and ROPs shows **a change in how the objective of reduction in the administrative burden is being pursued**. While the activities of 2007-2013 were for the most part intended to guide beneficiaries through or support initiatives (such as technical support, seminars and web platforms), in the new programming period **activities are mainly dedicated to eliminating or reducing procedural complexities** through:

- the **digitisation** of the management and control system, to apply the 'once only' principle and favour the optimisation of document preservation and the progressive elimination of paper;
- the introduction of **simplified cost options (SCOs)**;
- **support actions** to the beneficiaries (help desk, seminars, workshop, etc.).

As for the concrete implementation of these strategies, some indications come from the survey and the interviews.

The overall opinion of different stakeholders on the efficiency of tools provided to implement these main changes introduced in the 2014-2020 programming period and to facilitate participation in ESF is presented in the following figure. Overall, the degree of satisfaction is relative high across all stakeholder groups, with Managing Authorities being the most satisfied with regard to tools already provided: nearly 80 % expressed a positive opinion on this issue.

Figure 4: Stakeholders' opinion on the adequacy of tools provided to ESF beneficiaries to implement these changes and facilitate participation in ESF



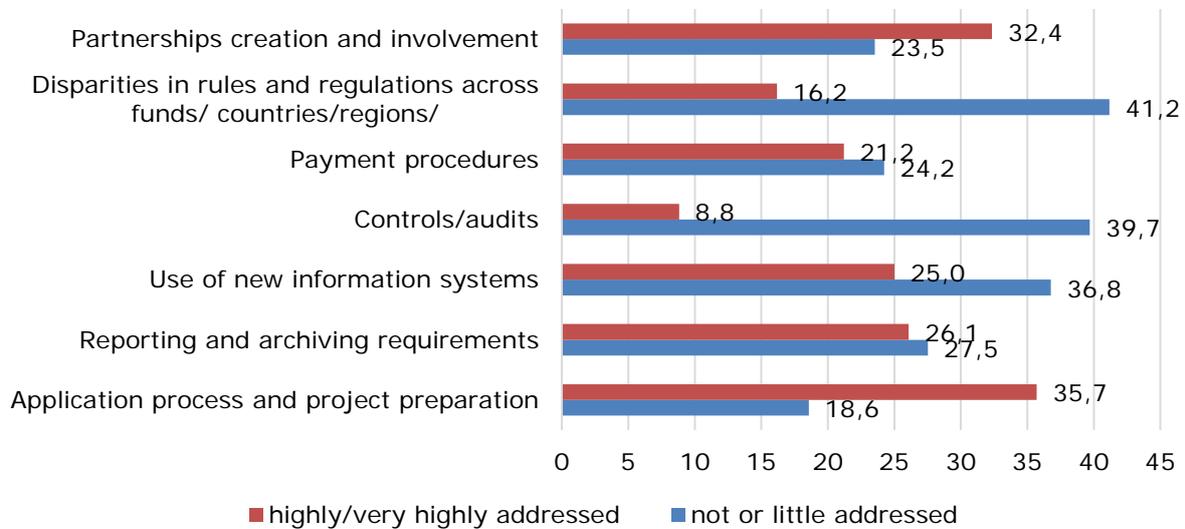
Source: Own elaboration of survey results.

Opinions are expressed on the scale between 1 (no) and 5 (very much).

The survey results on the stakeholder perceptions of what needs have or have not been addressed show that **the share of respondents with negative perceptions (not or little addressed) is higher than that of those with positive perceptions (highly/very highly addressed) in five out of seven options**. Only in the case of 'partnerships creation and involvement' and 'application process and project preparation', do the positive perceptions outnumber the negative ones. Positive perceptions

are particularly low when referring to the problems related to controls/audits, the still wide differences in regulations across funds/countries/regions and use of information systems.

Figure 5: Stakeholder knowledge on which beneficiaries' needs have or have not been addressed (% respondents)



More than half (57.4 %) of the 71 stakeholders participating in the survey were aware of changes/tools implemented at national level to facilitate beneficiaries' participation in ESF. Among these, the most cited are those to support the 'use of simplified cost options', 'guidance materials/manuals', and training and exchanges of experiences with a share of 16.9%. On the contrary, only 2 % of respondents said that reduction of archiving requirements has been implemented to reduce administrative burdens and only 5.4 % indicate the standardisation of rules and procedures.

Figure 6: Typologies of tools implemented at national level to reduce administrative burdens in beneficiaries' participation in ESF (% respondents)



Source: Own elaboration of survey results.

Overall, interviewed beneficiaries consider useful, but still limited the actions planned and implemented by MSs to reduce the administrative burden, also because implementation of these actions is still at a very initial stage. In detail:

- The **simplified cost options** adopted by the ESF contracting authorities are well received by interviewed beneficiaries. However, the rules are still not clear, as they depend also on national and regional regulations and interpretations (gold plating). Interviewed stakeholders underline that there is still a long way to go before the Audit Authority and the contracting authority change their attitudes towards prevention.
- The **drafting of manuals providing clear indications on all phases of ESF projects** is useful. However, these manuals are often provided too late, when projects have already started, and are often continuously revised, particularly on issues relevant for beneficiaries such as the eligibility of applicants and expenses, the tariffs set for the staff costs and the use of flat rates foreseen for indirect and direct costs apart from the staff ones. Interviewed beneficiaries point out that these problems could be prevented if authorities carried out real consultation processes with beneficiaries in the drafting of manuals and guides.
- **Information and training sessions targeting beneficiaries** are well received by both interviewed beneficiaries and contracting authorities. These sessions are considered useful for clarifying all aspects related to a specific measure/call and for preventing problems in the implementation process. Interviewed beneficiaries however emphasise that capacity-building interventions addressed to beneficiaries should be completed with training addressed to the staff of MAs/Intermediary Bodies.
- **Digital systems** may contribute to increasing the transparency of ESF. However, these systems are still too complex and rigid to use and are not functioning well.

3.2. Access to ESF funding

Access to ESF funding is considered particularly difficult for NGOs and local public administrations which represent the largest group of ESF beneficiaries. This is mainly due to the lack of communication on the funding opportunities and guidelines with clear parameters and instructions on financial and performance reporting requirements.

According to a **Social Platform Survey**⁵¹ carried out in mid-2016, out of 108 respondent beneficiaries, more than two-thirds (69 %) consider access to ESF Funding very difficult. Most of respondents underline administrative burdens in the application process as the main problem, followed by difficulty in getting the right information, lack of technical capacity, difficulty in co-funding, administrative burdens in reporting systems, too short a window time for applications, difficult bureaucratic language and delays in payments. In addition, beneficiaries ask for:

- faster and more certain times in calls, without long gap periods;
- timing in the management of actions coordinated with the needs of the labour market and final recipients.

Our results confirm these difficulties, as shown in Table 6, which summarises the main problems identified in the web survey and in the five country cases.

⁵¹ <http://www.socialplatform.org/blog/european-socialfund-for-people-with-people/>

Table 6: Main problems identified in the access to ESF funding in the country case studies

Country	Main problem areas
Web survey	<p>The application process and project preparation are considered among the main factors affecting intervention capacity by 20 % of beneficiaries responding to the survey. This phase is considered critical by 38.6 % of beneficiaries, but also the one that has been mostly addressed at the national level.</p>
Italy	<p>The lack of coherence between measures foreseen by the calls and the issues they are supposed to address. In particular, two critical aspects have been stressed: i) the inadequacy of calls for actions with respect to what is already established and operating on the territory; ii) the little effort towards innovation of the actions.</p> <p>The delay in issuing the notices generates long time gaps in the project activities and beneficiaries relying on ESF funds for their activities have no financial support for a long period.</p> <p>The short time for preparing and submitting projects and the long times of the project selection process. Calls stay open generally for 2 months, a time often too short to build a real partnership and to elaborate actions. The project selection step takes about two months. If approved, the formalisation of the project takes another 2 months.</p> <p>Some mechanisms foreseen by the calls (e.g. variable funding depending on the results in terms of recruitment of the participants) force the beneficiaries to design 'cautious', and small-scale interventions.</p> <p>The dedicated e-platforms used for project submission, monitoring and administrative requirements is often too complex and rigid, especially in the case of projects with non-standard actions, and slow especially when close to submission deadlines.</p>
France	<p>From the point of view of the beneficiaries:</p> <ul style="list-style-type: none"> • access to basic information is considered complicated; • the training and admissibility phase highlights the need for a 'consulting' function organised by the intermediate bodies. <p>According to an interviewee, what is particularly difficult is to:</p> <ul style="list-style-type: none"> • understand the dividing lines between the different MAs and the different management departments; • understand the European regulations and appropriate European requirements for monitoring participants, expenses and resources among others; • prepare project proposals able to respond to the multiple indications and rules provided. <p>Another issue is the short duration of the application process and the short period between the moment when the project is launched and when the answer passes. The</p>

Country	Main problem areas
	<p>organisations that participate for the first time do not have time to acquire competences about management methods and to create partnerships.</p> <p>The ESF operational implementation is proving to be quite problematic because of the newly established dichotomy between an inter-fund coordination delegated to the CGET, a lack of ESF expertise, and a coordination of the ESF fund delegated to the DGEFP in juxtaposition of a direct dialogue of regions with the European level. Added to this, there is an abundance of committees, with different forms of coordination, which is particularly time-consuming and not very productive for all stakeholders.</p>
Germany	<p>Despite no evidence having been found in available evaluation reports, 37.5 % of the German stakeholders who were consulted through the web survey emphasised that the application process and the project preparation is one of the main problems affecting the intervention capacity of the beneficiaries. The same percentage also highlighted the existence of problems affecting the intervention capacity in the area of partnerships creation and involvement.</p>
Spain	<p>The late approval of the OPs has led to a significant delay in all the processes involved in the implementation of the ESF activities in the period 2014-2020.</p> <p>The main difficulties encountered in executing the OPs have resulted first in the delay in the designation of the MA due to the complex validation process established in the regulatory framework of the Authority's Management and Control Systems description.</p> <p>In particular, the vast majority of the organisations involved indicated the delay in the designation of an IB, which led to delayed implementation, as one of the main difficulties to the execution.</p>
Romania	<p>Case interviews and several studies point out that the main issues that affect the capacity of ESF beneficiaries in Romania, and in particular that of POCU beneficiaries, are:</p> <ul style="list-style-type: none"> • delays in launching the calls for proposals compared to the foreseen calendar • having to liaise with different units and institutions, and lack of interlocutors in the project preparation phase to contact for clarifications. . • continuous changes in beneficiaries' guides and contradictory provisions. • long evaluation periods and inconsistencies of evaluations. • MySmis electronic system set up for the submission and management of projects

Source: Case studies

There are some **examples of good practices** in this respect, which reflect the specific situation of the considered countries.

In **Romania**, the **setting up of a project officer** is considered a good practice by both interviewed beneficiaries and authorities. As pointed out, one of the most important problems in the past programming period was the fact that beneficiaries had no direct interlocutor to ask for clarifications and they had to liaise with different units and institutions, while Intermediary Bodies activated a direct dialogue with beneficiaries only when irregularities were registered. The creation of the project officer is meant to overcome these problems. The project officer will be in charge of following the project implementation and will directly liaise with the beneficiary for the provision of clarifications, approval of changes to the project, and its monitoring and control. Furthermore, the project officer acts to prevent irregularities, especially in the financial management of the project, and not to register them as in the past programming period.

Again, in the Romanian case, the **creation of thematic groups** involving beneficiaries for the drafting of ESF manuals and beneficiaries' guides was presented as another good practice. According to interviewed beneficiaries, these groups represented a step forward in the dialogue between the POCU MA and beneficiaries and in the improvement of manuals/guides designed by the MA. However, the groups were cancelled in 2016 without any justification. Interviewed beneficiaries mentioned that several discussions were held with the MA in order to reactivate them, but no concrete measure in this direction has been taken yet.

In **Italy**, **MAs' web portals** are considered very helpful among the beneficiaries, who can have useful information in real time. In general, there is appreciation for **assistance to beneficiaries provided by regional officers in charge of each TO, activated either by telephone or by email**. In some cases specific training sessions have also been organised for beneficiaries before the issuing of calls to provide information on the programme strategies and regulations on participation.

3.3. Implementation of projects

Implementation is considered very challenging by beneficiaries, especially when implementing the wide range of interventions now funded by the ESF, and particularly for social inclusion interventions, which often combine different actions (training, support to job search, access to social and housing services, etc.), and/or innovative labour market and education/training interventions. In these cases it is particularly difficult to follow implementation and eligibility rules that are designed on the basis of the vocational training measures that have been traditionally funded by the ESF in past programming periods. These rules are difficult to adapt to.

The **administrative burden** is particularly problematic for NGOs, especially the smallest ones overwhelmed by the amount of – often overlapping – rules, and by the delays in payments.

Several interviewees consider the new **legal framework** as even more **complicated** than the previous one, with a greater administrative burden on beneficiaries. According to the EC (2016h,) Managing Authorities involved in the launch of the Simplification Thematic Network in December 2015 pointed to the lack of knowledge and experience-sharing between Member States, and the lack of a common understanding or terminology. Other topics identified as tricky include legal certainty (particularly on the audit trail), the risk of fraud, calculation methodologies, national and regional rules adding up to the EU ones, and use simplified cost options (SCOs) when the eligibility rules differ between funds.

The main problem areas emerging from the five country cases are summarised in Table 7 and are consistent with the issues highlighted in the studies mentioned in Section 2. In all the reviewed countries they mainly refer to the following:

- **Excessive monitoring, reporting and archiving requirements.** The difficulty in collecting all the data/ indicators and supporting documents for the **monitoring of activities and participants** and to archive them for a long time.
- **Unpredictability of norms and retroactivity of decisions** – there is uncertainty and variability of the rules across OPs, funds and time. Particularly problematic are eligibility rules and the justifications to be produced on direct staff costs, part-time work, participant-related expenses and participant follow-up. Uncertainty is also due to the continuous changes in rules.
- **There are differences in the interpretation of the same issue** among different bodies and even different officers in the same Intermediary Bodies, and the late issuing of guidelines.
- **The difficult application of rules** on the eligibility and identification of project participants often do not consider the variety of measures and population groups addressed by the ESF in this programming period, especially when dealing with social inclusion measures. For example when participants must be defined by their employment status, or have no identification documents, those who are not on the employment register and do not have an identification document, cannot be involved in ESF interventions, e.g. in the case of irregular immigrants or asylum seekers.
- **Information systems** often present technical difficulties, making the administrative management of the projects even more complicated. Although the use of IT portals is important, there are usually technical difficulties related to data entry, the redundancy of required information, the rigidity in their structure and the fact that these systems do not completely replace paper.
- There is an **overlapping of regulations and control levels**, and scarce information is provided to beneficiaries on simplified cost options.
- **The implementation capacity of some new beneficiaries is limited**, and they have little experience with ESF programmes.

Table 7: Main problems identified in the implementation of projects in the country case studies

Country	Main problem areas
Italy	<p>The new ESF programming has opened up to new beneficiaries and to a plurality of potentially fundable activities. This, however, also raises many issues concerning the rigidity of rules and their interpretation from the point of view of beneficiaries.</p> <p>There is a need to periodically upload all the documents and communications related to the projects on the EDF portal for regional validation to allow payments. However, interviewees report many problems with the procedure: the website does not work well, rules are not clear and guidelines are often updated in the course of the process.</p> <p>In some regions, the uncoordinated programming of the calls generates a series of critical issues in the management of the projects as well. The main problem has been the difficulty in finding recipients, due to irregular timing (e.g. excess offers in certain periods) or strict requirements for beneficiaries. The operators also complain of a lack of clarity in the interpretation of the rules.</p>

Country	Main problem areas
France	<p>There are too many and too complex regulations. For example, issues relating to the justification of eligibility for direct staff costs, part-time work, participant-related expenses, participant follow-up, are chronic sources of difficulties.</p> <p>There is uncertainty over the rules, due to their continuous changes, differences in interpretation and their use retroactivity in implementation. This situation is considered as a major factor of insecurity by Intermediary Bodies and beneficiaries. There is thus a spiral of mutual reinforcement of management rules and control requirements.</p> <p>The considerable delay accumulated since 2014 in setting the French legal framework considerably weakens the system and helps to spread anxiety among all stakeholders.</p> <p>The overlapping of control levels leads to changes of interpretation and questioning, which in turn feeds the instability of the rules of positive law and the retroactive effect of their interpretation. Moreover, the application of flat-rate costs is too complex to be implemented and the procedure is too long and tedious.</p> <p>According to an interviewee, the difficulty is also in collecting the necessary supporting documents for the monitoring of participants and their eligibility, keeping them for a very long time; also, to have the administrative and professional capacity to prepare reporting documents and analyse them in line with European requirements.</p> <p>A specific problem mentioned concerns the fact that in the area of the social economy many projects are in partnership, but National OP MAs do not accept and cannot finance projects in partnership, as collaborative projects are not eligible in National OPs (while they are eligible within Regional OPs).</p>
Germany	<p>Additional requirements for data collection for core indicators was a problem counteracting possibilities for simplification in the EU regulations. Excessive data collection in the current funding period is not feasible, especially for smaller projects.</p> <p>Monitoring, reporting and archiving requirements, together with the administrative and financial management, are main issues that affect the intervention capacity of beneficiaries. On the other hand, the stakeholders have not declared the differences in eligibility rules as an issue affecting the intervention capacity.</p>
Spain	<p>Together with the designation of an Intermediate Body, which has important implications for the implementation of projects, the lack of information in the simplified cost system has been remarked on as an important problem for the beneficiaries in implementing the projects.</p> <p>In addition, the management and understanding of the indicators and the management and understanding of the new regulatory framework have been emphasised as main problems from the implementation of the OPs.</p>

Country	Main problem areas
Romania	<p>Some of the main problems in this area are detailed below:</p> <ul style="list-style-type: none"> • Unpredictability of norms and retroactivity of decisions: There are also differences in the interpretation of the same issue by Intermediary Bodies. Notwithstanding that all previous studies recommended the creation of a stable framework and the reduction in the changes to published guides/manuals/etc., this continues to be a problem in the current programming period. • Respect of set deadlines for the financial management of ESF projects: Interviewed beneficiaries point out that despite the measures taken in this period to avoid the extensive length of the financial procedures, the capacity of authorities to respect them may still represent a challenge, especially in the case of Intermediary Bodies with a limited management capacity. • Cash flow, especially in the case of small beneficiaries: Beneficiaries' cash flow will be largely influenced by the capacity of contracting authorities to respect set deadlines. In case deadlines are not respected, beneficiaries have to dispose of cash reserves for sustaining the expenditure foreseen by the project. However, cash reserves are considered a relevant problem for small beneficiaries, with the risk of reducing the sustainability and effectiveness of their projects. • Low level of flexibility of contracting authorities to accept changes to the initial projects coupled with beneficiaries' volatility: Interviewed beneficiaries underline that authorities should pay more attention to the expected relevance of funded projects than to the achievement of indicators, in order to favour positive effects of ESF in the funded areas. • Auditing process: The new programming period foresees measures for the improvement of the auditing process (e.g. risk management). However, the revision of the audit process still needs to be improved. A change in auditors' mission and vision about the role of the audit process is crucial for the reduction of administrative burden in this phase. • Limited implementation capacity of some beneficiaries. • Excessive reporting requests.

Source: Case studies

Interviews conducted in the five country cases **report that in all cases specific actions have been planned** to reduce the administrative burden for beneficiaries through:

- simplification of **application, procurement and payment** procedures;
- extended use of **electronic administration and 'once only'** registration – avoiding asking beneficiaries for information that the Member State already has through the linking up of national databases;
- use of **simplified cost options**;
- reduction of **archiving** requirements.

Some MSs have also introduced:

- **simplifying** regulatory **requirements** (in general) and the **standardisation** of rules, procedures and documents used;
- **specific information measures** for beneficiaries;
- **simplifying monitoring, reporting and controls, and supporting capacity building**, also among the programme management authorities;
- **integrated management of funds, as well as** Integrated Territorial Instruments as a tool for reducing the burden, mentioned in one Member State.

Some **examples of good practices** indicated by interviewees are the following:

Spain: *Quality System of the School for Industrial Organisation* (*Escuela de Organización Industrial*) produced by the Intermediate Body (belonging to the Ministry of Economy, Industry and Competitiveness) of the OP Employment, Training and Education, requires the evaluation of all the implemented training actions, in order to learn from good practices and promote changes in the requirements for projects, in order to make them more flexible and adapted to different situations.

Romania: *Information sessions* with both potential applicants and beneficiaries have been put in place in the current programming period, to contribute to increasing beneficiaries' implementation capacity and to preventing irregularities. However, these sessions are carried out on a voluntary basis, which creates disparities among beneficiaries. Interviewed beneficiaries underline that such information sessions with beneficiaries should become a mandatory duty of Intermediary Bodies.

France: The *Europ'Act programme*⁵² to facilitate State-Regional coordination and support for the joint implementation of operational programmes in remote regions, through specific technical assistance actions. Its actions are expected to support the sharing, harmonisation, networking, capitalisation of experience and good practices, as well as budget efficiency and scale economies. This is to be achieved by promoting the sharing of certain actions that would have been more costly and laborious to implement under each programme.

3.4. Eligibility conditions, conclusion of projects and justification of expenditure

Administrative burdens mainly relate to the strict and complex cost eligibility conditions and the need to justify every expense.

The delays in the launch of the OPs means that only a few projects and actions are already concluded, thus most of the beneficiaries comments on the final phase of projects is mainly related to experiences in the past programming periods and knowledge of the new regulations. In particular, the main problems underlined in the interviews and case studies are the following:

- **Audits and controls** are often carried out at different levels, with EU, national and regional rules often diverging and not coordinated across programmes and even among auditors. In addition, controls are usually carried out with a punitive approach, based on the idea that beneficiaries are trying to cheat. There is usually no or very little attention to the projects' actions and results, and to support capacity building and error prevention. Therefore, control

⁵² http://ec.europa.eu/regional_policy/en/atlas/programmes/20142020/france/2014fr16m2ta001

procedures create a strong feeling of insecurity among beneficiaries (and intermediate bodies), also because the results of a control can be called into question by another control.

- **Expenditure eligibility rules** are often complex and **justification** needs require the collection of a very large number of supporting documents for a long period. This can lead to unacceptably high rates of error and to payment interruptions that affect both beneficiaries and MSs, when certified payments are below a certain threshold. Without corrective actions, ensuring legal, regular and eligible spending of the funds, this can lead to Operational Programmes (OPs) being blocked for up to several years.
- **Long payment periods.** It can take 12–18 months for a payment to be approved and reimbursed, with the risk of spending cuts and reduction of financing even after several years. As anticipated in Section 3.1.1 only public agencies and large operators can bear long payment delays and can handle the complexity of administrative requirements. Financial reporting systems and delays in payments are indeed considered by beneficiaries as a crucial issue that can hamper participation with specific regard to small beneficiaries.

Table 8: Main problems identified in the conclusion of projects and justification of expenditures in the country case studies

Country	Main problem areas
Italy	<p>This phase is the most difficult, due to the very complex rules and unclear interpretations. It is often perceived as complex due to the amount of documents to be produced ex post and for the non-univocal interpretation of the rules by those who manage this phase.</p> <p>The experts interviewed from NGOs argue that at the end of the project there are often problems, long waiting periods for the final checks, risk of spending cuts, etc. The financial management of projects is often complicated because it could take 18 months before receiving a reimbursement of expenses.</p> <p>The final controls are often entrusted to external organisations/individuals who sometimes have different interpretations of cost eligibility rules compared to the officials who followed the previous phases of the project. In addition, controls are carried out with only an administrative approach, without attention to the projects' results and to support capacity building and error prevention. This causes many difficulties with the high risk of spending cuts and reduction of financing even years after the expenses have been incurred.</p>
France	<p>The ESF has several control levels (no less than seven levels possible for an operation), a system which is described as 'petrified' and in which each actor carries out the controls for which it is responsible without having sufficient information, as it does not circulate, and where every level tries to protect itself from being called into question by the higher levels.</p> <p>According to some interviewees, the difficulties lie in a) the complexity of the administrative and financial management, which is very costly for the beneficiaries;</p>

Country	Main problem areas
	<p>b) simplification measures that have not simplified much; c) the need to collect a very large number of supporting documents.</p> <p>Moreover, control procedures create a strong feeling of insecurity among the beneficiaries (and the management of Intermediate Bodies), also because the results of a control can be called into question by another control. Another interviewee highlights that state aid rules pose difficulties if applied strictly and put at risk almost all of the subsidies requested.</p> <p>In addition, eligibility rules can vary from one MA to another, even if collaborative work can help to harmonise practices: the interpretation of the rules may vary the application of these rules. This difficulty is linked to the multitude of partners on the territory.</p>
Germany	<p>The stakeholders consulted through the web survey remarked that one of the most important difficulties faced by the beneficiaries is related to the funding gap that has occurred due to the late approval of the OPs.</p> <p>Issues regarding payment procedures have also been highlighted by 37.5 % of the German stakeholders.</p> <p>Controls and audits have been remarked on by 25 % of the respondents as a main issue, although the level of completion of projects is still low due to the delayed launch of the OPs.</p>
Spain	<p>The Spanish administrations have not still incorporated the simplified cost options system. Thus, when an ESF project is co-funded privately, all the justification of expenditure can be based on simplified cost options; on the contrary, if the co-funding partner is a public administration, the justification has to include the two systems (simplified and real costs). When using simplified cost options, problems have also arisen in the justification of expenditure regarding in-kind payments.</p> <p>With regard to control and audits, there has been some uncertainty at the beginning of the programmes, in terms of the dates for providing the information and lack of clear guidelines.</p> <p>Beneficiaries have emphasised the difficulties in access to the programme without a strong financial position, given the long period existing between the application for the funds and the payments, for which the beneficiary has to assume all the financial risk.</p>
Romania	<p>In the past programming period, the control of all expenditure and its reimbursement represented the major problem in the conclusion phase. According to case interviews and several reports, in this phase beneficiaries were confronted with the uncertainty of the eligibility of expenditure and the long periods before reimbursement. This constituted a problem especially for NGOs that could not have access to bank credit due to the incapacity to guarantee the credit with material goods.</p>

Country	Main problem areas
	<p>Interviews with beneficiaries confirm that this may represent a problem also in the current programming period together with the unpredictability of reimbursement that may represent an issue also in the current programming period.</p> <p>Finally, in the past programming period the controls were applied with the presumption of guilt and not with an attitude geared towards prevention and capacity building.</p>

Source: Case studies

Member States have planned specific measures to reduce the administrative burden associated with the projects' conclusive phase.

For example, in **Italy** the NOP on Governance and Institutional Capacity is meant to implement support and training actions on the systems of administrative controls for beneficiaries and for the subjects in charge of control by improving the information systems on the principle of 'single input' and e-government tools. An **inter-institutional programme between state, regions and local autonomies for reducing administrative and regulatory burdens** has been set up within the framework of the Inter-institutional Simplification Agenda '*Italia Semplice*'⁵³. Specific measures are also planned in the other NOPs and ROPs, for example:

- the establishment of **task forces to support beneficiaries** (NOP on Metropolitan cities);
- the introduction of **mechanisms for control simplification and rule of proportionality of controls** (NOP on research and innovation);
- the introduction of **simplified control systems and use of separate Standard Unit Costs** for employment and training services (NOP on Youth Employment and on Active Employment Policies);
- the **speeding up of the management of financial flows** to allow constant disbursements to the beneficiaries, and technical support on the systems of administrative controls for beneficiaries and for the subjects in charge of control (in the NOP on Education);
- the activation of **specific technical assistance services** in regions for beneficiaries as well as guidelines on eligibility rules.

In **Romania**, following the 2015 evaluation of the administrative burden for beneficiaries, the Government introduced **fixed durations for the procedures** regarding the financial management of ESF projects to be respected by both the contracting authority and beneficiaries in order to increase the predictability of the whole application and implementation process. Institutional changes were also introduced with a **higher role of Intermediary Bodies in the financial management of projects** and the increase in their staff in order to facilitate the respect of the deadlines set by the current legislation. The definition of specific deadlines for the financial management of ESF projects is well received by beneficiaries. However, interviewed beneficiaries point out that, based on the previous

⁵³ <http://www.italiasemplice.gov.it/versione-testuale-news/agenda-per-la-semplificazione-2015-2017/> (in Italian).

programming period experience, the set deadlines are hard to be respected. Furthermore, interviewed beneficiaries point out that the payment mechanisms and pro

4. CONCLUSIONS AND RECOMMENDATIONS FOR POST-2020 PROGRAMMING PERIOD

- **Administrative burdens continue to be considered an important challenge for ESF beneficiaries.** Lower administrative burdens and simplification of processes, also in order to reduce payment delays, are strongly advocated to support access and participation in ESF interventions for the post-2020 programming period.
- According to recent estimates, the simplification measures contributing most to reduce the administrative burden in the ESF are **SCO, simpler rules for revenue-generating projects, e-cohesion/e-governance and the harmonisation of rules across ESI Funds**, while provisions of common indicators and Integrated Territorial Instruments are likely to increase it.
- However, **the uptake of the simplification options is too slow**, gold plating and bureaucratic rigidities are adding regulative complexities, and there is still a lack of understanding of the new rules. As underlined by some of the interviewees, **in some cases simplification procedures seem to have led to even more reporting requirements.**
- **Social innovation** is considered an important challenge for the post-2020 by all the stakeholders interviewed. However, the implementation of social innovation projects often clash with rules and administrative systems that were designed for traditional vocational training actions.
- Another challenge emerging from the interviews is the **risk of substantial budget cuts post-2020**, due to Brexit and the emergence of new priorities such as defence and external security. Stakeholders underline the **need to continue to ensure adequate funding for the ESF in the new programming period.**
- **Recommendations** emerging from the study suggest **ensuring effective governance and implementation mechanisms** by improving the current multi-level governance and management system and supporting the strategic and administrative capacity at local and regional level. Among the indications emerging from the reviewed documents and interviews are:
 - *simpler governance structures and lower number of intermediate bodies*, and a clear definition of roles across institutional levels;
 - *strengthening the partnership and consultation* between public bodies, beneficiaries, experts and civil society actors involved in ESF;
 - *fewer and clear and stable rules*;
 - *increase in the use of simplification options*, and particularly the use of SCOs that have proved to be effective for ESF interventions and beneficiaries;
 - *improved capacity building at national and local level* addressing both programme managing bodies and beneficiaries with training measures, technical assistance, and exchange of experience in targeted meetings and workshops, as experienced in the ESF Thematic Network on Simplification.

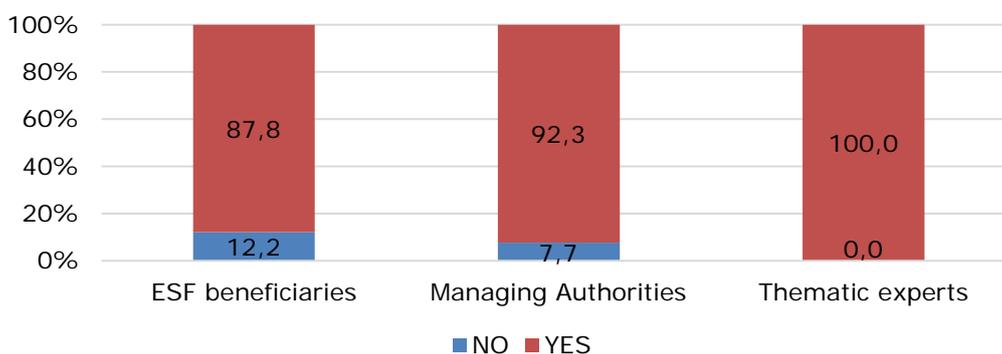
4.1. Conclusions, lessons learnt and future challenge

The evidence presented in the study illustrates the changes in the current programming period that are more relevant for beneficiaries in order to reduce the administrative burden and support effective interventions. It also illustrates the main measures planned and adopted so far, with focus on the five reviewed countries.

The ESF stakeholders interviewed acknowledge that the changes introduced in the 2014-2020 programming period can have important positive effects on the beneficiaries' activities. However, they underline the need to speed up their implementation and to further strengthen them, also providing additional assistance to beneficiaries in all the stages of the project life cycle.

As shown in Figure 7 below, **almost all stakeholders involved in the survey think there should be more effort to support ESF beneficiaries' participation at the EU level**: only 12.2 % of ESF beneficiaries and 7.7 % of managing authorities think that no more effort is needed.

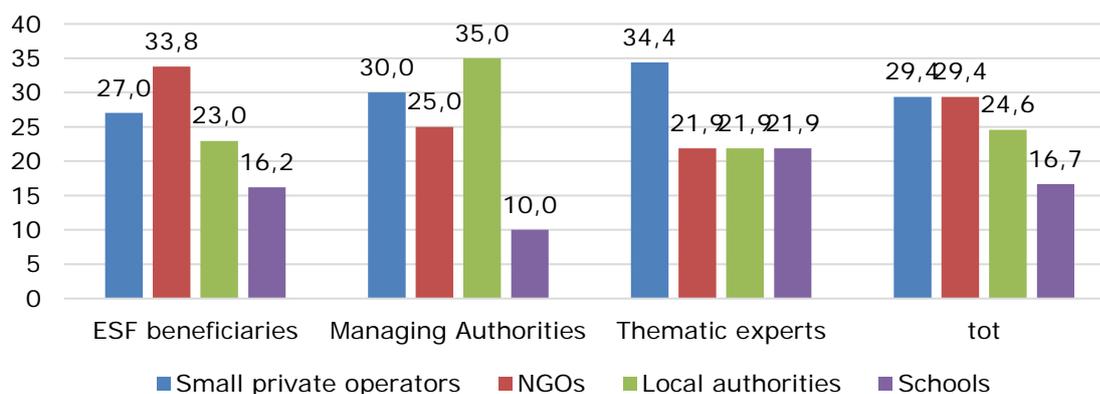
Figure 7: Stakeholders' opinion on the need for more effort to support ESF beneficiaries' participation at the EU level



Source: Own elaboration of survey results

When asked which categories of beneficiaries would need more support, almost two-thirds indicated small private operators (in particular from the thematic experts' point of view) and NGOs (in particular from the ESF beneficiaries' point of view).

Figure 8: Stakeholders' opinion on categories of beneficiaries that would need more support per stakeholders' categories



Source: Own elaboration of survey results

Administrative burdens continue to be considered an important challenge to face. Lower administrative burdens and simplification of processes, also in order to reduce payment delays, are strongly advocated to support access and participation in ESF interventions for the post-2020 programming period.

In fact, as pointed out by the HLG⁵⁴ and confirmed by the stakeholders interviewed, the present situation is characterised by:

- **a misalignment of horizontal rules between the funds**
- **a great number of rules, often overlapping**
- **double checks and redundant procedures**
- **a framework constantly changing, and multiple audits.**

All these factors dramatically increase the administrative burden on beneficiaries (especially the smallest), increase costs of fulfilment and create high risk of errors and uncertainty, which makes applying for EU funding less attractive for beneficiaries.

The expected impact of the simplification options on the costs of the administrative burden for beneficiaries is considerable, according to recent estimates.

The simplification measures contributing most to reduce the administrative burden in the ESF are SCO, simpler rules for revenue-generating projects, e-cohesion/e-governance and the harmonisation of rules across ESI Funds, while provisions of common indicators and Integrated Territorial Instruments (ITIs) are likely to increase it.

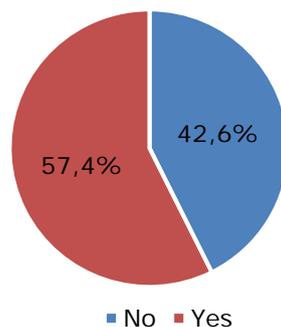
However, the uptake of the simplification options is too slow, gold plating and bureaucratic rigidities and resistances are adding regulative complexities, and there is still a lack of understanding of the new rules among both MAs and beneficiaries. As underlined by some of the interviewed stakeholders, **in some cases simplification procedures seem to have led to even more reporting requirements.**

Furthermore stakeholders, especially at national level, are not always aware of the existence of such interventions. In fact, 57.4 % of the 71 stakeholders participating in the survey were also aware of changes/tools implemented at national level to facilitate beneficiaries' participation in ESF as shown in the following figure.

⁵⁴ EC (2017b) Final conclusions and recommendations of the High Level Group on Simplification for post-2020. 11 July 2017. Available at:

http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf

Figure 9: Stakeholders' awareness on changes/tools implemented at national level to facilitate beneficiaries' participation in ESF (% respondents)



Source: Own elaboration of survey results

All the stakeholders interviewed consider social innovation an important challenge for the post-2020 Cohesion Policy. However, the Funds regulatory and administrative framework is still considered not suitable to support and encourage the implementation of social innovation interventions. A greater effort is needed in administrative simplification and in developing a new regulative and management architecture able to address the challenges to be faced in the post-2020 programming period.

Another challenge frequently mentioned by the interviewed stakeholders is the **risk of substantial budget cuts** in the post-2020 Cohesion Policy, due to Brexit and new emerging priorities such as defence and external security. Stakeholders underline the need to **ensure adequate funding for the ESF in the new programming period, given its crucial role for Europe's socio-economic growth**, as demonstrated by the evaluations of the past programming period.

4.2. Policy implications and recommendations

Recommendations emerging from the study address a number of issues and policy implications.

On a more general level, interviewed stakeholders underline the need to continue to ensure adequate funding for the ESF in the new programming period, given its crucial role for European socio-economic growth. European Institutions and Member States should take stock of past experiences and evaluations, which show the positive effects of ESF implementation on employment growth, skills upgrading and productivity, and social inclusion (see Box 4 in Annex 1 for a summary of the main evidence). The dramatic increase in social and territorial inequalities resulting from the crisis and the need to address the effects of demographic ageing and migration, technological innovation, globalisation and climate change on socio-economic and political cohesion in the EU ask for a stronger effort in policies supporting employment, human capital and social cohesion.

Stakeholders also underline the **need to avoid delays in the start of programmes.**

Advanced planning for the next programming period is necessary to ensure an adequate intervention capacity of ESF beneficiaries from the very beginning. One of the suggested actions to achieve this goal is negotiating the EU Multi-annual Financial Framework (MFF) and the Cohesion Funds in parallel and concluding the negotiations before the elections for the European Parliament in 2019. Some stakeholders also suggest reducing the MFF and Cohesion Policy programming period to increase

planning security and at the same time make room for strategic and financial adjustments. Others suggest **aligning the strategic approach of the future ESF to the European Social Pillar**.

To ensure effective governance and implementation mechanisms it is necessary **to improve the current multi-level governance and management system and support the strategic and administrative capacity at local and regional level**. Among the indications emerging from the reviewed documents and interviews (summarised in Table 9), the following are those most highlighted:

- **Simpler governance structures and fewer Intermediate Bodies** with a clear definition of roles across institutional levels. As suggested by the HLG for simplification, genuine subsidiarity and proportionality should be supported, avoiding as much as possible gold plating and improving legal certainty. For example, national procedures in respect of public expenditure should be relied upon to a much larger extent, without repeating the checks already done in the beginning of the 2014-2020 period.
- **Strengthening the partnership and consultation** between public bodies, beneficiaries, experts and civil society actors involved in ESF. This would improve the design, implementation, monitoring and evaluation process of ESF and identify the most suitable solutions for the effective intervention strategies and simplification of ESF procedures. This would also improve the effectiveness of the Monitoring Committees, which are essential for checking progress in the implementation of ESF programmes and for adopting corrective solutions in case of weaknesses.
- **Introduce fewer and clear and stable rules**, as indicated by the HLG for simplification. The Cohesion Policy should be based on less regulation and fewer guidelines, avoiding the piling up of requirements.
 - An initial step would be to reduce the redundancy of administrative documents requested to beneficiaries. Open data and interoperability of public databases/digital systems could contribute to the reduction of administrative burden related to requests for documents that public institutions have already.
 - Fewer rules may also result from a better alignment of both EU and national regulatory frameworks and horizontal rules between EU funds. These alignments would reduce gold plating, differences and inconsistencies across countries and across EU-funded programmes in terms of state aid, public procurement and methods to reimburse costs. This would facilitate synergies and allow beneficiaries to apply for different sources of EU funding for the same project.
 - The adoption of a single audit principle, with each level of control building on the preceding one and additional checks only in cases of serious problems. This would reduce the administrative burden for both the programme management system and beneficiaries, and avoid the uncertainties derived from diverging views across different authorities. Controls and audits should also be more focused on the specificities of the actions implemented and their results, rather than only on formal controls of administrative requirements. This could favour a change in approach towards an audit, based on learning and prevention. The adoption of this new approach in auditing could also be supported by capacity-building measures for auditors (e.g. training, study visits, internships, exchanges of good practices); the introduction of a risk management system and a risk prevention culture among both beneficiaries and ESF authorities; the creation of active and constructive relations between the MA/Intermediary Bodies and the Audit Authorities.

- A clear and stable, but flexible framework, removing unnecessary requirements and avoiding the introduction of new rules as much as possible. To be able to adapt to new circumstances or challenges, flexibility could be enhanced by allowing modifications validated by Monitoring Committees in the presence of the Commission. A more flexible regulatory framework is also needed to address the specificity of the interventions, especially for social ones. A stable but flexible framework would also make it possible for ESF beneficiaries to plan participation in calls and give continuity to integrated and innovative projects and partnership networks.
- Fewer rules, easier to understand and with greater legal certainty, avoiding retroactivity. This would reduce the risk of errors, speed up implementation, and contribute to making EU support more attractive for operators.
- **Increase the use of simplification options**, and particularly the use of SCOs that have proven to be effective for ESF interventions and beneficiaries. This implies a preliminary assessment of what options work better in different cases and then, the promotion of the exchange of experiences and good practices between ESF operators and managing institutions at the EU, national and regional levels.
- **Improve capacity building at national and local level addressing both programme managing bodies and beneficiaries** with training measures, technical assistance and exchange of experience in targeted meetings and workshops between the Commission and programme stakeholders, as experienced in the ESF Thematic Network on Simplification. As suggested in the SWECO report (SWECO et al., 2017), the direct involvement of programme practitioners (in management bodies and beneficiaries) in the preparation of the regulatory framework could highlight potential problems and allow the testing of regulatory proposals before implementation.

In relation to more specific simplification measures, Table 9 below summarises the indications emerging from interviewed stakeholders and the country cases. Operationally the measures suggested by interviewed beneficiaries in each phase of the project life cycle are the following:

- **Application phase:** diffusion of clear guidelines and manuals for applicants; organisation of Information and Training sessions as well as help desk offices for beneficiaries on project management, public procurement, access to EU funds; introduction of measures to avoid delays in the selection and contracting procedures, as well as a clear indication of the period taken for project selection procedures and for contracting of selected projects; creation of more flexible and better working e-governance platforms.
- **Implementation phase:** diffusion of clear guidelines with a list of eligible expenditure and frequent errors in the implementation process; reduction in the number of documents requested and their standardisation; organisation of controls and audit visits with a learning and preventive purpose; improvement of the MA website; provision of continuous training to the MA staff and auditors; diffusion of good practices; creation of a digital system for project monitoring compatible with other digital systems at national level.
- **Conclusion of the project and reimbursement:** elimination of redundant documents (e.g. timesheets and activity reports of staff involved in the project) and internal notes for private beneficiaries; diffusion of clear guidelines on all aspects related to the drafting of timesheets and treatment of documentation; reduction in the number of copies requested for the reimbursement

documents; use of simplified cost options; reduction of delays in the processing of reimbursement claims and payments.

Table 9: Beneficiaries' suggestions on how to better support access and participation to ESF in the post 2020 programming period in the country case studies

Country	Suggestions
Italy	<ul style="list-style-type: none"> • Focus ongoing and ex post controls more on project activities and results rather than just formal controls. During implementation, inspectors/auditors should support learning in administrative management (and not just ex post to cut expenses). • Supporting the exchange of practices and experiences across regions and local authorities in charge of social policies is crucial, given the high heterogeneity among Italian regions on social innovation and on the use of new financial instruments. In fact, only a few regions have promoted integrated approaches and activated the third sector. • Develop a stable but flexible regulatory framework, to make it possible to plan participation in calls and give continuity to projects and partnership networks. A more flexible regulatory framework should allow for the specificity of the interventions, especially for social ones.
France	<ul style="list-style-type: none"> • Simplify the regulations: <ul style="list-style-type: none"> – Consider the simplification of the operational framework a negotiating objective. – Simplify and stabilise the rules applicable from the beginning of the programming period and avoid retroactivity. – Clarify the regulatory framework for implementing SCOs and support their diffusion. – Disseminate the interpretation of the rules in order to favour the homogeneity of their application. • Simplify the ESF management architecture, rationalise ESF governance and decompartmentalise relations between different authorities. • Support beneficiaries: <ul style="list-style-type: none"> – Improve access of new organisations to social innovation projects, for example extending the use of micro-credit, adopting simplified access procedures, reducing the system of controls and faster financing. – Harmonise selection procedures. – Support the professionalisation of MAs and beneficiaries, and networking between intermediate bodies and the beneficiaries to ease the control burden. – Better mobilise the available tools to intermediate bodies and beneficiaries, and capitalise on good practices. – Mitigate the conditions for carrying out controls. – Develop a risk management culture.
Germany	<ul style="list-style-type: none"> • Improve the planning and implementation of the new OPs to avoid delays in programme activation. A proposal is to launch negotiations of the Multi-annual Financial Framework (MFF) and the ESF Funds in parallel and conclude the negotiations before the elections for the European Parliament in 2019. Another suggestion is to reduce the length of MFF in order to improve planning and make room for strategic and financial adjustments. • Strengthen the integration across ESI Funds and reduce regulatory differences. • Assess and strengthen the application of the partnership principle at all the stages of the programme cycle. • Support the exchange of successful ideas and promising solutions across Member States through transnational cooperation. • Reduce administrative and financial burden for smaller organisations and improve communication. • Introduce the single audit principle, with recognition of National Audits by the EU. • Increase the use of SCO that have proved to be useful.
Spain	<ul style="list-style-type: none"> • Ensure advanced planning for the next programming period, to ensure the adequate intervention capacity of ESF beneficiaries from the very beginning and align the future ESF to the European Pillar of Social Rights. • Review and simplify the administrative burden in order to avoid the penalisation of small organisations and innovative projects. • Ensure a greater coordination between MAs and Audit Authorities.

Country	Suggestions
	<ul style="list-style-type: none"> • Provide a more precise definition of the data and monitoring indicators to be collected. • Improve e-cohesion tools in order to increase the intervention capacity of the beneficiaries, and reduce the time spent in non-productive tasks in the future. • Improve information, guidance and training measures, with particular emphasis on the use of simplified cost options.
Romania	<ul style="list-style-type: none"> • Improve the predictability of the application, implementation and audit process of ESF. This implies: the respect of the calendar of calls for proposals; an improved quality of manuals and beneficiaries' guides so that changes are avoided; the respect of all deadlines set by the legislation in all phases of ESF projects; the existence of a few, clear and stable rules regarding all phases of ESF projects; the stability of the institutional framework of ESF. • Improve the consultation processes and create an active and constructive partnership between public bodies, beneficiaries, experts and civil society actors involved in ESF. This is to improve the design, implementation, monitoring and evaluation process of ESF and to identify the most suitable solutions for the simplification of ESF procedures. In addition to consultations, managing authorities could implement participatory monitoring and evaluation processes. • Improve the effectiveness of the Monitoring Committee. The Monitoring Committee is essential for checking progress in the implementation of ESF programmes and for adopting corrective solutions in case of weaknesses. The Monitoring Committee should regularly consult beneficiaries/other stakeholders and present solutions for the simplification and reduction in the administrative burden of ESF programmes. • Strengthen capacity-building interventions both for the staff of public institutions involved in the process and beneficiaries/other stakeholders. • Reduce the redundancy of administrative documents requested from beneficiaries. Open data and interoperability of public databases/digital systems could contribute to the reduction of administrative burden related to request of documents that public institutions have already. • Adopt the single audit principle to reduce pressure on national authorities brought about by European checks. This could favour the evolution from an audit based on blame to an audit based on learning and prevention. • Respect for set deadlines for the financial management of ESF projects. Interviewed beneficiaries point out that despite the measures taken in this period to avoid the extensive length of the financial procedures, the capacity of authorities to respect them may still represent a challenge, especially in the case of Intermediary Bodies with a limited management capacity.

Source: Case studies

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ANNEXES

ANNEX 1: ANNEX TO THE REPORT

Table 10: The Regulatory Framework for the 2014-2020 period: legal references

Regulatory framework	Legal reference
Common Provisions Regulation	<ul style="list-style-type: none"> Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (CPR).
Fund-specific Regulations	<ul style="list-style-type: none"> Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (ETC Regulation). Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (ERDF Regulation). Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006 (CF Regulation). Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 (ESF Regulation). Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development and repealing Council Regulation (EC) No 1698/2005 (EAFRD Regulation). Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund (EMFF) and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (EMFF Regulation).

Table 11: ESF Investment Priorities by TO, 2014-2020 ESF Regulation

Thematic Object	Investment Priority	
	N.	Description
8	viii	Access to employment for jobseekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility.
	ix	Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee.
	x	Self-employment, entrepreneurship and business creation including innovative micro-, small- and medium-sized enterprises.
	xi	Equality between men and women in all areas, including access to employment, career progression, reconciliation of work and private life, and promotion of equal pay for equal work.
	xii	Adaptation of workers, enterprises and entrepreneurs to change.
	xiii	Active and healthy ageing.
	xiv	Modernisation of labour market institutions, such as public and private employment services, and improving the matching of labour market needs, including through actions that enhance transnational labour mobility as well as through mobility schemes and better cooperation between institutions and relevant stakeholders.
9	vii	Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability.
	viii	Socio-economic integration of marginalised communities such as the Roma.
	ix	Combating all forms of discrimination and promoting equal opportunities.
	x	Enhancing access to affordable, sustainable and high-quality services, including healthcare and social services of general interest.
	xi	Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment.
	xii	Community-led local development strategies.
10	v	Reducing and preventing early school leaving and promoting equal access to good quality early childhood, primary and secondary education including formal, non-formal and informal learning pathways for reintegrating into education and training.

Thematic Object	Investment Priority	
	N.	Description
	vi	Improving the quality and efficiency of, and access to, tertiary and equivalent education with a view to increasing participation and attainment levels, especially for disadvantaged groups.
	vii	Enhancing equal access to lifelong learning.
	viii	Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes.
11	iii	Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance (Cohesion Fund countries).
	iv	Capacity building for all stakeholders delivering education, lifelong learning, training and employment, and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels.

Source: Art.3(1) of the ESF Regulation

Box 5: The impact of the ESF according to the European Commission

Due to its size and scope, the ESF has a strong influence on the labour market and society at large. In some countries, around 90 % of the actual expenditure for labour market measures comes from the ESF. According to the European Commission⁵⁵, among the **expected outcomes in relation to employment and social inclusion** are the following:

- Overall the ESI Funds are expected to support the creation of over 576 000 new jobs.
- The ESF is expected to support 10 million unemployed people in improving their chances of finding a job, while 2.3 million people are expected to find employment (including self-employment).
- A total of 4.1 million young people under 25 are expected to be supported by the ESF, and 2.9 million people should gain a qualification, getting better access to good quality education; early school leaving should be reduced thanks to improved and modernised education and training systems. The Youth Employment Initiative (YEI) is expected to support 3.1 million young NEETs.
- EUR 6.2 billion will aim at combating all forms of discrimination and improving accessibility for persons with disabilities, while easing their integration into employment, education and training.
- EUR 4.3 billion from the ESF will be used for promoting equality between men and women, with a focus on increasing the participation and progress of women in employment.
- A total of 17 Member States are expected to invest EUR 4.2 billion (ESF and ERDF) in institutional capacity building.

An initial European Commission assessment of 242 OPs for 20 MSs that completed the programming phase by the end of March 2015⁵⁶ reports an **increase in the resources allocated to the inclusive growth TO 9** compared to previous programming periods. However, the specific ex ante conditionalities¹⁷ for social inclusion are among those with lower levels of fulfilment, compared to those relating to the other OTs. Low fulfilment rates are found particularly in health, and active and healthy ageing. Conversely, general ex ante conditionalities on anti-discrimination, gender and disability show the highest rates of fulfilment according to the EC study.

The importance of the ESF for inclusive growth also emerges from the **result obtained in the previous programming periods**. According to the latest synthesis report on the main ESF achievements in the programming period 2007-2013⁵⁷, by the end of 2014, around 98.7 million participants were recorded in ESF activities, of which 51 % were women, 30 % young people, 36 % inactive persons, 30 % unemployed, 40 % low skilled and at least 21 % the disadvantaged⁵⁸. At least

⁵⁵ http://ec.europa.eu/regional_policy/sources/policy/what/investment-policy/esif-contribution/jobs_growth_investment.pdf

⁵⁶ EC (2015b) Effectiveness and Added Value of Cohesion Policy Non-paper assessing the implementation of the reform in the programming for cohesion policy 2014-2020.

⁵⁷ EC (2016c) ESF Ex post Evaluation Synthesis 2007-2013. EU synthesis report. Final version. Available at: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2684&furtherNews=yes>

⁵⁸ Between 2007 and 2013, the ESF projects helped 5.1 million migrants, 3.9 million people from minority ethnic groups and 5.3 million disabled people, although results in the social inclusion policy field proved to be the least positive due to the difficulty in reaching disabled people and those with mental health issues, the generally poorer results once engaged in ESF funded activity.

9.4 million European residents found a job with support from the Fund. **8.7 million** gained a **qualification or certificate**. A total of 13.7 million participants reported other positive results, such as **increased skills levels**.

Key target groups included the low skilled (40 %), young people (30 %), the disadvantaged (at least 21 %). In detail, the ESF:

- **provided more than 70 % of resources for active labour market policies** in Bulgaria, Estonia, Greece, Latvia, Lithuania, Malta, Romania and Slovakia as well as **more than 5 % of expenditure on education and training** in Portugal and the Czech Republic;
- supported local and regional innovations, and the **modernisation of public employment services** and active labour market implementation institutions;
- **supported reforms in the education, judiciary and general public administration in less developed regions;**
- **supported anti-crisis, compensating** for decreasing national investments.

Overall, according to macro-economic simulations⁵⁹ the ESF had a **positive impact on the EU GDP** (+0.25 %) and **productivity**. The ESF is also proven as important at the local level in supporting the development and maintaining the service delivery of local partnerships, and capacity building. Finally, the ESF has proved crucial in enhancing attention to disadvantaged groups and in supporting equal opportunities for all, and gender equality measures, through both specific measures and the adoption of a policy mainstreaming approach.

⁵⁹ Simulations using the Quest III and RHOMOLO models (EC, 2016k,l).

Table 12: ESF Allocations (2014-2020) by Thematic Objective and source of financing, EUR and %

TO	EU amount (EUR)	National amount (EUR)	Tot. (EUR)	EU co-financing (%)
11	3 675 108 263	1 026 858 703	4 701 966 966	78.2
9	21 321 112 214	10 056 041 078	31 377 153 292	68.0
8	28 178 343 703	12 475 225 543	40 653 569 246	69.3
10	27 083 583 011	12 091 772 658	39 175 355 669	69.1
TA	3 691 788 789	1 493 907 648	5 185 696 437	71.2
Tot.	83 949 935 980	37 143 805 630	121 093 741 610	69.3

Source: Own calculation using data from European Structural and Investment Funds Open Data Portal. Data access: 1 February 2018

Table 13: Implementation of ESF Total (decided) Allocations by Theme (2017), EUR billion

MS	Total allocation (EU and national contribution)	Total eligible cost (from selected projects)	Total eligible expenditure (from selected projects)
AT	0.9	0.3	0.1
BE	2.2	1.5	0.2
BG	1.7	1.1	0.2
CY	0.1	0.0	0.0
CZ	4.2	2.4	0.6
DE	12.6	8.2	3.0
DK	0.4	0.2	0.1
EE	0.7	0.5	0.1
EL	4.8	2.3	1.1
ES	10.2	3.8	0.4
FI	1.0	0.6	0.2
FR	9.8	5.4	1.6
HR	1.7	0.3	0.0
HU	5.6	4.4	0.4
IE	1.0	1.0	0.0
IT	17.7	5.9	1.3
LT	1.3	0.6	0.2
LU	0.0	0.0	0.0
LV	0.7	0.6	0.1
MT	0.1	0.1	0.0
NL	1.0	1.0	0.4
PL	15.2	6.0	1.7
PT	8.9	4.3	1.8
RO	5.4	0.6	0.0
SE	1.4	0.8	0.2
SI	0.9	0.6	0.1
SK	2.5	1.4	0.4
UK	8.8	4.6	0.6
Tot.	120.9	58.5	14.8

Source: Own calculation using data from European Structural and Investment Funds Open Data Portal. Data access: 1 February 2018.

Note: Period covered, up to 31 December 2017. Data refer to total contribution (EU and national amounts). The total amount of allocations is slightly different from the total budget.

Table 14: ESF Allocations by Member State and Thematic Objective (2014-2020), EUR and % of total budget

MS	TO 8		TO 9		TO 10		TO 11	
	value	%	value	%	value	%	value	%
AT	128 495 582	14.7	274 403 565	31.3	420 747 290	48.0	-	0.0
BE	751 349 832	34.6	713 087 167	32.8	640 412 290	29.5	-	0.0
BG	452 618 085	26.3	471 431 822	27.4	345 653 791	20.1	295 755 993	17.2
HR	429 954 209	25.8	385 882 354	23.2	529 411 765	31.8	225 031 699	13.5
CY	59 150 471	44.0	37 106 492	27.6	30 588 236	22.7	5 947 059	4.4
CZ	1 581 275 735	37.6	1 016 636 894	24.2	1 322 265 165	31.5	163 310 163	3.9
DK	159 630 856	38.8	82 489 223	20.1	150 269 232	36.6	-	0.0
EE	265 694 513	38.9	155 782 492	22.8	226 988 484	33.2	35 187 740	5.1
FI	471 453 350	45.5	201 072 970	19.4	332 838 532	32.1	-	0.0
FR	2 831 519 185	28.8	3 445 039 174	35.1	3 108 752 097	31.6	24 904 169	0.3
DE	3 779 485 920	30.1	4 208 148 991	33.5	4 075 883 028	32.4	-	0.0
EL	1 954 236 652	38.7	1 194 230 230	23.7	1 365 115 381	27.0	346 581 862	6.9
HU	2 002 914 956	35.5	1 293 865 681	22.9	1 473 447 843	26.1	874 586 163	15.5
IE	329 728 098	34.6	387 615 568	40.7	215 397 148	22.6	-	0.0
IT	6 769 044 981	38.3	3 816 507 808	21.6	5 458 695 758	30.9	1 010 630 403	5.7
LV	131 939 226	18.4	264 895 004	36.9	273 826 242	38.2	21 251 009	3.0
LT	286 731 526	22.2	259 169 866	20.1	535 663 437	41.6	176 893 158	13.7
LU	21 660 718	54.0	8 022 490	20.0	8 022 490	20.0	-	0.0
MT	26 000 000	19.6	40 000 000	30.2	47 424 810	35.8	11 000 000	8.3
NL	253 472 542	24.6	726 270 248	70.5	-	0.0	-	0.0
PL	5 601 753 783	36.8	3 255 076 728	21.4	4 705 152 643	30.9	203 867 068	1.3
PT	1 883 359 601	21.3	1 934 607 287	21.9	4 579 263 770	51.8	294 348 572	3.3
RO	1 664 923 141	30.6	1 322 171 076	24.3	1 483 713 265	27.3	612 118 353	11.3
SK	949 970 279	38.6	532 201 391	21.6	549 085 418	22.3	321 961 079	13.1
SI	351 906 333	39.2	190 632 184	21.2	261 245 949	29.1	78 592 476	8.7
ES	4 153 933 732	40.6	2 871 814 618	28.1	2 863 003 022	28.0	-	0.0
SE	662 483 496	46.0	304 973 126	21.2	407 758 952	28.3	-	0.0
UK	2 698 882 444	30.8	1 984 018 843	22.7	3 764 729 631	43.0	-	0.0
Tot.	40 653 569 246	33.6	31 377 153 292	25.9	39 175 355 669	32.4	4 701 966 966	3.9

Source: Own calculation using data from European Structural and Investment Funds Open Data Portal. Data access: 1 February 2018

Note: Data refer to total contribution (EU and national amounts)

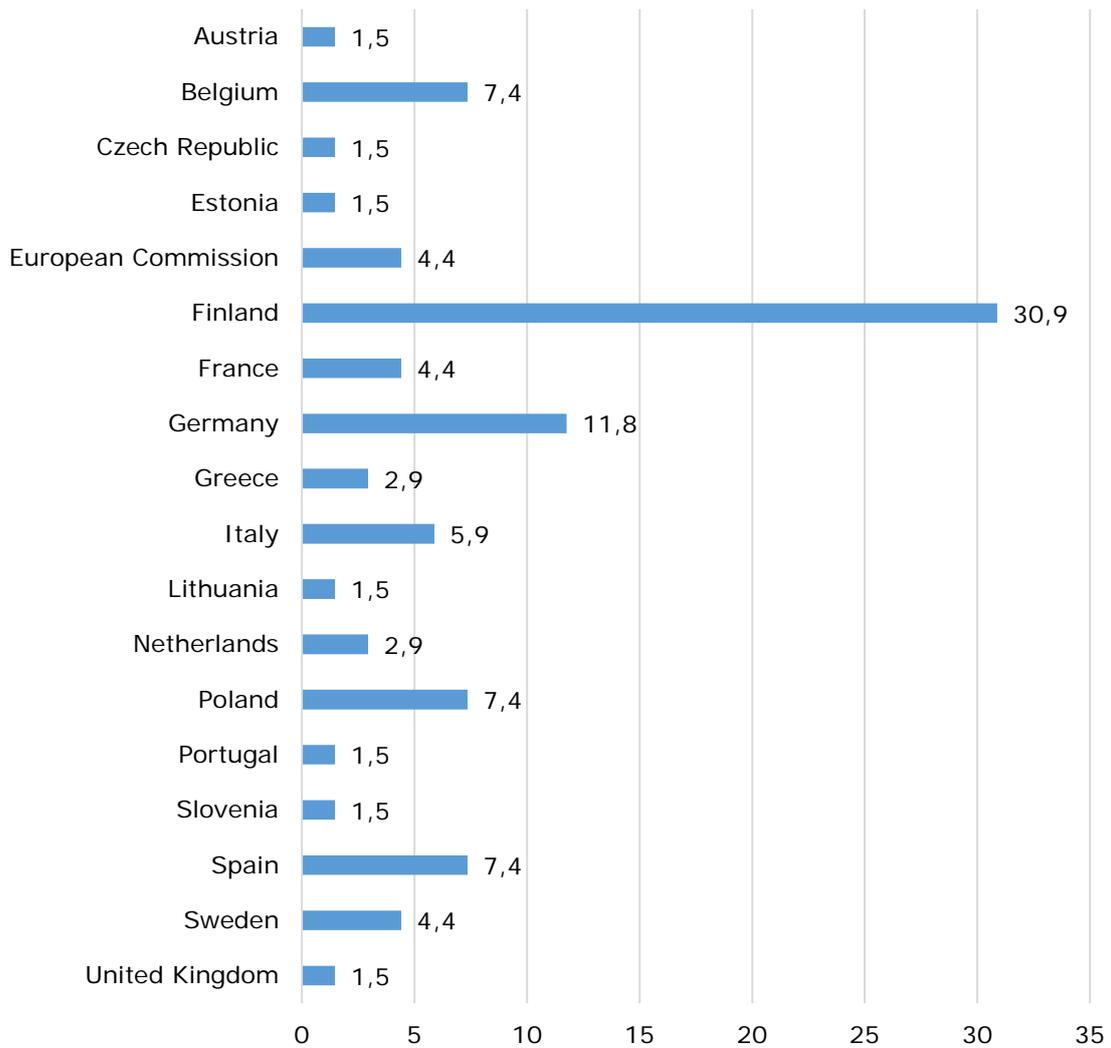
ANNEX 2: ONLINE SURVEY

In order to implement the analysis, research activities have been structured in a field work based on interviews with relevant stakeholders at the EU and country level through a web-based survey. The main aim of the survey was to assess the impact of changes introduced in the 2014-2020 regulatory framework to improve the multi-level governance of the funds, in order to address the main shortcomings in the governance and delivery mechanisms of the previous programming period.

The survey was targeted to members of EU groups and umbrella organisations involved in the implementation of the ESF and dealing with issues relevant for ESF beneficiaries. In particular, stakeholders contacted were members of the High Level Group on monitoring simplification for beneficiaries of the European Structural and Investment Funds, thematic experts and participants to the existing EU networks and forums of ESF beneficiaries; representatives of EU umbrella associations of stakeholders (e.g. the European Social Platform, the Anti-Poverty Network; the EU trade unions; the Associations of people with disabilities; the Women's Lobby; etc.); participants in the ESF Transnational Platform Conference 2017 (beneficiaries, MAs, Ministries, Agencies, etc.).

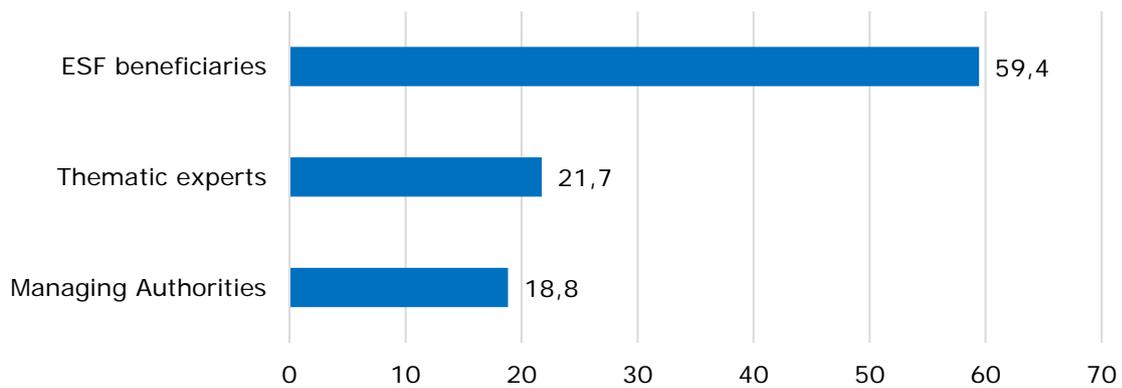
The web survey was launched on 23 January 2018 and it was closed on 9 February; it lasted for eighteen days. A total of 71 stakeholders participated in the web survey. The following figures show percentage distribution for country of origin and for stakeholder's typology.

Figure 10: Percentage distribution for country of origin (% respondents)



Source: Own elaboration of survey results.

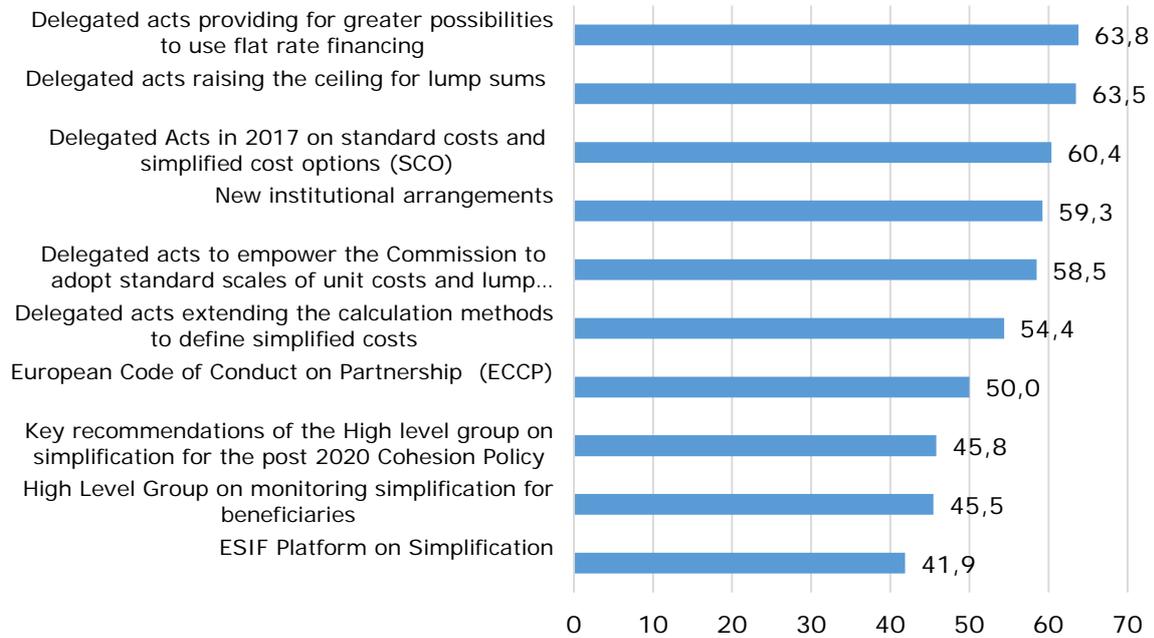
Figure 11: Percentage distribution for stakeholder's typology (% respondents)



Source: Own elaboration of survey results.

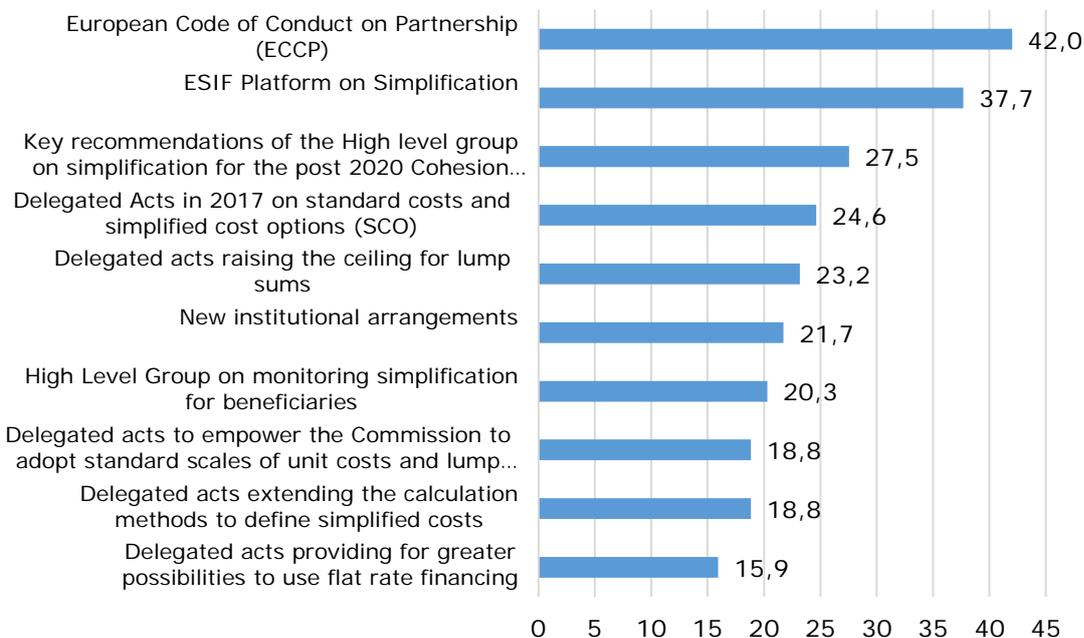
Efficiency of Tools

Figure 12: Stakeholders' opinion on the usefulness of changes/tools adopted at the EU level in supporting ESF beneficiaries' participation and activities (% respondents)



Source: Own elaboration of survey results.

Figure 13: Stakeholders' knowledge of changes/tools adopted at the EU level in supporting ESF beneficiaries' participation and activities (% respondents)



Source: Own elaboration of survey results.

The web survey questionnaire

WEB SURVEY QUESTIONNAIRE ON THE EUROPEAN SOCIAL FUND: BENEFICIARIES' EXPERIENCE IN THE CURRENT FUNDING PERIOD

1. PERSONAL DATA

- **Country**

- **Position**
 - Thematic experts
 - Representatives of EU umbrella associations of stakeholders
 - Managing Authorities
 - ESF beneficiaries: NGOS
 - ESF beneficiaries: public authorities
 - ESF beneficiaries: private operators

2. THE MAIN CHANGES INTRODUCED IN THE 2014-2020 PROGRAMMING PERIOD AND THEIR IMPACT ON BENEFICIARIES

In order to address the main shortcomings in the governance and delivery mechanisms of the previous programming period, the 2014-2020 regulatory framework introduced changes meant to improve the multi-level governance of the Funds.

2.1 Do you think that the changes introduced in the 2014-2020 regulatory framework have improved the activity of ESF beneficiaries?

Express your opinion on following items in the scale between 1 (no) and 5 (very much).

	1	2	3	4	5
1. New institutional arrangements to improve coordination and strategic coherence					
2.. Stronger thematic concentration					
3. Stronger result oriented approach					
4. Stronger focus on partnerships					
5. Stronger focus on simplification					
6. Reduction of the administrative burden along the entire project cycle (application process, project preparation, implementation and monitoring, administrative and financial management)					

2.2 Do you think that ESF beneficiaries have been provided with adequate tools to implement these changes and facilitate participation to ESF?

No	1	2	3	4	5	Much
----	---	---	---	---	---	------

2.3 Within the list below, how useful do you think are the following changes/tools adopted at the EU level in supporting ESF beneficiaries' participation and activities?

	Very satisfied	Quite satisfied	Little satisfied	Not at all satisfied	I do not know this change/tool
New institutional arrangements (e.g. coordinating committees for different Funds, joint managing authorities for different programmes, single programmes for all Funds etc.)					
European Code of Conduct on Partnership (ECCP)					
High Level Group on monitoring simplification for beneficiaries					
ESIF Platform on Simplification					
Delegated Acts in 2017 on standard costs and simplified cost options (SCO) as a whole					
Delegated acts extending the <i>calculation methods to define simplified costs</i>					
Delegated acts providing for greater possibilities to use flat-rate financing (extended from only indirect costs to any category of costs)					
Delegated acts raising the ceiling for lump sums (from EUR 50 000 to EUR 100 000 of public contribution)					
Delegated acts to empower the Commission to adopt standard scales of unit costs and lump sums					
Key recommendations of the High Level Group on simplification for the post-2020 Cohesion Policy					

2.4. In your opinion, which are the main issues that affect positively/negatively the intervention capacity of beneficiaries?

- Application process and project preparation;
- Monitoring, reporting and archiving requirements;
- Administrative and financial management;
- Controls/audits;
- Payment procedures;
- Differences in eligibility rules;
- Partnerships creation and involvement;
- Other (please specify in English)

.....

2.5. Do you think there should be more effort to support ESF beneficiaries’ participation at the EU level?

- Yes
- No

2.6. If yes, in which policy cycle phase changes should support ESF beneficiaries’ participation?

- Access to ESF funding
- Implementation phase
- Financial reporting phase
- Other (please specify in English)

.....

2.7. Which categories of beneficiaries do you think need more support?

- Small private operators
- NGOs
- Local authorities
- Schools
- Other (please specify in English)

2.8. Which beneficiaries’ needs have or have not been addressed to your knowledge?

Express your opinion on the following items in the scale between 1 (not) and 5 (much).

	1	2	3	4	5
1. Application process and project preparation					
2. Reporting and archiving requirements					
3. Use of new information systems					

4. Administrative and financial management					
5. Eligibility rules					
• Disparities in rules and regulations across funds/countries/regions					
7. Controls/audits					
8. Payment procedures					
9. Partnerships creation and involvement					

2.9. Are you aware of any changes/tools implemented at your national level to facilitate beneficiaries' participation in ESF?

Yes

No

2.10. If yes, what tools have been implemented in your country to reduce these administrative burdens?

- Training and exchange of experiences
- Guidance materials/manuals
- Targeted information measures for beneficiaries
- Contact points and provision of TA to beneficiaries
- Use of simplified cost options
- Simplification of monitoring, reporting and control
- Reduction of archiving requirements
- Standardisation of rules and procedures
- Extended use of electronic administration
- Other (please specify)

.....

2.11. Could you please eventually name some examples of good practices among these tools?

- **Please specify in English the names/titles of any national changes/tools**

.....

- **Please write down any web link related to any national changes/tools**

.....

2.12. Please mention in English any future challenges for ESF beneficiaries (social innovation, new intervention targets, etc.) and ways to support access and participation in ESF interventions for the post-2020 programming period.

.....

ANNEX 3: LIST OF STAKEHOLDERS INTERVIEWED

- Policy director at Eurocites
- Director of ONG beneficiary of FSE (Inclusion) in Lombardy – Italy
- Coordinator of ONG beneficiary of FSE (Inclusion) in Lombardy – Italy
- Manager of an Employment Centre in Lombardy Region – Italy
- Coordinator of Company beneficiary of FSE in Tuscany Region – Italy
- Regional officials of Tuscany Region – Education Division – Italy
- Manager of National Agency for Active Labour Policies (ANPAL) – Italy
- Head of Department of the European Social Fund, Pôle 3E, DIRECCTE Grand Est STRASBOURG – France
- Head of European Structural Funds & Labour Market Service – DIRECCTE de CORSE (Regional Directorate for Enterprise, Competition, Consumption, Labour and Employment) – France
- Responsible Intermediate Body FSE – AVISE (Engineering Agency to develop the Social and Solidarity Economy) – France
- Support Mission to the Deployment of DGEFP Programmes – General Delegation for Employment and Vocational Training– France
- The associative movement in: <http://www.patrimoine-environnement.fr/entretien-avec-alain-de-la-bretesche-quels-sont-les-enjeux-lies-a-lutilisation-du-fonds-social-europeen-par-le-secteur-associatif/> – France
- Policy officer for EU Funding Policy, German Caritas Association – Germany
- Partner to Structural Consulting group and consultant on ESIF funds and creator of and contributor to fonduri-structurale.ro – Romania
- Executive manager of POSDRU Intermediary Body of Centru region – Romania
- Deputy General Subdirector of the Spanish ESF Managing Authority (*Unidad Administradora del Fondo Social Europeo, UAFSE*). Government, Managing Authority – Spain
- Head of International Affairs of the Spanish Social Economy Employers' Confederation (*Confederación Empresarial Española de la Economía Social, CEPES*). NGO, intermediate body and confederation of beneficiaries - Spain
- Director of the Social Action Area of Action against Hunger (*Acción contra el Hambre*). NGO, beneficiary organisation – Spain

ANNEX 4: COUNTRY CASE FICHES

Italy

France

Germany

Romania

Spain

PE 626.052
IP/A/EMPL/2017-19

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