

21st

European Week of Regions and Cities

Thriving Regions, Stronger Europe

Simplified cost options in ESI Funds

10 October 2023

Mont des Arts, Brussels - SQUARE Brussels Meeting Centre

Code 10WS23518 Room: 314+316 at 16:30 – 17:30



9-12
October
2023

#EURRegionsWeek

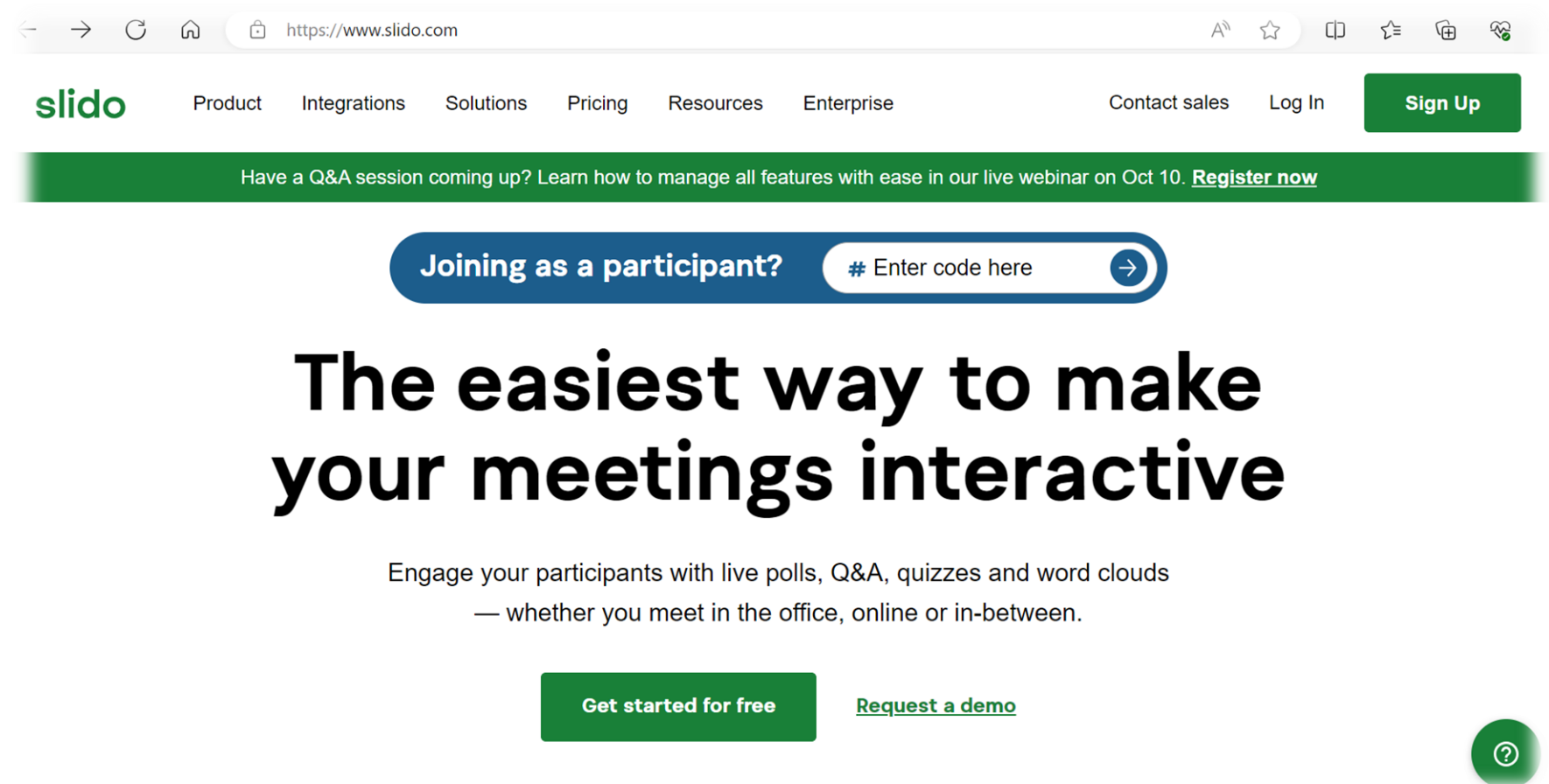


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Post questions / vote for your favourite questions



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What are Simplified Cost Options (SCOs)?



innovative way of **reimbursing grants** under ESI Funds
allows reimbursing expenditure according to **methods established in advance (ex-ante)**
based on process, outputs, or results



Tracing every euro of expenditure via individual supporting documents is no longer required (no real cost)



SCO amounts must be the **best possible approximation** of actual costs → **over/under-compensation** is inherent

What are the advantages?

Reduction of
administrative
burden for MAs
and beneficiaries

Approval of
methodology by
COM for art. 94
SCOs

Facilitate access
of small
beneficiaries to the
ESI Funds

Limitation of scope
of management
verifications &
audits

Focus on outputs
and results

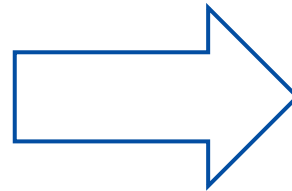
More efficient
absorption of ESI
Funds

What is the legal basis for SCO in 2021-27?

EU contribution to programmes: EC-MS (higher level)

Article 51 CPR - The Union contribution may take any of the following forms:

- a) financing not linked to costs in accordance with Article 95 CPR
- b) reimbursement of support provided to beneficiaries in line with Ch.2 &3 of Title V
- c) unit costs in accordance with Article 94 CPR**
- d) lump sums in accordance with Article 94 CPR**
- e) flat-rate financing in accordance with Article 94 or Article 36(5) CPR**
- f) a combination of points (a) to (e).

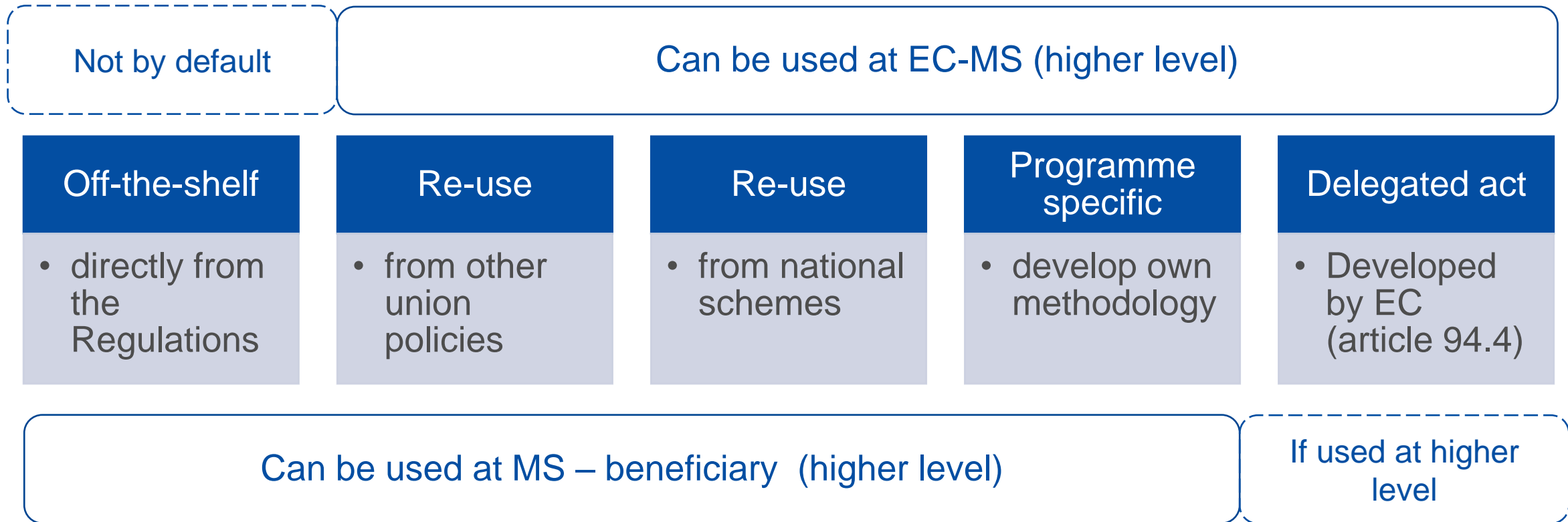


Member State support: MA-Beneficiaries (lower level)

Article 53 CPR - Grants provided by Member States may take any of the following forms:

- a) reimbursement of eligible costs actually incurred by a beneficiary and paid;
- b) unit costs;**
- c) lump sums;**
- d) flat-rate financing;**
- e) a combination of the forms in points (a) to (d).
- f) financing not linked to costs (*must be covered by a reimbursement of the Union contribution in line with Art.95 CPR*)

How to establish an SCO in 2021-2027?



Article 94 – relationship between COM - MS

EU contribution to programmes based on SCOs may be established:

In a **programme** (Article 94.2)

MS initiative

MS develops method – AA assessment

Use of specific template (Appendix 1)

COM decision

In a **delegated act** (Article 94.4)

COM trigger

COM develops method

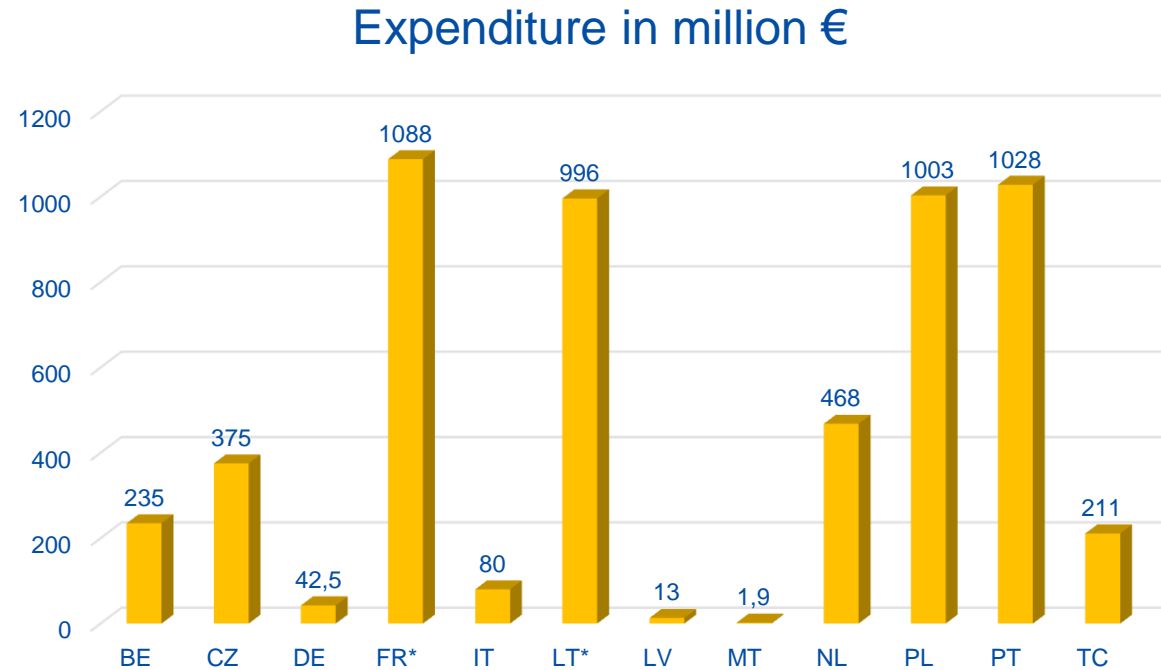
No specific template

DA adopted

MS specific

Art. 94 SCO adopted by all MS (planned expenditure)

- More than 120 schemes adopted in 12 Member States
- 30 schemes being negotiated



Currently **EUR 5,7 bn** (EU + national contribution) planned in adopted programmes

Some examples of possible SCO:

FLAT RATES

staff costs, indirect costs, equipment, project management, ...

STANDARD SCALES OF UNIT COSTS

unit cost per participation in fairs; hourly rate for consultancy services; unit cost per solar power plant installation in households; unit cost per boiler changed for household, ...

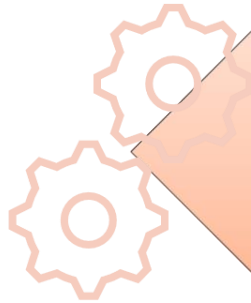
LUMP SUMS

realisation of a seminar, production of a toolkit, ...

Examples of SCOs under Article 94 CPR

Member State	SCO scheme	Indicator	Unit of measurement	Type of SCO
LT	Participation in international exhibitions	SME participation in international exhibitions	Number of international exhibitions	Unit cost (different amounts by destination country)
SI-HU	Organisation of events	Completed events	Number of events / Number of participants	Unit cost
NL (NL-BE)	Staff costs for all types of operations in all the programmes	Hours / months declared	Number	Unit cost
PT	Travel costs / accommodation costs / daily allowances for activities abroad	Participation in activities abroad	Per participant: distance travelled number of days / nights	Unit cost (different amounts)
PT	All costs for R&D projects	Number of FTE worked on the project/month	FTE worked on the project/month	Unit cost

Use of SCOs: What is verified?






Verification of the correct
definition of the methodology



Verification of correct
application of the methodology

Overview of assessment & audits

SCO	Off the shelf	Art. 53 CPR	Art 94 CPR
Methodology	No	Ex-ante or during implementation	AA ex-ante assessment (+EC approval via programme or programme amendment)
Application			

Verification of methodology



Costs included in the calculations and costs covered by the SCO

Verification of data reliability and accuracy

Adjustment (s) method

No double funding



Verification of the application of the methodology

SCOs unit costs

- Documented quantified results
- Conditions fulfilled

SCOs lump sums

- Intermediate targets met
- Results delivered

Flat rate SCOs

- Verification of 'basic costs'
- Existence of cost categories

Verification of the application of the methodology

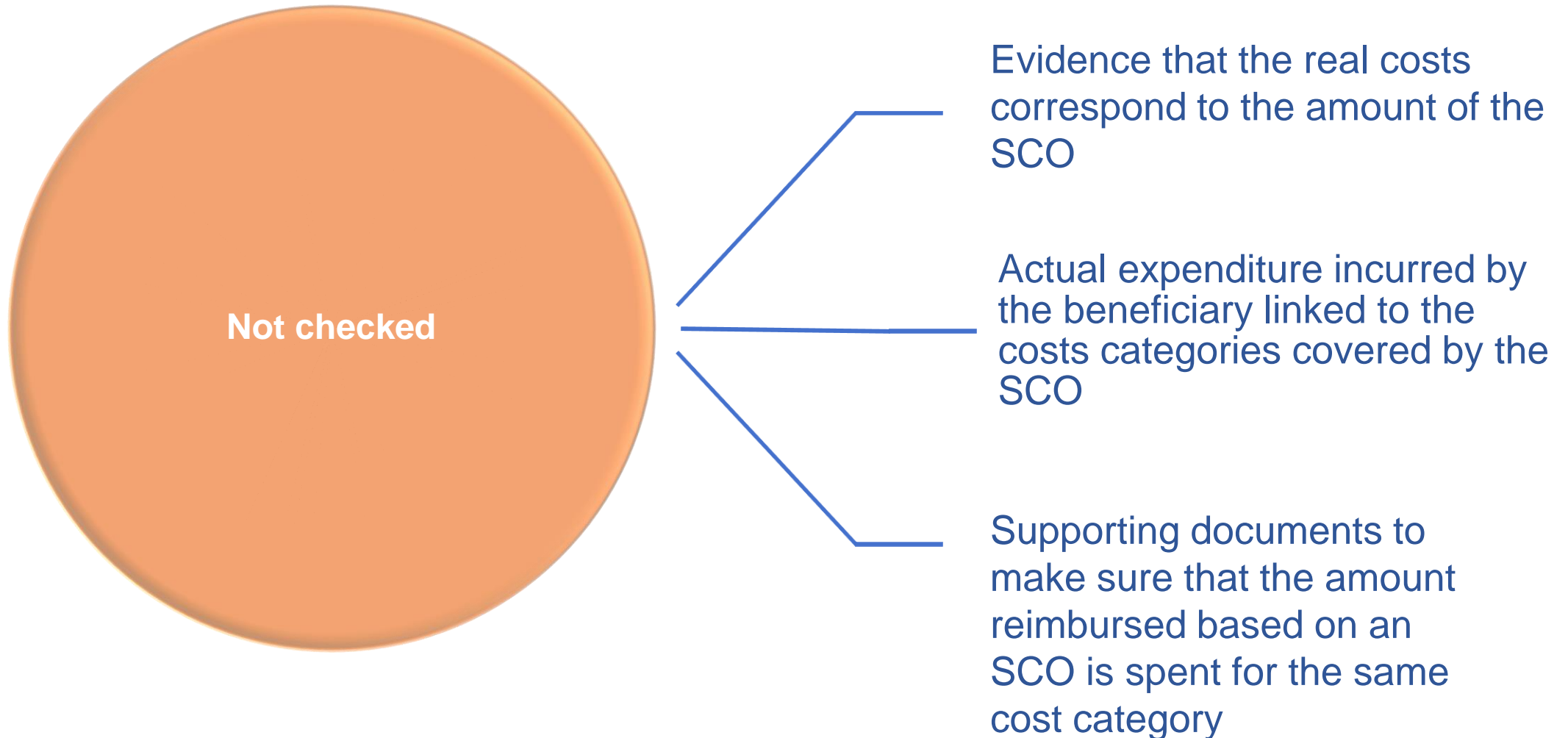


No justification is needed for actual costs

The auditors will not examine the public procurement documents

Rules on public procurement and state aid must be respected

Aspects not to be checked



Thank you



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