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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	General Secretariat of the Council

No. Cion doc.:	C(2022) 5503 final
Subject:	Commission Delegated Regulation (EU) .../... of 5.8.2022 supplementing Regulation (EU) 2021/1060 of the European Parliament and of the Council regarding the definition of unit costs and establishment of amounts for financing not linked to costs for certain operations facilitating the integration of young persons into the labour market, education and society in the framework of the 'Aim, Learn, Master, Achieve' (ALMA) initiative

Delegations will find attached document C(2022) 5503 final.

Encl.: C(2022) 5503 final



Brussels, 5.8.2022
C(2022) 5503 final

COMMISSION DELEGATED REGULATION (EU) .../...

of 5.8.2022

supplementing Regulation (EU) 2021/1060 of the European Parliament and of the Council regarding the definition of unit costs and establishment of amounts for financing not linked to costs for certain operations facilitating the integration of young persons into the labour market, education and society in the framework of the ‘Aim, Learn, Master, Achieve’ (ALMA) initiative

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Simplification is high on the Commission's agenda, supported by the European Parliament and the Council. It means making implementation of the Common Provisions Regulation funds simpler, safer and more geared towards outputs and results.

Articles 94(1) and 95(1) of Regulation (EU) 2021/1060¹ of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (the Common Provisions Regulation – 'CPR') allow the Commission to reimburse the Union contribution to a programme based on unit costs, lump sums and flat rates, as well as financing not linked to costs (FNLC), defined by the Commission decision approving the programme or by delegated act. These options extend the simplification of financial management of the funds to the relationship between the Commission and the Member States. It also has the following added benefits compared to simplified costs options set out in points b) to e) Article 53(1) CPR:

- The Commission and Member State audits and management verifications for which expenditure is reimbursed solely on the basis of Article 94 or 95 of the CPR shall be limited to verifying that the conditions for reimbursement set out in the Commission decision approving the programme or in the delegated act have been fulfilled.
- Member States may use any form of support to reimburse beneficiaries, as set out in the second subparagraph of Article 94(3) of the CPR and the first subparagraph of Article 95(3) of the CPR. The accounting practices used by Member States to reimburse beneficiaries and the resulting amounts will not be subject to management verifications and audit by the audit authority or the Commission.

Therefore, the use of unit costs, lump sums, and flat rates under Article 94 of the CPR as well as of FNLC under Article 95 of the CPR provides legal certainty to Member States and beneficiaries. Furthermore, it reduces the administrative burden of managing operations.

To this purpose, paragraph 4 of Article 94 of the CPR empowers the Commission to adopt delegated acts defining at Union level unit costs, lump sums, flat rates, their amounts and adjustment methods.

Likewise, paragraph 4 of Article 95 of the CPR empowers the Commission to adopt delegated acts establishing amounts for FNLC schemes at Union level, by type of operation, the methods for adjustment of the amounts and the conditions to be fulfilled or the results to be achieved.

This Delegated Regulation sets out unit costs and FNLC schemes for all EU Member States within the Annex for operations under the ESF+ supporting disadvantaged young persons by

¹ OJ L 231, 30.6.2021, pg.159

providing accompanied work-based placements abroad to these young persons with a view to promoting their inclusion in education, the labour market, and society.

The reimbursement on the basis of unit costs and FNLC schemes set out in this regulation is without prejudice to compliance with applicable Union law and the national law relating to its implementation, including State aid and public procurement rules.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

In line with paragraph 4 of the Common Understanding on delegated acts between the European Parliament, the Council, and the European Commission, appropriate and transparent consultations, including at expert level, have been carried out on this delegated act.

The preparation of this delegated act was based on information from a study complementing the ESF+ impact assessment on simplified cost options and financing not linked to costs in the area of social inclusion and youth². The definition of the unit costs and their amounts established in this delegated act is based on methods taking into account data on historical costs provided by Member States and extrapolation. The amounts set for reimbursement on the basis of FNLC were established on the basis of other objective information.

All parts of the delegated act have been subject to consultation of experts from Member States. A first version of the delegated act was presented to and discussed with experts from all Member States on 3 May 2022. The European Parliament was informed of the consultations.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

For the purposes of reimbursement by the Commission of expenditure to Member States on the basis of unit costs, lump sums, flat rates, and financing not linked to costs defined by the Commission, Articles 94 and 95 of Regulation (EU) No 2021/1060 empower the Commission to adopt delegated acts regarding the definition at Union level of the standard scales of unit costs, lump sums, flat rates, financing not linked to costs, their amounts and the methods for adjusting them.

² <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8429&furtherPubs=yes>

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy³, and in particular Articles 94(4) and 95(4) thereof,

Whereas:

- (1) With a view to simplifying the use of the ESF+ and reducing the administrative burden for beneficiaries, it is appropriate to define certain unit costs and establish amounts for financing not linked to costs available for reimbursement of the Union contribution to programmes.
- (2) The unit costs for reimbursement to Member States should be established on the basis of a fair, equitable and verifiable calculation method based on historical or statistical data, as referred to in Article 94(2) second subparagraph points (a) to (d) of Regulation (EU) 2021/1060.
- (3) In the setting of the amounts for Union-level financing not linked to costs it should be ensured that the principles of sound financial management, in particular that the resources employed are adequate for the investments undertaken, as well as the prohibition of double funding are respected.
- (4) Reaffirming the commitments made under the European Pillar of Social Rights to tackle inequalities and create equal opportunities, it is appropriate to facilitate and create incentives for the implementation of operations that provide active support to employment and education for disadvantaged young persons.

³ OJ L 231, 30.6.2021, pg. 159

- (5) In the framework of the implementation of the reinforced Youth Guarantee, along with the 2022 Year of Youth initiative, and having regard to Commission Recommendation (EU) 2021/402 concerning an effective active support to employment following the COVID-19 crisis, the Commission launched the Aim, Learn, Master, Achieve (ALMA) initiative⁴, which aims to foster young persons's integration into the labour market, education, and society.
- (6) It is appropriate to define unit costs and establish amounts for financing not linked to costs for programmes or priorities that support ALMA. It should be possible to use these unit costs and amounts for financing not linked to costs for operations supporting the integration of disadvantaged young persons into the labour market, education, and society.
- (7) Such operations should include a tailor-made preparation phase in the home Member State of the participant, an accompanied stay abroad with a placement in an enterprise or institution in another Member State, and continued support upon return.
- (8) There are significant disparities between Member States regarding the level of costs for this type of operation. In line with the principle of sound financial management, the amounts established by the Commission should reflect the specificities of each Member State.
- (9) Furthermore, in order to create an incentive for Member States to support actions for these disadvantaged young persons in any other Member States, including those where the costs for living are higher, it is appropriate to define a top-up amount to be paid to programmes for the duration of the stay in a different Member State reflecting a higher level of costs incurred in some Member States.
- (10) It is also appropriate to establish an additional top-up to encourage Member States to provide for allowances to participants where this is needed to ensure a decent standard of living of the disadvantaged young persons in those Member States. This could be the case where the participant is not entitled to social security benefits in their home Member State. It should be for the managing authority to assess such a need and decide if such an allowance is to be granted to participants.
- (11) Additionally, it is justified to define a top-up amount that would be applied for successful participation. This amount would be paid to Member States to compensate for their additional efforts undertaken.
- (12) In order to ensure that the unit costs remain an appropriate proxy for the costs actually incurred and that the amounts for financing not linked to costs remain adequate for the investment undertaken throughout the programming period, an appropriate adjustment method should be provided for.

⁴ <https://ec.europa.eu/social/main.jsp?catId=1549&langId=en>

HAS ADOPTED THIS REGULATION:

Article 1

The conditions for reimbursement of the Union contribution to ESF+ operations on the basis of unit costs and financing not linked to costs, including the types of operations that are covered and the results to be achieved or conditions to be fulfilled, the amount of such reimbursement and the method to adjust that amount are set out in the Annex.

Article 2
Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 5.8.2022

For the Commission
The President
Ursula VON DER LEYEN