NEW SZÉCHENYI PLAN

Simplified Cost Options

20/09/2013

Cyprus

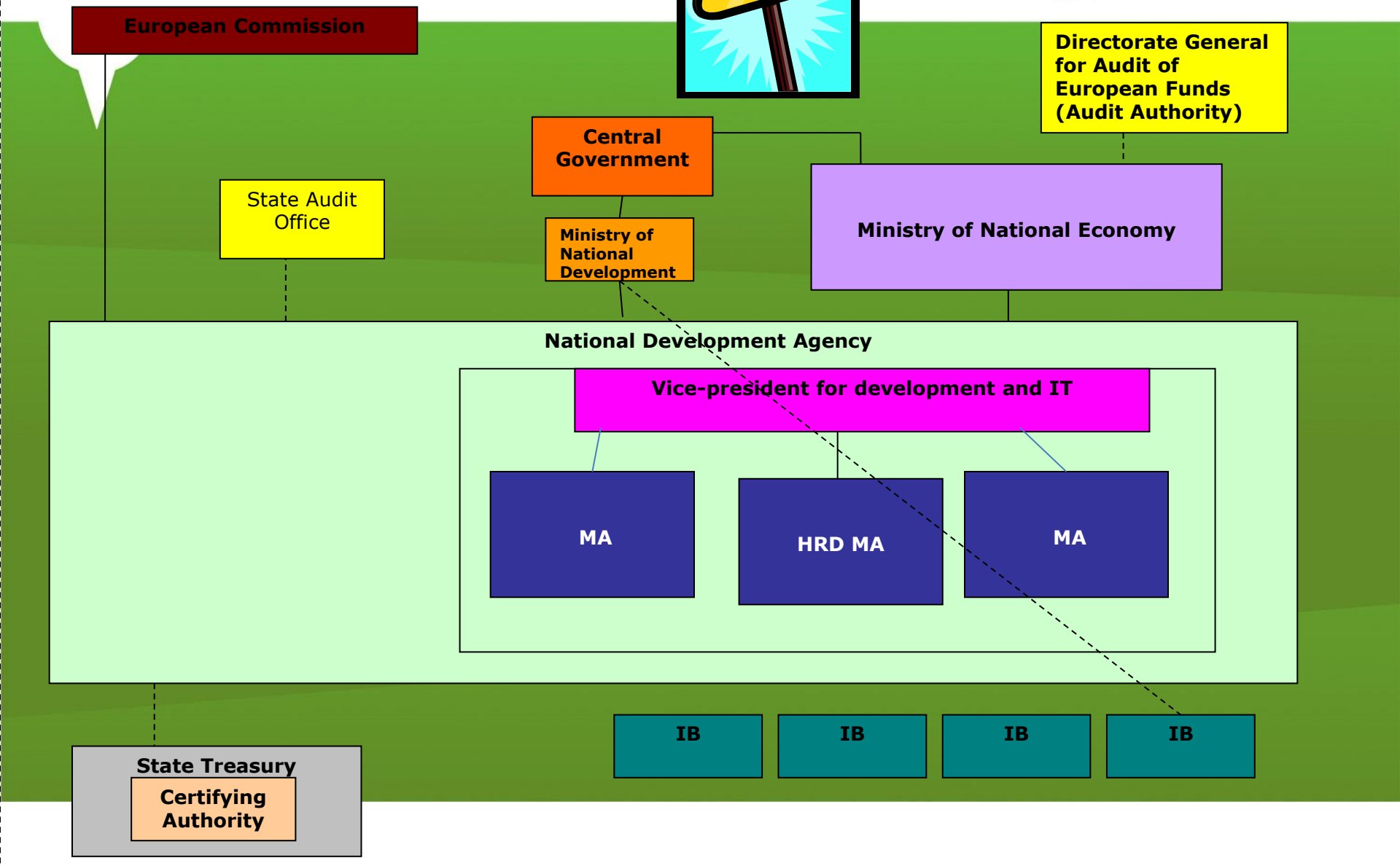
National Development Agency

National Development Agency
www.ujszechenyiterv.gov.hu
06 40 638 638

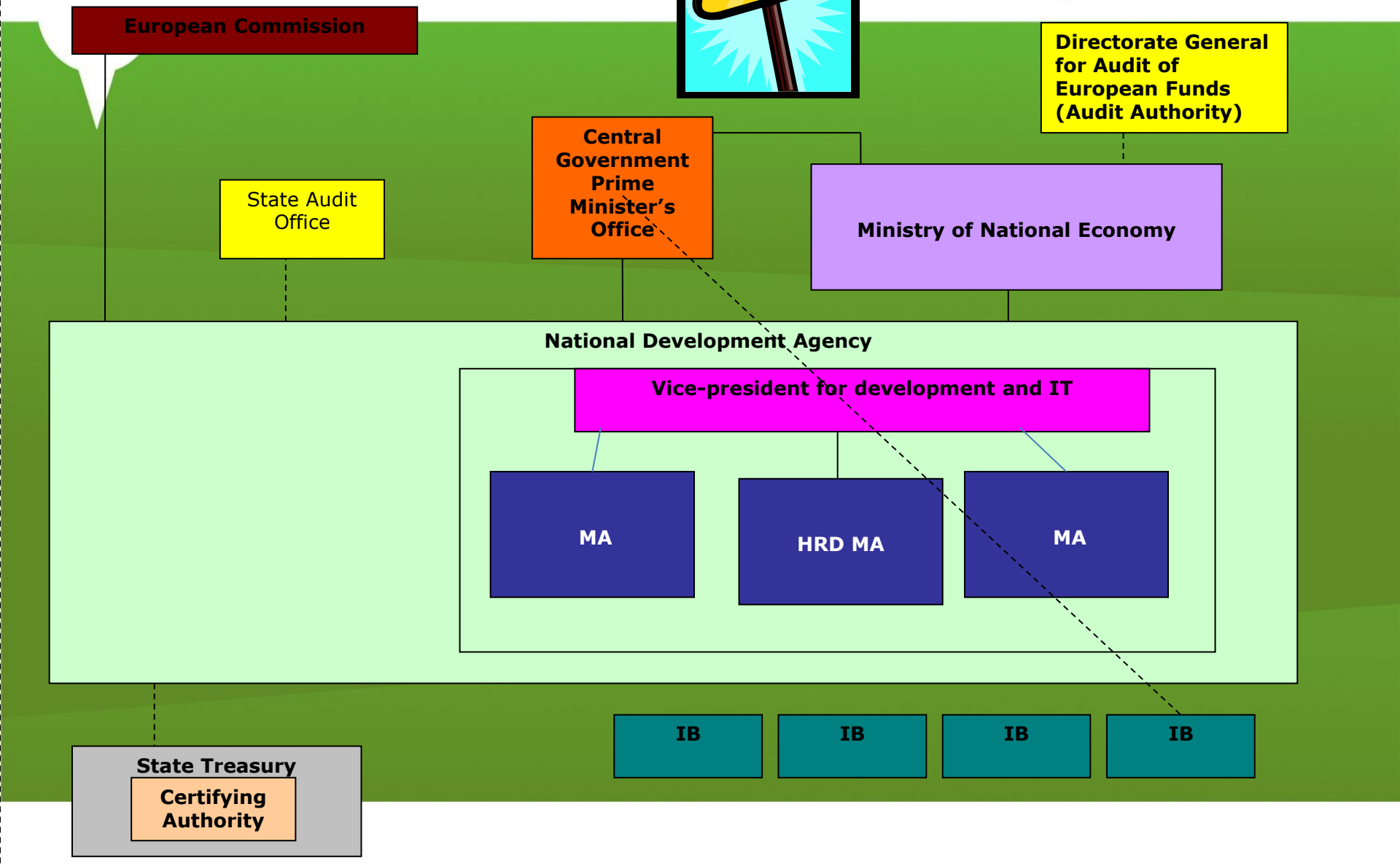
HUNGARY'S RENEWAL

The projects are supported by the European Union.

Organizational structure



Organizational structure



Managing Authority for Human Resource Programmes

NEW SZÉCHENYI PLAN

2014-2020

- Human Resources Development Operational Programme

2007-2013

- Social Renewal Operational Programme
- Social Infrastructure Operational Programme

2004-2006

- Human Resources Development Operational Programme

ESF

ERDF

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HUNGARY'S RENEWAL

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Implementation of ESF Programmes

- Lots of small projects
- Unexperienced final beneficiaries
- Complex regulations – administrative burden

Professional implementation / goals

Administrative Burden

Shift must be avoided

Implementaion of ESF Programmes

- Feedback from:
- Beneficiaries
- Monitoring Committee
- Evaluations
- IB – publicity events

Need for simplification

Simplification process

2007

2011

- Ongoing process since start of implementation
- Regulations – 1 government decree instead of ~10
- Institutions – 1 IB instead of 3
- Scope of Required documents (minimum sufficient sound management verification)
- Overview of procedures (e.g. complicated/unused types ommitted)

To be avoided…

Introducing SCO

MA and Monitoring Committee – subcommittee

- Member State in favor of Simplified Cost Options
- Flat rate:
  - Based on the implementation of previous planning period
  - Sound financial data
  - Long process (~3 years)
- Unit cost (preparation)
- Lump sum (preparation)

Flat rate

NEW SZÉCHENYI PLAN

2004-2007 HRD OP data (collection started 2009)

Criteria applied for selecting the projects for the sample were:

- Absorption rate of the project was over 95% of support approved;
- Physical implementation of the project was of good quality;
- Project was approved in the framework of call for proposals, no central programme involved in the sample;
- Each region is represented;
- Projects vary by size;
- Projects implemented by single beneficiaries and by consortia are represented;
- All operations are included that are likely to be implemented in the 2007-13 period as well.

Transparently: in advance, fair, equitable

NEW SZÉCHENYI PLAN

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HUNGARY'S RENEWAL

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Flat rate

Key Constraints:

- Preparation cost — not eligible 2004-2007
- Cross financing — no ERDF
- Key projects — small number of projects

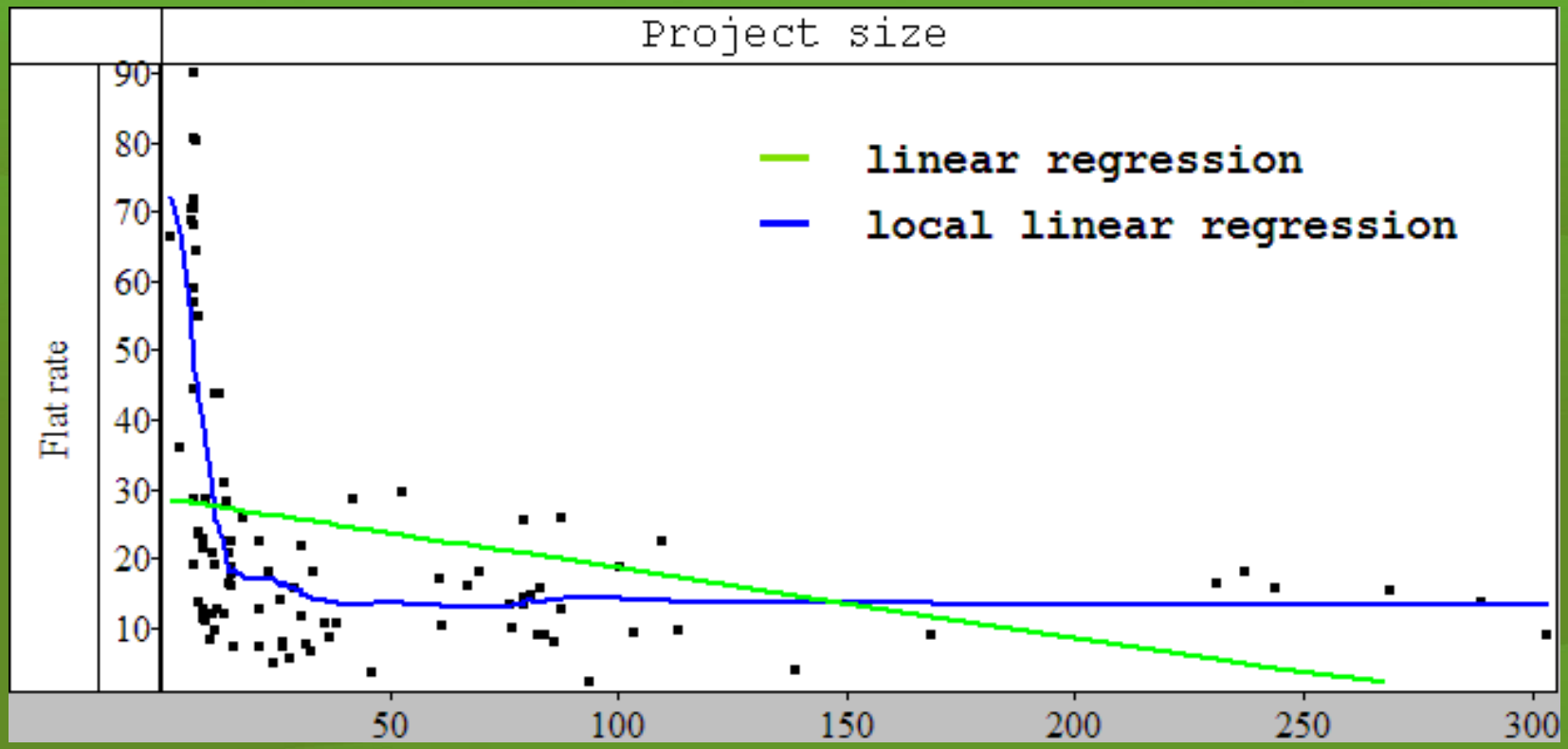
Flat rate

Direct cost – Indirect cost

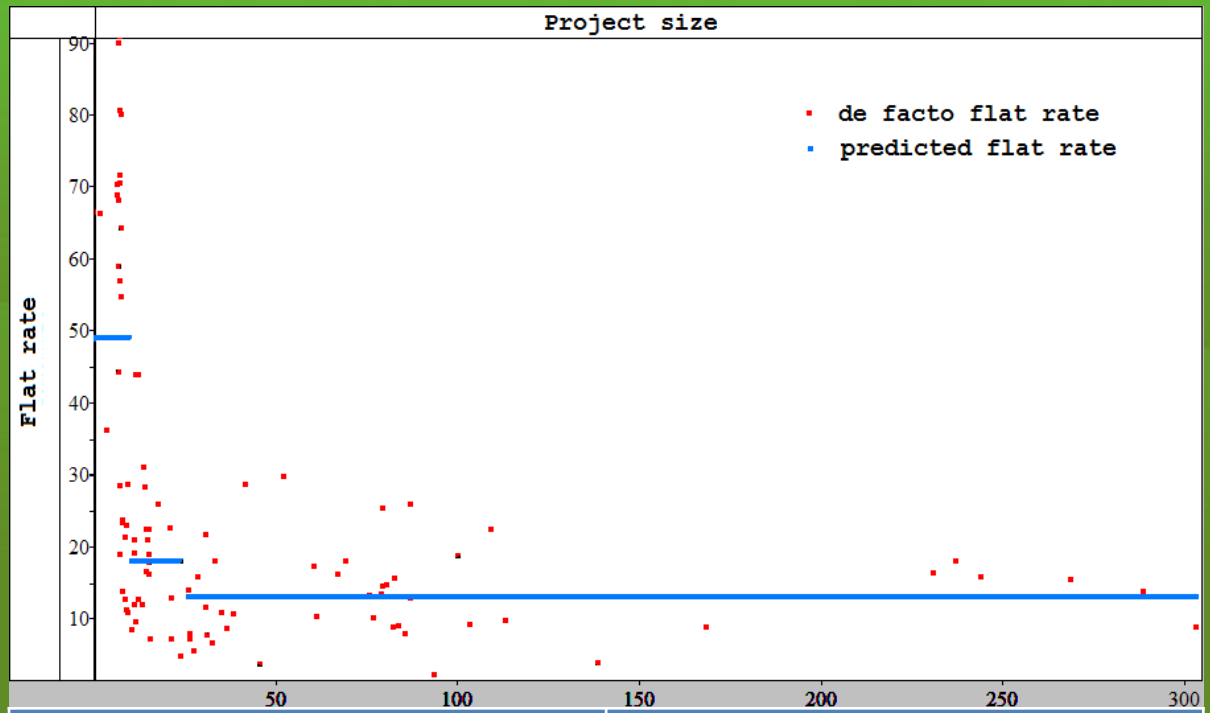
- Detailed eligible cost description 2004-2006
- Further deatailed eligible cost description 2007-13

Cross reference between two planning periods had to be made
(Time consuming negotiations with COMM)

Flat rate


Project size
Flat rate
90
80
70
60
50
40
30
20
10
50
100
150
200
250
300
linear regression
local linear regression

Flat rate



Project size (amount of Direct cost reduced by investments)	Median of flat rate
0-10 MHUF	49.38 %
10-25 MHUF	17.84 %
above 25 MHUF	13.14 %

Flat rate

In accordance with COCOF 09/0025/04-EN:

Project size (amount of Direct cost reduced by investments and prep. cost)	Flat rates to be applied
0-10 MHUF	20 %
10-25 MHUF	18 %
above 25 MHUF	13 %

Number of the call for proposals detailed budget table related to the activities provided by the applicant/beneficiary

APPLICANT:
Project title:
Number of the call for proposal:

Activities - expense categories	Expenses of project preparation	Expenses of project management	Expenses related to the technical implementation of the project	Expenses provided to the target group	Services used for the implementation of the project	Other services	Investmen (ERDF costs)	Other (general expenses) related to the implementation of the project
	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)	Eligible expense (HUF)
11. INTANGIBLE ASSETS	0	0	0	0	0	0	0	0
111 Capitalised costs of foundation and restructuring	0	0	0	0	0	0	0	0
112 Capitalised costs of research and development	0	0	0	0	0	0	0	0
113 Rights and titles	0	0	0	0	0	0	0	0
114 Intellectual property	0	0	0	0	0	0	0	0
FIXED ASSETS	0	0	0	0	0	0	0	0
12. LAND AND BUILDINGS AND RELATED RIGHTS A	0	0	0	0	0	0	0	0
121 Land, arable land	0	0	0	0	0	0	0	0
122 Land plots, land plot formation	0	0	0	0	0	0	0	0
123 Building, building segments, ownership ratios	0	0	0	0	0	0	0	0
124 Other structures	0	0	0	0	0	0	0	0
125 Rights and titles related to real estates	0	0	0	0	0	0	0	0
126 Land and buildings and related rights and titles	0	0	0	0	0	0	0	0
13. TECHNICAL EQUIPMENT, MACHINES AND VEHI	0	0	0	0	0	0	0	0
131 Production machines, equipment, tools, manufact	0	0	0	0	0	0	0	0
132 Vehicles directly involved in production	0	0	0	0	0	0	0	0
14. OTHER EQUIPMENT, FITTINGS AND VEHICLES	0	0	0	0	0	0	0	0
141 Machines, equipment and fixtures used in operati	0	0	0	0	0	0	0	0
142 Other Vehicles	0	0	0	0	0	0	0	0
143 Office and administration equipment and fixtures	0	0	0	0	0	0	0	0
144 Equipment fixtures and vehicles not in use	0	0	0	0	0	0	0	0
EXPENDITURES	0	0	0	0	0	0	0	0
51. MATERIAL EXPENSES	0	0	0	0	0	0	0	0
511 Expenses of purchased materials	0	0	0	0	0	0	0	0
513 Other material expenses	0	0	0	0	0	0	0	0
519 Recovery of material expenses	0	0	0	0	0	0	0	0
52. EXPENSES OF SERVICES USED	0	0	0	0	0	0	0	0
521 Expenses of transportation, loading and warehous	0	0	0	0	0	0	0	0
522 Rent	0	0	0	0	0	0	0	0
Office rent	0	0	0	0	0	0	0	0
Vehicle rent	0	0	0	0	0	0	0	0
Other rent	0	0	0	0	0	0	0	0
523 Maintenance expenses	0	0	0	0	0	0	0	0
524 Expenses of advertising promotion and propagand	0	0	0	0	0	0	0	0
525 Expenses of education and further training	0	0	0	0	0	0	0	0
526 Expenses of travel and posting expenses (without	0	0	0	0	0	0	0	0
527 Post, telephone, telefax and other telecommunica	0	0	0	0	0	0	0	0
529 Expenses of other services used	0	0	0	0	0	0	0	0
Engineer, expert fees	0	0	0	0	0	0	0	0
Expenses of development and implementation of plans	0	0	0	0	0	0	0	0
Expenses of event organisation	0	0	0	0	0	0	0	0
Expenses of publicity	0	0	0	0	0	0	0	0
Expenses related to public procurement procedures	0	0	0	0	0	0	0	0
Auditor fees	0	0	0	0	0	0	0	0
Use of general legal advisory services and contracted	0	0	0	0	0	0	0	0
Technical and controller expenses	0	0	0	0	0	0	0	0
Expenses with regard to members of the target group	0	0	0	0	0	0	0	0
Expenses of other not specified but used professional	0	0	0	0	0	0	0	0
53. EXPENSES OF OTHER SERVICES	0	0	0	0	0	0	0	0
531 Regulatory, administrative service fees and duties	0	0	0	0	0	0	0	0
532 Financial investment and service fees	0	0	0	0	0	0	0	0
533 Insurance premium	0	0	0	0	0	0	0	0
534 Taxes, contributions, product fees accountable a	0	0	0	0	0	0	0	0
539 Various other expenses	0	0	0	0	0	0	0	0
54. PAYROLL EXPENSES	0	0	0	0	0	0	0	0
55. OTHER PERSONNEL EXPENSES	0	0	0	0	0	0	0	0
551 Personnel expenses paid out to employees and nu	0	0	0	0	0	0	0	0
552 Welfare and cultural expenses	0	0	0	0	0	0	0	0
559 Other personnel expenses	0	0	0	0	0	0	0	0
5591. Per diem for posting	0	0	0	0	0	0	0	0
5599. Other not specified personnel expenses	0	0	0	0	0	0	0	0
56. WAGE TAX	0	0	0	0	0	0	0	0
561 Pension, health insurance and labour market cont	0	0	0	0	0	0	0	0
562 Heath care contribution	0	0	0	0	0	0	0	0
564 Vocational training contribution	0	0	0	0	0	0	0	0
569 Other wage related contribution	0	0	0	0	0	0	0	0
OTHER EXPENDITURES	0	0	0	0	0	0	0	0
57. DEPRECIATION	0	0	0	0	0	0	0	0
87. EXPENSES OF FINANCIAL TRANSACTONS	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

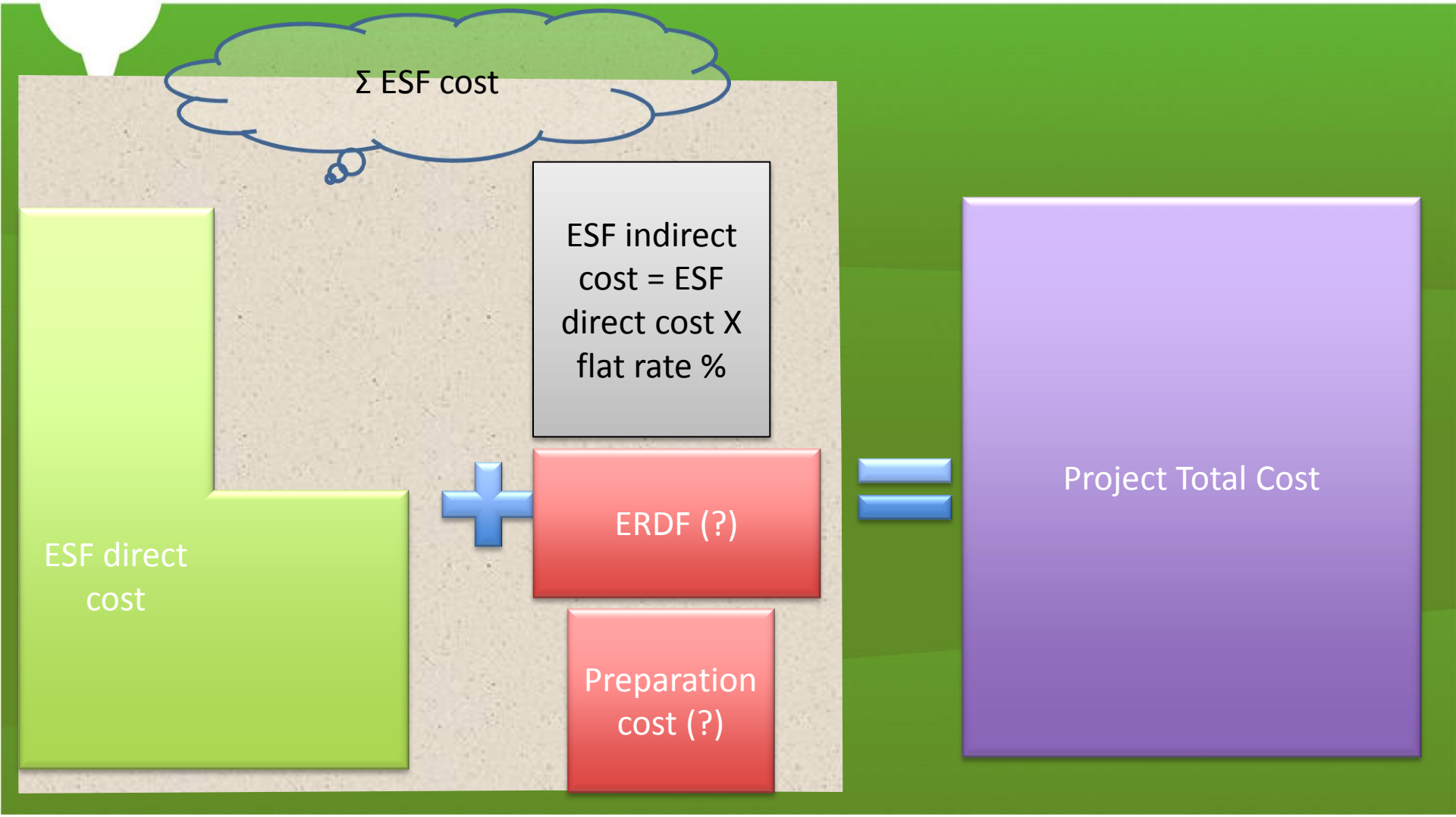
NEW SZÉCHENYI PLAN

White: Direct cost

Grey: Indirect cost

(Green: Sum)

Flat rate


Σ ESF cost
ESF indirect cost = ESF direct cost X flat rate %
ESF direct cost
ERDF (?)
Preparation cost (?)
Project Total Cost

Flat rate

Key lessons learnt:

- EMIR - integrated monitoring and information system,
- Attitude must change,
- 1st call published (SoROP 1.4.1.), extreme interest by applicants!

Unit cost

Key sectors of application:

- PES,
- Education,
- Social Inclusion.

Unit cost

Method used during preparation:

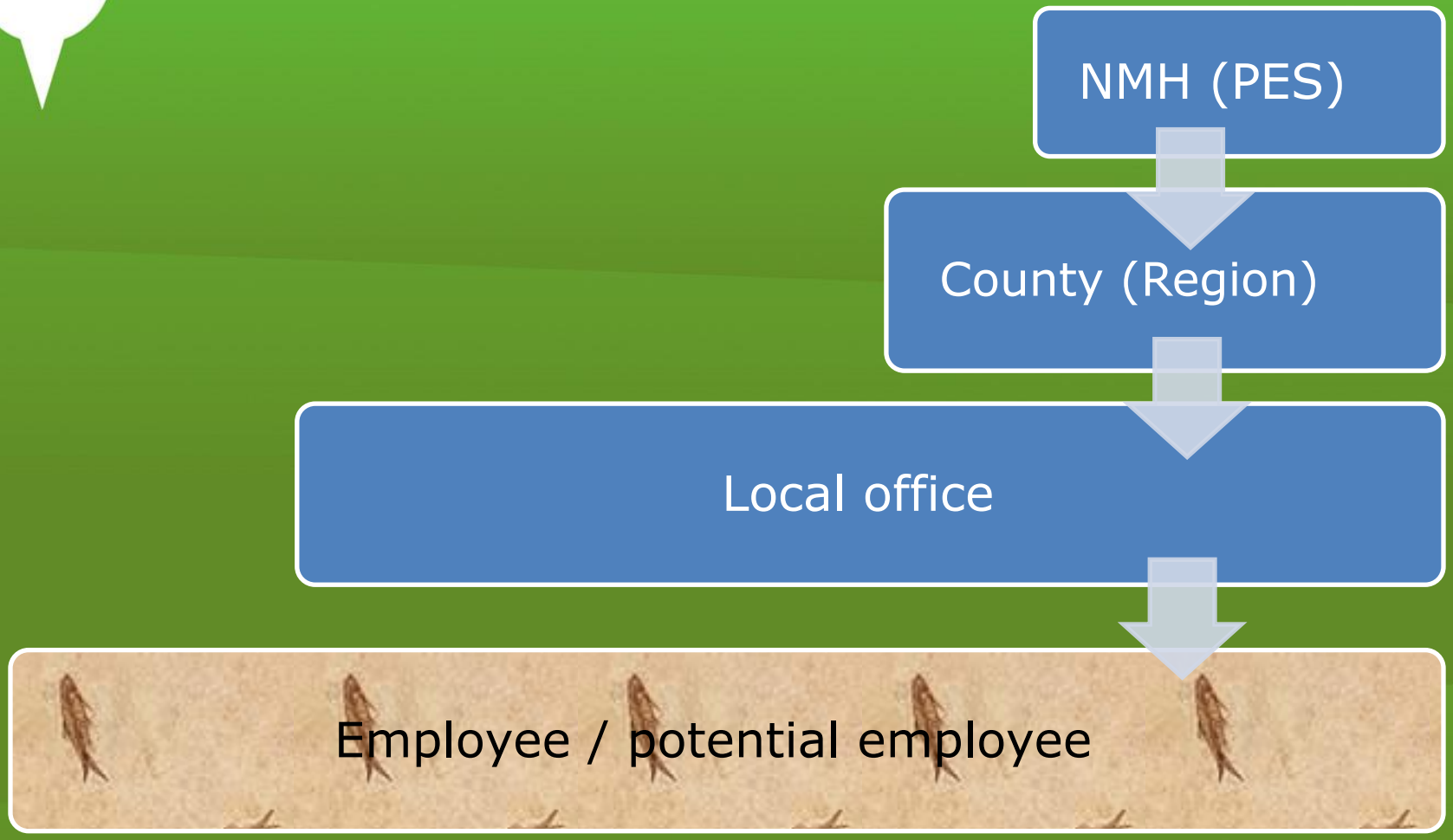
- Working groups
  - Line ministries
  - IB
  - Other stakeholders (key project, AA, etc.)
- Data set selection, mining,
- Validation.

Unit cost

Public Employment Service:

- Long history of grant absorption
  - Member State
  - ESF
- Limited, but adequate scope of activities
- Mainstream measure (now + next programming period)
- Large amount of data available.

Unit cost


NMH (PES)
County (Region)
Local office
Employee / potential employee

Unit cost

Identification of cost categories:

- **Trainer's fee:** trainers' wage like costs
- **Auditorium rental fees / overhead**.
- **Cost of materials used during the training:** all materials necessary to complete the training, especially textbooks

Unit cost

- **Data used**: PES „FIR” database
  - All contracts with trainers and PES beneficiaries
  - EU and MS data as well
- **Timeline:**
- All relevant data for cost categories 2008-11 were used (no sampling)

Unit cost

In case of labour market training conducted by PES:

~2,45EUR/h/person (validation in progress)

Unit cost

Problems during preparation:

- COCOF
  - EU funding
  - MS funding
- What UNIT?
  - Activities
  - Financial data
  - Documentation of achievement

The bigger the better… (?)

Lump sum

Preparation phase:

- Data available: previously closed project (services)
- Methodology ready
- „Just” the specific call is to be prepared… ☺

Lump sum

Problems faced during preparation:

- COCOF
  - One time payment
  - Implementation risk
- Where it should be used (NGOs, etc)
  - If not fulfilled 100% - no reimbursement – risk of leaving activity
  - Ministry in charge and relevant organizations hard to convince

Future

At NDA level:

- 2014-20 – mainstream SCO
  - Flat rate
  - Unit cost
- Workgroups established
  - Parallel to defining OP-s (esp. JAP)
  - Each SCO type is revised according to experience (flat rate – key projects!)
  - Preference for tools from propsed legislation (legal certenty)

NEW SZÉCHENYI PLAN

Thank you for your attention!

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HUNGARY'S RENEWAL
The projects are supported by the European Union.