



New assessment of ESIF administrative cost and burden (2014-2020)

**Results of a study
conducted for DG REGIO**

About the study

- *FOCUS:*
Administrative costs and burdens of ESIF
- *COVERAGE:*
All programmes ESIF programmes
- *METHODOLOGY:*
Survey of programme authorities (MA, CA, AA, Paying Agencies, Certification Bodies), national coordination bodies and beneficiaries

Project description

Overall objectives of the project

- To **establish a new baseline** concerning the administrative costs and burden of the current ESIF programme period
- To **compare** the baseline to results of previous studies
- To perform **simulations** on how possible regulatory changes for post 2020 might affect administrative costs and burden

Project tasks

- 1 Methodological report
- 2 Data collection and calculation of baselines
- 3 Comparing new and previous baselines
- 4 Simulation of impacts of new proposals for post 2020
- 5 Project management and coordination

Administrative costs

Definition: Administrative costs represent the total staff, overhead and external costs borne by national and regional authorities to manage and administer ESIF, fulfilling the tasks described in the EU regulatory framework for ESIF. This includes preparing, managing, certifying and auditing individual ESIF programmes, as well as the related national coordination tasks.

Data collection: response rates (OPs)

370 Programmes were covered by at least one authority (71%)

157 programmes for programme preparation tasks (30%)

238 programmes for programme management tasks (45%)

197 programmes for certification tasks (37%)

226 programmes for audit tasks (43%)

	Programme preparation	Managing Authorities	Certifying Authorities and Paying Agencies	Audit Authorities and Certification Bodies	Total number of authorities covered ¹
ERDF (excl. ETC)	32 (31%)	52 (50%)	62 (60%)	54 (52%)	200 (48%)
CF	2 (67%)	2 (67%)	3 (100%)	3 (100%)	10 (83%)
ESF	17 (18%)	35 (37%)	24 (25%)	38 (40%)	114 (30%)
ERDF	24 (21%)	42 (37%)	15 (13%)	21 (18%)	102 (22%)
EMFF	10 (37%)	15 (56%)	13 (48%)	13 (48%)	51 (47%)
Multi-fund ²	46 (43%)	62 (58%)	54 (51%)	76 (72%)	238 (56%)
ETC	26 (34%)	30 (39%)	26 (34%)	21 (28%)	103 (34%)
Overall	157 (30%)	238 (45%)	197 (37%)	226 (43%)	818 (39%)

Overview administrative costs

	ESIF (total)	ERDF	CF	ESF	EMFF	ETC	EAFRD
National coordination							
EUR per MEUR	€ 820						
FTE per MEUR	0.01						
Programme preparation							
EUR per MEUR	€ 1 300	€ 1 000	€ 800	€ 1 200	€ 800	€ 2 200	€ 1 900
FTE per MEUR	0.03	0.02	0.02	0.02	0.08	0.07	0.06
Managing Authorities							
EUR per MEUR	€ 21 700	€ 17 700	€ 14 300	€ 22 200	€ 31 500	€ 50 400	€ 26 600
FTE per MEUR	0.56	0.44	0.32	0.56	0.68	0.56	0.91
Certifying Authorities							Paying Agencies
EUR per MEUR	€ 13 200	€ 1 200	€ 1 800	€ 700	€ 5 400	€ 6 000	€ 52 200
FTE per MEUR	0.30	0.02	0.02	0.03	0.10	0.11	1.18
Audit Authorities							Certification Bodies
EUR per MEUR	€ 3 200	€ 2 700	€ 1 500	€ 3 500	€ 6 500	€ 8 100	€ 2 400
FTE per MEUR	0.05	0.05	0.04	0.06	0.08	0.10	0.04

What tasks cause the costs

For 42 tasks administrative costs have been identified

Biggest groups of tasks

- *Financial management, controls and audits stand for 45% of the monetary costs and 48% of the workload*
- *Monitoring, reporting and evaluation stand for 20% of the monetary costs and workload*

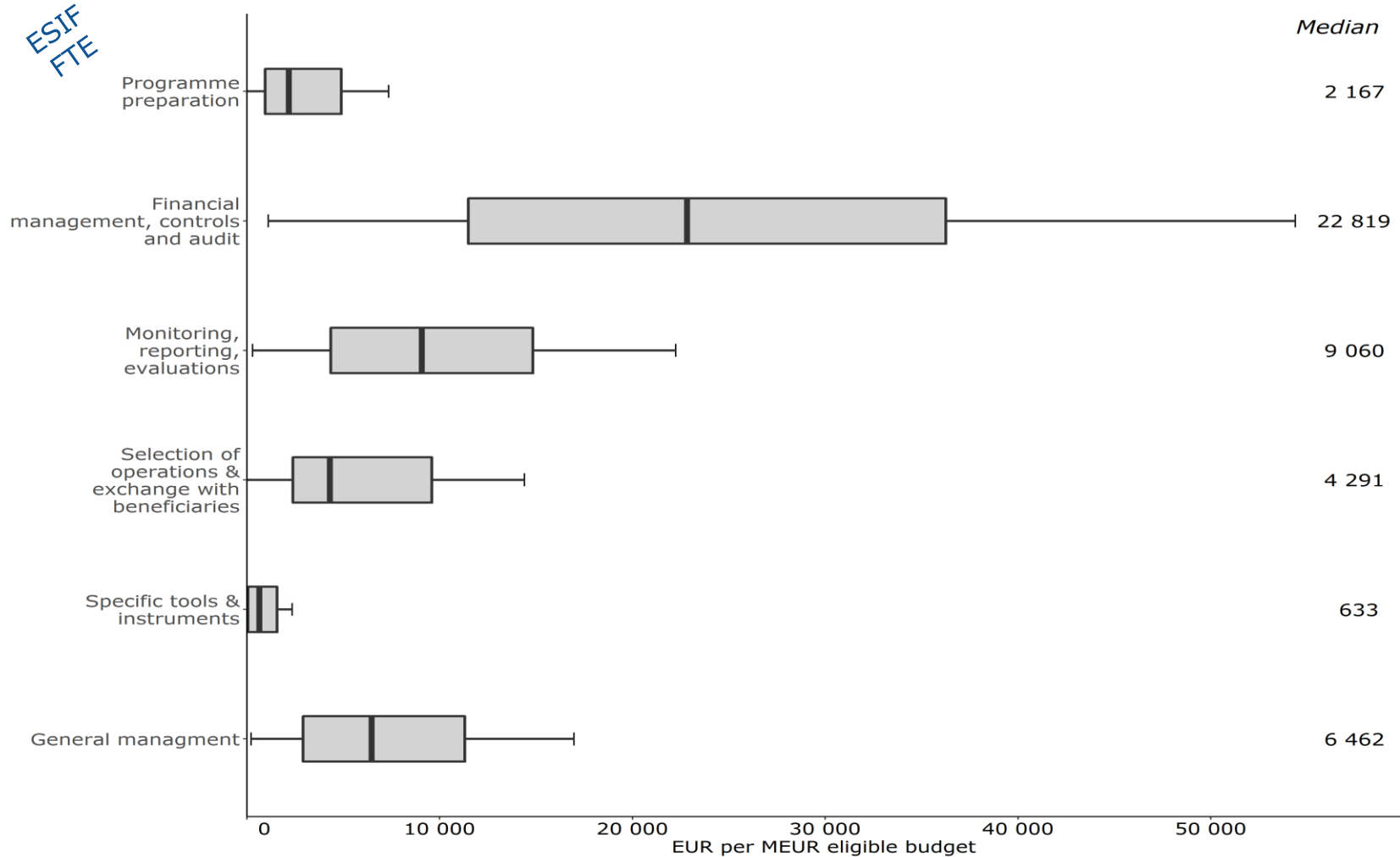
Biggest individual tasks

- *Verifications for reimbursement of beneficiaries*
- *Selection of operations and information of beneficiaries*
- *Ensuring an adequate audit trail and verifications*
- *Information and communication*
- *On the spot verifications*



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Administrative costs by task groups



Most work intensive tasks by Fund

	ERDF	CF	ETC	ESF	EAFRD	EMFF
Selection of operations and information to beneficiaries	1	2	1	1	1	1
Verifications for reimbursement of beneficiaries	2	1	2	2	2	2
Ensuring an adequate audit trail and verifications	3	3				4
Information and communication	4		3			
Ensuring a system for collecting, recording and storing data	5	5		4		
Audit of operations		4	5			3
Certification of expenditures			4			
On the spot verification				3	3	5
Ensuring that adequate information was received from the MA				5	4	
Payment applications to the EC					5	

Why administrative costs vary

Financial size of a programme

The larger a programme's budget is, the lower are the administrative costs in relation to the budget

Thematic orientation of a programme

- *TO 11 (enhancing institutional capacity) most costly*
- *TO 5 (climate change), follows*
- *TO 3 (enhancing competitiveness of SMEs) ranks third*

Number of beneficiaries

- *The more beneficiaries a programme has, the higher are the administrative costs (that is why EAFRD has so different costs)*

Programme geography

- *Territorial cooperation programmes more costly & work intensive*
- *Regional programmes more costly in monetary terms*

Type of regions

- *More developed regions least work intensive but most costly*
- *Less developed regions largest variety but least costly*

Administrative burden

Definition: Administrative burden encompasses the total staff, overhead, and external costs for beneficiaries to comply with information obligations resulting from the legislation, in particular obligations imposed by the ESIF regulations as well as regulations related to the ESIF support received, such as State aid, public procurement and environmental legislation.

Administrative burden

- *Small sample of 269 beneficiaries from 105 programmes*
- *Huge variations of administrative burden*

Average application burden

- *19 900 EUR or 0.5 FTE per million EUR eligible project costs*
- *Lowest in CF*
- *Highest in ESF*

Average management burden

- *107 800 EUR or 1.5 FTE per million EUR eligible project costs*
- *Lowest in CF*
- *Highest monetary burden in EMFF*
- *Highest workload burden in ESF*
- *Reporting (gathering and submitting information) is most burdensome*
- *Keeping records and proof of transaction and actions comes second*
- *Payment claims comes third*

Why administrative burden vary

Financial volume of an operation

- *The larger an operation´s budget is, the lower is administrative burden in relation to the budget*

Thematic orientation of a programme

- *TO 11 (enhancing institutional capacity) most work intensive*
- *TO 10 (investing in education, training ...) follows*
- *TO 6 (preserving and protection the environment ...) ranks third*

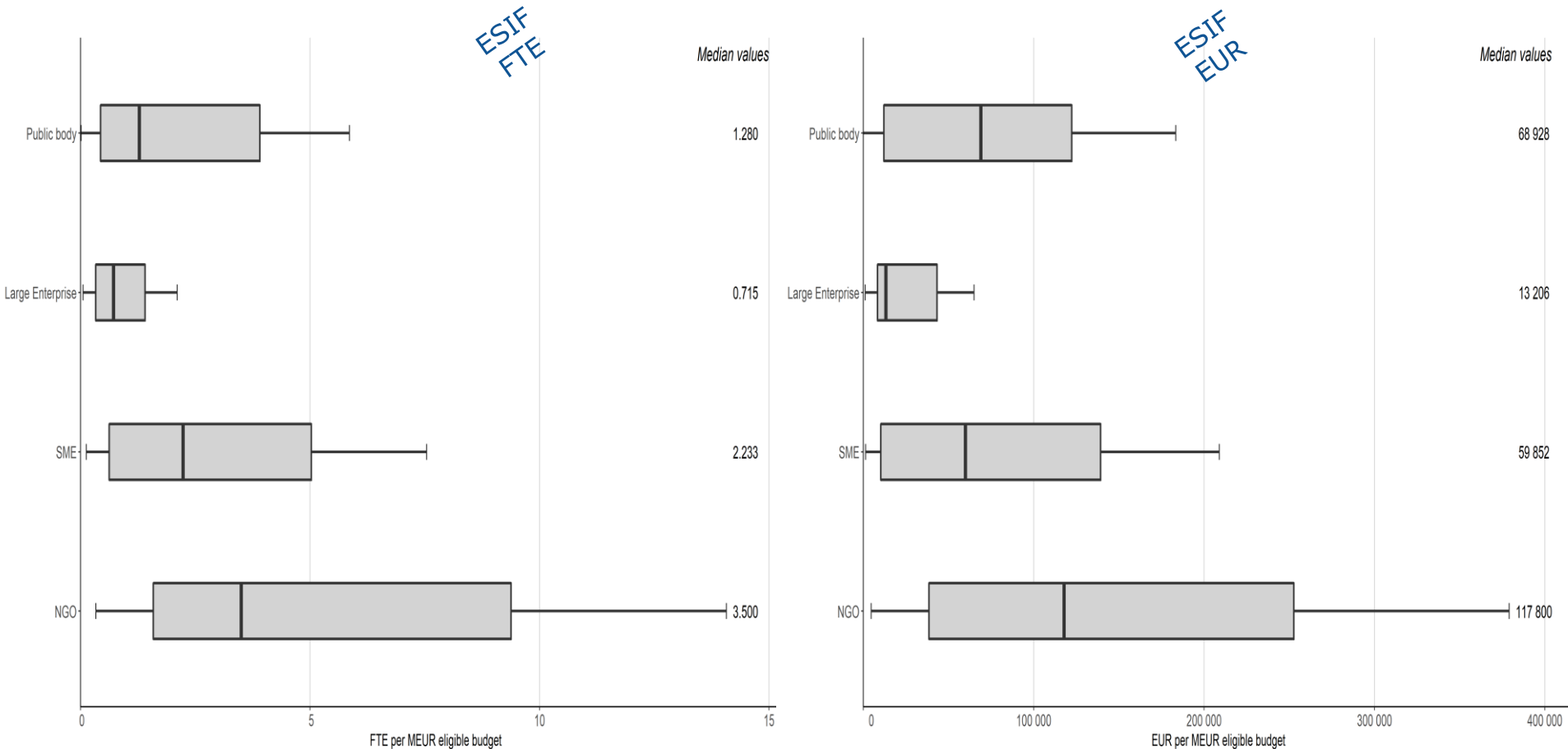
Type of beneficiary

- *NGOs have the highest burden (both in terms of workload and money)*
- *SMEs come second, public bodies third*
- *Large enterprises have the lowest burden*

Duration of the operation

- *Generally, the short an operation lasts, the higher is admin. burden*
- *Exception, operations run over very long time (>60 months) become more burdensome again*

Variations by types of beneficiaries



Simulations of administrative costs 2021-27

Outlook post 2020 simplifications

	ESIF	Cohesion Policy + EMFF	
	2014-2020	2014-2020	2021-2027
Total eligible budget (EU and national financing)	€ 646 billion	€ 493 billion	€ 519 billion
Total administrative costs in EUR	€ 25.9 billion	€ 12.8 billion	€ 12.7 billion
Average administrative costs in monetary terms	4.0 %	2.6 %	2.4 %
Total administrative costs in FTE	610 000	280 000	235 000
Average administrative costs in FTE in relation to total eligible budget	0.95	0.56	0.45

Calculated on eligible budget estimated based on the current level of co-financing on Commission data (at 2018 prices)



	Administrative costs				Administrative burden
	FTE (per MEUR)	FTE (% change)	EUR (per MEUR)	EUR (% change)	
Simplified programming	-0.004 to -0.005	-0.4% to -0.6%	-200 to -200	-0.5% to -0.8%	=
Light Operational Programmes review	+/-0.0 to +0.002	+/-0.0% to +0.2%	+/-0.0 to +100	+/-0.0% to +0.2%	=
Simplified designation of authorities	-0.002 to -0.003	-0.2% to -0.4%	-50 to -100	-0.1% to -0.3%	=
No specific rules for revenue generating projects	-0.006 to -0.009	-0.6% to -0.9%	-200 to -300	-0.5% to -0.8%	↓
No specific rules for major projects	-0.005 to -0.006	-0.5% to -0.6%	-100 to -150	-0.3%	↓
Reduced number of verifications	-0.029 to -0.05	-3% to -5.2%	-1100 to -2000	-2.8% to -5.0%	↓
Simplified reporting	+0.002 to +0.005	+0.2% to +0.5%	+100 to +300	+0.3% to +0.7%	=
Extended scope of SCOs - realistic	-0.011 to -0.016	-1.1% to -1.7%	-440 to -650	-1.1% to -1.6%	↓
Extended scope of SCOs - ambitious	-0.17 to -0.251	-17.7% to -26.1%	-6690 to -9850	-16.7% to -24.6%	↓

(Source: own elaboration based on 2018 database for ESIF administrative costs and burden)

- ↓ large reduction of administrative burden
- ↓ minor reduction of administrative burden
- = negligible effect on administrative burden
- ↑ minor increase of administrative burden
- ↑ large increase of administrative burden

Expected administrative costs by Policy Objectives (FTE)

