

In an effort to underpin the results-based approach to ESF+ and to simplify the design of Financing Not Linked to Costs (FNLCs) schemes, DG EMPL has started exploring the use of common indicators as conditions and/or results triggering EU reimbursement. Our work was presented and discussed in the ESF Transnational Network for Simplification (TN) last April in Amsterdam and in the Data Network's online meeting in May. During the discussions, clear advantages of this approach emerged, such as:

1. Established and clear definitions
2. Available historical data, which makes setting milestones and targets easier and more certain
3. Reduced audit risks
4. Improved comparability across Member States
5. Linking the outcomes with EU priorities
6. Faster negotiations with the Commission
7. Reduced administrative burden by streamlining data collection and validation when the same indicators are used for both monitoring and payment triggers

However, limitations do exist. The definitions of some indicators may be very specific, for instance, the result indicator "Participants gaining a qualification" is linked to the European Qualifications Framework, which may not suit all types of training. Common indicators may lack the flexibility to capture specific interventions, for example, operations targeting social structures or services such as allowances. Sometimes, the common indicators are too generic, and programme-specific indicators are more suitable to capture the condition or result for an FNLC scheme. Furthermore, in some cases, it is even more suitable to create a tailor-made indicator for the purposes of the FNLC scheme. The use of impact indicators in FNLC schemes is not recommended due to their long-term nature and the difficulty in establishing a causal link between the intervention and outcomes. This may also create difficulties in audit.

In this note, we present three FNLC models in the areas of active labour market policies, skills, and social inclusion which use common output and result indicators as payment triggers. The models presented here draw lessons from the existing two FNLC schemes which use common indicators, the French scheme for the PACA region on skills and the Croatian scheme (soon to be adopted) on active labour market policies. The models also benefited from the discussions in the meetings of the ESF Transnational Network on Simplification and Data Network. The models should be seen as examples, or references which can be adapted based on the specificities of the operations to be supported by the FNLC reimbursement model. They should not be used as off-the-shelf solutions.

## 1. FNLC model in Active Labour Market Policies

<b>1. Description of the operation type</b>	<p>Active labour market measures targeting unemployed and inactive persons at any age.</p> <p>For example,</p> <p>Operation 1: Support to SMEs/local authorities/NGOs to employ unemployed and inactive persons for 12 months.</p> <p>Operation 2. Support to unemployed and inactive persons to become self-employed.</p> <p>The eligibility rules for the unemployed and inactive persons (e.g. registered in public or private employment services as well as the rules for employers (type of SMEs, type of employment contract, FTE etc. will be defined by the MA/IB in the calls. The rules for self-employment will also be set in the calls.</p>
<b>2. Specific objective(s)</b>	<p>(a) improving access to employment and activation measures for all jobseekers, in particular young people, especially through the implementation of the Youth Guarantee, for long-term unemployed and disadvantaged groups on the labour market, and for inactive people, as well as through the promotion of self-employment and the social economy.</p>
<b>3. Conditions to be fulfilled or results to be achieved</b>	<p><b><u>Condition 1:</u></b> X number of unemployed, including long-term unemployed persons participating in the operation (<b>EECO02 output indicator</b>)</p> <p><b><u>Condition 2:</u></b> X number of inactive persons participating in the operation (<b>EECO04 output indicator</b>)</p> <p><b><u>Result 1:</u></b> X number of participants in employment or self-employment upon leaving (<b>EECR04 result indicator</b>)</p> <p>Or optional – more ambitious result</p> <p><b><u>Result 2:</u></b> X number of participants who were inactive or unemployed when entering the operation and who are in employment or self-employment six months after leaving the operation (<b>EECR05 result indicator</b>)</p>
<b>4. Deadline for fulfilment of conditions or results to be fulfilled</b>	<p>31/12/2029</p>
<b>5. Indicator definition</b>	<p>As defined in the Common indicators' toolbox, Data Support Centre VC/2020/014 – Version of October 2021.</p> <p>For EECO02: Unemployed are persons usually without work, available for work and actively seeking work. Persons considered as registered unemployed according to national definitions are always included here even if they do not fulfil</p>

	<p>all three of these criteria.</p> <p>For EECO04: "Inactive" are persons currently not part of the labour force (in the sense that they are not employed or unemployed according to the definitions provided).</p> <p>EECR04: Unemployed or inactive persons who have received ESF+ support, and who are in employment, including self-employment, immediately upon leaving the ESF+ operation.</p> <p>Or optional</p> <p>EECR05: Unemployed or inactive persons who have received ESF+ support and who are in employment, including self-employment, six months after leaving the ESF+ operation.</p> <p><i>If needed some clarifications on national definitions can be added.</i></p>		
<b>6. Unit of measurement for conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission</b>	<p>Number of participants</p> <p>The definition of participants is set out in the working document "Common indicators toolbox" – Data Support Centre VC/2020/014 – Version of October 2021.</p>		
<b>7. Intermediate deliverables (if applicable) triggering reimbursement by the Commission with schedule for reimbursements</b>	Up to the MS to define the intermediate deliverables		
	<b>Intermediate deliverables</b>	<b>Envisaged data</b>	<b>Amount (EUR)</b>
	EECO02 = 2.000	2026	XX
	EECO04 = 1.500	2026	XXX
	EECR04 = 800	2027	XXX
	EECR05 = 200	2028	XX
<b>8. Total amount (including Union and national funding)</b>	To be defined by Member States		
<b>9. Adjustment(s) methods</b>	N.A.		
<b>10. Verification of the achievement of the result or condition (and where relevant, the intermediate deliverables):</b>	<p>To verify the achievement of the result and intermediate deliverables, the following document(s)/system may be used as examples (this is not an exhaustive list)</p> <p>Public Employment Services (or other beneficiary) IT system</p> <p>Collect and store participants' personal and contract data.</p> <p>National Insurance / Pensions IT systems for employment.</p> <p>List of participants containing following data:</p> <p><b>For Conditions 1 and 2:</b></p> <p>List of participants with the following information:</p>		
<ul style="list-style-type: none"> <li><i>Describe what document(s)/system will be used to verify the achievement of the result or condition (and where relevant, each of the intermediate deliverables).</i></li> <li><i>describe how management verifications (including on-the-</i></li> </ul>			

<p><i>spot) will be carried out, and by whom;</i></p> <ul style="list-style-type: none"> <li><i>describe what arrangements will be made to collect and store relevant data/documents.</i></li> </ul>	<ul style="list-style-type: none"> <li>- Name and national identification number</li> <li>- Date of approval decision to participate in the operation</li> <li>- Name and national identification number of SME/local authority, NGOs, etc. requesting support.</li> <li>- Employment contract identification number, Start date of participation in the operation</li> </ul> <p>In addition,</p> <ol style="list-style-type: none"> <li>1. Verification of participant's admission in the operation (i.e. approval of request for support, signed contract)</li> <li>2. Verification of eligibility of participant (according to PES Terms and Conditions)</li> <li>3. Verification of participation in the operation</li> </ol> <p><b>For Results 1 or 2</b></p> <p>List of participants with the following information:</p> <ul style="list-style-type: none"> <li>- Name and national identification number</li> <li>- Contract identification number</li> <li>- Start date of participation in the operation</li> <li>- Date of leaving the operation/end date of participation in operation</li> <li>- Employment data 6 months after leaving the operation</li> </ul> <p>In addition by MA, (optional if EECR5 is used)</p> <ol style="list-style-type: none"> <li>1. Verification of duration of participant's employment under the operation (start and end date).</li> <li>2. Verification of employment status of participant 6 months after leaving the contract under the operation. (optional if EECR5 is used)</li> </ol> <p>Information on arrangements to ensure compliance with public procurement rules, state-aid, and avoidance of double financing should be presented.</p>
<p><b>11. Use of grants in the form of financing not linked to costs</b>  <b>Does the grant provided by Member State to beneficiaries take the form of financing not linked to costs? [Y/N]</b></p>	<p>Yes</p>
<p><b>12. Arrangements to ensure the audit trail</b>  Please list the body(ies) responsible for these arrangements</p>	<p>MA and Beneficiary to keep records of the documents used for verification. Other documents maybe added as agreed between the Commission and the MA.</p>

## 2. FNLC model in Skills

<b>1. Description of the operation type</b>	<p>Improving digital skills for employees, self-employed and unemployed persons of 55 years and above.</p> <p>Provision of targeted training programmes on digital skills for people aged 55 and above.</p> <p>The beneficiary is for example the Ministry of Digitalisation and Research or other competent training institutions.</p> <p>The training programmes are provided by a private or public training institution.</p>
<b>2. Specific objective(s)</b>	<p>(e) improving the quality, inclusiveness, effectiveness and labour market relevance of education and training systems including through validation of non-formal and informal learning, to support acquisition of key competences including entrepreneurial and digital skills, and by promoting the introduction of dual-training systems and apprenticeships;</p>
<b>3. Conditions to be fulfilled or results to be achieved</b>	<p><b>Condition 1:</b> X number of participants aged 55 years old or older upon starting the operation. (<b>output indicator EECO08</b>).</p> <p><b>Result 1:</b> X number of persons who have participated in the training programmes and gained a qualification upon leaving (<b>result indicator EECR03</b>)</p>
<b>4. Deadline for fulfilment of conditions or results to be fulfilled</b>	<p>31/12/2029</p>
<b>5. Indicator definition</b>	<p>As defined in the Common indicators' toolbox, Data Support Centre VC/2020/014 – Version of October 2021.</p> <p><b>EECO8:</b> The number of participants aged 55 years old or older upon starting an ESF+ operation.</p> <p>The indicator refers to the age of the participants when starting the ESF+ intervention.</p> <p><b>EECR03:</b> Persons who have received ESF+ support and who gained a qualification upon leaving the ESF+ operation.</p> <p>Qualification means a formal outcome of an assessment and validation process which is obtained when a competent body determines that an individual has achieved learning outcomes to given standards. Source: European Commission, European Qualifications Framework - <a href="https://ec.europa.eu/ploteus/glossary">https://ec.europa.eu/ploteus/glossary</a></p> <p><i>If needed some clarifications on national definitions can be added, on the gaining of qualification and formal outcome of</i></p>

	<i>an assessment.</i>		
<b>6. Unit of measurement for conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission</b>	Number of participants. The definition of participants is that set out in the working document “Common indicators toolbox” – Data Support Centre VC/2020/014 – Version of October 2021.		
<b>7. Intermediate deliverables (if applicable) triggering reimbursement by the Commission with schedule for reimbursements</b>	<b>Intermediate deliverables</b>	<b>Envisaged data</b>	<b>Amount (EUR)</b>
	EECO08 = 4.000	2027	XXX
	EECR03 = 1.500	2028	XX
	EECO08 = 2.000	2029	XXX
	EECR03 = 1.000	2029	XX
<b>8. Total amount (including Union and national funding)</b>	To be defined by Member States		
<b>9. Adjustment(s) methods</b>	N.A.		
<b>10. Verification of the achievement of the result or condition (and where relevant, the intermediate deliverables):</b>	<p>To verify the achievement of the result and intermediate deliverables, the following document(s)/system may be used as examples (this is not an exhaustive list)</p> <p>A list of participants with the definition of EECO08 and EECR03 signed by the beneficiary.</p> <p>This list will contain references of the training contract and course, name of participant, status (employed, self-employed, or unemployed) and document justifying his/her status.</p> <p>Evidence of eligibility (EECO08) or of the eligibility and qualification obtained for each participant (EECR03)</p> <ul style="list-style-type: none"> <li>- Document proving the eligibility</li> <li>- Document (s) justifying the qualification</li> </ul> <p>Management verification carried out:</p> <p>The beneficiary conducts an initial check of documents: It checks the existence of supporting documents recording the status of the participant to count the number of participants meeting the EECO08 indicator.</p> <p>For payments on EECR03, verification of document proving that the participants obtained a qualification (e.g. diplomas, list of successful candidates, etc.).</p> <p>Information on arrangements to ensure compliance with public procurement rules, state-aid, and avoidance of double financing should be presented.</p>		
<b>11. Use of grants in the form of financing not linked to costs Does the grant provided by Member State to beneficiaries take the form of financing not linked to</b>	Yes		

costs? [Y/N]	
<b>12. Arrangements to ensure the audit trail</b> Please list the body(ies) responsible for these arrangements	MA and Beneficiary to keep records of the documents used for verification. Other documents maybe added as agreed between the Commission and the MA.

### 3. FNLC model in social inclusion

<b>1. Description of the operation type</b>	National strategy for integrating people with disabilities into the labour market  Eligible operations: targeted training programmes for persons with disabilities, and support to employers (e.g. SMEs, municipalities etc.) to create a workplace friendly to people with disabilities (e.g. training of managers, awareness, ergonomic adjustments etc.)
<b>2. Specific objective(s)</b>	(I) promoting social integration of people at risk of poverty or social exclusion, including the most deprived persons and children;
<b>3. Conditions to be fulfilled or results to be achieved</b>	<b>Condition 1:</b> Formal adoption of the national strategy for integrating people with disabilities in the labour market <b>Condition 2:</b> X number of SMEs, and other employers supported for creating a workplace friendly to persons with disabled (option output indicator EECO19 if it fits) <b>Condition 3:</b> X number of people with disabilities participate in the training ( <b>output indicator EECO12</b> ) <b>Result 1:</b> X number of participants engaged in job searching upon leaving the training programme ( <b>result indicator EECR01</b> )
<b>4. Deadline for fulfilment of conditions or results to be fulfilled</b>	31/12/2029
<b>5. Indicator definition</b>	Decision of the government SMEs and other employers supported to create a workplace friendly to persons with disabled or optional common indicator EECO19 EECO12 and EECR01 as defined in the Common indicators' toolbox, Data Support Centre VC/2020/014 – Version of October 2021.
<b>6. Unit of measurement for conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission</b>	Number of decisions of the government Number of SMEs and other employers Number of people with disabilities participate in the training Number of participants engaged in job searching upon leaving the training programme

7. Intermediate deliverables (if applicable) triggering reimbursement by the Commission with schedule for reimbursements	Intermediate deliverable	Envisaged date	Amount (EUR)
	Formal decision of the government adopting the national strategy on integrating persons with disabilities into the labour market	2025	X
	Number of SMEs, and other employers supported for creating a workplace friendly to persons with disabled	2026	X
	Number of SMEs, and other employers supported for creating a workplace friendly to persons with disabled	2027	X
	EECO12 = X1	2027	X
	EECO12=X2	2028	X
	EECR01=X1	2028	X
	EECR01=X2	2029	X
8. Total amount (including Union and national funding)	To be defined by the MS		
9. Adjustment(s) methods	N.A.		
10. Verification of the achievement of the result or condition (and where relevant, the intermediate deliverables):	<p>To verify the achievement of the result and intermediate deliverables, the following document(s)/system may be used as examples (this is not an exhaustive list):</p> <ul style="list-style-type: none"> <li>• Decision of the Council of Ministers on the national strategy</li> <li>• List of participants in the trainings with names and identification numbers as monitored for the common indicator EECO12</li> <li>• List of people leaving the training</li> <li>• List of SMEs and other employers receiving support</li> <li>• Proof of participants engaged in job searching upon leaving the training programme</li> </ul> <p>Information on arrangements to ensure compliance with public procurement rules, state-aid, and avoidance of double financing should be presented.</p>		
11. Use of grants in the form of	Yes		



<b>financing not linked to costs</b> <b>Does the grant provided by Member State to beneficiaries take the form of financing not linked to costs?</b> <b>[Y/N]</b>	
<b>12. Arrangements to ensure the audit trail</b> Please list the body(ies) responsible for these arrangements	MA and Beneficiary to keep records of the documents used for verification. Other documents maybe added as agreed between the Commission and the MA.