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DIRECTORATE-GENERAL FOR EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION
Employment and Social Governance, Analysis
The Director

Brussels
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Dear Mr Skalkos,
Dear Ms Dandolou,
Dear Ms Stratinkaki,

Let me first send you my best wishes for the new year ahead and express appreciation for the very good progress Greece has achieved in finalising the implementation of the ESF period 2014-2020. I look forward to our continued constructive cooperation in 2024.

Thank you for your letter of 29 December 2023, reacting to my message of 22 December regarding the opportunity and legality of taking up a number of operations prepared by the Ministry of Labour in the area of skills under the previous programming period under the 2021-2027 Human Resource and Social Cohesion programme (HRSC).

We take note that you concluded that 22 operations (out of the 24 operations initially presented) could be taken up under the programming period 2021-2027 (amounting to EUR 347 m, that would represent a sizeable share of priorities 2 and 5 of HRSC Programme) as they do not present any issue of legality or the procedure followed, neither in terms of their design nor in terms of their final implementation. To support this assessment, you inform us that you reviewed four conditions established at national level, namely: (a) the adoption of the operation, (b) the existence of a legally signed contract with training contractors, audited and approved by the Court of Auditors, or a contract with a completed pre-contractual audit by the Court of Auditors, (c) the existence of expenditure, and (d) compliance with the rules on State aid, in accordance with the legal framework governing services of general economic interest.

Whilst these 4 criteria are relevant for your assessment, your reply did not address the specific **opportunity and legality risks** raised in my email of 22 December 2023.

Mr. Dimitrios SKALKOS

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Ms. Niki DANDOLOU

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Coming back to these, and having examined the matter with our legal unit and auditors, let me recall and further elaborate on our key concerns:

- We had noted risks associated with not following a fully competitive process, addressed to all potential stakeholders eligible for performing this type of operations.
- We also need to point to the potential non-compliance with the regulatory conditions necessary for phasing operations. The operations that are to be phased should have **two distinct, well identifiable phases in financial terms with separate audit trail** – this is a common condition for both Article 118 or Article 118a CPR.

However, it needs to be stressed that **if an operation had been selected in the Commission, this operation does not fulfil this condition and therefore to the 2014-2020 period, but no expenditure has been incurred and certified** **It cannot be phased** . From the information we have received so far, it appears that this is the case for these 22 projects. Should it be confirmed that phasing is not an applicable option, **the 22 operations planned to be financed under the 2021-2027 period should then comply with all the provisions of the 2021-2027 legislative framework.**

- **The key provisions to be complied with** include but are not limited to the following:
 - In terms of selection of operations, Article 73 CPR should be fully complied with. It means that even if these operations had been once selected for the purpose of financing them in the 2014-2020 period, that does not provide for a derogation from Article 73 CPR of 2021-2027. These operations should go through the selection process in accordance with Article 73 CPR, including the selection criteria and methodology.
 - These operations should fall within the scope and fit within the intervention logic of the programme of 2021-2027 from which the managing authority plans to finance them.
 - The risk of non-compliance with the provisions of Articles 72 and 73 CPR 2021-2027, should be verified for the operations where the Executive Unit is Beneficiary, as there is limited room for a beneficiary to re-distribute financial support to final recipients (other than in the context of a financial instrument).
 - In accordance with Article 63(6), ‘Operations shall not be selected for support by the Funds where they have been physically completed or fully implemented before the application for funding under the programme is submitted, irrespective of whether all related payments have been made.’
 - Also, please note that in this situation ‘Expenditure shall be eligible for a contribution from the Funds if it has been incurred by a beneficiary or the private partner of a PPP operation and paid in implementing operations, between the date of submission of the programme to the Commission or from 1 January 2021, whichever date is earlier, and 31 December 2029.’

With regards to **the method chosen for the implementation** of the concerned operations and the large number of intermediaries and implementing partners, let us also recall our concern that this may not provide the necessary efficiency gains in line with the sound financial management of EU Funds principles. The principle of economy in sound financial management requires that the resources used shall be made available at the best price. An audit could determine whether the operations could have been designed or

implemented in another way (i.e., channelling resources directly to trainings instead to multiple cooperating bodies) which would have resulted in lower costs. Specifically, it would be important to clarify how much overheads are borne across these operations and what are the financial margins retained respectively by the contracting parties and the implementing partners.

Importantly, if after this careful examination you decide to proceed with all or some of the 22 projects, it will be key that they meet the requirements of the new HRSC programme and the strategic framework it refers to, notably the Strategy on Active labour Market Policies (ALMPs) and the Youth Employment Strategy, as a key commitment laid down in these documents is that all EU funded training actions will be part of an overarching well-coordinated and monitored plan.

On all the points above, **we would like to receive your assessment and argumentation, for each operation, to ensure compliance with the relevant EU legal provisions** and avoid any subsequent audit and legality risks.

Apart from the above considerations about the 22 projects under review, and having in mind the strategic framework in place for ALMPs and Skills in Greece, I would like to receive your views and plans with regard to the **future delivery model for training measures.**

In my message of 22 December, I specifically referred to a number of important elements to consider, such as ensuring an integrated and robust strategic delivery model across all concerned Ministries and bodies, based on the complementarity of interventions between different programmes and funds. In connection with this, a coordination role for a national authority with relevant experience, could be considered. During my last visit with my team in December 2023, we were informed that DYPA has already developed a relevant approach under the RRF aiming at improved planning, performance, quality and monitoring of trainings, including the close monitoring of both training providers and training participants.

For developing this strategic delivery model, let me list again the key elements that should be observed:

- a clear mapping of the roles and responsibilities of different institutions/bodies/managing authorities/intermediate bodies/ potential beneficiaries and service providers, working in this area;
- a diversified range of measures, aiming to ensure large scale coverage when needed (e.g. basic digital skills), but also quality and targeting of specific challenges (e.g. employment and skilling of persons with disabilities);
- an open competitive environment, where all relevant stakeholders and potential service providers can contribute to the implementation, according to their competence and capacities;
- an effective coordination mechanism of all operations delivered under different Funds and Programmes (ESF+ in HRSC/Competitiveness/Digital Transformation/Regional Programmes as well as JTF and RRF) so that overlaps and double financing risks are avoided.

Since your reply letter did not cover these elements, **I would welcome to have your views and proposals on the future steps needed to advance on this endeavour**. In our understanding, it will be critical to see such a **new approach actively designed in 2024 and fully up to speed by 2025**. We also consider that DYPA could have a central responsibility in this approach having regard to their mandate on the skills agenda and their achievements so far in particular under the RRF. This is important not only for the implementation of the EU funds, but more generally for ensuring that all the good efforts of Greece to increase the quality and number of trainings made available and to reach the agreed national targets for skills and employment, will bring the expected results for your economy and employment market.

I am looking forward to hearing from you on those matters and we remain available support you and to continue our fruitful cooperation.

Yours faithfully,

Electronically signed

Barbara KAUFFMANN