

**Study regarding the methodology to be applied for the  
determination of unit costs, flat rates and lump sums in the  
implementation of Institutional Twinning Projects and TAIEX  
activities**

**Final Report**

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## Acronyms

BC	Beneficiary country
EC	European Commission
ENI	European Neighbourhood Instrument
EU	European Union
EUD	EU Delegation
IPA	Instrument for Pre-Accession Assistance
JHA	Justice and Home Affairs
MS	Member State
NCP	National Contact Point
RTA	Resident Twinning Adviser
STE	Short term experts
TAIEX	Technical Assistance and Information exchange Instrument
TMC	Twinning Management Costs
UN	United Nations
USD	US Dollar

## 1 Executive summary

This project had as objective to provide a sound basis for the extensive use of **simplified costs options** in the implementation of Twinning projects and TAIEX activities in line with the requirements of Article 124 of the Financial Regulation applicable to the general budget of the EU, in order to simplify the financial management of Twinning projects and TAIEX activities. Based on an analysis of the proposed and executed budget of sample Twinning projects, **17 different cost items** (→ See **Annex 1 –List of items under consideration**) have been analysed. This analysis was conducted through questionnaires sent to the National Contact Points (NCP) for Twinning in the Member States; semi-structured phone interviews with selected national contact points; and personal visits in two countries. Research on costs which are specific to the Twinning beneficiary countries have been conducted with selected EU Delegations. Furthermore, statistical tables (Eurostat, UN) have been used for researching specific parameters.

The project has started with a kick-off meeting on 18 April 2016 at EC DG NEAR, where the following key issues have been pointed out:

- The justification of the **different allowances** (daily fees) for Short-term experts (STEs), varying between EUR 250 and 450, whereby higher fees are applied for experts seconded by **mandated bodies**.
- The problem of the **different salary levels for civil servants** in the different Twinning provider Member States. Low allowances may discourage provider Member States with a high salary level. A regional grouping was discussed, but appears to be politically unacceptable.
- Reviewing the 150% **management fee** applied for STE missions in the beneficiary country (BC) to cover any costs arising in the Member State (MS) in connection with the project.
- The general need for **simplification** (costs to be fixed as much as possible upfront, not requiring verification of real costs).

The empirical part of the present analysis is based on 44 case studies (Twinning budgets) which have been implemented by different Member States in different beneficiary countries, as well as on additional data provided in the questionnaire replies. These budgets have been analysed in order to identify per cost category whether lump sums or percentages can be defined, or whether calculation at real costs should be maintained. The results show that for most cost categories, a simplification in form of a lump sum is possible, and the method of how to establish it is presented in a summary table.

For some cost items, justification and actual use have been explored. One of the main findings is that in high-salary level countries (such as Austria, Germany and France), which represent the majority of Twinning providers, the main part of the 150% Twinning Management Costs (TMC) is used for **outsourced project management and compensating for higher expert fees**. Fee rates are generally perceived as insufficient by the NCPs of these countries.

Several models for a new fee rate structure and for the calculation of management overhead are proposed in this report. The conservative models are based on the current system of fee classes with an overhead percentage calculated on the fee amounts. In a more innovative model, we have calculated the overhead as a percentage of the overall project budget. Finally, a radical approach proposes all-inclusive fees, thus providing for a maximum of simplification.

The present report shall provide the basis for a Commission Decision on the future cost calculation method for Twinning and TAIEX projects.

## 2 Project synopsis

<b>Global Objective:</b>	<p>To allow for the systematic use of simplified costs options in the implementation of Twinning projects and TAEX activities which is in line with requirements of Article 124 of the Financial Regulation applicable to the general budget of the EU.</p>
<b>Specific objective:</b>	<ul style="list-style-type: none"> <li>▪ To assess (theoretically and empirically) the type of costs incurred in the framework of a Twinning project which can be budgeted in the form of 'simplified costs', i.e.: unit costs (all or part of the eligible costs calculated on the basis of quantified activities, input, outputs or results), flat rates (specific categories of eligible costs which are clearly identified in advance and can be calculated by applying a percentage, fixed ex ante) or lump sums (all or part of eligible costs calculated on the basis of a pre-established fixed amount, in accordance with predefined terms of agreement on activities and/or outputs).</li> <li>▪ To establish, on the basis of statistical data, certified or auditable historical data, usual accounting practices of beneficiaries of Twinning funding, documentary evidence or similar objective means, a methodology for the calculation of each of the eligible cost category of a Twinning project that can be budgeted in 'simplified' form. The relevant data should cover a period of at least 2 years.</li> <li>▪ To run simulations on the basis of the collected data.</li> <li>▪ To verify that the proposed simplified costs options respect the non-profit and the co-financing principle as set out in Article 125 of the Financial Regulation applicable to the general budget of the EU and that double financing of costs is avoided.</li> <li>▪ To ascertain whether it is justified to use identical amounts in the case of the specific flat rates that are applicable to both Twinning and TAEX (specified in the list hereunder).</li> </ul>
<b>Results (Required outputs)</b>	<p>A report of maximum 20 pages, plus annexes.</p> <p>The report should explain the approach followed, the data analysed and the statistical basis on which the study has been conducted, and give clear suggestion(s) regarding the methodology that could be followed for the reimbursement of Twinning in the future.</p> <p>If for any of the cost categories considered and listed in the Term of Reference (ToR) [a) to q)] and in Annex 1 multiple methodologies can be envisaged, the report should present the various alternatives and indicate which one appears to be the most appropriate from the point of view of sound financial management.</p> <p>The report should be accompanied by two annexes:</p> <p>Annex 1 should contain the concrete methods of calculation (and their rationale) for each of the cost category a) to q), with one separate table per item, and possible variants if multiple approaches could be envisaged.</p> <p>Annex 2 should include a thorough simulation of the result produced by the application of the suggested methodologies (and their alternatives as appropriate), and a comparison with the present situation.</p>

## 3 Methodology

### 3.1 Theoretical analysis

The theoretical analysis covered a number of regulatory documents and reform proposals:

A review of the legal basis was conducted on the basis of the *Twinning Manual 2012 - Update 2013-2014*; the *Financial Regulation* (Art. 124, 125 and Rules of Application Art. 182); and relevant Commission Decisions.

The genesis of the current costing system was reviewed on the basis of historical documents (from 1999 and 2000 by Claude Cornuau) on cost simplification, provided by DG NEAR.

Finally, the following recent reform papers from NCPs were taken into consideration: Comments provided by France to the Commission (2015); Deliberations on a Substantive Reform of Twinning (Germany, 2014); Remarks to Twinning Reform (Germany, April 2015); Twinning Reform - Summary of Austrian comments (2015); Spanish position on the Twinning Reform (2015) and Reform of Twinning - NON PAPER for IBD.

### 3.2 Data collection

#### 3.2.1 Analysis of budgets of selected Twinning projects

At project start, a sample of 10 Twinning projects was selected by DG NEAR, and the corresponding data (contracts and budgets) was made available to the experts (→ **See Annex 9 – Case studies: Selected Twinning projects**). This sample consisted of six projects in IPA countries, two projects in ENI East and two projects in ENI South countries, implemented by different Member States (MS). It included projects with amounts ranging between EUR 800,000 and EUR 2 million and a duration between 15 and 24 months.

This representative sample was used for a first analysis of the cost structure of Twinning budgets and has contributed to the formulation of questions for NCPs and EUDs, and for establishing first hypotheses. In the course of the study, further Twinning budgets have been collected from different countries (see Table 1 below). In total, 44 budgets have been analysed, and information from some unstructured data was included additionally. The main analytical tables and simulations are based on 12 case studies where real costs were available.

#### 3.2.2 Questionnaires and semi-structured interviews with NCPs

A questionnaire for NCPs (→ **See Annex 2 – Questionnaires to NCPs**) was prepared and sent to the 28 NCPs in late April 2016. This questionnaire was structured in two parts:

1. The collection of statistical data on implemented Twinning projects, which was primarily oriented at exploring the overhead costs in the seconding institutions; the fee structure of the short-term experts; and the structure of the reimbursable costs.
2. The identification of needs for improvement of the costing procedure, which was aimed at determining whether the existing fee structures are sufficient and providing room for NCPs to suggest improvements.

By end of May 2016, replies were received from 19 NCPs. Luxemburg, Malta and Cyprus have not participated in the implementation of any Twinning projects; Ireland and Portugal indicated low activity; Croatia has participated in several Twinning projects but not as a Lead MS. Those countries have therefore not participated in the survey. No replies were received from Belgium, Bulgaria and Denmark.

It was indicatively suggested at the kick-off meeting that the most active Twinning providers are Austria, Croatia, France, Germany, Lithuania, Spain and the Netherlands. In addition to the questionnaires, semi-structured phone interviews have therefore been conducted with the NCPs of

France, Germany and Spain. The NCPs in Austria and Romania have been visited personally by the experts.

**Annex 4 – Replies from NCPs** includes the original replies. Most NCPs have delegated replying to some of the implementing institutions. Therefore we have received more than one reply questionnaire from some countries, and in some of the reply forms, up to five different opinions to one question can be found. **Annex 7 – Synthesis of information from questionnaires and interviews** presents a synthesis of all replies, structured by country, and including also information gathered in phone interviews.

**Table 1 - Overview of information gathered**

Countries	Questionnaire replies	Comment	Budgets from NCPs		Budgets from DG NEAR	Interview with NCP
			Twinning	Tw. Light		
Austria	Yes		4		1	Meeting
Belgium						
Bulgaria						
Croatia	Partially	<i>Not active Lead MS</i>				
Cyprus	Partially	<i>Only TAIEX</i>				
Czech Rep.	Yes		2			
Denmark					2	
Estonia	Yes	Not active				
Finland	Yes					
France	Yes				10 <sup>1</sup>	
Germany	Yes		3		1	Phone
Greece	Yes		1			
Hungary	Yes		1	1		
Ireland		<i>Not active</i>				
Italy	Yes		3	1	1	
Latvia	Yes		1	1		
Lithuania	Yes		4			
Luxemburg		<i>Not active</i>				
Malta		<i>Only TAIEX</i>				
Netherlands	Yes		2		2	
Poland	Yes				1	
Portugal		<i>Not active</i>				
Romania	Yes			2		Meeting
Slovakia	Yes				1	
Slovenia	Yes					
Spain	Yes		6	3		Phone
Sweden	Yes					
United Kingdom	Yes				1	
<b>TOTAL</b>			<b>27</b>	<b>8</b>	<b>20</b>	

In total, 47 Twinning budgets have been collected (Twinning light projects have not been included in the analysis). Three of them<sup>2</sup> are only available in PDF format and thus not structured. **Annex 9 – Case studies** contains all 44 budgets that have been analysed. For a part of these case studies, but not for all, final financial reports are available which allowed the comparison of budgeted with real costs.

<sup>1</sup> Further budgets have been received from the French NCP, but not in a structured format

<sup>2</sup> Poland, Greece and one from Austria

### 3.2.3 Questionnaires and semi-structured interview with EUDs

In addition, contact points in six different EU Delegations (Three in IPA countries and three in ENI countries) have been indicated by DG NEAR, and questionnaires (→ **Annex 3 – Questionnaires to EUDs**) have been sent to them, which were aimed at exploring the structure of the reimbursable costs, in particular the way how ceilings are determined, and to request their suggestions on possible cost simplifications. The replies can be found in **Annex 5 – Replies from EUDs** and a synthetic summary is presented in **Annex 8 – Synthesis of information from questionnaires and interviews with EUDs**. A semi-structured phone interviews has been conducted with the representative of the EUD to Albania to further explore some operational questions.

## 4 Key indicators

Before proceeding with the empirical analysis of the budgets, some statistical key indicators, which are relevant for certain cost categories, have been researched.

### 4.1 Labour costs in EU

The table and the graphics below show the average labour costs in 2015 in the category “Public administration and defence” in the 28 MS in Euro and as index (Source: Eurostat: section O, Nace Rev.2 (Public administration and defence; compulsory social security)).

Table 2 – Average labour costs in public administration, 2015

Countries	MS Index (EU=100%)	Average labour costs per day in EUR
Austria	137.9	268
Belgium	161.7	314
Bulgaria	19.9	39
Croatia	45.3	88
Cyprus	86.3	168
Czech Republic	49	95
Denmark	154.2	300
Estonia	51.9	101
<b>EU 28</b>	<b>100</b>	<b>194</b>
Finland	162.6	316
France	100	194
Germany	137.8	268
Greece	56.1	109
Hungary	38	74
Ireland	143.9	279
Italy	107.9	210
Latvia	38.7	75
Lithuania	35.8	70
Luxembourg	N/A	N/A
Malta	N/A	N/A
Netherlands	205.9	400
Poland	41.2	80
Portugal	61	119
Romania	23.1	45
Slovakia	41.2	80
Slovenia	76.3	148
Spain	103.2	201
Sweden	136.4	265
UK	142.9	277

Source: <http://ec.europa.eu/eurostat/web/labour-market/labour-costs/database>

Eurostat Labour Cost Surveys, section O, Nace Rev2 (Public administration and defence; compulsory social security) for year 2012<sup>3</sup> - variable “Labour cost per employee in full-time equivalents, per hour”, multiplied by 8 and weighted with labour cost index [2015\_Index\_cost\_2012 (100%)] for the reference year 2015.

<sup>3</sup> For Belgium and Austria, data was not available on Eurostat, therefore ILO data was used which refers to whole economy.

Table 3 – Average labour costs per day (in EUR)

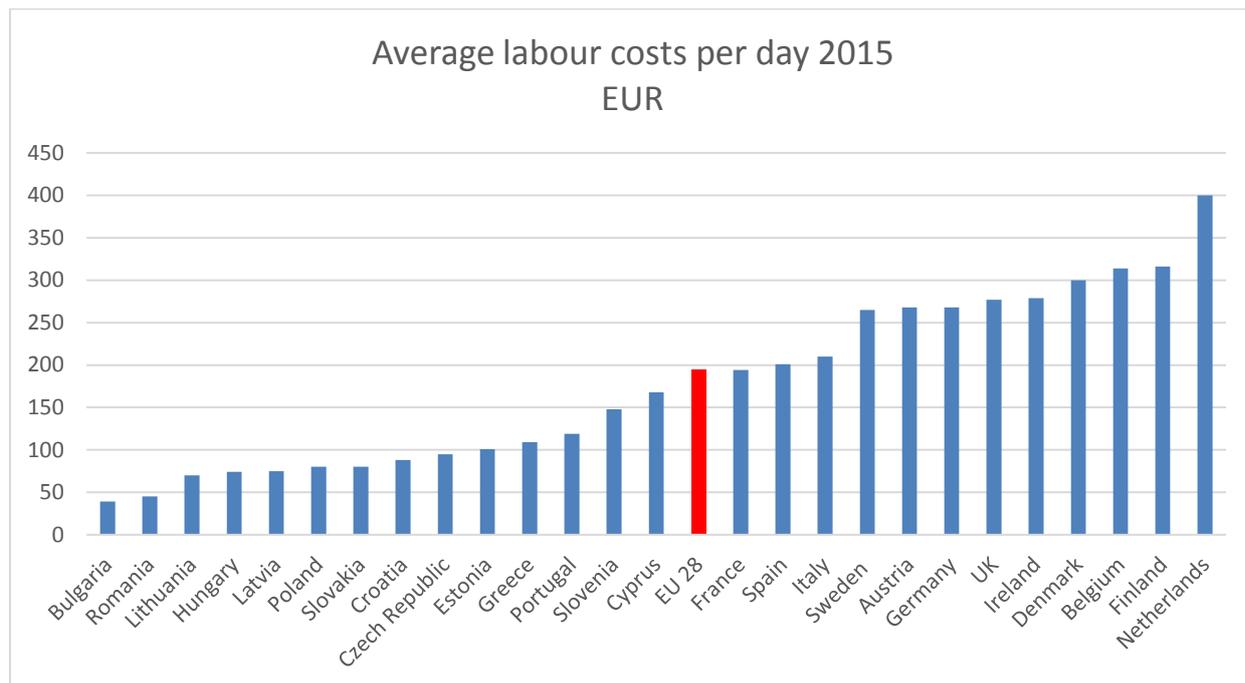
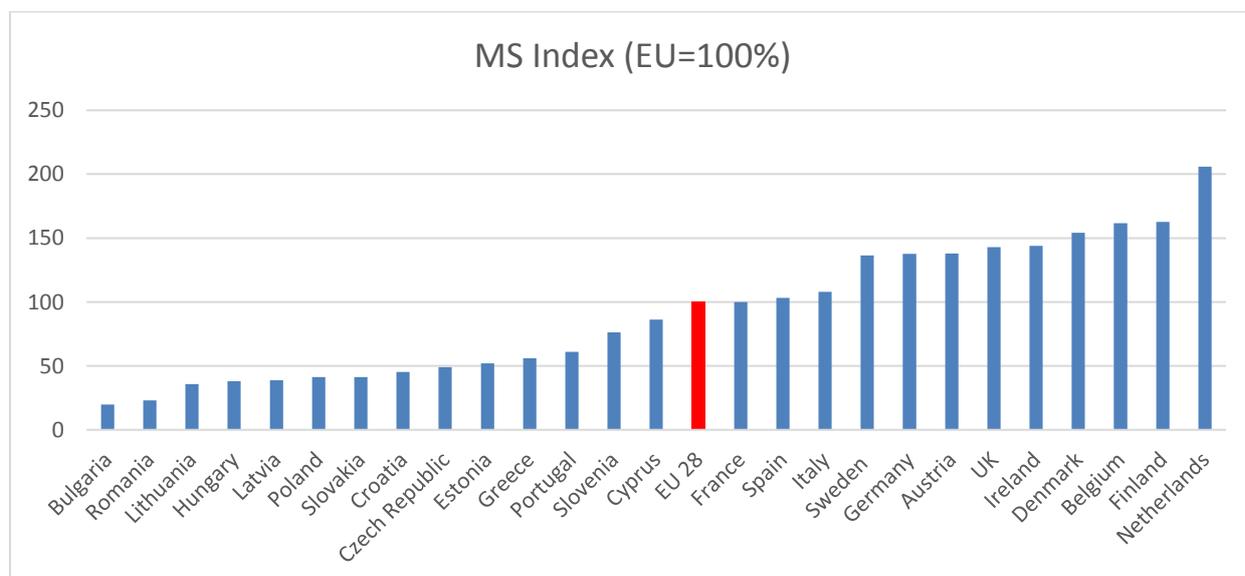


Table 4 – Average labour costs per day (index)



These statistics show significant differences between salary levels in public administration among the MS. It was argued that these salary levels could present a problem in defining the remuneration of experts in Twinning projects, since those coming from low-salary countries would receive an over-the-average compensation, whereas those coming from high-salary countries would be demotivated by the low fee level. However, further analysis shows that this is only partially true, and not applicable in the extent suggested by the above index comparisons.

## 4.2 Analysis of the RTA salaries

According to the analysed data, there are significant differences among the salaries of different RTAs, as shown in Table 5 below, which is based on 47 case studies.

**Table 5 – Overview on RTA salaries (monthly salary incl. non-wage salary costs, in EUR)**

Lead MS	Average RTA salary	Minimum RTA salary	Maximum RTA salary	Number of case studies
France	9,836	6,000	13,681	10
Netherlands	7,328	4,964	9,577	4
Austria	7,263	6,478	8,800	5
Denmark	6,988	6,867	7,108	2
Slovakia	6,179	6,179	6,179	1
<b>All MS</b>	<b>6,117</b>	<b>1,565</b>	<b>13,681</b>	<b>47</b>
Hungary	5,970	5,970	5,970	1
Italy	5,318	3,875	7,750	4
United Kingdom	5,023	5,023	5,023	1
Germany	4,801	2,277	6,232	4
Spain	4,598	2,610	7,039	6
Greece	3,428	3,428	3,428	1
Lithuania	2,991	1,565	4,559	4
Poland	2,330	2,330	2,330	1
Czech Republic	2,275	1,913	2,637	2
Latvia	2,036	2,036	2,036	1

*Note: In the Latvian case, the indicated salary was topped up with additional EUR 849.37 (“RTA’s additional flat-rate allowance equal to the difference between the gross annual salary paid by her employer plus the subsistence allowance paid by the Commission and the basic salary payable to an official having an equivalent rank in step 1 of Grade AD5” according to the Twinning Manual).*

These differences do however not reflect the differences in salary level among the MS according to the statistical indicators presented in **Paragraph 4.1 Labour costs** above. UK and Germany show under-average RTA salaries, whereas the two low-salary level countries Hungary and Slovakia show relatively high RTA salaries, ranking higher than Germany and UK in the average. France, which is only average in the general labour costs statistics, shows by far the highest RTA salaries. In other words: **The ranking of the salaries among the RTAs does not mirror the ranking of salary levels among the MS.**

There are a number of reasons for this, the two most important ones being the seniority of the RTA and the sector of activity. Only in one German case, the minimum salary relates to the (non-German) RTA of the junior Twinning partner. The German NCP emphasized that they have to look for cheaper RTAs (more junior, without accompanying family), otherwise they cannot fit into the budget.

Looking at the RTA salaries in the 47 case studies (Table 6 below), it becomes obvious that there are significant RTA salary differences within one single country, which may be explained by the sector. Among the case studies with a higher incidence, it can be concluded that the “Justice and Home Affairs” sector (5 cases) and the “Environment” sector (7 cases) those with the highest salaries. “Public Administration” and “Public Finance” (5 cases each) range in the middle. “Trade” and “Aviation” (3 cases each) range – surprisingly – at the lower end.

Table 6 - RTA salaries by sector

Sector	Average RTA salary	Number of case studies
Transport	13,212	1
Justice and Home Affairs	8,907	5
Environment	8,576	7
Education	7,540	1
Statistics	7,108	1
Social services	6,785	1
<b>Average</b>	<b>6,117</b>	<b>47</b>
Health	5,945	1
Energy	5,926	3
Public Administration	5,709	5
Public Finance and Customs	5,575	5
Tourism	5,560	1
Technology	5,027	3
Consumer rights	5,023	1
Food Safety/Agriculture	4,964	1
Space	4,581	1
Aviation	3,879	3
Trade and Industry	3,825	3
Regional development	3,247	1
Metrology	2,275	2
Employment	2,036	1

Seniority, as another factor for the salary level could not be empirically analysed within this study, but was mentioned by some interlocutors.

What can be affirmed is that, based on 18 case studies where the relevant information was available<sup>4</sup>, there is also no apparent salary deviation if the RTA is seconded by a mandated body. The average salary is almost identical, and even slightly lower for the MB.

Table 7 - RTA salaries by type of institution

Mandated body	Average RTA salary
No	8,467
<b>Average</b>	<b>8,433</b>
YES	8,365

The conclusion is that there is **some correlation between the RTA's salary level and his/her home country, but significantly less than expected** on the basis of general statistical data, and there is **no correlation with the type of institution**.

#### Why is this important?

Considering that the short term experts are seconded from the same institutions as the RTA, their salary levels are – in the average – within the same range, and this information is important for the discussion of appropriate daily fee levels in **Paragraph 5.4 - Short term experts** below.

<sup>4</sup> Contracts received from DG NEAR (10 cases from different Lead MS, plus 8 cases with France as Lead MS)

### 4.3 Costs of living

An indicator which has to be taken into account when discussing allowances is the cost of living, both in the MS and the beneficiary countries (BC), in order to compare them. The basket includes: Food and non-alcoholic beverages; alcoholic beverages and tobacco; Clothing and footwear; Housing, water, electricity, gas and fuels; Furniture, household equipment; Health; Transport; Communication; Recreation and culture; Restaurants and hotels; and Miscellaneous goods and services.

Table 8 - Cost of living in MS and BC in Dec-2015 (UN statistics)

Country	Cost of Living Index
MS	
United Kingdom	118.71
Denmark	93.98
France	85.19
Sweden	84.51
Finland	82.71
Austria	82.71
Italy	80.50
Belgium	79.72
Netherlands	76.53
Ireland	76.42
Spain	76.12
Malta	72.71
Croatia	72.32
Germany	71.06
Slovenia	69.81
Portugal	68.28
Slovakia	64.79
Latvia	64.41
Lithuania	64.39
Czech Republic	64.38
Greece	61.96
Bulgaria	57.70
Cyprus	57.25
Poland	55.12
Hungary	52.98
Romania	43.4
Estonia	N/A
Luxembourg	N/A

Country	Cost of Living Index
IPA	
Serbia	62.79
Macedonia	60.11
Albania	57.48
Turkey	56.01
Bosnia-Herzegovina	55.61
Montenegro	54.86
ENI East	
Ukraine	80.37
Azerbaijan	79.78
Belarus	64.79
Georgia	64.24
Armenia	64.15
Moldova	46.43
ENI South	
Lebanon	101.47
Israel	90.17
Jordan	83.78
Egypt	71.17
Morocco	61.88
Algeria	57.71
Tunisia	46.88

Source: <http://icsc.un.org/secretariat/cold.asp?include=login>

Conclusions about living costs are relevant for Section 5 - Empirical analysis of the cost categories.

### 4.4 Per diem development

According to the Twinning manual Annex A7, par. 3.3.2., per diem rates are based on the list published by the United Nations, which is available on the EuropeAid website, and may be adapted for the

purpose of Twinning. Per diem rates are generally updated twice a year, in January and July. The per diem rate will therefore vary over the lifetime of a project.

Development of per diem rates is relevant for several cost categories: Remuneration of the RTA; allowances for temporary hotel accommodation for the RTA and family; and allowances for short term experts. Since it was suggested that per diem rates should be generally set up front for the whole duration of the project, it is useful to analyse the developments of per diem rates over time.

The table below, which includes the last three published per diem rates, shows that variations of the per diem in IPA and ENI countries have been quite significant during the last few years, both in terms of increases and of decreases.

**Table 9 - Per diem variations**

	July 2012	July 2013	March 2015	Variation 2012-2013	Variation 2013-2015
Albania	228	233	180	2%	-23%
Algeria	335	315	303	-6%	-4%
Armenia	128	138	163	8%	18%
Azerbaijan	287	311	218	8%	-30%
Belarus	205	171	250	-17%	46%
Bosnia and Herzegovina	136	130	145	-4%	12%
Egypt	236	225	259	-5%	15%
Georgia	229	209	174	-9%	-17%
Israel	327	309	356	-6%	15%
Jordan	210	179	224	-15%	25%
Lebanon	232	357	260	54%	-27%
Libyan Arab Jamahiriya	169	183	191	8%	4%
Macedonia (Fyrom)	180	171	160	-5%	-6%
Moldova	182	173	171	-5%	-1%
Montenegro	162	143	119	-12%	-17%
Morocco	180	179	187	-1%	4%
Serbia	282	158	158	-44%	0%
Syrian Arab Republic	271	259	173	-4%	-33%
Tunisia	172	156	142	-9%	-9%
Turkey	161	142	175	-12%	23%
Turkey Istanbul	N/A	230	237	N/A	3%
Ukraine	334	316	286	-5%	-9%
West Bank and Gaza Strip	139	142	151	2%	6%

Source: [http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)

These significant variations are mainly due to the fluctuations of the USD/EUR exchange rate, but do not reflect changes in living costs from the perspective of an EU MS national whose compensation is in Euro (or – for non-Euro countries – more tied to Euro than to the USD).

The implications will be further elaborated in Paragraph **5.4 Short term experts**.

## 5 Empirical analysis of the cost categories

The empirical analysis of the different cost categories has been based on the 44 Twinning case studies as per **Annex 9 – Case studies**: We have analysed the original or amended budgets and, where available, the executed budgets (final financial reports). We have identified common aspects and differences, and categorised them according to some or all of the selected criteria (Lead MS, BC, sector, project amount and duration of implementation). We have linked the findings and conclusions with further data and opinions gathered from the NCP and EUD questionnaires and from phone interviews and meetings with selected NCPs.

This section already includes recommendations for simplified costs per category of costs (items a to q according to **Annex 1 –List of items under consideration**), which are then presented in tabular form in **Section 6 –Remuneration of the Resident Twinning Adviser and non-wage labour costs**

*This section refers to the following items of the ToR:*

- *Item a – Remuneration of the Resident Twinning Adviser*
- *Item b - Non-wage labour costs of the Resident Twinning Adviser*

Current regulation:

### **Twining manual Annex A7 par. 3.2.2. Remuneration of the Resident Twinning Adviser (RTA)**

*The RTA continues to be paid his/her normal salary ... In addition, RTAs receive, throughout the period of their secondment, a subsistence allowance equal to 50% of the per diem rate in the BC. The applicable rate is fixed at the time of the signature of the Twinning contract for its entire duration and is not subject to revision.*

...

*The EU programme reimburses the payroll institution of the RTA ... related and/or connected non-wage labour costs.*

**Issue:** At present, the remuneration of the RTA is fixed, based on real costs (pay slip), budgeted as monthly unit costs. The non-wage labour costs are based on real costs as well, and remain unchanged throughout the implementation. These are already a simplified cost options. However, the items covered by the non-wage labour costs need justification.

### **Findings:**

#### Non-wage labour costs

Non-wage labour costs are included in the cost item “RTA Basic salary + non-wage labour costs”. Only in a few of the analysed budgets, the two amounts were indicated in disaggregated form:

**Table 10 - Non-wage labour costs**

Country	RTA net salary	Non-wage labour costs	% of non-wage labour costs	Case study
Austria	5,235	2,073	40%	AT-SR
Austria	4,935	1,564	32%	AT-TU
Italy	3,154	720	23%	IT-LB
Lithuania	2,644	1,916	72%	LT-AZ
Netherlands	4,000	964	24%	NL-AM
Spain	5,321	1,718	32%	ES-JO1
Spain	2,289	739	32%	ES-JO2
Spain	3,314	1,070	32%	ES-TR
Spain	3,463	1,118	32%	ES-UA

The percentage of these contributions is significantly varying among the MS. For the Lithuanian case, the level appears excessive.

According to the interviews with selected NCPs, the costs covered under this item include the employer contribution to compulsory social security (health, pension and unemployment). There were diverging indications on whether income tax is being included in the non-wage labour costs: yes in Austria; no in Spain and Germany; not known in France. A special regulation is applied by Germany for civil servants: According to a framework agreement between EC and Germany, a flat rate of 30% of the gross salary is set as non-wage labour costs<sup>5</sup>.

Note: Experts who are pensioners are very rare in all countries, except for Germany where this is a frequent case and considered as the most economical solution for employing an RTA. Pensioners continue to receive their pension (from the Social Security Fund), and the seconding institution pays only the difference to the salary they had when they were active. Also, in this case, the whole salary (pension plus difference payment) is indicated in the Twinning budget. The consequence is that the amount corresponding to the pension is reimbursed to the seconding institution, who however does not bear the costs.

**Conclusion:** It should be regulated in the Twinning Manual what is to be included under non-wage labour costs.

#### Subsistence allowance equal to 50% of the per diem rate in the BC

The third element in the RTA remuneration is the 50% per diem rate as fixed at contract signature. This is a simplified cost option, but there is no objective justification for this item, at least not under the title "Subsistence allowance".

An additional per-diem element would be justified if the living costs in a BC were higher than in the RTA's home country (in analogy with the "post differentials" in UN organisations). This is however generally not the case, since in the vast majority of the cases, the living costs in the BC are lower – sometimes significantly lower – than in the RTA's home country (→ 4.3 Costs of living). Nevertheless, the RTA continues to receive his/her salary (which is adapted to the cost of living in his/her home country) and is being reimbursed accommodation costs in the BC and family emoluments.

According to interviews with NCPs and EUDs, this 50% per diem amount is perceived as incentive for the RTA, who would otherwise not work abroad for the same salary than at home. This may well be a good reason – and we have heard repeatedly that incentives are needed in order to find RTAs –, but it is not quite understandable why this "incentive" should be so different among the different BCs (depending on the applicable per diem), regardless the living conditions (possible "hardship") in a certain country. Two extreme case are:

- the case study "AT-SR", where an Austrian RTA in Serbia was collecting EUR 3,855 monthly on top of his EUR 5,234 salary (thus **67% additionally op**); and
- the case study FR-UA4, where a French RTA was collecting **EUR 4,545 monthly on top** of his extremely high salary of EUR 13,211.

Comparing these to the case of a Lithuanian RTA in Armenia with a salary of EUR 1564.86 and a monthly allowance of EUR 1,935 only (due to the low per diem in Armenia), it must be concluded that these incentives are not granted in an equitable way.

#### **Conclusion:**

*In terms of simplification:* Since this is already a simplified cost option, so no change would be suggested in this regard.

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<sup>5</sup> Framework agreement no. IA/332/98-DE (October 1998)

*In terms of justification:* We suggest to introduce more transparency and equity by labelling this allowance as “incentive” which is not meant to compensate differences in living costs but rather to motivate RTAs to work abroad. In this sense, the corresponding amount could be a percentage of the RTA’s salary. This percentage could further be weighted with a hardship factor (similar to the USAID danger pay), for instance for ENI South countries, considering the security situation.

## 5.1 Indirect overhead costs

*This section refers to the following items of the ToR, which we propose to call “indirect overhead costs”:*

- *Item c – Extra costs incurred by the home administration for the replacement of the RTA*
- *Item k – Allowance to cover Twinning project management costs; and*

Current regulation:

### **Twining manual Annex A7 par. 3.2.2. Remuneration of the Resident Twinning Adviser (RTA)**

*The EU programme reimburses ...an additional 6% of the whole amount [salary and non-wage labor costs] to cover the extra cost of a replacement.*

### **Twining manual Annex A7, par. 3.5. ‘Twining Management Costs’**

*The Twinning contract budget must not include any expert or other fees corresponding to work performed outside the BC. This rule applies whatever is the nature of the work performed or of the expenditure incurred: preparation or follow-up of mission, accompaniment of study visit, delivery of seminars, co-ordination, logistical management (accounts) overheads or any other incidental costs.*

*Instead, taking the form of a global contribution to the costs arising from the preparation and implementation of a Twinning project, all fees included in the budget for short and medium term expertise (including fees for MS PL) delivered in the BC is complemented with a compensation of **150% for Twinning management costs**. The MS organisation in charge of the Twinning project may dispose of it for covering any costs arising in the MS in connection with the project, including any related overhead costs.*

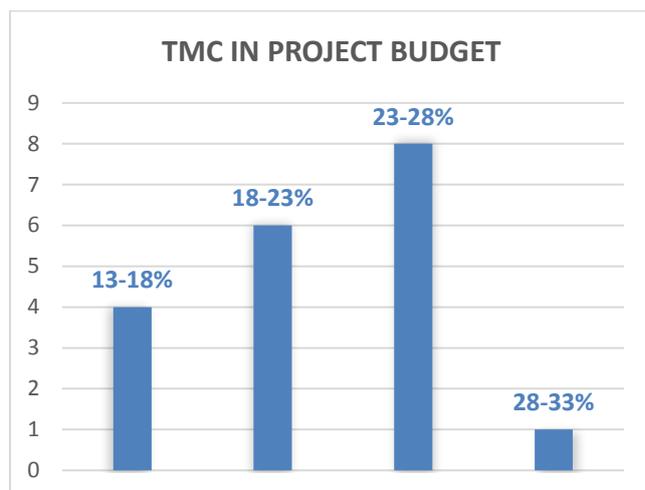
**Issue:** The 6% replacement cost should be analysed whether it is justified (both the principle of considering this cost and the percentage applied). The 150% Twinning management costs (TMC) is already a simplified cost option, but it should be reviewed to what extent the 150% management fee is justified.

**Findings:** We have included the “Extra costs incurred by the home administration for the replacement of the RTA” under indirect overhead costs, together with the TMC, since this amount is generally not used for replacing the RTA (as demonstrated further below), but rather, like the TMC, for covering a variety of overhead costs and ineligible items.

### Twining management costs

The TMC is a major cost item, since it accounts between 20 and 28 % of the total project costs, as shown in the table below, which is based on 19 case studies.

Table 11 - Proportion of TMC in total project budget



If STE fees were to be increased – with the level of overall Twinning budgets remaining constant – this percentage (proportion of TMC in the whole budget) might further increase.

According to the replies to the NCP questionnaire, (→ **Annex 7 – Synthesis of information from questionnaires and interviews**), the MS are covering a variety of activities and costs (which are otherwise not chargeable) with the TMC budget. Those costs can be classified in five categories:

Table 12 - Overview on the use of the TMC

<b>Activities of experts outside of the BC</b>	<ul style="list-style-type: none"> <li>• Short term experts: Average 2-5 days for preparation and 1-2 days for report writing</li> <li>• Travel time of experts, travel costs to airport in MS</li> <li>• Expert work on holidays in MS or BC</li> </ul>
<b>Management activities and overhead</b>	<ul style="list-style-type: none"> <li>• Project proposal preparation and presentation, travel costs to attend selection meetings</li> <li>• Project leader home days (average 2-3 days per month, but variable depending on the project)</li> <li>• Unplanned missions of the Project Leader, e.g. participation at Steering Committees</li> <li>• Administrative tasks in MS (financial management, travel logistics)</li> </ul>
<b>Costs related to study visits</b>	<ul style="list-style-type: none"> <li>• Preparation (establishing programme, contacting expert speakers, logistics – 3 days in average)</li> <li>• Compensation for institutions hosting a study visit</li> <li>• Expert participation at study tours</li> <li>• Per diem for RTA during study visit</li> </ul>
<b>Excess costs</b>	<ul style="list-style-type: none"> <li>• Compensation for higher fees (Insufficient fee of EUR 250 for civil servants and MB Class 1 experts)</li> <li>• Overrun of direct costs budget lines ( e.g. translation/ interpretation, visibility costs)</li> </ul>
<b>Ineligible direct costs in BC</b>	<ul style="list-style-type: none"> <li>• Office equipment and consumables</li> <li>• Rent of premises, translation equipment and catering during trainings or conferences</li> <li>• Other ineligible service provider costs (such as transport of materials, cost for field campaigns, life insurance for experts)</li> </ul>

*“Activities of experts outside of the BC”* do not create quantifiable costs, since neither the STEs nor the Project Leader are being replaced during the days of their absence or home work on the Twinning. Even in countries where cost accounting systems are in place, these activities are not accounted for as operating costs.

*“Costs related to study visits”* are clearly mentioned in the Twinning Manual as to be covered by the TMC (including the *“accompaniment of study visit”*). These costs are low compared in relation to the total TMC (**See also 5.6 - Study visits**).

*“Ineligible costs in the BC”* are mainly costs that the BC is supposed to cover, but is actually not covering, such as renting of premises for events and catering. These costs are also relatively low.

In high-salary level countries (Austria, Germany France), the main part of the TMC is used for **outsourced project management and compensating for higher expert fees**.

Interviewed NCPs insisted on the fact that public institutions do not have the capacities to manage Twinning projects, and have therefore to outsource these activities to specialized MBs, e.g. AED in Austria, GIZ in Germany and FIAPP in Spain.

In the case of Spain, we were told that FIAPP uses 80% of the TMC for covering management costs and 20% for other items (such as ineligible costs). In some cases, the 20% are insufficient and are increased, whereas the 80% for management are being reduced. But in all cases, at least 60% of the TMC remain for management. With an average project amount of EUR 1,000,000 and an average TMC of 25% (both figures based on the 9 Spanish Twinning projects), FIAPP uses, in the average, at least **EUR 150,000-200,000 per project for project management**. With this amount, a full-time project manager and administrative costs (logistics and accounting) are being covered. This is a realistic salary for a full-time project manager and for covering shared resources for administrative tasks. It could however be questioned why a Twinning project needs two full-time management staff: the RTA and the FIAPP project manager (and the Project Leader who has an additional part time management function). Moreover, according to the Twinning Manual, up to 30 working days in the BC are directly chargeable for project preparation and coordination. Altogether, this appears to be a lot of management.

In Germany, GIZ is doing project management for most Twinning projects and charges its services to the institution on time basis, which is average 9-10 days monthly per project, at real fee rates. There are also a few other MBs providing project management, and only one public institution is doing project management by itself.

These MBs, which provide project management, are 100% state owned. They have some private sector activities (e.g. Technical Assistance projects), but they operate in principle as non-profit organisations. If a surplus is generated, it remains within the MB. Cross financing with other common-benefit activities is permitted, but not with activities that are services for the respective State. They operate on the principle of cost covering according to cost accounting principles, and their salaries are above the civil service salary scheme.

*“Compensation for higher fees”* are the second important cost factor covered by the TMC in Austria, France and Germany (but not in Spain, where this would not be permitted by legislation). Expert fees at real costs range EUR 550 to 900 (this holds also for the MBs doing project management).

Some of the NCPs claim that the TMC does not (or not sufficiently) cover all cost categories mentioned in the above table.

In order to further explore how the TMC are actually used, follow-up questionnaires have been sent to selected NCPs of the main Twinning provider MS (→ See Annex 2 – Questionnaires to NCPs). Only Austria, Spain and the Netherlands have replied, and the results are presented below:

Table 13 - Replies of selected NCPs on the use of the TMC

	Austria MB1	Austria MB2	Spain (FIAPP)	NL 1	NL 2	NL 3
Activities of experts outside of the BC	20%	30%	5%	58%	46%	10%
Management activities and overhead	60%	20%	60%	10%	6%	70%
Costs related to study visits	8%	15%	10%	0%	6%	5%
Excess costs	7%	30%	5%	3%	1%	10%
Ineligible direct costs in BC	5%	5%	20%			
Other/unknown				29%	41%	5%

Only the Spanish NCP provided a consistent reply which covers all projects, since they are all managed by FIAPP. In Austria and the Netherlands the questionnaire was forwarded by the NCP to the different institutions managing projects (two specified mandated bodies in Austria, and three not specified institutions in the Netherlands). It can be concluded that there is no harmonized practice even within one MS, yet practices are extremely discrepant. It is not justifiable why in Spain the “*Activities of experts outside of the BC*” account only for 5%, whereas they account for 20-58% in the other countries, varying in the Netherlands between 10% and 58% (!). The conclusion is that (with the exception of Spain):

1. The NCPs have no oversight over the cost policy in their country.
2. The use of the TMC lacks transparency, and statements about its usage appear to be speculations.
3. Practices are too different (also due to legal constraints, e.g. resulting from cost accounting) for designing a uniform system that would reflect the real costs created in the seconding institution and in the involved management MBs.

### **Activities of experts outside of the BC and project management**

More details were required by DG NEAR regarding the activities of experts outside of the BC. This question was answered in the questionnaire by most NCPs, and the complete text of all replies can be found in Annex 7 - Synthesis NCP replies, Table “Results1”, where the activities conducted by STEs before and after a mission are described in detail. A summary of the replies is presented in Table 14 below.

Table 14 - Average time for pre- and post-mission activities of STEs

MS	Pre-mission activities	Post-mission activities	Total minimum	Total maximum	Total average
<b>Austria</b>	1-4 days	1 day	2	5	3.5
<b>Germany</b>	3-5 days	1-5 days	4	10	7.0
<b>Finland</b>	1-3 days	1-3 days	2	6	4.0
<b>France</b>	2-10 days	6 days	8	16	12.0
<b>Hungary</b>	1-3 days	1-2 days	2	5	3.5
<b>Italy</b>	2-2.5 days, including Logistics; financial management	½ day	2.5	3	2.8

MS	Pre-mission activities	Post-mission activities	Total minimum	Total maximum	Total average
	3 preparatory days for each study visit				
Lithuania	2-5 days	2-5 days	4	10	7.0
Latvia	10 days, including logistics and financial management	2-5 days	12	15	13.5
Netherlands	5-6 working days in total for pre-and post-mission activities		5	6	5.5
Romania	20-40% of mission length		1	2	1.5
Sweden	1-2 days	1-2 days	2	4	3.0
Slovenia	1 day	1 day	2	2	2.0
UK	Organisation of study visits: 5 days Preparation of quarterly financial report: 3 days				
<b>Average</b>			3.9	7.0	5.4
<b>In % of the average mission length (5 days)</b>			<b>78%</b>	<b>135%</b>	<b>106%</b>

Although there is a certain variance, it can be concluded that **the working days for pre- and post-mission activities account for about 100% of the mission working days.**

As regards the efforts for project management, some information was gathered from the NCPs of the largest Twinning provider MS:

**Table 15 – Monthly efforts for project management**

MS	Project manager	Project Leader	Total as full-time equivalent <sup>6</sup>
Austria	10-15 days	2-3 days	55-80%
France	5-20 days	5-12 days	45-145%
Germany	9-10 days	2-3 days	50-60%
Netherlands	10 days		50%
Spain	One fulltime project manager	Very little (only travel to Steering Committees)	100%

In their replies, the NCPs mention additional efforts for the organisation of study tours, audit, financial management, which are very different by country. Also, it can be concluded that there is a very different perception by country of

- what is understood by “project management”
- what is the role of Project Leader (very active in France; largely inactive in Spain)
- what is considered to be covered by the TMC

Taking into account the significant variance, it can be concluded that overall project management accounts for 50-100% of a fulltime equivalent, and this proportion depends on the complexity of the project (the sector being a main factor), but less on the size of the project.

<sup>6</sup> Based on 22 working days per month

Measured on the number of short term expert days per mission (which varies roughly between 20 and 60 day per project, with an average of 33), it can be concluded that **project management accounts for about 30-60%<sup>7</sup> of the number of expert working days.**

The overall conclusion is that a **TMC of 150% of the expert days if generally accurate**, if TMC is to be dimensioned on the basis of the pre-/post mission activities plus project management.

### Replacement of the RTA

Depending on the MS, and within the MS of the seconding institution, there are different practices:

- In a few cases, a replacement for the RTA is hired, but only in a part of these cases, the TMC had to cover additional expenses for a replacement. Often there is just a rotation.
- In most cases, the tasks are distributed to other civil servants. For their additional work, overtime compensation and training costs may arise.

However, in general, the 6% replacement compensation is not used for the intended purpose, rather than – as the TMC – for covering other expenses which would otherwise not be chargeable (or not entirely chargeable).

Table 16 provides an overview of the situation according to the results of the questionnaires.

**Table 16 - Replacement of the RTA**

Countries	Number of projects analysed	Full-time replacement	Part-time replacement	No replacement	Unknown, N/A
Austria	8			5	3
Czech Rep.	2	2			
Germany	10	2		8	
Spain <sup>8</sup>	9	1			8
Finland	10	2		4	4
France	7			6	1
Greece	1			1	
Hungary	2			2	
Italy	10			2	8
Lithuania	3			3	
Latvia	2			1	1
Netherlands	7	2		5	
Romania	1				1
Sweden	2			2	
Slovenia	4		1	1	2
Slovakia	3	1		2	
UK	12	8		4	
<b>TOTAL</b>	<b>99</b>	<b>18</b>	<b>1</b>	<b>46</b>	<b>28</b>
<b>%</b>		<b>28%</b>	<b>2%</b>	<b>71%</b>	

Note: "N/A" relates to Twinning light projects; "unknown" where there was no indication about a replacement.

<sup>7</sup> 11-22 project management days per month, in relation to 33 expert days per month

<sup>8</sup> For Spain, no detail information was available, but the general replacement practice is: For civil servants rather NO, and for MBs rather YES.

In those cases where the RTA was replaced, costs were not quantified in the NCPs' replies to the questionnaires (except for one single case in France). The general approach that was described consists in internal job rotations and sharing the work among several other employees (of which one officially takes over the position). Apart from training costs and occasional overtime compensation, no real costs could be identified.

#### Conclusion:

Both the TMC and the replacement fee are mainly used for **outsourced project management and compensating for higher expert fees**. It should not be the purpose of the TMC nor of the replacement fee to cover for ineligible costs or higher-than-eligible expert fees. Both cost categories are simplified costs and easy to manage, but they lack transparency.

An outline for a solution could consist in the following measures:

1. An increase of the expert fees, at least for civil servants
2. Merging the 6% replacement fees into the TMC
3. Calculating the new TMC percentage in order to be cost-neutral.

On the other hand, it does not seem logical that a civil servant or MB Class 1 expert generates a TMC of EUR 375 per mission day (EUR 250 \* 150%), whereas a MB Class 3 expert generates EUR 675 (EUR 450 \* 150%), thus nearly the double. Project management costs are the same, regardless of the seniority of an expert or whether he/she is a civil servant. The TMC should therefore be correlated to the overall project amount rather than to the expert fees, or otherwise there should be one single fee rate. This will be further elaborated in **5.4 Short term experts**.

**Opinions:** According to the questionnaire replies and interviews, the NCPs support the TMC system, but request higher expert fees, and generally higher project amounts. It was also recommended that the TMC percentage should be calculated on a fixed fee rate, since the administrative work is the same regardless of the fee rate. (This is in line with our observation made above).

## 5.2 Direct overhead costs

*This section refers to the following items of the ToR, which we propose to call "direct overhead costs:*

- *Item d – Monthly travel allowance for the RTA who does not move to the place of assignment with furniture and/or family*
- *Item f – Subsistence allowance for the RTA*

Current regulation:

**Twining manual Annex A7, par. 3.2.2.4. Travel Costs**

#### **c) Monthly travel allowance**

*If the RTAs have moved without spouse and/or children, and have not been reimbursed for the removal of personal effects, household contents or personal vehicle to the BC, they will be entitled to an allowance amounting to the price of a return ticket for each month, starting the second month of the secondment.*

*The rate applied will be that in force on 1 January of the current year, quoted by a travel agency.*

According to Annex A7, par. 3.2.2.4., lit. d), this allowance is paid without proof of travel

**Issue:** This is a partially simplified cost option: The monthly travel allowance is paid without provision of evidence ("evidence" meaning that the travel was actually made). The rate applied is the one in force on 1 January of the current year, quoted by a travel agency. This is the part that requires a verification process and that could be simplified.

**Findings:** It was argued by the NCPs in the questionnaires that the rates of air tickets are fluctuating, depending on the season and on a possible short notice. In this case, the allowance covers monthly flight over the whole project period of generally one or two years. It can be expected that seasonal differences would be smoothed in the average, and short notice is not applicable in this case. Also, it is questionable whether the RTA really travels on a monthly basis. The second finding was that EU Delegations rarely check travel agent quotes, but rather have in-house knowledge about flight costs to the main EU destinations.

**Conclusion:** A simplified cost option could consist in fixing the rate up front for the whole duration of the project. The EU Delegations can provide assistance in setting an average rate which would take seasonal variations into account based on their “empirical knowledge” resulting from booking flights for the EUD international staff. In most BC there is a very limited choice of international flights (only one or two applicable carriers: generally Austrian and Lufthansa in IPA and ENI East, and Air France in ENI South).

Current regulation:

**Twining manual Annex A7, par. 3.2.2.1. Housing**

**Hotel accommodation:** RTAs are entitled to receive in addition to their normal subsistence allowance: an additional, full per diem. This provision is subject to the presentation of hotel invoice(s). It applies for a period of up to 30 days.

RTAs are entitled to receive in addition to their normal subsistence allowance: an additional half per diem for each accompanying family member.

**Permanent accommodation:** A single person or a couple is entitled to two bedrooms. For each child they are entitled to one additional room. Housing costs are reimbursed according to actual rental costs and based on receipts for actual payments. RTAs will receive guidance from the EU Delegation or from the AO/PAO which indicates the upper and lower margins (“bands”) of acceptable rents in the BC.

The reimbursement of **agency fees** is limited to a maximum of two months of rent.

**Issue:** The verification of all reimbursable costs under this item is cumbersome. All detail costs under this item could be grouped in order to establish a global amount (lump sum). EUDs/CFCUs could provide cost estimates per country for the different components of this allowance, based on a given method of calculation.

Hotel accommodation

**Findings:** In almost all cases where the final financial report was available, real costs for hotel accommodation were charged for 30 days for RTA (and family members, where applicable). In one case, even 40 days have been charged. This is surprising, since it appears unusual that finding a permanent accommodation takes as much as 30 days. Only in 4 cases, a lower number of days – between 20 and 29 – was charged, which still seems a lot.

Table 17 - Number of per diem charge for hotel accommodation (real costs)

Case study	Days charged	Comment
AT-SR	30	plus family (spouse and three children)
AT-TR	30	
AT-TU	30	
ES-HR	30	
ES-JO1	30	
ES-JO2	30	
ES-TR	25	
ES-UA	30	
IT-BA	27	
IT-LB	30	
LT-AZ	30	
LT-HR	29	plus family (spouse and two children)
NL-AM	20	
NL-GE	30	plus family (spouse and three children)
HU-AL	30	
AT-GE	40	
SK-SR	30	
FR-KS	30	
FR-MK	30	
FR-UA (Admin)	28	plus family (spouse)
FR-UA (Social)	30	

In those cases with accompanying family members, it is moreover surprising that children under school age are being brought to the BC in a temporary accommodation.

According to NCP and EUD information, hotel bills are controlled and, in formal terms, misuse can be excluded. It can however not be excluded that, in BCs with high per diem rates, RTAs are staying in a hotel as long as possible in order to collect the difference between the per diem and the real hotel costs.

**Conclusion:** The pragmatic solution in this case, which is at the same time a simplified cost option, is to grant full 30 days of per diem as a lump sum, without control of hotel bills.

#### Permanent accommodation

**Findings:** The rental costs are differing among the BCs. EUDs can provide an amount for rental costs which is based on EU Staff regulations, providing for different rates according the number of family members accompanying the RTA, where this is the case.

According to the analysed case studies, real estate agent fees correspond generally one month rent.

**Conclusion:** A lump sum can be established for permanent accommodation which corresponds to  $r * m$ , where  $r$  is the monthly rent and  $m$  the number of months of project duration (the permanent accommodation will be rented for  $m-1$  month, following the temporary accommodation, but one month will be added for the real estate agent fees).

## Health insurance

### **Twinning manual Annex A7, par. 3.2.2.2. Health Insurance**

*Where there is no bilateral agreement on social security, the project will reimburse full coverage for health insurance for the RTA and each family member up to EUR 200/person/month.*

**Findings:** Table 18 below shows the monthly health insurance costs for 23 case studies where real costs were available. The figures in the final financial reports are partially inconsistent, and EUDs also confirm that rates are varying among the projects.

**Table 18 - Monthly health insurance real costs, in EUR**

BC	Minimum	Maximum	EUD estimate
Ukraine	16	179	
Bosnia-Herzegovina	24	24	
Croatia	26	104	
Macedonia	34	34	
Turkey	47	217	200
Albania	63	63	200-250
Serbia	95	156	
Morocco			100-150
Jordan	101	224	
Georgia	107	163	25-200
Egypt	117	117	
Tunisia	131	131	150-200
Armenia	161	189	
Azerbaijan	186	186	

**Conclusion:** The only conclusion that can be drawn is that the ceiling of EUR 200 is sufficient<sup>9</sup>; IPA countries are generally on the cheaper side; and amounts are very variable. This item has little impact in the overall costs, but creates administrative burden. It is recommended to cover it with a lump sum of EUR 200 monthly.

## Travel costs

### **Twinning manual Annex A7, par.3.2.2.4. Travel Costs**

#### **a) Personal travel costs to and from the BC at the beginning and at the end of the Twinning Project**

*RTAs and their accompanying family members will be reimbursed ... the cost of an economy air ticket to/from his/her place of employment at the beginning/end of the period of secondment;*

For the travel costs to and from the BC at the beginning and the end of the project, it appears more practical to be reimbursed without providing evidence. Although these are one-way flights, they will often cost as much a return ticket.

This item could be combined with the monthly travel allowance, and the suggested travel budget for RTAs moving without family would therefore be  $(m+1) \times \text{air ticket price}$ , where  $m$  is the number project months, and the air ticket price could be fixed upfront by the EUD based on their experience.

<sup>9</sup> Except for two diverging cases, one in Jordan and one in Turkey, where lower rates have however be found in other projects

## Excess luggage

Analysis of the real costs for excess luggage (up to 50 kg) in the 12 mentioned case studies shows that this item is generally significantly over-budgeted.

Table 19 - Excess luggage (real costs) based on 12 case studies, in EUR

Case study	Budgeted amount	Real costs
AT-SR	0	0
AT-TR	400	128
AT-TU	1,000	526
DE-TR <sup>10</sup>	1,500	893
ES-DZ	1,000	
ES-JO1	2,000	164
ES-TR	1,000	165
FR-MK	1,000	185
FR-UA1	2,000	508
FR-UA2	1,000	0
IT-BA	1,000	0
NL-AM	2,200	300
<b>TOTAL</b>	<b>14,100</b>	<b>2,868</b>

We have researched the costs for excess luggage with the main airlines servicing the IPA and ENI regions (Austrian Airlines, Turkish Airlines, Iberia, Lufthansa, Air France, KLM). The costs for an additional baggage, on top of the 23 kg which are included in the ticket, are in generally EUR 30-50 per direction for additional 23 kg, i.e. max. EUR 120-200 in total (two additional baggages, both directions). This is partially supported by the figures in Table 19, but not consistently. Moreover, in several case studies, no excess luggage was charged. It is therefore suggested to keep it at real costs.

## 5.3 RTA moving with family

Among the 44 case studies, there were 4 cases of RTAs moving with family: In one case with the spouse only and in the three other cases with 2-3 children. Moving with family is therefore not a frequent case, but still accounting for about 10% of the cases.

This section refers to the following items of the ToR:

- *Item e – Yearly travel allowance for the RTA and each member of the family who moves to the place of assignment,*
- *Item g – Subsistence allowance for each family member of the Resident Twinning Adviser who moves to the place of assignment*

Current regulation:

**Twining manual Annex A7, par.3.2.2.4. Travel Costs**

**b) Annual leave**

*RTAs and their accompanying family members will be reimbursed the cost of an annual trip home.*

This is handled as for the RTA's respective allowance, and according to Annex A7, par. 3.2.2.4., lit. d), original proofs of travel must be provided.

<sup>10</sup> Two RTAs

**Issue:** The annual travel allowance is paid according to real costs. It was suggested that this could be changed in line with the monthly travel allowance for the RTA item d) and fixed upfront.

Current regulation:

**Twinning manual Annex A7, par. 3.2.2.5. Removal Costs**

*Option 1: Removal of personal effects only (secondment of minimum 1 year)*

*Option 2: Removal of complete household contents to the BC (secondment of minimum 2 years)*

Current regulation:

**Twinning manual Annex A7, par. 3.2.2.3. Schooling fees**

*School fees will be reimbursed up to a ceiling of EUR 12,000 per child and per academic year, based on itemised bills.*

**Issue:** It was suggested that these costs could be a percentage of subsistence allowance for the RTA (item f), for each family member.

**Conclusion:**

Regarding the travel costs: This involves the travel costs to and from the place of employment and annual return tickets, for each family member. It is suggested to apply a lump sum of  **$(Y+2)*F*$ air ticket price**, where Y is the number project years and F the number of family members. The air ticket price should be fixed upfront by the EUD based on their experience or on travel agent quotes. In other words: **Additional 100% for each family member on top of the RTA's corresponding travel allowance, including excess luggage.** For fractions of project years, one option could consist in granting the full yearly travel allowance, for each family member, in case of a fraction that equals 6 months at least (i.e. for 18 months project duration, two return trips would be paid; whereas for 15 months: only one). The alternative of paying a proportion of the yearly travel allowance for fractions of years appears less logical in terms of approximating the real costs.

Removal costs depend, like flight tickets on the distance. They could be fixed upfront based on an offer from a forwarding agent.

For the hotel accommodation, what was said above is valid also for the family members. **Additional 50% per family member on the RTA's allowance for temporary accommodation.**

For the health insurance: Additional 100% on the lump sum for health insurance for each family member.

For the schooling fees, it is not recommended to establish a lump sum or percentage, since schooling fees may be very different according to the BC, the age of the children and their specific needs. Also, paying a lump sum may raise a control issue, since it is difficult to control whether the RTA's children are really the BC and how many of them. This should remain at real costs.

**Opinion:** The German NCP recommended handling family emoluments outside of the normal project budget, through an additional budget which could only be drawn on for covering family allowances, in case they arise. Otherwise, these family allowances have too much impact on the project budget at the detriment of project activities. This is indeed confirmed by the case study "AT-SR" where family allowances of an RTA moving with spouse and three children accounted for 4% of the total project budget.

## 5.4 Short term experts

This section refers to the following items of the ToR:

- Item h – Per diem to cover subsistence of short term experts while on mission
- Item i – Allowance per working day compensating for the absence from duty of public experts seconded for short term Twinning missions
- Item j – Travel allowance for short term public experts going on mission to the place of assignment

Per diem to cover subsistence of short term experts while on mission

Current regulation:

**Twinning manual Annex A7, par. 3.3.2. Per Diem (for short term experts and RTAs on mission outside BC)**

***The rate applicable for a mission is the one applicable on the first day of travel.***

**Issue:** This is a flat fee according to official tables: the per diem valid at mission date will be applied. Since per diem rates are subject to changes on a semi-annual basis, this item needs to be reviewed during the lifetime of the Twinning project. It was suggested to apply a uniform per diem throughout the project (i.e. the one valid at contract signature).

**Findings:** as demonstrated in **Paragraph 4.4 - Per diem development**, the fluctuation of per diem rates is high, with an average absolute variance of over 10% per year.

**Conclusion:** Considering the current unrealistic rates and their erratic fluctuation, it does not make much difference whether the per diem is fixed upfront to the one which is valid at contract signature, or whether the one in force at mission date is applied. Both are likely not to reflect the reality and real cost developments, and both options may cause discontentment and disadvantage on one side, or waste on the other side. In order to simplify the system, and to align it to the one applied for the RTA, the per diem could therefore be fixed upfront. But what needs to be reformed in the first place is the per diem system which should be Euro focused, at least for the IPA and ENI countries.

**Opinions:** NCP interviewees also criticize that the current system is not realistic, mentioning in particular that per diem rates are too low in most of the Western Balkan countries. However, they are generally in favour of determining an upfront rate.

**Remark:** It was noted that, in some countries, a part of the per diem is withheld by the seconding institution. For instance, in Austria some MB pay only 85 % of the collected per diem to the expert. Also in Germany, some institutions withhold the per diem and the expert is compensated in accordance with the travel regulations for civil servants, where per-diem rates are significantly lower. This practice undermines the efforts for establishing a cost system that motivates the experts, and it is not in line with the non-profit principle. The Commission may consider issuing a recommendation that per diem is to be fully paid to the experts, as it is the case in other main Twinning provider countries (e.g. France and Spain).

## Fees for short term experts

Current regulation:

### **Twinning manual Annex A7, par. 3.2.3.1**

**3.2.3.1. Missions of civil servants** *The financial contribution of the EU programme to the staff costs of short and medium-term missions is EUR 250/day for civil servants or acting civil servants.*

### **3.2.3.2 Missions of staff from mandated bodies**

**Class 1 expert: Rate of reimbursement per day worked in BC: EUR 250**

**Class 2 senior expert: Rate of reimbursement per day worked in BC: EUR 350**

**Class 3 special counsellor: Rate of reimbursement per day worked in BC: EUR 450**

*Mandated bodies able to provide evidence that they cannot cover their staff's real costs with the standard rates of reimbursement may apply for authorisation to charge up to a maximum of EUR 100 more for each category of experts.*

*The **real salary costs** of a mandated bodies' expert consist of the expert's gross annual salary plus any compulsory non-wage labour costs payable by the employer in direct connection with the expert's salary.*

*These annual costs must be **divided by 180** in order to calculate the total actual salary costs per day.*

**Issue:** The fees per working day of STE to be reviewed, taking into account the different fees for mandated bodies. It is generally considered that the fees are insufficient, especially for civil servants, in two regards: (i) not covering the real costs of the seconding institution, and (ii) not motivating for the expert. An issue is the problem of the different salary levels for civil servants and MB employees among the different MS. A regional grouping was considered, but appears to be politically unacceptable.

### **Findings:**

**In terms of motivation of experts,** it should be pointed out that there are very different practices among the MS on who is actually collecting the fee. There are three different regimes:

- a) Experts execute the mission during their working time and collect the fee on top of their salary (or pension).
- b) Experts execute the mission during their working time, but the fee is fully or partially collected by the seconding institution
- c) Experts execute the mission during their leave and collect the fee on top of their salary

Option a) applies for instance in Spain and in the new MS. Option b) applies in Austria, France, Germany and the Netherlands. Option c) is common in Austria and Germany, and there the expert is sometimes even urged to use his/her leave for a mission. It is unusual in the other countries.

The proportion of fee which is withheld (as for the per diem withheld) depends of the institution, and this is not even regulated at MS level. In the Netherlands, 100% are being withheld by the institution. In Austria, France and Germany, there is a split which varies between 0 and 100%, depending of the institution. In Austria, the portion withheld is considered as a necessary contribution to the legally required full cost coverage of Twinning assignments. Twinning assignments are in these cases part of the regular duties of the expert.

In any case, experts continue to receive their whole salary, although reportedly there may be rare cases of salary deductions for absence during missions.

**In terms of sufficiency of the fee rates,** there is a general consensus among NCP respondents from the old MS (who represent the vast majority of the Twinning providers) that the civil servants rate is too low at EUR 250, considering that this rate has not changed during the last 10-15 years, even not for compensating the inflation rate. It has also been emphasized that the salary level in the MBs is significantly higher than in the other public institutions, since the public sector has outsourced a considerable amount of tasks to specialised agencies, which – due to their specialisation and

management structures – have real salary costs far above the civil servants salary scheme. In Germany, the difference between the calculated fee and the collected EUR 250 to EUR 450 may be taken from the TMC and transferred to the seconding institution. This practice is not always applied, but it is applied if the institution requests it.

Among the large Twinning providers, only Spain is relatively satisfied with the current fee level, mentioning however that fees are sometimes tight, but more from a sector related point of view (Technology, Regulators, Court of Accounts and Justice).

As mentioned above in **Paragraph 5.1 - Indirect overhead costs**, Austria and Germany operate on the principle of cost covering according to cost accounting principles, and calculate expert costs at EUR 550 to 900. Austria even has to comply with a legally required full cost coverage of Twinning assignments. In contrast, no such systems are in place in Spain, and this may explain the different views.

Table 20 below shows that distribution of expert days in the different classes among the projects that have been analysed by the NCPs for replying to the questionnaire (→ Annex 7 – Synthesis of information from questionnaires and interviews with NCPs).

**Table 20 - Distribution of expert classes**

	Civil servants	MB Class 1 (€250)	MB Class 2 (€350)	MB Class 3 (€450)	Add. increase of up to €100	TOTAL
Old MS	17,103	5,714	8,025	2,266	4,144	48,305
	46%	15%	22%	6%	11%	77%
New MS	8,217	1,648	398	592	198	37,252
	74%	15%	4%	5%	2%	23%
Total	25,320	7,362	8,423	2,858	4,342	11,053
	<b>52%</b>	<b>15%</b>	<b>17%</b>	<b>6%</b>	<b>9%</b>	<b>100%</b>

These figures suggest that the inclusion of employees from MBs is significant among the old MS, including for reasons relating to the “project management bodies” elaborated above in **Paragraph 5.1 - Indirect overhead costs**. It is less common in the new MS (often related to regulatory agencies).

**Opinions:** There is general consensus that that fee rates for civil servants and MB employees should be treated along the same scheme (i.e. no difference be made between these two categories of experts). Spain pointed out that the current different fee rates cause discontentment among experts who are basically doing the same work, but are treated differently depending on their status (The example of Ministry of Finance on one side and Court of Accounts on the other side was stressed).

There are however different opinions on whether a single rate (in terms of amount) should be applied to all experts. Austria is sceptical, arguing that specialized know-how will no longer be available if the current high-end rates (MB Class 2 and 3) are abolished. France is also concerned about maintaining high rates. Spain and Germany favour one single fee rate for all experts, independent of seniority, whereby Germany proposed EUR 350.

**Conclusion:** Cost pressure resulting from cost accounting principles, coupled with the extensive involvement of “project management bodies” operating along these same principles, are the main cost drivers for the fees. There is however a contradiction between the full or partial collection of the fee by the institution on one side and the fact that no real costs arise from a Twinning mission and that Twinning missions are part of the expert’s duties on the other side.

Establishing a range of fee rates that would be acceptable for high-salary-level countries and not violating the non-profit principle in case of new MS is virtually impossible. This is however a political issue which cannot be resolved in the present study.

In order to reduce the need for “reallocation” of the TMC for compensating insufficient fees, it could therefore be considered to raise the fees and in turn to reduce the TMC, in order to provide more flexibility. This could be done with a uniform rate for all experts, or otherwise with two (or maximum three) rates, reflecting the seniority of the expert. A distinction between civil servants and MBs does not appear justified.

A more radical plan – to include the TMC in the expert fee – has several practical disadvantages: not being applicable to TAIEX, and the difficulty for the MS to splitting such fee into the part to be allocated to the expert and the part that they would withhold.

In **Section 6 - Recommendations**, different alternatives for a possible fee structure are discussed.

#### Travel allowance for short term public experts going on mission to the place of assignment

Current regulation:

**Twinning manual Annex A7, par. 3.1.1 Travel**

*Travel costs are estimated in the budget and reimbursed upon the actually incurred cost*

**Issue:** Travel costs are now based on real costs. A lump sum is suggested.

**Findings:** It was argued by the NCPs in the questionnaires that the rates of air tickets are fluctuating, depending on the season and on a possible short notice. Unlike in the case of the monthly travel allowance for the RTA, a seasonal fluctuation of prices will not be smoothed, and short notice is frequent for these missions.

**Opinions:** For these reasons, NCP respondents unanimously reject the idea of a lump sum.

**Conclusion:** The mentioned factors, coupled with changes of the fuel price or of the political situation, make it indeed uncertain what the real price of a flight ticket will be. Experts in a project may come from different countries, and different routes would have to be considered, each bearing a risk of fluctuations. There is a large number of missions. In this situation, it is recommended that the current system of real costs is maintained.

## 5.5 Translation and interpretation

*This section refers to the following items of the ToR:*

- *Item l – Translation of documents;*
- *Item m - Consecutive interpretation during activities of the Twinning project;*
- *Item n - Simultaneous interpretation during activities of the Twinning project.*

Current regulation:

**Twinning manual Annex A7, par. 3.8. Translation and Interpretation**

*The ceiling of EUR 10,000 per budget item must be respected in case of external services, unless lower ceilings are drawn up by the Contracting Authority in the BC.*

*The Contracting Authority in the BC will indicate the local price range applicable for translation and interpretation.*

*Translation costs must be counted using the rates applicable in the BC.*

*Interpretation costs may be counted using the rates applicable at the place where the activity requiring interpretation takes place. For activities taking place in the MS it may however be economically advantageous to contract interpretation services in the BC (travel costs and per diems for the interpreter(s) must be taken into account in the cost comparison*

Also, a 7% limit of the project budget must be respected.

**Issue:** According to DG NEAR, the acquisition of translation/interpretation services is now mainly based on the procurement rules of the Twinning provider MS. A uniform procedure should be established, and costs per page could be fixed upfront based on average costs in the country (information from EUDs/CFCUs).

**Findings:** Table 21 below shows the interpretation and translation rates in different countries. Rates are consistent within one country, but variations between countries are significant, in particular with regard to interpretation.

**Table 21 - Interpretation and translation rates, in EUR**

Country	Translation per page				Interpretation per day			
	Average	Max.	Min.	EUD estimate	Average	Min.	Max.	EUD estimate
Bosnia-Herzegovina	9	9	9		200	200	200	
Albania	10	10	10	10	150	150	150	200-250
Egypt	10	10	10		150	150	150	
Macedonia	10	10	10		150	150	150	
Israel	10	10	10					
Tunisia				10-15				200-300
Georgia	12	15	10	10-15	213	150	300	300
Serbia	13	20	10		218	150	300	
Jordan	13	15	10		225	150	300	
Armenia	14	20	10		150	150	150	
Ukraine	14	15	12		364	120	1,000	
Kosovo	15	15	15		120	120	120	
Tunisia	15	15	15		200	200	200	
Croatia	15	15	15		300	300	300	
Morocco				10-15				350
Azerbaijan	18	25	15	8-12	250	200	300	101
Turkey	20	25	15	20	400	400	400	350
Moldova					150	150	150	
Algeria					250	250	250	
<b>Grand Total</b>	<b>14</b>	<b>25</b>	<b>9</b>		<b>245</b>	<b>120</b>	<b>1,000</b>	

Table 22 below shows the percentage of interpretation and translation in total project expenditure based on the 12 case studies with real costs. It can be concluded that generally these cost items together account for 2-3% of the total project budget.

Table 22 – Interpretation and translation in % of total project budget, based on real costs (12 case studies)

Case study	MS	BC	Sector	Interpre- tation	Translation	Total
AT-SR	Austria	Serbia	<i>Environment</i>	1.20%	0.30%	1.50%
AT-TR	Austria	Turkey	<i>Environment</i>	0.20%	2.00%	2.20%
AT-TU	Austria	Tunisia	<i>Environment</i>	-	-	0%
DE-TR	Germany	Turkey	<i>Justice</i>	5.20%	0.80%	6.00%
ES-DZ	Spain	Algeria	<i>Transport</i>	-	-	0%
ES-JO1	Spain	Jordan	<i>Energy</i>	-	0.20%	0.20%
ES-TR	Spain	Turkey	<i>ICT</i>	2.50%	0.00%	2.50%
FR-MK	France	Macedonia	<i>Transport</i>	1.10%	0.30%	1.40%
FR-UA1	France	Ukraine	<i>JHA</i>	7.10%	0.90%	8.00%
FR-UA2	France	Ukraine	<i>JHA</i>	2.40%	1.00%	3.40%
IT-BA	Italy	Bosnia-H.	<i>ICT/JHA</i>	0.40%	0.50%	0.90%
NL-AM	Netherlands	Armenia	<i>Agriculture</i>	-	1%	1.00%
<b>Weighted Average</b>				<b>2%</b>	<b>0.6%</b>	<b>2.6%</b>

There is a strong indication that there can be significant variance depending on the sector. The three projects in the Justice and Home Affairs sector have translation/interpretation costs which are significantly above average.

With regard to the procurement method, according to the NCPs replies to the questionnaires, no MS specific procurement procedure is applied. In general, selection of translators/interpreters is based on an open procedure with publication of the vacancy, followed by a more or less formalized evaluation. Translation and Interpretation and contracted together from the same person.

**Opinions:** NCP respondents are not in favour of a universal lump sum, since costs are dependent on the BC, but they have a more positive opinion, if such a lump sum was to be based on country specific rates. Flexibility was mentioned as a possible advantage of lump sums (e.g. the possibility to hire an additional interpreter/translator). It was also suggested to merge translation and interpretation, and to create an overall budget line “Translation & Interpretation Costs” for all activities together (instead of having a separate position in each activity), since costs are difficult to estimate in the original budget for each single activity and sometimes one translation item covers several activities.

**Conclusion:** Merging the two categories and allocating them as an overall translation/interpretation budget for all activities will significantly simplify the cost budgeting and verification procedure. Also, BC specific rates (per day of interpretation and per page for translation) can be established by the EUDs. But apart from this, it would be preferable to leave the choice to the MS on whether to use a lump sum, or to use real costs (based on the specific rates which are established upfront). The reason is that in some sectors, where translation of legislation is crucial, translation costs can be high and unpredictable.

## 5.6 Study visits

This section refers to the following items of the ToR:

- Item o - Per diem to cover subsistence of beneficiary country experts while on study visits to a EU Member State
- Item p – Compensation for the EU Member State hosting a study visit

**Current regulation:**  
**Twining manual Annex A7, par. 3.4.2. Study visits in the MS and Trainee/internships for BC officials in MS Partner Administration**

*Per Diem allowances for BC trainees are eligible in all countries.  
 Small incidental costs may be charged to the budget and paid to the MSP(s) on a unit cost basis (**maximum EUR 10 per trainee per day**) and reported without supporting evidence.*

**Issue:** Per diems are calculated according to the official per diem table. They could be applied as a uniform per diem (i.e. the one valid at contract signature) throughout the project. The incidental amount is to be reviewed to what extent it is justified.

Per diem on study visits

**Findings:** According to the published EU per diem rates since 2012, per diems in the MS have not been subject to variations.

**Conclusion:** Per diem rates for study visits could therefore be fixed upfront as a lump sum, based on the budgeted number of participants.

Incidentals

**Findings:** According to the replies of the NCPs to the questionnaires, shown in Table 23 below, there is no clear approach on which services the MS provide during study visits. Some MS do not cover any expenditure, relying on the fact that BC participants use their per diem for meals and local transport (which would actually be the correct approach). Other MS provide the full range of services: Refreshments during sessions, local transport, lunch and sometimes dinner and sightseeing.

**Table 23 - Services provided during study tours, based on NCP replies**

MS	Local transport	Refreshments during sessions	Lunch	Other
AT	Y	Y	Y	Invitations to events, entry fees, accompany study visit, copy costs for printed material, marketing material; Information Materials, Handouts
CY	Y	Y	Y	
CZ	N	Y	Y	N
DE	Y and N - depending on the project	Y and N - depending on the project	Y (working lunch or welcome dinner) / N different from project to project	Visit of other/regional institutions, visit of trade fairs, cultural events
EE	-	-	-	-
ES	Y	In some projects	In some projects	
FI	Depending on the project (In some cases, participants were advised to	Y	Depending on the project (but only first and	Generally 1 dinner; Training facilities; Training materials & equipment; transfers between airport and accommodation

MS	Local transport	Refreshments during sessions	Lunch	Other
	buy a week ticket for local transports)		last days of the visit)	
FR				
GR				
HR				
HU	Y	Y	y	
IT				
LT	Y	Y	Y	Rent of premises for study visit day wrap-up discussion.
LV	N	N	Occasionally (only on the first day)	
NL	Y	Y	Y	Occasional dinner
PL	Y	N		
RO	N	N	N	
SE	Y	Y	N	
SI	Occasionally	Y	Occasionally	
SK	Y	Y	Y	Sightseeing, dinner
UK	Y	Y	Y	One dinner

The conclusion that can be drawn from these replies is that in some cases the amount of EUR 10 per day and participant is justified (e.g. if daily lunch and local transport is provided), whereas in others it is not; and this is even differing by project within one MS. It is suggested to keep the lump sum of EUR 10, but to prescribe which services should be covered.

Table 24 and Table 25 below provide an overview on the number of participants and on the duration of study visits, based on a total of 175 study visits in all 44 case studies.

**Table 24 - Study visits by number of participants**

Size of group (participants)	Number of study visits	in %
<3	10	6%
3-7	102	58%
8-12	43	25%
13-17	12	7%
18-22	7	4%
28-32	1	1%
<b>TOTAL</b>	<b>175</b>	<b>100%</b>

Table 25 - Study visits by duration

Duration (days)	Number of study visits	in %
1	2	1%
2	10	6%
3	25	14%
4	26	15%
5	99	57%
6	2	1%
7	6	3%
8	1	1%
10	3	2%
30	1	1%
<b>TOTAL</b>	<b>175</b>	<b>100%</b>

These figures suggest that the large majority of all study tours gather 3-12 participants, the average being 7 participants; and that the duration is generally 4-5 days (average 4.7 days). The average number of person/days is 33.8 per study visit.

**Opinion:** NCP respondents argue that the incidental costs for participants of study visits cannot cover more than local transport costs.

**Conclusion:**

- The Per diem per study visit could be fixed upfront based on the per diem valid at contract signature.
- If the EUR 10 should only serve for services provided by the MS host institutions, such as print material or refreshments, then the participants should use the per diem for all other expenditure during the study visit; otherwise the Twinning Manual should clearly specify which services are to be covered.
- Based on 50 participant/days (which is even more than the currently identified average of about 38 participant/days), a lump sum of EUR 500 per study visit could be set upfront.

## 5.7 RTA assistants

*This section refers to the following item of the ToR*

- *Item q – Remuneration of the service provided by the RTA assistant(s)*

Current regulation:

**Twinning manual Annex A7, par. 3.7. RTA Assistant**

*RTAs should be assisted by a full-time project assistant for providing translation and interpretation services on a daily basis, and for performing general project duties.*

**Issue:** A lump sum could be established per country based on average costs provided by EUDs/CFCUs, according to a given method of calculation.

**Findings:** The analysis of the 44 case studies is presented in Table 26 below. Data includes one or two assistants per project (RTA Assistant and/or language Assistant), as the case may be. The table shows also the estimates by the six selected EU Delegations.

**Table 26 - Assistant salaries (monthly salary, in EUR)**

Ben. Country	Minimum	Maximum	Average	Number of case studies	EUD estimate
Bosnia-Herzegovina	800	800	800	1	
Tunisia	1,000	1,000	1,000	1	1,200-1,500
Macedonia	1,000	1,000	1,000	2	
Armenia	1,000	1,300	1,100	7	
Kosovo	1,100	1,200	1,133	3	
Georgia	900	1,250	1,138	7	1,200-1,500
Albania	1,200	1,200	1,200	2	1,200
Algeria	1,200	1,200	1,200	2	
Jordan	1,200	1,200	1,200	5	
Moldova	1,300	1,300	1,300	2	
Serbia	1,000	1,635	1,359	7	
Morocco					1,300-1,500
Lebanon	1,500	1,500	1,500	2	
Azerbaijan	1,500	1,500	1,500	6	1,500
Ukraine	1,500	1,700	1,550	9	
Egypt	1,700	1,700	1,700	1	
Croatia	1,800	1,800	1,800	8	
Israel	2,000	2,000	2,000	1	
Turkey	2,000	2,000	2,000	8	2,000
<b>Grand Total</b>	<b>800</b>	<b>2,000</b>	<b>1,427</b>	<b>74</b>	

There are significant differences among the different BC, with the most expensive country (Turkey) being 2.5 times more expensive than the cheapest one (Bosnia-Herzegovina). Within each BC, there is very little variation (except for one case – Serbia).

The estimates by the EUDs, for those countries where available, are in three cases exactly in line with the empirical data; in the two other cases about 20-50% above the observed average.

**Opinions:** NCP respondents are not in favour of a universal lump sum in general, and more specifically since costs are dependent on the BC. It was nevertheless mentioned as possible advantage of a lump sum that this would allow engaging either one full-time or otherwise several part-time assistants (which may better respond to project needs). A disadvantage mentioned was that the lump sum may become known and weaken the negotiation position for the salary towards applicants.

**Conclusion:** A lump sum for assistant salaries should be established by BC, based on the monthly salary level identified by the EUD of the BC, multiplied by the number of months of project duration.

## 5.8 Real costs versus budgeted costs

Based on the 12 case studies containing real costs (amounts paid), a comparison can be made between budgeted amounts and real costs per cost category as shown in Table 27 below:

Table 27 - Budgeted costs versus real costs for 12 case studies

	Total budgeted	Total paid	Used
<b>FIXED COSTS</b>	11,906,766	10,507,786	88%
Expert fees	2,644,326	2,191,488	83%
Overhead costs	3,966,674	3,304,189	83%
Per diems	2,584,183	2,260,914	87%
RTA salary and regular allowances	2,711,582	2,751,195	101%
<b>REIMBURSABLES</b>	4,272,134	3,224,167	75%
Assistants	622,400	644,841	104%
Contingency	307,417	72,525	24%
Interpretation	392,345	251,410	64%
Miscellaneous	379,353	362,937	96%
RTA one-time allowances	587,751	548,720	93%
Study tours	447,445	382,356	85%
Translation	358,210	77,020	22%
Travel costs	1,168,840	884,358	76%
<b>Grand Total</b>	<b>16,178,900</b>	<b>13,731,953</b>	<b>85%</b>

These results suggest that in the category of **Fixed costs**, the budget is uniformly used. Looking at the detail data in the case studies, it can be observed that a small percentage of under-usage results from missions that actually did not take place, but no changes in the unit costs.

In the **Reimbursables**, the under-usage results primarily from the categories “Translation” and “Interpretation”. For interpretation, the discrepancy stems mainly from one large case study (“FR-MK”) where the interpretation budget was significantly overestimated. Without this specific case study, the usage rate would be at 81%. For translation, there is generally a considerable overestimate across all case studies. Obviously it is difficult to estimate translation and interpretation costs, and that is an argument to keep them at real costs.

Another category showing under-usage – though at a lesser extent – are the travel costs, due to similar reasons.

## 6 Recommendations

### 6.1 Different models

Based on the above analysis, we propose in this section different options for simplification:

- Model A, which is a conservative approach, keeping the current calculation system in principle, but introducing a simplification of most costs which are presently reimbursable (by converting them into percentages or lump sum)
- Model B, which is an innovative approach, which would base the cost structure just on two cost categories: working days and incidental costs.

### 6.2 Model A: The conservative approach

This paragraph summarises the conclusions made above on possible simplifications:

Table 28 - Summary overview of options for cost simplification

Item	Description	Issue and conclusion	Recommendations
<b>A</b>	Remuneration of the Resident Twinning Adviser	All elements are already simplified cost options. <ul style="list-style-type: none"> <li>• The salary amount is justified since it corresponds to the real costs. No change is suggested</li> <li>• The 50% per diem is not justified in the way it is applied.</li> </ul>	Replace the 50% per diem allowance by a percentage of the RTA's salary in order to ensure equitable treatment. The amount could be weighted, i.e. increased in certain countries by a hardship factor. (The current per diem rates do not properly reflect the hardship.)
<b>B</b>	Non-wage labour costs of the RTA	This is already a simplified cost option. Justification can only be established by the auditor	Define in the Twinning Manual what is to be included in non-wage labour costs.
<b>C</b>	Extra costs incurred by the home administration for the replacement of the RTA	This is already a simplified cost option. But it is generally not used for the intended purpose rather than for management costs.	If the regulation should reflect the reality, the recommendation would to merge it with the TMC. If the new regulation should reflect real costs, then this category should be abolished, considering that that in almost all cases no replacement was hired for the RTA.
<b>D</b>	Monthly travel allowance for the RTA who does not move to the place of assignment with furniture and/or family	This is a partially simplified cost option. It requires verification of the per diem rate in force.	Establish a lump sum by applying the per diem rate valid at contract signature for the whole project duration.

Item	Description	Issue and conclusion	Recommendations
E	Yearly travel allowance for the RTA and each member of the family who moves to the place of assignment	Now at real costs. It was suggested that this could be changed in line with item d) and fixed upfront.	To be handled like item d). For fractions of a year: The full yearly travel allowance could be paid if the fraction is 6 months at least.
F	Subsistence allowance for the RTA	Temporary accommodation	Establish a lump sum for full 30 days at the rate valid at contract signature
		Permanent accommodation:	Lump sum based on EUD cost estimate per country, depending on the number of family members. Additionally, a lump sum one month rent for real estate agent costs.
		Health insurance	Lump sum EUR 200
		Travel costs to and from the BC at the beginning and at the end of the Twinning Project,	Two additional flight tickets on top of the monthly or annual return tickets, at rates fixed upfront
		Excess luggage	Keep at real costs
G	Subsistence allowance for each family member of the RTA who moves to the place of assignment	Temporary accommodation	50% of RTA allowance per family member
		Health Insurance	100% of RTA allowance per family member
		Travel Costs to and from the BC and excess luggage	100% of RTA allowance per family member
		Schooling fees	Keep at real costs
		Removal costs	Keep at real costs.
H	Per diem to cover subsistence of short term experts while on mission	It was suggested to apply a uniform per diem throughout the project (i.e. the one valid at contract signature).	Keep current regulation, due to the significant variation of per diems. On a general level, reform the system of calculation of the official per diem rates.
I	STE Fees	Are generally insufficient in old MS, in particular for civil servants. Are compensated by the TMC.	Raise fees. <b>See detailed analysis below.</b>
J	Travel allowance for STEs	Now at real costs. Air ticket prices fluctuate significantly.	Keep at real costs.
K	Allowance to cover Twinning project management costs (TMC)	Is currently being used for different purposes, including topping up the STE fees.	Increase STE fees, and reduce TMC percentage. <b>See detailed analysis below.</b>
L	Translation costs	Is country-specific, but even more <u>project-specific</u> . Difficult to assign at activity level.	Merge the three cost categories. Can be a project-lump sum fixed upfront, based on country specific unit costs.
M	Consecutive interpretation costs		
N	Simultaneous interpretation costs		

Item	Description	Issue and conclusion	Recommendations
O	Per diem for BC experts while on study visits to a EU MS, according to the EU Member State visited	Like item h. Per diem in MS are not subject to variation.	Can be established as a lump sum based on the per diem rate at contract signature and planned number of participants
p	Compensation for the EU MS hosting a study visit, to cover sundry expenditures for beneficiary country experts (per person, per day)	Is not meant to cover local transport and meals, since they are covered by the per diem. This is meant to cover refreshments during sessions.	Lump sum of EUR 500 per study tour. Clarify in the Twinning Manual which services are to be covered (and whether other expenses are to be covered with the participants' per diems).
Q	Remuneration for the RTA assistant(s),	Is country-specific.	Country specific lump sum based on EUD estimate

### 6.2.1 Overall analysis of 12 case studies based on real costs

Table 29 and Table 30 below show an overview of the costs structure of 12 case studies based on real costs. Under **“Fixed costs”** we have grouped all costs that are fixed upfront. These are: the expert fees, the per diem, the overhead costs and the fixed part of the RTA remuneration. Under **“Overhead costs”** we have grouped the 150% TMC and the 6% replacement fee. The fixed parts of the RTA remuneration are: the salary and non-wage labour costs; the daily allowances (50% of per diem) and the monthly travel allowances. While expert fees are rather constant with generally 13-18% of the total project costs, the share of the per diem is variable. This results from the significant differences in per diem among the BCs. With this categorization, the following pattern can be recognized:

Table 29 – Summary cost structure (averages) of 12 case studies based on real costs

<b>FIXED COSTS</b>	<b>77%</b>
Expert fees	16%
Overhead costs	24%
Per diems	18%
RTA salary and regular allowances	20%
<b>REIMBURSABLES</b>	<b>23%</b>
Assistants	4.8%
Contingency	0.5%
Interpretation	2.0%
Miscellaneous	2.6%
RTA one-time allowances	4.0%
Study tours	2.2%
Translation	0.6%
Travel costs	6.2%

Table 30 below shows the figures for each of the case studies.

Table 30 - Cost structure of 12 case studies based on real costs, per project

	AT-SR		AT-TR		AT-TU		DE-TR		ES-DZ		ES-JO1	
	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total
<b>FIXED COSTS</b>	<b>1,521,122</b>	<b>80%</b>	<b>823,913</b>	<b>78%</b>	<b>728,711</b>	<b>83%</b>	<b>931,178</b>	<b>72%</b>	<b>1,168,878</b>	<b>85%</b>	<b>721,019</b>	<b>72%</b>
Expert fees	331,463	17%	181,136	17%	133,209	15%	220,356	17%	260,550	19%	117,150	12%
Overhead costs	509,798	27%	281,649	27%	212,278	24%	262,964	20%	394,584	29%	186,276	18%
Per diems	340,378	18%	106,756	10%	160,111	18%	225,728	17%	321,947	24%	142,451	14%
RTA	339,483	18%	254,372	24%	223,114	25%	222,131	17%	191,797	14%	275,142	27%
<b>REIMBURSABLES</b>	<b>385,677</b>	<b>20%</b>	<b>235,695</b>	<b>22%</b>	<b>150,597</b>	<b>17%</b>	<b>370,817</b>	<b>28%</b>	<b>198,658</b>	<b>15%</b>	<b>286,826</b>	<b>28%</b>
Assistants	82,073	4%	96,800	9%	31,367	4%	96,273	7%	60,364	4%	61,387	6%
Contingency	601	0%	10,145	1%	10,782	1%	4,559	0%	1,108	0%	11,157	1%
Interpretation	22,338	1.2%	1,788	0.2%	-	0.0%	67,336	5.2%	-	0.0%	-	0.0%
Miscellaneous	35,226	1.8%	21,469	2.0%	16,441	1.9%	19,726	1.5%	15,847	1.2%	29,546	2.9%
RTA	132,119	6.9%	38,468	3.6%	33,915	3.9%	31,512	2.4%	50,314	3.7%	45,254	4.5%
Study tours	17,793	0.9%	2,200	0.2%	2,700	0.3%	66,774	5.1%	16,378	1.2%	7,487	0.7%
Translation	5,136	0.3%	20,749	2.0%	-	0.0%	10,974	0.8%	-	0.0%	2,442	0.2%
Travel costs	90,390	5%	44,076	4%	55,391	6%	73,663	6%	54,648	4%	129,553	13%
<b>Grand Total</b>	<b>1,906,799</b>		<b>1,059,609</b>		<b>879,307</b>		<b>1,301,996</b>		<b>1,367,536</b>		<b>1,007,845</b>	

	ES-TR		FR-MK		FR-UA1		FR-UA2		IT-BA		NL-AM	
	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total	Total EUR	% of Total
<b>FIXED COSTS</b>	<b>517,078</b>	<b>74%</b>	<b>1,190,205</b>	<b>78%</b>	<b>870,247</b>	<b>69%</b>	<b>1,022,152</b>	<b>78%</b>	<b>412,847</b>	<b>74%</b>	<b>600,436</b>	<b>71%</b>
Expert fees	89,625	13%	297,975	19%	131,075	10%	199,500	15%	74,325	13%	155,125	18%
Overhead costs	137,857	20%	458,228	30%	205,485	16%	307,071	24%	119,858	21%	228,142	27%
Per diems	185,514	27%	221,388	14%	140,834	11%	322,344	25%	35,174	6%	58,289	7%
RTA	104,082	15%	212,614	14%	392,853	31%	193,237	15%	183,490	33%	158,880	19%
<b>REIMBURSABLES</b>	<b>182,894</b>	<b>26%</b>	<b>341,481</b>	<b>22%</b>	<b>398,700</b>	<b>31%</b>	<b>284,029</b>	<b>22%</b>	<b>146,157</b>	<b>26%</b>	<b>242,637</b>	<b>29%</b>
Assistants	52,000	7%	41,160	3%	33,204	3%	36,000	3%	12,800	2%	41,413	5%
Contingency	16,651	2%	-8,618	-1%	12,190	1%	7,949	1%	6,001	1%	-	0%
Interpretation	17,658	2.5%	17,529	1.1%	90,369	7.1%	31,680	2.4%	2,112	0.4%	600	0%
Miscellaneous	11,602	1.7%	133,206	8.7%	18,008	1.4%	20,623	1.6%	16,532	3.0%	24,711	3%
RTA	24,642	3.5%	27,768	1.8%	79,920	6.3%	33,972	2.6%	22,141	4.0%	28,694	3%
Study tours	19,394	2.8%	5,134	0.3%	53,517	4.2%	79,572	6.1%	53,626	9.6%	57,782	7%
Translation	300	0.0%	4,539	0.3%	12,019	0.9%	13,088	1.0%	2,802	0.5%	4,972	1%
Travel costs	40,647	6%	120,762	8%	99,474	8%	61,146	5%	30,144	5%	84,464	10%
<b>Grand Total</b>	<b>699,972</b>		<b>1,531,686</b>		<b>1,268,947</b>		<b>1,306,181</b>		<b>559,004</b>		<b>843,072</b>	

## 6.2.2 Considerations on the fee level

When discussing appropriate fee rates for short term experts, it is useful to revert to the overview of RTA salaries (→ **Table 5 – Overview on RTA salaries (monthly salary incl. non-wage salary costs, in EUR)**). Short term experts are generally coming from the same institution as RTAs (although not always), and the salary levels are therefore comparable.

**Table 31 - RTA salaries, calculated on daily basis, in EUR**

Lead MS	Average monthly RTA salary	Calculated daily salary	Including 25% overhead
France	9,836	536	671
Netherlands	7,328	400	500
Austria	7,263	396	495
Denmark	6,988	381	476
Slovakia	6,179	337	421
<b>All MS</b>	<b>6,117</b>	<b>334</b>	<b>417</b>
Hungary	5,970	326	407
Italy	5,318	290	363
United Kingdom	5,023	274	342
Germany	4,801	262	327
Spain	4,598	251	313
Greece	3,428	187	234
Lithuania	2,991	163	204
Poland	2,330	127	159
Czech Republic	2,275	124	155
Latvia	2,036	111	139

The daily salary in the above table has been calculated on the basis of 220 working days per year. After adding, on top of the salary, overhead costs in the seconding institution of about 25% (as mentioned, for instance, by the Austrian NCP), it can be observed that in the old MS, this results in daily fee rates ranging from about EUR 300 to 700, which is significantly lower than the level that was indicated by the NCPs in the interviews (EUR 550 to 900). It can be concluded that an STE fee of EUR 300 to 500 is generally sufficient, with France being the only exception showing a higher level.

## 6.2.3 Simulation of Model A

For simulating different options for fees according to Model A, we have firstly identified the number of expert days in each of the current fee categories (civil servants and the three fee classes for MB). Baseline is the current amount for expert fees plus overhead (TMC plus 6% replacement allowance).

We have then calculated the outcomes for three options:

- Model A1: Three different fee rates, and an overhead percentage calculated on the fees (→ Table 33)
- Model A2: One single fee rate, and an overhead percentage calculated on the fees (→ Table 34)
- Model A3: Three different fee rates, and an overhead percentage calculated on the project amount (→ Table 35)

**Input variables** in the tables below (in bold red frames) are the fee rates and the overhead percentage.

Note: There is no difference between civil servants and MB employees in these models. “Class 1”, “Class 2” and “Class 3” refer to three levels of experience/seniority.

The calculated amounts are the amounts for expert fees and overhead based on the **input values**. For each of the three options we have analysed different scenarios. Those that came closest to the baseline (lowest absolute deviation) are presented in the tables.

Table 32 - Simulation of Model A: Baseline

Case study no.	1	2	3	4	5	6	7	8	9	10
Member state	HU	UK	AT	DE	IT	FR	NL	NL	FR	SK
Beneficiary country	AL	AM	GE	IS	JO	TR	HR1	HR2	SR	SR
Number of days @ EUR 250	1,079	282	0	323	398	254	313	157	262	681
Number of days @ EUR 350	0	238	163	0	166	219	0	69	801	0
Number of days @ EUR 450	0	0	237	0	36	319	0	313	0	92
<b>MODEL A</b>										
<b>Baseline</b> (expert fees plus overhead), EUR	680,823	389,918	430,361	206,420	435,385	725,011	207,691	516,364	876,944	542,440
Project budget, EUR	1,499,976	1,000,000	1,100,000	600,000	1,000,000	1,800,000	800,000	1,100,000	1,999,962	1,500,000

Table 33 - Simulation of Model A1: Three different fee rates and an overhead percentage calculated on fees

MODEL A1 (three fee rates and TMC on fees)											Sum/Avg.
Daily fee Class 1, EUR	350										
Daily fee Class 2, EUR	390										
Daily fee Class 3, EUR	550										
Overhead % on fees	100%										
Calculated amount, EUR	755,300	383,040	387,840	226,100	447,680	699,520	219,100	508,020	807,830	577,900	
<i>Difference to baseline</i>											
<i>In EUR</i>	+74,477	-6,878	-42,521	+19,680	+12,295	-25,491	+11,409	-8,344	-69,114	+35,460	+973
<i>In %</i>	+11%	-2%	-10%	+10%	+3%	-4%	+5%	-2%	-8%	+7%	1%
<i>In absolute %</i>	11%	2%	10%	10%	3%	4%	5%	2%	8%	7%	6%

Table 34 - Simulation of Model A2: One single fee rate and an overhead percentage calculated on fees

Case study no.	1	2	3	4	5	6	7	8	9	10	
Member state	HU	UK	AT	DE	IT	FR	NL	NL	FR	SK	Sum/ Avg.
Beneficiary country	AL	AM	GE	IS	JO	TR	HR1	HR2	SR	SR	
<b>MODEL A2 (one single fee and TMC on fees)</b>											
Unique daily fee rate, EUR	350										
Overhead % on fees	125%										
Calculated amount, EUR	849,713	409,500	315,000	254,363	472,500	623,700	246,488	424,463	836,719	608,738	
	+168,890	+19,582	-115,361	+47,943	+37,115	-101,311	+38,796	-91,901	-40,225	+66,297	+29,824
	+25%	+5%	-27%	+23%	+9%	-14%	+19%	-18%	-5%	+12%	3%
	25%	5%	27%	23%	9%	14%	19%	18%	5%	12%	16%

Table 35 - Simulation of Model A3: Three different fee rates and overhead calculated on the project amount

<b>MODEL A3 (three fee rates and TMC on project budget)</b>											
Daily fee Class 1, EUR	380										
Daily fee Class 2, EUR	550										
Daily fee Class 3, EUR	700										
Overhead % on project budget	16%										
Calculated amount, EUR	650,016	398,060	431,550	218,740	427,740	728,270	246,940	492,710	859,914	563,180	
<i>Difference to baseline</i>											
<i>In EUR</i>	-30,806	+8,142	+1,189	+12,320	-7,645	+3,259	+39,249	-23,654	-17,030	+20,740	+5,763
<i>In %</i>	-5%	+2%	+0%	+6%	-2%	+0%	+19%	-5%	-2%	+4%	2%
<i>In absolute %</i>	5%	2%	0%	6%	2%	0%	19%	5%	2%	4%	4%

The interpretation of these tables suggests that **three fee rates should be maintained** in order to best mirror the existing cost structure and remaining within the given projects budgets on one side, and providing for higher fees (and thus more transparency) on the other side.

Model A3 with **three different fee rates and an overhead calculated on the project amount** appears to be the most precise approximation of the real situation.

### 6.3 Model B – An innovative approach

In Model B, the baseline is the current amount for all expert related costs, i.e. fees, overhead (TMC plus 6% replacement allowance), per diem and travel costs.

Table 36 shows the simulation.

**Input variables** (in bold red frames) are the all-inclusive fee rates.

Again, there is no difference between civil servants and MB employees in this model. “Class 1”, “Class 2” and “Class 3” refer to three levels of experience/seniority.

The calculated amounts are the amounts for all expert-related costs based on the **input values**. The scenario that came closest to the baseline (lowest absolute deviation) is presented in Table 36 with **all-inclusive expert fees** of EUR 1,050; EUR 1,300; and EUR 1,700; and no overhead percentage.

This radical approach would provide for a maximum of simplification (no checks of travel costs, per diems, etc.). There are two issues, which however could be easily managed:

- For being applicable to TAIEX, a management component would need to be subtracted, but this is a simple matter of calculation.
- It should be defined which portion of this all-inclusive fee is to be given to the experts. But this could simply be handled as it is now (i.e. where now the expert gets 50% of a EUR 250 fee, he/she would equally get EUR 125 in this system, regardless of the fee that the institution is collecting).

Table 36 - Simulation of Model B

Case study no.	1	2	3	4	5	6	7	8	9	10	
Member state	HU	UK	AT	DE	IT	FR	NL	NL	FR	SK	Sum / Average
Beneficiary country	AL	AM	GE	IS	JO	TR	HR1	HR2	SR	SR	
<b>MODEL B</b>											
Baseline (Total expert costs incl. overhead)	1,140,384	575,726	639,629	356,270	647,061	1,107,309	336,249	747,948	1,389,350	837,726	
Simulation with three all-inclusive working day rates											
Daily fee Class 1, EUR	1050										
Daily fee Class 2, EUR	1300										
Daily fee Class 3, EUR	1700										
Calculated amount, EUR	1,132,950	605,500	614,800	339,150	694,900	1,093,700	328,650	786,650	1,315,875	871,450	
<i>Difference to baseline</i>											
<i>In EUR</i>	-7,434	+29,774	-24,829	-17,120	+47,839	-13,609	-7,599	+38,702	-73,475	+33,724	+5,973
<i>In %</i>	-1%	+5%	-4%	-5%	+7%	-1%	-2%	+5%	-5%	+4%	0%
<i>In absolute %</i>	1%	5%	4%	5%	7%	1%	2%	5%	5%	4%	4%

## 6.4 Procedural recommendations

Although it was not within the scope of the present study to analyse and propose changes in Twinning procedures, there are two procedural considerations mentioned by the NCPs, which are costs related and can contribute to cost simplification:

### **Component-based (results based) budget lines instead of activity-based budget lines:**

This approach was proposed by the German NCP and positively commented by the other interviewed NCPs. It would simplify the process of budget preparation and of cost verification.

The Spanish NCPs had no objection, but mentioned that this would not simplify its work since according to Spanish regulations they are obliged to provide evidence at activity level.

### **Expert pools:**

The Austrian NCP suggested to allow for expert pools per category. This would simplify the utilization of experts as no Side Letters would be needed if an individual expert is unavailable.

## 6.5 Indexing

An indication was requested by DG NEAR regarding a possible annual indexing until the end of the current Twinning programme, which is 2020, in order to ensure the sustainability over time of the cost structure established for the implementation of Twinning projects.

In this regard, the following practices for cost adjustment are already in place:

Table 37 - Practice for adjustment by cost category

Cost category	Practice for adjustment
<b>FIXED COSTS</b>	
Expert fees	Currently no adjustment
Overhead costs	Are dependent on the fees (or possibly, in the future, on the project amount), and are therefore adjusted as a result of the adjustment of these cost categories
Per diems	Are adjusted periodically by EC
RTA salary and regular allowances	Salaries are adjusted by the MS through their salary schemes; per diems: see above
<b>REIMBURSABLES</b>	
Assistants	Ceilings provided by the EUDs
Interpretation	Daily rates provided by the EUDs
RTA one-time allowances	Are composed of elements such as per diem that are adjusted periodically, and other elements that are real costs
Study tours	Currently no adjustment
Translation	Rates per pages provided by the EUDs
Travel costs	At real costs

The main issue is the adjustment of the expert fees. It was actually observed by the NCPs that no adjustment was applied for the last 10 years. A possible index to be used for adjustment would be the labour cost index based on Eurostat. This index is different for every MS. In order to have a common adjustment, the EU28 average could be applied.

## 7 Annex 1 –List of items under consideration

- a) remuneration of the Resident Twinning Adviser,
- b) non-wage labour costs of the Resident Twinning Adviser,
- c) extra costs incurred by the home administration for the replacement of the Resident Twinning Adviser,
- d) monthly travel allowance for the Resident Twinning Adviser who does not move to the place of assignment with furniture and/or family,
- e) yearly travel allowance for the Resident Twinning Adviser and each member of the family who moves to the place of assignment,
- f) subsistence allowance for the Resident Twinning Adviser, commensurate to the cost of living in the place of assignment, covering per diem, lodging, insurances and sundry expenditures, to be established by the Twinning contracting authority and/or the EU Delegation in the beneficiary country,
- g) subsistence allowance for each family member of the Resident Twinning Adviser who moves to the place of assignment, commensurate to the cost of living in the place of assignment, covering per diem, lodging, schooling fees, insurances and sundry expenditures, to be established by the Twinning contracting authority and/or the EU Delegation in the beneficiary country,
- h) per diem to cover subsistence (including lodging, local transport, meals and sundry expenditures) of short and medium term experts while on mission, (valid also for TAIEX)
- i) allowance per working day (inclusive for travel on working days), compensating for the absence from duty of public experts seconded for short and medium term Twinning missions, (valid also for TAIEX)
- j) travel allowance (return fare) for short and medium term public experts going on mission to the place of assignment,
- k) allowance to cover Twinning project management costs, including all work performed in the EU Member State(s) to ensure the implementation of the project,
- l) translation of documents necessary for the implementation of the Twinning project, based on a cost per page commensurate to the conditions prevailing in the place of assignment for this kind of service,
- m) consecutive interpretation during activities of the Twinning project, based on a cost per day commensurate to the conditions prevailing in the place of assignment for this kind of service,
- n) simultaneous interpretation during activities of the Twinning project, based on a cost per day commensurate to the conditions prevailing in the place of assignment for this kind of service,
- o) per diem to cover subsistence (including lodging, local transport, meals and sundry expenditures) of beneficiary country experts while on study visits to a EU Member State, according to the EU Member State visited,
- p) compensation for the EU Member State hosting a study visit, to cover sundry expenditures for beneficiary country experts (per person, per day),
- q) remuneration of the service provided by the Resident Twinning Advisor' assistant(s), expressed in the form of a monthly sum, commensurate to the conditions prevailing in the beneficiary country for this kind of service.

## 8 Annex 2 – Questionnaires to NCPs



Annex 2 - NCP  
Questionnaire.docx

## 9 Annex 3 – Questionnaires to EUDs



Annex 3 - EUD  
Questionnaire.docx

## 10 Annex 4 – Replies from NCPs



Annex 4 - NCP  
replies.zip

## 11 Annex 5 – Replies from EUDs



Annex 5 - EUD  
replies.zip

## 12 Annex 6 – List of projects from NCPs

MS	BC	Region	Sector	Project budget in EUR
HU	AL	IPA	Public Administration	1,499,976
LT	AM	ENI East	Public Finance	1,000,000
NL	AM	ENI East	Food Safety/Agriculture	1,000,000
CZ	AZ	ENI East	Metrology	
DE	AZ	ENI East	Statistics	1,178,767
FR	AZ	ENI East	Agriculture	1,020,000
LT	AZ	ENI East	Nuclear Safety	950,000
LV	AZ	ENI East	Employment	734,645
NL	AZ	ENI East	Home Affairs	
IT	BA	IPA	Public Administration	600,000
SK	BA	IPA	Regional development	525,000
ES	DZ	ENI South	Aviation	1,450,000
FR	DZ	ENI South	Agriculture	1,492,000
FR	DZ	ENI South	Agriculture	1,450,000
DE	EG	ENI South	Competition	1,100,000
FI	EG	ENI South	Education	1,300,000
FI	EG	ENI South	Education	1,300,000
NL	EG	ENI South	Public Finance	1,585,000
AT	GE	ENI East	Environment	1,250,000
DE	GE	ENI East	Education	1,150,000

MS	BC	Region	Sector	Project budget in EUR
DE	GE	ENI East	Public Finance	1,170,000
FI	GE	ENI East	Public Finance	880,000
IT	GE	ENI East	Culture/tourism	1,000,000
NL	GE	ENI East	Justice	1,150,000
AT	HR	IPA	Environment	1,160,000
ES	HR	IPA	Health	1,000,000
ES	HR	IPA	Health	188,889
ES	HR	IPA	Customs	250,000
FI	HR	IPA	Foreign Affairs	250,000
FI	HR	IPA	Education	250,000
IT	HR	IPA	Employment	240,000
LT	HR	IPA	Regional development	2,000,000
LV	HR	IPA	EU integration	249,883
LV	HR	IPA	EU integration	237,171
RO	HR	IPA	Human rights	191,888
ES	JO	ENI South	Energy	1,700,000
ES	JO	ENI South	Aviation	1,300,000
FI	JO	ENI South	Home Affairs	1,500,000
IT	JO	ENI South	Tourism	1,100,000
SE	JO	ENI South	Cadastre	999,986
DE	KS	IPA	Food Safety	1,500,000
DE	KS	IPA	Home Affairs	1,800,000
FI	KS	IPA	Home Affairs	1,500,000
HU	KS	IPA	Public Administration	1,499,599
IT	KS	IPA	Customs	1,750,000
IT	KS	IPA	Environment	2,000,000
IT	LB	ENI South	Customs	2,000,000
FR	MA	ENI South	Agriculture	250,000
LT	MD	ENI East	Public Administration	1,300,000
SE	MD	ENI East	Cadastre	1,199,589
AT	MK	IPA	Public Administration	580,237
DE	MK	IPA	Employment	1,200,000
DE	MK	IPA	EU integration	1,700,000
FI	MK	IPA	Public Finance	950,000
IT	MK	IPA	Agriculture	690,000
NL	MK	IPA	Public Finance	1,350,000
SI	MK	IPA	Customs	947,368
SI	MK	IPA	Agriculture	243,308
DE	MN	IPA	Justice	700,000
AT	SR	IPA	Environment	2,000,000
AT	SR	IPA	Environment	1,500,000
AT	SR	IPA	Environment	1,000,000

MS	BC	Region	Sector	Project budget in EUR
CZ	SR	IPA	Metrology	
FI	SR	IPA	Health	250,000
FR	SR	IPA	Agriculture	1,000,000
GR	SR	IPA	Public Administration	1,432,535
NL	SR	IPA	Food Safety	1,500,000
SI	SR	IPA	Agriculture	1,000,000
SI	SR	IPA	Public Finance	250,000
SK	SR	IPA	Energy	1,500,000
SK	SR	IPA	Employment	1,500,000
AT	TR	IPA	Environment	1,235,000
DE	TR	IPA	Justice	1,301,996
ES	TR	IPA	ICT	750,000
FR	TR	IPA	Agriculture	2,000,000
IT	TR	IPA	Agriculture	250,000
AT	TU	ENI South	Environment	950,000
FR	TU	ENI South	Agriculture	882,600
IT	TU	ENI South	ICT	1,200,000
ES	UA	ENI East	Employment	250,000
ES	UA	ENI East	Space	1,450,000
NL	UA	ENI East	Agriculture	1,800,000

### 13 Annex 7 – Synthesis of information from questionnaires and interviews with NCPs



Annex 7 - Synthesis  
NCP replies.zip

### 14 Annex 8 – Synthesis of information from questionnaires and interviews with EUDs



Annex 8 - Synthesis  
EUD replies.xlsx

### 15 Annex 9 – Case studies



Annex 9 - Case  
studies.zip