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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

**Strategic report 2019 on the implementation of the European Structural and Investment
Funds**

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INTRODUCTION

The main purpose of the European Structural and Investment Funds¹ (“ESI Funds” or “ESIF”) is to foster lasting socio-economic convergence, resilience and territorial cohesion. The ESI Funds deliver a critical mass of investments² in priority areas of the EU through shared management between the Commission and the Member States. By supporting job creation, growth and investment, strengthening the Single Market, the Energy Union and economic governance these investments respond to the needs of the real economy.

This second strategic report³ is based on the Member States’ implementation and progress reports on the implementation of the 2014-2020 ESIF programmes until the end of 2018⁴. By that time, 72% of the available ESIF resources were committed⁵. Projects already funded are having a growing impact in key policy areas, for example:

- more than 1.6 million businesses – including farms – are being supported;
- 300,000 new jobs are being created by supported firms;
- 26 million people have received help for training, education or job-seeking;
- 8.3 million households will have access to better broadband;
- more than 3,900 km of railway lines are being built or reconstructed;
- 60 million people are benefitting from ongoing projects in the health sector.

This report and the ESI Funds’ Open Data Platform give a thorough overview of progress in all the thematic areas⁶.

The current policy focus and its adaptable framework are allowing the ESI Funds to make a major contribution to new and emerging challenges. Most funding areas already support UN Sustainable Development Goals (SDGs), climate adaptation and risk reduction actions, and this focus can be boosted within the ESIF programmes as needed.

¹ The European Structural and Investment Funds are the Cohesion Fund, the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

² In 2018, the budget for the ESI Funds amounted to approximately €460 billion, and over €643 billion with national co-financing.

³ Requested by Article 53 of the Common Provisions Regulation (Regulation (EU) No 1303/2013).

⁴ All values relate to the end of 2018 as available on 5 November 2019, unless otherwise stated.

⁵ The projects mentioned herein are projects that have been selected and that are being implemented during this programming period.

⁶ The Open Data Platform presents the most recently available figures as finalised by the ESI Funds’ programmes (<https://cohesiondata.ec.europa.eu>).

1. A CHALLENGING AND FAST-CHANGING CONTEXT

In their 2019 progress reports, Member States acknowledge the decisive role played by the ESI Funds in addressing environmental, economic and social changes, and in helping put in place the reforms needed to ensure a sustainable future. In the aftermath of the financial crisis, the ESI Funds were instrumental in supporting investment and helping put economic convergence back on track⁷.

Nevertheless, several Member States point to the enduring territorial and regional inequalities and social exclusion, and growing issues linked to demographic change. Disparities remain between and within regions and between urban and rural areas. A number of regions, having lost their competitive edge, are experiencing the ‘middle-income trap’⁸, and some continue to struggle with high unemployment rates, especially among young people. Others are more vulnerable to the effects of the twin transition resulting from climate action and digitisation, or the ongoing consequences of the refugee and migration crisis. These geographical discrepancies have been a catalyst for anti-EU sentiment⁹.

The ESI Funds, channelled via shared management, empower local and regional actors to counter these trends by supporting territorial cohesion, growth-enhancing investments, job creation, business competitiveness, research and innovation (R&I) and start-up ecosystems, environmental actions, climate adaptation and resilience, disaster risk reduction, social inclusion and health and education projects, to improve lives and bring the EU closer to people.

2. DELIVERING INVESTMENT FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH

2.1. Overall progress

With the new elements introduced in Regulation (EU) No 1303/2013, in particular the concentration of investments on key development objectives and the stronger focus on performance, ESIF programmes are geared towards effectively and efficiently achieving the EU’s goals of smart, sustainable and inclusive growth. This trend has been further strengthened by the Commission’s hands-on and flexible approach, in particular through

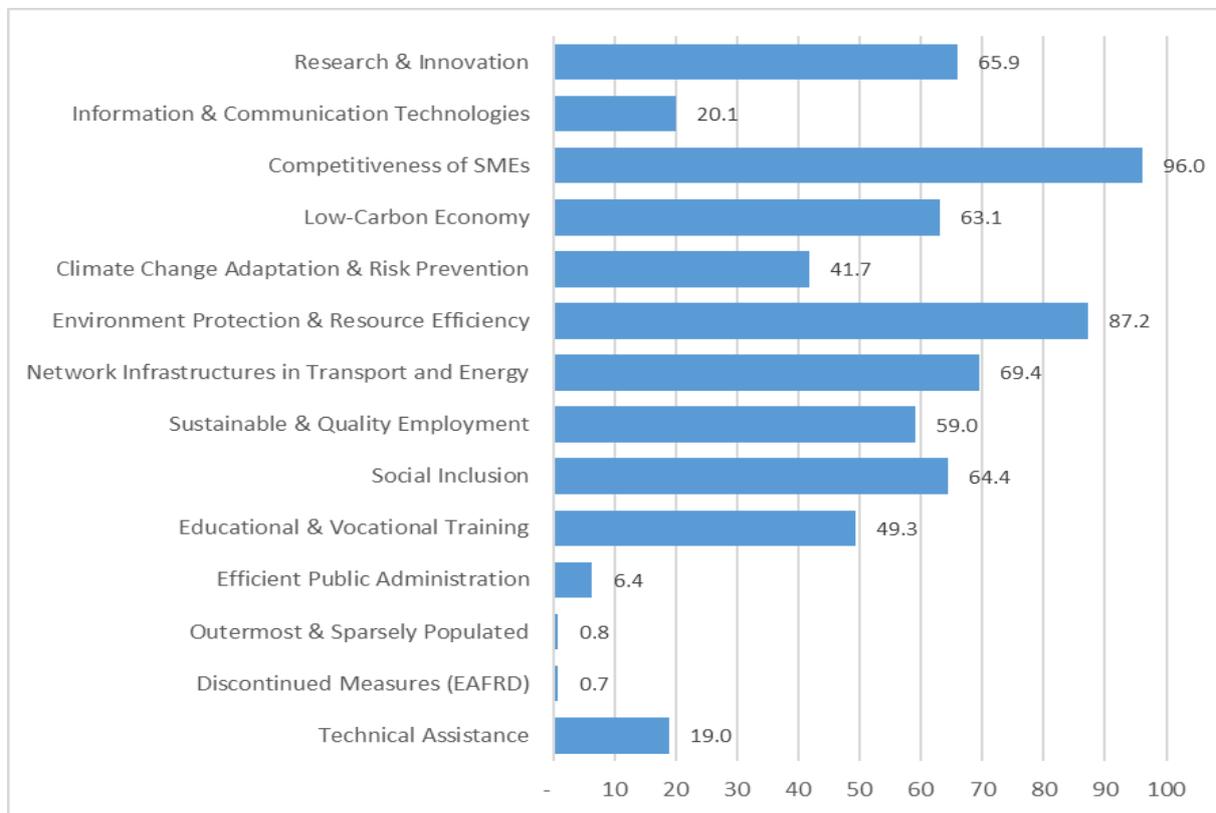
⁷ Seventh Report on Economic, Social and Territorial Cohesion, September 2017.
https://ec.europa.eu/regional_policy/en/information/publications/reports/2017/7th-report-on-economic-social-and-territorial-cohesion

⁸ In the Seventh Report on Economic, Social and Territorial Cohesion (2017), the European Commission identified the specific challenge faced by a number of regions with a per capita GDP close to the EU average. High costs coupled with a shrinking manufacturing sector and weak innovation and export capacities have made them less competitive and resilient to globalisation than regions with lower and higher per capita GDP.

⁹ ‘The geography of EU discontent’ by Lewis Dijkstra, Hugo Poelman and Andrés Rodríguez-Pose - Working Paper 12/2018 by the Directorate-General for Regional and Urban Policy.

programme modification, monitoring of programmes at risk, or several pilot actions¹⁰ that have provided tailor-made assistance and lessons learned for future implementation.

ESI Funds total planned investments (EU and national) by thematic objective (€ billion)¹¹



Source: ESIF Open Data - <https://cohesiondata.ec.europa.eu/d/e4v6-qrrq>

Looking at figures, all ESI Funds taken together, project selection (financing decided) has more than doubled since the first strategic report in 2017, amounting to €464 billion (72% of total planned investment). Progress is noticeable in sectors such as R&I, thanks particularly to the catalysing effect of smart specialisation strategies, information and communications technology (ICT) and transport infrastructures. Project selection has also accelerated, although more moderately, in areas such as the low-carbon economy and sustainable and quality employment.

On actual spending¹², all ESI Funds taken together, 27% of the budget available had been paid to Member States by the end of December 2018 (36% by end October 2019). This level

¹⁰ In particular on catching-up regions, regions in industrial transition, coal regions, interregional innovation investments and the Smart Village initiative.

¹¹ See Annexes 1.1 and 1.2 for details. The figures in the above chart do not include the share allocated to themes under multi-thematic priorities, while the figures in the annexes do.

¹² Payment claims received from Member States.

of declared expenditure is below that of previous periods and suggests that a stronger focus on spending is still required at Member State level¹³.

As for the implementation of financial instruments, programme amounts in selected financial instruments operations reached €21.9 billion, by the end of 2018, representing approximately 77% of the amounts planned in the programmes for this form of support. This confirms that most of the financial instruments are delivering on the ground.

2.2. Research, technological development and innovation, ICT and SME competitiveness

For this programming period, investment in research and innovation has been identified as a key driver of growth and convergence. Support to innovation-led territorial development, in particular through smart specialisation strategies, has led to a sharp increase of projects selected in research, technological development and innovation (RD&I), ICT and small and medium-sized enterprise (SME) competitiveness. By the end of 2018, project selection reached a total volume of over €117 billion out of the €163 billion available.

- In the area of RD&I, more than €42.6 billion has been allocated to projects linked to nearly 20,000 new researchers being supported and close to 30,000 firms helped with introducing new products on the market.
- More than €12.3 billion has been allocated to projects in the digital economy, supporting, inter alia, broadband deployment, digital public services or e-commerce. That sum includes €1.5 billion in EAFRD support to ICT infrastructure in rural areas. 8.3 million households will have access to improved broadband.
- Over €62.5 billion is allocated to selected projects to boost SME competitiveness and is linked to the creation of the majority of the 300,000 new jobs being created under the ERDF. In rural areas, over 130,000 farms are receiving financial support to help them restructure and modernise and to achieve productivity gains.
- The European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI) supports 7,730 interactive innovation projects. Knowledge and innovation developed through the EIP-AGRI projects are shared through national innovation and rural networks and the EIP-AGRI network.

2.3. Low-carbon economy, climate change, environment, transport and energy

For this programming period, 20% of the EU budget was allocated to climate action, and the Commission proposed to take it to 25% for the next EU budget¹⁴. The ESI Funds have played a key role in shaping meaningful change. Thanks to the amounts allocated and the preconditions for investment, the ESI Funds have brought a clear policy leverage to climate action and sustainable growth. By the end of 2018, over €169 billion had been allocated to projects in regions and cities supporting decarbonisation, climate resilience and risk prevention, energy efficiency or sustainable transport.

¹³ The breakdown of project selection and spending by thematic objective and by Member State is presented in the tables of Annexes 1 and 2.

¹⁴ Proposal for a Council regulation laying down the multiannual financial framework for the years 2021 to 2027 – COM(2018) 322 final.

- Over €31.8 billion was committed to projects in the area of low-carbon economy, linked to improving energy consumption in over 400,000 households with ERDF support.
- More than €52 billion was awarded to projects in environmental and resource efficiency, linked to delivering an additional waste recycling capacity of more than 500,000 tonnes per year. 20 million people will access better wastewater treatment as a result of the projects decided.
- On climate actions in the agricultural sector (e.g. carbon sequestration, reduction of greenhouse gases and ammonia emissions), good progress has been made, in particular with farmers joining voluntary agri-environment-climate schemes to develop environment-friendly farm management. The target is to reach (i) 18 % of EU agricultural land under management for biodiversity, (ii) 15% for better soil management, and (iii) 15% for better water management. In all three cases, over 85% of the targets have been reached.
- Supporting digitalisation and decarbonisation of the transport sector is a priority, in particular in urban areas. With more than €56 billion allocated to transport and energy networks, the decided projects will deliver, among others outputs, over 3,900 km of new or reconstructed railway lines, and over 400 km of new or improved tram or metro lines.
- The EMFF committed €1.25 billion to promoting a sustainable balance between fishing fleets, available resources, and protection of marine ecosystems. A further €428 million was committed to supporting sustainable aquaculture, and €625 million to supporting socio-economic developments in the sector. The fund supported over 34,000 operations, 2,000 of these were on better management of Natura 2000 areas, and more than 1,500 associated with other marine protected areas.

Delivering climate action

The ESI Funds, especially through the EAFRD, the ERDF and the Cohesion Fund, support long-term responses to the challenges faced by Member States and regions on the road to a climate-neutral economy. Implementation is progressing well: of the total €115 billion planned for climate change actions, €88.1 billion was allocated to projects by the end of 2018. The ESF contribution to climate objectives is five times above the original planned amount, notably through higher support to training and labour market measures linked to green jobs (see Annex 3).

2.4. Employment, social inclusion, health and education

In recent years, the EU has given a strong push to its social agenda, in particular with the adoption in 2017 of the European Pillar of Social Rights. In this context, the ESI Funds – in particular the ESF – have underpinned structural reform, including the modernisation of public services, encouraging youth employment and reducing poverty and inequalities. By the end of 2018, the projects that had been selected made up two thirds of the total allocation planned, amounting to almost €103 billion.

- The selected projects to improve employment opportunities cover over €34 billion, resulting in 23 million people supported by the ESF. By the end of 2018, 2.1 million people had found a job, including as self-employed.
- In addition to the ESF, the youth employment initiative (YEI) shows good progress, with nearly €8.8 billion allocated to selected projects by the end of 2018. By the same date, around 2.7 million young people had been included in YEI-supported measures:
 - 820,000 had been offered either a job, continued education, an apprenticeship or training; and
 - over 1.1 million, who were in education or training, had gained a qualification or were in employment, including self-employment.
- Regarding social inclusion, to which the ESF is the biggest contributor, the projects selected so far represent over €36 billion in projects. By end 2018, 1.8 million participants with disabilities, 3.6 million migrants, participants with a foreign background or minorities and 4.2 million other disadvantaged people had received help to improve their employment opportunities and develop the right skills for the jobs market. The EAFRD also supported over 60,000 actions for social inclusion in rural areas.
- Investments in health-related measures have also shown progress. So far, more than €8 billion have been invested in over 7,000 health-related projects (addressing healthcare inequalities, reforming health systems, promoting e-health, research and innovation). Overall, the projects selected aim to improve health services for more than 60 million people.
- Regarding education and training, €28.3 billion has been committed to concrete projects. By end 2018, thanks to ESF support, 11.6 million low-skilled people had been helped, 3.4 million had gained a qualification and 1.2 million were in education and training. ERDF investments will result in over 8 million people benefitting from improved childcare or education facilities. In rural areas, over one million vocational training activities were supported by the EAFRD.

3. THE IMPACT OF THE MAIN 2014-2020 REFORMS

3.1. Contribution of the ESI Funds to the European Semester

Most of the structural and policy challenges identified through the European Semester are relevant to the ESI Funds. The current programmes already took account of the structural challenges identified in investment-relevant Country-Specific Recommendations (CSRs). As underlined by the Member States in their progress reports, the ESI Funds have supported reforms in areas such as job protection and social policies, business environment, R&I, energy and resource efficiency, telecom, transport, health, education and administrative reforms.

As the relevant CSRs issued in 2014-2015 related mostly to areas with long-term development challenges, EU cohesion policy funding is strongly aligned with the investment needs identified in the 2019 CSRs. These CSRs, together with this year's Country Reports,

provide a thorough analytical framework for identifying investment priorities for the period 2021-2027.

3.2. Prerequisites for funding: ex ante conditionalities

One of the major reforms in 2014-2020 was the introduction of specific preconditions, known as ‘ex ante conditionalities’ to ensure effective and efficient use of the ESI Funds by the Member States and regions. The process for the 2014-2020 ex ante conditionalities has now been completed.

Overall, ex ante conditionalities have proved a useful policy instrument, in particular by contributing to improving the investment environment in the EU and incentivising the start of several structural reforms¹⁵. For the next programming period, in its proposal for a regulation laying down common provisions¹⁶ (the “CPR proposal for 2021-2027”), the Commission suggests that the mechanism be carried on and improved by introducing a new system of enabling conditions, with simpler administrative procedures and reinforced fulfilment and follow-up requirements.

3.3. The ‘N+3’ decommitment rule

The ‘N+3’ decommitment rule, whereby committed EU funding that has not been spent within three years can be lost, was introduced in the 2014-2020 regulation to replace the ‘N+2’ rule. It applied to all Member States for the first time in 2018.

While this reform gave managing authorities more time for project selection and implementation, it reduced the pressure for prompt budgetary implementation. Coupled with the annual account and rolling closure processes, which have proven to create over-cautiousness towards net financial correction risks, the ‘N+3’ rule contributed significantly to the low level of payments from the EU budget to Member States. The gradual return to the ‘N+2’ rule, as proposed by the Commission for the 2021-2027 programming period, along with the comprehensive simplification measures and roll-over arrangements for management and control, should lead to quicker implementation for the benefit of European citizens.

3.4. The performance framework

6% of the ESI Funds’ allocation to the programmes under the Investment for growth and jobs goal was set aside as the performance reserve. In 2019 the Commission reviewed the performance of programmes (performance review) and released the performance reserve to those priorities that met the mid-term milestones at the end of 2018.

The performance review proved to be a good way to introduce performance incentives in the implementation of the policy. In the Commission’s CPR proposal for 2021-2027, the performance approach remains but leaves more room for policy consideration. The review will include a wider and more qualitative assessment of the programmes’ performance, taking

¹⁵ See for example: Viță, V 2018, Research for REGI Committee – Conditionalities in Cohesion Policy, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels.

¹⁶ Proposal for a regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument – COM(2018) 375 final.

into account the challenges identified in the 2024 CSRs, the socio-economic situation of the Member States or regions, and the progress in achieving the programmes mid-term milestones. In the Commission's proposal for 2021-2027 on Common agricultural policy (CAP) Strategic Plans¹⁷, the performance orientation also remains strong, with the eligibility of expenditure linked to the delivery of outputs on the ground.

3.5. Supporting integrated territorial development

The ESI Funds are the EU's main instrument to foster integrated territorial development in the Member States and the regions. More than 3,800 territorial, urban and local strategies receive EU funding. In addition, the ESI Funds help Member States implement measures to address the needs of specific territories such as areas affected by poverty or social exclusion, sparsely populated areas, mountainous regions, islands and the outermost regions. This tailored approach has been strengthened in the Commission's CPR proposal for 2021-2027, in particular through a stronger focus on functional territories (e.g. river basins, coastal areas, mountain ranges, etc.) to overcome administrative silos, and on local initiatives.

3.5.1. Integrated investments in cities

The stronger focus on urban matters under this programming period, coupled with the unique political momentum triggered by the Urban Agenda for the EU¹⁸, have empowered cities to draw up their own integrated urban strategies with ESIF support. Of the €81 billion invested in urban areas by the end of 2018, cities have chosen projects worth around €10.8 billion, to be implemented through more than 900 integrated urban strategies. It is also worth mentioning the success of the urban innovative actions initiative, which has helped urban areas test innovative solutions for sustainable urban development through 75 actions¹⁹.

3.5.2. Implementing territorial instruments

Integrated territorial investments ('ITIs') and the community-led local development ('CLLD') instrument were introduced to encourage integrated territorial development strategies beyond the traditional national and regional levels.

ITIs have been used to implement over 200 urban strategies and 120 territorial strategies, mobilising a total of €15.9 billion in ESIF funding. The CLLD instrument, which originates from the LEADER method²⁰, helped mobilise a total of €9.1 billion in ESIF funding. To date, more than 3,000 local action groups, responsible for mobilising local communities and implementing the CLLD strategies, have been set up across the EU. In many cases, ITIs and CLLD faced a slow start due to the need to first prepare the related overarching strategies and the difficulties to combine different funds. The progress reports show however overall

¹⁷ Proposal for a regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council – COM(2018) 392 final.

¹⁸ <https://ec.europa.eu/futurium/en/urban-agenda>

¹⁹ <https://www.uia-initiative.eu/en>

²⁰ LEADER is a bottom-up local development method co-financed by the EAFRD that was introduced in 1991 to engage local actors in the development of rural areas. In 2007, LEADER extended to the EMFF, and in 2014 to the ERDF and the ESF under the form of CLLD.

enthusiasm for these instruments: they have helped overcome the difficulty to implement urban development measures across multiple sectors and to better address territorial needs.

The new policy approach introduced by the Commission in its CPR proposal for 2021-2027 builds on the positive experiences of ITIs and CLLD, and makes territorial investments simpler and more efficient. Besides, in the Commission's proposal for 2021-2027 on CAP strategic plans, LEADER would remain compulsory and at least 5% of the total EAFRD contribution to these plans would be reserved for it.

3.5.3. Territorial cooperation

European territorial cooperation programmes (Interreg) are implemented at cross border, transnational and interregional level. Project selection has progressed across all Interreg programmes, with funding amounting to approximately €9.7 billion at the end of 2018. The main sectors supported are environment protection and resource efficiency (e.g. flood prevention, fire protection, nature protection) and RD&I (e.g. cross border clusters, innovation networks). In the last two years, more attention has also been given to removing the legal, administrative and institutional obstacles that hamper investments and economic development in border regions. For example, a dedicated Border Focal Point was set up by the Commission to help overcome these obstacles in specific areas such as transport, the job market, health and education²¹.

Regarding EU macro-regional strategies, the Commission's second report²² underlined the positive impact of the macro-regional approach, in particular on raising awareness of common challenges in functional areas (e.g. functional urban areas, river basins, coastal areas, mountain ranges, etc.). The Commission's report nevertheless identifies a lack of ownership of the strategies in some participating Member States, leading to insufficient allocation of administrative and technical resources. Still, the reports submitted by the Member States show an increasing mainstreaming of the macro-regional strategies in the ESIF programmes. To keep momentum, the Commission recommended that participating Member States take on board the priorities of macro-regional strategies in the ESIF programming documents for the 2021-2027 period. The Council of the European Union supported this recommendation.

4. BETTER PROGRAMME MANAGEMENT

4.1. Capacity of authorities and beneficiaries

The Commission has made available a wide set of specific tools²³ to support Member States efforts to ensure that programme authorities and beneficiaries have sufficient administrative capacity to implement the ESI Funds effectively. This support ranges from addressing short-term bottlenecks – for example by upskilling staff dealing with public procurement and state aid - to developing more strategic and tailor-made actions in administrative capacity-building. For example, by the end of 2018, 2,600 participants from all Member States had participated in over 170 workshops, study visits and expert missions under the “TAIEX-REGIO

²¹ “Boosting growth and cohesion in border regions” - COM(2017) 534 final.

²² COM(2019) 21 final.

²³ https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/

Peer2Peer” platform. Other initiatives in 2018 include the launch of a competency framework and a self-assessment tool to help administrations identify and address competency gaps.

On the digital front, the Broadband Competence Offices Network (BCOs)²⁴ is now fully operational. It brings together 113 national and regional public authorities and bodies supporting broadband deployment across all Member States. With the support of the Commission, BCOs exchange knowledge, good practices and experiences in overcoming common challenges in the design and implementation of broadband strategies and projects.

4.2. Simplifying for beneficiaries

Amendments to a number of ESI Fund regulations²⁵ in July 2018 provided new opportunities to cut red tape in the implementation of 2014-2020 programmes. The amendments included a wider use of simplified cost options - allowing authorities to focus more on results while increasing legal security for all actors, more possibilities to combine funding sources, and a further reduction of audit burden to small operations by expanding the scope of the “one audit only” rule.

On simplified cost options in particular, further to an ongoing transnational network in the ESF domain, a specific platform was launched in November 2018 for authorities to share knowledge and good practice in deploying simplified cost options under the ERDF and the Cohesion Fund. Simplified cost options under the EAFRD have been strongly supported through networking and capacity building activities. For the ESF, the Commission adopted new unit costs and lump sums three times since August 2018 for several Member States, including for the first time Bulgaria and Portugal.

4.3. The role of partners in implementing the programmes

The way the partnership principle is implemented varies from one Member State to another, depending on their administrative and institutional set-ups. Nevertheless, as in 2017, the progress reports show an overall effort to involve the partners, in line with the code of conduct on partnership. In many Member States, progress reports were discussed with partners in the monitoring committees or within dedicated fora. Member States have continued to involve partners either through monitoring committees, advisory groups, consultations regarding calls, or by organising information campaigns and workshops. For example, in 11 Member States, civil society organisations have been actively monitoring the entire procurement and project implementation cycle within the context of 17 Integrity Pacts²⁶ funded by the Commission in partnership with Transparency International. Overall, the involvement of partners is perceived as having a positive impact on programme implementation.

²⁴ <https://ec.europa.eu/digital-single-market/en/broadband-competence-offices>

²⁵ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

²⁶ See footnote 23.

4.4. Implementing horizontal principles and policy objectives

The Commission continues to support Member States in implementing horizontal objectives including environmental and climate objectives – in particular by convening regular meetings with the representatives of national energy or environmental authorities and managing authorities dealing with energy or environment – and gender equality. In some Member States, specific positive incentives are offered to project promoters that bring an innovative approach to integrating the gender perspective.

4.5. Better complementarities for more impact

The 2014-2020 regulatory framework reinforced coordination between the ESI Funds and their complementarities with other EU instruments. The information provided in the 2019 progress reports shows that several Member States applied measures such as the alignment of national eligibility rules, cross-sectoral and inter-ministerial arrangements, joint monitoring committees or IT solutions covering the programming and implementation of multiple funds.

There are also new projects illustrating the complementarity between the ESI Funds and the European Fund for Strategic Investment (EFSI). Examples include the airport on Reunion Island, which benefited from both ERDF and EFSI financing, and the medical simulation centre of Poznań Medical University, where repayable support from EFSI was accompanied by an ESF grant to cover part of the costs of equipment and improvement of competences. The reports also show, however, that Member States are still in the process of assessing how and whether to use the option brought about by the amendment²⁷ of Regulation (EU) No 1303/2013, to facilitate the combination of EFSI and ESIF.

Moreover, participants from most Member States and several Associated Countries have joined the Community of Practice for the ‘Seal of Excellence’ initiative. It helps innovative SME projects that could not receive funding from Horizon 2020 to seek other support including from the ERDF. This initiative should be facilitated in the context of the Commission’s proposal for the next EU budget, which aims to simplify its State aid rules in order to further support public funding of innovative projects.

The Commission also launched a number of initiatives to enhance synergies, in particular the ‘Stairway to excellence’ pilot to help Member States improve their innovation systems and connect with research communities in other countries, to facilitate applications to Horizon 2020 calls. However, despite the possibility to cumulate grants, the combination of Horizon and ESIF funding in the same projects has remained occasional²⁸.

The European innovation partnership on agricultural productivity and sustainability (EIP-AGRI) supported by the EAFRD is another example of how research developed under Horizon 2020 is transferred and applied on the ground. The EIP-AGRI pools funding streams to boost interactive innovation to contribute to the EU's strategy for smart, sustainable and inclusive growth.

²⁷ See footnote 25.

²⁸ For example via Joint Undertakings like ECSEL and CleanSky that mobilised, in Italian and in Spanish regions, complementary ERDF funding to their Horizon projects.

4.6. Synthesis of the evaluation of the ESI Funds

For the period 2014-2020 a growing number of evaluations have addressed mainly the implementation process and the progress towards achieving the targets set. Despite the growing volume of completed projects, it is still too early to evaluate the results and impacts of the programmes. The start of impact evaluations, by nature carried out later in the programme cycle, has been delayed by the late start of the programmes and the knock on delay in completing many interventions. The results of national impact evaluations completed so far highlight the need for improving the quality of the evaluations produced.

A significant acceleration of completed evaluations is expected as we move towards the end of the current period. However, nearly half of the impact evaluations are only planned to be undertaken after 2020 when the programme outcomes are expected to be delivered²⁹.

4.7. Communicating about the ESI Funds

Member States have stepped up their efforts on communicating about the achievements of the ESI Funds. This has been instrumental in attaining higher levels of public awareness of the benefits of EU support, as demonstrated for example by the results of the last Eurobarometer survey on regional policy. EU-wide awareness has risen by five percentage points to 40% since the last survey in 2017³⁰.

In 2018 the Commission's popular flagship campaign #EuinmyRegion resulted in over 1,700 open door events, with an estimated 450,000 participants. Joint work across institutional layers was also decisive to roll out two innovative campaigns: (i) the 'Road Trip Project', targeting young people aged 18-24; and (ii) a series of 40 regional campaigns, co-created with the regions and displaying flagship local projects.

Regarding the EAFRD, various communication activities such as agricultural fairs, open days, conferences or social media campaigns are regularly organised to raise awareness of funding opportunities. The European Network for Rural Development also serves to share information and exchange good practice on rural development.

Member States and regions have also made significant progress in reinforcing transparency. All but few programmes have now reached full compliance with information and communication requirements, such as publishing lists of projects, designating communication officers or showcasing successful projects on their websites. In addition, people have had the opportunity to have their say on European matters, especially on EU funding priorities, in the context of the over 400 dialogues organised with the support of the ESI Funds.

²⁹ See Staff Working Document "Synthesis of the findings of the evaluations of ESIF programmes".

³⁰ Eurobarometer highlights: <https://cohesiondata.ec.europa.eu/stories/s/eyh3-tjuv>

CONCLUSION

The ESI Funds are improving the lives of millions of Europeans. Be it in people and skills, in enterprises, schools, universities, environment, climate and infrastructure, ESIF investments are playing a crucial role in supporting regions, cities, rural areas and coastal communities to keep up and get ahead of the curve of the changes happening around us.

The first five years of implementation have put the programmes well on the way to deliver smart, sustainable and inclusive growth. By the end of September 2019, Member States reported that projects with a total cost of €500 billion had been selected – around 77% of the total planned – from which more than €210 billion expenditure was reported. These projects are having a tangible impact on millions of Europeans, but more needs to be done. The Commission will continue its work to deliver in a more efficient and targeted way. It will also continue to learn the lessons needed to further simplify processes and to ensure more focus on the ESI Funds achievements.

Through its CPR and CAP proposals for 2021-2027, the Commission aims to strengthen the Funds' contribution to deliver on the targets of the Paris Climate Agreement, to invest in people, to innovate and to empower regions, cities, rural and coastal areas to implement the SDGs. Despite not being covered by the Commission's CPR proposal for 2021-2027, the EAFRD will remain closely linked to the ERDF, the ESF+, the Cohesion Fund and the EMFF, for example when supporting local initiatives through CLLD or financial instruments.

The next generation of programmes, currently under preparation, represent a unique window of opportunity to lay the foundation for the sustainable future of the EU. These programmes will help ensure a fair transition for all, alongside the Just Transition Fund, creating new and different opportunities all across Europe, and leaving no one behind.