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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**

**European Structural and Investment Funds 2014-2020
2020 Summary report of the programme annual implementation reports
covering implementation in 2014-2019**

{SWD(2021) 86 final}

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1. INTRODUCTION

The European Structural and Investment Funds (ESI Funds) consist of five instruments jointly managed by the European Commission and the Member States: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The ESI Funds finance investments that provide a major contribution to the Union strategy for smart, sustainable and inclusive growth.

Representing 44% of the EU budget in the 2014-2020 period, the ESI Funds promote a harmonious, balanced and sustainable development of the Union, bring strong European added value and contribute to economic, social and territorial cohesion and convergence, all important prerequisites for the good functioning of the Economic and Monetary Union.

The ESI Funds are the major source of funding for several headline ambitions of the von der Leyen Commission. Support for a low-carbon economy as well as for the environment and climate change mitigation and adaptation helps to achieve the ambitious objectives of the **European Green Deal**. The investments supporting broadband rollout, digital transformation of the economy and technologies, services and skills help to achieve the objective of making **Europe fit for the digital age**. Supporting enterprises to become more productive and competitive, investing in health and social care, education, skills and housing, as well as addressing particular challenges faced by rural areas and their inhabitants help to build **an economy that works for people**. The ESI Funds ensure lasting improvements in the economy and quality of life for everybody, leaving no one and no region behind in the transition to a green and digital economy.

While primarily supporting long-term investment strategies, the ESI Funds can also be deployed to respond to emerging needs. To alleviate the negative impacts of the health and economic crisis caused by the outbreak of the COVID-19 pandemic, resources available from the ESI Funds were quickly redirected to counter the effects of the crisis. With a retroactivity applied to expenditure incurred as of February 2020, the ESI Funds provided an essential emergency response to the crisis by supporting the purchase of medical equipment and helping companies, workers and vulnerable groups of the population to cope with the crisis, demonstrating their flexibility and ability to react fast under unforeseeable circumstances. This led to the mobilisation of about €20 billion until end-2020 and their re-direction to emerging acute needs.

This report takes stock of the implementation of the ESI Funds over the period 2014-2019. It provides information on progress in financial implementation and on what the Funds were able to achieve by end-2019 in terms of physical outputs and results. It is based on the monitoring information in the 2019 annual implementation reports that the Member States submitted to the Commission regarding their investment programmes. The submission deadline of the programmes' annual implementation reports was extended from 30 June to 30 September 2020, in accordance with the Coronavirus Response Investment Initiative (CRII) amendment of the Common Provisions

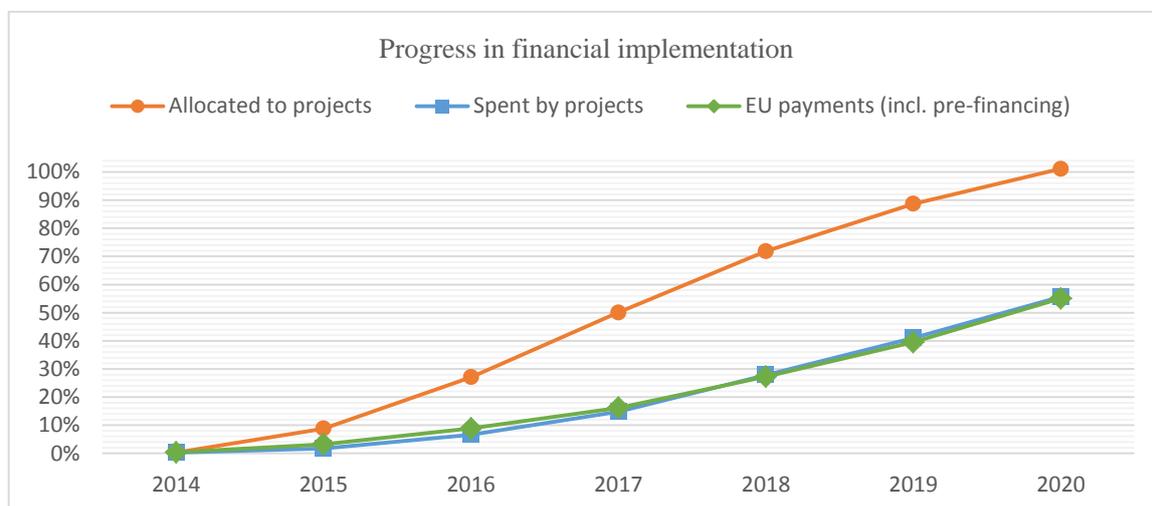
Regulation¹. The publication of this report was therefore postponed accordingly, allowing the Commission to already provide some information on the financial implementation of the ESI Funds in 2020 and their mobilisation to alleviate the impact of the COVID-19 pandemic.

This 2020 summary report takes stock of the accelerated pace of financial implementation that was maintained in 2019 across all thematic areas. It demonstrates that the level of financial implementation is consistent with the multiannual nature of the policies financed by the ESI Funds. More than €260 billion, representing 41% of the overall allocation, were spent by the end of 2019. Progress in financial implementation varied across the different themes, with support to SME competitiveness, climate change adaptation and risk prevention, and transport and energy network infrastructures performing best. The achievements in 2019 significantly surpassed the 2014-2018 cumulative achievements measured through indicators in many instances. Past experience shows that the achievements of the co-financed operations supported by the ESI Funds closely follow the level of financial implementation in the Member States.

2. OVERVIEW OF IMPLEMENTATION

2.1. Financial implementation²

The €461 billion in ESI Fund resources is committed for the years 2014-2020, but costs incurred by project beneficiaries are eligible for co-financing from the Funds until the end of 2023 (in the case of EAFRD until end-2025). The ESI Funds thus have a ten-year implementation period, of which 2019 was the sixth year. Complemented by national co-financing, the Funds trigger an overall investment of €643 billion over the 2014-2020 programming period.



The financial volume of the **projects selected** by Member States for support from the ESI Funds until end-2019 amounts to €570.6 billion and represents 89% of the total allocation. This is a significant 17 percentage point increase compared to the situation at end-2018 and confirms that the acceleration in project selection that started in 2016

¹ Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 (OJ L 130, 24.4.2020, p. 1).

² The details of financial implementation by ESI Fund and by Member State are provided in the Annexes.

continued in 2019. Though there are differences across Funds, the overall trend is reassuring and shows that Member States are making good progress in selecting projects, moving towards fully using the allocation available in the 2014-2020 programming period.

Long-term investment policies are usually characterised by a time lag between their various phases: programming, selection of operations, implementation and expenditure. Past evidence shows that the financial implementation of ESI Funds tends to be slow in the early years of implementation while accelerating significantly afterwards. The 2014-2020 period is no exception. The **spending rate** was only 7% at end-2016 and started accelerating significantly in 2017, reaching 41% by end-2019 (and even 53% for the EAFRD). The spending rate is expected to pick up the pace even more in the following years.

The latest financial data reported by Member States for 2020 confirm the positive trends both in the selection and spending rate, reaching 101% and 56% respectively by end-2020³. The 15 percentage point increase in spending in 2020 is higher than the increase in 2019. This suggests that the rate of implementation has not slowed down in the exceptional circumstances of the crisis due to the COVID-19 pandemic.

In terms of **payments** from the EU budget to the Member States, a net total of €182.2 billion was paid by end-2019 (39.5%, including pre-financing and interim payments of declared expenditure and deducting recoveries), which increased to €253.7 billion until end-2020 (55%). In 2019, €130.3 million was decommitted⁴.

2.2. Key achievements of the ESI Funds

The 2014-2020 regulatory framework governing the ESI Funds provides for a set of common indicators allowing a reliable and coherent performance monitoring of the investment actions and outputs by the Commission.

By the end of 2019, more than 13 million projects were selected for support from the Funds.

Fund	Cumulative number of projects selected by the end of 2019
Cohesion Fund	216,088
EAFRD	1,523,204
EMFF	47,038
ERDF	3,211,554
ESF/YEI	8,801,758
Total	13,015,692

The headline performance figures reported by those projects by end-2019 were:

- 2.1 million enterprises⁵ were selected to benefit from ESI Funds support, out of which 1.6 million enterprises were already supported;

³ Cohesion data from 31.12.2020 – EAFRD and EMFF data from 31.12.2019. Applicable to all financial data references for the year 2020 included in the document.

⁴ EAFRD: €16.5 million, EMFF: €61.7 million, ERDF: €21.2 million, ESF: €30.9 million.

⁵ All ESI Funds target support for enterprises. The selected projects will support (or have delivered support to) 1 093 000 firms under ERDF, 733 100 micro, small and medium-sized enterprises under ESF and 317 600 rural firms under EAFRD (127 600 young farmers supported and investments in physical assets of 190 000 farm holdings).

- 184 000 new jobs were created with ERDF support;
- 36.4 million participants have benefitted from ESF and YEI-supported projects;
- 1.5 million projects have been supported so far to help the agricultural sector and rural businesses become more competitive and to create and maintain jobs in rural areas; 31 million hectares of agricultural land or 18% of the utilised agricultural area ('UAA') have been selected for support for land management to better protect biodiversity;
- 61% of the total rural population (176 million inhabitants) is covered by nearly 3 500 LEADER Local Action Groups (LAGs) supported by the EAFRD;
- 367 Fisheries Local Action Groups (FLAGs) were supported by the EMFF at the end of 2019. Of these, almost 93% were operational.

2.3. Financial reprogramming following the performance review

In line with the reinforced performance orientation of the ESI Funds in the 2014-2020 programming period, a performance reserve, amounting to 6%⁶ of these Funds was set aside and its final allocation was made conditional upon the achievement of the performance milestones set for 2018 agreed at the beginning of the programming period. The Commission reviewed the performance of the programmes co-financed by the ESI Funds in 2019. The review compared what the programmes delivered until the end of 2018 against the performance milestones. The performance reserve was then allocated to the priorities that met their performance milestones. Overall, the vast majority of the priorities, accounting for 84% of the performance reserve allocation, were assessed as performing. This corresponded to €22 billion out of the total €26.1 billion performance reserve amount. For the remaining priorities, which did not achieve their milestones, the Member States had to propose the reallocation of the corresponding performance reserve (€4.1 billion) to performing priorities. For the priorities that did not manage to reach their milestones, this was mainly due to implementation difficulties and weaknesses, such as lower demand for funding than expected, slow administrative procedures causing delays in project implementation, creation of more favourable national instruments crowding out ESI Funds, and external factors beyond the control of the programme authorities.

The performance review triggered a significant reprogramming exercise, which in some cases went beyond the sole reallocation of the performance reserve and consisted of further financial reallocations among the thematic areas of the programmes. After assessing the Member States' reprogramming proposals, the Commission adopted the modified programmes in late 2019 and early 2020. The performance review overall resulted in optimising the allocation of the Funds to thematic areas that demonstrated good performance. The reprogramming ensures higher added value and increased effectiveness of the ESI Funds in their contribution to achieving the programmes' objectives.

⁶ For further detail see Article 20 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council.

2.4. ESI Funds' support to fight the COVID-19 crisis

The COVID-19 crisis presents a major challenge to the European Union as a whole. National, regional and local communities are on the front line in fighting the disease and dealing with its socio-economic impact.

In March and April 2020 the Commission launched two packages of measures: the Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative Plus (CRII+) to mobilise EU cohesion policy to tackle the crisis. The European Parliament and the Council of the EU swiftly adopted the two proposals^{7 8}. While the CRII packages do not offer new EU financial resources, they provide liquidity and flexibility to redirect unspent resources to where they are most needed.

Some of the flexibilities available include: transferring unallocated EU funding between Funds and categories of regions, an immediate increase of liquidity to improve cash flow, an option to increase the EU co-financing rate to 100% for the 2020-2021 accounting year, and the possibility to introduce reimbursement claims for COVID-19 expenses incurred since 1 February 2020.

The investments undertaken by Member States focus on: the **health sector** to secure personal protective equipment, finance testing and support hospitals by purchasing additional medical equipment; the **business sector** to provide working capital to SMEs, facilitate digitalisation and set up or re-design financial instruments; and **people** support to implement employment retention schemes and help vulnerable groups.

By the end of 2020, the headline figures on the volume of resources redirected under the cohesion policy Funds (ERDF, ESF, and Cohesion Fund) were as follows:

Reprogramming:

- €7 billion for health actions;
- €11 billion for business support;
- €3.1 billion in direct support for people, including workers and vulnerable groups.

Financing and modified rules:

- €7.6 billion immediate increase of liquidity;
- 166 cohesion policy programmes had opted for 100% EU co-financing, thus easing national co-financing by €6.2 billion which could be used for other national crisis response measures;
- €5.5 billion had been transferred between Funds and between categories of regions.

By end-2020, a total of €19.7 billion in cohesion policy resources had been mobilised/reprogrammed to counter the crisis.

⁷ Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 (OJ L 99, 31.3.2020, p. 5).

⁸ Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 (OJ L 130, 24.4.2020, p. 1).

The Coronavirus Dashboard⁹ on the Open Data Platform provides up-to-date information on these figures.

To help mitigate the pandemic's socio-economic impact on agriculture and rural areas, a new EAFRD measure was introduced, providing temporary liquidity support to farmers and rural businesses particularly affected by the COVID-19 crisis. By the end of 2020, the new measure was activated in over 40 national or regional rural development programmes in 14 Member States. More than €700 million was allocated for the measure.

Moreover, new options for using EAFRD-supported financial instruments to finance stand-alone working capital loans and guarantees for SMEs have been introduced by the CRII+. By the end of 2020, seven EAFRD-supported financial instruments introduced such options in the context of COVID-19 related RDP amendments.

In addition, various flexibilities were put in place to help Member States and beneficiaries to address the impact of the pandemic. For instance, procedures for amendments and controls rules for regional rural development programmes were modified, and in some cases payments to beneficiaries were advanced and the deadlines for submitting applications for support were extended.

Similarly, as a result of COVID-19, the EMFF introduced emergency support to compensate for the temporary cessation of fishing activities and the suspension or reduction of production and processing.

These measures are expected to further maintain sufficient implementation levels in 2020, preserving investments and activities in the pandemic context, and supporting the overall improvement trend reported in Section 2.1.

Box 1: Example of ESI Funds contributing to the COVID-19 response

- *To face the COVID-related challenges affecting Gävleborg's SMEs (Sweden), the 'We are changing!' project provides these SMEs with support and advice in the transition to become more innovative, digitalised, sustainable, and competitive. The project will also establish a learning platform to exchange experiences and analyse the impact of the COVID crisis in the Norra Mellansverige region more at large. Half of the project's costs are covered by the ERDF, with a grant of €2.7 million.*

3. IMPLEMENTATION BY KEY THEMES

The following sections provide an overview of the Funds' achievements¹⁰ by main policy area.

The publication of this 2020 summary report coincides with the update of the **ESI Funds Open Data Platform**¹¹, showing the financial volume of project selection and

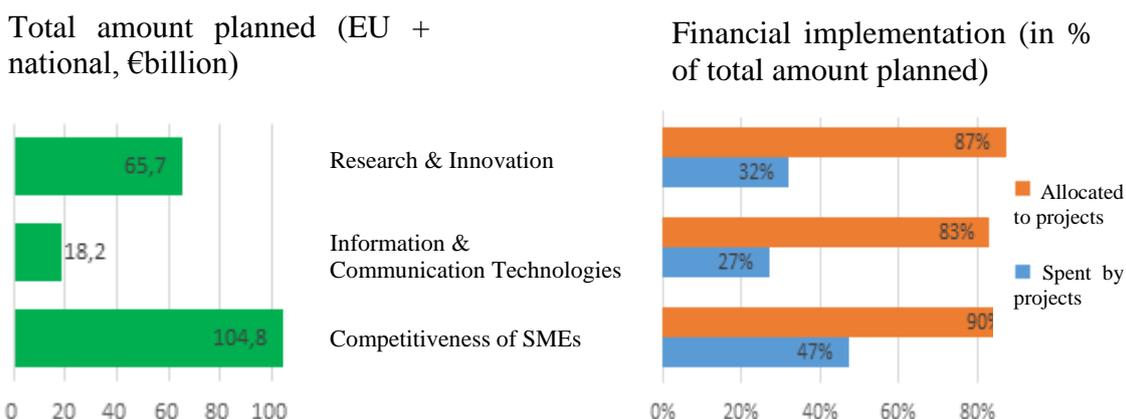
⁹ <https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/>

¹⁰ The values provided do not reflect the impact of the COVID pandemic on programme objectives and achievements. Programme amendments to reallocate funding to crisis response measures are still ongoing. The achievement values of 2020 will only be reported to the Commission by Member States in the course of 2021. The first assessment of the impact of the COVID crisis will therefore be analysed by the Commission in the next annual summary report, due at the end of 2021, taking into account the support to respond to the COVID-19 crisis and the first effects of the social and economic crisis on the strategic programme objectives and targets.

expenditure, and the forecasts and achievements for common indicators, as reported by the programme authorities for 2019. The platform shows the most recent values reported, which may vary from the data available when this text has been finalised.

3.1. Smart growth: R&I, ICT and SME competitiveness

A total of €189 billion, representing 30% of the total funding, is dedicated to smart objectives, covering research, technological development and innovation, ICT and SME competitiveness. By the end of 2019, projects selected for these objectives accounted for €144 billion, 88% of the total allocation (*allocated to projects* in the graph below), while €64.5 billion, corresponding to 40% of the allocation, had already been paid to project beneficiaries (*spent by projects*).



Using the ESI Funds to promote research and innovation is key to helping Member States and regions create the conditions necessary for innovation, research and development on the ground. Supporting innovation through smart specialisation strategies is key to a range of Commission priorities, in particular the European Green Deal, an economy that works for people, and making Europe fit for the digital age.

Substantial achievements in the field of research and innovation were recorded by end of 2019. For example, as a result of ERDF support, more than 34 000 enterprises cooperated with research institutions (53% of the target) and more than 17 000 enterprises introduced new products to the market (59% of the target, and a 20 percentage point increase since 2018).

The ESI Funds are significantly contributing to the European economy's digital transformation by improving the ICT infrastructure and empowering people, enterprises and public authorities with a new generation of technologies and skills. Project selection increased substantially in 2019 by €3 billion, reaching 83% of the total allocation. Payments, which are lagging behind other policy areas (27% of the total allocation), are catching up quickly with a 12 percentage point increase in 2019. With the bulk of investments expected to materialise in 2020 and beyond, the ESI Funds will help to make Europe fit for the digital age.

Over 4.5 million households are already benefitting from improved broadband access thanks to ERDF-supported projects. Nearly 12 million households are expected to benefit by the end of the programming period. In rural areas, more than 1 400 investment

¹¹ ESI Funds Open Data Platform: <https://cohesiondata.ec.europa.eu/>

operations benefitted from a total of over €830 million in EAFRD support to enhance the accessibility, use and quality of ICTs. More than 5 million people in rural areas have benefitted from improved IT infrastructure or services.

With 16% of the total allocation of ESI Funds targeted to SMEs, the ERDF, EAFRD and EMFF are the largest source of EU funding for SMEs, contributing to the Commission's priority to foster 'an economy that works for people'. The Funds provide vital support for companies to grow and become more productive and competitive and for businesses to introduce innovative solutions.

With 90% of the planned amount already allocated to projects and almost 50% spent, it is one of the best performing areas of support by the end of 2019. In the same period, 1.1 million enterprises had been selected for ERDF support in the form of grants, financial instruments or non-financial support. Of these, more than 600 000 had already benefitted from support and implemented their projects; this represents a substantial increase (42 percentage points) compared to the achievement at end-2018. Thanks to ERDF support, 184 000 jobs have already been created in the beneficiary enterprises (46% of target) and an additional 190 000 jobs are expected from projects already selected. Nearly 45% of the EMFF support provided has been dedicated to enhancing the competitiveness of SMEs, most of which operate in remote communities.

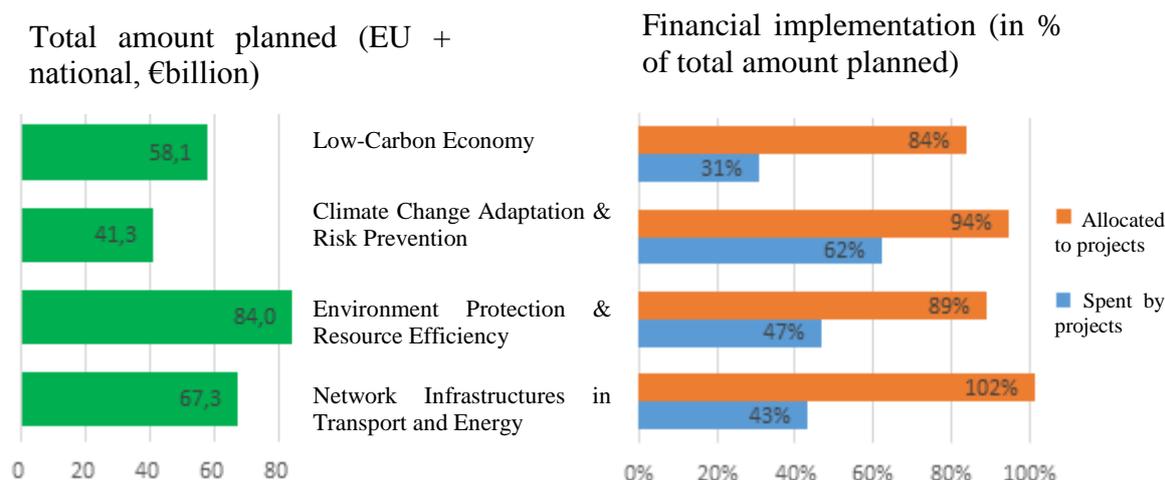
Box 2: Examples of ESI Funds contributing to smart growth

- *Slovenia is supporting several innovative, research-development projects to help companies develop new or improved products, processes or services with a high added value and a market potential. One such example is the HIQ Home system, which is a system of devices and software for home automation. Its primary function is to control home equipment (lights, blinds, heating and cooling). However, it can also cover more sophisticated functions, like energy management. The HIQ Home system project benefits from an ERDF contribution of €400 000.*
- *In Comunidad Valenciana (Spain), a mobile app to communicate with healthcare service practitioners, manage medical appointments and avoid standing in queues, was made available to users thanks to the operation 'GVA-Salut: Promoting digital public services in e-health'. The application has boosted the efficiency, availability and quality of healthcare services throughout the region. With the COVID-19 outbreak, a new function was incorporated to distribute information to all users on measures and recommendations. By April 2019, the number of users surpassed 400 000, while the number of appointments had risen to approximately 200 000. The total investment for this project amounts to €34 million, with an ERDF contribution of €17 million.*
- *Regadio de Precisão – Precision Irrigation (Portugal): An EIP-AGRI Operational Group supported by the EAFRD was set up to develop new agronomic tools that will enable farmers to use pivot irrigation more efficiently. The project enables farmers to irrigate and fertilise more efficiently based on information and tailored advice, taking into consideration soil characteristics, water reserves in the soil and the crop in question.*
- *The development of small-scale fisheries and aquaculture businesses in the Western Lithuania FLAG area is a vital part of the economic development of regions such as Klaipeda and Priekulė. This project, implemented by a small local company, aims to improve the processing of local fisheries and aquaculture products through a series of EMFF-funded strategic investments.*

3.2. Sustainable growth: low-carbon economy, climate change, environment and transport and energy networks

By supporting climate-neutral, clean and circular economy investments as well as investments in the environment and climate change adaptation, the ESI Funds (the EAFRD, ERDF and the Cohesion Fund in particular) are making a substantial contribution to the ambitions of the European Green Deal. Programmes dedicated €250.6 billion to sustainable growth, representing 39% of the overall allocation. By the

end of 2019, €208.6 billion was allocated to projects (92% of the dedicated funding) and spending amounted to €101.4 billion (45 % of the planned total).



For 2014-2020, 25% of the ESI Funds are being spent on projects with climate action objectives. These include a large variety of actions in the fields of low-carbon economy, circular economy, risk prevention, environment protection, clean urban mobility and associated research and innovation activities. The ESI Funds’ contribution varies from the 57% of the total EAFRD budget envelope allocated to climate objectives to the 27% of the total Cohesion Fund allocation, the 19% of the total EMFF allocation and the 17% of the total ERDF allocation. The amounts awarded to and spent by projects with climate change mitigation objectives increased significantly during 2019 as programme implementation accelerated, even if their share from the total amounts continues to remain below the planned volume for the Cohesion Fund, the ERDF and the EMFF. The EAFRD and the ESF are outperforming the planned allocation to climate objectives. Annex 3 provides details on the Funds’ climate allocation and spending.

There are important differences in the financial progress across the different themes. Climate change adaptation and risk prevention is one of the fastest progressing thematic objectives in terms of the amounts already spent by beneficiaries. On the other hand, investments in the low-carbon economy are lagging behind due to a very slow start in the early years of the programming period, which has not been made up yet by the acceleration recorded in the past three years. This is due to the large share of ESI Funds supporting infrastructure investments, such as energy efficiency in buildings, renewable energy, smart distribution electricity grids or sustainable urban transport, where the project implementation cycle tends to be longer.

Until the end of 2019, the following tangible achievements were recorded:

- renewable energy production capacity will be enlarged by 5800 MW (81% of the target), of which 2100 MW has already been installed, almost double compared to the capacity installed by end-2018;
- the energy performance of 598 000 households (96% of the target) will improve; as many as 285 000 households were already benefitting from the improved conditions by the end of 2019, which is 100 000 more than by end-2018;
- the energy consumption of public buildings will be reduced annually by 6.1 terawatt-hours (92% of the target), of which 1.2 terawatt-hours have already been saved annually, doubling the achievement compared to end-2018;

- 21 million people will benefit from an improved water supply (overperforming already the target by 80%), of which 2.5 million people already benefit from it (double compared to the achievement until end-2018);
- flood protection measures will reduce the vulnerability of almost 40 million people (161% of the target), of which 7.5 million are not exposed to flood risks any longer due to investments supported by ESI Funds;
- clean urban transport projects delivered 102 km of new or improved tram and metro lines (21% of the target) with an additional 400 km in projects under implementation;
- through better management of agricultural and forest land, the EU has reached 99% of its 2023 EAFRD targets with respect to the carbon sequestration and conservation as well as the reduction of greenhouse gases and ammonia emissions in agriculture.
- 40% of the EMFF support provided to the fisheries and aquaculture sectors under the thematic objective “Preserving and protecting the environment and promoting resource efficiency” has been committed to preserving and protecting the environment, for example through the protection of Natura 2000 areas, and to promoting resource efficiency and reducing waste.

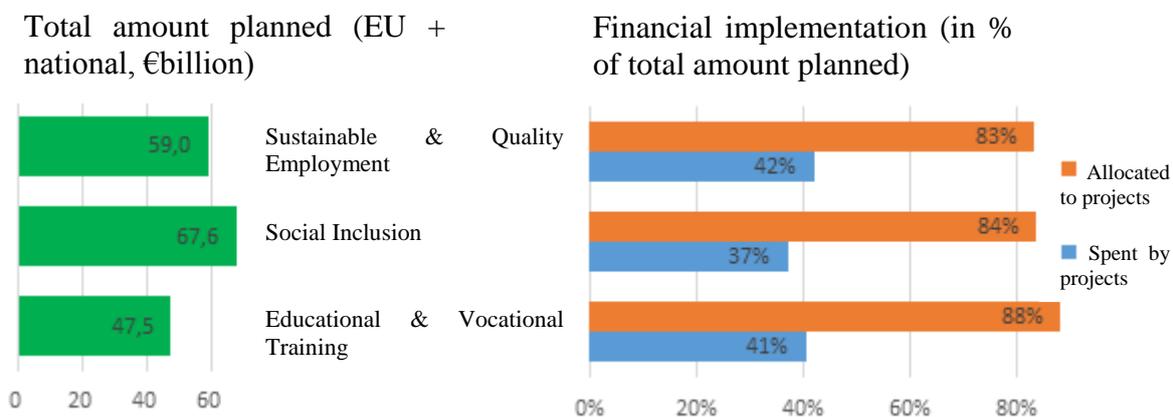
Box 3: Examples of ESI Funds contributing to sustainable growth

- *In the Czech city of Zlín, an ERDF grant of €3 million funded the purchase of seven new trolleybuses with an innovative on-board battery system to operate along a newly extended transport route in the city. Thanks to the batteries, the buses can travel up to 12 kilometres beyond the normal trolley routes, enabling more inhabitants of the city to use this safe and green mode of transport.*
- *In Ireland, the Mary Elmes Bridge delivers much needed multi-modal access across the River Lee in the heart of Cork City. The bridge promotes greener transport by providing pedestrian and cycle access between two significant parts of the city for up to 11 000 people daily. The project benefited from a €1.5 million ERDF grant.*
- *In Varna, Bulgaria, the EMFF supported Lavrak. Ltd, a fisheries company, in investing to improve the financial and environmental sustainability of their fishing activities. It is a family-run business from fishing to sales, marketing and communication. The EMFF has been there along the way to help them scale up and to support them through the COVID-19 pandemic.*
- *A project in Slovenia took nature-friendly vine cultivation on a family farm a step further with EAFRD support to develop zero-waste processing methods that use all by-products of grapes in a sustainable and fully circular way. The resulting seeds, oil and flour have proved very popular with customers. Vineyards are cultivated free of herbicides and with a minimal use of insecticides. The winemaking process produces 0% waste thanks to circular practices and new product development.*

3.3. Inclusive growth: employment, social inclusion and education

The EU continues to give a decisive impulse to its social agenda, in particular since the adoption of the European Pillar of Social Rights. In this context, the ESI Funds have underpinned structural reforms, including the modernisation of public services, encouraging youth employment, reducing poverty and inequalities and addressing the issue of gender equality as well as social inclusion aspects such as homelessness and housing exclusion.

Over €174 billion is planned in this area, particularly from the ESF. By the end of 2019, projects selected for support accounted for €123 billion or 85% of the total allocation, and overall spending was €57.5 billion or 40% of the planned total.



€49 billion worth of projects were selected to improve employment opportunities and resulted in 36.4 million participants supported by the ESF and the Youth Employment Initiative (YEI), including nearly 14.6 million unemployed and 13.9 million inactive participants. By the end of 2019, 4.5 million people had found a job thanks to ESF and YEI support.

Among these participants, those with low skills represent 49% of all individuals; 15% were migrants, had a foreign background or were from minorities. The participation of women and men in ESF supported activities is almost equally distributed at EU level (52% are women). The increase in the number of ESF and YEI participants since end-2016 clearly indicates a sharp acceleration in the implementation of projects on the ground.

Investments in employment are performing well. In addition to the ESF, **the YEI** has continued to provide substantial funding support to young people in the eligible Member States. The YEI shows good progress, with €10.4 billion having been allocated to 227 000 projects by the end of 2019. The expenditure declared shows solid implementation on the ground; by end-2019 around 3 million young people had been included in YEI-supported measures:

- about 2 million participants had completed the YEI intervention;
- over 900 000 participants had been offered either a job, continued education, an apprenticeship or training; and
- about 1.4 million participants, who were in education or training, had gained a qualification or were in employment, including self-employment.

For social inclusion, to which the ESF is the biggest contributor, the projects selected so far represent almost €57 billion. By end-2019, thanks to ESF support, 2.5 million participants with disabilities, 5.6 million migrants, participants with a foreign background or minorities and 6.5 million other disadvantaged people had received help to improve their employment opportunities and develop the right skills for the jobs market.

For education and training, €41.8 billion had been committed to concrete projects. By end-2019, thanks to ESF support, 17.8 million low-skilled people had been helped, 5.5 million had gained a qualification and 1.8 million were in education and training.

As a result of ERDF support, the capacity of childcare and education infrastructure was enlarged for 15 million people (8.7 million more than at end-2018), and 39 million

people now benefit from improved health services across the EU (11.3 million more than at end-2018).

The EAFRD supported over 63 000 operations enhancing social inclusion in rural areas. It also provided support to local rural communities implementing their own local development strategies. Nearly 3 500 Local Action Groups cover over 60% of the rural population in the EU and bring together public, private and civil-society stakeholders in a particular area.

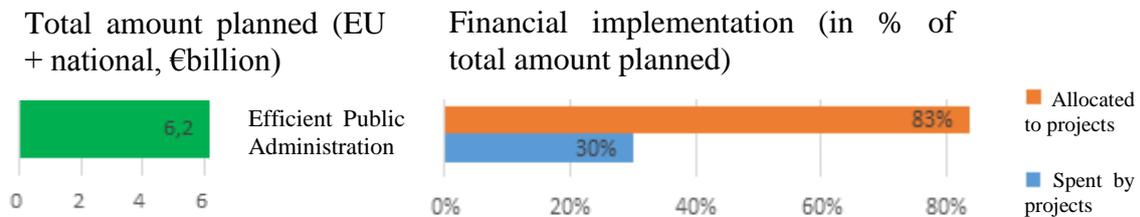
Box 4: Examples of ESI Funds contributing to inclusive growth

- *In Belgium, faced with COVID-19, the Creative Industries Knowledge Centre, Technocité, near Mons in Wallonia, set up virtual classes so participants could continue their training courses. Some €3.3 million from the ESF have allowed teachers and students to pursue their courses at the Technocité skills centre. Training courses focus on topics such as cybersecurity, artificial intelligence, virtual reality, Internet of things, sound design, etc. The ESF is also supporting 'Stuyfplek', a network encouraging the personal growth of disadvantaged people and persons with disability to help them find a job. The project, which has received €377 000 of EU funding, has been rapidly adapted to find new ways of training and interacting with online sessions and training during the coronavirus crisis.*
- *In Spain, with a €47 million budget, the 'Empleaverde' project, co-financed by the ESF, is creating green jobs, promoting entrepreneurship and helping to build a fairer, greener and more resilient economy in Spain. Activities, which continued during the COVID-19 pandemic, include the improvement of transversal skills, active job-search strategies, the creation of networks and professional contacts, and the development of emotional intelligence. So far, the programme has co-financed 339 projects, working with 500 organisations. It has supported 1.3 million recipients and helped create 2 600 businesses.*
- *A grocery and a social café were set up with the support of the EAFRD in Luxembourg to help people with intellectual disabilities enter the job market. Approximately 40 workshops have been organised with more than 500 participants. Some people with intellectual disabilities became associate teachers in the soap and candle workshops. Two jobs were created for people with special needs. In cooperation with Fairtrade Luxembourg, a tea brand with bio label certification was created. The packaging is made during a workshop for people with special needs.*
- *The new Geriatric Care Centre in the Polish coastal city of Sopot is designed to provide the Pomorskie region's older residents with access to a comprehensive range of specialised medical services that were not previously available locally. Along with in- and outpatient treatment on site, these services include round-the-clock telecare support for the patients, their families and carers. In addition, the opening of the Centre already generated 70 new jobs. Costing a total of €6.6 million, the project was supported by a €4.6 million ERDF contribution.*
- *The Chioggia and Po Delta Fisheries Local Action Group (FLAG) in Italy has successfully convinced a high school to launch an official training programme in commercial fishing and fish production. With support from the EMFF, the FLAG used their animation activities financed through the EMFF, together with fisheries stakeholders and the wider local community, to attract their first groups of students who will become the entrepreneurs of the future.*

3.4. Strengthening institutional capacity and efficient public administration

By the end of 2019, an estimated €5.2 billion had been allocated to projects addressing institutional capacity and reforms, representing 83% of the planned €6.2 billion (mainly from the ESF programmes). Spending on the ground amounted to €1.8 billion (30% of the planned total). This effort was complemented by support provided, in addition to the ESI Funds, through the Structural Reform Support Programme, now transformed into the Technical Support Instrument¹².

¹² Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument - available at: <https://eur-lex.europa.eu/eli/reg/2021/240>



Under this objective:

- 487 782 participants have been supported by the ESF;
- 2 331 projects targeting national, regional or local public administrations or public services have been supported by the ESF.

The implementation of projects targeting capacity building for stakeholders delivering education, lifelong learning, training and employment and social policies is lagging behind, with a project selection rate still below 40%. The reasons for the delay differ between Member States and include legal changes affecting implementation or difficulties connected with the innovative and complex features of intervention.

Box 5: Example of ESI Funds support to strengthen institutional capacity

- *In Italy, an ESF project aims to improve the administrative capacity of small municipalities (i.e. those with a resident population of up to 5 000 inhabitants and those created following a merger of municipalities, each with a population of up to 5 000 inhabitants) and promote efficient public services, good governance and institutional capacity building at local level. With a total budget of €42 million, the project will produce impacts on the quality of services for citizens and businesses, improve the skills of local public authorities in implementing the policies supported by the ESI Funds through appropriate digital reorganisation interventions and access to data, strengthen multilevel governance and accompany the process of reforming local authorities.*

3.5. Territorial and urban development

For 2014-2020, around €32 billion is being allocated for integrated territorial development and sustainable urban development. The implementation of these strategies suffered some delays in the early years of the programming period because of delays in finalising the strategies and setting up the administrative procedures ensuring decentralised implementation. Under cohesion policy funds, €23 billion has been allocated to projects until end-2019, representing 73% of the planned allocation. There was a considerable acceleration in the level of expenditure generated by the projects, reaching €8.3 billion (26% of the planned allocation) by end-2019. This is a striking increase compared to the €1.2 billion at end-2017.

The projects selected under the integrated development strategies until end-2019 will deliver: 42 million square meters of renovated or newly developed urban open space (141% of the target) accessible to the public; 2.6 million square meters of renovated or newly built public buildings (111% of the target); and nearly 21 000 renovated housing units (88.1% of the target). In line with the financial implementation, physical implementation is lagging behind and ranges between 15-30% of the target values.

Box 6: Example of ESI Funds supporting territorial and urban development

- *In Poland, the post-industrial area and once wild parking lot in the suburbs of Krakow has turned into a green place for recreation and meetings open to all residents. The Przystań Wisła Park was created with extensive involvement of the public, which chose the park concept project in a wide public consultation. The park's facilities include a café, a playground and an open-air art gallery for local people to showcase their work. The park also has a rain garden and a public vegetable garden. Access for people with disabilities is provided. The investment for this project totalled €603 462, with the ERDF contributing €319 243.*

3.6. Territorial cooperation

The ERDF provides support to territorial cooperation programmes that invest in cross-border, transnational and interregional projects. These programmes account for €12.6 billion of the planned allocation, of which €11.8 billion had already been allocated to projects by end-2019. These projects generated €3.8 billion in expenditure, which represents 30% of the planned amount. As such, until the end of 2019, the financial implementation of the cooperation programmes remained slower than the implementation of the national/regional programmes.

Some of the achievements of the territorial cooperation programmes are included in the indicators aggregated under the key investment themes above, while some dedicated indicators measure the cooperation aspect of the projects supported:

- 17 500 enterprises and 3 600 research institutions have participated in cross-border, transnational or interregional research projects;
- 107 000 persons have benefitted from cross-border mobility initiatives;
- more than 80 000 people have participated in joint local employment initiatives and joint training courses.

Box 6: Examples of ESI Funds supporting territorial cooperation

- *In the cross-border area between France and Spain, where accessibility in mountain areas can be difficult, the EGAL-URG project created a mobile hospital for disaster and emergency situations, including for responses to the COVID-19 crisis. Within 20 minutes, what looks like a simple van becomes a hospital with all the necessary equipment to look after 18 patients, and it includes a small intensive care unit that can host eight patients. The project benefited from a €1.5 million ERDF grant.*
- *The Interreg alpine space project 'Smart Villages' makes remote villages in France, Italy, Germany, Austria, Switzerland, Liechtenstein, and Slovenia smarter. A Smart Village approach for mountain areas could unlock the potential of local actors to make their region a more attractive place to live and work. The project is now part of a macro-regional strategy (EUSALP) and is fully embedded in the Commission's Smart Villages strategy. €2 million of the total investment of €2.6 million was provided by the ERDF.*

4. EVALUATION WORK BY THE MEMBER STATES

The evaluation effort of the Member States has made a considerable progress in the past year when assessing the achievement of targets, the processes at the heart of implementation, and the outcomes and effects of the actions supported. This represents a great commitment to generating evidence for policymaking, in line with the stronger result orientation of the policy. The evaluation efforts have substantially increased compared to the 2007-2013 programming period, also thanks to various forms of support provided by the Commission.

The increased number of completed evaluations has brought extensive knowledge about the implementation of the programmes and their effectiveness. While the findings are

difficult to generalise, the ESI Funds have been effective in many areas and have provided concrete support to different types of beneficiaries in the public and private sectors as well as to individuals. Inclusive growth is the area where EU added value is more evident and on which most of the impact evaluations conducted so far is concentrated.

Evaluations in their respective areas provide Member States with valuable input for policy design, which includes the preparation of the 2021-2027 programmes. The available findings will be complemented by a growing number of impact evaluations in the final years of the programming period, when more results are expected to emerge. Further challenges will arise when the time comes to assess the impacts. The Commission will continue to provide support to the Member States through the dedicated networks and services.

The staff working document that accompanies this report provides more details on the findings of the evaluations undertaken by the Member States and the Commission on the programmes supported by ESI Funds.

5. CONCLUSIONS

The investments supported by the programmes of the ESI Funds play a crucial role in supporting regions, cities, rural areas and coastal communities, improving the quality of life of millions of Europeans in every Member State and region in the European Union. They significantly contribute to the Commission's strategic priorities, in particular the green and digital transition of the European economy and the economy that works for people, in line with the values expressed in the European Pillar of Social Rights, leaving no one behind.

2019 was the sixth year of implementation of the programmes of the 2014-2020 ESI Funds, with expenditure eligible for funding until end-2023. After a slow start in the first few years of the programming period, implementation sped up as of 2017, with very significant results achieved in 2019. This enabled progress in fully committing the available resources, with 89% (or €570.6 billion) of the available funding awarded to selected projects. By the end of 2020, the project selection rate had further increased to 101%. In the case of some Member States and Funds, the value of the existing projects already exceeds their allocations. Expenditure generated by the investment projects is catching up quickly and reached €264.1 billion, representing 41% of the overall allocation. The spending rate had reached 56% by end-2020.

Progress in financial implementation varies across the different themes, with support to SME competitiveness, climate change adaptation and risk prevention, and transport and energy network infrastructures performing best. Investments in some key areas, including research and innovation, digitalisation and social inclusion, are being implemented at a slower pace, but the important acceleration in the past two years is expected to be maintained for the remainder of the implementation period.

Some remarkable achievements were recorded for a number of common indicators where the 2019 achievement values show a steep increase compared to the cumulative 2014-2018 achievements. In general, the level of achievements closely follows the level of expenditure generated by the projects. Some important differences can be observed in the level of achievement for the common indicators, which is mainly due to the different pace of implementation of the underlying investments and the nature of deliverables

produced by the projects. Past evidence shows that in all cases, the bulk of tangible achievements occurs in the second half of the programming cycle.

The monitoring data available suggests that the Funds will reach the objectives set. The preliminary findings on the impacts of interventions funded under 2014-2020 programmes, drawn on the basis of the most reliable evaluations carried out by Member States, point to positive results and offer recommendations to develop the interventions in order to consolidate and extend their benefits.

The ESI Funds were successfully deployed in 2020 to help Member States alleviate the negative impacts of the health and economic crises caused by the COVID-19 pandemic. The rules governing the Funds were amended at unprecedented speed, enabling any unallocated money to be rapidly shifted to tackle the crisis. With retroactive effect, as of February 2020, the ESI Funds provided an essential emergency response to the crisis by supporting the purchase of medical equipment and helping companies and workers to cope with the crisis, demonstrating their flexibility and ability to react fast under unforeseeable circumstances. More than €20 billion was already mobilised until end-2020 and re-directed where the money was most needed. Reinforced with the €47.5 billion of the REACT-EU package and an additional €8.07 billion for rural development from the European Union Recovery Instrument, the programmes of the ESI Funds will bridge the short-term emergency response with the long-term goal of a green and digital transition for all Member States and regions that will be supported in the 2021-2027 programming period.