



Brussels, 17.12.2021
COM(2021) 797 final

**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
2021 Summary report of the programme annual implementation reports covering
implementation in 2014-2020**

{SWD(2021) 384 final}

1. INTRODUCTION

The implementation of the European Structural and Investment Funds (ESI Funds) in 2020 took place in an extraordinary and challenging year. The public health crisis, and the ensuing economic shock have fundamentally changed our communities and our daily lives. EU support was mobilised to provide a swift response to emergency, while developing unprecedented recovery solutions to help our communities overcome the great difficulties they faced. EU policies were adapted with great speed and flexibility, offering immediate liquidity, financial support to meet urgent needs, and supporting Member States to manage the shock to their economies and societies.

At the same time, the EU is at a turning point. To come out of the crisis stronger and more resilient, Europe needs to speed its twin transitions towards a green and digital Europe. The ESI Funds are in the front line of this endeavour.

As one of the largest investment instruments under the EU budget, the ESI Funds support the territorial, economic and social cohesion of Europe's regions, as well as their resilience and recovery from the crisis faced in the past years. They comprise of:

- the European Regional Development Fund (ERDF);
- the European Social Fund (ESF);
- the Cohesion Fund (CF);
- the European Agricultural Fund for Rural Development (EAFRD) and
- the European Maritime and Fisheries Fund (EMFF).

The ESI funds under the 2014-2020 multiannual financial framework (EU budget) have a 10 year implementation period¹, of which 2020 was the 7th year. This report, as required by Article 53 of Regulation (EU) No 1303/2013, presents the evolution in the financial implementation of the ESI Funds to the end of 2020². It presents the cumulative achievements of the 2014-2020 programming period reported by the Member States, as well as the initial insights into the response actions of the ESI Funds programmes to the coronavirus pandemic.

With a total investment of €640 billion at the end of 2020, which includes €461 billion of EU financing, the ESI Funds target several crucial policy objectives for the future of Europe. These policy objectives include:

- smart, sustainable and inclusive growth,
- strengthening the institutional capacity of public administration,
- territorial and urban development and territorial cooperation (Interreg).

¹ [Regulation \(EU\) No 2020/2220](#) extended the current implementation period for the European Agricultural Fund for Rural Development by two years to allow Member States and the Commission to prepare all elements necessary to apply the new legal framework for the Common Agricultural Policy the corresponding strategic plans.

² Where available, the data shows also the partial progress in financial implementation up to 30 September 2021.

By the end of 2020, Member States had already received more than 55% of the funds. The spending rate accelerated especially for the digital economy, SMEs, climate action and social investments.

The ESI Funds contributed over the period to:

- supporting 3 million enterprises;
- improving the energy efficiency of more than 359 000 households;
- helping 45 million people with employment, social inclusion or education actions;
- supporting over 2 million projects in the agricultural sector and rural areas;
- creating 236 500 new jobs at the regional level;
- maintaining 31 500 jobs and creating 4 000 new jobs in the maritime and fisheries sector.

The information reported by Member States on the implementation of the ESI Funds' programmes for 2020 is preliminary. This is because the effects of the COVID-19 crisis continue to evolve. The programmes continue to mobilise EU funding to address the impacts of the pandemic while pursuing their original strategic aims in a rather different context. Since spring 2020, additional flexibility in the reprogramming of funds was provided through the Coronavirus Response Investment Initiatives (CRII and CRII+) and reinforced financial resources to the 2014-2020 programmes were planned under REACT-EU with financing from NextGenerationEU. Dedicated sections below focus on the first assessment of those exceptional measures.

2. OVERVIEW OF IMPLEMENTATION

2.1. Financial implementation³

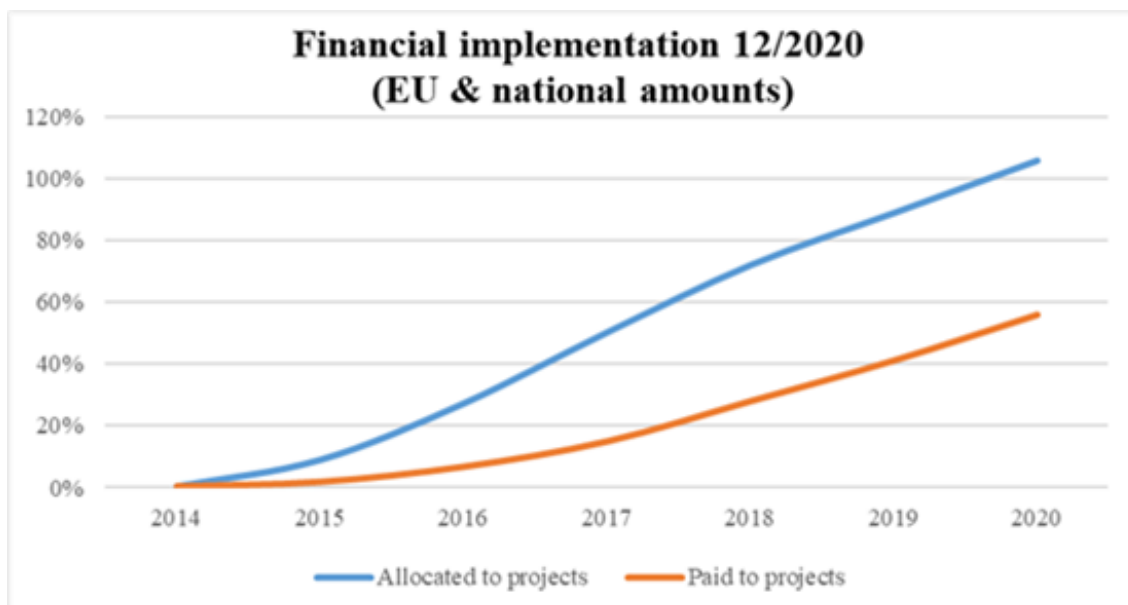
5 ESI Funds
trigger €640
billion of
investment

The five ESI Funds (i.e. ERDF, CF, ESF, EAFRD, EMFF) originally committed €461 billion under the 2014-2020 budget programme period. Complemented by national co-financing, these funds trigger an overall investment of €640 billion (excluding the new REACT-EU resources). The costs incurred by project beneficiaries are eligible for co-financing from the ESI Funds until the end of 2023⁴.

The total cost of the **projects selected** by Member States for support from the ESI Funds until the end of 2020 amounts to €676 billion and represents 106% of the total allocation. This is a 17 percentage point increase compared to the situation at the end of 2019. Most Member States have fully allocated the available budget for the 2014-2020 cycle. The explanation for the over-allocation resides in the practice of many programmes to award support to a volume of projects that exceeds the total planned cost of the programme. This is considered a prudent management technique. Member States select more projects that can be funded in order to create a buffer in case some projects fail during implementation or in case extra money becomes available, thereby ensuring optimal absorption of funds.

³ The details of financial implementation by Fund and by Member State are provided in the Annexes.

⁴ In the case of the EAFRD, the costs are eligible until the end of 2025.



In relation to EU payments, past evidence shows that the financial implementation tends to be slow in the early years of implementation while accelerating significantly in later years reflecting the project lifecycle. The 2014-2020 period is no exception. The EU **payment rate** was only 7% at end-2016 and started accelerating substantially in 2017. Considering both the high stage of maturity of the programmes and the immediate flexibility provided for the funds as crisis response under CR11, including 100% EU financing, there was a clear boost in terms of EU payments made to programmes. In terms of **payments** from the EU budget to the Member States, a net total of €253.8 billion was paid by end-2020 (55% of the EU planned amount over the entire period). The spending rate must continue accelerating in the coming years until the closure of programmes. In 2020, only €4.7 million were de-committed.

The latest financial data reported by Member States for September 2021 now reflects the significant additional resources added in 2021 to cohesion policy under REACT-EU (€36 billion) and to EAFRD (€29 billion). For cohesion policy the September 2021 financial data confirm continued strong spending. In nine months, additional spending of €51 billion was reported.

2.2. Key achievements of the ESI Funds

The 2014-2020 regulatory framework governing the ESI Funds provides for common indicators for each EU Fund allowing annual aggregated EU monitoring of the investment actions, outputs and results by the Commission.

3 million enterprises supported

The cumulative headline performance figures reported by Member States by end-2020 were:

- 3.6 million enterprises will benefit from projects selected for ESI Funds support, out of which 3 million enterprises⁵ were already supported;

⁵ All ESI Funds target support for enterprises. The projects supported 1.4 million firms under ERDF, 1.2 million micro-, small- and medium-sized enterprises under ESF and 390 000 rural firms under EAFRD (156 000 young farmers supported and investments in the physical assets of 234 000 farm holdings).

- 236 500 new jobs were created with ERDF support;
- 45.3 million participants benefitted from the ESF and Youth Employment Initiative-supported projects;
- 2 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;
- 32 million hectares of agricultural land or 18.5% of the utilised agricultural area have been selected for support for land management to better protect biodiversity;
- 64% of the total rural population (184.5 million inhabitants) is covered by nearly 3 650 LEADER Local Action Groups implementing Local Development Strategies supported by the EAFRD.

2.3. 1st step to fight the COVID-19 crisis: Coronavirus Response Investment Initiatives

€21 billion re-allocated to fight the COVID-19 crisis

In 2020, the COVID-19 crisis presented a major challenge to the European Union as a whole. National, regional and local communities were on the front line in fighting the disease and dealing with its socio-economic impact.

In spring 2020 Member States were given the possibility to re-allocate unspent cohesion policy funds under the [Coronavirus Response Investment Initiative](#) package (CRII and CRII+). Since the beginning of the crisis, about €21.3 billion have been reallocated. The healthcare sector benefitted from €7.4 billion to rapidly secure vital personal protective equipment, ventilators and ambulances. Support to businesses was significantly re-organised to channel €11.5 billion to support SMEs through emergency grants and low-interest rate loans to stay afloat during lockdowns. Vulnerable groups of people received €4.1 billion from the ESI Funds thanks to new employment measures to maintain incomes.

The 2020 annual reporting by Member States has provided the first monitoring data on COVID-specific indicators. Those indicators, proposed by the Commission to measure the progress of emergency measures under cohesion policy, were taken up by over 219 programmes in nearly all Member States by October 2021. Most programmes were in a position to report monitoring values on the implementation of measures introduced in their 2020 implementation reports. Key values from the national reporting indicate the following preliminary achievements by the end of 2020:

- In relation to COVID indicators on health related spending: 70% of the total of €2 billion planned was reported as allocated to selected projects and 14% was confirmed as spent by the end of 2020.
- Key COVID-specific indicators of health related outputs show a high rate of execution:
 - Of the target of 2.3 billion items of personal protective equipment, as set out in the Member States' programmes, 71% is covered by selected projects (28% was reported as achieved);
 - Of the target for 4 300 new ventilators, the purchase of over nearly 3 500 ventilators (81%) was reported as complete.

- In relation to the target of €6.8 billion in emergency support to working capital for SMEs (grants and loans), 75% of the target was reported as completed. Of the target to support 640 000 SMEs with working capital the target was reported as 96% achieved by the end of 2020, with 615 000 enterprises reported.
- The ESF has been the primary source to support social services, retention of employment, support to vulnerable groups and others, e.g. through support to short-time work arrangements, supplementary wage for health care personnel, IT equipment, protective equipment and services for vulnerable groups.
- The CRII / CRII+ flexibilities were extended to the Fund for European Aid to the Most Deprived⁶: programme amendments were made to add €500 million in EU financing, to allow the increased EU co-financing rate and/or to introduce emergency measures.

In order to allow full transparency and accountability of the cohesion policy resources during the coronavirus crisis, the Commission's [Coronavirus Dashboard on the Cohesion Open Data Platform](#) provides up-to-date information on the use of the CRII / CRII+ measures.

A new EAFRD measure was set up 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 to the measure for a planned total public spending amount of over €1 billion (including national co-financing). Nearly 70% of this amount had been implemented by the end of 2020, of which nearly 98% as support to farmers. More than 500 000 farms and 1 000 SMEs had received support.

The EMFF introduced emergency support to compensate for the temporary cessation of fishing activities and the suspension or reduction of production and processing in the pandemic context. €109 million was committed to mitigating the impact of the coronavirus pandemic on fisheries and aquaculture businesses in 2020. These measures are expected to continue in 2021, preserving investments and activities.

⁶ Cohesion Open Data overview of FEAD: <https://cohesiondata.ec.europa.eu/d/tdry-xg55>

2.4. 2nd step to fight the COVID-19 crisis: REACT-EU (2021-2022)

Cohesion policy was boosted by €50.6 billion to fight the pandemic

The EU has adopted the largest recovery package to date to emerge more resilient from the crisis and to support Europe's digital and green transformation financed under NextGenerationEU.

In the critical first years of the recovery, new resources of €50.6 billion under REACT-EU - the Recovery Assistance for Cohesion and the Territories of Europe – will support crisis repair measures under the 2014-2020 structural funds. Continuing and expanding CRII-type support to healthcare, workers and businesses and at the same time focusing on green and digital regional investments, these resources are essential to a smart and sustainable recovery. With this new funding, added to existing 2014-2020 cohesion policy programmes, Member States can resume projects, which were halted during the crisis, to ensure medium-term repair and resilience.

REACT-EU was the very first instrument to be used under NextGenerationEU with the first payment made on 28 June 2021. In only three months, the Commission approved over 90% of the €39.8 billion available in 2021. Up to 5 November 2021, Member States have formally allocated €36 billion to programmes. The financing is on its way to medical institutions, researchers, business owners, employees and vulnerable people. So far, €5.5 billion was allocated to green investments (of which €4.7 billion to climate action) and €2.7 billion to the digital economy; €6.7 billion is allocated to enterprises; €5.7 billion to the health sector and €12.3 billion to the labour market, social inclusion and education and training.

To ensure transparency and real-time reporting on the new resources the Commission has launched a [REACT-EU Dashboard on the Cohesion Open Data Platform](#). Member States will submit their first interim reports on REACT-EU implementation in mid-2022.

Examples of projects funded by ESI Funds contributing to the COVID-19 response:

The [Remote School initiative](#) in Poland was launched in response to difficulties of continued school education during the coronavirus pandemic. Many children were left without access to the Internet or equipment on which they could continue their studies. Thanks to the initiative, Polish municipalities were able to equip over 23 000 schools with laptops, tablets or mobile internet for children who did not have them. Over 330 000 Polish pupils have benefitted so far.

In **Bulgaria**, €20 million from ESI Funds were redistributed to help the country's [health sector](#) better respond to the health emergency. The money was used for purchasing new top class medical equipment and delivering life-saving medicines and personal protective equipment. This includes the purchase of more than 377 ventilators, over 2 million face masks and 177 000 tests. Up to 14 000 medical and non-medical staff received additional compensation for being in the first line of tackling the coronavirus.

The [House of Digitalisation](#) in Lower Austria is a regional ecosystem in the field of digitalisation, supported by the ERDF. During the COVID-19 lockdown period, the House provided digital services that were useful for people confined at home and businesses alike such as the development of a "[WhatsApp Shopping Platform](#)" to allow SMEs to connect with customers directly and webinars on cyber security for home office.

In response to the seasonal workforce crisis caused by the pandemic, an EAFRD funded project in Finland, [KoroKausi](#), helped to provide counselling and guidance services addressing the shortage of foreign seasonal workers and promoting work opportunities for young people in rural areas. The project aided with finding employees for almost all farms that sought help from the service on time.

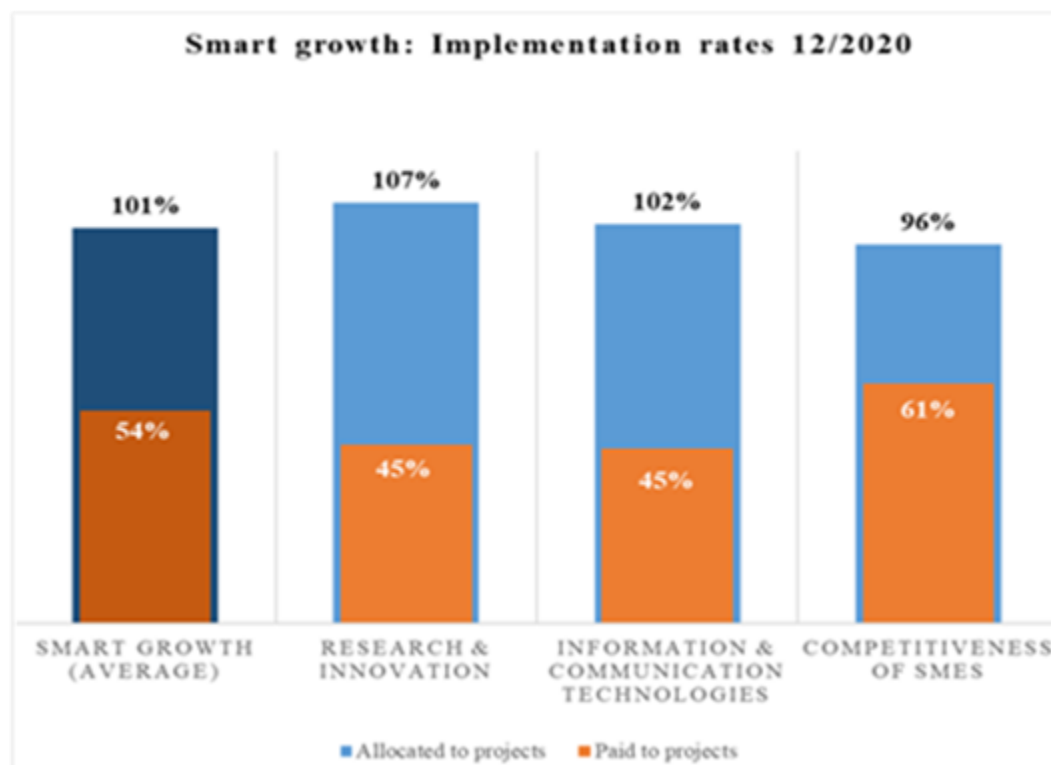
3. IMPLEMENTATION BY KEY THEMES

The following sections provide an overview of the ESI Funds' achievements by main policy area as reported by Member States at the end of 2020.

3.1. Smart growth

€189 billion
for smart
growth

Smart growth investments make up about 30% of the total ESI funding. More than €189 billion is available for the three smart objectives: research and innovation (€66 billion), information and communication technology (€18 billion) and SME competitiveness (€105 billion)⁷.



By the end of 2020, Member States had allocated €190 billion, 101%⁸ of the total funding available, to projects for these three objectives (*allocated to projects* in the graph

⁷ The amounts aggregated for the main policy areas are higher than the specific amounts by thematic objectives included in the Annex 1.1. This is due to the reattribution of investments reported under "multi-thematic objectives".

⁸ The selected amount is greater than the planned amount to ensure better absorption in case some projects fail during implementation or in case extra money becomes available.

above), and €102 billion, corresponding to 54% of the allocation, had already been paid to project beneficiaries (*spent by projects*). This represents an increase of 14 percentage points compared to the previous year, showing a good spending rhythm for the ESI Funds. The figure below gives a more detailed breakdown of the implementation rate for each of the three objectives as well as the average corresponding to the smart growth grouping.

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. Supporting innovation through smart specialisation strategies is key to a range of Union 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 2020. For example, as a result of EU support, more than 44 800 enterprises cooperated with research institutions (72% of the target) and around 24 000 enterprises introduced new products to the market (79% of the target and an 18 percentage point increase since 2019).

The ESI Funds are significantly contributing to the European economy's **digital transformation** by improving the IT infrastructure and empowering people, enterprises and public authorities with a new generation of technologies and skills. Project selection increased substantially in 2020 by EUR 22 billion, reaching 101% of the total allocation. Spending jumped by 14 percentage points in 2020. As investments are already materialising, the EU Funds are bringing their contribution to making Europe fit for the digital age.

Over 5.5 million households are benefitting from improved broadband access thanks to selected ERDF projects. Nearly 12 million households are expected to benefit by the end of 2023. In rural areas, more than 1 900 investment operations were supported by the EAFRD to enhance the accessibility, use and quality of ICTs for a total amount exceeding €1.1 billion. More than 5.1 million people in rural areas have benefitted from improved IT infrastructure or services.

The ESI Funds provide vital support for companies to grow and become more productive and competitive and for businesses to introduce innovative solutions. Overall, €105 billion (16% of the total budget) is planned for enhancing the **competitiveness of European small and medium enterprises**, supporting the Commission's ambition to foster 'an economy that works for people'. With 96% of the planned amount already allocated to projects and 61% already spent, it is one of the best performing areas of support at the end of 2020.

Examples of projects funded by ESI Funds contributing to smart growth:

The [port of Bari](#) in southeast Italy is one of the largest ports on the Adriatic and an important gateway from Europe to the Balkan peninsula and the Middle East. It is using digital technology financed by the ERDF to streamline the exchange of information among all those involved in the port cycle. The automated system allows easier transport through the port, boosting the region's competitiveness.

The EU co-financed the set-up of the [Office for Innovation](#), located in the Badajoz Science and Technology Park in Extremadura, Spain. The Office for Innovation is an

instrument to promote innovation in the less developed region of Extremadura based on the exchange of knowledge. The Office facilitated access for 283 companies to support for R&D activities.

The [Vega Supercomputer](#) was officially launched in April 2021 to become the largest supercomputer in Slovenia. Vega will support the development of leading, cutting-edge applications, especially those in the fields of machine learning, artificial intelligence and high-throughput data analysis. The €17.2 million project received an ERDF contribution of €11.2 million.

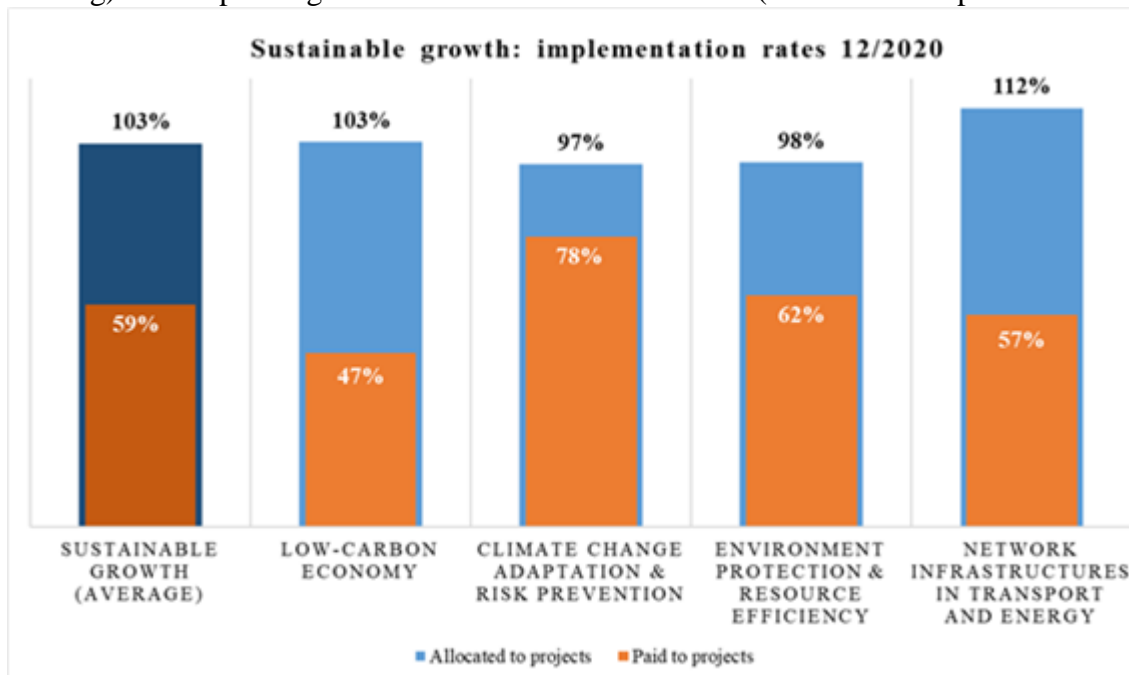
In Baden-Württemberg, in Germany, the ERDF funded the creation of the [Regional Innovation and Technology Transfer Centre \(Ritz\)](#). This centre is set up to strengthen inter-company innovation activities in the region and to act as a nucleus and one-stop-shop for innovation and technology transfer. The project totals €8.9 million, of which €6.4 million coming from the ERDF.

The [HofladenBOX](#) digital platform in Bavaria, Germany enabled customers to buy directly from various regional small suppliers without intermediary trade. Around 60 companies participated and more than 3 000 customers registered. Depending on the season, the platform employs about 20 people. For many farmers, HofladenBOX has become an important distribution channel, allowing jobs to be maintained in regional agriculture.

3.2. Sustainable growth

By supporting climate-neutral, clean and circular economy investments as well as investments in the environment and climate change adaptation, the ESI Funds 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 2020, €257.3 billion was allocated to projects (103% of the dedicated funding) and spending amounted to €149.1 billion (59% of the planned total).

€257 billion for sustainable growth



Tracking support to climate action

The Commission closely monitors the execution of the 2014-2020 budgets allocated to climate action. The ESI Funds **target an overall 24% of their budget on climate action objectives**. Those actions include investments in the fields of low-carbon economy, circular economy, risk prevention, environment protection, clean urban mobility and research and innovation activities.

At the end of 2020, the ESI Funds' climate action contributions varied from 57% of the total EAFRD budget envelope, to 28% of the total Cohesion Fund allocation, 18% of the total EMFF allocation and 17% of the total ERDF allocation.

During 2020 the cumulative amounts awarded to and spent by climate tracked projects increased significantly, reaching €124 billion of selected projects and €72 billion of related spending, closely following the overall level of implementation of the programmes. Annex 3 provides more details on the funds' climate allocation and spending⁹.

COVID-related reprogramming in 2020 led to fund transfers reducing the overall Cohesion Fund allocations to the benefit of the ERDF and the ESF. The total volume allocated to climate action under the ERDF was reduced by €3.4 billion due to increased allocations in favour of public health measures and support to enterprises. However, the total ERDF allocation to climate action was reinforced with the additional allocations in 2021 of €4.7 billion under REACT-EU, bringing the total ERDF allocation to €39.6 billion (above the previous total).

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 slow start, which has not yet been made up 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 2020, the following tangible achievements were recorded:

- Renewable energy production capacity will be enlarged by 7 400 MW, of which 2 700 MW has already been installed, an increase of 40% compared to the previous year;
- The energy performance of 663 000 households (110% of the target) will improve; as many as 359 000 households already benefitted from the improved conditions by the end of 2020 (almost 76 000 more than by end-2019);
- The energy consumption of public buildings will be reduced annually by 7 terawatt-hours (109% of the target), of which 1.9 terawatt-hours are already being saved annually, 53% more than the previous year;

⁹ The tracking of Cohesion policy climate action can be explored in the Cohesion Open Data [climate tracking tool](#).

- 19.5 million people will benefit from an improved water supply (3.5 million people already benefit from it);
- Flood protection measures will reduce the vulnerability of almost 42 million people (151% of the target), of which 11.3 million are now less exposed to flood risks due to investments supported;
- Clean urban transport projects delivered 137 km of new or improved tram and metro lines (29% of the target) with an additional 405 km in projects under implementation;
- Significant progress has been made through improved management of agricultural and forest land on carbon sequestration and conservation as well as on the reduction of greenhouse gases and ammonia emissions in agriculture. At the end of 2020, the EU had already exceeded its 2023 targets in these areas;
- €1.5 billion, equal to nearly 37% of the EMFF support provided to the fisheries and aquaculture sectors has been dedicated to preserving and protecting the environment, for example through protection of Natura 2000 areas, and promotion of resource efficiency and reducing waste.

Examples of projects funded by ESI Funds contributing to sustainable growth:

[Bâti Bruxellois](#), Source of New Materials - treating the buildings in Brussels as a reserve of materials for the construction sector. The aim of the project is to maximize the identification and use of end-of-life materials and develop a tool for managing and upcycling various typologies of construction waste. New channels were created to eliminate construction waste in the Brussels-Capital Region in Belgium.

Protection against floods for the inhabitants of Ermitage les Bains and Saline les Bains on the island of La Réunion, France. The objective of the project is to carry out the studies and necessary works for the protection against floods for the two districts housing more than 5 000 people and which are regularly inundated during heavy tropical and cyclonic rains.

The “**[Smart Solar Charging](#)**” project in the city of Utrecht (West-Netherlands) develops a bidirectional charging system for shared electric cars, where car batteries can either charge or deliver energy back to the electricity grid. This way sustainable energy can be used when there is a high demand for energy in the local district. The project has contributed to installing 200 smart bidirectional charging points and is still scaling up.

In September 2021, a new train station “**Prague-Zahradní Město**” was opened in Czechia. It includes a newly built public transport transfer terminal with tram and bus stops. The station was established as part of the modernisation of the railway corridor Prague–Linz and was financed by both structural funds as well as the Connecting Europe Facility.

In Sweden, the EAFRD-funded project **[Greppa Näringen](#)** (‘Grab the nutrients’) offered farmers targeted advice on climate change mitigation actions. The project connected over 10 000 members – farmers, consultants, businesses and state representatives – with the common goal of reducing greenhouse gas emissions and the environmental impact of agriculture.

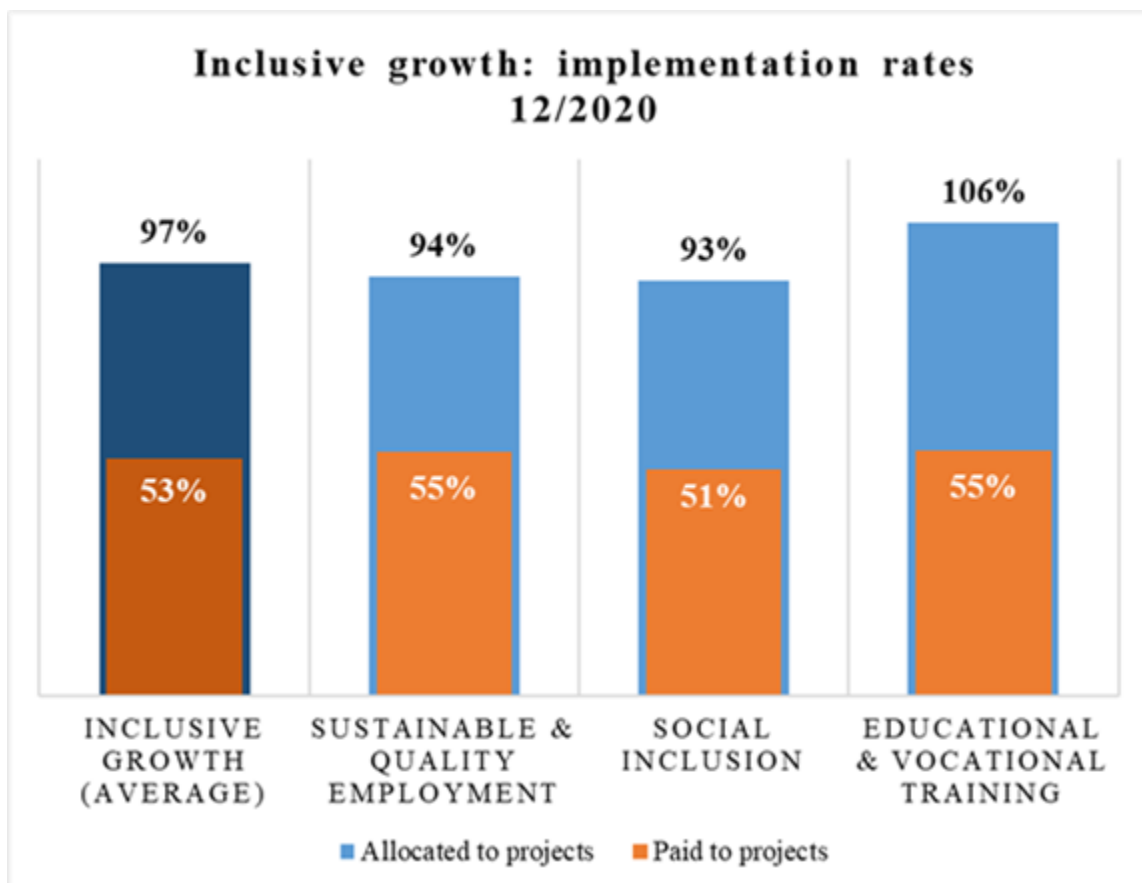
The [large ponds next to the village of Biharugra](#), in Hungary support a rich wetland ecosystem forming part of a Natura 2000 Special Protection. The support from the EMFF helped reinforce the dams and infrastructure and to construct new facilities for fish production. This helped secure local jobs, preserve and protect the local ecosystem and provide locally produced fish to the local community.

3.3. Inclusive growth

**€174 billion
for inclusive
growth**

Investments in inclusive growth make up about 27% of the total funding. €174 billion is available for the three objectives covered: sustainable quality employment, (€59 billion), social inclusion (€68 billion) and educational & vocational training (€47 billion).

The COVID-19 crisis has had a ripple effect throughout society affecting people in different ways. The EU social agenda with the European Pillar of Social Rights are more than ever key to mitigate the economic and social impact of the COVID-19 pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. In the current critical scenario, the Structural Funds, and the ESF in particular, are acting to underpin structural reforms, including the modernisation of public services, encouraging youth employment and reducing poverty and inequalities.



The ESF has been the primary Fund used to support social services, retention of employment, support to vulnerable groups and others, e.g. through support to short-time

work arrangements, supplementary wage for health care personnel, IT equipment, protective equipment and services for vulnerable groups.

By the end of 2020, projects to **improve employment opportunities** had following achieved the following:

- 45.3 million participants supported by the ESF and the Youth Employment Initiative (YEI), including 17.3 million unemployed and 17.2 million inactive participants.
- 5.4 million people had found a job thanks to ESF and YEI support.
- Among the participants, those with low skills represent 48% of all individuals; 15% were migrants, had a foreign background or were from minorities.
- The participation of women and men in supported activities is almost equally distributed at EU level (53% are women).

The **YEI** has continued to provide substantial funding support to young people in the eligible Member States. The initiative shows good progress, with €10.4 billion having been allocated to 241 424 projects by the end of 2020. The expenditure declared shows solid implementation on the ground; by end-2020 around 3.4 million young people had been included in supported measure. Out of these:

- about 2.5 million participants had completed the YEI intervention; 1.1 million participants had been offered either a job, continued education, an apprenticeship or training; and
- over 1.7 million participants were in education or training, 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 €63 billion. By end-2020, 3.1 million participants with disabilities, 6.8 million migrants, participants with a foreign background or minorities and 8.5 million other disadvantaged people had received help to improve their employment opportunities and develop the right skills for the jobs market. As a result of EU support under the ERDF, the capacity of childcare and education infrastructure was enlarged for 19.7 million people, and 53 million people now benefit from improved health services across the EU.

The EAFRD supported over 145 000 operations enhancing social inclusion in rural areas. It also provided support to local rural communities implementing their own local development strategies. More than 3 650 local action groups, implementing local development strategies, cover 64% of the rural population in the EU and bring together public, private and civil-society stakeholders in a particular area.

For education and training, €50 billion had been committed to concrete projects. By end-2020, thanks to ESF and YEI support, 21.8 million low-skilled people had been helped, 7.4 million had gained a qualification and 2.2 million were in education and training.

Examples of projects funded by ESI Funds contributing to inclusive growth:

With help from the ESF, a Swedish social enterprise [Yalla Sofielund](#) located in the Skåne-Blekinge region, offers women the opportunity to be part of a co-operative, working in one of three commercial businesses: a café and catering service, a cleaning

and conference service, or a sewing and design studio. Yalla Sofielund, which is part of Sweden's larger Yalla Trappan social enterprise, has 35 employees, all of whom are being supported to become more independent. More than 200 women have taken part in the project so far, and are enthusiastic about the support it offers.

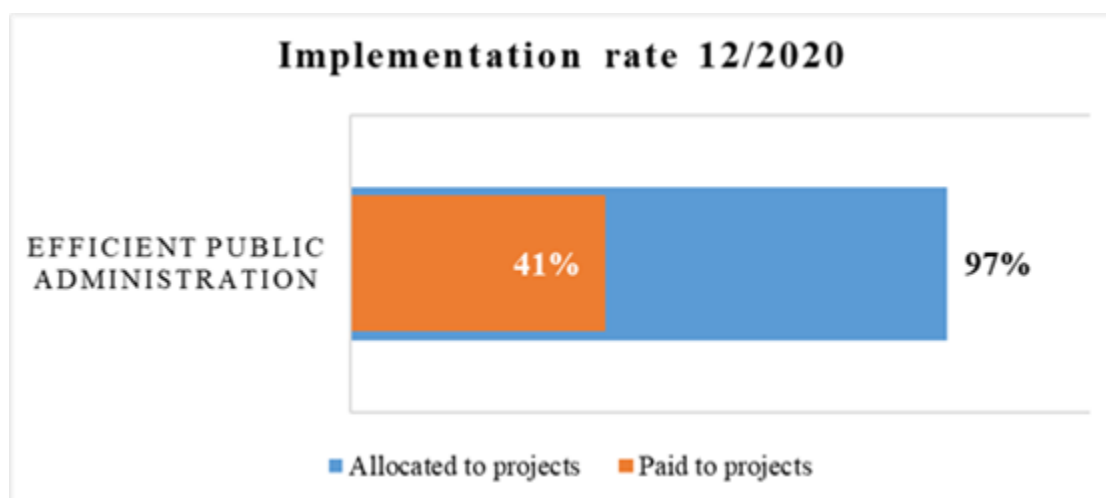
The newly opened [Geriatric Care Centre](#) in the Polish coastal city of Sopot is designed to provide the Pomorskie region's older residents with access to a comprehensive range of specialised medical services that were not previously available locally. The establishment of the centre provides elderly people in the region with easy access to geriatric, psychogeriatric and rehabilitation services. In addition, the establishment of the Centre is generating employment: in total, 70 new jobs.

The ['Filius Zeus' Team](#) of volunteers is an association of civil protection volunteers based in Archanes, on the island of Crete, Greece. In cases of emergency, state agencies contact the team which is ready to offer its volunteers and equipment promptly. Support from the LEADER programme enabled the team of volunteers to acquire equipment that would allow them to increase the range of incidents where they can intervene, such as in natural disasters prevention and management.

3.4. Strengthening institutional capacity and efficient public administration

€6 billion for efficient public administration

By the end of 2020, an estimated €6 billion had been allocated to projects addressing institutional capacity and reforms, representing 97% of the planned €6.2 billion. Spending on the ground amounted to €2.6 billion (41% 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 Instrument¹⁰.



Under this objective:

- 722 020 participants have been supported by the European Social Fund;

¹⁰ Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1). Also available at: <https://eur-lex.europa.eu/eli/reg/2021/240>

- 2 673 projects targeting national, regional or local public administrations or public services have been supported by the European Social Fund.

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 60%. 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.

Examples of projects funded by ESI Funds contributing to strengthening institutional capacity:

Development of the horizontal and central [e-Government systems in Bulgaria](#): in the last three years, the e-Government Agency has introduced more than 320 online services, which are already making life easier for thousands of citizens and businesses. During the COVID-19 crisis, hundreds of thousands of people used the e-services. Documents were submitted securely and instantly, without the need to travel. The State e-Government Agency's main goal is to make it possible for communication between citizens and state administration to be entirely electronic within the next five years.

3.5. Territorial and urban development

For 2014-2020, around €31 billion is planned for integrated territorial development and sustainable urban development under the key objectives presented in sections 3.1 and 3.2 above. The implementation of these strategies suffered some delays in the early years of programming because of delays finalising the strategies and setting up the procedures for decentralised implementation. Under cohesion policy, €27.5 billion has been allocated to projects until end-2020, representing 89% of the planned allocation. There was an acceleration in the level of spending by projects, reaching 39% of the planned allocation (€12 billion) by end-2020, up from 26% at the end of 2019, but still significantly behind the 56% average rate of spending.

**€31 billion
for territorial
and urban
development**

The projects selected under integrated development strategies will deliver: 53 million square meters of renovated or newly developed urban open space accessible to the public (137% of the target); 3.1 million square meters of renovated or newly built public buildings (128% of the target); and over 22 500 renovated housing units (95% of the target). In line with the financial implementation, physical implementation is lagging behind and ranges between 30-39% of the target values.

Examples of projects funded by ESI Funds contributing to territorial and urban development:

[CO-CITY](#) addressed the challenge of the regeneration of deprived neighbourhoods in Turin, Italy. The project supported the renewal of dismissed or underused public buildings and public spaces through collaboration between active citizens and the municipality of Turin. The project facilitated the development and implementation of 'pacts of collaboration' between citizens, associations, and the municipality of Turin. Through CO-CITY four buildings and six schools were renewed and regenerated.

3.6. Territorial cooperation

The ERDF provides support to territorial cooperation programmes that invest in cross-border, transnational and interregional cooperation. These programmes account for €12.6 billion of the planned allocation, while €12.9 billion had already been allocated to projects by the end of 2020. These projects generated €6 billion in spending (48% of the planned amount). The financial implementation of the cooperation programmes remained somewhat slower than the implementation of the national/regional programmes at the end of 2020.

€12 billion
for territorial
cooperation

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

- almost 25 000 enterprises and 11 000 research institutions have participated in cross-border, transnational or interregional research projects;
- around 110 000 people have participated in joint local employment initiatives and joint training courses;
- 132 000 people have benefitted from cross-border mobility initiatives.

Examples of projects funded by ESI Funds contributing to supporting territorial cooperation:

During the COVID-19 crisis, lack of coordination between the countries caused numerous bottlenecks in the border regions, which proved detrimental for citizens in the Euregio Meuse-Rhine. [PANDEMERIC](#) supported public services by focusing on promoting Euregional cooperation. The request for mutual assistance (ambulances and Medical Intensive Care Units) became more automated to reduce the pressure on the understaffed dispatch centres, infectious disease control departments and crisis teams. A Euregional centre was set up for the joint procurement of reliable protection equipment and Euregional testing capabilities.

4. EVALUATION WORK BY THE MEMBER STATES

The evaluation effort of the Member States has continued during the past year, showing an extraordinary commitment to dedicate resources to evaluation activities during the health crisis, alongside the intense reprogramming of the resources under the CRII/CRII+ and REACT-EU.

The share of evaluations aiming to assess the impact of the interventions of 2014-2020 programmes has topped 30%, reaching over 50% in a few Member States. In parallel, implementation-oriented evaluations have supported the managing authorities for the necessary adjustments of the interventions in order to maximise their benefits.

By design, the findings are mostly specific to the individual evaluations, as they are strongly dependent on the local implementation context, and may not necessarily have broad validity. However, some common findings on the effects of the interventions supported are starting to emerge from evaluations carried out in different contexts,

showing positive results in many areas and effective support to beneficiaries in the public and private sectors and individuals.

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.

The Commission will continue to assist the Member States through the dedicated networks and the provision of methodological support services, in order to keep on improving the evaluation culture and the quality and use of the findings for policy learning. In parallel, it has started the preparatory work for the ex-post evaluation of the ESI Funds. The strategy to deliver the evaluation of the ERDF/Cohesion Fund and ESF by the end of 2025 was presented at the 9th Conference on the Evaluation of EU Cohesion Policy held in September 2021.

5. CONCLUSIONS

The ESI Funds quickly adapted to changing needs

The original objectives of the investments under the ESI Funds have been adapted to the needs of the Member States during this time of crisis. In addition to the original focus on smart, sustainable, inclusive growth, starting in February 2020, the funds have also provided swift support to Member States in their COVID-19 pandemic response and recovery actions. The flexibility granted in this context allowed Member States to focus on the immediate needs of the health, business and social sectors in particular. The reprogramming that took place showed that the programmes can rapidly adapt investment strategies to respond to the health crisis, with more than €20 billion reprogrammed during the course of 2020 alone. This demonstrated once again the agility of the funds to adapt and respond to unforeseen events and circumstances.

In spite of the unprecedented consequences of the COVID-19 pandemic and the associated pressures on public administrations in 2020, the fund's spending rate accelerated, with the highest increases being observed for smart growth (reached 54% from 40% previously), sustainable growth (reached 59% from 45% previously) and territorial cooperation (reached 48% from 30% previously). The achievements also showed a steady positive evolution. The latest data on cohesion policy financial implementation from 30 September 2021 show that investment spending in 2021 was €51 billion, thus continuing a high pace of implementation as the end of the programming cycle approaches.

The 2014-2020 cohesion and EMFF programmes have a further 2 years of implementation before the formal end of the eligibility period at the end of 2023 (4 years ending in 2025 for EAFRD). Looking ahead, the 2022 reporting cycle will provide important insights on progress in relation to the original objectives. It should also provide a more comprehensive view on the progress in the execution of the COVID-19 measures supported by the funds.

At the same time the 2021-2027 programmes will soon be adopted. They are expected to be launched in 2022 with significant innovations, while accompanied by additional extraordinary resources put in place to support a sustainable recovery provided through NextGenerationEU. That package comprises several key instruments:

- The Recovery and Resilience Facility providing €338 billion in grants and €386 billion in loans to Member States;
- REACT-EU reinforcing the budget of cohesion policy programmes in their final years of implementation by €50.6 billion;
- Extra financing of €17.5 billion for the Just Transition Fund supporting people living in the territories most affected by the transition towards climate neutrality;
- An extra €8.1 billion will also be supplied for rural development to support resilience in rural areas.

With 3 more years of 2014-2020 investment under cohesion policy and EMFF (5 years in the case of rural development) still to be completed and reported, the ESI Funds are steadily progressing towards their objectives, as shown by the 2020 data. Even in these extraordinary times, the ESI Funds have swiftly adapted and supported our communities in facing the pandemic, while also supporting their transition to a green and digital Europe.