



Council of the
European Union

Brussels, 31 January 2023
(OR. en)

5871/23

COH 8
SOC 58
AGRISTR 5
PECHE 30
CADREFIN 9
POLGEN 7

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	30 January 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2023) 39 final
Subject:	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 2022 Summary report of the programme annual implementation reports covering implementation in 2014-2020

Delegations will find attached document COM(2023) 39 final.

Encl.: COM(2023) 39 final



EUROPEAN
COMMISSION

Brussels, 30.1.2023
COM(2023) 39 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
2022 Summary report of the programme annual implementation reports covering
implementation in 2014-2020**

{SWD(2023) 22 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

**2022 Summary report of the programme annual implementation reports covering
implementation in 2014-2020**

1. INTRODUCTION

The public health crisis continued to affect the European society in 2021. The successive waves of COVID-19 variants tested the resilience of our economies. Despite the strenuous conditions, the European Structural and Investment Funds (ESI Funds) continued to support people, companies and regional authorities. This, in turn, helped cushion the blow both from the health crisis as well as the economic crisis.

While ESI Funds act as an anchor for public and private investment and long term projects, the flexibilities introduced during the health crisis enabled support to be provided to people, companies and regional authorities, helping them shoulder the effects of the COVID-19 pandemic. Support measures focused on increasing spending on healthcare, short time work schemes and SMEs working capital.

As the largest investment instruments under the 2014-2020 multiannual financial framework (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 recent years. They comprise:

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

The ESI Funds have a 10 year implementation period ⁽¹⁾, of which 2021 was the 8th year. This report, as required by Article 53 of Regulation (EU) No 1303/2013, presents the changes in the financial implementation of the ESI Funds to the end of 2021 ⁽²⁾. 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 COVID-19 pandemic.

The total investment amounted to €731 billion at the end of 2021, of which EU financing accounted for €535 billion. The overall planned budget increased by almost €90 billion, mainly thanks to the extra resources made available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) for fighting the COVID-19

⁽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 to the corresponding strategic plans.

⁽²⁾ Where available, the data shows also the partial progress in financial implementation up to 30 September 2022.

pandemic as well as the extension of the Common Agricultural Policy budget. The funds target crucial policy objectives for the future of Europe, including:

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

By the end of 2021, Member States had already received more than 64% of the Cohesion Policy funds. In absolute terms, the €66 billion paid in 2021 represent the highest level in yearly payments made by the Commission throughout the 2014-2020 funding cycle. According to the latest financial data available, at the end of October 2022 the Commission has paid out €297 billion for the 2014-2020 Cohesion Policy programmes, about 74% of the planned funds, leaving €104 billion still to be paid out.

Over the 2014-2020 period, the ESI Funds contributed to:

- supporting more than 4 million businesses;
- creating over 310 000 new jobs in the different regions of the EU;
- improving the energy efficiency of 460 000 households;
- increasing the energy production capacity coming from renewable energy resources by more than 3 600 MW (the equivalent of around 1 800 wind turbines);
- reducing the annual primary energy consumption of public buildings by 2.6 terawatt hours/year (equivalent to the amount of electricity consumed by around 720 000 households for a whole year);
- connecting an additional 500 000 energy users to smart electricity grids;
- helping 55.2 million people through employment, social inclusion or education actions;
- supporting over 2.3 million projects in the agricultural sector and rural areas;
- maintaining over 44 000 jobs and creating over 6 000 new jobs in the fishing and aquaculture sector.

The information reported by Member States on the implementation of the ESI Funds' programmes for 2021 is only a snapshot taken during a very dynamic situation. The programmes continue to use EU funding to address the impacts of the pandemic while pursuing their original strategic goals albeit in a significantly different context. EU countries made use of the extra flexibility provided through the Coronavirus Response Investment Initiatives (CRII and CRII+) as well as the extra funds made available through the NextGenerationEU recovery package, including the Recovery and Resilience Facility and REACT-EU.

The Russian invasion of Ukraine in 2022 has further affected the implementation of the programmes. Supported by the Commission, Member States have been adapting their programmes to adjust to the fast changing environment and to tackle the emerging challenges. The Cohesion's Action for Refugees in Europe initiative (CARE) proposed by the Commission in March 2022 and adopted in April 2022, provided additional flexibility in Cohesion Policy funding to support Member States hosting people fleeing Russia's war of aggression against Ukraine. By working closely together with civil society organisations and local authorities, ESI Funds supported immediate relief measures in housing and healthcare for refugees. They also supported long-term integration in the areas of employment, education and social inclusion, including

training, language courses, counselling, coaching, psychological assistance, legal support, and access to services such as childcare, healthcare and social services.

Apart from the unprecedented influx of displaced persons, the Russian invasion of Ukraine has also exacerbated commodity prices, including for energy and food, caused renewed supply chain bottlenecks and disrupted the labour market. Cohesion funds have continued to support Member States in addressing these challenges by offering maximum flexibility for the implementation of Cohesion Policy investments through the Flexible Assistance to Territories' (FAST-CARE) proposed by the Commission in June 2022 and adopted in October 2022. FAST-CARE includes changes of both programming periods – the 2014-2020 and the 2021-2027 – that focus on: i) administrative simplifications, ii) increased flexibility to use the three Cohesion Policy funds interchangeably and finance already completed projects, and iii) additional liquidity through increased pre-financing from REACT-EU and the option to request costs to be 100% covered by the EU budget without any co-financing from the national budgets.

In addition, the Commission also contributed to tackle the ongoing energy crisis through targeted amendments to 2014-2020 Cohesion Policy – named Supporting Affordable Energy (SAFE) – in the context of REPowerEU legislative negotiations. The European Parliament and the Council reached a political agreement on REPowerEU on 14 December 2022 including SAFE, which will allow Member States to use up to 10% of their 2014-2020 Cohesion Policy allocation to support vulnerable households and SMEs particularly affected by energy price increases as well as short-time work and equivalent schemes, with 100% EU co-financing.

2. OVERVIEW OF IMPLEMENTATION

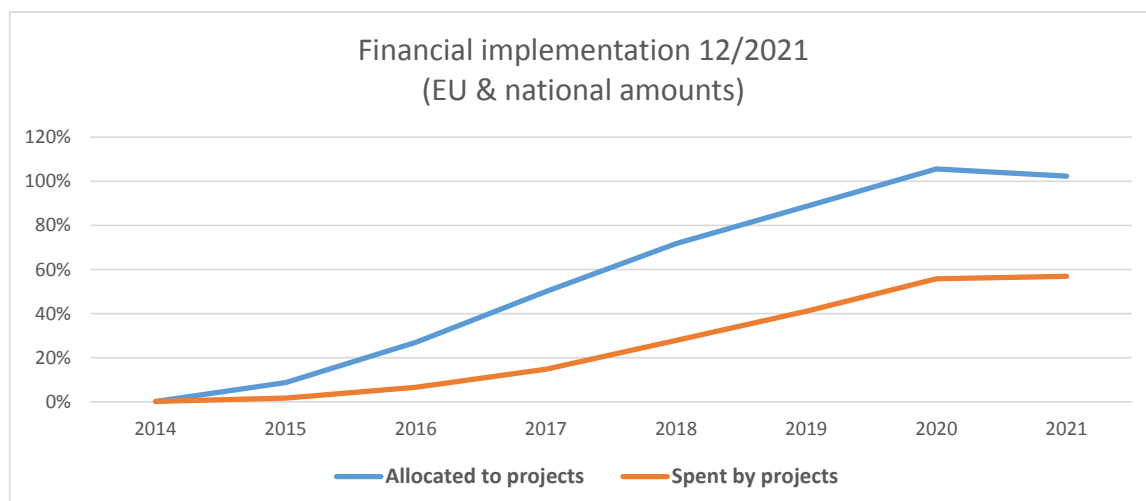
2.1. Financial implementation ⁽³⁾

€731 billion of investment for EU regions

The five ESI Funds committed €535 billion under the 2014-2020 budget programme period. Complemented by national co-financing, these funds triggered an overall investment of €731 billion (including REACT-EU resources as well as the extension of the Common Agricultural Policy's second pillar). Costs incurred by project beneficiaries are eligible for co-financing from the ESI Funds until the end of 2023 ⁽⁴⁾.

⁽³⁾ The details on 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.



The total cost of the **projects selected** by Member States for support from the ESI Funds until the end of 2021 amounts to €746 billion and represents 102% of the total allocation ⁽⁵⁾. The graph below shows the trend in project selection and project payment over the implementation cycle, in relative terms.

At the end of 2021, a net total of €252 billion was paid to Member States (64% of the EU planned amount over the entire period for Cohesion Policy). Considering both the high stage of maturity of the programmes and the flexibilities provided as response to the crisis, including 100% EU financing, there was a clear boost in 2021 in EU payments made to programmes. The experience of previous programming periods suggests that the spending rate will continue to accelerate until the closure of programmes. In 2021, €65 million were decommitted⁽⁶⁾.

For Cohesion Policy, the September 2022 financial data confirm continued strong spending. In ten months, additional spending of €45 billion was reported, raising payments to 74% of the planned amount. Considering that national administration tend to submit reimbursement requests to the Commission towards the end of the financial year, this figure is bound to increase further in the remaining months of 2022.

2.2. Key achievements of the ESI Funds

The 2014-2020 regulatory framework includes common indicators for each EU fund allowing annual aggregated EU monitoring of the investment actions, outputs and results by the Commission.

The cumulative headline performance figures reported by Member States by end-2021 were:

- 4 million businesses were supported through projects financed by the ESI Funds ⁽⁷⁾;

⁽⁵⁾ This slight over-allocation creates a buffer in case some projects fail during implementation or in case extra funds becomes available, thereby ensuring optimal absorption of funds.

⁽⁶⁾ This figure includes €17 million in ERDF and CF decommitments, €16 million in ESF decommitments, €32 million in EMFF decommitments. There were no decommitments for the EAFRD in 2021.

⁽⁷⁾ All ESI Funds target support for enterprises. The projects supported 2 million firms under ERDF, 1.7 million micro, small and medium-sized enterprises under ESF and 390 000 rural firms under EAFRD.

- 310 000 new jobs were created with ERDF support;
- 3 600 MW of additional capacity of renewable energy production installed (the equivalent of around 1 800 wind turbines);
- Decrease of 2.6 terawatt hours/year in annual primary energy consumption of public buildings (the equivalent of electricity consumed by around 720 000 households for a whole year);
- 500 000 energy users connected to smart electricity grids;
- 55.2 million participants benefitted from the ESF and Youth Employment Initiative-supported projects;
- 8.8 million participants gained a qualification thanks to ESF support;
- 2.3 million projects supported to help the agricultural sector and rural businesses become more competitive and create and maintain jobs in rural areas;
- 34 million hectares of agricultural land or 19.5% of the utilised agricultural area selected for support for land management to better protect biodiversity;
- 64% of the total rural population (184.8 million inhabitants) is covered by more than 3 650 LEADER Local Action Groups implementing Local Development Strategies supported by the EAFRD.

2.3. Responses to the COVID-19 pandemic

**€39.6 billion
injected to fight
the pandemic &
extra flexibility**

Successive waves of virus variants battered European societies throughout 2021. National, regional and local authorities remained at the front line to fight the damage caused to communities and the economy.

In response to the COVID-19 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.

New resources of €50.6 billion under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) supported crisis repair measures under the 2014-2020 structural funds.

REACT-EU was the very first instrument to be used under NextGenerationEU, with the first payment made on 28 June 2021. The funding was divided in two tranches – the majority was available for programming in 2021 (€39.6 billion) and the rest in 2022 (€10.8 billion). The Commission acted quickly to make funds available in time for fighting the pandemic and supporting the economy. In only three months after the adoption of the REACT-EU Regulation ⁽⁸⁾, it approved over 90% of the funds available in 2021, thus enabling managing authorities to start using the available extra resources.

⁽⁸⁾ Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic

Financing went to medical institutions, researchers, business owners, employees and vulnerable people. As of October 2022, €7.1 billion was allocated to green investments (of which €6.1 billion to climate action) and €3.1 billion to the digital economy; €8 billion was allocated to enterprises and business support; €7.1 billion to the health sector and €10 billion to the labour market measures.

Key values from the national reporting of COVID-19 specific indicators, including the contribution for REACT-EU support for the first time, indicate the following preliminary achievements by the end of 2021 ⁽⁹⁾:

- Under the COVID-19 indicators on health related spending: 42% of the total of €3.7 billion planned was reported as spent by the end of 2021.
- Key COVID-19 specific indicators of health related outputs show a high rate of execution:
 - of the target of 3.4 billion items of personal protective equipment, as set out in the Member States' programmes, 84% was reported as achieved;
 - of the target for 13 000 new ventilators, the purchase of over 11 000 ventilators (84%) was reported as complete.
- In relation to the target of €12.4 billion in emergency support to working capital for SMEs (grants and loans), 70% of the target was reported as implemented. Of the target to support over 1 million SMEs with working capital, the target was reported as 78% achieved by the end of 2021, with around 805 000 enterprises supported.

Within Cohesion Policy, the ESF is the primary source to support social services, retention of employment and support to vulnerable groups, in line with the European Pillar of Social Rights' Action Plan. This has been done by promoting e.g. support to short-time work arrangements, supplementary wage for health care personnel, IT equipment, protective equipment and services for vulnerable groups.

The measure set up under the EAFRD to provide temporary liquidity support to farmers and rural businesses particularly affected by the COVID-19 crisis was implemented in the more than 40 national or regional rural development programmes in 14 Member States for a planned total public spending amount of €1 billion (including national co-financing). By the end of 2021, 90% of the €700 million allocated to the measure (for a planned total public spending amount of €1 billion including national co-financing) had been implemented allowing more than 560 000 farms and 6 500 SMEs to receive support. 92% of this expenditure went to farmers.

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. €189 million of the EMFF funding was committed to mitigating the impact of the COVID-19 pandemic, half of which allocated to temporary cessation of fishing activities. This corresponds to 3.8% of total EMFF funding committed at the end of 2021.

and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30).

⁽⁹⁾ This information is available on the [COVID-19 Dashboard](#) on the Cohesion Open Data Platform.

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

In Greece, the ESF supported the recruitment of health professionals including doctors, nurses and other staff who provide health services and play a crucial role in the structure, preparedness, and resilience of health care institutions. Aiming at addressing the staff shortages affecting Greek health services, the project focused on increasing the number of staff involved in screening, early detection and management of potential COVID-19 cases, as well as in care for people with chronic or acute illnesses that are not COVID-related.

[Delvert Mécanique](#), a company based in Nouvelle-Aquitaine, France, received financial support to modernise its manufacturing. The company, which manufactures work pieces for industry, defence, rail and automotive sports markets, was strongly hit by the health crisis. The ERDF support enables the company to be more productive and increase its turnover by 20% over the next 3 years and to recruit new staff.

In Austria, REACT-EU funds supported the company [Kioto Solar](#) based in Carinthia. The ERDF contributed €1.4 million to the purchase of machines for a new production line of photovoltaic modules that can be integrated into building facades. These innovative, smart and aesthetic modules transform a building into a true solar power plant. As a result of the new production line, photovoltaic modules with dual use (winter garden, facade, carport, roofing solutions, etc.) can be produced automatically at their site in St. Veit.

In the French outermost region of La Réunion, the ERDF invested €8 million to help tourism businesses maintain and gradually resume their activities. This took the form of a flat-rate support for working capital in SMEs that helped reduce the negative effects caused by the COVID-19 outbreak which hit the region very hard. For the first time, such a scheme was deployed via a dedicated digital platform, reducing red tape to a minimum.

The COVID-19 pandemic brought significant changes to the Lithuanian financial market and the economy. Due to the COVID-19 economic crisis only 15% of the agricultural businesses could cover their short-term liabilities with their own funds. A financial instrument was set up with support from the EAFRD providing preferential loans of up to €200 000 for working capital and/or investments to small farms and young farmers. By September 2022, €2.7 million worth of loan applications were submitted.

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 2021.

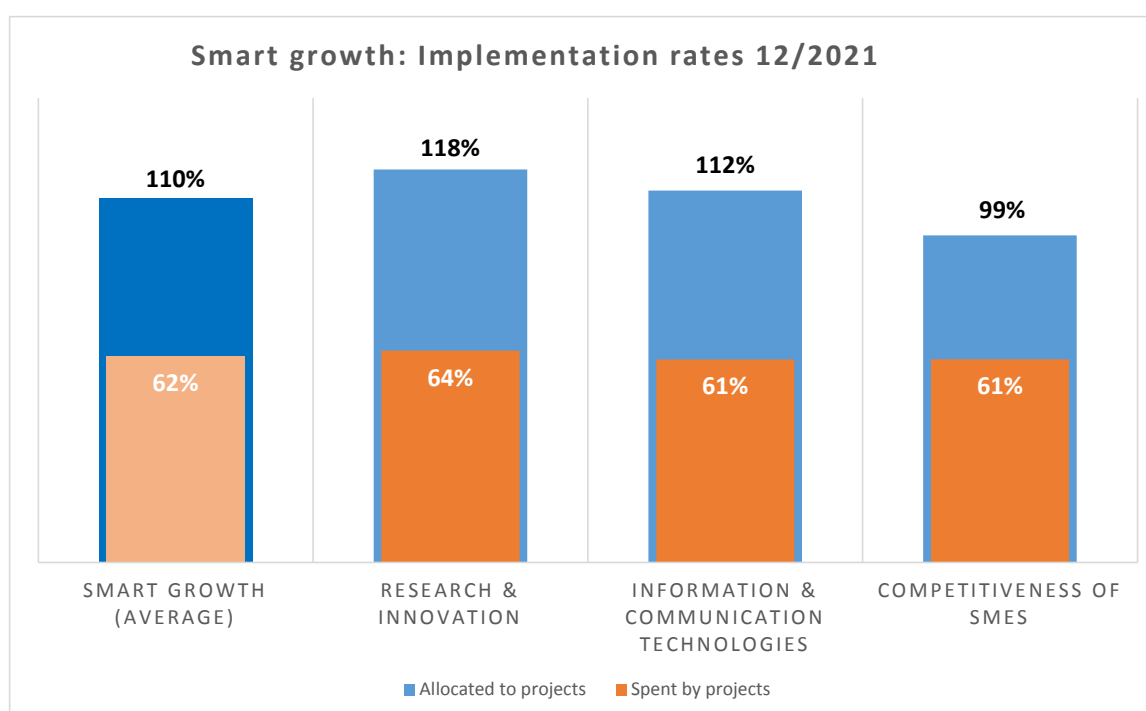
3.1. Smart growth

**€212 billion
for smart**

Smart growth investments make up around 29% of the total ESI funding. More than €212 billion is available for the three smart objectives: research and innovation (€70 billion), information and communication technology (€18 billion) and SME competitiveness (€124 billion) ⁽¹⁰⁾.

growth

By the end of 2021, Member States had allocated €225 billion, 110% ⁽¹¹⁾ of the total funding available, to projects for these three objectives (*allocated to projects* in the graph below), and €131 billion, corresponding to 62% of the allocation, had already been paid to project beneficiaries (*spent by projects*). This represents an increase of 8 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 2021. For example, as a result of EU support, more than 60 000 enterprises cooperated with research institutions (94% of the target) and around 30 000 enterprises introduced new products to the market (95% of the target).

⁽¹⁰⁾ The amounts aggregated for the main policy areas are higher than the specific amounts by thematic objectives included in Annex 1.1. This is due to the reattribution of investments reported under "multi-thematic objectives".

⁽¹¹⁾ 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.

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. Over 6.3 million households are benefitting from improved broadband access thanks to selected ERDF projects. Nearly 12 million households are expected to benefit from improved broadband access 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, €124 billion (17% of the total budget) is planned for enhancing the **competitiveness of European SMEs**, this being the single largest objective in the budget. So far, 99% of the planned amount is already allocated to projects and 61% was already spent.

For example, the number of SMEs that benefitted from EU support increased to 2 million in 2021 (as compared to 1.4 million in the previous year), demonstrating the cushioning effect which the EU funds had on protecting companies from the blows of the COVID-19 pandemic and its financial consequences.

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

With ERDF help, the start-up [MakeGrowLab](#) from Puławy, in the Lubelskie region, Poland, developed a material produced from biomass using micro-organisms. The Scoby Packaging Materials® is a high-performance nano-fiber grown from microbes through the upcycling of local unwanted food/beverages. It can be used as an alternative to plastic packaging and as a storage vessel for food, chemistry, cosmetics and textiles. The product is green and innovative on a global scale.

The “[Olympo Boxes 2020](#)” start-up accelerator programme carried out in the outermost region of the Canary Islands, Spain, promoted entrepreneurship and offered services to technology entrepreneurs. With the help of ERDF funding, this project has provided advisory services to 73 entrepreneurs, enabling 32 start-ups to improve their business model through the implementation of innovative ideas.

In the Uusimaa region, in Finland, the ERDF co-funded the “[Digi-Flash](#)” project to speed up the use of digital industry 4.0 technologies in SMEs. 53 companies participated in the project and launched research & development activities. New businesses based on renewable energy solutions or support for low carbon solutions emerged from 15 of these companies. Another 17 companies developed new or significantly improved products.

The unique and innovative [Mad Scientist Brewery](#) based in Budapest, Hungary, received ERDF support to mitigate the economic impact of COVID-19 and to improve its technologies. The new technologies enable Mad Scientist to keep up with the fast-paced innovations in the IPA brewery sector and to improve its competitiveness on the international markets.

The ERDF support provided to KUNKEL + Partner based in North Rhine-Westphalia, Germany, enabled it to further develop [rechargeable zinc-air batteries](#). This technology offers high energy density, is easy to recycle and, above all, it is very inexpensive. The optimised cell is currently being manufactured in a small industrial series and a demonstrator with 72 cells and a total capacity of 7.2 kWh is being set up. This will go

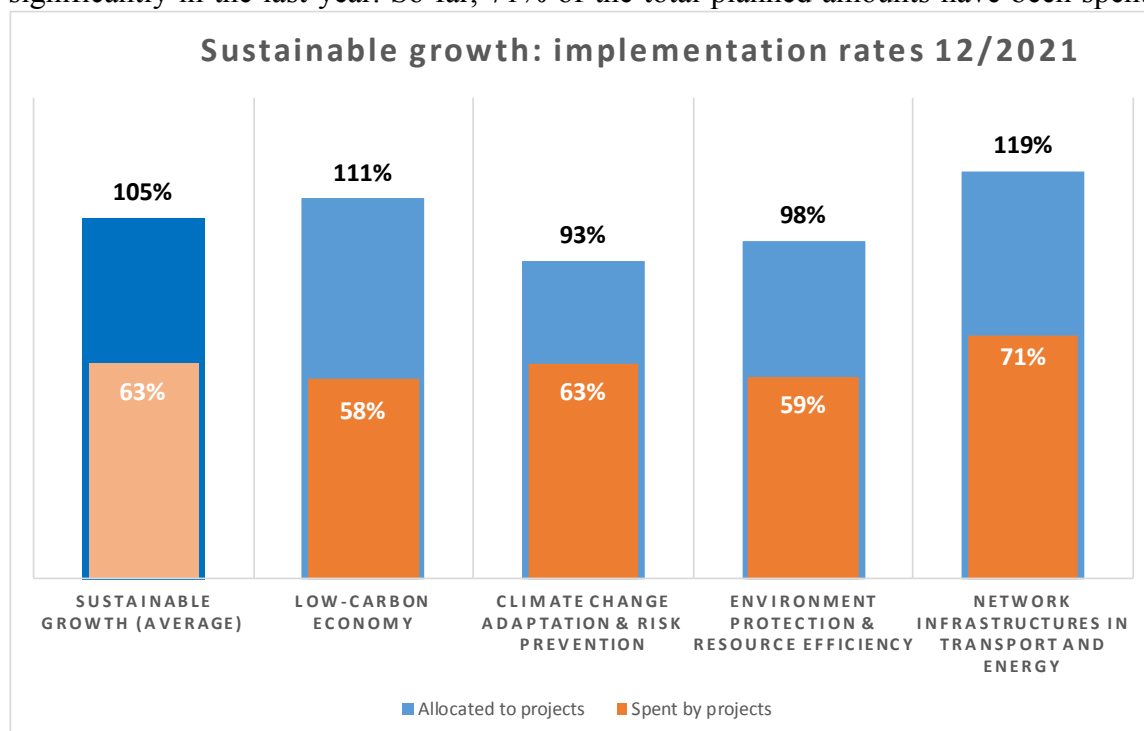
into operation at the municipal utilities of the town of Steinfurt, North Rhine-Westphalia, to temporarily store excess energy from the 100kW peak photovoltaic system.

3.2. Sustainable growth

**€279
billion for
sustainable
growth**

By supporting investments in a climate-neutral, clean and circular economy as well as in the environment and climate change adaptation, the ESI Funds are making an important contribution to the goals of European Green Deal. Due to the extra resources injected through REACT-EU, the overall allocation increased to €279 billion (as compared to €251 billion at the end of 2020). This represents around 38% of the overall budget allocation. By the end of 2021, €292 billion was allocated to projects (105% of the dedicated funding) and spending amounted to €174 billion (63% of the planned total). The figure below gives a more detailed breakdown of the implementation rate for each of the four objectives as well as the average corresponding to the sustainable growth grouping.

There are important differences in the financial progress across the different themes. The investments in **network infrastructures in transport and energy** have accelerated significantly in the last year. So far, 71% of the total planned amounts have been spent.



Climate change adaptation and risk prevention is one of the fastest progressing thematic objectives, being second in terms of the amounts already spent by beneficiaries (63%). **Environment protection and resource efficiency** is next in terms of spending, with 59% of the total budget being already used, slightly below the average for the sustainable growth goal.

The COVID-19 crisis temporarily slowed down the implementation of projects contributing to low-carbon and climate goals as unspent funds were diverted to address emergency measures in the healthcare and business sectors. However, this was reversed with the addition of €50.6 billion in REACT-EU funds to the existing Cohesion Policy programmes in June 2021 to support them in bridging the gap between emergency measures and long-term recovery by providing Member States with fresh resources to re-

launch the green and digital projects previously halted. It is expected that there will be a significant acceleration in implementation in 2022-2023, as many of these long-term projects will reach maturity.

ESI Funds have been the main EU public finance support to clean energy. They have financed energy efficiency through building renovation, the development of renewables and energy networks. Thanks to this, several Member States have put in place large scale renovation programmes of residential buildings. As a consequence, thousands of households are now benefitting from reduced energy bills and increased comfort. SMEs were also supported to improve their energy efficiency, cut their energy costs and improve their competitiveness.

Significant support was also provided to boost investments in renewable energy sources, such as in marine energies, but also deployment of solar or wind energy such as in energy communities and small scale installations. This has contributed to energy security and created new jobs and businesses in the EU in the renewable energy sector. ESI Funds have been invested in key electricity and gas infrastructure that now plays a crucial role in ensuring a functioning internal energy market.

Tracking support to climate action

The Commission committed itself to support climate action by dedicating at least 20% of the EU 2014-2020 budget to this priority. The ESI Funds **target overall 26% 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 2021, the ESI Funds' climate action contributions varied between 58% of the total EAFRD budget envelope and 27% of the total Cohesion Fund allocation, 17% of the total EMFF allocation and 18% of the total ERDF allocation. Annex 3 provides more details on the funds' climate allocation and spending.

The total ERDF allocation to climate action was reinforced with the additional allocations in 2021 of €6.7 billion (17% of the total ERDF allocation) under REACT-EU, bringing the total ERDF allocation to €39.3 billion.

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

Until the end of 2021, the following tangible achievements were recorded:

- Renewable energy production capacity will be enlarged by 8 800 MW, of which 3 600 MW has already been installed, an increase of 33% compared to the previous year;
- The energy performance of 754 000 households will improve; as many as 460 000 households already benefitted from the improved conditions by the end of 2021 (almost 91 000 more than by end-2020);
- The energy consumption of public buildings will be reduced annually by 7.8 terawatt-hours, of which 2.6 terawatt-hours are already being saved annually;

- Flood protection measures will reduce the vulnerability of almost 34 million people, of which 21.7 million are now less exposed to flood risks due to investments supported;
- Progress has continued 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 2021, the EU had already exceeded its 2025 targets in these areas;
- €1.7 billion, equal to nearly 35% of the total EMFF support committed to the fisheries and aquaculture sectors has been dedicated to preserving and protecting the environment, for example through protection of Natura 2000 areas, and to promoting resource efficiency and reducing waste.

Some examples of what has been financed on this topical subject can be found below.

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

The Cohesion Fund allocated €114 million to the purchase of 23 electric trains for the metropolitan area of Riga, Latvia. The [new electric passenger trains](#) are expected to increase the number of passengers by 2.7 million annually, shifting from less sustainable transport modes, reducing the commuting times, increase safety and accessibility.

The “[Peute Energy Center](#)” project based in Hamburg, Germany, promoted the use of industrial waste heat to supply heat to three districts of the city. By supplying buildings with industrial waste heat, CO₂ emissions of around 8 500 tons will be avoided yearly thanks to ERDF support.

The hospital centre of Vila Real, in the North region of Portugal, was rehabilitated with support from the Cohesion Fund. The energy system rehabilitation contributed to rationalise energy consumption, in terms of air conditioning, indoor and outdoor lighting, water heating and the installation of renewable energy systems, as solar thermal and photovoltaic energy and biomass. This led to a significant improvement of the comfort level of patients and staff. The project led to a substantial reduction in the annual electricity consumption and CO₂ emission.

The EMFF has provided financial support to the [Alga4Food](#) project in Portugal, which aims to explore the benefits of edible macro algae (seaweed) from the Portuguese coast, and promotes the use of sustainably produced macro algae in Portuguese family cooking. The Alga4Food team brings the worlds of science and gastronomy together, analysing different types of seaweed to understand their flavour and nutritional value and finding innovative ways to use this in Portuguese cuisine.

Optimising the use of marine energy to cover the electricity consumption of local inhabitants and to achieve a shift towards clean energy and the low-carbon economy is the ambitious challenge of the [MegaWattBlue project](#). The ERDF-supported project enabled a second-generation tidal stream generator to be developed and tested in the natural environment in Brittany, France. The prototype allows a power generation 2.5 times greater than that of a conventional tidal stream generator.

The [Angelic Gardens](#) (Anielskie Ogrody) project, an EAFRD co-funded project in Poland, helped to create, from scratch, small ecological family farms and support them in producing organic vegetables, fruits, herbs and flowers. It involved education through hands-on workshops as well as online guidance, bringing it up to a national scale. It also

inspired local and national communities to cooperate with small productive gardens for schoolchildren and the elderly.

The ERDF co-financed the construction of a 55 km long natural gas pipeline in the Śląskie region located in the South of Poland. The [Tworóg-Tworzeń pipeline](#) is a part of the west branch of the North-South Gas Corridor. It connects the Liquefied Natural Gas (LNG) terminal in Świnoujście with the Baltic Pipe – via Poland, Czechia, Slovakia and Hungary – and through to the LNG terminal in Croatia.

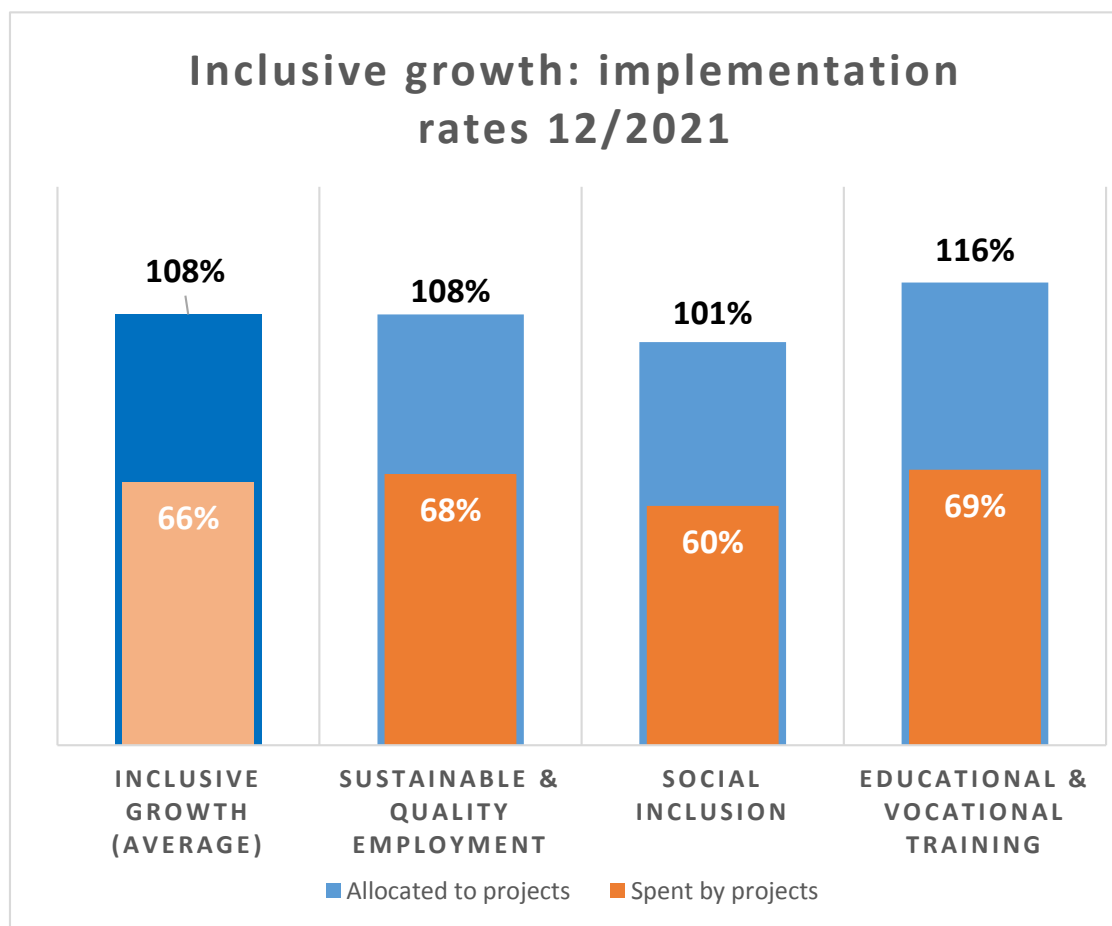
The ERDF supported the construction of the [Greece-Bulgarian gas interconnector](#) in Bulgaria. The interconnector started commercial operations on 1 October 2022, with an overall length of 182 km and a technical capacity of 3 billion cubic meters/year and an option for increasing the transmission capacity. In the current geopolitical circumstances, this strategic infrastructure project is symbolic of the importance of the EU's strategic autonomy of energy supply and diversification of sources and routes.

3.3. Inclusive growth

Investments in inclusive growth make up about 24% of the total funding. €173 billion is available for the three objectives covered: **sustainable quality employment**, (€57 billion), **social inclusion** (€71 billion) and **educational & vocational training** (€45 billion).

€173 billion for
inclusive
growth

The COVID-19 crisis has had a ripple effect throughout society affecting people in different ways. The EU social agenda together 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 inclusive, sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. In the current critical scenario, the ESI Funds are acting to underpin structural reforms, including the modernisation of public services, encouraging youth employment and reducing poverty and inequalities.



The ESF has continued granting support to all Europeans who are now facing difficulties, with a view to creating a more social Europe. To this end, it fosters 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. It also contributes to facing the effects of the war in Ukraine by supporting refugees.

By the end of 2021, projects to **improve employment opportunities** had achieved the following:

- 55.2 million participants supported by the ESF and the Youth Employment Initiative (YEI), including 19.9 million unemployed and 20.9 million inactive participants.
- 6.4 million people had found a job thanks to ESF and YEI support.
- Among the participants, those with low skills represent 47% of all individuals; 14.5% 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 (52.9% 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 €11.9 billion allocated to 247 000 projects by the end of 2021. The expenditure declared shows solid implementation on the ground; by end-2021 around 3.7 million young people had been included in supported measures. 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
- about 1.8 million participants were in education or training, gained a qualification or were in employment, including self-employment as a result of YEI-supported interventions.

For **social inclusion**, to which the ESF is the biggest contributor, the projects selected so far represent almost €62 billion. By end-2021, 3.6 million participants with disabilities, 8 million migrants, participants with a foreign background or minorities and 10.3 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 175 000 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, €52 billion had been earmarked to selected projects. By end-2021, thanks to ESF and YEI support, 25.9 million low-skilled people had been supported, 8.8 million had gained a qualification and 2.6 million were in education and training.

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

An innovative Lithuanian start-up has developed the application [Mindletic](#) for strengthening physical and emotional health. The application helps users to identify their emotional status, taking into account energy level and mood. Using the anonymised data, the Mindletic team tries to establish the emotional balance of the user. Mindletic was co-created with certified psychologists and professional mental health organisations.

In Haute-Normandie, France, four training centres of the construction and public works sector have carried out a joint project called “CFA numérique” or “digital apprentice training”, aiming at dematerialising educational resources. This led to the deployment of several collaborative platforms for the dissemination of digital educational content, knowledge sharing, building data modelling and augmented reality equipment. These resources have allowed to better align with developments in the training of dual apprentices. The project received €631 million from the ERDF.

The ERDF has co-financed the creation of 10 separate housing units in the city of Zamość, Poland, near the Polish-Ukrainian border. As part of this CARE-enabled project, the building was adapted to housing functions for people fleeing Ukraine (in particular women with children) following the Russian Federation’s attack on Ukraine. The building has been equipped to carry out also social functions such as a play room for children, an integration centre with a multimedia meeting room, laundry and drying room, cabinets for professionals providing support to project participants (psychologists, educators, lawyers, etc.).

In Austria, companies can now receive free consultancy to help them close the gender gap, thanks to '100 Percent', a project supported by the ESF. The project supports companies to design transparent remuneration systems and to recognise and improve opportunities for women at work. As well as raising awareness of the gender pay gap, '100 Percent' shows companies how making better use of the diversity of their workforce can promote innovation and resilience. The consultation model is flexible to each company's needs, and includes professional data analysis, developing action plans and support during implementation. Employees can get management advice, career counselling and other support.

Over 9 000 Ukrainian refugees are to benefit from the services provided by the 'Solidarity' project in Bulgaria. With support from the ESF and REACT-EU, the 'Solidarity' project aims to help Ukrainians settle into Bulgarian life by making it easier for them to find a job through the National Employment Agency. The project also provides psychological support, personalised career guidance and rent support.

3.4. Strengthening institutional capacity and efficient public administration

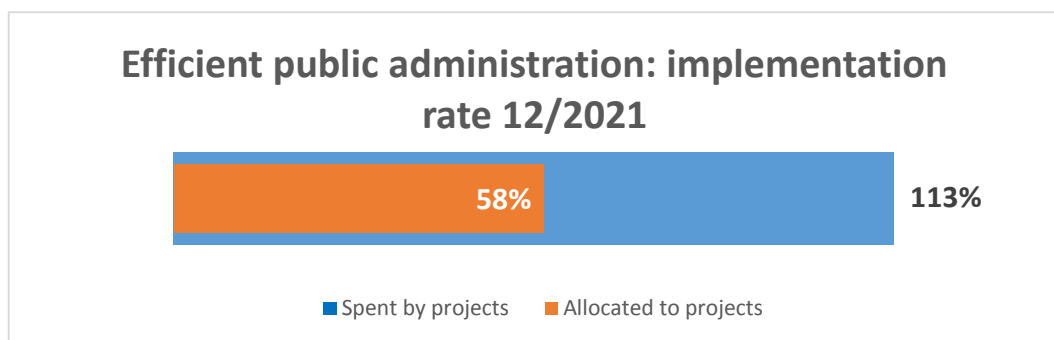
€6.4 billion for efficient public administration

€6.4 billion have been earmarked for projects addressing institutional capacity and reforms. By the end of 2021, an estimated €7.2 billion had been allocated to such projects, representing 113% of the planned amount. Spending on the ground amounted to €3.7 billion (58% 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 Instrument ⁽¹²⁾.

The implementation of ESF projects targeting capacity building for stakeholders delivering education, lifelong learning, training and employment and social policies has substantially increased, going from a project selection rate of 60% by end-2020 to 86% by end-2021.

⁽¹²⁾ 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>



Under this objective:

- 840 000 participants have been supported by the ESF;
- 3 000 projects targeting national, regional or local public administrations or public services have been supported by the ESF.

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

With an ERDF funding worth €32 million, 38.75 % of the area of the Lubelskie region, Poland, has been covered by [the e-geodesia project](#). Data and documents were collected and cartographic resources were digitalised in order to provide on-line services related to data sharing of registers, files, as well as cadastral maps.

Thanks to ESF support, public sector employees in Malta have been encouraged to study geospatial technology and the collection and processing of geographic data. This type of technology is an increasingly important tool for public services, as it can better inform policy and decision-making. This will contribute to increasing the capacity and expertise of the Maltese public service employees.

3.5. Territorial and urban development

In the period 2014-2020, around €32 billion was planned for integrated territorial development and sustainable urban development under the key objectives presented in the sections above. Delays in finalising the strategies and setting up the procedures for decentralised implementation have led to a slow start. Until end-2021 under Cohesion Policy, €31.5 billion has been allocated to projects, representing 99% of the planned allocation. There was also an acceleration at the level of spending by projects, with 52% of the planned allocation spent (€17 billion) by end-2021, up from 39% at the end of 2020, but still significantly behind the 62% average rate of spending.

**€32 billion
for territorial
and urban
development**

The projects selected under integrated development strategies will deliver:

- 46 million square meters of renovated or newly developed urban open space accessible to the public;
- 3.3 million square meters of renovated or newly built public buildings and over 26 000 renovated housing units.

In line with the financial implementation, implementation is lagging behind and ranges between 43-52% of the target values.

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

In Cadiz, Andalusia, Spain, the ERDF has co-financed the regeneration of 100 social housing units. This project aims to improve energy efficiency and reduce CO₂ emissions in buildings and in infrastructure and public services, to reduce the final energy consumption of the residential sector by 15%.

The ERDF co-financed “[Discovery Passage](#)” project is part of a complex urban regeneration project of the city of Tarnów, Małopolska region, in southern Poland. The new science and technology centre provides information on the most important discoveries, inventions and their authors related to Tarnów, in various ways. The centre aims to develop and promote the city in the fields of education, science, technology and entrepreneurship and to initiate cooperation between these sectors.

3.6. Territorial cooperation

**€13 billion
for territorial
cooperation**

The ERDF provides support to territorial cooperation programmes that invest in cross-border, transnational and interregional cooperation. These programmes account for almost €13 billion of the planned allocation, while €13.4 billion had already been allocated to projects by the end of 2021. These projects generated €8 billion in spending (64% of the planned amount). The financial implementation of the cooperation programmes was in tune with the implementation at national/regional programmes at the end of 2021.

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:

- More than 33 000 enterprises have participated in cross-border, transnational or interregional research projects;
- around 100 000 people have participated in joint local employment initiatives and joint training courses;
- 165 000 people have benefitted from cross-border mobility initiatives.

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

With the impact of climate change impervious to borders, Interreg projects have put forward a series of climate mitigation and resilience measures. The Austria-Hungary cooperation programme financed flood resilience projects amounting to €13 million. The most notable one is [the SEDDON II](#) project which supports river water sediment management in order to improve the ecological status and avert flood risks on the Danube.

The [Czechia-Poland cooperation programme](#) has also supported flood mitigation and preparedness measures. The interventions increase cross border readiness to take action in crisis situations, especially in case of floods.

4. EVALUATION WORK BY THE MEMBER STATES

During the past year, Member States have dedicated more resources to assess the impact of the actions supported by ESI Funds and their implementation.

Findings from evaluations carried out in the Member States are typically very specific to the local context of the supported actions. However, they provide valuable insights which can help in adjusting actions and projects in the final part of the 2014-2020 programming period and, importantly, in designing the new actions in the 2021-2027 programmes.

In general, the evaluations carried out highlighted positive results in the areas supported and show that the actions and projects were effective in supporting people, SMEs and were beneficial to both public and private entities. So far, only few evaluations have addressed how the COVID-19 pandemic has affected some sectors and programming choices. The number of evaluations looking at these elements as well as the other measures introduced to respond to the latest refugee and energy crises is expected to grow in the future.

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

5. CONCLUSIONS

**A stable
framework in a
dynamic
environment**

Multiple crises have cropped up and accumulated in recent years: from the health crisis to the energy crisis brought about by the Russian invasion of Ukraine to the long term climate change crisis. In addition to the Recovery and Resilience Facility, a sequence of Cohesion Policy initiatives (e.g. CRII in 2020, REACT-EU in 2021, CARE and FAST-CARE in 2022) illustrate how the ESI Funds have adjusted and continue adjusting to respond to emergencies. These initiatives have enabled the ESI Funds to address their strategic mission while tackling these unprecedented crises.

Both the EU Member States and the European Commission have been quick to adjust spending programmes to the new realities, demonstrating the agility of the funds to adapt and respond to unforeseen events and circumstances. At the same time, the ESI Funds continued to provide structural, predictable support, helping citizens to access high quality and reliable public services, helping regions and companies to use the challenges of the green and digital transition as a leverage for new sources of competitiveness, and workers to gain the skills that allow them to be more productive and access better jobs. Overall, since the beginning of the COVID-19 pandemic in 2020, Cohesion Policy has provided over €160 billion to Member States to increase resilience and boost social and regional convergence.

The EU has continuously underlined the positive impact of energy efficiency measures, the development of renewables and market integration on our energy security. ESI Funds have been the main tool for the EU to provide public finance support to clean energy, in particular energy efficiency, including building renovation, the development of renewables and energy networks. In this respect, Cohesion Policy has helped Member States and regions to tackle energy poverty, cut the energy bills of households while reducing GHG emissions and creating sustainable jobs in the construction and building

sector. Russia's invasion of Ukraine has only confirmed the critical importance of energy security and the need to transition to a climate neutral economy.

The implementation of programmes is progressing well, with significant acceleration in spending in 2020 and 2021, showing a steady positive evolution. The latest data on financial implementation from 30 September 2022 show the accelerating pace of implementation as the end of the programming cycle approaches. It is important to make swift and good use of the remaining funds both to generate growth and create jobs, and also to address direct and indirect impact of COVID-19, as well as the Ukraine crisis and its impact on energy prices.

For the 2021-2027 period, the €370 billion available under Cohesion Policy will continue to target key investments in jobs and growth, focusing on a more inclusive Europe and a greener, low- carbon economy.

The ESI Funds will continue to be a powerful tool in helping people and SMEs. Cohesion Policy has demonstrated a strong capacity to react to the different crises which affected the EU in the last years, while remaining committed to the long-term objective of reducing disparities across EU regions and promoting social and territorial convergence as well as fast-forwarding the twin green and digital transitions.