Investing in jobs and growth - Maximising the contribution of European Structural and Investment Funds: an evaluation of the report under Article 16(3) of the CPR

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The Committee on Regional Development adopted an own-initiative report by Lambert van NISTELROOIJ (EPP, NL) on investing in jobs and growth – maximising the contribution of European Structural and Investment Funds: an evaluation of the report under Article 16(3) of the Common Provisions Regulation (CPR).

The Committee on Employment and Social Affairs, exercising its prerogative as an associated committee under Rule 54 of Parliament's Rules of Procedure, has also given an opinion on the report.

Members recalled that with a budget of **EUR 454 billion for the period 2014-2020**, the European Structural and Investment Funds (ESI Funds) are the EU's main investment policy tool and are a vital source of public investment in many Member States. They made the following recommendations:

Sharing results, communication and visibility: the report highlighted the need to improve communication on and the visibility of ESI Funds, with greater focus on participation by stakeholders and recipients, and on involving citizens in the design and implementation of cohesion policy.

The key communication on cohesion policy projects should focus on **European added value, solidarity and the visibility of success stories.** The Commission, Member States, regions and cities were urged to communicate more on both the achievements of cohesion policy and the lessons to be learned.

Thematic concentration: Members stressed the need to the circumstances of urban or rural regions, the "lagging regions", transition regions and regions with permanent natural or geographical handicaps, and **appropriate support policies** should be drawn up for the development of these areas.

The report recommended allowing sufficient flexibility for Member States and regions to support new policy challenges, such as those relating to **immigration**, as well as the broadly understood **digital dimension** of cohesion policy. Furthermore, Members drew attention to the energy union strategy, the circular economy strategy, and the EU's commitments under the Paris climate change agreement, as the ESI Funds have an important role to play in delivery.

They supported the gradual shift of focus from one based on major infrastructure-related projects towards one based on stimulating **the knowledge economy, innovation and social inclusion.** They were of the opinion that the ESI Funds should be used to create and boost quality jobs, as well as quality lifelong learning and vocational (training systems, including school infrastructure.

The Commission should pay more attention to the impact of cohesion policy on **promoting employment and reducing unemployment.** For their part, Member States should intensify their efforts in order to achieve substantial and tangible effects from the funds invested, particularly with respect to funds made available in the form of advance payments, and ensure that the **Youth Employment Initiative** (YEI) is implemented correctly.

Members also recalled that completion of the core **TEN-T network** is a European transport policy priority, and that the ESI Funds are a very important tool in the implementation of this project.

The report went on to recommend, amongst other things:

- an analysis of the current situation and the adoption of targeted action to counteract the fact that a significant proportion of ***ex ante* conditionalities** have not yet been fulfilled;
- an assessment of whether the **performance reserve** -consisting of 6 % of the resources allocated to the ESI Funds for each Member State - actually creates added value or whether it has led to more red tape;
- establishing a balanced link between cohesion policy on the one hand, and the **European Semester** and the Country Specific Recommendations on the other;
- better exploiting new possibilities for **simplification** in terms of common eligibility rules, simplified cost options and e-governance, and establish standard procedures for drawing up operational programmes and for management;
- establishing the necessary tools for permanent **administrative capacity,** by exploiting functional and flexible e-government solutions.

Synergies and financial instruments: whilst the use of grants is still indispensable, the report observed that there seems to be a focus on a **gradual shift from grants to loans and guarantees**, and noted also that the use of the multi-fund approach still appears to be difficult.

Members noted that the Commission's Article 16 Report provides little information on coordination and synergies among different programmes and with instruments of other policy areas, and in particular has **not always presented reliable data** on the expected results of the ESF and YEI programmes.

They were convinced that synergies with other policies and instruments, including EFSI and other financial instruments, should be enhanced in order to maximise the impact of investment. The Commission was asked to provide specific data on EFSI's impact in terms of growth and employment and to come forward after the evaluation with learning points to enable the ESI Funds to be put to use more successfully in the new programming period from 2021 onwards.

European Territorial Cooperation: the report highlighted the European added value of European Territorial Cooperation (ETC), especially from the point of view of reducing disparities between border regions. This should be reflected in an increased level of appropriations for this cohesion policy objective, to be introduced as soon as practicable. It underlines the need to preserve this instrument as one of the core elements of cohesion policy after 2020.

Future cohesion policy: Members were convinced that the future performance-oriented cohesion policy must be founded on data and indicators that are appropriate for measuring efforts, outcomes and impacts achieved, as well as experience at regional and local level in the area (performance-based budgeting, *ex ante* conditionalities and thematic concentration).

The report underlined that **faster take-up of the available funds** and a more balanced progression of expenditure during the programming cycle will be needed in future.

The legislative process to adopt the next multi-annual financial framework (MFF) should be concluded by the end of 2018, so that the regulatory framework for future cohesion policy might be adopted swiftly after that and come into force without delay on 1 January 2021.