

# **Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund; general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund**

2011/0276(COD) - 19/12/2018 - Follow-up document

The Commission presents its 2018 summary report of the European Structural and Investment Fund programme annual implementation reports covering implementation in 2014-2017.

This is the third annual overview of the implementation of the more than 530 shared management (national and regional) programmes based on the annual programme reports received in mid-2018.

Specifically, it summarises available performance information covering implementation in the years 2014 to 2017.

## ***Financial progress***

Following the mid-term review of the 2014-2020 multiannual financial framework and the GDP technical adjustment in 2017, the EU share of the ESI Funds budget increased by EUR 6 billion to a total of EUR 460 billion. With matching increases in national co-financing, the total investment planned rose by EUR 9 billion to a total of EUR 647 billion.

During 2017, the total investment planned under the ESI Funds was subject to several changes leading to a net increase. The mid-term review of the 2014-2020 multi annual framework led to an increase in the allocation to the Youth Employment Initiative ('YEI').

The EU co-legislators agreed to increase the resources of the YEI, covering the remainder of the programming period (2017-2020). The YEI specific allocation was increased by EUR 1.2 billion, spread over 4 years to benefit 11 Member States still meeting the requirements for support.

By the end of 2017, an estimated EUR 7 billion has been allocated to 162 000 projects, representing 67% of the EUR 10.3 billion planned. During this period, 2.4 million young people had been supported by the Youth Employment Initiative.

In the context of the 2018 budget procedure, it was agreed that the new YEI resources would be further frontloaded, by increasing the 2018 commitment appropriations and decreasing those for 2020, thus bringing the overall amount for 2018 from EUR 116 million up to EUR 350 million.

In terms of payments from the EU budget to the Member States, a total of EUR 75 billion was paid by end-2017 (16% of the planned total, including pre-financing and interim payments of declared expenditure).

Looking ahead, important financial targets are set for the end of 2018 ("N+3" rule). There are risks that specific programmes will lose EU financing. Next year's reporting cycle will involve comprehensive programme reports by June 2019 and national progress reports by end-August 2019. Those reports will provide a full quantitative and qualitative overview of the implementation of investment objectives. They will cover a range of important issues. In particular, the Member States will report on financial and physical milestones under the performance framework to be used to award the performance reserve in 2019. The reports will be synthesised by the Commission in a strategic report by the end of 2019.

## **Conclusions**

The main conclusions of the report are as follows:

- by the end of 2017, over 1.7 million projects have been selected across Europe, amounting to a total investment volume of EUR 338 billion, or 53 % of the planned total;
- the value of the projects selected in 2017 alone represented EUR 158 billion, the largest annual rise so far. Member States are clearly turning the investment plans into concrete projects to deliver sustainable social and economic benefits;
- investment is progressing well in many of the thematic areas targeted as EU priorities such as:
  - **SMEs**: 55% of the total planned investment in SMEs was allocated to projects;
  - **climate change and digital economy**: the rates of selection of climate actions and investment in the digital economy have improved by the end of 2017;
  - **cohesion**: the report noted a continued strong progress in project selection, with 67% of funds allocated to projects. That is an increase of EUR 66 billion in 9 months bringing total decided investment to over EUR 400 billion. The selected projects have reported total expenditure of nearly EUR 96 billion by end 2017, accelerating and more than doubling in 12 months. By the end of 2017, 16% of the total available funds for the period were paid from the EU budget to the Member States. (This has reached 23% by the end of October 2018.);
  - **rural development**: the implementation of rural development programmes is on track. By autumn 2018, beneficiaries supported by the EAFRD received over EUR 33.8 billion, which represents almost 33% of the total financial envelope available for the programming period.

The overall performance data reported to the end of 2017 show that:

- 1 million businesses have been targeted by support to improve their productivity and growth or to create jobs;
- 15.3 million people have been supported in their search for a job, training or education or have benefitted from social inclusion measures;
- 15% of the total agricultural area are covered by climate and environment related actions to improve biodiversity, soil and water management.

The report also concluded that the ESI Fund programmes are a major investment instrument of the European Union with every region in the European Union benefiting from the policy. The evidence now available from financial implementation and from common output and result indicators provides a more complete overview of implementation progress than has been available in any previous period.

An important acceleration has taken place during 2017 in the overall implementation of programmes co-financed by the ESI Funds. The project selection rate almost doubled compared to end-2016, to exceed 52% of the total funding. Expenditure generated by the projects also started to catch up as have the achievement values of the output and result indicators of the programmes linked to important social and economic benefits.

Based on past experience, the Commission expects that implementation rates for investment expenditure and the delivery of outputs and results will continue to increase in 2019. The upcoming performance review in 2019 will further incentivise better spending of ESI Funds in terms of achieving programme objectives. As the ESI Fund implementation progresses, it will ultimately provide material on which to conduct impact evaluations. However, a significant number of evaluations by the Member States will still take some time to be launched, completed and for their results to become available.