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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**European Structural and Investment Funds  
2023 summary report of the annual programme implementation reports covering  
implementation in 2014-2020**

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**1. INTRODUCTION**

The EU's Structural and Investment Funds (the ESI Funds) are the largest investment toolbox within the 2014-2020 multiannual financial framework (the EU budget) and remain at the heart of the EU's growth strategy. They are supporting the territorial, economic and social cohesion of the EU's regions, are investing in human development and are contributing to the EU's resilience to and recovery from the crises faced in recent years.

The ESI Funds comprise:

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

The report shows that the ESI Funds, with their long-term planning and implementation period, have continued to offer a stable and predictable framework for public and private investment across all EU regions.

The report shows steady progress in implementation with one year left for spending the 2014-2020 ESI Funds. It highlights in particular the wide range of investments under the instruments and their real impact on people, companies and regional authorities. It also shows the flexibility of the framework, which has been able to adapt, in order to provide solutions to the COVID-19 pandemic, Russia's unprovoked aggression against Ukraine and, more recently, the energy crisis.

In addition to focusing on long-term competitiveness and social goals, the ESI Funds were the face of the EU's solidarity and togetherness. They helped Member States to care for refugees, provide support to small and medium enterprises (SMEs) and vulnerable households, and alleviate the pressure on national budgets. They provided a lifeline for SMEs and vulnerable households through the COVID-19 and the energy crises.

In 2022, the ESI Funds were supplemented with EUR 11 billion from the second tranche of the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU). The extra resources were used to support investment projects that foster crisis-repair capacities and contribute to a green, digital and resilient recovery of the economy, including support for maintaining jobs, short-time work schemes and support for the self-employed.

Responding to the full-scale Russian invasion of Ukraine in 2022, the EU stood firmly alongside Ukraine and extended its solidarity with the Ukrainian people. In order to tackle the consequences of the full-scale invasion, the EU has agreed on a series of instruments to supply the basic needs of the most vulnerable people. The EU was quick to show its solidarity with Ukraine through two instruments: the Cohesion's Action for Refugees in Europe (CARE – adopted in April 2022) and Flexible Assistance to Territories (FAST-CARE – adopted in October 2022). These provided additional liquidity, flexibility and simplification to finance urgent needs on the ground.

More recently, the Supporting Affordable Energy instrument (SAFE) adopted in December 2022 allowed Cohesion Policy funds to provide support to vulnerable households, workers and SMEs facing increased energy costs.

Notwithstanding the EU's continuing readiness to assist in the recovery from the multiple crises, the ESI Funds have continued to champion investments for inclusive growth and jobs, to foster human capital development and encourage EU territorial cooperation. With around EUR 630 billion spent by Member States by end-September 2023 <sup>(1)</sup> the concrete results are evident:

- around 5 million businesses were supported through projects <sup>(2)</sup>;
- 370 000 new jobs were created and, in addition, in the fishing and aquaculture sector almost 48 000 jobs were maintained and over 6 500 new jobs were created;
- 6 000 MW <sup>(3)</sup> of additional capacity of renewable energy production was installed (the equivalent of around 2 400 wind turbines);
- the energy performance of more than 550 000 households has been improved;
- 17 million people were protected from floods and 15 million people were protected from forest fires;
- health services for more than 63 million people have been improved;
- 64.5 million participants benefited from measures to improve employment opportunities (more than 10.2 million of these participants gained a qualification);
- support was provided to 4.1 million people with disabilities and just over 9.1 million people from marginalised groups, such as migrants, people with a foreign background and minorities;
- 2.8 million projects were supported to help the agricultural sector and rural businesses become more competitive and to create and maintain jobs in rural areas;
- 35 million hectares of agricultural land (20% of the utilised agricultural area) was selected for support for land management to better protect biodiversity and European landscapes;
- over 150 000 agricultural holdings received support to produce agri-food quality products, and support was also given to local markets and short-supply chains.

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<sup>(1)</sup> These figures include EU and national co-financing and are based on the data reported by Member States by 31 October 2023, with a cut-off date of 30 September 2023, as required by Article 112 of Regulation (EU) No 1303/2013.

<sup>(2)</sup> All ESI Funds target support for enterprises, more specifically to micro-sized, small and medium-sized enterprises. The selected projects will support (or have already delivered support to) 2 370 000 firms under the ERDF, 2 030 000 firms under the ESF and 543 000 rural firms under the EAFRD (support for 211 000 young farmers and investments in the physical assets of 332 000 farm holdings).

<sup>(3)</sup> The reported values for the infrastructure-related indicators for Cohesion Policy (such as energy production or flood protection) do not include Interreg figures, due to their different scope.

This report, as required by Article 53 of Regulation (EU) No 1303/2013 <sup>(4)</sup>, presents the progress made in implementing the ESI Funds in the ninth year of the ten-year implementation cycle. It covers financial implementation as well as the progress made on common indicators by the end of 2022 (which is the latest complete year for which full implementation data is available). This report also presents the latest available financial data from the end of September 2023, where available.

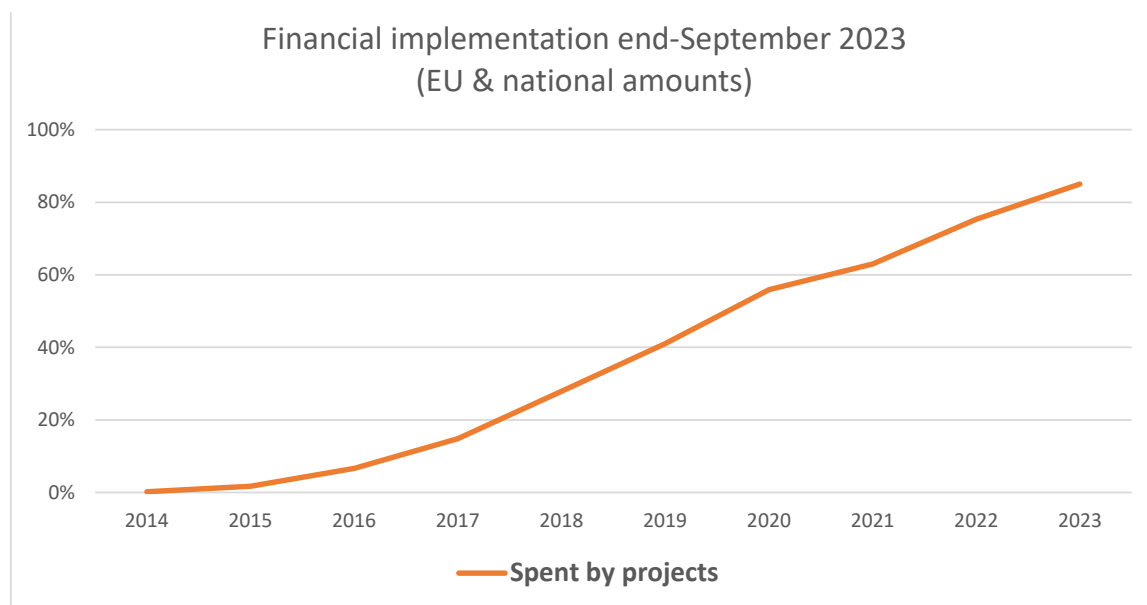
## 2. OVERVIEW OF IMPLEMENTATION

### 2.1. Financial implementation <sup>(5)</sup>

The five ESI Funds make available EUR 546 billion of EU resources under the 2014-2020 programming period – bringing the total investment in the EU economy to EUR 741 billion when including the national co-financing. Costs incurred by project beneficiaries are eligible for co-financing from the ESI Funds until the end of 2023 <sup>(6)</sup>.

The figure below shows the trend in project spending over the implementation cycle, in relation to the overall planned amount. These amounts remain an indication of the level of commitment to the objectives because Member States may request adjustments to the planned amounts. Some of the Member States’ annual reports refer, for example, to challenges in the implementation of specific projects or with absorption capacity, which may lead to adjustments in the run-up to the end of the implementation period. At the end of 2022, 76% of the total planned amount had been spent by projects. According to the latest financial data available at the end of September 2023, 85% of the total planned investment was spent by projects.

Figure 1 Financial implementation



<sup>(4)</sup> [REGULATION \(EU\) No 1303/2013](#) OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down 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; OJ L 347, 20.12.2013, p. 320–469

<sup>(5)</sup> The details on financial implementation by fund and by Member State are provided in the annexes.

<sup>(6)</sup> In the case of the EAFRD, the costs are eligible until the end of 2025.

As regards payments made by the Commission, at the end of 2022, EUR 412 billion was paid to Member States (75% of the EU resources over the entire period). At the end of September 2023, this has increased to EUR 460 billion, raising payments to 84% of the EU's planned amounts. Looking in more detail, the rate of absorption for the ERDF, CF and the ESF is almost identical to that witnessed at the end of September 2015, the final year of eligibility for the 2007-2013 programming period. The experience of previous programming periods suggests that the spending rate will continue to accelerate until the closure of programmes <sup>(7)</sup>.

At the same time, EUR 66.75 million were decommitted in 2022 <sup>(8)</sup>. The Commission continuously monitors lower-performing programmes in order to support them to better implement their measures.

Finally, it is important to note that the aggregated picture presented in this report hides important variations between Member States. A detailed view of the financial implementation per Member State is included in the annexes.

## **2.2. Response to the COVID-19 pandemic**

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, including the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) as well as the Recovery and Resilience Facility, as the largest funding element under NextGenerationEU. In 2022, the second tranche of REACT-EU, worth EUR 11 billion, was made available. By the end of 2022, the full amount of EUR 50.6 billion had been programmed through the ERDF and the ESF. By the end of September 2023, EUR 26.2 billion has been paid out through the programmes.

Financing has gone to medical institutions, researchers, business owners, employees and vulnerable people, enabling the purchase of 3.7 billion items of personal protective equipment and around 12 500 ventilators as well as supporting more than 920 000 enterprises <sup>(9)</sup>.

As of September 2023, EUR 8.7 billion was allocated to green investments under REACT-EU (of which EUR 6.6 billion to climate actions) and EUR 3.1 billion to the digital economy; EUR 8.7 billion was allocated to enterprises and business support; EUR 8.8 billion to the health sector and EUR 12.7 billion to labour market measures.

Within Cohesion Policy, under REACT-EU, the ESF is the primary source of support for 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 support for short-time work arrangements, supplementary wages for healthcare personnel, IT equipment, protective equipment and services for vulnerable groups.

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 context of the COVID-19 pandemic. EUR 210 million of the EMFF funding was

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<sup>(7)</sup> National administrations tend to submit reimbursement requests to the Commission towards the end of the financial year.

<sup>(8)</sup> This figure includes EUR 49.4 million in ERDF and CF decommitments, EUR 15.7 million in EAFRD decommitments and EUR 1.65 million in EMFF decommitments. There were no ESF decommitments in 2022.

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

committed to mitigating the impact of the COVID-19 pandemic and more than half (59%) of this was allocated to mitigate the impact of the temporary cessation of fishing activities.

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

In Italy and Spain, a large part of the vaccination campaign against the COVID-19 virus was co-financed by REACT-EU funding. More than EUR 2.5 billion has been used to secure the doses of vaccines needed to protect the whole population of the two countries.

Through the ‘Digital Plan’ project implemented in the city of Montpellier in France, REACT-EU has helped tackle the lack of digital equipment in local schools that was revealed during the COVID-19 pandemic. The EUR 3.5 million grant from REACT-EU allowed every teacher to be equipped with a laptop and every class to have video projectors to ensure pedagogical continuity as well as the modernisation of teaching and learning methods. This will help enhance digital knowledge and skills, reduce school failure and ensure pedagogical continuity in the event of a new health crisis.

In Finland, the [EAFRD-funded KoroKausi project](#) helped farmers to overcome the serious shortage of seasonal workers caused by the COVID-19 pandemic, which was driving several farms into bankruptcy. The project helped to find employees for almost all farms that sought help from the service. Communications campaigns were carried out and an online networking platform was established, with about 7 000 registered users and the number of available farm jobs peaking at around 2 100. Similar projects in response to the COVID-19 pandemic have been funded by the EAFRD in several other Member States.

## **3. IMPLEMENTATION BY KEY THEME**

The following sections provide an overview of the ESI Funds’ achievements by main policy area and theme as reported by the Member States at the end of 2022.

### **3.1. Smart growth**

Using the ESI Funds to promote research and innovation is key to helping Member States and regions create the conditions necessary for economic growth on the ground. Supporting innovation through smart-specialisation strategies is key to a range of Commission priorities (particularly to the European Green Deal; an economy that works for people; and making the EU fit for the digital age).

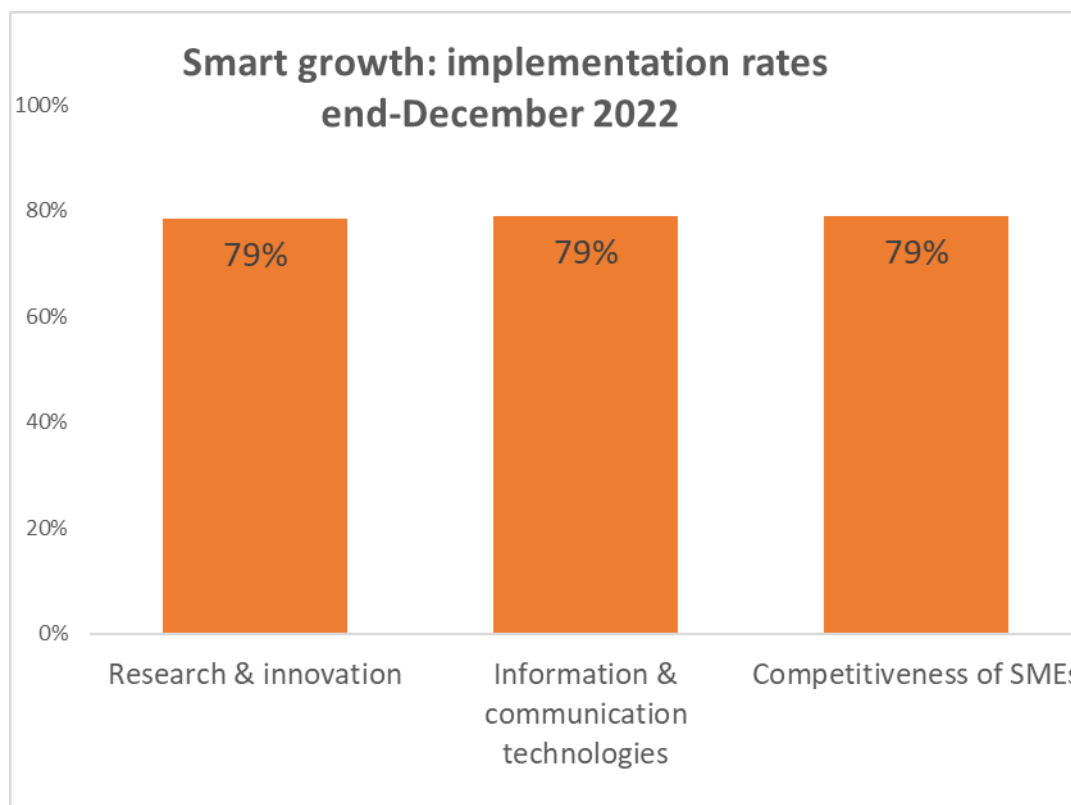
The following achievements had been recorded by the end of 2022:

- around 5 million SMEs received support, representing a 25% increase compared to the 4 million enterprises that had received support at the end of 2021;
- more than 75 000 enterprises had cooperated with research institutions;
- around 37 000 enterprises had introduced new products onto the market, which exceeded the target of 32 000 enterprises set by the programmes;
- over 7.8 million households were already benefiting from improved broadband access thanks to ERDF-financed 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 received support from the EAFRD to enhance the accessibility, use and quality of ICT for a total amount exceeding EUR 1.1 billion. More than 5.1 million people in rural areas have benefited from improved IT infrastructure or services.

Smart-growth investments make up around 28% of total ESI funding. EUR 211 billion was dedicated to the three themes which are part of the smart growth chapter: **research and innovation** (EUR 74 billion), **information and communication technology** (EUR 19 billion) and **SME competitiveness** (EUR 118 billion) <sup>(10)</sup>.

By the end of 2022, EUR 166 billion (corresponding to 79% of the allocation for this chapter) had already been paid to project beneficiaries. This represents an increase of 16 percentage points on the previous year. The figure below gives a more detailed breakdown of the implementation rate for each of the three themes.

Figure 2 Smart growth implementation rates



There are no significant differences in the financial progress across the different themes. In the case of investment in research and innovation activities, 79% of the total planned amount has already been spent. This is comparable with the information and communication technologies theme, where 79% of the total amounts have been spent.

The ESI Funds also enable companies to grow and become more productive and competitive and enable businesses to introduce innovative solutions. Overall, EUR 118 billion (16% of the total budget) is planned for enhancing the competitiveness of EU SMEs, the largest single theme in the budget. By the end of 2022, 79% of the planned amount had already been spent.

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<sup>(10)</sup> The 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 “multithematic objectives”.

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

The regional Italian ERDF-Sicily programme has contributed EUR 7.5 million to supporting the research infrastructure for the [Mediterranean Institute for Transplantation and Advanced Specialised Therapies](#) (ISMETT). A transplant centre of excellence and a reference hospital for the entire Mediterranean area, ISMETT is involved in important research projects to provide patients with the most advanced therapies for end-stage vital organ failure.



The [Sustainable Bottom Line 2.0](#) project received EUR 1.8 million from the ERDF to help SMEs in the capital region of Denmark with green and circular business development. Around 100 enterprises received a circular potential assessment and around 80 enterprises developed green and circular business models that led to energy and resource efficiency, improved competitiveness and enhanced growth potential. This led to a reduction of almost 7 000 tonnes in greenhouse gas emissions (GHG), almost 100 000 gigajoules (GJ) reduction in energy consumption and a reduction of almost 2 000 tonnes in material consumption.



The ERDF invested around EUR 4 million in the development of a [practical training centre](#) in the Kaunas Technical Vocational Training Centre in Lithuania. The project consisted of the modernisation of the premises, the creation of a modern environment for training aircraft-repair specialists and the acquisition of specialised training equipment. The project created the first practical training base in Lithuania for aircraft repair as well as hybrid vehicle repair.

The ERDF has provided support to the [CYENS Centre of Excellence](#) in Nicosia, Cyprus. The Centre is an integrator of academic research and industrial innovation with the aim of promoting sustainable scientific, technological and economic growth. It facilitates the exploitation of research outcomes and supports innovative start-ups in fields such as interactive media, intelligent systems, emerging technologies (e.g. artificial intelligence and 5G) and art and technology. The Centre promotes measures that benefit both Greek and Turkish Cypriots.

EMFF supported Wageningen University & Research in the Netherlands in developing a digital tool to implement a '[Fully Documented Fishery](#)'. The tool uses artificial intelligence to automatically recognise the species and size of each fish, thus facilitating the handling of fish and the recording of catches on board vessels as well as providing valuable data for fisheries management. The tool increases transparency not only for the sector itself but also for consumers and NGOs. The tool could also facilitate the management of fisheries for all partners.



The '[North Sweden Cleantech](#) - the climate-smart innovation site of the future' project has supported companies that work in the fields of cleantech, green technology and sustainable solutions. The ERDF has contributed EUR 1 million to strengthening the innovation capacity of SMEs. The platform provides business-development support and serves as a networking forum for over 100 companies in northern Sweden.



In Portugal, the Lisbon 2020 programme financed the [Institute for Experimental and Technological Biology \(IBET\)](#) with EUR 7.7 million for the construction of a building with laboratory spaces, and analytical and biological production platforms. As a result, a new cycle of technical and scientific advances was initiated in the new building, notably through partnerships with the bio-

pharmaceutical industry (specifically in the areas of vaccines and gene and cell therapy). The building is a step forward in terms of energy efficiency, with shading systems, air-treatment units with energy recovery, a centralised technical management system and smart lighting. When fully operational, it will incorporate a team of 25 technicians by 2025.

In Ireland, the EAFRD supported the villages of Piltown and Fiddown (south-eastern Ireland), which had not been included in the national broadband plan, to build their own community-owned broadband network. The [Broadband 4 Our Community project](#) became a model of social and financial innovation and was able to attract co-funding from local businesses to support and facilitate the installation of the infrastructure needed to create a 'fibre to the premises' network. The project has provided 750 homes and businesses in Piltown and Fiddown with high-speed internet.

### 3.2. Sustainable growth

The ESI Funds are supporting investment in a climate-neutral, clean and circular economy as well as in the environment and climate change adaptation. They are thus making an important contribution to achieving the goals of the European Green Deal.

By the end of 2022, the following tangible achievements had been recorded:

- 6 000 MW of renewable energy production capacity had already been installed (the target is 8 700 MW);
- over 550 000 households had benefited from improved energy performance conditions (the target is 620 000 households);
- 3.5 terawatt-hours of energy consumption in public buildings was being saved annually (the targeted reduction is 6.5 terawatt-hours);
- flood protection measures will reduce the vulnerability of almost 20 million people, of which 17 million are already being less exposed to flood risks due to investments supported;
- progress has continued with improving the management of agricultural and forest land on restoring, preserving and enhancing ecosystems, including biodiversity,

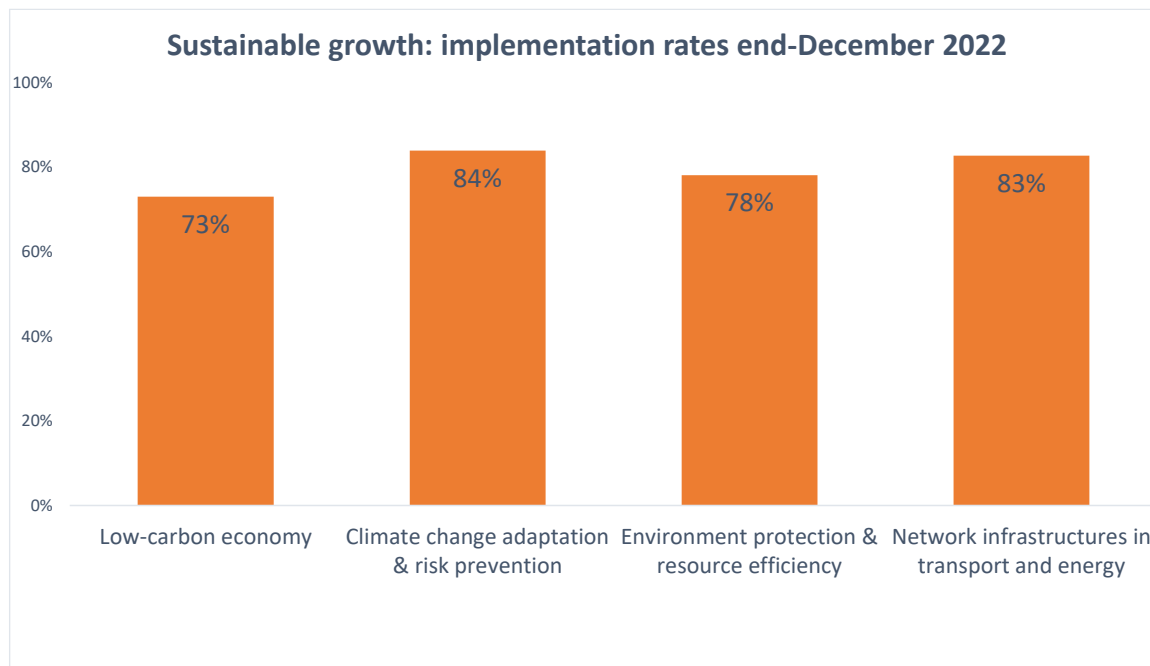
water and soil, carbon sequestration and conservation, and reducing the emission of greenhouse gases and ammonia emissions in agriculture. At the end of 2022, the EU had already exceeded its 2025 targets in these areas;

- EUR 1.8 billion (equal to nearly 34% of the total EMFF support committed to the fisheries and aquaculture sectors) had been allocated to preserving and protecting the environment (for example, through protection of Natura 2000 areas) and to promoting resource efficiency and reducing waste.

Sustainable growth investments make up around 37% of the total ESI funding. EUR 273 billion is planned for the four themes of the sustainable growth chapter. They cover investments in: a **low-carbon economy** (EUR 55 billion), **climate change adaptation and risk prevention** measures (EUR 51 billion), **environment protection and resource efficiency** (EUR 90 billion) and support for **network infrastructures in transport and energy** (EUR 77 billion).

By the end of 2022, spending amounted to EUR 217 billion (80% of the planned total for this chapter). The figure below gives a more detailed breakdown of the implementation rate for each of the four themes.

Figure 3 Sustainable growth implementation rates



There are important differences in the financial progress made across the different themes. Climate change adaptation and risk prevention is the fastest progressing theme (84% of the total budget has already been spent by the end of 2022). The investments in network infrastructures in transport and energy have continued to accelerate (with 83% of the total planned amounts already spent). Environment protection and resource efficiency is next in terms of spending (78% of the total budget already spent – slightly below the average for the sustainable growth goal). The least-performing theme is low-carbon economy (only 73% of the total budget already spent).

The ESI Funds have been the main EU public finance support for clean energy. They have financed energy efficiency through building renovation, the development of renewables and energy networks. This has enabled several Member States to set up large-scale renovation programmes for residential buildings, so that thousands of households are now

benefiting from reduced energy bills and increased comfort. SMEs have also received support in improving their energy efficiency, cutting their energy costs and improving their competitiveness.

Significant support was also provided to boost investment in renewable energy sources (e.g. marine energies, and the deployment of solar and wind energy in energy communities and small-scale installations). This has contributed to energy security and created new jobs and businesses in the EU's renewable energy sector. The 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 EU has established an overall climate-spending target of at least 20% of the EU budget for 2014-2020. The ESI Funds allocate 26% of their total budget to climate action objectives. Investments in the low-carbon economy, the circular economy, risk prevention, environment protection, clean urban mobility, and research and innovation activities are among those which contribute towards these objectives.

By the end of 2022, EUR 25.3 billion had been spent by projects under the ERDF. Under the EAFRD, a wide range of actions were co-financed, with a total of 58% (EUR 78.7 billion) of the total EAFRD allocation linked to climate actions.

Nevertheless, some Member States report challenges in the implementation of programmes (including projects contributing to meeting the climate objectives). The Commission continuously monitors lower-performing programmes in order to help them better implement their actions. Annex 3 provides more details on the other funds' climate allocation and spending <sup>(11)</sup>.

#### **Examples of projects funded by ESI Funds contributing to sustainable growth**

The [renovated railway network in South Moravia](#) was one of the biggest Cohesion Policy investments in Czechia. The renovation of this line also involved the acquisition of 37 new electric trains. It will contribute to the decongestion of traffic during peak hours in the busy South Moravian railway, which carries approximately 22 million passengers every year. This project benefited from EUR 223 million of Cohesion Policy funding (the total project budget was EUR 265 million).



In Carinthia in Austria, REACT-EU funds supported the [LOCA2Transformation](#) project. Its purpose was to raise awareness among the companies operating in the energy-intensive traditional sectors in Lower Carinthia about the issue of climate neutrality and to help them

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<sup>(11)</sup> The tracking of Cohesion Policy climate action can be explored in the Cohesion Open Data [climate tracking tool](#).

contribute to meeting the objectives of the European Green Deal. Researchers from Alpen Adria University and the Joanneum Research research centre carried out a survey among enterprises, organised workshops and produced a [manual](#) for businesses on how to transform their business models to achieve the Green Deal objectives.

The French Réunion Island has set up a system of [photovoltaic vouchers](#) to enable the setting-up of photovoltaic solar installations in private households connected to the public electricity distribution system. The ERDF contributed EUR 5.7 million to the implementation of this project (almost 85% of the project's total budget). The project is helping to reduce the carbon footprint and develop a local model of green electricity generation, and meets the needs of individuals, encouraging them to take an active role in Réunion's energy transition.



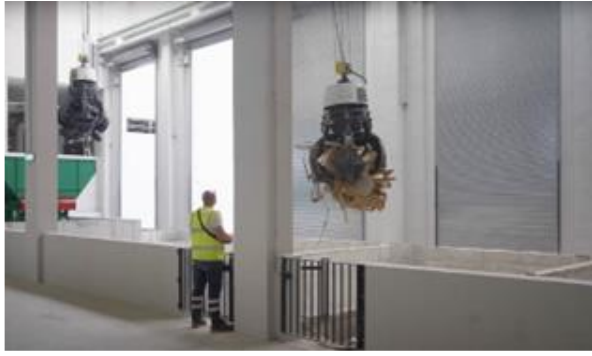
Through the Cohesion Fund, Bulgaria invested EUR 42 million in a vital project to improve urban transport and air quality in Sofia by acquiring 29 modern trams. This upgrade has not only reduced emissions but also cut maintenance and electricity costs while boosting operational efficiency. Promoting the use of trams rather than private cars is a significant step toward cleaner air and sustainable urban transport in Sofia.

In Slovenia, the Cohesion Fund has invested in better trains for commuters by contributing EUR 101 million to the upgrade of the Maribor-Šentilj railway line. There are now 84 trains (instead of 67) every day between Slovenia's second largest city and the Austrian border with 18 kilometres of new tracks, 12 kilometres of noise barriers and modernised stations with park-and-ride sites.

The EMFF has provided financial support to the [PuertAlMar](#) project in the harbour of Vigo in Spain. The port is pursuing an ambitious Blue Growth strategy that includes an objective to restore marine ecosystems within the port area and to engage with the public to raise its awareness of marine biodiversity. With the PuertAlMar project, innovative biomimetic materials have been tested in the harbour and successfully boosted the presence of local marine invertebrate fauna, which ultimately attracts larger species and helps to restore healthy ecosystems.



In Malta, the Cohesion Fund supported the setting-up of a multi-material recovery facility in Ħal Far. The objective is to improve the waste management capacity by separating recoverable materials before the residue is landfilled, reducing waste in landfills and by



maximising re-use. The facility will collect wood, textiles, electrical waste and electronic equipment. This is expected to amount to about 14 000 tonnes in the initial years and rise to almost 20 000 tonnes by 2029. This will save precious land on the island and protect the environment.

The “[E-BUS RGTR](#)” project, which is financed by REACT-EU, has equipped the regional bus network with new electric buses in Luxembourg. This EUR 35 million project contributes to the Cohesion Policy objective of reducing CO<sub>2</sub> emissions from combustion-engine vehicles. It is a pilot project and the installation of electric bus lines will be continued with the objective of achieving zero emissions on Luxembourg’s network of buses by 2030.



The biggest geothermal heating system in the EU was inaugurated in Szeged in southern Hungary in 2023. The EU has contributed with EUR 23 million to provide clean, renewable and affordable energy to over 28 000 households and over 400 public buildings in the area. This will reduce energy costs and the city’s greenhouse gas emissions by 60%. The fact that more than 25% of the EU’s

population lives in areas with sufficient geothermal resource means that many other EU regions can use renewable energy to transition away from dependency on Russian gas.

In Estonia, the EAFRD supported a rural start-up business to develop an innovative packaging material to replace plastic bubble wrap with waste wool. The [Woola project](#) is helping to reduce waste – as farmers would usually bury or burn up to 90% of the wool they produced every year – and to establish a practical system for recycling waste wool. Moreover, wool-based packaging materials can be sustainably reused multiple times, so a returns system for customers has been put in place. The project is also supporting the creation of new employment opportunities.



Preventing and fighting wildfires in the forests and rural areas of Greece and Italy is one of the biggest challenges for the local firefighters. Early detection of forest fires in the regions of Apulia in Italy and Epirus in Greece is now possible thanks to a network of cameras, sensors and weather stations. Computer models help predict their spread, ensuring that authorities can respond rapidly and effectively. The ERDF-financed [OFIDIA2 project](#) is helping to save property and lives

threatened by an increasing number of forest fires in the Mediterranean region’s hot and

dry summer months. A network of high-definition cameras, sensors and weather stations connected to control rooms covers 100 hectares of forest in Apulia. In Greece, cameras, drones and two off-road vehicles watch over more than 15 000 km<sup>2</sup> of forest in Epirus.



The longest EU-funded underwater tunnel in the EU has opened in Poland. The [Świna tunnel](#) connects the islands of Uznam and Wolin, and the city centre of Świnoujście with the rest of the country. It allows seamless transportation for locals and visitors and serves as a catalyst for the region's economic development. Świnoujście is also one of Poland's top tourist

destinations, attracting approximately 2.5 million visitors per year, who will now also benefit from the new tunnel. The project received EUR 162.3 million of Cohesion Policy funding (the total budget was EUR 191.5 million).

One of the biggest Cohesion Policy-funded projects, the Brăila suspension bridge in Romania, was opened this year. It connects the Black Sea ports and the Danube delta with the rest of the country and with the wider Trans-European Transport Network. Cohesion Policy funds contributed EUR 363 million to this project. The four-lane bridge is



two kilometres long and 38 metres above the river. It is the largest in Romania, the largest over the Danube and the third largest suspension bridge in the EU. It is expected to cut travel time by around 50 minutes and to be used by around 11 400 vehicles a day.



Substantial ERDF support enabled the Pelješac Bridge in Croatia to be completed in July 2022. The bridge is over 2.4 kilometres long and provides a direct road link between mainland Croatia and South Dalmatia. It significantly reduces travel time (cutting the journey from 59 to 22 minutes) and makes South Dalmatia more accessible.

### 3.3. Inclusive growth

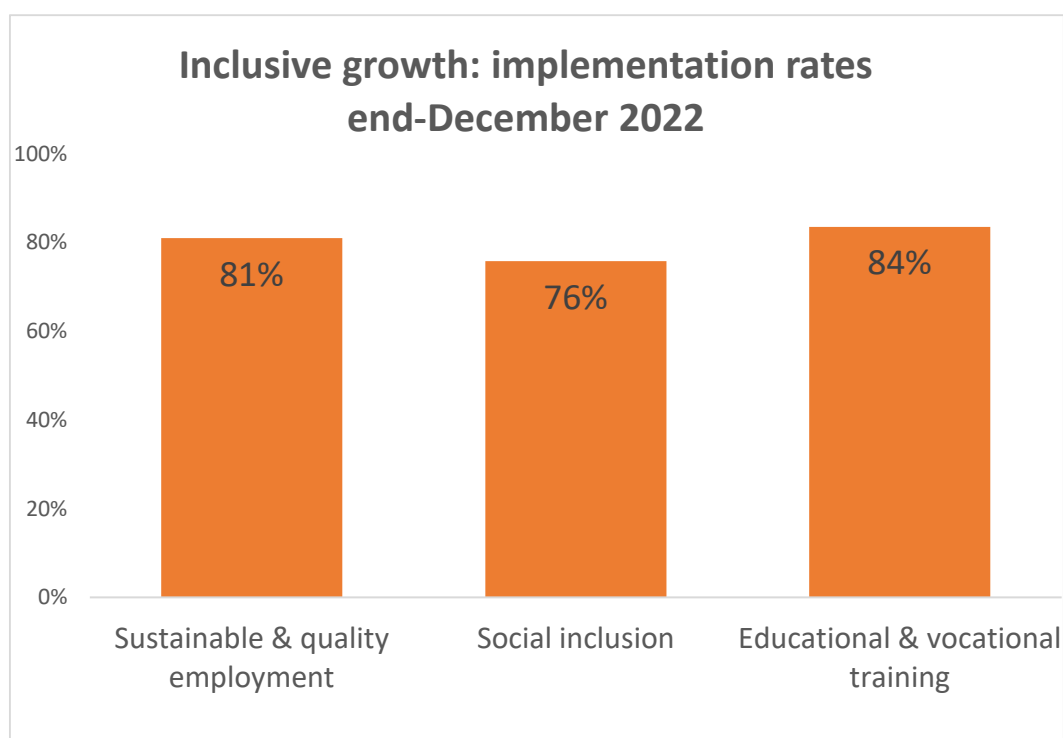
The EU has been continuing to drive forward its social agenda, in particular since the adoption of the European Pillar of Social Rights. In this context, the ESI Funds have underpinned structural reforms – such as modernising public services; encouraging youth employment; reducing poverty and inequalities; and addressing gender inequality, homelessness and housing exclusion.

By the end of 2022, projects to improve employment opportunities had achieved the following:

- 64.5 million participants had been supported by the ESF and the Youth Employment Initiative (YEI), including 22.2 million unemployed and 24.9 million inactive participants;
- out of those supported, 1.5 million people were engaged in job searching, 3 million were in education or training, 10.2 million had gained a qualification, 7.4 million were employed upon leaving the ESF operation and 6.8 million were employed six months later;
- support had been provided to almost 4.1 million disabled people and just over 9.1 million people from marginalised groups (e.g. migrants, people with a foreign background and minorities);
- 47% of the participants were low-skilled and 14% were migrants, had a foreign background or were from minorities.

Investments in inclusive growth make up about 24% of the total ESI funding. EUR 179 billion is available for the three themes in this chapter: **sustainable quality employment**, (EUR 60 billion), **social inclusion** (EUR 71 billion) and **educational and vocational training** (EUR 47 billion). By the end of 2022, spending amounted to EUR 142 billion (79% of the planned total for this chapter).

*Figure 4 Inclusive growth implementation rates*



There are differences in the financial progress made across the different themes. Educational and vocational training is the fastest progressing theme (84% of the total budget has already been spent). The investments in sustainable and quality employment come next (81% of the total planned amounts has already been spent). Social inclusion comes last in terms of spending (76% of the total budget has already been spent – slightly below the average for the inclusive growth chapter).

The COVID-19 crisis has had a ripple-effect throughout society and affected people in different ways. The EU's social agenda and the European Pillar of Social Rights are more

than ever key to mitigating the economic and social impact of the COVID-19 pandemic and making EU 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 underpinning structural reforms, such as modernising public services, encouraging youth employment and reducing poverty and inequalities.

### The CARE and SAFE instruments

To help EU countries and regions deal with refugees fleeing the Russian aggression against Ukraine, the Commission proposed the [CARE package](#) (Cohesion's Action for Refugees in Europe). Apart from this direct refugee support, CARE measures have helped alleviate the burden on Member States' national budgets by disbursing additional liquidity of about EUR 13.6 billion. 17 Member States have so far used the proposed flexibilities and reprogrammed about EUR 1.3 billion to support refugees. The most common measures under CARE are the inclusion of war refugees in mainstream social integration programmes, provision of healthcare, food, basic assistance and guidance for the job market. Such measures often also include language courses, education, social services and childcare. Similar support will continue from the 2021-2027 programmes, which also encourage integration actions.

The [SAFE instrument](#) (Supporting Affordable Energy) addresses the consequences of high energy prices for businesses in specific high-energy-consumption sectors. It also allows further redirection of unspent funds so that they can be used to support SMEs and vulnerable households particularly affected by the high energy prices and to finance short-time work schemes to keep people in jobs. Since its entry into force on 28 February 2023, the first programme amendments have already started coming in and more are expected.

For **social inclusion**, to which the ESF is the biggest contributor, the projects selected so far represent funding of almost EUR 62 billion. As a result of EU support under the ERDF, the capacity of childcare and education infrastructure was increased for more than 24 million people and 63 million people now benefit from improved health services across the EU.

The EAFRD has supported over 175 000 operations to enhance social inclusion in rural areas. It has 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 over 60% of the EU's rural population and bring together public, private and civil-society stakeholders in particular areas.

A specific measure was activated under the EAFRD to provide exceptional temporary support to farmers and rural SMEs that were particularly affected by the impact of Russia's full-scale invasion of Ukraine. The measure was implemented in 26 national or regional rural development programmes in 10 Member States for a total planned public spending amount of EUR 548 million. By the end of 2022, this had allowed more than 34 000 farms and 450 SMEs to receive support.

For **education and training**, EUR 52 billion had been earmarked to selected projects. By the end of 2022, ESF and YEI support had benefited 29.8 million low-skilled people, helped 10.2 million to gain a qualification and helped 3 million to be in education and training.

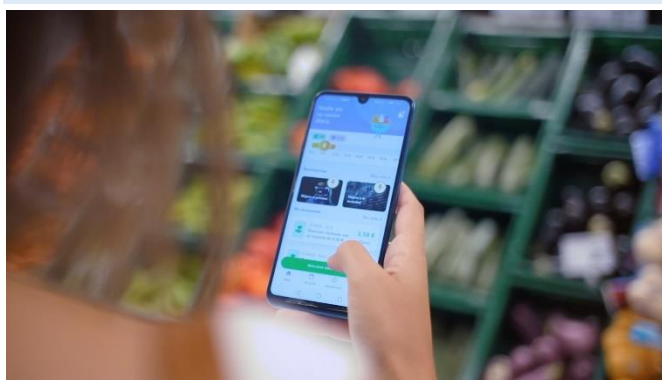


## Examples of projects funded by ESI Funds contributing to inclusive growth

The [Pelgulinna state gymnasium](#) in the Estonian capital Tallinn was opened in September 2023. The building followed the principles of sustainable architecture (New European Bauhaus) and the main building material used was local wood. The school has a modern and innovative learning environment and has capacity for around 330 pupils. The ERDF provided EUR 28 million in funding (the total budget was EUR 33 million).



The FAST-CARE initiative played a crucial role in helping Slovakia to tackle the humanitarian crisis and suffering arising from the consequences of the Russian invasion of neighbouring Ukraine. More than EUR 300 million has been activated to help with the reception and housing of war refugees. The initiative covered the costs of transport services, psychological and medical help. Moreover, Ukrainian pupils received vouchers to purchase IT equipment to speed up their integration into the Slovak education system.



In Spain, EU funding has helped the Valencian Institute of Finance create a line of credit through which participative loans are offered to support the growth and development of start-ups in the Spanish autonomous community of Valencia. Priority is given to companies that demonstrate a high degree of innovation. One example of a company supported through

loans is [FoodRation4All](#), which is dedicated to actions with a social impact in the food sector. The company's main project is called 'Nadie sin su ración diaria' (No-one without their daily ration). It consists of an app that makes donations to food banks easier and thus supports the social inclusion of people who rely on them.

With funding from the ESF, the "Integrated community services" project in Romania provides support services to over 100 marginalised communities. Vulnerable Romanians have found the support they need to manage a difficult environment, giving them a chance to receive education and essential medical services, and to avoid isolation and social exclusion. The project's aim was to remedy low levels of education and limited access to social and medical services by offering school counselling, career guidance, community nursing and social services. Activities are currently being scaled up with support from the ESF+ to support a further 2 000 communities as part of the Romanian [Social Inclusion and Dignity programme](#).



Thanks to ERDF support, a vocational rehabilitation unit has been set up in Krosno, in the Podkarpackie region of eastern Poland. The unit is managed by the Polish Association for People with Intellectual Disability. The project has improved the employment prospects of 26 people with moderate and severe mental disabilities. As part of the project, two new production and service departments were created: a handicraft store called ‘Artistic Haven’ and a sweet shop known as ‘Na polance’ (In the clearing).

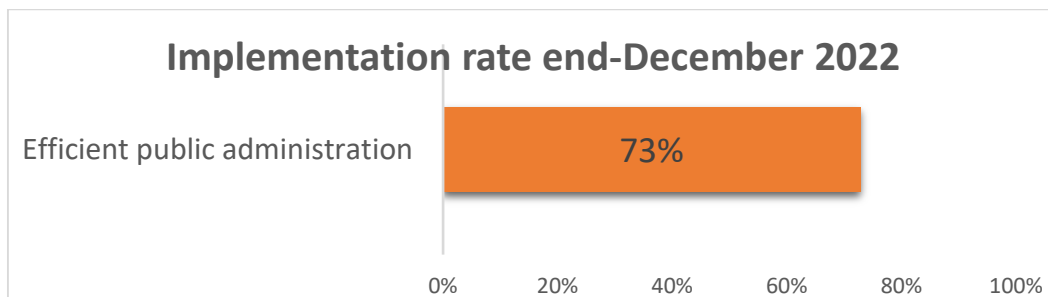
Thanks to CARE, EUR 4 million from REACT-EU has been allocated to Germany’s ‘Employment pilot for Refugees’ project in the state of Rhineland-Palatinate to help Ukrainians integrate into German society. The project focused on helping people overcome the barriers they faced upon arrival – such as the lack of childcare, and helped them search for housing or language courses. The project provided tailored support and advice on how to best navigate social services.

In Greece, the EAFRD helped to establish a pasta- and jam-making workshop for young people with severe intellectual disabilities. The [‘AxiZO’ workshop](#) provided training and employment opportunities for this vulnerable group under the supervision and support of the specialised staff of the Agioi Theodoroi association. This is a unique service in the Rodope Prefecture (north-eastern Greece) as it benefits people with intellectual disabilities who are not eligible for government support. The project tackled social exclusion and discrimination by promoting local development through the creation of jobs and the diversification of income sources for local producers.

### 3.4. Strengthening institutional capacity and efficient public administration

EUR 6.8 billion has been earmarked for projects addressing institutional capacity and reforms. Spending on the ground amounted to EUR 4.9 billion (73% of the planned total). This effort was complemented by support provided, in addition to the ESI Funds, through the Structural Reform Support Programme, which has now been transformed into the Technical Support Instrument <sup>(12)</sup>.

Figure 5 Efficient public administration implementation rate



<sup>(12)</sup> 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, the ESF has supported:

- 840 000 participants through lifelong learning and training courses;
- 3 000 projects targeting national, regional or local public administrations or public services.

### **An example of a project funded by ESI Funds that contributes to strengthening institutional capacity and public administration**

The Portuguese municipality of Funchal has implemented the ERDF-supported ‘Citizens’ store’ project which has centralised both face-to-face services and online services on a single online platform. The project has restructured the municipality’s internal functioning and more efficient and productive working methods have been adopted. New IT systems were also acquired as part of the project that will contribute to reducing bureaucracy, managerial inefficiency and lengthy procedures.

### **3.5. Territorial and urban development**

In 2014-2020, around EUR 42 billion was planned for integrated territorial development and sustainable urban development under the key objectives presented in the sections above. By the end of 2022, 65% of the planned Cohesion Policy allocation had been spent (EUR 27 billion) – up from 52% at the end of 2021 but still significantly below the 75% average rate of spending.

The projects selected under integrated development strategies will deliver:

- 49 million m<sup>2</sup> of renovated or newly developed urban open space accessible to the public;
- around 4 million m<sup>2</sup> of renovated or newly-built public buildings and over 28 000 renovated housing units.

### **An example of a project funded by ESI Funds that contributes to territorial and urban development**

The previously abandoned Wintercircus in Ghent, in Belgium’s Flemish Region, has been transformed into a hub for culture, entrepreneurship and innovation by an ERDF-funded project. With total floor space of over 6 000 m<sup>2</sup>, it houses an underground concert hall with 500 seats and 4 350 m<sup>2</sup> of co-working and office facilities for creative and technology start-ups and scale-ups. The 1 200 m<sup>2</sup> former circus arena is the centrepiece of the structure, which also contains a cafe, a restaurant, a terrace bar and a shop.



### 3.6. Territorial cooperation - Interreg

The ERDF provides support to European territorial cooperation programmes that invest in cross-border, transnational and interregional cooperation. These programmes account for almost EUR 13 billion of the planned allocation, of which EUR 10 billion has already been spent (80% of the planned amount). The financial implementation of the cooperation programmes was in line with the implementation of programmes at national/regional programmes at the end of 2022.

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 40 000 enterprises have participated in cross-border, transnational or interregional research projects;
- more than 178 000 people have participated in labour mobility initiatives;
- more than 190 000 young people have participated in joint education and training schemes across borders.

#### Examples of projects funded by ESI Funds that contribute to supporting territorial cooperation



The DESAL+ project was mainly implemented in the Canary Islands as well as in Madeira and the Azores islands. Its aim was to increase excellence in R&D in water desalination and in knowledge of the desalinated water-energy nexus. The ERDF co-financed the ERDF as part of the Interreg Madeira-Azores-Canary Islands Territorial Cooperation Programme.

The transnational [SUMBA](#) project helped city planners and authorities in the Baltic Sea region to boost sustainable urban mobility through tools that help to assess, plan, and integrate intermodal mobility solutions into the transport plans and policies of their cities and municipalities. [SUMBA+](#) studied and tested measures that facilitate intermodal and sustainable commuting, such as mobility hubs, circulation plans, bicycle libraries and digital means of communicating transport strategies.

The ERDF has co-financed the [Interreg EMR Connect project](#), which has improved cross-border cooperation between public transport operators in the Euregio Meuse-Rhine region, which spans the borders of Belgium, Germany and the Netherlands. It has created new tariffs, tested new technologies and expanded services like e-bike-sharing. The most important achievement was the testing and implementation of an innovative interoperable ticketing system between Germany and the Netherlands that could be expanded to Belgium too.



#### **4. EVALUATION WORK BY THE MEMBER STATES**

With the approaching end of the implementation phase of the 2014-2020 programming period, the evaluation activities of the Member States have continued, with a steady effort to assess the impact of the actions supported by the ESI Funds and a progressive reduction in the number of evaluations oriented to assessing implementation-related aspects.

The findings of evaluations carried out in the Member States are typically related to the specific context in which the supported actions are carried out. It would not be correct to draw conclusions regarding the general validity of the findings, but in some cases the number of evaluations and their geographic coverage makes it possible to identify some consistent effects.

These consistent effects include strengthened cooperation between research centres and businesses, leading to an increased capacity of businesses to innovate and to open up new commercial opportunities. In the agricultural sector, a large proportion of evaluations have shown positive effects on the competitiveness of farms.

Along the path of the green and digital transitions, there are positive results in the generation of renewable energy and reduced consumption in businesses as well as in private and public buildings, and in the availability of digitalised services for public authorities and businesses.

Evaluations of the effects of the COVID-19 pandemic on the implementation of the programmes have shown that the health crisis was a major factor in reducing participation in projects, delaying implementation and increasing the risk of not achieving targets. Similar adverse effects were also due to the increase in energy prices and, more generally, high inflation and the war in Ukraine (especially in Member States bordering Ukraine).

In parallel, the Commission is working on its *ex post* evaluation of the 2014-2020 funds, which will deliver its results at the end of 2024. These findings, together with evidence from Member States' evaluations will contribute to the mid-term review of the 2021-2027 programmes and to the design of the new post-2027 programming period.

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 the ESI Funds.

#### **5. CONCLUSIONS**

The ESI Funds have been stable drivers of investment in the EU for more than 30 years. With their long-term span and thematic focus, they have channelled resources towards strengthening the economic, social and territorial cohesion of the EU regions. They have provided strong support to help regions and companies overcome the challenges of the green and digital transitions. They have also helped workers to gain skills that allow them to be more productive and obtain better jobs.

The temporary disruptions caused by successive crises have been used as opportunities to recalibrate the focus of the ESI funds and their implementation systems. The health crisis triggered by the COVID-19 pandemic led to the injection of new resources and to adjustment of the rules to better fit the new circumstances. Financing went to those who were most affected, such as vulnerable people, employees, SMEs and medical institutions.

From the early stages of the refugee crisis triggered by Russia's full-scale invasion of Ukraine, the Member States and the Commission have been quick to counter the negative consequences and provide relief to those most exposed. The Cohesion Policy programmes were amended in record time in order to make that possible. The Cohesion's Action for Refugees in Europe (CARE) instrument as well as two other similar initiatives (CARE+ and FAST-CARE) provided support for long-term integration paths for refugees as well as immediate relief measures, in particular in housing and healthcare.

As for the interlinked energy emergency triggered by Russia's full-scale invasion of Ukraine, the EU swiftly provided assistance to vulnerable households, workers and SMEs facing increased energy costs by adopting the Supporting Affordable Energy instrument (SAFE). In addition to this quick emergency response, Cohesion Policy has continued to provide public finance support to the development of renewables and energy networks as well as energy efficiency measures. Russia's full-scale invasion of Ukraine has confirmed the critical importance of energy security and the need to transition to a climate-neutral economy.

Apart from the quick response to the different crises, the ESI Funds have continued to champion long-term investments in growth and jobs, to invest in human development and to encourage EU territorial cooperation. The concrete achievements detailed in this report amply demonstrate this.

The financial resources made available through the 2021-2027 budget continue to target key investments in jobs and growth, focusing on a more inclusive EU and a greener, low-carbon economy. The EUR 378 billion (EUR 545 billion if one includes national co-financing) made available under Cohesion Policy for the coming years is expected to create 1.3 million jobs and increase the EU's GDP by 0.5% by 2030. The ESI Funds will support around 850 000 enterprises. More than 6.5 million unemployed people will be helped with reskilling and upskilling and more than 3.5 million households and enterprises will benefit from very high capacity broadband. Cohesion Policy funds will provide 16.4 million people with a clean water supply and improve energy performance in more than 723 000 dwellings as well as increase renewable energy production capacity by 20 000 MW (the equivalent of over 8 000 windmills or about 20 new nuclear plants).