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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE EVALUATION

*Preliminary evaluation of the support provided by the ESF and FEAD under the
Coronavirus Response Investment Initiatives (CRII and CRII+)*

{SWD(2023) 249 final}

EXECUTIVE SUMMARY

The aim of this document is to present the main findings and lessons drawn from the preliminary evaluation of the support provided by the European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD) under the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus (CRII and CRII+). The evaluation focused on the process of reacting to the crisis caused by the COVID-19 pandemic as it was too early to assess the effects of the response. The document is based on the results of an external study completed in December 2022.

BACKGROUND

As an immediate response to the public health crisis and its emerging socio-economic impacts, the Commission adopted two initiatives in March and April 2020: the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus. They granted Member States unprecedented flexibilities to plan and implement COVID-19 anti-crisis operations and address the acute needs of the population, by using resources unspent during the 2014-2020 programming period from the European Structural and Investment Funds (ESIF) and the Fund for European Aid to the Most Deprived (FEAD).

The flexibilities in using the ESF under CRII and CRII+ included:

- eligibility of coronavirus crisis related expenditure under cohesion policy rules,
- retroactive eligibility of expenses,
- 100% co-financing, financial reallocations between Funds and between categories of regions,
- waiver of thematic concentration requirements,
- not issuing recovery orders for 2020,
- postponement of deadline for submission of the Annual Implementation Report scheduled for 2019,
- providing working capital to SMEs through financial instruments.

Flexibilities in using FEAD under CRII and CRII+ included:

- reallocation of funding within FEAD operational programmes,
- use of electronic vouchers / cards,
- 100% co-financing, retroactive eligibility,
- purchase of personal protective materials and equipment for partner organisations
- lighter control and audit trail requirements.

KEY ACHIEVEMENTS

Altogether 23 Member States (plus the UK) used the response initiatives to facilitate amendments to the ESF to respond to the COVID-19 crisis. In total, 155 operational programmes in these countries were amended (82% of all ESF operational programmes). As a result, a large number¹ of anti-crisis operations (new or adjusted) could be implemented in the thematic areas of health, employment, social inclusion and education and training. The cumulative target value of ESF actions as a response to COVID-19 was EUR 5 billion, and the ESF aimed to support 4.2 million people and 118 thousand entities². Furthermore, 15 Member States used CRII+ flexibilities in FEAD programmes to implement COVID-19 operations.

MAIN FINDINGS

Effectiveness: Compared to the aftermath of the financial crisis of 2007-2008, the EU responded much more quickly and more extensively to the socio-economic challenges triggered by COVID-19. The CRII and CRII+ reached their objectives in most Member States and the UK, which used them to address the effects of COVID-19 on employment, social inclusion, education and training, and health. The extensive use of the transfer option has shown that the **CRII and CRII+ were effective in redirecting and reallocating resources where they were most needed**. The diversity of reallocations using CRII and CRII+ flexibilities in Member States, and different patterns of reallocation flows between and within funds, show that the reallocation of funds was used to suit national contexts and meet national needs. Reallocation was more commonly used in the ESF than FEAD, even when accounting for the different sizes of the funds.

ESF and FEAD absorption rates continued to increase in 2020 and 2021 in line with the previous trend, despite the crisis context and the issues created for the delivery of operations by, for example, COVID-19 restrictions. This indicates that support and **flexibilities provided through the CRII and CRII+ helped Member States to maintain, and in some cases improve, their level of contracting and expenditure**.

Governance arrangements remained largely unchanged, though in several countries there was better cooperation between institutions involved in the crisis response, sometimes in the form of ad-hoc working groups, increasing the effectiveness of the use of the CRII and CRII+ flexibilities.

Efficiency: the CRII and CRII+ facilitated an efficient process for using remaining funds to respond to the COVID-19 pandemic. They **simplified and accelerated the reprogramming process** and were thus key in helping Member States to **rapidly respond to needs on the ground**. In particular, the ability to reallocate funds in an efficient manner enabled Member States to address the pandemic's effects and maintain liquidity for broader expenditure.

¹ The supporting study identified 355 anti-crisis operations. This number, however, is subject to limitations. The financial budget of the operations could not be calculated.

² Based on the voluntary COVID-19 programme specific indicators. As not all operational programmes/operations used the indicators, the overall size of the intervention under the CRII and CRII+ might be underestimated.

There was very limited evidence of the consideration or assessment of costs and benefits arising at Member State level from the CRII and CRII+ and their use in the ESF and FEAD. There was, however, some anecdotal evidence that the initial costs to Managing Authorities due, for example, to the need to familiarise themselves with the flexibilities or introduce new indicators, were generally outweighed by benefits in terms of time/resource cost savings, compared to pre-pandemic programming. **Monitoring of the ESF crisis response improved** compared to the 2008-2009 economic crisis, thanks to the voluntary indicators developed by the Commission, which were used by 80% of the ESF operational programmes.

Coherence: ESF and FEAD operations implemented under CRII and CRII+ were in line with actions supported by the two funds before the pandemic. Alongside some new operations introduced during the pandemic, the majority of ongoing ESF and FEAD operations were **adjusted** to the circumstances imposed by the COVID-19 crisis. The most important changes in the use of ESF under CRII and CRII+ included the **broadening of target groups** to the general population rather than the targeting of specific groups; the prioritisation of actions **focusing on health and healthcare**; and an **increased focus on passive support measures** (mostly short-term working arrangements). The main changes in the use of FEAD during the pandemic were made to the process of reaching the end recipients (e.g. the introduction of e-vouchers or the use of other similar digital means to facilitate the distribution and pick-up of food and other material assistance products) and to the implementing organisations' operational processes.

ESF and FEAD operations under CRII and CRII+ were **consistent with other EU instruments supporting the crisis response** i.e. the European Regional Development Fund (ERDF), Support to mitigate Unemployment Risks in an Emergency (SURE) and Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU). Moreover, they were **well integrated into the packages of crisis measures at national level**.

Relevance: CRII and CRII+ **flexibilities were relevant for the Managing Authorities** to quickly programme operations and address the needs stemming from COVID-19's social, economic and health impacts. Some of the flexibilities (for example, the 100% co-financing rate and the flexibility to use the ESF allocation to finance ERDF investment priorities and vice versa) **were still being used under REACT-EU and Cohesion's Action for Refugees in Europe (CARE)**.

Anti-crisis operations were relevant for the general public and entities affected by the pandemic (e.g. businesses) as well as those supporting the crisis response (healthcare bodies). They have also demonstrated their **relevance to vulnerable groups** such as homeless people, people with caring responsibilities, persons with disabilities, older people, or persons at risk of poverty and social exclusion whose needs increased during the pandemic. The notable increase in participation in FEAD operations in 2020 compared to 2019 is illustrative of the relevance of FEAD under CRII+.

The pandemic resulted in an evolution of the needs of target groups and the emergence of new needs. Some of these needs were short-term e.g. maintaining jobs during lockdowns.

However, many of the needs stemmed from systemic problems which were only exacerbated by the pandemic, like the resilience of healthcare systems or inequalities in access to education. **CRII and CRII+ operations continue to be relevant in terms of addressing structural weaknesses as well as tackling new challenges**, such as digitalisation and the shift to the green economy.

Contribution to the crisis response: the CRII and CRII + provided flexibility to Member States to quickly react to the COVID-19 crisis and **implement operations more quickly** than might have been possible without them, supporting several areas of intervention.

The CRII and CRII+ enabled the use of ESF and FEAD to fund new activities in the crisis context, extending the scope of the funds to **address new target groups and support new types of actions**. The CRII and CRII+ also allowed **the scope of existing operations to be adjusted** to provide more inclusive support. Finally, the flexibilities also **facilitated the integration of ESF and FEAD funded operations into national strategies** and allowed Member States to **test new solutions**.

LESSONS LEARNT

Apart from addressing structural inequalities and supporting long-term investments, the ESF and FEAD have also proved to be **critical crisis-response instruments, while still pursuing the same core objectives**. This highlights the crucial role that such funds can play in a crisis response context.

Extending flexibilities to national and regional procedures is equally important to effective crisis response, as they facilitate access to funding for beneficiaries in emergency situations when a quick response on the ground is critical. The study shows that the process was more effective and efficient in situations where Managing Authorities or coordinating bodies made **additional efforts to coordinate and help the beneficiaries** to fulfil their obligations, including by taking on administrative burdens that would otherwise have fallen on beneficiaries. To the same end, increasing the involvement of social partners was also seen as an area for further development in terms of helping to ensure that the design of operations corresponds as much as possible to the needs on the ground.

A balance needs to be struck between flexibility in implementation and proportionate monitoring and reporting, which ensure the traceability of operations and their outcomes. Difficulties in monitoring and evaluating crisis response operations can limit the lessons learnt for how funds such as the ESF and FEAD can be used in the future.

Anti-crisis operations have revealed investment areas where ESF and FEAD operations could continue to focus during the post-pandemic recovery phase, thereby **building on the investments that were piloted during COVID-19**. These could include digitalisation in different policy areas, adaptation support for workers and employers, targeted support for the most vulnerable groups and investments to strengthen healthcare systems. The lessons learnt during the COVID-19 crisis are, to an extent, relevant to the needs emerging in the context of the Russian war of aggression against Ukraine. **The** implementation of anti-crisis

operations under ESF and FEAD supported **the building of crisis response capacity** at EU, national and regional levels, and the development of new ways of working that can contribute to a better targeting and alignment of resources to pursue the EU's cohesion policy priorities in 2021-2027.