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Brussels, 24.6.2020
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PART 2/3

REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF
AUDITORS**

2019 Annual Management and Performance Report for the EU budget

1.4. Economic, social and territorial cohesion



All amounts in million EUR.

Source: European Commission.

In 2019, EUR 57 billion was allocated to the programmes under this heading, representing 35% of the total EU budget for the year. Cohesion policy programmes are implemented through shared management. Member States are responsible for allocating funding to specific thematic areas under the funds, which are planned via operational programmes.

Geared towards achieving socioeconomic convergence, resilience and territorial cohesion, cohesion funding helps address both current and emerging challenges, laying the foundation for the EU's sustainable future. Cohesion policy contributes to the delivery of the EU's key priorities by supporting growth and job creation at EU level and structural reforms at national level. The funding plays a key role in preparing for the green and digital transitions and contributing to a fairer and more social Europe by supporting measures to tackle youth unemployment and poverty and to promote social inclusion.

This heading covers the following funds.

- The **European Regional Development Fund**, which strengthens economic and social cohesion in the European Union by reducing imbalances between its regions. Actions are concentrated on innovation and research, the digital agenda, support for small and medium-sized enterprises and the low-carbon economy and transport.
- The **Cohesion Fund**, which helps the Member States with the biggest development needs (those with a gross national income per inhabitant of less than 90% of the EU average). It aims to reduce economic and social disparities and to promote sustainable development.
- The **European Social Fund**, which aims to boost employment and education opportunities in the EU and to improve the situation of the most vulnerable people. It works by investing in the EU's human capital – its workers, its young people and all those seeking a job – through education and upskilling.
- The **Fund for European Aid to the Most Deprived**, which supports actions to provide food and basic material assistance to the most deprived.
- The **Youth Employment Initiative**, which supports young people who are not in education, employment or training to integrate them into the labour market.

1.4.1. Cohesion programmes improve living standards, create jobs and boost growth and convergence across the EU

The main objective of these programmes is to reduce the economic and social disparities between EU regions. In order to achieve this, Member States have a large amount of flexibility and a responsibility to identify the most important policy areas where action is required, which can then be implemented and co-financed from the EU programmes. Depending on the level of development, Member States have to concentrate more or less financing on a limited number of chosen policy areas. Significant amounts are spent on small and medium-sized enterprises, transport, environment and human capital.

Support for small and medium-sized enterprises is a key focus. The European Regional Development Fund has supported investment in over 400 000 small and medium-sized enterprises, which has helped to create an additional 109 000 jobs ⁽¹⁾ and has made an important contribution to economic growth. The forecast rate of job creation by the end of 2019, based on the selected projects, has reached 83% of the overall expectations for total job creation by the end of 2023.

Living standards and cohesion are further enhanced by linking EU regions together through new and improved transportation infrastructure. Transport projects are essential to allow the continued economic development of disadvantaged regions, to provide their populations with further opportunities for travel and employment and to strengthen the EU's single market. The **Cohesion Fund** and **European Regional Development Fund** have financed 4 259 km of new or upgraded roads and 938 km of new or upgraded railway lines ⁽²⁾.

An additional aspect of cohesion policy is the structural improvements that are financed, which serve to lift people's living standards and safety. The **European Regional Development Fund** has so far allowed 27.5 million people to benefit from improved health services. Along with the **Cohesion Fund** it is also financing the construction of improved water supply facilities, waste-water treatment plants and waste recycling facilities, with projects currently under way expected to exceed the targets set for 2023.

These and other projects financed under cohesion policy have made an important contribution to assisting less-developed Member States and regions in catching up with the rest of the EU in terms of gross domestic product ⁽³⁾. It has been estimated that every euro spent through cohesion policy has generated a return of close to EUR 3 in additional gross domestic product ⁽⁴⁾. The ensuing development is beneficial to the entire EU, for both cohesion and non-cohesion Member States. The latter benefit from spillovers generated by investment in less-developed areas both directly, through increasing sales of investment goods, and indirectly, due to increased demand from households in cohesion areas generating additional trade ⁽⁵⁾.

Beyond the structural investments from the European Regional Development Fund and the Cohesion Fund, cohesion policy supports people directly by providing them with opportunities for further education and the acquisition of necessary skills in order to become and remain competitive in the job market.

The **European Social Fund** has so far helped 26 million people through various projects by the end of 2019 ⁽⁶⁾. From these, 3.1 million people had found jobs and 3.7 million gained a qualification as a result of the ESF intervention. Youth unemployment is of particular concern to the EU. Through the **Youth Employment Initiative**, the EU budget has managed to significantly reduce unemployment by providing education and training to 2.7 million young participants. The European Social Fund also caters for disadvantaged groups; and supported, for instance, 1.9 million people with disabilities; as well as 3.9 million migrants and people with a foreign background through access to education and

⁽¹⁾ See Annex 1 – Programme performance overview for the European Regional Development Fund.

⁽²⁾ See Annex 1 – Programme performance overview for the Cohesion Fund.

⁽³⁾ Directorate-General for Regional and Urban Policy, *Annual Activity Report 2019*.

⁽⁴⁾ Source: SWD(2016) 318, 'Ex-post evaluation of the ERDF and CF 2007-13', 19.9.2016.

⁽⁵⁾ Directorate-General for Regional and Urban Policy, *Annual Activity Report 2019*. Source: Eurostat and DG Regional and Urban Policy calculations.

⁽⁶⁾ See Annex 1 – Programme performance overview for the European Social Fund.

training; boosting their employability. Overall, 40% of those benefiting from projects financed by the European Social Fund, finding employment and receiving training, belong to disadvantaged groups.

1.4.2. Cohesion spending supports the green transition through investments in sustainability and workforce

Cohesion spending provides strong support for the EU's ambitious energy and climate policies, and helps regions and cities to reach the target of climate neutrality by 2050 and contribute to a socially fair transition. The 2014-2020 programmes will invest over EUR 47.5 billion ⁽⁷⁾ in the low-carbon economy and climate-change adaptation by the end of 2023.

While fighting climate change is a common endeavour, not all regions and Member States are starting from the same point. Often there is an inverse link between the level of economic development and the sustainability of the economy. This is recognised in cohesion policy through the fact that one of the two major strands of the **Cohesion Fund** is geared towards environmental objectives in economically less developed Member States, and that the **European Regional Development Fund** supports the shift towards a climate-neutral economy mostly in less developed regions.

Sustainable green investment focuses on addressing climate change through both mitigation and adaptation actions. Here, climate mitigation actions put together those projects that address the underlying causes of climate change so as to slow it down or halt it. Climate-adaptation actions are projects that increase the resilience of the EU's economy and infrastructure to the expected or actual changes in the climate. Major projects in this regard have improved flood-protection systems, with projects being financed that cover 4 million people, and forest-fire-protection systems, with projects covering 10.8 million people ⁽⁸⁾.

So far, accomplishments with regard to climate mitigation have included the conservation of habitats corresponding to an area of almost 3 million hectares, with the conservation of almost 9 million more hectares already planned ⁽⁹⁾. Cohesion policy projects have also been successful in implementing large numbers of projects to reduce greenhouse gas emissions. These projects have already resulted in a reduction in greenhouse gas emissions equivalent to 1.3 million tonnes of carbon dioxide per year, with further projects already selected that will result in an additional reduction of almost 10.3 million tonnes of carbon dioxide equivalent annually ⁽¹⁰⁾ ⁽¹¹⁾. This has been achieved through projects such as promoting renewable energy sources and providing financing for the construction of over 1 000 MW of additional electricity capacity powered by these renewable sources ⁽¹²⁾.

In addition, the Commission is actively engaged in the **Coal Regions in Transition Initiative**, which provides tailor-made support for the clean-energy transition in 13 pilot coal- and carbon-intensive industrial regions. These efforts will continue under the future financial framework with the proposal for a **Just Transition Fund**, which aims at alleviating the social and economic impacts of the energy transition, such as those arising from the closure of coal mines.

A fair transition can only be accomplished if the human capital stands at its heart. Through the **European Social Fund**, the EU directs funding to support the upskilling and reskilling of workers and hence prepare them for the future.

⁽⁷⁾ This amount reaches EUR 66 billion when including national cofinancing.

⁽⁸⁾ Regional Development Open Data Platform (<https://cohesiondata.ec.europa.eu/themes/4#>). Data retrieved in March 2020.

⁽⁹⁾ Regional Development Open Data Platform (<https://cohesiondata.ec.europa.eu/themes/6#>). Data retrieved in March 2020.

⁽¹⁰⁾ Carbon dioxide equivalent shows how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide as the reference.

⁽¹¹⁾ Regional Development Open Data Platform (<https://cohesiondata.ec.europa.eu/themes/6#>). Data retrieved in March 2020.

⁽¹²⁾ See Annex 1 – Programme performance overview for the Cohesion Fund.

1.4.3. Implementation has caught up but payment levels still need to be raised following the performance review

The implementation of the 2014-2020 cohesion policy programmes remained at cruising speed in 2019 ⁽¹³⁾. More than EUR 322 billion, representing 92% of the total financing available for the period, has already been allocated on the ground to concrete projects. By December 2019 the European Regional Development Fund, the Cohesion Fund, the European Social Fund and the Youth Employment Initiative had selected more than 1 million projects from all over the EU that were eligible for support. **By the end of 2019 the level of project selection was comparable to the same time frame from the 2007-2013 period.** The difficulties relating to implementation, such as the late start of operational programmes at the beginning of the period, have overall been addressed but significant disparities between and within Member States remain.

A high level of project selection does not automatically translate into prompt expenditure. **The amount of payments made continued to increase in 2019, but the cumulative level of payments is lower than at this stage of the previous period.** Compared to the 2007-2013 programming period, the share of interim payments for 2014-2020 at the end of the sixth year of implementation is still lagging behind by 7 percentage points. Expenditure is slower to materialise for projects that are still in the planning or procurement stage, projects with a multiannual character or projects that are otherwise immature.

As an initial step towards **strengthening budget performance**, the 2014-2020 multiannual financial framework included a performance reserve of 6% of the envelopes of cohesion policy programmes, which was set aside at the start of the period. The definitive allocation of this performance reserve was conditional on whether the programmes reached the 2018 performance milestones ⁽¹⁴⁾. This was assessed as part of the **performance review** in 2019, also taking into account all available results on the reliability of performance data reported. The performance reserve was consequently released to the performing priorities.

Overall, the performing priorities accounted for 82% of the total performance reserve. The review resulted in the definitive release of EUR 16.5 billion ⁽¹⁵⁾ out of a total of EUR 20.2 billion ⁽¹⁶⁾ of the performance reserve. This amount can now be spent as initially planned. The remaining EUR 3.7 billion in the performance reserve in the priorities that did not achieve their 2018 performance milestones will be reallocated towards priorities that did, thereby optimising investments and strengthening the focus on getting measurable and effective results from the EU's Cohesion policy funding. At the end of 2019, the performance review could not be carried out for some programmes due to deficiencies linked to reliability of monitoring systems and data. These deficiencies were however resolved in early 2020, which resulted in completing the performance review.

As a result of the assessment of performance of programmes and regular monitoring of their financial progress, a number of them (14% for regional development and 17% for the European Social Fund) were identified as being 'in difficulty / poor / critical'. These were closely monitored, putting in place corrective actions tailored to the needs of each operational programme and following up on the specific issues identified by means of high-level meetings, technical exchanges, targeted advice and dialogue with national authorities.

The Commission has proposed to further strengthen the role of performance in the budgeting process for the European Structural and Investment Funds for the 2021-2027 multiannual financial framework. Rather than putting parts of the envelopes of the programmes in a reserve based on performance, the

⁽¹³⁾ Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Strategic report 2019 on the implementation of the European Structural and Investment Funds (COM(2019) 627). This summary report of the programme's annual implementation reports and progress reports covering implementation up to the end of 2018 was published on 17 December 2019. For all funds taken together, project selection (financing decided) has more than doubled since 2017, amounting to EUR 464 billion (72% of total planned investment).

⁽¹⁴⁾ If the results at the end of 2018 had achieved at least 85% of the milestone value, the performance was deemed to be satisfactory.

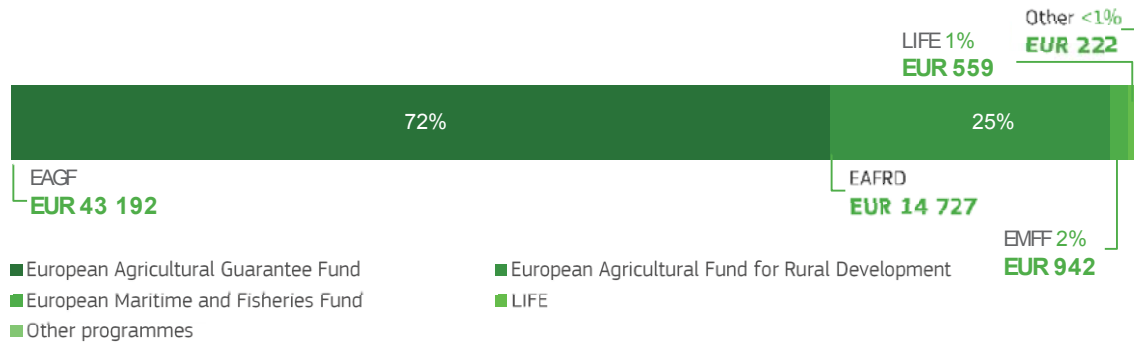
⁽¹⁵⁾ See Annex 1, Programme Performance Overview for European Regional Development Fund, Cohesion Fund and European Social Fund

⁽¹⁶⁾ <https://cohesiondata.ec.europa.eu/stories/s/A-guide-to-the-ESIF-performance-framework/szsz-5m2d>

Commission has proposed to allocate funding for the first 5 years only. Allocations for the final 2 years will be made based on a substantial and in-depth midterm review, leading to corresponding reprogramming in 2025 based on progress achieved up to the end of 2024. This allows not only the performance of programme strands but also changed socioeconomic situations and new unforeseen challenges to be taken into account.

For the future cohesion policy, the Commission has proposed a number of measures to accelerate implementation. These include gradually reintroducing the rule that Member States only have 2 years to send in payment claims against commitments made before the allocated funding is decommitted automatically, and setting the level of pre-financing at a lower annual payment of 0.5% of the total support for each fund. Other proposed measures aim at simplifying procedures and rules, so as to speed up implementation and improve the monitoring of flows of programme funding.

1.5. Sustainable growth: natural resources



All amounts in million EUR.

Source: European Commission.

In 2019, EUR 59 billion was allocated to Heading 2, supporting sustainable growth in the area of natural resources. This represents 37% of total annual budget expenditure. The funding for the agricultural policy remained stable compared to last year. Heading 2 finances the two pillars of the common agricultural policy: Pillar I, consisting of **market support measures and direct payments** financed by the European Agricultural Guarantee Fund; and Pillar II, the **rural development programmes** financed by the European Agricultural Fund for Rural Development. The heading also includes the European Maritime and Fisheries Fund and the international aspects of the common fisheries policy, along with the environment and climate action programme (LIFE).

Funding provided under this heading is crucial for the green transition and the quality, quantity and sustainability of food supplies, and also for the economic development of rural and maritime communities.

1.5.1. Spending on natural resources on land and in water safeguards the environment and helps tackle the climate emergency

All programmes under this budget heading make important contributions to achieving the EU's climate ambitions and combating the loss of biodiversity, and will remain important going forward in the context of the **European Green Deal**.

The most important in terms of contribution under this budget heading is the **common agricultural policy**. The fundamental objectives of the policy are twofold, namely providing fair income to farmers and developing rural regions in the EU. Almost all farmers who benefit from EU-level support systematically implement cross-compliance and greening measures that are beneficial for the environment and climate: crop diversification, maintenance of permanent grassland and dedication of 5% of arable land to ecologically beneficial areas. Rural development policy continues to support various types of area-related payments linked with specific management requirements. These are often accompanied by support for dedicated investments, training and advice, having a combined positive impact on biodiversity, soil, water and air in both the farm and forest sectors.

As of 2018 ⁽¹⁷⁾, 79% of the total EU agricultural area was subject to at least one 'greening' obligation, increasing the environmental impact of this measure, although Member States have required

⁽¹⁷⁾ Source: Member States' 2018 implementation reports submitted to the Commission in June 2019. 2019 data will only become available in mid July 2020.

derogations from certain greening rules in order to alleviate the situation of farmers affected by exceptional weather conditions over the last 3 years. Progress has also been made with respect to management contracts, contributing to carbon sequestration or conservation, or to the reduction of greenhouse gas or ammonia emissions. At present, over 85% of the targets for climate actions in the agricultural sector have already been reached in the management of biodiversity, soil and water.



An EU cofunded contract for land management, protecting biodiversity. *Source:* European Commission.

In spite of that progress, substantial challenges remain in relation to the environmental performance of the EU's agricultural sector, in particular in the context of the European Green Deal, where the EU has committed itself to further deep cuts in greenhouse gas emissions. The key natural resources of soil, air and water are still under pressure in many areas, and there is scope for further progress to be made. The Commission has factored this into the proposals for the future common agricultural policy, through the 'new green architecture'.

To address environmental challenges more specifically, the **LIFE programme** contributes to implementing the seventh environmental action programme in the form of integrated projects that improve citizens' quality of life by helping Member States comply with EU legislation in five areas: nature, water, air, climate-change mitigation and climate-change adaptation. The attractiveness of the LIFE programme is very high, financing a large number of different projects. The quality of the projects selected and the added value of the programme is demonstrated, for example, by the number of people benefiting from improved air quality (1.5 million) and the percentage of targeted species that are progressing towards conservation status (42%). Projects selected have had a wider impact than originally expected, and have been shown to have important catalytic effects: for every euro spent through LIFE, EUR 45 is spent by other partners ⁽¹⁸⁾.

The LIFE metamorphosis project proposes to demonstrate, at the industrial scale, two innovative waste-treatment systems: one for urban waste plants and the other for agro-industrial and other organic waste-treatment plants. In addition, the project tests the use of bio-methane derived from waste streams produced by the automotive sector. If successful, the two prototypes could produce over 176 million kilowatt hours of renewable energy annually (close to the annual electricity consumption of 50 000 homes), 5 years after the start of the project.

⁽¹⁸⁾ More data are provided in Annex 1.

Under the next multiannual financial framework, LIFE will be an important part of the European Green Deal supporting the transition to climate neutrality by 2050, the implementation of the **new biodiversity strategy for 2030, the climate pact, the revised climate adaptation strategy** and deploying a new strand dedicated to the clean-energy transition.

1.5.2. Innovative agricultural practices sustain farming and jobs and ensure food security and safety

While the agricultural sector's share of the economy has decreased over time, the sector remains vital for our society as a whole in order to ensure viable food production in the EU. The common agricultural policy recognises this and the challenges deriving from it.

One of the main objectives of the common agricultural policy is to ensure a fair standard of living for the agricultural community. This objective is pursued by increasing the individual earnings of farmers and agricultural employees on the one hand, when necessary, and through direct market interventions to stabilise market prices on the other.

In 2019 about 6.2 million farmers benefited from **direct payments**, fewer than in 2018 (6.5 million), which reflects the average declining trend in the number of farms. On the other hand, agricultural factor income per full-time worker is increasing compared to 2013 levels, as is the total factor productivity in the agricultural sector. Direct payments have allowed farmers to cope better with the negative effects on income caused by decreasing agricultural prices, and **market measures** have helped to limit the domestic price volatility of most agricultural products. Market measures in particular were rather successful and less necessary overall during 2018 and 2019.

However, significant **challenges** remain to be addressed in the coming years. Agricultural income still lags behind salaries in the economy as a whole, and remains dependent on direct support. Moreover, a substantial proportion of the sector continues to face low profitability due, among other reasons, to high production standards and production costs, and the fragmented structure of the primary sector. Despite direct support from the common agricultural policy, a large proportion of farm labour does not reach the benchmark of average national labour productivity. Finally, the declining trend in agricultural employment has continued, in spite of the role played by various schemes and measures supported under the two pillars of the common agricultural policy allowing further targeting of the needs of certain categories of beneficiaries – in particular young farmers, small farmers and specific sectors or regions facing structural problems.

Some of these issues are linked to a development gap in rural areas, which are often less well served by essential infrastructure and services. This problem is addressed by the second pillar of the common agricultural policy, the **European Agricultural Fund for Rural Development**, which supports all entities operating in rural areas to foster sustainable and inclusive growth in the EU. By the end of 2019 total payments made under this fund to Member States since 2014 amounted to EUR 50.4 billion, placing the fund ahead of the other European Structural and Investment Funds in terms of the speed of disbursement.

Overall, the fund is making an important contribution to development. For example, broadband access in rural areas has improved considerably (59% of rural households had next-generation access in 2019). The overall coverage of EU households that had broadband access in 2019 was 86%. ⁽¹⁹⁾ The level of achievement of the targets relating to improving farm viability and competitiveness at the end of 2018 was relatively good, considering that implementation for investment operations normally takes several years. In general, investment support increases the economic performance and market participation of the supported farms. Assistance for skilled farmers, including young ones, can have positive effects on farm viability, especially in relation to farm productivity and competitiveness.

The **performance review** carried out in 2019 provides further evidence that the programme had been working reasonably well, including when compared with other European Structural and Investment Funds. Some 64% of the rural development programmes had achieved all their milestones by the end

⁽¹⁹⁾ Study on Broadband Coverage in Europe 2018 (<https://ec.europa.eu/digital-single-market/en/news/study-broadband-coverage-europe-2018>).

of 2018, whereas 13% had experienced serious failure in achieving at least one milestone. Such programmes were typically related to long-term investments, and corrective action was taken by the Member States concerned.

Taking stock of the various issues, the proposals for the **post-2020 common agricultural policy** introduce a new strategic plan covering both pillars and with a focus on supporting viable farm income and resilience across the EU to enhance food security.

Rural development support will also provide a decisive contribution to the new call for enhanced environmental and climate actions linked to the European Green Deal. The plans will put greater emphasis on research, technology and digitalisation, and focus specifically on attracting young people into farming while continuing to promote employment, growth, social inclusion and local development in rural areas.

1.5.3. Investment in sustainable fisheries is paying off in terms of higher and stable yields, fleet profitability and jobs

The challenges in the maritime sector are slightly different, and are linked to a large extent to the question of employment in coastal areas and the sustainable management of fishing stocks. Recent economic data show that sustainable fisheries pay off in terms of higher and stable yields, fleet profitability and jobs. The **EU's fisheries conservation policy**, as in previous years, aims to achieve maximum sustainable yield for fish stocks by 2020. When necessary, emergency measures are put in place, for example the eastern Baltic cod fishery was closed for the second half of 2019. Nevertheless, further efforts are still needed to reach maximum sustainable yield for all commercially exploited stocks by 2020.

As a member of several **regional fisheries management organisations**, the EU promotes better ocean governance, improved performance, a culture of compliance and science-based fisheries management, including the application of the ecosystem-based and precautionary approaches. The **fight against illegal, unreported and unregulated fishing** remained a priority. The EU supported this fight in bilateral cooperation as well as in regional fisheries management organisations, sub-regional bodies and in global fora.

Several of the EU's actions under the maritime policy contributed to boosting investments in a **sustainable blue economy**. The capacity of offshore wind energy in the EU is growing compared to onshore wind energy. Ocean energy remains relatively small, but new technologies are expected to significantly increase deployed capacity in the near future. Member States have made progress in better integrating aquaculture in their spatial planning and reducing administrative burden, but more efforts are required to unlock the real potential of the sector.

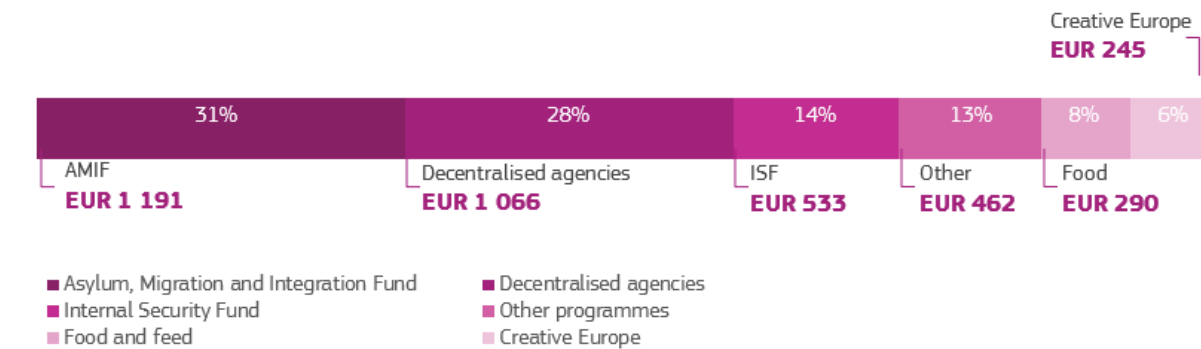
Interventions from the budget are often linked to improving sustainability through investments in infrastructure and the digitalisation of operations. In 2019 over 8 700 fishing vessels, about 10% of the EU fleet, benefited from the **European Maritime and Fisheries Fund**. It is estimated that more than 80 000 fishers, their spouses or partners, 18 000 members of producer organisations and 40 000 employees of processing companies benefit from the support ⁽²⁰⁾.

The **performance review** carried out in 2019 showed that 70% of EU priorities under the European Maritime and Fisheries Fund had reached their milestones. A 20% share of all performance reserves, amounting to EUR 67 million, was made available for reallocation because the associated priority had not reached its milestone. The reallocation of the reserve allowed most Member States to make a more comprehensive review of their operational programmes. Only one Member State (Slovakia) has lost the performance reserve.

⁽²⁰⁾ See Annex 1 – Programme performance overview for the European Maritime and Fisheries Fund.

1.6. Security and citizenship

In 2019, EUR 4 billion (2%) of commitment appropriations were allocated to ‘Security and citizenship’ (Heading 3). These programmes deal with key political challenges such as migration, border management, law enforcement, security-related risks, and health and consumer protection, along with culture, combatting all forms of intolerance and promoting the rights of vulnerable groups.

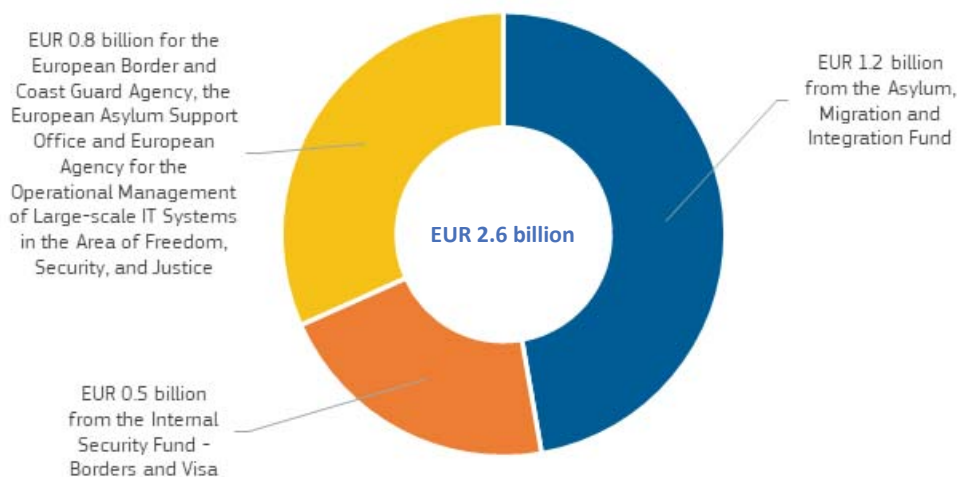


All amounts in million EUR.

Source: European Commission.

1.6.1. The EU budget provides support and solidarity to EU Member States for migration and border management

The EU budget supported the continued comprehensive response in the European Union to migration challenges and the effective management of its external borders. Work on the European agenda on migration made a positive contribution to replacing unsafe and uncontrolled migration with **safe, orderly and regular migration**. A breakdown of the 2019 funding under Heading 3 (EU internal) is shown below. Funding from external instruments (Heading 4) also contributes to the external dimension of migration policy, in particular by addressing the root causes of migration.



Support ⁽²¹⁾ to respond to migration challenges, provided in 2019 to Member States and EU agencies.

Source: European Commission.

⁽²¹⁾ Values as per 2019 Migration Report reflecting C1 credits, excluding Internal Security Fund and security-related decentralised agencies.

The EU budget has supported Member States and EU agencies with funding of almost EUR 11 billion since 2015 to respond to the immediate challenges on the ground, investing in stronger and more efficient asylum systems, more efficient return procedures and integration measures, and better management of the EU's external borders. The Asylum, Migration and Integration Fund and the Internal Security Fund play an important role in the immediate response to migration issues and to support the integration of non-EU country nationals in EU societies, while the European Social Fund supports the integration in the labour market and social inclusion of migrants. Since 2015 ⁽²²⁾ the following has been achieved.

The Asylum, Migration and Integration Fund has helped:

- over 2 million people to receive asylum or accommodation support, and has funded nearly 30 000 accommodation places;
- nearly 6 million people to receive integration assistance, **and over 70 000 people have taken part in pre-departure activities;**
- almost 159 000 people to return voluntarily, and nearly 115 000 people to receive return and reintegration assistance;
- **more than 62 000 people in need of international protection have been offered safe and legal pathways to the EU via resettlement schemes with the support of the Fund;**
- providing, together with the United Nations Refugee Agency, 25 000 accommodation places on an annual basis on the Greek mainland and the islands, as well as cash assistance to more than 90 000 asylum seekers;
- providing, together with international partner organisations, 1 100 places in shelters for unaccompanied children in mainland Greece, and ensuring access to education to more than 12 000 children at public schools.

The Internal Security Fund has contributed to:

- improving the infrastructure of 1 987 Member State consulates;
- providing visa-policy training to 3 629 staff, including 424 immigration liaison officers posted in EU embassies around the world;
- supporting the training of over 15 500 officials in border management work and crime prevention work;
- financing of 202 joint investigative teams and the European Multidisciplinary Platform against Criminal Threats.

Source: European Commission.

Based on its existing mandate, in 2019 the **European Border and Coast Guard Agency** deployed around 7 000 border guards and other experts to assist Member States in protecting the EU borders and implementing the EU return policy. Frontex organised the return of almost 16 000 persons and contributed to the rescue over 28 600 migrants at sea. ⁽²³⁾ Apart from curbing irregular immigration, the European Border and Coast Guard Agency joint operations have helped seize 390 stolen vehicles and more than 125 tonnes of drugs at the external borders.

2019 was a landmark year for EU border management, with new rules strengthening the European Border and Coast Guard Agency entering into law in December ⁽²⁴⁾. These rules allow the agency to support the Member States in their border management activities and to jointly implement integrated border management at the EU level. This wide-ranging new regulation strengthens the EU's management of its external borders and provides for the creation of a standing corps of 10 000 operational staff in the agency. This standing corps will have executive powers and its own equipment

⁽²²⁾ Based on the Member States' clearance of accounts for the financial years 2015-2019.

⁽²³⁾ Data source: the European Border and Coast Guard Agency. The Agency can only assist Member States to implement enforceable return decisions issued by competent national authorities.

⁽²⁴⁾ Regulation (EU) 2019/1896 of the European Parliament and of the Council of 13 November 2019 on the European Border and Coast Guard.

to enable it to intervene wherever needed along the EU's external borders, or when requested by non-neighbouring countries. The reinforced mandate requires a substantial annual increase in the EU's contribution to the agency over the course of the next financial framework, as proposed by the Commission, in line with the gradual increase in staff and equipment.

1.6.2. The EU budget protects citizens through enhanced EU civil protection capabilities

Disasters know no borders. **A well-coordinated response at the EU level avoids duplication of relief efforts** and ensures that assistance meets the real needs of the affected region. Civil protection assistance consists of governmental aid delivered in the immediate aftermath of a disaster aiming to reduce the loss of human life and the environmental, economic and material damage caused by disasters. For a coherent, predictable, cost-effective and more visible EU response to disasters, the European Response Capacity was set up, ready to help anywhere in the Member States and in non-EU countries, as needed. The EU's Civil Protection Mechanism is funded partly under Heading 3 and partly under Heading 4.

In March 2019 the EU reinforced and strengthened disaster risk management by upgrading the Civil Protection Mechanism. The result was rescEU, and the objective is to improve both the protection of citizens from disasters and the management of emerging risks. rescEU entails a new European Union reserve of capacities (the 'rescEU reserve'), which initially includes a fleet of firefighting planes and helicopters. rescEU's scope goes beyond forest fires, however, and is expected to include responding to other threats such as medical emergencies or chemical, biological, radiological and nuclear incidents. **Before it was upgraded, the Civil Protection Mechanism had been activated 20 times in 2019, with three requests for assistance from within the EU and 17 from outside the participant states.** Later in 2019 the rescEU programme was also activated to contribute to the aerial forest-fire capacities in Greece, and some further preparatory work was performed to implement the new rescEU mechanism. Now, due to the COVID-19 outbreak, all efforts are focused on the stockpiling of medical equipment, with an initial budget of EUR 50 million.

1.6.3. The EU budget supports the single market by promoting the safety of consumers and citizens

Consumers need to be confident that unsafe products have no place on the EU market and that the relevant rules are effectively and efficiently enforced, both domestically and across borders. This is why the EU supports a coordinated and coherent approach to the enforcement of safety and market-surveillance rules across the Member States. Through the **consumer** programme, in 2019 Member States' authorities communicated more than 2 000 notifications of dangerous products through the Rapid Alert System for dangerous non-food products.

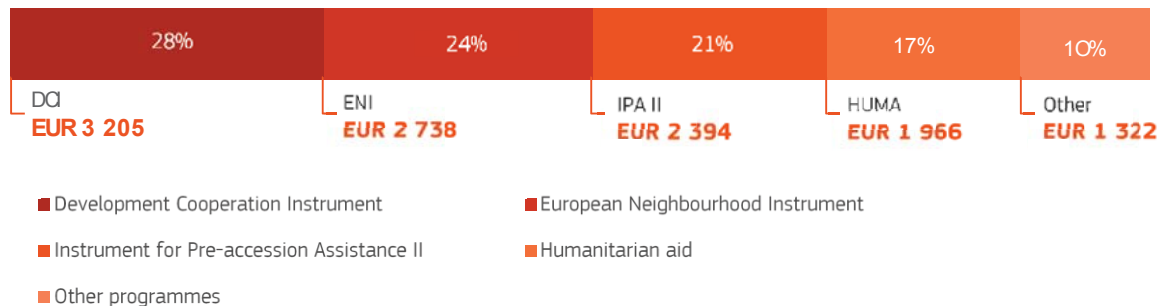
Safety is equally important when it comes to food. The **food and feed** programme contributes to a high level of health for humans, animals and plants throughout the food chain by preventing and eradicating diseases and pests and by ensuring that consumers and the environment are well protected. While increasing the overall level of safety, these actions also enhance the competitiveness of the EU's food and feed industry, favouring the creation of jobs. In 2019 approximately 13 500 public officials in Member States and non-EU countries in charge of official controls were trained to improve their effectiveness, efficiency and reliability.

The **justice** programme promotes judicial cooperation between Member States' authorities and contributes to the effective and coherent application and enforcement of EU law in the areas of civil and criminal law, the rights of persons suspected or accused of crime and the rights of victims of crime. The justice programme supports the application of many EU legal instruments in judicial cooperation in criminal matters, such as the European Arrest Warrant, which is the most successful EU instrument in criminal matters with over 10 000 cases per year. The electronic criminal records information system, which is an information technology system used by the central authorities of the

Member States, has registered a large increase in the number of exchanges of information: by the end of 2019 the number of exchanges of information in the system exceeded 3.5 million.

1.7. Global Europe

In 2019, EUR 12 billion of commitment appropriations (7% of the total budget) were allocated to 'Global Europe' (Heading 4), distributed among the main programmes as follows.



All amounts in million EUR.

Source: European Commission.

The programmes under this heading contribute to forging a stronger Europe in the world. They finance geographic and thematic actions that **help the poorest in the world and ensure that the EU promotes democracy, peace, solidarity, stability, poverty reduction, prosperity and natural resource preservation**, both in the EU's immediate neighbourhood and across the world. The development, neighbourhood and other external policies of the EU share key objectives, such as fostering a sustainable economy that is not in contradiction with achieving social and environmental development, human rights, and promoting democracy, good governance and the rule of law. The EU has maintained its efforts on crisis prevention in order to preserve peace and strengthen international security.

1.7.1. External cooperation tackles global challenges, promotes EU values and contributes to peace and prosperity in the world

Within the framework of the EU's external action, the primary objective of **Development Cooperation** is the reduction and, in the long term, eradication of poverty. EU effort and contribution has notably been instrumental in securing food and nutrition security, in developing sustainable agriculture as well as in supporting health and education programmes, including by promoting gender equality and women's empowerment, the rights of children and culture. Economic growth and job creation have been supported via trade and private sector development, particularly concerning local entrepreneurs, by enhancing the digital economy and by providing training and education to the local workforce.

The **European Green Deal has a strong external dimension aiming to reinforce the EU's role as a global leader on environmental, climate and energy matters**. In 2019, the EU enhanced the integration of environment and climate change across all instruments and sectors of EU international cooperation and development, for an effective implementation of the 2030 Agenda and Paris Agreement.

The ambitious **External Investment Plan** has offered innovative ways of mobilising public and private sources of financing for development. Through initiatives like the Digital Energy Facility, the EU has set the foundations to modernise and digitalise the energy sector, promote innovative business models and establish the necessary preconditions for increased access to sustainable energy worldwide, with a specific focus on Africa.

In a context of shrinking civic and democratic space, the EU has reaffirmed its unconditional support for these values worldwide, while confirming its central role in international fora. According to the World Bank's 'rule-of-law' score, the situation has been steadily deteriorating since 2014. For example, for the proportion of seats held by women in national parliaments, the little progress made between 2015 and 2018 was undone in 2019. The EU has continued to promote democracy, the rule of law, good governance human rights and international law principles, especially through the **European Instrument of Human Rights and Democracy (EIDHR)**.

In 2019, projects and programmes achieved important results in **Latin America**, in key sectors such as water and climate change, the private sector and investment, economic development, security, the rule of law and governance. With regard to regional cooperation, successful initiatives in strategic sectors were launched and further developed during the year. With regard to security, two actions were agreed to foster intra-Latin American cooperation in the area of integrated border management, with the selection of four land-border-crossing posts involving seven countries, and to support the fight against human trafficking.

Development cooperation in **Asia and the Middle East/the Gulf** continued to focus in 2019 on the least-developed and most-fragile countries, with a particular emphasis on good governance and sustainable sector reforms. An enhanced focus was put on job creation and sustainable and inclusive growth via the promotion of investments. The development of the private sector was key, as it has a major role to play in sustainable economic development and growth.

The **Instrument contributing to Stability and Peace** has been of great importance in the EU's efforts to promote peace in a variety of circumstances in Afghanistan, the Central African Republic, Colombia, Libya, Syria, Ukraine and Yemen. Strengthening dialogue with civil society, conflict prevention and peacebuilding has been essential in order to prevent the worsening of humanitarian crises. The protection of civilian communities has been enhanced through support for security and defence forces in volatile regions.

Humanitarian aid works alongside development cooperation, with a specific needs-based perspective addressing the impact of conflicts and natural or man-made disasters. It provides assistance in line with humanitarian principles of humanity, neutrality, impartiality and independence. In total, 177 million people received humanitarian aid in 2019. The largest share of the 2019 humanitarian aid budget went to refugees from and people internally displaced by the Syrian and Yemeni conflicts, while 23% between 2014 and 2019 went to **'forgotten crises'** (crises with little media attention and poor coverage), such as the Burundi regional refugee crisis, the conflict in Ukraine and the conflict involving the FARC guerrilla movement in Colombia. The EU maintained its efforts in relation to crisis prevention in order to preserve peace and strengthen international security. The EU was present in every significant humanitarian crisis in 2019. In larger crises, the EU consistently responded to situations in which other donors were not present, and often played the role of coordinator and catalyst. The programme also contributed to **building the capacity and resilience of vulnerable or disaster-affected communities**. The disaster-preparedness actions benefited 38 million people in disaster-prone regions. A crucial aspect underpinning the EU's positive results in fostering resilience is the progressive move towards cash-based assistance, as the Commission maintained its commitment to delivering 35% of humanitarian assistance through cash transfers.

1.7.2. The EU is addressing migration challenges in cooperation with its international partners

Since the start of the migration crisis in 2015 the EU has provided vital support and protection to millions of people in need, helping to address the root causes of irregular migration and forced displacement through economic and employment opportunities and as well as by strengthening resilience. It has also helped to create the conditions for legal migration, including through resettlement, and effective migration management. Work to prevent irregular migration continued, in collaboration with partner countries, among others by fighting migrant smuggling networks in the Sahel. Work has continued to improve the rate of effective return for people without a right of

residence in the EU or in other countries. By the end of 2019, irregular EU border crossings were 92% ⁽²⁵⁾ below the peak levels of 2015.

Moreover, the EU continued to **cooperate with partners all over the world to address challenges related to forced displacement**. Every year, 80% of the EU humanitarian aid budget (EUR 1.6 billion in 2019) goes to projects helping the forcibly displaced and their host communities to meet their immediate basic needs in situations of conflict, crisis or protracted displacement.

In 2019, the **EU Emergency Trust Fund for Africa** (EUTF) contributed to facilitating political dialogue with African partner countries, applied innovative approaches, and produced remarkable and visible results across the three operational windows of the Fund (North Africa/Horn of Africa/Sahel and Lake Chad) by pooling funding and expertise from a wide range of stakeholders. The Fund further consolidated its achievements, bringing the total number of approved programmes to 224, for a total of EUR 4.4 billion.

The **Facility for Refugees in Turkey** continues to deliver much-needed assistance to refugees and host communities in Turkey in all the priority areas it covers, i.e. basic needs, education, healthcare, protection, socioeconomic support and municipal infrastructure. The first tranche of EUR 3 billion has been fully contracted, with 72 projects rolled out. The full operational budget of the second tranche of EUR 3 billion was committed at the end of 2019. The Facility Steering Committee meets on a regular basis to monitor and steer the implementation of the facility. Six-monthly monitoring reports, which are publicly available, confirm that the facility is continuing to achieve its goals.

Thanks to the facility, over 1.7 million refugees continue to benefit from a monthly cash allowance called the emergency social safety net to help them meet their basic needs. By the end of 2019 humanitarian assistance had helped 1.7 million of the most vulnerable refugees. A total of 684 919 Syrian children were enrolled in the 2019-2020 school year – corresponding to 63% of the total population of Syrian school-age children in Turkey. Over 3 900 educational facilities (including Early Childhood Education centres) have been upgraded through the provision of equipment since the start of the facility and 40 new schools have been constructed. A further 320 are in the process of being built. Moreover, 179 healthcare centres are now operational. Since the start of facility funding, 11.9 million primary healthcare consultations have been provided to refugees, while 3.5 million vaccination doses have been provided to Syrian infants and pregnant women.

As of June 2019 the **EU Trust Fund in response to the Syrian Crisis** had provided education, health, water-management, livelihood and other services to 4.3 million people in the countries impacted by the Syrian crisis. A total of 92 health centres were upgraded, refurbished and equipped.

1.7.3. The EU budget helps neighbouring countries to develop and maintain stable democratic institutions

The **Instrument for Pre-Accession Assistance** supports candidate and potential candidate countries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required to comply with EU values. It also helps them to progressively align themselves with EU rules, standards, policies and practices with a view to EU membership. Financial assistance is provided to the beneficiary countries ⁽²⁶⁾ in five policy areas: (a) reforms in preparation for EU membership and related institution and capacity building; (b) socioeconomic and regional development; (c) employment, social policies, education, promotion of gender equality and human-resources development; (d) agriculture and rural development; and (e) regional and territorial cooperation. The box below provides a specific example of this instrument in action.

⁽²⁵⁾ Decrease from 1 822 177 in 2015 to 141 741 in 2019.

⁽²⁶⁾ Current beneficiaries are: Albania, Bosnia and Herzegovina, North Macedonia, Kosovo (this designation is without prejudice to positions on status, and is in line with the United Nations Security Council resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence), Montenegro, Serbia and Turkey.

In **North Macedonia**, the quality of both surface waters and ground waters is deteriorating as a result of the discharge of untreated or inadequately treated sewage. With the waste-water treatment plant that has been constructed in the Eastern part of the country, the whole population of that region, totalling 54 676 people, is benefiting directly from properly treated waste water. All agricultural holdings also benefit from better environmental conditions for their products. The health of both citizens and nature is improved. The volume of untreated municipal waste water discharged into the Strumica River has been reduced, minimising negative impacts on the quality of water resources, nature and health in Strumica region.

The **rule of law** will become even more central to accession negotiations, for example by anti-corruption work being mainstreamed and by applying a stronger focus on the fundamentals of functioning democratic institutions, public administration reform and supporting economic reforms. There have been improvements in the fulfilment of these fundamental areas of the political criteria for enlargement countries. At the end of 2019 only Turkey was experiencing backsliding in the areas of the rule of law and fundamental rights, public administration reform and the functioning market economy. This led to the adoption of a revised indicative strategy paper in August 2018. Initial indicative allocations for pre-accession funds in Turkey for the 2018-2020 period were reduced by 40%. The emphasis in the selection of projects under the new Instrument for Pre-Accession Assistance will be put on the fundamental areas of the *acquis*, notably the rule of law, while only technically mature projects will be selected for support.

The **European Neighbourhood Instrument** is the main financial instrument for implementing the European neighbourhood policy ⁽²⁷⁾, which supports political and economic reforms with the aim to promote stability, security and prosperity in the EU's direct neighbourhood. There are notably positive developments in the eastern neighbourhood, with strong achievements in the priority areas of economy, connectivity and stronger society. Progress is nevertheless still needed in the areas of rule of law, fighting corruption, spaces for civil society and media independence. In the southern neighbourhood, external factors such as political instability and the security situation are hampering progress. Cooperation with the partner countries in North Africa is challenging, and depends on evolving parameters, particularly in Libya. Nevertheless, efforts in Tunisia for democratic and economic reforms and the resumption of cooperation with Morocco make continued support relevant and promising. Across the Middle East region, the impact of ongoing conflicts, insecurity and poor governance destabilises the EU's partners, disrupts trade and investment and limits opportunities for the population. The large number of refugees and displaced persons exacerbates these structural deficiencies.

1.7.4. Increasing the effectiveness, flexibility and coherence of the EU's external instruments

The Commission has proposed to create a new integrated **Neighbourhood, Development and International Cooperation Instrument** under the future multiannual financial framework. This will be the EU's main tool to contribute to eradicating poverty and promoting sustainable development, prosperity, peace and stability. The new long-term budget will lead to the significant modernisation of the external dimension of the EU budget. Drawing on lessons from the current instruments, it will increase the effectiveness and visibility of the EU's external policies, strengthen coordination with internal policies and give the EU the flexibility to respond more quickly to new crises and challenges.

⁽²⁷⁾ Through its European neighbourhood policy, which was revised in November 2015, the EU works with its southern and eastern neighbours to foster stabilisation, security and prosperity, in line with the global strategy for the EU's foreign and security policy.

1.8. Special instruments

1.8.1. The EU budget has shown solidarity within the EU by financing disaster-relief efforts and mitigating globalisation effects

The European Globalisation Adjustment Fund

The **European Globalisation Adjustment Fund** provides support to workers made redundant and persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, or as a result of the negative effects of the global financial and economic crisis. Between 2014 and 2019 funding from the European Globalisation Adjustment Fund supported 45 047 targeted workers and 4 099 young people not in employment, education or training in 27 different economic sectors. In 2019 only one application was submitted (but not approved), possibly because of fewer massive layoffs due to globalisation and the overall improvement of the economic situation in the Member States prior to the crisis, which facilitated the reintegration of workers into the labour market.

According to the final reports received between 2017 and 2019, on average 61% of the workers who have been assisted have taken up new employment following an intervention from the European Globalisation Adjustment Fund. However, the reintegration rate in individual cases varied from 40% to 92%, depending on the economic sector and the area concerned, as it is influenced by the absorption capacities of local and regional labour markets.

Areas for improvement identified in the 2014-2020 midterm evaluation include the lengthy mobilisation procedure and the difficulties that Member States face in providing the extensive background analysis of the triggering event (globalisation or crises) that is required for the mobilisation of financing. These concerns are addressed in the Commission's proposal for the next long-term budget, in accordance with which the European Globalisation Adjustment Fund will base support solely on the significant impact criterion, set at a minimum of 250 displaced workers.

The EU Solidarity Fund

The **EU Solidarity Fund** is activated at the request of an eligible Member State when major or regional natural disasters occur, such as earthquakes, floods, droughts, forest fires, storms or major public-health emergencies. It helps to increase the resilience and preparedness of Member States and regions in addressing the adverse effects of climate change and other natural and human-made disasters.

Support to finance emergency and recovery operations amounting to EUR 293 million was awarded in 2019 following applications from three Member States relating to natural disasters that occurred in 2018: flooding in Romania and severe weather in Italy and in Austria. In 2019 the Commission received four applications for aid: from Austria, relating to the extreme weather conditions of 2018; from Greece, relating to storms in Crete in 2019; from Portugal, relating to Hurricane Lorenzo in the Azores in 2019; and from Spain, relating to extreme weather at the end of 2019.

In May 2019, the Commission **published the first ex post evaluation** ⁽²⁸⁾ **of the EU Solidarity Fund's** interventions between 2002 and 2016, which confirmed the EU added value of the instrument. The evaluation concluded that the fund is a valuable instrument in the EU toolkit for interventions in disaster situations. At the same time, further consideration needs to be given to policy actions that increase the potential for the fund to intervene.

⁽²⁸⁾ Directorate-General for Regional and Urban Policy, *Ex Post Evaluation of the European Union Solidarity Fund 2002-2016* (https://ec.europa.eu/regional_policy/en/information/publications/evaluations/2019/ex-post-evaluation-of-the-european-union-solidarity-fund-2002-2016).

