



CONTRIBUTION OF THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS TO THE 10 COMMISSION PRIORITIES JOBS, GROWTH AND INVESTMENT

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HOW ARE THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESI FUNDS) CONTRIBUTING TO THIS COMMISSION PRIORITY 2014-2020?

European Commission President Juncker wants Europe to return to growth, while reducing new debt. Besides making structural reforms and promoting responsible financial management, investment levels need to rise to create and maintain jobs and growth.

HOW CAN THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS HELP?

For the 2014-2020 programming period, **EUR 454 billion** has been allocated to the ESI Funds to kick-start growth and job creation. Adding to this figure national co-financing, which is expected to reach some EUR 183 billion, the total investment will amount to at least EUR 637 billion. Using this budget, the ESI Funds are the EU's main investment instruments.

ESI Funds are used to **boost jobs, growth and investment** across Europe, while focusing on the least developed areas and sectors with growth potential. Over the next eight years, the ESI Funds will deliver a critical mass of investments in key areas, and are expected to make a significant positive impact to creating jobs and growing the EU's economy.



ESI FUND ACTIONS: 2014-2020

KEY INVESTMENT AREAS

ESI Funds target **key investment areas to enhance growth** in Member States and regions. The Funds contribute **EUR 121 billion** to smart growth, including research and innovation, information and communication technologies, Small and Medium-sized Enterprise (SME) development and the low-carbon economy. Beyond this, they offer an important purchasing power for innovative solutions in other fields such as energy, agriculture, the environment, and transport, which can help innovative firms.

Investing in **human capital development** through the European Social Fund (ESF) in particular, will play a key role in getting people into jobs, combating poverty and social exclusion and creating the workforce of tomorrow. This will be done by supporting workers, job seekers, and in particular those outside the labour market. The ESF helps people get the right skills for the right job by improving the quality of and access to education from early childhood to later life. The European Agricultural Fund for Rural Development (EAFRD) will support training and advice for farmers and other rural SMEs wishing to grow their businesses.

The Commission is also introducing a number of initiatives to help Member States implement **Smart Specialisation Strategies that are at the core of this new policy** to ensure that each region's competitive edge is identified and embraced. The **Smart Specialisation Platform** is supporting regions and Member States to fine-tune their specialisation priorities, improve administrative capacities to support innovators and their trans-national cooperation. Specific smart specialisation support is given to lagging regions. In addition, access to experts on smart growth issues, including innovation, SMEs, broadband and digital growth issues, and peer-to-peer exchanges are made possible by the Smart Specialisation Platform.



The *ex ante* conditionalities (pre-conditions which have to be fulfilled before funding can be channelled) **improve the effectiveness and efficiency of the ESI Funds and other national and regional instruments**. They help to enforce EU legislation and policies in Member States and encourage evidence-based policy strategies and planning with significant stakeholder involvement. They cover most of the investment areas, including research and innovation, broadband, water and transport, active social inclusion, health, vocational education and training. These conditionalities should also cover governance coherence and the alignment of projects with national strategies in the area of public administration modernisation.

SME COMPETITIVENESS

ESI Funds play an important role in **strengthening SMEs within the single market**, particularly in the less developed regions. The Funds highlight the potential of supporting SMEs and public administrations in developing new business models and expanding into international markets. This support will increase by taking advantage of financial instruments.

Information and coordination failures in developing new value chains are badly affecting innovative SMEs that lack the resources to explore new opportunities at European level. **SMEs will benefit from information and coordination services, cluster and networking organisations as well as public-private platforms**. Widening the entrepreneurial decision space through interconnecting regional networks and clusters for upscaling innovation investments in the European value chains will be further explored.



BOOSTING INVESTMENT

The ESI Funds have become increasingly important for co-financing public investments, while compensating for declining national and regional investments. Between 2014 and 2016, the ESI Funds are expected to account for approximately 14 % of total public investment on average, and to reach approximately 70 % in some Member States. This substantial contribution to investments across the EU gives **a major boost to the first pillar of the Investment Plan for Europe: mobilisation of financial resources.**

The Funds are **an essential pillar of the Investment Plan for Europe** and will complement the European Fund for Strategic Investments (EFSI) in several ways: by mobilising investment, supporting structural reforms, encouraging private sector financing, addressing market failures, improving the investment climate and ensuring the most effective use of the Funds.

While the European Fund for Strategic Investment (EFSI) and the European Structural and Investment Funds (ESI Funds) are separate Funds with their own budget and rules, **a combination of support from the EFSI and the ESI Funds is possible** to bring additional investment to Europe's economy. This would be possible at the level of individual projects, investment platforms and/or financial instruments, but not in the form of direct contribution from the ESI Funds to EFSI capital. A brochure on complementarities between EFSI and ESI Funds is in its finalisation stages and should be published at the end of 2015.



As foreseen in the Investment Plan for Europe, **a doubling of financial instruments** will increase the contribution of ESI Funds to the real economy by leveraging more private and public funds. This is made possible through a number of additional methods of using financial instruments for 2014-2020. With a stronger role in the implementation of the new programmes, financial instruments are being used in a broader set of investment areas, ranging from development of food and farm businesses, energy and resource efficiency, ICT, sustainable transport, R&D, Innovation and SME-support (which includes the SME Initiative), with further potential in health.

In addition, the ESI Funds are working with the **European Investment Advisory Hub (EIAH)** to provide assistance to Managing Authorities and other stakeholders through, for example, the [newly launched Fi-compass](#) (technical advisory platform) and **off-the-shelf instruments**.

SME INITIATIVE

The SME Initiative is a mechanism **to stimulate additional lending** by the banking sector **to SMEs**, through the combination of EU funding available to Member States and regions under the European Regional Development Fund (ERDF) or EAFRD. The Initiative also has delivery structures developed by the Commission in cooperation with the European Investment Fund (EIF) to support high risk and innovative enterprises under COSME and Horizon 2020, together with the technical expertise and risk absorption capacity provided by the EIF and the European Investment Bank (EIB). The combination of these mechanisms provides **a rapid and effective response, attractive to banks and to SMEs**, to increase lending to the real economy, create jobs and stimulate economic growth. The SME Initiative offers two fundamental products: uncapped guarantees providing capital relief for portfolios of new loans to SMEs and the securitisation of existing or new portfolios of debt finance linked to the building up of portfolios of new loans to SMEs. Both of these products can be extremely effective in stimulating banks to provide additional lending to SMEs, including riskier ones.



Implementation has already started in Spain (January 2015) and Malta (IT SME initiative programme adopted on November 30), while Bulgaria, Romania, Italy and Finland have also announced their intention to join the SME Initiative (with other Member States also considering joining). A special workshop was held in Brussels on 23 April 2015 to present the benefits of the SME Initiative to other Member States, namely that it is a 'ready-made' programme; no national or regional co-financing is needed as it is 100% ERDF-funded; early deployment; significant leverage; and State Aid clearance for the instrument's set-up.

FOCUS ON YOUTH

The **Youth Employment Initiative (YEI)** helps Member States respond to high level of youth unemployment by supporting tailored measures to integrate young people into the labour market. It particularly supports young people who are not in education, employment or training (NEETs), including long-term unemployed youth or those not registered as job-seekers. This ensures that in parts of Europe where the challenges are most acute, young persons can receive targeted support. The Youth Employment Initiative is one of the main EU financial resources to support the implementation of Youth Guarantee schemes.

The **European Maritime and Fisheries Fund (EMFF)** will support training for young fishermen entering the profession under more favourable conditions than for established fishermen.

Generational renewal in agricultural SMEs is one of the focus areas for action in Rural Development Policy. The average farmer is getting older. In 2010, only 7.5 % of the farmers (EU-27) were under 35, while 53 % were over 55. This has implications for the future of the EU agri-food sector in terms of competitiveness and jobs, and the EAFRD is therefore providing targeted support for young farmers.



SYNERGIES WITH OTHER EU FUNDS

Best use of scarce investment resources is also ensured by forging closer links and **synergies with other EU funding instruments**, such as the Connecting Europe Facility, the Health Programme, Horizon 2020, LIFE+, COSME, the EU Programme for Employment and Social Innovation (EaSI) and Erasmus+. The European Innovation Partnership for Agriculture uses Rural Development funds to channel research and knowledge generated under Horizon 2020 into concrete innovation projects on the ground.

STRENGTHENING ADMINISTRATIVE CAPACITY

The **quality of public administration and the effectiveness of the justice systems** both have a direct impact on the economic environment and are thus crucial for stimulating productivity, competitiveness and growth. The ESI Funds support the creation of institutions, which are stable and predictable, but also able to react to societal challenges. These institutions are also open for dialogue with the public, embrace technological change and build interoperability between public entities for the delivery of better user-oriented services.

SIMPLIFICATION

For all of these actions to be effective, the quick and simple implementation of projects is vital. For this reason, the Commission has set up a High Level Group to report on how **simplification** of the ESI Funds for beneficiaries can be achieved. One way to reduce the administrative burden on beneficiaries and allow them to focus on achieving results is to use **simplified cost options** instead of real costs as a basis of reimbursement. Opportunities to use simplified costs have been greatly increased in this new period. In addition, the use of **Joint Action Plans**, which can work across programmes and funds and can maximise both the use of simplified costs and a results-oriented approach, achieve a pre-defined goal and are a major step forward for the ESI Funds.



EXPECTED RESULTS

BUSINESS DEVELOPMENT AND SME COMPETITIVENESS

- In total **more than 2 million enterprises** will be supported across the different ESI Funds. The support will increase their competitiveness, help develop their products and find new markets, thus creating jobs. Under the European Regional Development Fund (ERDF) alone **5 % of all SMEs and 8 % of all new enterprises will be supported**.
- The ERDF will support approximately **1 100 000 enterprises**, of which 129 460 will be in a position to increase their research and innovation capacity.
- The ERDF will also help companies introduce **15 370 new products** to the market.
- **396 500 micro-, small- and medium-sized enterprises (SMEs)**, including cooperative enterprises, and enterprises in the social economy will receive ESF funding to invest in **human capital development** and people skills.
- The European Agricultural Fund for Rural Development (EAFRD) will support **some 175 400 young farmers to set up their businesses** and **more than 334 400 farmers** will receive **support to modernise** and improve their production facilities. Outside the farm but linked to the rural environment, 61 000 rural entrepreneurs will also receive support to develop their businesses.



- EAFRD will also help **improve the role of the farmers in the food supply chain**. Around 300 000 farmers will receive support to participate in quality schemes, producer groups and organisations, and to develop local markets and short supply chains.
- The European Maritime and Fisheries Fund (EMFF) will promote the sustainable development and profitability of the sector by supporting initiatives from beneficiaries. Support can also be used to invest in alternative activities that could generate local jobs and growth. **Community-Led Local Development (CLLD) strategies** will encourage innovation, adding value to fisheries and aquaculture products; it will also encourage diversification thus supporting job creation in coastal areas.
- The EMFF also supports measures to ensure the optimal conservation status of fish stocks. Healthy fish stocks will lead to an increase in the level of catches. This could create new jobs in the catching and processing sectors.

JOB CREATION AND IMPROVED EMPLOYMENT CHANCES

- ESI Funds will support the **direct creation of over 576 000 new jobs**. This figure is made up of the following fund indicators:
 - **423 100 jobs** directly created **in enterprises** supported by the ERDF.
 - **29 500 new researchers** employed under ERDF research measures.



- In addition to the new jobs in agriculture, the EAFRD expects to create **113 000 new jobs outside agriculture** (with 43 000 being created as part of the implementation of the 2 500 LEADER Local Action Groups' local development strategies).
- Approximately **4 000 jobs** will be created in **fisheries**, which represents nearly 4 % of total employment in the sector. (Just over 35 000 jobs will be maintained, representing approximately 30 % of total employment in the sector.)
- Just **over 1 500 jobs** will be created in **aquaculture**, nearly 4 % of total employment in the sector (approximately 22 000 jobs will be maintained, just over 50 % of total employment in the sector).
- Around **4 600 jobs** will be created in **local development initiatives** in maritime communities.
- ESF will **help 10 million unemployed people** improve their chances of finding a job.
- 2.3 million people will find employment, including self-employment, as a result of an ESF project.

INNOVATION AND RESEARCH

- **71 960 researchers** will benefit from improved ERDF-supported research facilities.
- Under EAFRD, **more than 3 000 European Innovation Partnership projects** will be supported to improve agricultural productivity and sustainability. Over 12 000 projects will develop new practices, processes, products and services in farming, forestry, its upstream and downstream sectors as well as across the broader rural economy.



- Investments in medical research and investment (R&I) will help develop new and better disease treatments. Major areas of focus are biotechnology and nano-medicine. Partnerships between the government and universities (e.g. Malta, Romania, Croatia) or SMEs (e.g. Belgium, Bulgaria, Greece, Netherlands, Spain) will be encouraged.

YOUTH EDUCATION AND TRAINING

- ESF will support **4.1 million people** aged **under 25**.
- 2.9 million people will gain a qualification following an ESF project.
- 400 000 people will start education or training after receiving ESF support.
- **3.1 million unemployed or inactive young people** will be supported by the **Youth Employment Initiative (YEI)**.
- 1.6 million unemployed or inactive young people are expected to receive an offer of employment, continued education, an apprenticeship or a traineeship following YEI support.
- 1.3 million unemployed or inactive participants will take part in education or training, gain a qualification or find employment, including self-employment following YEI support.
- **3.2 million young people** will be able to **benefit from improved education facilities and childcare infrastructure**. This investment will lead to better access to good quality education and reduction of early school leaving, as well as improved and modernised education and training systems needed for updating skills and qualifications, up-skilling of the labour force, and creation of new jobs.



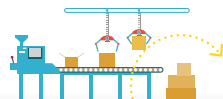
JOBS, GROWTH AND INVESTMENT



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- The ESF will invest at least EUR 540 million in the **active and healthy ageing of the working age** population in the EU, in particular older workers, increasing their employability and productivity. In addition, ERDF will invest EUR 4 billion in health infrastructure to improve health services. 42.5 million people are expected to benefit from these investments.
- The EAFRD will support **3.9 million places in training courses for farmers** and other rural SMEs to develop the economic and environmental performance of their businesses. 1.4 million beneficiaries will receive specific advice to boost their knowledge base.
- The EAFRD will help **establish 175 400 young farmers** and will provide targeted investment to another 23 000.

FINANCIAL INSTRUMENTS

- Current estimates and plans show that around EUR 20 billion of ERDF and Cohesion Fund support will be devoted to financial instruments in the new period. It is estimated that approximately **12 % of ERDF and Cohesion Fund** allocation will be delivered **through financial instruments**, which is a sharp increase compared to 2007-2013.
- According to the European Agricultural Fund for Rural Development (**EAFRD**), **EUR 430 million will be channelled via financial instruments**. This is more than in 2007-2013, and volumes are expected to increase with Member States focusing their efforts on undertaking relevant *ex-ante* assessments.
- For the current period, an improved regulatory framework and extended support activities provide grounds for a substantial increase in the role that financial instruments can play in achieving the goals of the ESF



across its four thematic objectives. First estimates regarding the programming period 2014-2020 indicate that the ESF is set to contribute with nearly EUR 865 million in at least 12 Member States, which represents an overall doubling compared to the 2007-13 programming period.

STRENGTHENING ADMINISTRATIVE CAPACITY

- **17 Member States** will invest **EUR 4.2 billion (ESF and ERDF) in institutional capacity building**, depending on their individual needs. Member States will also use part of their Technical Assistance to reinforce the capacities of authorities and beneficiaries to administer and use the ESI Funds. The total amount of Technical Assistance for ESF, ERDF, and the Cohesion Fund is set at EUR 10.8 billion. In addition, Interreg programmes will contribute EUR 790 million of ERDF funding to establish or consolidate cooperation structures.



PROJECT EXAMPLES

- **The London Green Fund** is a Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative that is investing in infrastructure and housing renovation to reduce carbon emissions. It comprises three separate funds to provide equity participation or loans, investments in waste reduction and energy efficiency of commercial and public buildings and social housing. To improve financial sustainability it aims to bring private capital to match the public investment, and to make investments that, once repaid, can be reinvested in urban regeneration.
<http://europa.eu/!DR69jC>
- **The JIC Innovation park in the Czech Republic** houses almost 60 innovative companies and start-ups ranging from online services, software engineering, computer security, civil engineering to biotechnology, robotics as well as other high technology fields. The park provides companies with office space and tailor-made advice on their business plans, development and growth for up to three years. Since its launch in 2003, more than 100 companies have been incubated and almost all have successfully established themselves afterwards.
<http://europa.eu/!Qv68NV>
- **Porta Futuro**, a counselling, training and job search centre, has helped some 36 500 unemployed people to find a job thanks to ESF support between July 2011 and December 2014. Porta Futuro has a matching ratio of 33 % for its customers and has become a model for public employment services in Italy. Its success is based on its personal relationship between counsellors and clients and a strong partnership with local enterprises.
<http://europa.eu/!ng47Pt>



- Lubelskie province has the highest level of unemployment in Poland, particularly amongst women. In response, the **Marie Curie-Skłodowska University Foundation** launched an entrepreneurship project to give highly determined women the chance to create their own businesses. Workshops, one-to-one counselling and access to grant aid were key project features. Of the 323 women to take part, 242 have gone on to set up businesses. Each successful candidate received EUR 3 000 to establish their own enterprise. Child care was also provided for the participating mothers.
<http://europa.eu/!XW68qK>
- **Glass Organic Diary:** In early 2010 the first nationwide glass dairy in Münchehofe was opened. It processes organic milk from the surrounding organic farmers and gives visitors an insight into the manufacturing and production processes of the regional dairy products. The project greatly contributed to promoting sustainable, regional food production and consumption, increasing production capacity and employment.
<http://europa.eu/!Bm86jq>

More factsheets on how ESI Funds contribute to Commission priorities are available at http://ec.europa.eu/contracts_grants/funds_en.htm

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