



## **HIGHLIGHTS – 2019 ANNUAL ACTIVITY REPORT**

### DIRECTORATE-GENERAL FOR REGIONAL AND URBAN POLICY (REGIO)



**#EUinmyregion**

## HIGHLIGHTS - 2019 ANNUAL ACTIVITY REPORT DIRECTORATE-GENERAL FOR REGIONAL AND URBAN POLICY (REGIO)

European Commission  
Directorate-General for Regional and Urban Policy

E-mail REGIO-SPP-TEAM@ec.europa.eu

European Commission  
B-1049 Brussels

Manuscript completed in July 2020.

The European Commission is not liable for any consequence stemming from the reuse of this publication.

More information on the European Union is available on the internet (<http://europa.eu>).

Luxembourg: Publications Office of the European Union, 2020

Print	ISBN 978-92-76-20740-5	doi:10.2776/99815	KN-02-20-547-EN-C
PDF	ISBN 978-92-76-20741-2	doi:10.2776/096248	KN-02-20-547-EN-N

© European Union, 2020

Reuse is authorised provided the source is acknowledged. The reuse policy of European Commission documents is regulated by Decision 2011/833/EU (OJ L 330, 14.12.2011, p. 39).

For any use or reproduction of photos or other material that is not under the EU copyright, permission must be sought directly from the copyright holders.

Copyrights:

Cover: Liège railway station – iStock/Boarding1Now; Antwerp Harbour, Belgium – iStock/StreetFlash; Aerial view of windmills, Finland – iStock/wmaster890; Winding road in rocky mountain, Romania – iStock/savcoco; Modern tram, Warsaw, Poland – iStock/ewg3D; Car production line, Poland – iStock/Tramino; People walking in the city – iStock/Marco\_Piunti; Frankfurt, Germany – iStock/sharlocks – page 6: Purification plant – iStock/Macrovector – page 7: Green energy – iStock/biscotto87; Wildfire – iStock/tarras79; Scheme of railway station system – iStock/Macrovector – page 8: Connected community – iStock/Si-Gal – page 9: Fibre optics – iStock/Henrik5000 – page 10: Support – iStock/Vectorios2016 – page 11: GMO bio engineering – iStock/Marivector – page 12: Global network concept – iStock/metamorworks – page 14: Øresund Bridge – iStock/4FR

## Table of contents



### **A European Green Deal**

Protecting the climate ..... 6



### **A Europe fit for the digital age**

Going digital ..... 8



### **An Economy that works for people**

Supporting the economy ..... 10



### **A stronger Europe in the world**

Building Europe ..... 12



### **Delivery of investments**

Contribution to convergence ..... 14



### **Assurance**

Financial management and internal control ..... 18





Dear reader,

Cohesion policy plays a key role in Europe's future. A first responder in the COVID crisis and a linchpin of the recovery package. In the longer term, a cornerstone of a Green Deal for all regions, with no one left behind.

In the context of these responsibilities both present and future, it is reassuring to read the many achievements of 2019. The Annual Activity Report highlights once again how cohesion policy helps Europe's regions and people rise to the challenges of the digital revolution and the green, climate-neutral economy. It also highlights our role as a source of expertise and capacity in transitions and structural transformations.

I am particularly pleased to note that:

- Over 400 000 firms received support to improve their productivity and competitiveness. As a result, nearly 110 000 direct jobs have been created, sustaining the employment rate in many Member States.
- With our support, 20 000 firms have collaborated with research institutes and nearly 37 000 researchers have benefited from improved research infrastructure.
- Over 170 000 households benefit from improved energy performance of their homes.
- Through cohesion policy, 27.5 million more citizens benefit from modernised health services – from clinics to hospitals.

This brochure gives a brief overview. You will find further details – and much more – in our Annual Activity Report (AAR). I encourage you to read the full report, accessible via the QR code at the back of this booklet.

Kind regards, Marc Lemaître



# A European Green Deal

## Protecting the climate

### Protecting the climate

REGIO provides the biggest EU investment support for Europe's ambitious **energy and climate** policies, supporting regions and cities on their path to reach the targets of climate neutrality by 2050 and contributing to a socially fair transition. The 2014-2020 programmes will invest over **EUR 75 billion** into the low carbon economy and climate change adaptation by the end of 2023. The European Regional Development Fund (ERDF) and Cohesion Fund (CF) thus make a substantial contribution to delivering the ambitions of the **European Green Deal**.

REGIO plays a particular role in helping Member States and regions to manage their transitions towards a climate-neutral economy. REGIO is actively engaged in the **Coal Regions in Transition Initiative**, providing tailor-made support for the clean energy transition in 13 pilot coal

and carbon-intensive industrial regions. Based on this experience, REGIO has started to co-ordinate the preparation of the **Just Transition Fund**, aiming at alleviating the social and economic impacts of the transition and supporting regions directly in coping with the challenges of the transition.

### Caring for people and the environment

REGIO's investments are contributing to **environmental protection** and the **management of natural disasters**. In this context, the **EU Solidarity Fund** grants financial assistance to Member States and accession countries, mainly in the event of major natural disasters.

Almost **1.2 MILLION PEOPLE** **BENEFIT** from improved water supply and **1.8 MILLION** from improved wastewater treatment





**Over 170 000  
HOUSEHOLDS BENEFIT**  
from improved energy  
performance in houses

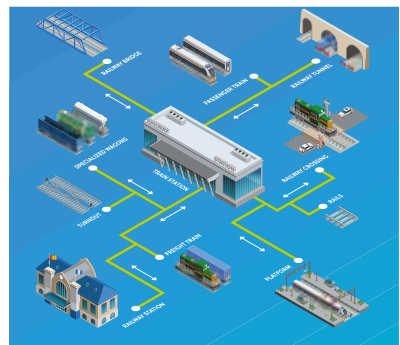


**Over 10.8 MILLION  
PEOPLE BENEFIT** from  
better forest-fire protection

## Connecting people

Promoting **sustainable transport** and removing bottlenecks in key transport infrastructures is a core pillar of cohesion policy. Consequently, ERDF and CF are the largest EU sources supporting the modernisation of the European transport system. About **EUR 70.3 billion** of EU support have been allocated to programmes that address mobility.

**Over 900 KM OF RAILWAYS**  
have been already reconstructed





# A Europe fit for the digital age

## Going digital

### Going digital

Cohesion policy makes a key contribution to investments in Europe's digital infrastructure. The EU's investment in the **digital economy** for 2014-2020 will reach **EUR 18.4 billion** by the end of 2023. This makes ERDF the main EU investment tool for the digitalisation of the public sector and SMEs and for the rollout of broadband. The purpose of digital investments under cohesion policy is to overcome the digital divide both socially and geographically, e.g. by supporting the digitalisation of firms, government services, and boosting e-health and digital skills. With the support of the ERDF, almost **3 million more households had access to broadband** by the end of 2019.

### Supporting the economy

EUR **50 billion** from the ERDF and CF are devoted to improving the **business environment** and an additional EUR **65 billion** to strengthen **research and innovation**. Furthermore, over **180 smart specialisation strategies** helped mobilising more than EUR 120 billion and aiming to leverage considerably more private investment.

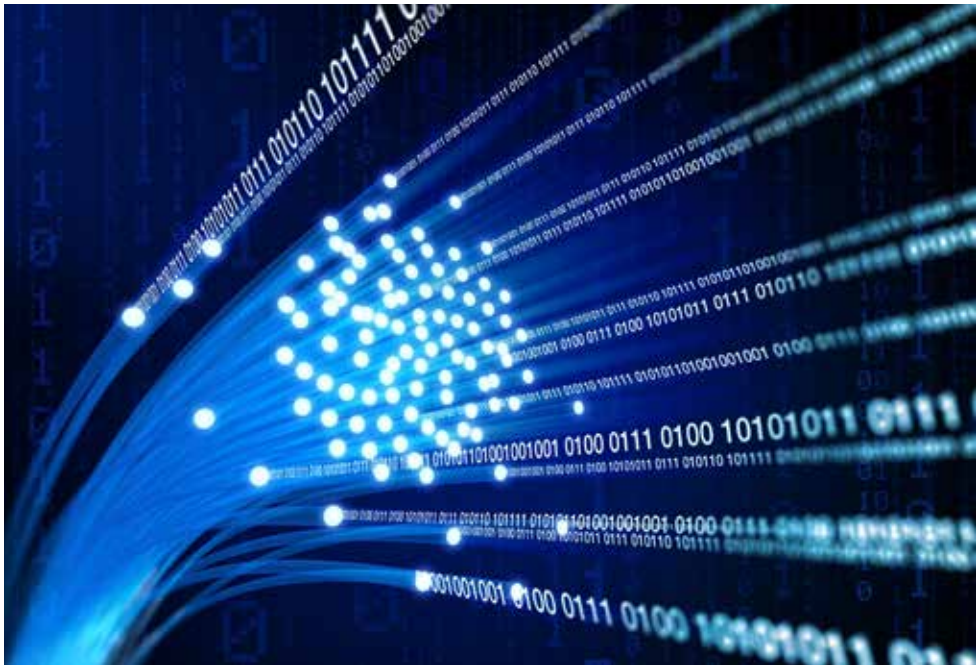
Small and medium-sized enterprises (SMEs) are key in this context and for making the economy work for people. SMEs are the backbone of the European economy, representing some 99% of all enterprises, and employing around **100 million people in Europe**.



**Almost 3 MILLION  
HOUSEHOLDS BENEFIT  
from broadband access**



For the 2014-2020 programming period, the ERDF is providing over EUR **69 billion** of support to boost **innovation and productivity** in Europe's enterprises. This makes the ERDF the largest source of EU financing supporting enterprises of all sizes and gives it a prominent role in the EU SME policy strategy.





# An Economy that works for people

## Supporting the economy

Over the years, regional policy has offered expertise in transition, structural transformation and policy implementation. It has helped to create the conditions for growth enhancing investment through *ex-ante* conditionalities.

The 2014-2020 programmes continue to support Member States in implementing **structural changes** and **policy reforms**, including those linked to Country Specific Recommendations issued in the context of the European Semester, through investments targeting structural weaknesses and growth bottlenecks. REGIO has also started to identify key reforms in Member States for the post-2020 period in cooperation with DG REFORM.

Sound **administrative capacity** in Member States and regions is a key precondition for successful implementation of our programmes. REGIO continues to provide specific support and tools to authorities and beneficiaries.

### Fostering inclusive growth in Europe

Under the inclusive growth priorities, cohesion policy provides targeted investments adapted to different local and regional contexts. EUR **21.5 billion** of ERDF have been allocated in the 2014-2020 period to help cities across Europe to tackle a multitude of challenges. Social inclusion and regeneration of urban neighbourhoods, sustainable urban mobility, circular economy and housing, investment in education and training, childcare and health, and the facilitation of access to public services and digital solutions are all among the areas of engagement.



Over **400 000** enterprises  
received support

Almost **12 000 ENTERPRISES** were supported to introduce  
new-to-the-market products

## Strengthening the health sector

Cohesion policy supports measures to make health systems more accessible, innovative and affordable. It responds to the needs of people, with a particular focus on inequalities and marginalised communities.

Investments in health and social infrastructure under the umbrella of the ERDF help an additional **27.5 million European citizens to benefit from modernised health systems**. Thanks to the recent Coronavirus Response Investment Initiative, investments in health care will be further prioritised in programmes and are thus likely to go beyond the originally planned EUR 4.6 billion across the EU.

## Reaching out across borders and oceans

European Territorial Cooperation programmes enhance interregional, transnational and cross-border cooperation and contribute to more effectiveness of the single market. REGIO made a key contribution to identifying and tackling **cross-border barriers for people and enterprises alike**.

**EU macro-regional strategies** facilitate multi-stakeholder cooperation across regions and borders, for example by connecting smart specialisation strategies and clusters and linking industrial and innovation policies.



**Over 5 300 NEW RESEARCHERS**  
in supported entities

**Almost 1 900 RESEARCH**  
institutions participate  
in cross-border, trans-  
national or interregional  
research projects

REGIO also steered the implementation of the EU strategy for the **outermost regions** and mainstreamed their specificities across policies and initiatives.



# A Stronger Europe in the World

## Cohesion policy in EU external relations

In the area of **international cooperation**, REGIO continues to share experience with strategic partners and other countries in the area of regional policy, notably in territorial and urban matters. REGIO is shaping international thinking when it comes to the UN New Urban Agenda and plays an important role both in the **EU enlargement process** and in the **European**

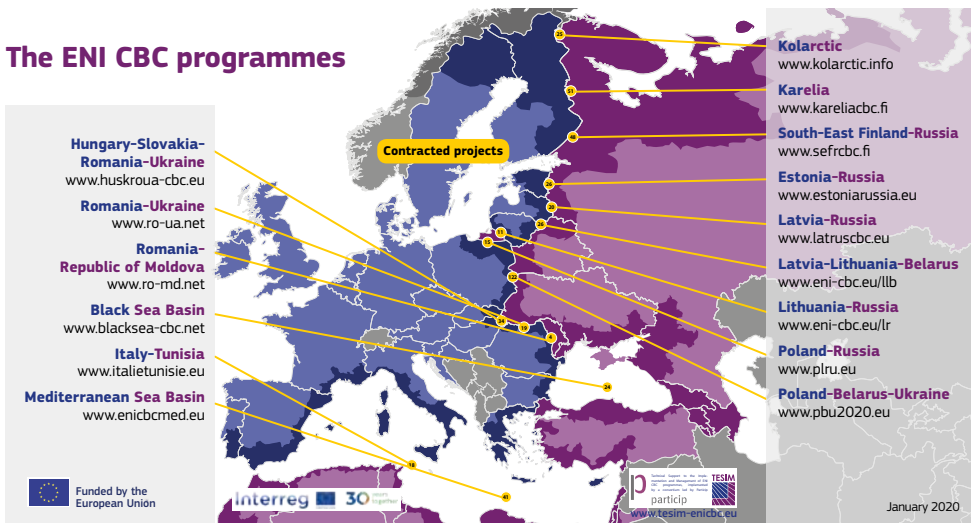
**Neighbourhood Policy** through cross-border cooperation along the EU's external borders and macro-regional strategies.

The **IPA-CBC programmes** contribute to preparing the beneficiary countries for successful participation in EU regional policy after accession and to building trust and stability in



the regions. Fifteen European **neighbourhood instrument cross-border co-operation (ENI CBC) programmes** worth around **EUR 1 billion** involve Member States as well as eastern and southern neighbourhood countries.

## The ENI CBC programmes





# Delivery of investments

## Contribution to convergence

Regional policy represents almost a **quarter of the total EU budget**. During and after the financial crisis of 2008-2009, and again during the current COVID crisis, the policy has proven to be a flexible investment tool.

It has been a major source of public investments in many Member States over the past years. Under the current circumstances, the

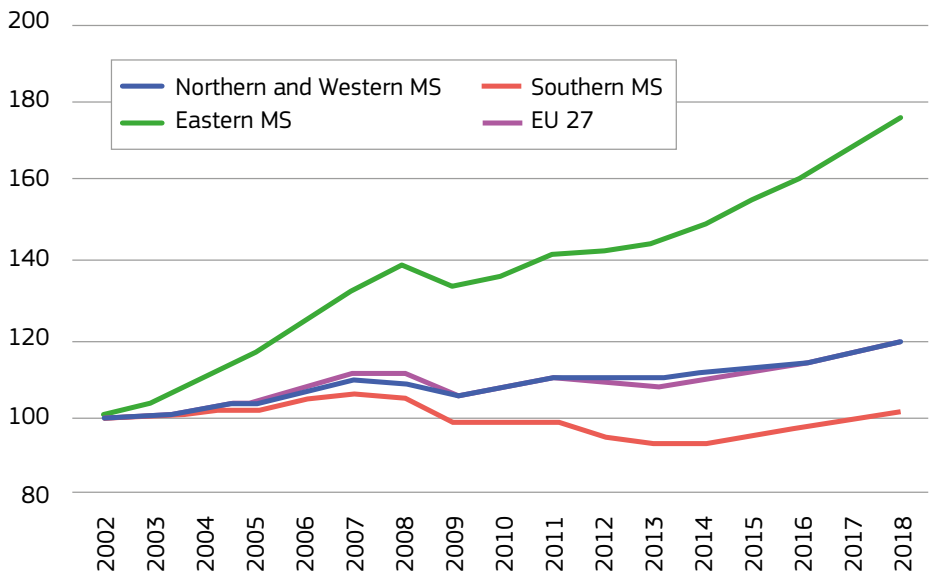
policy provides crucial economic support for growth in Europe. It acts as catalyst for additional public and private funding through its co-financing requirement, leverage as well as its role in creating investor confidence. The impact of the policy is particularly strong in cohesion countries<sup>1</sup>, contributing to a significant convergence of GDP per head.



---

1) Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

### GDP per head (constant prices, 2002=100)<sup>2</sup>



2) Source: Eurostat and REGIO calculations. Northern and Western MS = Germany, Austria, the Netherlands, Luxembourg, Finland, Sweden, Ireland, Belgium, Denmark and France; Eastern MS = Poland, Croatia, Estonia, Latvia, Lithuania, Slovakia, Hungary, Slovenia, Czechia, Romania and Bulgaria; Southern MS= Italy, Spain Greece, Portugal, Cyprus and Malta.

## Performance of programmes

REGIO regularly assesses the performance of programmes. In 2019, based on the overall assessment of 293 programmes, 14% were identified as programmes 'in difficulty' requiring close monitoring and corrective actions tailored to the needs of each programme.

In 2019, REGIO undertook a [review of the performance of programmes](#) as well as supervisory work to ensure that performance information reported by Member States is correct, reliable and of good quality.

Overall, the performing priorities accounted for 79% of the total performance reserve. The review resulted in the definitive release of EUR 15.9 billion out of a total of EUR 20.2 billion of the [performance reserve](#), to be invested in performing priorities.

## Project selection and absorption

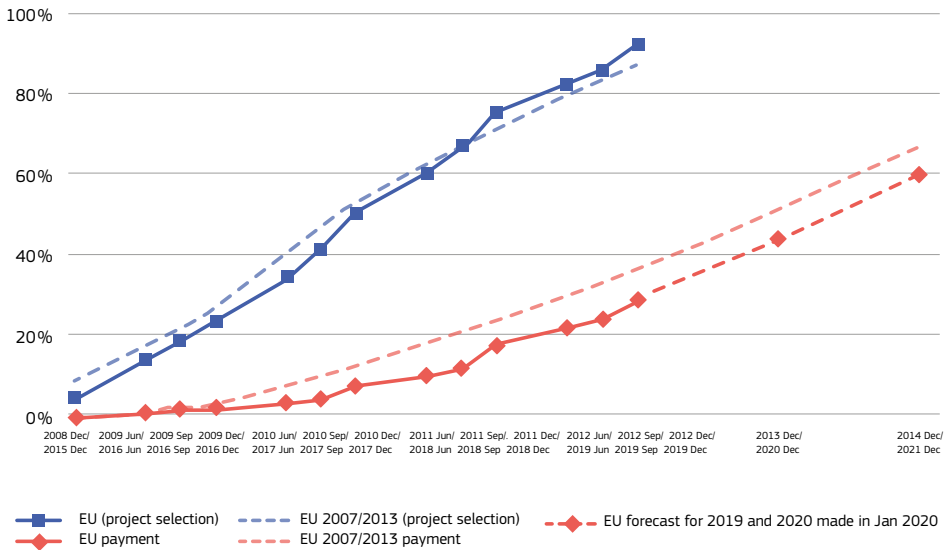
Until the end of 2019, more than [EUR 322 billion](#), representing 92% of the total envelope, has already been allocated to projects implemented under 2014-2020 programmes. The absorption rate has continued to increase throughout the year (34% of the overall envelope was paid to Member States). It nevertheless remains at a lower level than expected and compared to the previous programming period.



## HIGHLIGHTS - 2019 ANNUAL ACTIVITY REPORT

### DIRECTORATE-GENERAL FOR REGIONAL AND URBAN POLICY (REGIO)

#### Project selection and absorption compared to the previous programming period





# Assurance

## Financial management and internal control

For accounting year 2017-2018

Accounts accepted  
for **258 ERDF-CF  
PROGRAMMES**

**KPI 5 - RESIDUAL TOTAL  
ERROR RATE 2.7 %**

REGIO needs to conduct its operations in compliance with applicable laws and regulations. For 2019, REGIO's internal control principles and mechanisms were implemented and functioned as intended.

Management has therefore reasonable assurance that, overall, for **direct management**, the **Solidarity Fund**, and **indirect management**, suitable controls are in place and work as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

As regards **shared management** of the ERDF and CF, the Instrument for Pre-accession Assistance and Cross-border Cooperation, REGIO has reasonable assurance that adequate controls and corrective capacities are in place and work as intended except for the programmes

indicated in the table. The Member States or third countries are in the first instance responsible for putting in place a robust management and control system.

Audit authorities in the Member States provide annual assurance based on over 500 system audits, audits of over 3300 operations and audits on accounts for each programme. The Commission exercises its supervisory role through a thorough desk review of assurance documents, and risk-based on-the-spot compliance audits to review the national audit results and opinions.

The resulting **residual total error rate for expenditure** in the ERDF and CF programme accounts accepted in 2019 is calculated to be **2.7 %** and up to an estimated maximum risk (worst-case scenario) of 3.8%, taking into account all information at the date of signature of the AAR.

In line with the joint **typology of errors** agreed with audit authorities, the vast majority of the project findings detected by REGIO auditors related to public procurement irregularities (50%), ineligible expenditure and projects (13%), and inadequate audit trails (13%).

The majority of findings reported by audit authorities are linked to ineligible expenditure (35%) followed by public procurement irregularities (25%).

**HIGHLIGHTS - 2019 ANNUAL ACTIVITY REPORT**  
DIRECTORATE-GENERAL FOR REGIONAL AND URBAN POLICY (REGIO)

**Financial resources managed by REGIO in 2019 and control results for related activities**

	Activity	Payments 2019 (EUR million)	% REGIO	IC indicators	Reservation
<b>2014-2020 period</b>	ERDF / CF	37 165.9	95.9	Residual total error rate < 2 % total error rate < 10 %	Yes 67 ERDF / CF
	Cross-border cooperation IPA- CBC / ENI;	46.6	0.1	No risk on the advance payments	No
<b>2007-2013 period</b>	ERDF / CF	1 058	2.7	Residual risk rate < 2 % (corrections applied at the closure)	Yes 9 ERDF / CF programmes
	IPA – cross-border cooperation	0.95	0.0	Error rate: 0.38 %, RRR < 2 %	Yes 1 IPA- CBC programme
<b>Up to 2006</b>	ERDF / CF	43.6	0.1	Residual error rate < 2 % (corrections applied at the closure)	No
<b>Solidarity Fund</b>	EUSF	294.8	0.8	No significant findings	No
<b>Indirect management</b>	IPA Regional Development	0	0.0	2019 error rates validated below materiality	No
	Urban Innovative Actions	44.2	0.1	No significant findings	
<b>Direct management</b>	Technical assistance, pilot project and preparatory actions; incl. cross-sub- delegations given	93.75	0.2	Corrections with limited impact being carried out as a result of the checks and <i>ex-post</i> controls carried out No significant findings	No
<b>Grand total</b>		38 747.8	100 %		2 coverings 77 pro- grammes

The need for additional corrections for a limited number of programmes was identified, following completion of the control cycle. Corrections will be applied to bring the annual remaining risk below 2% for each programme and for all accepted 2017-2018 accounts.

The estimated average error rate at closure for the 2019 relevant expenditure for all management modes is approximately 1.1%.

On this basis, the Director-General, in his capacity as Authorising Officer by Delegation has signed the **Declaration of Assurance** albeit **qualified** by the following two reservations:

- A reservation for the 2014-2020 programming period concerning 67 out of 293 ERDF/CF programmes. The risk to the EU budget for these programmes is partially mitigated by the 10% retention policy, which applies to all interim payments made by REGIO.

- A non-financial reservation for 10 programmes of the 2007-2013 programming period, meaning that these programmes will not receive their final payment until issues are resolved.

The necessary preventive and corrective actions, including required financial corrections to bring the residual risk below 2% for each programme, have been or are being requested from the Member States concerned. REGIO is also working with the programme concerned and audit authorities to improve their detection and/or correction capacity.

## More information

**For more information on Regional & Urban Policy:**

[https://ec.europa.eu/regional\\_policy/en/](https://ec.europa.eu/regional_policy/en/)

**For more information on DG REGIO:**

[https://ec.europa.eu/info/departments/regional-and-urban-policy\\_en](https://ec.europa.eu/info/departments/regional-and-urban-policy_en)

**Find all current figures on our Open Data Platform**



**Find the full text of the 2019 REGIO Annual Activity Report**





## Getting in touch with the EU

### IN PERSON

All over the European Union there are hundreds of Europe Direct Information Centres. You can find the address of the centre nearest you at: <https://europa.eu/contact>

### ON THE PHONE OR BY E-MAIL

Europe Direct is a service that answers your questions about the European Union. You can contact this service

- by freephone: **00 800 6 7 8 9 10 11** (certain operators may charge for these calls),
- at the following standard number: **+32 22999696** or
- by electronic mail via: <https://europa.eu/contact>

## Finding information about the EU

### ONLINE

Information about the European Union in all the official languages of the EU is available on the Europa website at: <https://europa.eu>

### EU PUBLICATIONS

You can download or order free and priced EU publications from EU Bookshop at: <https://bookshop.europa.eu>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see <https://europa.eu/contact>)

### EU LAW AND RELATED DOCUMENTS

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: <https://eur-lex.europa.eu>

### OPEN DATA FROM THE EU

The EU Open Data Portal (<https://data.europa.eu/euodp/en/data>) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.

