

European Regional Development Fund (ERDF): support to the Investment for growth and jobs goal, 2014-2020

2011/0275(COD) - 06/10/2011 - Legislative proposal

PURPOSE: to define the next framework for cohesion policy for the period 2014-2020 (ERDF Regulation).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: in its [proposal for the next multi-annual financial framework for the period 2014-2020](#), the Commission decided that cohesion policy should remain an essential element of the next financial package and underlined its pivotal role in delivering the Europe 2020 strategy. It proposed a number of important changes to the way cohesion policy is designed and implemented. Concentrating funding on a smaller number of priorities better linked to the Europe 2020 Strategy, focusing on results, monitoring progress towards agreed objectives, increasing the use of conditionalities and simplifying the delivery are among the major hallmarks of the proposal.

This proposal is part of a package of legislative measures relating to the **Cohesion policy 2014-2020**. This package includes:

- an [overarching regulation](#) setting out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). This will allow for the better combination of funds for a stronger impact of EU action;
- three specific regulations for the **ERDF**, the [ESF](#) and the [Cohesion Fund](#);
- two regulations dealing with the [European territorial cooperation](#) goal and the European grouping of territorial cooperation ([EGTC](#));
- two regulations on the European Globalisation Fund ([EGF](#)) and the [Programme for Social Change and Innovation](#);
- a communication on the European Union Solidarity Fund ([EUSE](#)).

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF supports regional and local development by co-financing investments in R&D and innovation; climate change and environment; business support to SMEs; services of common economic interest; telecommunication, energy and transport infrastructures; health, education and social infrastructures; and sustainable urban development.

IMPACT ASSESSMENT: a **certain number of options were assessed** in particular in relation to the ERDF contribution to two public goods: (i) contribution to employment, R&D and innovation through enterprise support; (ii) investing in basic infrastructure (e.g. transport, energy, environment, social and health infrastructure).

The options examined included the status quo, changes to make funding more targeted, and an option which would be significantly more restrictive in scope compared with current funding options. **The option of increased targeting was chosen**, which increases the efficiency, effectiveness and EU added value of funding, but at the same time leaves regions sufficient flexibility regarding investment, and minimises the risk that activities requiring funding fall outside the scope of intervention.

LEGAL BASIS: Articles 178 and 349 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed Regulation determines the scope of intervention of the ERDF, and also defines a negative list of activities which will not be eligible for support. It defines investment priorities for each of the thematic objectives.

Thematic objectives: transition regions and more developed regions will be required to focus the largest part of their allocation (except for the ESF) on energy efficiency and renewable energy, competitiveness of SMEs, and innovation. Less developed regions will be able to devote their allocation to a wider range of objectives reflecting the broader range of development needs.

The mechanism proposed provides that:

- at least 80% of resources are focused on energy efficiency and renewables, research and innovation and SME support in more developed and transition regions of which 20% for energy efficiency and renewables. Given the ongoing restructuring needs in those regions phasing out from the Convergence objective, the minimum percentage shall be reduced to 60%;
- at least 50% of resources are focused on energy efficiency and renewables, research and innovation and SME support in less developed regions of which 6% for energy efficiency and renewables.

Sustainable urban development: the proposed Regulation provides for an increased focus on sustainable urban development. The increased focus is to be achieved through the earmarking of a minimum of 5% of ERDF resources for sustainable urban development, the establishment of an urban development platform to promote capacity building and exchange of experience, and the adoption of a list of cities where integrated actions for sustainable urban development will be implemented.

Regions suffering from severe natural or demographic handicaps: the proposal states that particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions.

Outermost regions: lastly, the proposed Regulation includes specific measures shall be adopted to take account of the structural social and economic situation of the outermost regions, which is compounded by certain specific features which severely restrain their development. The specific measures shall include conditions of access to the Structural Funds.

BUDGETARY IMPLICATION: the Commission's proposal for a Multiannual Financial Framework includes **EUR 376 billion** for cohesion policy for the period 2014-2020. The proposed budget (in billion euros) is broken down as follows:

- Less developed regions EUR 162.6
- Transition regions: EUR 38.9
- More developed regions: EUR 53.1
- Territorial cooperation: EUR 11.7
- Cohesion fund: EUR 68.7
- Extra allocation for outermost and sparsely populated regions: EUR 0.926.
- Facility for transport, energy and ICT: EUR 40 billion (with an additional EUR 10 billion ring-fenced inside the Cohesion Fund).

The present proposal establishes minimum shares for the ESF for each category of regions defined in the proposal for a General Regulation. This results in a minimum overall share for the ESF of **25 % of the**

budget allocated to cohesion policy (excluding the allocation to the Connecting Europe Facility), i.e. EUR 84 billion. This implies that a maximum of EUR 183,3 billion remains available for the ERDF for the period 2014-2020.

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU).