

European Regional Development Fund (ERDF) and Cohesion Fund 2021–2027

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The Commission presented an amended proposal for a Regulation of the European Parliament and of the Council laying down the objectives and scope of the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) for the period 2021-2027 to support the recovery from the COVID-19 pandemic.

BACKGROUND: the COVID-19 crisis has prompted many governments to introduce unprecedented measures to contain the pandemic. This has led to increased uncertainty in financial markets. This, in turn, may lead to sharp declines in production levels in many economies, with severe social consequences. This may pose significant challenges to public finances in the coming years, which may limit the public investment needed for economic recovery.

The Commission is now proposing to strengthen key programmes for the next Multiannual Financial Framework (MFF) 2021-2027 through the [European Recovery Instrument](#) in order to channel investment quickly to where it is most needed, to strengthen the single market, to intensify cooperation in areas such as health and crisis management, and to provide the Union with a budget tailor-made to drive the long-term transition to a more resilient, greener, and digital Europe.

Cohesion policy investments need to play a leading role in ensuring a recovery for all paving the path for economic development over longer term. When providing support, particular emphasis needs to be put on the regions most affected by the crisis and which are less equipped to bounce back.

The Commission therefore considers it necessary to propose changes to the scope and specific objectives of the European Regional Development Fund (ERDF) as well as a flexible mechanism that can be applied quickly should other exceptional occurrences leading to a crisis situation affecting the Union arise.

CONTENT: in order to improve the overall economic resilience and recovery of the EU, it is proposed to improve flexibility of investment under programmes to address weaknesses in the health sector, improve preparedness related to unexpected emergencies, promote job creation in small and medium enterprises and fully exploit economic potential of tourism and culture sectors.

Under the amended proposal the ERDF shall be able to:

- support recovery by supporting job creation in SMEs;
- support the provision of the necessary information and communication technology (ICT) equipment and connectivity to foster the resilience of education and training systems for distance and e-learning;
- finance supplies to build resilience to disasters, in addition to improving the resilience of health systems.

The Commission also proposes to:

- create a separate specific objective under policy objective 4 to enable exploiting the potential of culture and tourism in enhancing economic development, social inclusion and social innovation
- allow the ERDF to support undertakings in difficulty when temporary State aid measures are introduced in response to specific circumstances;

- add a new provision to allow for the adoption of temporary measures allowing for a targeted extension of the scope of the ERDF, in particular to support working capital for SMEs in the form of grants, as well as a derogation from the requirements concerning the thematic concentration and minimum level of resources to be allocated to sustainable urban development in the event of exceptional and unusual circumstances in the context of the Stability and Growth Pact;
- allow the use of output and result indicators related to tourism and culture outside policy objective 5.

The proposed amendment does not entail any change to the [proposal](#) for a Council Regulation laying down the multiannual financial framework for the period 2021-2027. The amounts relating to the ERDF and the Cohesion Fund for the period 2021-2027 remain unchanged.