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

2018/0197(COD) - 23/06/2021 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a legislative resolution **approving** the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.

The regulation is part of the legislative package on cohesion policy for the period 2021-2027. The overarching aim of the ERDF/Cohesion Fund regulation is to strengthen the economic, social and territorial cohesion of the Union **by reducing the discrepancies between the various regions of the EU**.

The proposed regulation simplifies the rules for both Funds and defines the scope of the support they can provide over the next seven years.

Tasks

The ERDF would contribute to reducing the gap between the levels of development of the various regions of the Union and the backwardness of the least favoured regions by contributing to the structural adjustment of regions whose development is lagging behind and to the conversion of declining industrial regions, including by promoting sustainable development and addressing environmental challenges.

The Cohesion Fund would contribute to projects in the field of environment and trans-European transport infrastructure networks (TEN-T).

While the ERDF covers all regions of Europe, the Cohesion Fund is targeted at Member States with a per capita GNI below 90% of the EU average.

Policy objectives

The ERDF should support the following strategic objectives:

- a more competitive and smarter Europe by fostering smart and innovative economic transformation and regional connectivity to information and communication technologies (ICT) (policy objective 1);

- a greener, more resilient and low-carbon Europe moving towards a carbon-free economy (policy objective 2);

- a more connected Europe through better mobility (policy objective 3);

- a more social and inclusive Europe implementing the European set of social rights (policy objective 4);

- a Europe closer to its citizens, by promoting sustainable and integrated development of all types of territories and local initiatives (policy objective 5).

Strategic objectives 2 and 3 should also be supported by the Cohesion Fund.

Thematic concentration of ERDF support

Member States should decide on the level at which they will comply with the thematic concentration: at national level or at the level of the category of regions. They should make this choice in the partnership agreements they conclude with the Commission. Their choice should apply to the whole programming period.

Ecological and digital transition

All Member States should use ERDF resources to contribute to the digital and ecological transition by funding projects in a wide range of areas, such as research and innovation, digitalisation of services, energy efficiency, renewable energy, circular economy and biodiversity.

At the same time, to help redress regional disparities, Member States and regions with higher per capita GNI should devote a significant share of their national envelopes to **smart economic transformation** (at least 85%) and **green investments** (at least 30%).

Less developed Member States and regions should be able to invest more in improving access to quality jobs and education and training, and in the social inclusion of disadvantaged groups.

Both the ERDF and the Cohesion Fund should contribute to the reduction of greenhouse gas emissions in line with the EU's 2050 climate neutrality objective.

Exclusion from the scope of the ERDF and the Cohesion Fund

The ERDF and the Cohesion Fund should not support investments related to the production, processing, transport, distribution, storage or combustion of fossil fuels, with the following exceptions:

- the replacement of solid fossil fuels fired, namely coal, peat, lignite, oil-shale, heating systems with gas-fired heating systems;

- investment in the expansion and repurposing, conversion or retrofitting of gas transmission and distribution networks provided that such investment makes the networks ready for adding renewable and low carbon gases, such as hydrogen, biomethane and synthesis gas, into the system and allows to substitute solid fossil fuels installations;

- investment in clean vehicles for public purposes and vehicles, aircraft and vessels designed and constructed or adapted for use by civil protection and fire services.

Building resilience

In the wake of the COVID-19 pandemic, new provisions are being made to strengthen resilience to disasters.

In addition to infrastructure investments, the ERDF should support productive investments in **SMEs** and investments that promote sustainable growth, preserve existing jobs and create new ones.

Another provision aims to invest in **medical supplies and equipment**, in addition to infrastructure, to strengthen the resilience of health services.

The ERDF should support strategies that focus on **urban areas**, with the spending target on sustainable urban development increased from 6% to 8%. As tourism and culture have been particularly hard hit by the pandemic, Member States would be able to increase their support to these sectors and exploit their potential for economic recovery.

Funds would also be available for ICT equipment and connectivity for e-learning.