

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 14/07/2004 - Initial legislative proposal

PURPOSE : to lay down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

PROPOSED ACT : Council Regulation.

CONTENT : this proposal has been drafted as part of the cohesion legislative package. The package consists of a Regulation for the European Social Fund (ESF) (**COD/2004/0165**), Cohesion Fund (**AVC/2004/0166**) and the European Regional and Development Fund (ERDF) (**COD/2004/0167**) as well as an entirely new proposal creating the framework for a cross-border authority to manage cooperation programmes (EGCC) (**COD/2004/0168**).

The present draft regulation is the proposal of the Commission for the next generation of cohesion policy programmes. It constitutes the basis on which, according to Article 55 of Council Regulation 1260/1999 /EC of 21 June 1999 laying down general provisions on the Structural Funds, the Council shall review the mentioned regulation by 31 December 2006 at the latest. The Commission outlines the need to adopt the regulations in the course of 2005 in order to dedicate 2006 to the programming for the period 2007-2013.

It defines the objectives to which the Structural Funds and the Cohesion Fund are to contribute, the criteria for Member States and regions to be eligible under those Funds, the financial resources available and the criteria for their allocation.

The draft defines the context for cohesion policy, including the method for fixing the Community's strategic guidelines for cohesion policy, the national strategic reference framework and the annual examination at Community level. It also lays down the principles and rules on partnership, programming, evaluation, management, including financial management, monitoring and control on the basis of responsibilities shared between the Member States and the Commission.

As regards the new architecture of EU Cohesion Policy after 2006, the Commission proposes that actions supported by Cohesion Policy should focus on investment in a limited number of Community priorities, reflecting the Lisbon and Gothenburg agendas, where Community intervention can be expected to bring about a leverage effect and significant added value. Accordingly, for the operational programmes, the Commission proposes a core list of a limited number of key themes as follows: innovation and the knowledge economy, environment and risk prevention, accessibility and services of general economic interest.

Strategy and resources will be organised around three objectives:

1) **Convergence** : this objective concerns Member States and regions whose per capita GDP is less than 75% of the Community average. The key objective is to promote growth-enhancing conditions and factors leading to real convergence. Strategies will plan for the development of long-term competitiveness and employment. Today's data suggest that around 78% or EUR 264 billion will be concentrated on this objective;

2) Regional competitiveness and employment : outside the least developed Member States and regions, the Commission proposes a two-fold approach: First, regional development programmes will help regions to anticipate and promote economic change by strengthening their competitiveness and attractiveness. Second, interventions aim at creating more and better jobs by adapting the workforce to economic change. Around 17% or EUR 57.9 billion are suggested for this objective. Under the new regional programmes financed by the ERDF the Commission proposes a stricter concentration of interventions on the three priority themes: innovation and the knowledge economy, environment and risk prevention, accessibility and services of general economic interest.

As regards the operational programmes financed by the ESF, the Commission proposes to underpin the implementation of the employment recommendations and to strengthen social inclusion, in line with the objectives and guidelines of the EES.

To this end, support should focus on four policy priorities that are crucial for the implementation of the EES and where Community funding can provide added value: increasing the adaptability of workers and enterprises; enhancing access to employment and increasing participation in the labour market; reinforcing social inclusion and combating discrimination, mobilising reforms in the fields of employment and inclusion.

3) European territorial co-operation : Supporting co-operation of regions at cross-border, transnational and interregional level to further develop the harmonious and balanced integration of the Union's territory is at the core of the third objective. Around 4% or EUR 13.2 billion will be spent for this priority. Building on the experience of the present INTERREG Initiative, the Commission proposes to create a new objective dedicated to further the harmonious and balanced integration of the territory of the Union by supporting co-operation between its different components on issues of Community importance at cross-border, transnational and interregional level. Action will be financed by the ERDF and will focus on integrated programmes managed by a single authority in pursuit of key Community priorities linked to the Lisbon and Gothenburg agendas. All regions along the internal terrestrial and certain regions along the external terrestrial borders as well as along certain neighbouring maritime borders will be eligible for crossborder co-operation. The aim will be to promote joint solutions to common problems between neighbouring authorities, such as urban, rural and coastal development and development of economic relations and networking of SMEs.

For further information concerning the financial implications of this measure, please refer to the financial statement.