

European Regional Development Fund (ERDF)

2004/0167(COD) - 14/07/2004 - Legislative proposal

PURPOSE : to establish the tasks of the European Regional Development Fund (ERDF) in the framework of the revised cohesion policy for the period 2007-2013.

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

CONTENT : this proposal has been drafted as part of the cohesion legislative package. The package consists of a general Regulation (**AVC/2004/0163**), together with a Regulation for the European Social Fund (ESF) (**COD/2004/0165**), Cohesion Fund (**AVC/2004/0166**). The package is completed by an entirely new proposal creating the framework for a cross-border authority to manage cooperation programmes (EGCC) (**COD/2004/0168**).

Article 158 of the EC treaty establishes the Community objective of promoting harmonious development, and article 160 provides for the European Regional Development Fund, in order to support the correction of regional imbalances.

The most recent enlargement has heightened regional disparities within the EU, with a large increase in regions whose development is lagging. In the more developed regions, on the other hand, the continuing challenge is to establish and reinforce their relative attractiveness by increasing their competitiveness in order to contribute to the harmonious development of the Community's territory.

Enlargement has simultaneously increased the overall number of EU borders. This calls for greater territorial co-operation, based around joint projects for local development under crossborder cooperation, actions conducive to integrated territorial development under transnational development, and networks of development and exchange.

The differences in the level of regional development within the Community, require a both in budgetary and in thematic terms. ERDF actions are thus differentiated depending upon the beneficiary region, whilst remaining concentrated upon the Union's priorities, as defined in Lisbon and Gothenburg.

It is necessary to lay down specific provisions concerning the programming, management, monitoring and control of operational programmes under the "European territorial cooperation" objective.

This is the precise objective of this proposal.

The proposed ERDF shall contribute to the financing of assistance towards the reinforcement of economic, social and territorial cohesion by reducing regional disparities and supporting the structural development and adjustment of regional economies, including the conversion of declining industrial regions. In so doing, the ERDF shall give effect to the priorities of the Community, and in particular the need to strengthen competitiveness and innovation, to create sustainable jobs, and to promote environmentally sound growth.

The ERDF shall focus its assistance on a limited number of thematic priorities. The type and range of actions to be financed within each priority shall reflect the different nature of the "Convergence", "Regional competitiveness and employment" and "European territorial cooperation" objectives in accordance with this Regulation.

In particular, it shall contribute towards the financing of:

- productive investment;
- infrastructure;
- other development initiatives including services to enterprises, creation and development of financing instruments such as venture capital, loan and guarantee funds and local development funds, interest subsidies, neighbourhood services, and exchange of experience between regions, towns, and relevant social, economic and environmental actors;
- technical assistance.

More specifically, under the "Convergence" objective, the ERDF maintains a broad range of interventions, which reflects the important needs faced by these regions. This must allow the regions to mobilise and modernise their resources and launch a process of integrated and sustainable regional development. A new emphasis is placed upon research, innovation and risk prevention, while infrastructures retain an important role.

The "Regional competitiveness and employment" objective is constructed around a three-pronged menu of themes: innovation and the knowledge economy, which seeks to raise the quality of regional economies, environment and risk prevention, in order to ensure the sustainability of these developments, and accessibility to transport services and information and communication technologies (ICTs), aimed at reducing regional isolation from transport and digital networks, a pre-condition for their attractiveness.

A specific objective is dedicated to territorial co-operation, which is organised around crossborder and trans-national elements, based upon a menu of actions linked to the Lisbon and Gothenburg agenda. The inter-regional dimension, in turn, is part of the joint management of programmes under the preceding two objectives. This is based upon a bottom-up approach, which ensures the involvement of all actors and the success of actions carried out. Support for the development of networks of exchange, analysis and study between regions and local authorities will continue to be provided by this objective. Programming and management rules are simplified and clarified.

Finally, the ERDF pays particular attention to territorial specificities, in particular in accordance with article 299(2) of the EC treaty. In this regard, the regulation allows, during the planning phase of programmes, to modulate the menu to take account of the particular situation of urban and rural areas, and areas with natural handicaps. Also, the financing of the additional costs brought about by the peripheral location of the outermost regions is allowed for.

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