European Regional Development Fund (ERDF)

2004/0167(COD) - 12/06/2006 - Council position

The common position was adopted 2006 by unanimity. The main changes made by the common position concern the extension of the scope for the interventions of the ERDF which include the partial eligibility of VAT, the financing of housing projects in the EU 10, Romania and Bulgaria and the scope of intervention for the regional competitiveness and employment objective.

European Parliament amendments: nine amendments of the European Parliament have been accepted, either totally or partially, following the modification of the text of the draft regulation. Seven amendments are outdated and therefore could not be incorporated. The purpose of twenty amendments that were not incorporated as such was achieved by a change in the wording of Article 5. The others have been rejected. The Council states that some amendments could not be taken on board for their incompatibility with the provisions of Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, for example those concerning the change of the name objective “regional competitiveness and employment”.

VAT: the Commission proposed to render eligible non-recoverable VAT only in the case of the ESF. The European Council concluded that non-recoverable VAT shall be eligible under the rules of the ERDF, ESF and the Cohesion Fund only for those Member States whose GDP does not exceed 85% of the average EU GDP. The European Parliament requested that the modalities decided for the group of Member States mentioned above shall be extended to cover all Member States. The Council decided to give satisfaction to this request of the European Parliament and extended the eligibility of non-recoverable VAT to all Member States.

Housing: the European Parliament amendment asking for eligibility of expenses related to the renovation of social housing with a view to saving energy and protecting the environment in the context of sustainable urban development was adopted. The Council incorporates this amendment, for housing projects in the EU10, Romania and Bulgaria. It also defines the amounts of money which can be allocated to housing-related expenditure, provides that such expenditure shall be part of an integrated urban development plan, and is limited to multifamily and publicly-owned housing.

Extension of the scope of the "Regional competitiveness and employment" Objective: the Commission proposed to close up the list of activities eligible for ERDF financing in Article 5 (Regional competitiveness and employment objective). The Council, however, decided to extend this list by other activities (including the major part of those proposed by the European Parliament) and to render this list of activities not exhaustive. In doing so, the Council took nevertheless into account the fact the Member States do have an obligation of focusing on particular priorities linked to the Lisbon strategy, a certain concentration is therefore ensured through this so-called "earmarking exercise" introduced in the Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund after the relevant recommendation of the European Council.

Specific provisions on the treatment of particular territorial features:the main modifications are those inspired by the European Parliament, in particular the reinforcement of the urban dimension.