## Basic information

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|---|---|
| **2018/0197(COD)**<br><br>COD - Ordinary legislative procedure (ex-codecision procedure)<br>Regulation | Procedure completed |
| European Regional Development Fund (ERDF) and Cohesion Fund 2021–2027<br><br>Amended by 2023/0199(COD)<br>Amended by 2024/0275(COD)<br>Amended by 2025/0084(COD)<br><br>**Subject**<br><br>4.70.02 Cohesion policy, Cohesion Fund (CF)<br>4.70.07 European Regional Development Fund (ERDF) | |

## Key players

European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| REGI Regional Development | COZZOLINO Andrea (S&D) | 03/09/2019 |
| | Shadow rapporteur<br><br>HETMAN Krzysztof (EPP)<br><br>SOLÍS PÉREZ Susana (Renew)<br><br>ROOSE Caroline (Greens /EFA)<br><br>FITTO Raffaele (ECR)<br><br>DONATO Francesca (ID)<br><br>MICHELS Martina (GUE /NGL) | |

| Former committee responsible | Former rapporteur | Appointed |
|---|---|---|
| REGI Regional Development | COZZOLINO Andrea (S&D) | 20/06/2018 |

| Former committee for opinion | Former rapporteur for opinion | Appointed |
|---|---|---|
| BUDG Budgets | OLBRYCHT Jan (PPE) | 28/06/2018 |
| CONT Budgetary Control | PARGNEAUX Gilles (S&D) | 10/07/2018 |
| | | |

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|---|---|---|---|
| EMPL | Employment and Social Affairs | The committee decided not to give an opinion. | |
| ENVI | Environment, Public Health and Food Safety | KONEČNÁ Kateřina (GUE/NGL) | 21/06/2018 |
| ITRE | Industry, Research and Energy | The committee decided not to give an opinion. | 31/08/2018 |
| TRAN | Transport and Tourism | REVAULT D'ALLONNES BONNEFOY Christine (S&D) | 17/07/2018 |
| AGRI | Agriculture and Rural Development | NICHOLSON James (ECR) | 10/07/2018 |
| PECH | Fisheries | The committee decided not to give an opinion. | |
| CULT | Culture and Education | ZDROJEWSKI Bogdan Andrzej (PPE) | 01/06/2018 |
| LIBE | Civil Liberties, Justice and Home Affairs | POST Soraya (S&D) | 09/07/2018 |

Council of the European Union

European Commission

| Commission DG | Commissioner |
|---|---|
| Regional and Urban Policy | CREȚU Corina |

European Economic and Social Committee

European Committee of the Regions

**Key events**

| Date | Event | Reference | Summary |
|---|---|---|---|
| 29/05/2018 | Legislative proposal published | COM(2018)0372 | Summary |
| 11/06/2018 | Committee referral announced in Parliament, 1st reading | | |
| 14/02/2019 | Vote in committee, 1st reading | | |
| 27/02/2019 | Committee report tabled for plenary, 1st reading | A8-0094/2019 | Summary |
| 26/03/2019 | Debate in Parliament | | |
| 27/03/2019 | Decision by Parliament, 1st reading | T8-0303/2019 | Summary |
| | | | |

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|---|---|---|---|
| 27/03/2019 | Results of vote in Parliament | | |
| 02/10/2019 | Committee decision to open interinstitutional negotiations after 1st reading in Parliament | | |
| 09/10/2019 | Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 73) | | |
| 16/03/2021 | Approval in committee of the text agreed at early 2nd reading interinstitutional negotiations | PE689.642 | |
| 01/06/2021 | Council position published | 06168/1/2021 | |
| 07/06/2021 | Committee referral announced in Parliament, 2nd reading | | |
| 15/06/2021 | Vote in committee, 2nd reading | | |
| 18/06/2021 | Committee recommendation tabled for plenary, 2nd reading | A9-0204/2021 | |
| 23/06/2021 | Decision by Parliament, 2nd reading | T9-0299/2021 | Summary |
| 23/06/2021 | Debate in Parliament | | |
| 24/06/2021 | Final act signed | | |
| 30/06/2021 | Final act published in Official Journal | | |

## Technical information

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|---|---|
| **Procedure reference** | 2018/0197(COD) |
| **Procedure type** | COD - Ordinary legislative procedure (ex-codecision procedure) |
| **Procedure subtype** | Legislation |
| **Legislative instrument** | Regulation |
| **Amendments and repeals** | Amended by 2023/0199(COD)<br>Amended by 2024/0275(COD)<br>Amended by 2025/0084(COD) |
| **Legal basis** | Treaty on the Functioning of the European Union TFEU 177-p1<br>Treaty on the Functioning of the European Union TFEU 178-p1<br>Treaty on the Functioning of the European Union TFEU 349-p1sub1-as1 |
| **Other legal basis** | Rules of Procedure EP 165 |
| **Mandatory consultation of other institutions** | European Economic and Social Committee<br>European Committee of the Regions |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | REGI/9/01376 |

## Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE627.935 | 21/09/2018 | |
| Committee opinion | CONT | PE628.624 | 11/10/2018 | |
| Committee opinion | LIBE | PE625.438 | 19/10/2018 | |

| | | | | |
|---|---|---|---|---|
| Committee opinion | ENVI | PE625.333 | 26/10/2018 | |
| Amendments tabled in committee | | PE629.760 | 06/11/2018 | |
| Amendments tabled in committee | | PE629.761 | 06/11/2018 | |
| Amendments tabled in committee | | PE629.626 | 08/11/2018 | |
| Committee opinion | AGRI | PE623.919 | 14/11/2018 | |
| Committee opinion | CULT | PE626.959 | 16/11/2018 | |
| Committee opinion | TRAN | PE626.999 | 04/12/2018 | |
| Committee opinion | BUDG | PE625.491 | 11/12/2018 | |
| Committee report tabled for plenary, 1st reading/single reading | | A8-0094/2019 | 27/02/2019 | Summary |
| Text adopted by Parliament, 1st reading/single reading | | T8-0303/2019 | 27/03/2019 | Summary |
| Text agreed during interinstitutional negotiations | | PE689.642 | 03/03/2021 | |
| Committee draft report | | PE692.949 | 04/06/2021 | |
| Committee recommendation tabled for plenary, 2nd reading | | A9-0204/2021 | 18/06/2021 | |
| Text adopted by Parliament, 2nd reading | | T9-0299/2021 | 23/06/2021 | Summary |

**Council of the EU**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Council position | 06168/1/2021 | 01/06/2021 | |
| Draft final act | 00048/2021/LEX | 24/06/2021 | |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Legislative proposal | COM(2018)0372 | 29/05/2018 | Summary |
| Document attached to the procedure | SWD(2018)0282 | 29/05/2018 | |
| Document attached to the procedure | SWD(2018)0283 | 29/05/2018 | |
| Commission response to text adopted in plenary | SP(2019)437 | 30/07/2019 | |
| Supplementary legislative basic document | COM(2020)0452 | 28/05/2020 | Summary |
| Commission communication on Council's position | COM(2021)0283 | 03/06/2021 | |
| Follow-up document | COM(2025)0041 | 12/02/2025 | |

**National parliaments**

| Document type | Parliament /Chamber | Reference | Date | Summary |
|---|---|---|---|---|
| Contribution | PT_PARLIAMENT | COM(2018)0372 | 24/09/2018 | |
| Contribution | ES_PARLIAMENT | COM(2018)0372 | 27/09/2018 | |
| Contribution | RO_SENATE | COM(2018)0372 | 22/10/2018 | |
| Contribution | DE_BUNDESRAT | COM(2018)0372 | 23/10/2018 | |
| Contribution | CZ_SENATE | COM(2018)0372 | 25/10/2018 | |
| Contribution | ES_PARLIAMENT | COM(2020)0452 | 03/07/2020 | |
| Contribution | PT_PARLIAMENT | COM(2020)0452 | 29/07/2020 | |

**Other institutions and bodies**

| Institution/body | Document type | Reference | Date | Summary |
|---|---|---|---|---|
| EESC | Economic and Social Committee: opinion, report | CES3269/2018 | 17/10/2018 | |
| CofR | Committee of the Regions: opinion | CDR3594/2018 | 05/12/2018 | |
| CofR | Committee of the Regions: opinion | CDR3595/2018 | 05/12/2018 | |
| CofR | Committee of the Regions: opinion | CDR3596/2018 | 05/12/2018 | |
| EESC | Economic and Social Committee: opinion, report | CES2766/2020 | 18/09/2020 | |
| CofR | Committee of the Regions: opinion | CDR3318/2020 | 14/10/2020 | |

**Additional information**

| Source | Document | Date |
|---|---|---|
| European Parliament | Briefing | |
| European Commission | EUR-Lex | |

**Final act**

Regulation 2021/1058
OJ L 231 30.06.2021, p. 0060

Corrigendum to final act 32021R1058R(01)
OJ L 013 20.01.2022, p. 0074

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

2018/0197(COD) - 29/05/2018 - Legislative proposal

PURPOSE: to define the objectives and scope of the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) for the period 2021-2017.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: for the next multiannual financial framework covering the period 2021-2017, the Commission proposes to **modernise cohesion policy** to help redress imbalances within and between Member States.
Based on the evidence that the applicable rules were overly complex and fragmented between the different funds and the various forms of financing, the Commission proposed to establish a **single rulebook for seven EU funds** implemented under shared management in order to simplify access to and use of EU Funds (Common Provisions Regulation - CPR).
The aims of the **ERDF** is to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.
The **Cohesion Fund** contributes financially to projects in the field of the environment and trans-European transport infrastructure networks. In many countries, the ERDF and the Cohesion Fund represent at least **50%** of public investment - these Member States would not otherwise have the financial capacity to make such investments. There is considerable potential for spill-over effects across national and regional borders, for example in terms of investment in innovation and SMEs.

CONTENT: the proposal for a Regulation - presented for a Union of 27 Member States - sets out the **provisions applicable to both ERDF and Cohesion Fund** intervening under the 'Investment for jobs and growth' goal and, with regard to the ERDF, under the 'European territorial cooperation' goal (Interreg).

**Objectives for ERDF and Cohesion Fund**: the ERDF shall support the achievement of the following policy objectives (PO):

- a smarter Europe through innovation, digitisation, industrial change and support for small and medium-sized enterprises (PO 1);
- a greener, low-carbon Europe, investing in energy transition, renewable energy and the fight against climate change (PO 2);
- a more connected Europe with strategic transport and digital communication networks (PO 3);
- a more social Europe, which will support quality jobs, education, skills, social inclusion and equal access to health care (PO 4);
- a Europe closer to citizens, which will support locally driven development strategies and sustainable urban development across the European Union (PO 5).

The **Cohesion Fund** shall support PO 2 and specific objectives under PO 3 in particular the development of a sustainable, climate resilient, intelligent, secure and intermodal TEN-T as well as promoting sustainable multimodal urban mobility.
Operations under the ERDF are expected to contribute 30 % of the overall financial envelope of the ERDF to **climate objectives** (37% under the Cohesion Fund).
Landfills, airport infrastructure, the tobacco industry, decommissioning of nuclear facilities shall not be supported by the funds.

- **Thematic concentration**: in the current context of budget cuts, the proposed Regulation provides that the majority of ERDF and Cohesion Fund investments shall be geared towards the first two objectives: **a smarter Europe** (PO 1) and a **greener Europe** (PO 2). Member States shall invest between **65% and 85%** of their resources under the two funds in these priority areas, depending on their income ratio:
- **countries with GNI above 100%** of the EU average shall allocate at least 85% of their ERDF resources to PO 1 and 2, and at least 60% to PO 1;
- **countries with GNI between 75% and 100%** of the EU average shall allocate at least 45% of their ERDF resources to PO 1 and at least 30% to PO 2;
- **countries with a GNI below 75%** of the EU average should allocate at least 35% of their ERDF resources to PO 1 and at least 30% to PO 2.

This thematic concentration shall be attained at **national level**, with some flexibility at the level of individual programmes and between the three groups of Member States formed according to their gross national income.

**Scope of the funds**:

- **the ERDF** shall support the following: (a) investments in infrastructure; (b) investments in access to services; (c) **productive investments in SMEs**; (d) equipment, software and intangible assets; (e) information, communication, studies, networking, cooperation, exchange of experience and activities involving clusters; (f) technical assistance;
- the **Cohesion Fund** shall support the following: (a) investments in the environment, including investments related to sustainable development and energy presenting environmental benefits; (b) investments in TEN-T; (c) technical assistance.

**Indicators**: in order to ensure consistent monitoring of progress achieved, the proposed Regulation refines the common set of output indicators, while adding for the first time a common set of results indicators. These latter enable **reporting results in real time** on the Open Data Platform and comparison across programmes and Member States. Evaluations will include lessons learned, problems and opportunities to further improve the actions and their impacts.

**Specific territorial factors**: the proposal provides for an increased focus on **sustainable urban development** by dedicating 6% of ERDF resources to this area, delivered through territorial instruments. It also provides for the setting up of a **European Urban Initiative** to be managed by the Commission.

The proposal also sets out special measures to accommodate the specific situation of **outermost regions**. These include schemes to offset transport costs and investments.

**Proposed overall budget**: the Commission proposal for a multiannual financial framework provides for an envelope of **EUR 273 billion** for the ERDF and the Cohesion Fund for the period 2021-2027, of which: (i) ERDF: EUR 200.62 billion and; (ii) Cohesion Fund: EUR 41.34 billion.

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

2018/0197(COD) - 27/02/2019 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted the report by Andrea COZZOLINO (S&D, IT) on the proposal for a regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows.

*Tasks of the ERDF and the Cohesion Fund*

The ERDF and the Cohesion Fund shall contribute to the overall objective of strengthening the Union’s economic, social and territorial cohesion:

- the ERDF shall contribute to reducing disparities between the levels of development of the various regions within the Union, and to reducing the backwardness of the least favoured regions including environmental challenges, through sustainable development and structural adjustment of regional economies;

- the Cohesion Fund shall contribute to projects in the field of trans-European networks and environment.

*Specific objectives of the ERDF and the Cohesion Fund*

The proposal divides these objectives into five main areas: a Europe that is smarter, greener, more connected, more social and closer to citizens which in turn are divided into twenty-one areas of intervention. Members propose to strengthen the possibility of taking action in the following sectors: digital connectivity; fair transition and circular economy; natural heritage; zero emission urban mobility; sustainable tourism; long-term socio-economic integration of refugees and migrants under international protection; support for capacity building of responsible authorities.

ERDF operations shall contribute at least 35% of the overall ERDF financial envelope to the achievement of climate objectives (40% of the Cohesion Fund financial envelope).

The meaningful participation of regional and local authorities, civil society organisations, including beneficiaries, in all stages of the preparation, implementation, monitoring and evaluation of ERDF programmes shall be ensured.

*Criteria for thematic concentration of objectives*

Members propose to restore the thematic concentration at the level of categories of regions classified according to their gross domestic product and not, as the Commission proposes, at the level of Member States classified according to their gross national income. They also believe that PO 2 (a greener Europe) should also be extended to the group of the most developed regions.

To ensure an appropriate and real margin of flexibility, Member States may, in justified cases, request additional flexibility from the percentage allocated to PO 1 (up to 5 percentage points, and up to 10 percentage points for outermost regions) at regional category level, once again with a view to better meeting the requirements of citizens and the economy.

*Scope of the ERDF and Cohesion Fund*

The ERDF shall support investments that help to preserve existing and create new jobs in SMEs and any support for SMEs in the form of grants and financial instruments. The Cohesion Fund shall support the improvement and development of the skills and administrative competences of local authorities necessary for the management of the funds.

*Sectors excluded from ERDF assistance*

The following shall be excluded from support:

- investments in new regional airport infrastructure, except for investments in the outermost regions, interventions relating to core TEN-T network and investments related to environmental protection;

- investments in waste disposal by landfilling, with the exception of the outermost regions and measures to decommission, reconvert or make safe existing facilities;

- investments in facilities for the treatment of residual waste, with the exception of the outermost regions and in the case of state-of-the-art recycling solutions in accordance with the principles of the circular economy and the waste hierarchy. Residual waste shall be understood as primarily non separately collected municipal waste and rejects from waste treatment.

*Non-urban areas*

Members propose allocating a minimum reserve (at least 5% of ERDF resources) to support and develop non-urban areas that are disadvantaged or suffer from natural, geographical or demographic handicaps. Of this amount, at least 17.5% would be allocated to rural areas and communities.

*Sustainable urban development*

Members proposed that at least 10% of ERDF resources allocated at national level under the Investment for Jobs and Growth objective, other than those for technical assistance, should be allocated to sustainable urban development, in the form of a specific programme, a specific priority axis, community-led local development, integrated territorial investments or other territorial tools. Members reintroduced the possibility of integrated interventions co-financed under the ERDF/Cohesion Fund and the ESF+.

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

2018/0197(COD) - 27/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 475 votes to 93, with 53 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission's proposal as follows.

*Tasks of the ERDF and the Cohesion Fund*

The ERDF and the Cohesion Fund shall contribute to the overall objective of strengthening the Union’s economic, social and territorial cohesion by redressing the main regional imbalances in the Union through citizens oriented approach aimed at supporting community led development and fostering active citizenship:

- the ERDF shall contribute to reducing disparities between the levels of development of the various regions within the Union, and to reducing the backwardness of the least favoured regions including environmental challenges, through sustainable development and structural adjustment of regional economies;

- the Cohesion Fund shall contribute to projects in the field of trans-European networks and environment.

*Specific objectives of the ERDF and the Cohesion Fund*

The proposal divides these objectives into five main areas: a Europe that is smarter, greener, more connected, more social and closer to citizens which in turn are divided into twenty-one areas of intervention.

Parliament proposed to strengthen the possibility of taking action in the following sectors: digital connectivity and more efficient public administration; equitable transition and circular economy; social innovation; natural heritage, enhancement of protected natural spaces and sustainable tourism; zero emission urban mobility; environmentally friendly public transport networks; long-term socio-economic integration of refugees and migrants under international protection; support for capacity building of authorities responsible for the implementation of the funds.

ERDF operations shall contribute at least 35% of the overall ERDF financial envelope to the achievement of climate objectives (40% of the Cohesion Fund financial envelope).

The meaningful participation of regional and local authorities, civil society organisations, including beneficiaries, in all stages of the preparation, implementation, monitoring and evaluation of ERDF programmes shall be ensured.

*Criteria for thematic concentration of objectives*

Members propose to restore the thematic concentration at the level of categories of regions classified according to their gross domestic product and not, as the Commission proposes, at the level of Member States classified according to their gross national income. They also believe that PO 2 (a greener Europe) should also be extended to the group of the most developed regions.

The draft legislative act specifies that regions shall spend at least 30 to 50% of the funding received for an intelligent and innovative Europe, and at least 30% for the fight against climate change and for the circular economy.

To ensure an appropriate and real margin of flexibility, Member States may, in justified cases, request additional flexibility from the percentage allocated to PO 1 (up to 5 percentage points, and up to 10 percentage points for outermost regions) at regional category level, once again with a view to better meeting the requirements of citizens and the economy.

*Scope of the ERDF and Cohesion Fund*

The ERDF shall support investments that help to preserve existing and create new jobs in SMEs and any support for SMEs in the form of grants and financial instruments. The Cohesion Fund shall support the improvement and development of the skills and administrative competences of local authorities necessary for the management of the funds.

*Sectors excluded from ERDF assistance*

The following shall be excluded from support:

- investments in new regional airport infrastructure, except for investments in the outermost regions, interventions relating to core TEN-T network and investments related to environmental protection;

- investments in waste disposal by landfilling, with the exception of the outermost regions and measures to decommission, reconvert or make safe existing facilities;

- investments in facilities for the treatment of residual waste, with the exception of the outermost regions and in the case of state-of-the-art recycling solutions in accordance with the principles of the circular economy and the waste hierarchy. Residual waste shall be understood as primarily non separately collected municipal waste and rejects from waste treatment.

*Non-urban areas*

Members propose allocating a minimum reserve (at least 5% of ERDF resources) to support and develop non-urban areas that are disadvantaged or suffer from natural, geographical or demographic handicaps. Of this amount, at least 17.5% would be allocated to rural areas and communities.

*Sustainable urban development*

Parliament proposed that at least 10% of ERDF resources allocated at national level under the Investment for Jobs and Growth objective (as opposed to 6% proposed by the Commission) should be allocated to sustainable urban development, in the form of a specific programme, a specific priority axis, community-led local development, integrated territorial investments or other territorial tools. Members reintroduced the possibility of integrated interventions co-financed under the ERDF/Cohesion Fund and the ESF+.

# 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.

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

2018/0197(COD) - 28/05/2020 - Supplementary legislative basic document

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.