

European Regional Development Fund (ERDF)

2004/0167(COD) - 05/07/2006 - Final act

PURPOSE: to establish the tasks of the European Regional Development Fund (ERDF).

LEGISLATIVE ACT: Regulation 1080/2006/EC of the European Parliament and of the Council on the European Regional Development Fund and repealing Regulation 1783/1999/EC.

CONTENT: this Act sets out the specific provisions concerning the type of activities which may be financed by the ERDF. It has been adopted within the context of the reformed EU Cohesion Policy (2007-2013) and has come into force alongside four other related legislative acts. They are:

- Council Regulation 1083/2006/EC laying down the general provisions on the ERDF, ESF and the CF. For a summary of its provisions see AVC/2004/0163.
- Council Regulation 1081/2006/EC on the European Social Fund. For a summary of its provisions see COD/2004/0165
- Council Regulation 1084/2006/EC establishing the Cohesion Fund. For a summary of its provisions see AVC/2004/0166
- Council Regulation 1082/2006/EC on a European grouping of territorial cooperation (EGTC). For a summary of its provisions see COD/2004/0168

More specifically, this Regulation establishes the tasks of the ERDF and the scope of its assistance in relation to the three Cohesion Objectives, namely Convergence, Regional competitiveness and employment and European territorial cooperation. The more general provisions and specifications of the ERDF, as part of the overall Cohesion Policy, can be found in Regulation 1083/2006/EC (AVC/2004/0163).

To recall, the ERDF was set up by Article 160 of the Treaty on European Union. Only the ERDF and the ESF are defined as the “Structural Funds”; the Cohesion Fund being separate. Together the three programmes are referred to as “the Funds”. The total budgetary allocation earmarked for the Funds, between 2007 and 2013, has been agreed as EUR 308 billion.

The purpose of the ERDF is to contribute to the financing of assistance which reinforces economic and social cohesion by redressing the main regional imbalances. To that end the ERDF will support the development and structural adjustment of regional economies such as shoring up declining industrial regions and regions lagging behind. It will offer additional support to cross-border, transnational and interregional co-operation.

Under the terms of the Regulation the ERDF must focus its assistance on thematic priorities. It shall contribute towards the financing of: productive investment; safeguarding, as well as, creating sustainable jobs through direct aid to SME’s; infrastructure; regional and local development and technical assistance in preparing operational programmes linked to the ERDF.

Objective 1 Convergence:

Under the Convergence objective, the ERDF is required to focus its assistance on supporting sustainable integrated regional and local economic development and employment. This is to be achieved through

RT&D, through innovation and entrepreneurship; through promoting the information society (electronic communications, services and applications); through local development initiatives and aid for structures providing neighbourhood services to create new jobs; through the environment (such as water supply and waste management, waste-water treatment and air quality etc); through the prevention of risks; through the promotion of tourism and natural assets; through investments in culture and the preservation thereof; through transport investments including the trans-European networks; through energy investments; through education investments and through investments in health and the social infrastructure.

Objective 2 Regional competitiveness and employment:

Under the Regional competitiveness and employment objective, the ERDF will focus its assistance on sustainable development strategies whilst at the same time promoting employment. Attention will therefore be given to: innovation and a knowledge based economy by enhancing regional RT&D innovation capacities; stimulating and promoting innovation and entrepreneurship and creating financial instrument conducive to research. Under Objective 2 priority is also given to the environment including, for example, promoting clean and sustainable public transport and access to telecommunication services.

Objective 3 European territorial co-operation:

Under the European territorial co-operation objective the ERDF is expected to focus its assistance on: the development of cross-border economic, social and environmental activities. Activities should include encouraging entrepreneurship in the field of SME's, tourism and culture, supporting links between urban and rural areas and reducing isolation through improved access to transport, communication and services. Projects to be prioritised include, for example, cross-border water, waste and energy facilities as well as cross border health services. The Regulation notes that the ERDF should contribute, within the framework of this objective, to the PEACE programme in Northern Ireland and the border counties of Ireland. Attention is also given to promoting maritime co-operation through the financing of projects which seek, amongst others, the protection and management of river basins, coastal zones, maritime resources and wetlands.

In addition to the three Objectives the Regulation states that ERDF funding can be awarded to sustainable urban development; agriculture and fisheries (EAFRD and EFF); areas with geographical and natural handicaps and the outermost regions of the EU. Lastly, the Regulation sets out detailed operational rules relating to territorial co-operation (objective 3) relating to: the functioning and implementation of Operational Programmes; eligibility; managing, monitoring; and the selection of Operational Programmes. The Regulation will not affect the continuation or modification of assistance already approved by the Commission on the basis of Regulation 1783/1999/EC, which is now repealed.

ENTRY INTO FORCE: 1 August 2006.