

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2004/0167(COD) Regulation</p>	Procedure completed
<p>European Regional Development Fund (ERDF)</p> <p>Repealing Regulation (EC) No 1783/1999 1998/0114(COD) See also 2004/0163(AVC) Amended by 2008/0245(COD) Amended by 2009/0105(COD) See also 2009/2243(INI) Repealed by 2011/0275(COD)</p> <p>Subject 4.70.07 European Regional Development Fund (ERDF)</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	REGI Regional Development		06/10/2004
		PSE FAVA Claudio	
	Former committee responsible		06/10/2004
	REGI Regional Development		06/10/2004
		PSE FAVA Claudio	
	Former committee for opinion		01/09/2004
	PECH Fisheries		01/09/2004
		ALDE MORILLON Philippe	
	AGRI Agriculture and Rural Development		05/10/2004
		PSE HARANGOZÓ Gábor	
	ENVI Environment, Public Health and Food Safety		01/09/2004
		PPE-DE BUZEK Jerzy	
	EMPL Employment and Social Affairs		10/11/2004
	PPE-DE BACHELOT-NARQUIN Roselyne		
ITRE Industry, Research and Energy		26/10/2004	
	PPE-DE VAN NISTELROOIJ Lambert		
CONT Budgetary Control		The committee decided not to give an opinion.	
TRAN Transport and Tourism			
FEMM Women's Rights and Gender Equality		16/12/2004	
	PSE VINCENZI Marta		
BUDG Budgets		20/09/2004	
	ALDE GRIESBECK Nathalie		
Council of the European Union	Council configuration	Meeting	Date

European Commission	General Affairs	2736	12/06/2006
	Economic and Financial Affairs ECOFIN	2726	05/05/2006
	Commission DG	Commissioner	
	Employment, Social Affairs and Inclusion		

Key events

13/07/2004	Legislative proposal published	COM(2004)0495	Summary
01/12/2004	Committee referral announced in Parliament, 1st reading		
24/05/2005	Vote in committee, 1st reading		Summary
13/06/2005	Committee report tabled for plenary, 1st reading		
17/06/2005	Committee report tabled for plenary, 1st reading	A6-0184/2005	
05/07/2005	Debate in Parliament		
06/07/2005	Decision by Parliament, 1st reading	T6-0279/2005	Summary
11/06/2006	Council position published	09059/4/2006	Summary
15/06/2006	Committee referral announced in Parliament, 2nd reading		
22/06/2006	Vote in committee, 2nd reading		Summary
26/06/2006	Committee recommendation tabled for plenary, 2nd reading	A6-0225/2006	
04/07/2006	Results of vote in Parliament		
04/07/2006	Debate in Parliament		
04/07/2006	Decision by Parliament, 2nd reading	T6-0286/2006	Summary
05/07/2006	Final act signed		
05/07/2006	End of procedure in Parliament		
31/07/2006	Final act published in Official Journal		

Technical information

Procedure reference	2004/0167(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	<p>Repealing Regulation (EC) No 1783/1999 1998/0114(COD)</p> <p>See also 2004/0163(AVC)</p> <p>Amended by 2008/0245(COD)</p> <p>Amended by 2009/0105(COD)</p> <p>See also 2009/2243(INI)</p> <p>Repealed by 2011/0275(COD)</p>

Legal basis	EC Treaty (after Amsterdam) EC 162; EC Treaty (after Amsterdam) EC 299-p2
Stage reached in procedure	Procedure completed
Committee dossier	REGI/6/36398

Documentation gateway

Committee of the Regions: opinion		CDR0233/2004 OJ C 231 20.09.2005, p. 0019-0034	13/04/2004	CofR	
Legislative proposal		COM(2004)0495	14/07/2004	EC	Summary
Committee opinion	PECH	PE349.964	16/03/2005	EP	
Economic and Social Committee: opinion, report		CES0391/2005 OJ C 255 14.10.2005, p. 0091-0096	06/04/2005	ESC	
Committee opinion	ITRE	PE353.428	21/04/2005	EP	
Committee opinion	EMPL	PE353.395	22/04/2005	EP	
Committee opinion	TRAN	PE353.677	26/04/2005	EP	
Committee opinion	FEMM	PE355.531	28/04/2005	EP	
Committee opinion	AGRI	PE353.412	29/04/2005	EP	
Committee opinion	ENVI	PE353.716	29/04/2005	EP	
Committee opinion	BUDG	PE353.639	24/05/2005	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0184/2005	17/06/2005	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0279/2005 OJ C 157 06.07.2006, p. 0096-0292 E	06/07/2005	EP	Summary
Committee draft report		PE374.111	11/05/2006	EP	
Amendments tabled in committee		PE374.343	01/06/2006	EP	
Council statement on its position		09872/2006	01/06/2006	CSL	
Council position		09059/4/2006	12/06/2006	CSL	Summary
Commission communication on Council's position		COM(2006)0309	13/06/2006	EC	Summary
Committee recommendation tabled for plenary, 2nd reading		A6-0225/2006	26/06/2006	EP	
Text adopted by Parliament, 2nd reading		T6-0286/2006	04/07/2006	EP	Summary
Draft final act		03625/2006	05/07/2006	CSL	
Implementing legislative act		32006R1828 OJ C 263 31.10.2006, p. 0001	08/12/2006	EU	Summary
For information		SWD(2016)0318	19/09/2016	EC	

Additional information

National parliaments	IPEX
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Final act

[Regulation 2006/1080](#)[OJ L 210 31.07.2006, p. 0001-0011](#) Summary[Corrigendum to final act 32006R1080R\(01\)](#)[OJ L 057 01.03.2008, p. 0038](#)

European Regional Development Fund (ERDF)

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.

European Regional Development Fund (ERDF)

The committee adopted the report by Giovanni Claudio FAVA (PES, IT) amending the proposal under the 1st reading of the codecision procedure:

- the scope of the regulation should be enlarged to include island regions, border regions, areas with "serious and permanent" natural or demographic handicaps and mountain regions;
- the objectives as laid down in Article 2 should also include promoting "social inclusion and equality between men and women", achieving environmental and social improvements through the implementation of Community environmental and social legislation and removing the barriers faced by disabled people in accessing goods and services and built-up areas by ensuring that accessibility is a condition of any project benefiting from the Funds;
- the committee introduced a new Article 3a on balanced and sustainable regional development, with the following definition: "Regional development means the preservation, development and, where necessary, reshaping of sustainable living and working in the regions";
- MEPs proposed a new mechanism of support for SMEs in Article 4 whereby "the products of research financed wholly by public funds via the EC budget or national research institutes, which are not yet patented, may be offered to SMEs free of charge provided that such research is directly transformed into an innovative industrial good". Moreover, the application of a regional or national 'knowledge voucher' should be accessible as a general instrument;
- regions that are starting to join the new category of 'Regional competitiveness and employment', but have not yet completed their actual convergence process, should benefit from some flexibility in the setting of priorities (Article 5);
- in order to promote access to and efficient use of information and communication technology by SMEs, funding should be made available for setting up infrastructure in the most remote regions and developing action plans for very small and craft businesses;
- although MEPs agreed with the Commission that housing should not be eligible for a contribution from the ERDF (Article 7), they provided for an exception in the case of "expenditure which relates to renovation of social housing with a view to saving energy and protecting the environment in the context of sustainable urban development".

European Regional Development Fund (ERDF)

The European Parliament adopted a resolution drafted by Giovanni Claudio FAVA (PES, IT) by 605 votes in favour, 37 against with 13 abstentions. (Please see the summary of 24/05/2005.) Parliament enlarged the scope of the regulation, saying it should cover urban and rural areas, areas dependent on fisheries, outlying and island regions, trans-frontier regions, mountain areas and those with serious natural or demographic handicaps.

Parliament decided that VAT costs should not be eligible for financing from the ERDF. On housing costs, Parliament stated that costs should also be excluded, with the exception of expenditure which relates to renovation of social housing with a view to saving energy and protecting the environment in the context of sustainable urban development.

Parliament's amendments emphasised that the ERDF should give priority to social inclusion and equality between men and women and to achieve environmental and social improvements through the implementation of Community environmental and social legislation. The promotion of equality will include support for the creation of firms, specific measures for female entrepreneurs to facilitate the economic exploitation of new ideas, and promotion of infrastructures and services enabling family and working life to be reconciled. Parliament also emphasised the need to remove the barriers faced by disabled people in accessing goods and services and built-up areas by ensuring that accessibility is a condition of any project benefiting from the Funds.

The report gave some focus to research and technological development (R&TD) and their integration into the European research area, with a view to reducing the technology gap between regions. The products of research financed wholly by public funds via the EC budget or national research institutes, which are not yet patented, may be offered to SMEs free of any charge provided that such research is directly transformed into an innovative industrial good. In order to support the exchange of knowledge without the necessity of developing new expertise, the application of a regional or national 'knowledge voucher' should be accessible as a general instrument.

Parliament also focused on economic and social regeneration of crisis-hit towns, cities and peripheral urban areas. Article 4 now includes comprehensive plans for sustainable development of crisis-hit urban areas, medium-sized and small towns functioning as centres and peripheral urban areas, revival of the town-hinterland relationship with regard to services of general economic interest. There should be direct aid to investment, with particular attention to high-quality clean technologies, in order to restructure heavy industries in the regions where transition to the market economy has taken place only recently.

The Council should now come to a common position during the British Presidency. The budget and the start date for the release of funds

depend on an eventual agreement on the EU financial perspective 2007-2013.

European Regional Development Fund (ERDF)

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.

European Regional Development Fund (ERDF)

While it would have preferred to keep the initial scope of the Regulation, the Commission considers that the common position adopted by unanimity largely follows the aims and approach of its proposal and incorporates some significant amendments by Parliament, and so can support it. When examining with the Member states the Operational Programmes for adoption, the Commission shall pay attention to verifying that the value added of the Community co-financed cohesion policy is preserved and that the share devoted to investment for innovation and growth is appropriate.

European Regional Development Fund (ERDF)

The committee adopted the report by Giovanni Claudio FAVA (PES, IT) approving the Council's common position on the proposed regulation on the European Regional Development Fund unamended under the 2nd reading of the codecision procedure.

European Regional Development Fund (ERDF)

The European Parliament adopted a report by Giovanni Claudio FAVA (PES, IT) and approved the Council's common position. It should be noted that this regulation is part of the Structural Funds package for 2007 to 2013. (Please also see COD/2004/0168, AVC/2004/0163 and AVC/2004/0166.) The package defines the objectives, the financial resources available and the criteria for their allocation in an enlarged EU. Approximately EUR 308 billion - or 35.7 per cent of the total EU budget - will be available to spend, as scheduled, from 1 January 2007.

European Regional Development Fund (ERDF)

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.

European Regional Development Fund (ERDF)

ACT: Council Regulation 1828/2006/EC setting out rules for the implementation of Council Regulation 1083/2006/EC laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation 1080/2006/EC on the European Regional Development Fund.

CONTENT: the purpose of this implementing act is to lay down new provisions for implementing Regulation 1080/2006/EC and Regulation 1083/2006/EC in the following policy areas:

- Information and publicity (including the preparation of a 'Communication Plan' which will seek to publicise the contribution of EU funding);
- Information on the use of the Funds;
- Management and control systems;

- Irregularities;
- Personal Data;
- The financial correction for non-respect of additionality;
- The electronic exchange of data;
- Financial engineering instruments;
- Housing eligibility; and
- Eligibility rules applicable to the operational programmes for the "European territorial co-operation objective".

ENTRY INTO FORCE: 16/01/2007.