

# ERDF: European Regional Development Fund

The European Regional Development Fund (ERDF) contributes mainly to assisting the regions whose development is lagging behind and those undergoing economic conversion or experiencing structural difficulties;

To specify the scope of assistance from the European Regional Development Fund (ERDF) during the period 2000-2006, taking as a basis the aim of the Fund, which is to promote economic and social cohesion by correcting the main regional imbalances and participating in the development and conversion of regions, while ensuring synergy with assistance from the other Structural Funds.

Council Regulation (EC) **No 1783/1999** of the European Parliament and of the Council of 12 June 1999 on the European Regional Development Fund [Official Journal L 213, 13.08.1999].

## Framework and tasks

1. Regulation (EC) No 1783/1999 comes under the overall framework established by Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (general Regulation). It requires the ERDF to provide assistance under the new Objectives 1 and 2, the Community initiatives for cross-border, trans-national and interregional co-operation (Interreg III) and economic and social regeneration of cities and urban neighbourhoods in crisis (Urban II), and innovative measures and technical assistance measures under the general Regulation.
2. In order to reduce the gap between the levels of development of the various regions and the extent to which the least-favoured regions and islands (including rural areas) are lagging behind, the ERDF contributes to the harmonious, balanced and sustainable development of economic activity, to a high degree of competitiveness, to high levels of employment and protection of the environment, and to equality between women and men.

## Scope

3. As part of its task to promote regional development, the ERDF contributes towards financing the following measures:

- Productive investment to create and safeguard sustainable jobs;
- Investment in infrastructure which contributes, in regions covered by Objective 1, to development, structural adjustment and creation and maintenance of sustainable jobs, or, in all eligible regions, to diversification, revitalisation, improved access and regeneration of economic sites and industrial areas suffering from decline, depressed urban areas, rural areas and areas dependent on fisheries. Such investment may also target the development of trans-European networks in the areas of transport, telecommunications and energy in the regions covered by Objective 1;
- Development of the endogenous potential by measures which support local development and employment initiatives and the activities of small and medium-sized enterprises; such assistance is aimed at services for enterprises, transfer of technology, development of financing instruments, direct aid to investment, provision of local infrastructure, and aid for structures providing neighbourhood services;
- Investment in education and health (only in the context of Objective 1).

4. The areas in which these measures provide support include development of the productive environment, research and technological development, development of the information society, protection and improvement of the environment, equality between men and women in the field of employment, and transnational, cross-border and inter-regional cooperation.

5. Pursuant to the general Regulation, the Community's Interreg III initiative and innovative measures (studies, pilot projects, exchanges of experience) in the field of regional or local development are financed exclusively by the ERDF. However, the scope of the ERDF may be extended to overlap with the other Structural Funds in order to cover the necessary measures for the implementation of the initiative programmes or pilot projects concerned.

## Implementing rules

Implementing rules for the ERDF Regulation may be adopted on the basis of the opinion of the Committee on the Development and Conversion of Regions.

## Other provisions

This Regulation repeals Regulation (EEC) No 4254/88 with effect from 1 January 2000. It will, in turn, be reviewed by 31 December 2006 at the latest.

## ERDF innovative measures

Commission communication of 31.01.2001, "The regions in the new economy : Guidelines for innovative measures under the ERDF in the period 2000-2006" [COM(2001) 60 final - Not published in the Official Journal]

Based on Article 22 of Council Regulation (EC) No 1260/1999, this communication lays down that the aim of the innovative measures (studies, pilot projects and exchanges of experience) to which the ERDF contributes is to reinforce competitiveness in Europe by reducing the gaps between regions and supporting innovation, RTD and the use of new information and communication technologies. It therefore forms part of the strategy approved at the European Council in Lisbon on 23/24 March 2000, which aims at boosting employment, economic competitiveness and social cohesion in the framework of a knowledge-based economy.

In the period 2000-2006 the innovative measures must therefore concentrate on three priorities:

- Regional economy based on knowledge and technological innovation : helping the less-favoured regions to raise the level of their technology;
- The information society at the service of regional development (e Europe-regio);
- Regional identity and sustainable development: promoting regional cohesion and competitiveness through an approach which integrates economic, environmental and social activity.

Implementing the innovative measures should also make it possible to:

- Improve the quality of assistance under the Objective 1 and 2 programmes to which the ERDF contributes;
- Enhance and strengthen the public-private partnership;
- Exploit the synergies between regional policy and the other Community policies;
- Have exchanges between regions and collective learning by means of the comparison and spread of best practice.

The innovative measures form part of regional programmes of innovative measures whose strategy is determined, in line with the regional partnership principle, by a steering committee. Programme proposals must be submitted to the Commission by 31 May each year at the latest from 2001 to 2005 so that the Commission can select those to be part-financed by the ERDF.

The innovative measures have an annual allocation of EUR 400 million, or 0.4 of the ERDF's annual budget. Part-financing of their cost may amount to up to:

- 80%, in Objective 1 regions;
- 50%, or even 60% where the Community relevance of the measures justifies it, in Objective 2 regions.

For reasons of consistency, it would be preferable if the bodies responsible for payment and monitoring were the same in the case of both the programmes of innovative measures and the Objective 1 and 2 programmes.

Programming in accordance with the general Regulation (EC) No 1260/1999.

General provisions on the Structural Funds

## **GENERAL PRINCIPLES**

The principles underpinning the operation of the Structural Funds have been strengthened or specified in greater detail: (a) assistance must be part of a programme; (b) as many parties as possible must be involved; (c) Community assistance may not substitute for national funds; (d) spending by the Funds must be properly managed, monitored and evaluated; there must be proper controls on payments.

Source: <http://europa.eu.int/scadplus/leg/en/lvb/l60015.htm>