REGULATION (EC) No 1261/1999 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 21 June 1999

on the European Regional Development Fund

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 162 thereof,

Having regard to the proposal from the Commission [1],

Having regard to the opinion of the Economic and Social Committee [2],

Having regard to the opinion of the Committee of the Regions [3],

Acting in accordance with the procedure laid down in Article 251 of the Treaty [4],

(1) Whereas Article 160 of the Treaty provides that the European Regional Development Fund (ERDF) is intented to help redress the main regional imbalances in the Community; whereas the ERDF therefore contributes to reducing 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;

(2) Whereas Article 2(2) of Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds [5] provides that the main task of the ERDF is to contribute to the attainment of Objectives 1 and 2, as referred to in Article 1, first subparagraph, points 1 and 2 (hereinafter referred to as 'Objectives 1 and 2') of that Regulation; whereas Articles 20 and 21 of the same Regulation provide that the ERDF is to contribute to financing cross-border, transnational and interregional cooperation as well as to economic and social regeneration of cities and urban neighbourhoods in crisis under the Community initiatives; whereas Articles 22 and 23 of the Regulation in question state that it is to support innovative measures at Community level and technical assistance measures;

(3) Whereas the provisions common to the Structural Funds are set out in Regulation (EC) No 1260/1999; whereass the type of measures which may be financed by the ERDF under Objectives 1 and 2, the Community initiatives and innovative measures should be defined;

(4) Whereas the contribution of the ERDF, in the context of its task of promoting regional development, to the harmonious, balanced and sustainable development of economic activity, to a high degree of competitiveness, to a high level of employment, to equality between women and men and to a high level of protection and improvement of the environment should be defined;

(5) Whereas the ERDF should provide assistance within the framework of a comprehensive and integrated strategy for sustainable development and ensure synergy with assistance from the other Structural Funds;

(6) Whereas, as part of its tasks, the ERDF should support the productive environment and the competitiveness of enterprises, especially small and medium-sized enterprises; local economic development and employment, including in the fields of culture and tourism where these contribute to the creation of sustainable jobs; research and technological development; the development of local, regional and trans-European networks including the provision of suitable access to the said networks in the sectors of transport infrastructure, telecommunications

[1] OJ C 176, 9.6.1998, p. 35 and OJ C 52, 23.2.1999, p. 12.
[2] OJ C 407, 28.12.1998, p. 74.
[3] OJ C 51, 22.2.1999, p. 1.
[4] European Parliament opinion of 19 November 1998 (OJ C 379, 7.12.1998, p. 178), Council Common Position of 14 April 1999 (OJ C 134, 14.5.1999, p. 1) and European Parliament Decision of 6 May 1999 (not yet published in the Official Journal).
[5] See page 1 of this Official Journal.

and energy; the protection and improvement of the environment taking into account the principles of precaution and that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay and by fostering the clean and efficient utilisation of energy and the development of renewable energy sources; and equality between women and men in the field of employment;

(7) Whereas the ERDF should play a particular role in favour of local economic development, in the context of improving the quality of life and developing the territory, especially by promoting territorial employment pacts and new sources of employment;

(8) Whereas the ERDF should as part of its task support investment in favour of the rehabilitation of abandoned areas with a view to local, rural or urban economic development;

(9) Whereas measures of Community interest undertaken at the initiative of the Commission have an important role to play in achieving the general objectives of Community structural action referred to in Article 1 of Regulation (EC) No 1260/1999, whereas, to that end, in view of the value it adds at Community level, it is important that the ERDF continues to promote cross-border, transnational and inter-regional cooperation, including in the regions located on the external frontiers of the Union within the meaning of the Treaty, the least-favoured islands and the outermost regions, in view of their special features and difficulties; whereas in the context of that cooperation, the harmonious, balanced and sustainable development of the whole of the Community territory, including in connection with spatial planning, adds value to action to promote economic and social cohesion; whereas the contribution of the ERDF to that development should be continued and increased; whereas moreover it is desirable to support the economic and social regeneration of cities and urban neighbourhoods in crisis with a view to promoting sustainable urban development;

(10) Whereas it is appropriate to lay down the powers for adoption of the implementing provisions and to set out transitional provisions;

(11) Whereas Council Regulation (EEC) No 4254/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Regional Development Fund [1] should be repealed,

HAVE ADOPTED THIS REGULATION:

Article 1

Tasks

Pursuant to Article 160 of the Treaty and Regulation (EC) No 1260/1999, the European Regional Development Fund (ERDF) shall contribute towards the financing of assistance as defined in Article 9 of that Regulation to promote economic and social cohesion by correcting the main regional imbalances and participating in the development and conversion of regions.

To that end, the ERDF shall also contribute to promoting sustainable development and the creation of sustainable jobs.

Article 2

Scope

1. As part of its tasks as definied in Article 1, the ERDF shall contribute towards the financing of:

(a) productive investment to create and safeguard sustainable jobs;

(b) investment in infrastructure:

(i) which, in regions covered by Objective 1, helps to increase the economic potential, development, structural adjustment and creation or maintenance of sustainable jobs in those regions, including investment in infrastructure contributing to the establishment and development of trans-European networks in the areas of transport,

[1] OJ L 374, 31.12.1988, p. 15. Regulation as last amended by Regulation (EEC) No 2083/93 (OJ L 193, 31.7.1993, p. 34).

telecommunications and energy infrastructures taking into account the need to link to the central regions of the Community regions suffering from a structural handicap because of their insular, landlocked or peripheral status;

(ii) which, in regions and areas by Objectives 1 and 2 or the Community initiatives referred to in Article 20(1)(a) and (b) of Regulation (EC) No 1260/1999; concerns the diversification of economic sites and industrial areas suffering from decline, the renewal of depressed urban areas and the revitalisation of and improved access to rural areas and areas dependent on fisheries; instruments in infrastructure where modernisation or regeneration is a prerequisite for the creation or development of job-creating economic activities, including infrastructure links on which the development of such activities depends;

(c) the development of endogenous potential by measures which encourage and support local development and employment initiatives and the activities of small and medium-sized enterprises, involving in particular:

(i) assistance towards services for enterprises, in particular in the fields of management, market studies and research and services common to several enterprises;

(ii) financing the transfer of technology, including in particular the collection and dissemination of information, common organisation between enterprises and research establishments and financing the implementation of innovation in enterprises;

(iii) improvement of access by enterprises to finance and loans, by creating and developing appropriate financing instruments, as referred to in Article 28 of Regulation (EC) No 1260/1999;

(iv) direct aid to investment as definied in Article 28(3) of Regulation (EC) No 1260/1999 where no aid scheme exists;

(v) the provision of infrastructure on a scale appropriate to local and employment development;

(vi) aid for structures providing neighbourhood services to create new jobs but excluding measures financed by the European Social Fund (ESF);

(d) technical assistance measures as referred to in the second subparagraph of Article 2(4) of Regulation (EC) No 1260/1999.

In the regions designated under Objective 1, the ERDF may contribute towards the financing of investment in education and health that is beneficial to the region's structural adjustment.

2. In application of paragraph 1, the financial contribution of the ERDF shall support *inter alia* the following:

(a) the productive environment, in particular to increase competitiveness and sustainable investment by firms, especially the small and medium-sized enterprises, and to make regions more attractive, particularly by improving the standard of their infrastructure;

(b) research and technological development with a view to promoting the introduction of new technologies and innovation and the strengthening of research and technological development capacities contributing to regional development;

(c) the development of the information society;

(d) the development of tourism and cultural investment, including the protection of cultural and natural heritage, provided that they are creating sustainable jobs;

(e) the protection and improvement of the environment, in particular taking account of the principles of precaution and preventative action in support of economic development, the clean and efficient utilisation of energy and the development of renewable energy sources;

(f) equality between women and men in the field of employment, principally through the establishment of firms and through infrastructure or services enabling the reconciliation of family and working life;

(g) transnational, cross-border and inter-regional cooperation on sustainable regional and local development.

Article 3

Community initiative

1. Pursuant to Article 20 of Regulation (EC) No 1260/1999, the ERDF shall, in accordance with Article 21 of that Regulation, contribute to the implementation of the Community initiative for cross-border, transnational and inter-regional cooperation intended to encourage the harmonious, balanced and sustainable development of the whole of the Community's territory ('Interreg') as well as to the implementation of the Community initiative for economic and social regeneration of cities and urban neighbourhoods in crisis with a view to promoting sustainable urban development ('URBAN').

2. In accordance with Article 21(2) of Regulation (EC) No 1260/1999, the scope laid down in paragraph 1 of this Article shall be extended by the decision on the Funds' contribution to the financing of measures eligible pursuant to Regulations (EC) No 1262/1999 [1], (EC) No 1257/1999 [2] and (EC) No 1263/1999 [3] with a view to implementing all the measures set out in the Community initiative programme concerned.

Article 4

Innovative measures

1. In accordance with Article 22(1) of Regulation (EC) No 1261/1999, the ERDF may also contribute to financing:

(a) studies initiated by the Commission to identify and analyse regional development problems and solutions, particularly with a view to the harmonious, balanced and sustainable development of the whole of the Community's territory, including the European Spatial Development Perspective;

(b) pilot projects to identify or test new regional and local development solutions with a view to their inclusion in assistance after demonstration of their feasibility;

(c) exchanges of experience relating to innovation with the aim of turning to account and transferring experience gained in the regional or local development field.

2. In accordance with Article 22(2) of Regulation (EC) No 1260/1999, the scope laid down in paragraph 1 of this Article shall be extended by the decision on the Funds' contribution to the financing of measures eligible pursuant to Regulations (EC) No 1262/1999, (EC) No 1257/1999 and (EC) No 1263/1999 with a view to implementing all the measures in the pilot project concerned.

Article 5

Implementing rules

Any detailed implementing rules for this Regulation shall be adopted by the Commission in accordance with the procedure laid down in Article 48 of Regulation (EC) No 1260/1999.

Article 6

Repeal

Regulation (EEC) No 4254/88 shall be repealed with effect from 1 January 2000.

References to the repealed Regulation shall be construed as references to this Regulation.

Article 7

Review clause

On a proposal from the Commission, the European Parliament and the Council shall review this Regulation by 31 December 2006.

They shall act on this proposal in accordance with the procedure laid down in Article 162 of the Treaty.

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[1] Regulation (EC) No 1262/1999 of the European Parliament and of the Council of 21 June 1999 on the European Social Fund (see page 48 of this Official Journal).

[2] Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development by the European Guidance and Guarantee Fund (EAGGF) which amends and repeals certain Regulations (OJ L 160, 26.6.1999, p. 80).

[3] Council Regulation (EC) No 1263/ 1999 of 21 June 1999 laying down general provisions on the Structural Funds in the fishery sector (see page 54 of this Official Journal).

Article 8

Transitional provisions

The transitional provisions referred to in Article 52 of Regulation (EC) No 1260/1999 shall apply *mutatis mutandis* to this Regulation

Article 9

Entry into force

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 21 June 1999.

For the European Parliament
The President
J. M. GIL-ROBLES

For the Council
The President
G. VERHEUGEN