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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	COM(2018) 372 final, COM(2020) 452 final
Subject:	European Regional Development Fund and Cohesion Fund (ERDF/CF) Regulation - Analysis of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 29 May 2018, the Commission tabled a proposal for the ERDF/Cohesion Fund Regulation (ERDF/CF Regulation)¹, which is part of the Cohesion Policy legislative package for 2021-2027. The overarching policy objective of the ERDF/CF Regulation is to strengthen the economic, social and territorial cohesion of the Union, by reducing disparities between the various EU regions, in line with Articles 174, 176 and 177 TFEU.

¹ Doc. 9522/18 + ADD1-2.

2. The ERDF/CF Regulation was presented to the Structural Measures Working Party in June 2018 during the Bulgarian Presidency. The detailed examination of the ERDF/CF Regulation took place under the Austrian and the Romanian Presidencies. The Permanent Representatives Committee endorsed a (partial) mandate for negotiations with the European Parliament on the ERDF/CF Regulation on 15 February 2019².
3. On 28 May 2020, following the COVID-19 outbreak, and as part of the revised MFF 2021-27 and the Recovery Package, the Commission proposed various amendments to the Cohesion policy legislative package 2021-2027, including to the ERDF/CF Regulation³. On 22 July 2020, the Permanent Representatives Committee endorsed a (partial) mandate for negotiations with the European Parliament as regards the amended Commission proposal for the ERDF/CF Regulation⁴. Furthermore, on 5 October 2020, the partial mandate for negotiations was updated by the Permanent Representatives Committee to take account of the European Council Conclusions adopted in the special meeting of the European Council of 17, 18, 19, 20 and 21 July 2020⁵.
5. Trilogues had started under Finland's Presidency and continued under the Croatian Presidency. During the German Presidency, several technical meetings and four political trilogues were held during the months of September, October, November and December. A provisional political agreement on the Articles of the ERDF/CF Regulation was reached in trilogue on 8 December 2020. While certain recitals were covered by the provisional political agreement, the remaining recitals and the Annexes were set aside for discussion at a later date. On 16 December 2020, the Permanent Representatives Committee took note of the progress made and acknowledged the results achieved in inter-institutional negotiations with a Progress Report⁶.

² Doc. 6147/19 ADD 2.

³ Doc. 8380/20 + ADD1.

⁴ Doc. 9430/20.

⁵ Doc. 10880/20.

⁶ Doc. 13716/20.

II. STATE OF PLAY OF INTER-INSTITUTIONAL NEGOTIATIONS

6. Remaining technical and political work on the recitals and Annexes was finalised during the months of January and early February 2021 during the Portuguese Presidency.
7. A final political trilogue took place on 9 February 2021, to confirm the political agreement between the Council and the European Parliament.
8. Following the Structural Measures Working Party on 19 February 2021, **the Presidency is of the view that a final and balanced compromise text has emerged which has been supported by the majority of Member States.**

III. CONCLUSION

9. The Permanent Representatives Committee is, therefore, invited to:
 - (a) endorse the final compromise text of the ERDF/CF Regulation as set out in the Annex to this note;
 - (b) approve in principle the submission, at a later date, of this final compromise text as I/A item (following legal-linguistic review) for its adoption as the Council's first-reading position. This approval would be conditional upon the receipt of an offer letter from the Chair of the European Parliament's Regional Development Committee (REGI) confirming that the text set out in the Annex is acceptable to the Parliament and that, should the Council adopt the agreed text as its first-reading position, the Parliament would not adopt any amendments to it in its second reading.

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the European Regional Development Fund and on the Cohesion Fund**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the second paragraph of Article 177, Article 178 and Article 349 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁷,

Having regard to the opinion of the Committee of the Regions⁸,

Acting in accordance with the ordinary legislative procedure,

⁷ OJ C , , p. .

⁸ OJ C , , p. .

Whereas:

- (1) Article 176 of the Treaty on the Functioning of the European Union ('TFEU') provides that the European Regional Development Fund ('ERDF') is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to regions which suffer from severe and permanent natural or demographic handicaps, including in particular handicaps resulting from demographic decline, such as the northernmost regions with very low population density and islands, cross-border and mountain regions.
- (2) The Cohesion Fund was set up in order to contribute to the overall objective of strengthening economic, social and territorial cohesion of the Union by providing financial contributions in the fields of environment and trans-European networks in the area of transport infrastructure ('TEN-T'), as set out in Regulation (EU) No 1315/2013 of the European Parliament and of the Council⁹.
- (3) Regulation (EU) 2018/XXX of the European Parliament and of the Council [new CPR]¹⁰ sets out common rules applicable to various funds including the European Regional Development Fund ('ERDF'), the European Social Fund Plus ('ESF+'), the Cohesion Fund, the European Maritime and Fisheries Fund ('EMFF'), the Asylum and Migration Fund ('AMIF'), the Internal Security Fund ('ISF') and the Border Management and Visa Instrument ('BMVI') which operate under a common framework ('the Funds').
- (4) In order to simplify the rules applicable to both the ERDF and the Cohesion Fund for the 2014-2020 programming period, a single Regulation should set out the applicable rules covering both funds.

⁹ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU (OJ L 348, 20.12.2013, p. 1).

¹⁰ [Full reference - new CPR].

(5) Horizontal principles as set out in Article 3 of the Treaty on the European Union ('TEU') and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations of the UN Convention on the Rights of the Child and of the UN Convention on the Rights of Persons with Disabilities as well as the principles of the European Pillar of Social Rights and ensure accessibility in line with its Article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. In that context, the ERDF and the Cohesion Fund, in synergy with the ESF+ should be implemented in a way that promotes the transition from institutional to family- and community-based care and should pursue their objectives with a view to contributing to the creation of quality jobs, eradication of poverty and promoting social inclusion. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Funds should not support actions that contribute to any form of segregation or exclusion, and, when financing infrastructure, should ensure accessibility for persons with disabilities.

(6) The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Article 11 and Article 191(1) of the TFEU, taking into account the polluter pays principle. Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the Funds will contribute to mainstream climate actions and to the achievement of an overall target of 30 % of the EU budget expenditure supporting climate objectives. To that end operations under the ERDF are expected to contribute 30 % of the overall financial envelope of the ERDF to climate objectives. Operations under the Cohesion Fund are expected to contribute 37% of the overall financial envelope of the Cohesion Fund to climate objectives. Furthermore, the actions under this Regulation should contribute to the ambition of providing 7.5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals. The ERDF and the Cohesion Fund should support activities that respect the climate and environmental standards and priorities of the Union and do no significant harm to the environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852¹¹ and that ensure the transition towards a low carbon economy in the pathway to achieve climate neutrality at the latest by 2050. ERDF and Cohesion Fund programmes should take account of content of National Energy and Climate Plans.

¹¹ REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (7) In order to protect the integrity of the internal market, ERDF and Cohesion Fund operations benefitting undertakings shall comply with Union State aid rules as set out in Articles 107 and 108 of the TFEU.
- (8) The principle of partnership is a key feature in the implementation of the ERDF and the Cohesion Fund, building on the multi-level governance approach and ensuring the involvement of regional, local, urban and other public authorities, civil society, economic and social partners and, where appropriate, research institutions and universities. Implementation of the funds should ensure coordination and complementarity with the European Social Fund+ (ESF+), the Just Transition Fund, the European Maritime, Fisheries and Aquaculture Fund (EMFAF) and the European Agricultural Fund for Rural Development (EAFRD).
- (9) It is necessary to cover provisions for the ERDF for its support both to the Investment for jobs and growth goal and the European territorial cooperation goal (Interreg) ('ETC/Interreg').
- (10) In order to identify the type of activities which can be supported by the ERDF and the Cohesion Fund, specific policy objectives for providing support from those funds should be laid down to ensure that they contribute to one or more of common policy objectives set out in Article 4(1) of Regulation (EU) 2018/xxx [new CPR].
- (11) With small and medium enterprises (SMEs) being the backbone of the European economy, the ERDF should continue to support the development of SMEs by enhancing their sustainable growth and competitiveness. Additionally, taking into account the potentially profound impact of the COVID-19 pandemic or any potentially crisis situations arising in the future having an impact on businesses and employment, the ERDF should support the recovery from that crisis through supporting job creation in SMEs, including by productive investments.
- (12) In addition, investments under the ERDF should contribute to the development of a comprehensive high-speed digital infrastructure network, and to promoting pollution-free and sustainable multimodal mobility with a focus on public transport, shared mobility, walking and cycling, as a part of the transition to the net-zero carbon economy.
- (13) In order to grasp the opportunities from the digital age, the ERDF should contribute to the development of an inclusive digital society where citizens, research organisations, businesses and public administrations take full advantage of the opportunities digitalisation offers. Effective e-government at national, regional and local level, involves developing tools as well as rethinking organisation and processes, in order to deliver public services more effectively, easily, quickly and at a lower cost. In particular, digital and telecommunication technologies should be used to enhance traditional networks and services for the benefit of local communities through developing projects such as smart cities and villages.

(14) Support from the ERDF under policy objective 1 should be based on building capacities for smart specialisation strategies, which set priorities at national and/or regional level to increase their competitive advantage by developing and matching research and innovation strengths with business needs and necessary skills through an entrepreneurial discovery process. The process should allow entrepreneurial actors, including industry, education and research organisations, public administrations and civil society, to identify the most promising areas for sustainable economic development based on the region's distinctive structures and knowledge base. As the governance process of smart specialisation is crucial for the quality of the strategy, the ERDF should provide support to developing and enhancing the capacities necessary for an efficient entrepreneurial discovery process and the preparation or updating of smart specialisation strategies.

(15) In order to promote the achievement of EU climate neutrality by 2050, taking due account of social and economic consequences that it entails, the ERDF and the Cohesion Fund should contribute to reducing greenhouse gas emissions and to combating energy poverty. In this context, investments in energy efficiency, including energy savings schemes, in sustainable renewable energy in accordance with the sustainability criteria set out in Renewable Energy Directive (EU) 2018/2001¹², in smart energy systems, as well as investments aiming at disaster prevention, promoting biodiversity and green infrastructure, including preservation, valorisation and the highlighting of protected natural areas, and other measures to reduce greenhouse gas emissions, such as the preservation and restoration of natural areas with high potential for carbon absorption and storage, e.g. by rewetting of moorlands, the capture of landfill gas or emission reduction in industrial processes or products would be particularly important. Furthermore, investments aiming at reducing every form of pollution such as air, water, soil, noise and light pollution, should be supported.

(16) Integrated national energy and climate plans, which outline the policies and measures, which address energy poverty and greenhouse gas emissions need to be taken into account while preparing programmes co-financed by the ERDF and the Cohesion Fund. In the view of contributing to the achievement of national objectives to reduce energy poverty set out in national energy and climate plans, the ERDF should support in particular energy efficiency improvements in housing and buildings in line with the revised Energy Performance of Building Directive (EU) 2018/844 to contribute to the achievement of a decarbonised building stock by 2050, thus reducing energy consumption and creating savings for households affected by energy poverty.

¹² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (OJ L 328/82, 21.12.2018, p. 82)

(17) To improve transport connectivity, the ERDF and the Cohesion Fund should promote development of trans-European transport network, as referred to in Regulation (EU) 1315/2013, through investment in infrastructure for railway transport, inland waterway transport, road transport, maritime transport and multimodal transport, including noise reduction measures. The ERDF and the Cohesion Fund should also support national, regional and local, cross border and urban mobility. In doing so, the funds should pay attention to improving safety in particular of existing bridges and tunnels.

(18) In an increasingly interconnected world and in view of the demographic and migration dynamics, it is clear that Union migration policy requires a common approach that relies on the synergies and complementarities of the different funding instruments. Therefore the ERDF should pay attention to demographic challenges when preparing and implementing programmes. In order to ensure coherent, strong and consistent support for solidarity and responsibility-sharing efforts between Member States in managing migration, the ERDF should provide support, at the most appropriate territorial level, to facilitate the long-term, inclusive integration of third country nationals including migrants for the benefit of social and economic development, by adopting an approach aimed at protecting their dignity and rights.

(19) In order to promote social innovation and inclusive access to high quality employment, the ERDF should support ‘social economy’ entities such as cooperatives, mutual societies, non-profit associations and social enterprises.

(20) In order to promote social inclusion and combat poverty, particularly among marginalised communities, it is necessary to improve access, also through infrastructure, to social, educational, cultural and recreational services, including sports, taking into account the specific needs of persons with disabilities, children and the elderly.

(21) The ERDF and the Cohesion Fund should promote the socioeconomic inclusion of marginalised communities, with particular attention paid to the National Roma Integration Strategies, low-income households, including households at risk of poverty and social exclusion and disadvantaged groups including, people with special needs. In particular, in line with principle 19 of the European Pillar of Social Rights, the ERDF and the Cohesion Fund may support provision of social housing. Taking into account challenges facing marginalised Roma communities in terms of access to basic services, the ERDF and the Cohesion Fund should contribute to improving their living conditions and development prospects.

(22) In order to strengthen the preparedness for distance and online education and training in a socially inclusive manner, the ERDF should in its task of improving equal access to inclusive and quality services in education, training and life long learning notably contribute to fostering resilience for distance and online learning. The efforts to ensure the continuity of education and training during the COVID-19 pandemic have revealed important shortcomings in the access to the necessary ICT equipment and connectivity by learners from a disadvantaged background and in remote regions. In this context, the ERDF should support making available the necessary ICT equipment and connectivity, thus fostering the resilience of the education and training systems for distance and online learning.

(23) In order to strengthen the capability of public health systems to prevent, quickly respond to, and recover from health emergencies, the ERDF should also contribute to the resilience of health systems. Additionally, as the unprecedented COVID-19 pandemic has revealed the importance of immediate availability of critical supplies to provide an effective response to an emergency situation, the scope of support of the ERDF should be broadened to allow for the purchase of supplies necessary for strengthening the disaster resilience and for strengthening the resilience of health systems including primary care, and promoting the transition from institutional to family- and community-based care. When purchasing supplies to strengthen the resilience of health systems, these should be consistent with and not go beyond the national health strategy and ensure complementarities with [the Health Programme], as well as the rescEU capacities under the Union Civil Protection Mechanism (UCPM).

(24) The ERDF should support and promote transition from institutional to community or family based care through supporting facilities that would seek to prevent segregation from the community, would facilitate the integration of people to the society and would seek to ensure independent living conditions.

(25) In order to be able to support the regional economies strongly dependent on the tourism and cultural sectors, a dedicated specific objective should be provided for. This would allow to exploit the full potential of culture and sustainable tourism for an economic recovery, social inclusion and social innovation, without prejudice to the possibilities to provide support from the ERDF to those sectors under other specific objectives.

(26) Investments supporting the creative and cultural industries, cultural services and cultural heritage sites could be financed under any policy objective provided that they contribute to the specific objectives and that they fall within the scope of support from the ERDF.

(27) Sustainable tourism requires a balance between economic, social, cultural and environmental sustainability. The approach to supporting sustainable tourism should be in accordance with the Commission Communication ‘Agenda for a sustainable and competitive European tourism’. In particular, it should take into account the welfare of tourists, respect the natural and cultural environment and ensure the socio-economic development and competitiveness of destinations and businesses through an integrated and holistic policy approach.

(28) In order to support the efforts of Member States and regions in facing new challenges and ensuring a high level of security for their citizens as well as the prevention of marginalisation and radicalisation, while relying on the synergies and complementarities with other Union policies, investments under the ERDF should contribute to security in areas where there is a need to ensure safe and secure public spaces and critical infrastructure, such as transport and energy, thus contributing to building more inclusive and safer societies.

(29) To ensure the harmonious development of urban areas as well as non-urban areas, the ERDF should provide support under policy objective 5 in an integrated manner to the economic, social and environmental development based on cross-sectoral territorial strategies using integrated territorial development tools. Furthermore, when developing urban areas, special attention should be paid to supporting functional urban areas due to their importance in triggering cooperation between local authorities and partners across administrative borders as well strengthening urban-rural linkages.

(30) ERDF should support sustainable tourism in an integrated manner, in particular through strengthening cooperation within functional territories. In order to boost the impact of sustainable tourism on the economy, enterprises and public authorities should systematically cooperate to deliver quality services more efficiently in areas with high potential for tourism, taking due care of creating stable legal and administrative environment conducive for sustainable growth of such areas. Supported actions in the area of sustainable tourism may take into account best practices in this area, such as ‘tourist district’ approach.

(31) As a result of the overall aim of the Cohesion Fund provided for in the TFEU, it is necessary to set out and limit the specific objectives to which the Cohesion Fund should support.

(32) In order to improve overall administrative capacity of institutions and governance in Member States implementing programmes under the Investment for jobs and growth, it is necessary to enable supporting measures for programme authorities and sectoral or territorial actors responsible for carrying out activities relevant to the implementation of the ERDF/CF under all of the specific objectives pursued taking into account the horizontal principles referred to in the Common Provision Regulation including UN Sustainable Development Goals.

(33) In order to encourage and boost cooperation measures, within programmes implemented under the Investment for jobs and growth goal, it is necessary to enhance cooperation measures with partners including those at local and regional level within a given Member State or between different Member States in relation to support provided under all of the specific objectives. Such enhanced cooperation is additional to the cooperation under ETC/Interreg and should in particular support cooperation among structured partnerships with a view to implementing regional strategies as referred to in the Communication from the Commission ‘Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth’¹³. Partners may therefore come from any region in the Union, but may also include cross-border regions and regions which are all covered by European Groupings of Territorial Cooperation, a macro-regional or sea-basin strategy or a combination of the two.

(34) The ERDF should help to redress the main regional imbalances in the Union and to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions including those facing challenges due to the decarbonisation commitments as such fostering regional resilience. ERDF support under the Investment for jobs and growth goal should therefore be concentrated on key Union priorities in line with policy objectives laid down in Regulation (EU) 2018/xxx [new CPR]. Therefore support from the ERDF should be concentrated on the policy objectives of 'a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity' and 'a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management and sustainable urban mobility'. The resources dedicated to sustainable urban mobility and broadband investment may be partly taken into account when calculating compliance with the thematic concentration requirements. Member States should decide in their Partnership Agreements whether to comply with the thematic concentration requirements at category of region or at national level for the entire programming period. Attaining thematic concentration at national level should allow for flexibility at the level of individual programmes and between the three groups of Member States formed according to respective gross national income. As the support from the Cohesion Fund may also contribute to the thematic concentration, the conditions for such a contribution should be set out. In addition, the methodology to classify Member States should be set out in detail taking into account the specific situation of the outermost and northern sparsely populated regions.

(35) In order to concentrate the support on key Union priorities, it is also appropriate that thematic concentration requirements should be respected throughout the programming period, including in the case of transfer between priorities within a programme or between programmes.

¹³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions of 8 July 2017 - COM(2017) 376 final.

(36) In order to enable the ERDF to provide support under ETC/Interreg in terms of both investments in infrastructure and the associated investments, training and integration activities, it is necessary to provide that the ERDF may also provide support for activities under the specific objectives of the ESF+, set up under Regulation (EU) 2018/XXX of the European Parliament and of the Council [new ESF+] ¹⁴.

(37) In order to concentrate the use of limited resources in the most efficient way, the support given to by the ERDF to productive investments under the relevant specific objective, should be limited to micro, small and medium-sized enterprises ('SMEs') within the meaning of Commission Recommendation 2003/361/EC ¹⁵, except for specific investments set out in this Regulation.

(38) In the context of the ERDF support for productive investment it is opportune to clarify that productive investment should be understood as investment in fixed capital or immaterial assets of enterprises, in view of producing goods and services thereby contributing to gross capital formation and employment. It should also be provided, that under certain conditions the ERDF and the Cohesion Fund might support investment in enterprises other than SMEs. Furthermore, based on the experience of previous programming periods the ERDF and the Cohesion Fund should also support investment in enterprises other than SMEs, including in particular utilities, when they concern investment in infrastructure ensuring access to services available to the public in the field of energy, environment and biodiversity, transport and digital connectivity.

¹⁴ [Full reference - new ESF+].

¹⁵ Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

(39) This Regulation should set out the different types of activities the costs of which may be supported by means of investments from the ERDF and the Cohesion Fund, under their respective objectives as set out in the TFEU including crowdfunding. The Cohesion Fund should be able to support investments in TEN-T and the environment , including investments related to sustainable development and energy presenting environmental benefits. In this context, the Cohesion Fund may also support combined energy and seismic retrofitting. With regard to the ERDF, the list of activities should take into account specific national and regional development needs as well as endogenous potential and be simplified and it should be able to support investments in infrastructure, including for research and innovation business infrastructure for SMEs, housing for marginalised communities and disadvantaged groups, low income households and migrants , culture and heritage, sustainable tourism and services to enterprises, investments in relation to access to services with a particular focus on disadvantaged, marginalised and segregated communities, productive investments in SMEs, equipment, software and intangible assets, as well as measures with regard to information, communication, studies, networking, cooperation, exchange of experiences between partners and activities involving clusters. In order to support the programme implementation, both funds should also be able to support technical assistance activities. Finally, in order to support provide for a broader range of interventions for Interreg programmes, the scope should be enlarged to also include the sharing a broad range of facilities and human resources and costs linked to measures within the scope of the ESF+.

(40) Trans-European transport networks projects in accordance with Regulation (EU) No 1316/2013 shall continue to be financed from the Cohesion Fund via both shared management and the direct implementation mode under the Connecting Europe Facility ('CEF').

(41) At the same time, it is important to clarify those activities which fall outside the scope of the ERDF and the Cohesion Fund, including investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council¹⁶ in order to avoid duplication of available financing, which already exists as part of that Directive or undertakings in difficulty as defined in Commission Regulation (EU) No 651/2014¹⁷, unless authorised under de minimis aid or temporary State aid rules established to address exceptional circumstances. The ERDF and the Cohesion Fund should also not support certain investment in airports, facilities for landfilling and residual waste treatment or fossil fuels. Due to this fact, it is opportune to clarify that the ERDF may support targeted environmental mitigation, security and safety measures in regional airports as long as the primary objective of the investments would be clearly identified in terms of EU environmental, security or safety standards and would be in line with the State aid rules. For investments increasing the capacity of facilities for the treatment of residual waste, residual waste should be understood as primarily non separately collected municipal waste and rejects from waste treatment. Modernisation of district heating networks could be supported with a view to improving the energy efficiency of efficient district heating systems, as defined in Directive 2012/27/EU, pursuant to objectives laid down in National Energy and Climate Plans. With a view to promoting renewable energy, support could be provided for district heating boilers supplied by a combination of gas and renewable energy sources. In such cases support from the Funds should correspond pro-rata to the share of renewable energy input to such boilers. In addition, it should be explicitly set out that the overseas countries and territories listed in Annex II of the TFEU are not eligible for support from the ERDF and the Cohesion Fund.

(42) Member States should regularly transmit to the Commission information on the progress made using the common output and result indicators set out in Annex I. Common output and result indicators could be complemented, where relevant by programme-specific output and result indicators. The information provided by the Member States should be the basis on which the Commission should report on the progress towards the achievement of specific objectives over the whole programming period using for this purpose a core set of indicators set out in Annex II.

(43) Pursuant to paragraph 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Funds on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, can include measurable indicators, as a basis for evaluating the effects of the Funds on the ground.

¹⁶ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

¹⁷ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1).

(44) Within the framework of the relevant rules under the Stability and Growth Pact as clarified in the Code of Conduct, Member States may make a duly justified request for further flexibility for the public or equivalent structural expenditure supported by the public administration by way of co-financing of investments activated as part of ERDF and CF. The Commission should evaluate this request according to the Stability and Growth Pact and the Code of Conduct.

(45) The ERDF should address the problems of disadvantaged areas, notably rural areas and areas which suffer from severe and permanent natural or demographic handicaps, including demographic decline, in accessing basic services, including digital services, enhancing attractiveness for investment, including through business investments and connectivity to large markets. In doing so, the ERDF should pay attention to specific development challenges encountered by certain island, border or mountain regions. Furthermore, the ERDF should pay particular attention to the specific difficulties of areas at NUTS level 3 and local administrative unit (LAU) level, as referred to in Regulation (EC) No 1059/2003 that are sparsely populated, in accordance with the criteria set out in point 161 of the Guidelines on Regional State Aid 2014-2020 namely those that have a population density of less than 12.5 inhabitants per square kilometre, or areas that have suffered from an average annual population decrease of at least 1% of inhabitants over the 2007-2017 period. Member States should consider developing specific voluntary action plans at local level for such areas to counter these population challenges.

(46) In order to maximise the contribution to addressing more effectively economic, demographic, environmental and social challenges in particular in areas with natural and demographic handicaps, as envisaged in Article 174 TFEU, actions in the field of territorial development should be based on integrated territorial strategies including in urban and rural areas and paying attention to urban-rural linkages. Therefore, the ERDF support should be delivered through the forms set out in Article 22 of Regulation (EU) 2018/xxxx [new CPR] ensuring appropriate involvement of local, regional and urban authorities, economic and social partners and representatives of civil society and non-governmental organisations. Territorial strategies may also benefit from a multi-fund and integrated approach involving the ERDF, ESF+, EMFF and EAFRD.

(47) To improve the resilience of communities in rural areas and their economic, social and environmental conditions, support from the ERDF should be used to develop projects such as smart villages, as referred to in the European Parliament resolution of 3 October 2018 on EU Agenda for Rural, Mountainous and Remote Areas, in particular by developing new opportunities, such as decentralised services and energy solutions, digital technologies and innovations.

(48) Within the framework of sustainable urban development, it is considered necessary to support integrated territorial development in order to more effectively tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, including functional urban areas, while taking into account the need to promote urban-rural linkages. Support targeting urban areas may take a form of a separate programme or a separate priority and may benefit from a multi-fund approach. The principles for selecting the urban areas where integrated actions for sustainable urban development are to be implemented, and the indicative amounts for those actions, should be set out in the programmes under the Investment for jobs and growth goal with a minimum target of 8% of the ERDF resources allocated at national level for that purpose. It should also be established that this percentage should be respected throughout the programming period in the case of transfer between priorities within a programme or between programmes, including at the mid-term review.

(49) In order to identify or provide solutions, which address issues relating to sustainable urban development at Union level, the Urban Innovative Actions in the area of sustainable urban development should be replaced by a European Urban Initiative, to be implemented under direct or indirect management. That initiative should cover all urban areas, including functional urban areas and support the Urban Agenda for the European Union. To stimulate participation of local authorities in the thematic partnerships under the Urban Agenda, ERDF should provide support for organisational costs related to such participation. The initiative may include inter-governmental cooperation on urban matters, in particular cooperation aimed at capacity building at local level to achieve United Nations Sustainable Development Goals. Member States, regional and local authorities should be actively involved in managing and implementing the European Urban Initiative. Actions agreed within such a management model could include exchange for regional and local representatives. Actions undertaken within the European Urban Initiative should promote urban-rural linkages within functional urban areas. Cooperation with European Network for Rural Development is of particular importance in this respect.

(50) The commercialisation and scaling up of interregional innovation projects should be promoted over the whole territory of the Union through the new interregional innovation investments which are to be managed by the Commission. By supporting innovation projects in smart specialisation areas, including pilot projects and capacity building measures, they will, in particular, benefit less developed regions, boosting their innovation eco-systems and their capacity to integrate in larger EU value chains. They should also contribute to the implementation of the Communication from the Commission 'Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth', in particular to support thematic smart specialisation platforms on critical fields.

(51) Specific attention should be paid to outermost regions, namely by adopting measures under Article 349 of the TFEU providing for an additional allocation for the outermost regions to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints referred to in Article 349 of the TFEU, namely remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development. This allocation can cover investments, operating costs and public service obligations aimed at offsetting additional costs caused by such restraints. Operating aid may cover expenditure on freight transport services and start-up aid for transport services as well as expenditure on operations linked to storage constraints, the excessive size and maintenance of production tools, and the lack of human capital in the local market. This allocation should not be subject to the thematic concentration requirements. In order to protect the integrity of the internal market, and as is the case for all operations co-financed by the ERDF and the Cohesion Fund, any ERDF support to the financing of operating and investment aid in the outermost regions should comply with State aid rules as set out in Articles 107 and 108 of the TFEU.

(52) In order to allow for a rapid response to exceptional and unusual circumstances as referred to in the Stability and Growth Pact that may arise during the programming period, implementing powers should be conferred to the Commission to adopt temporary measures to facilitate the use of the support from the ERDF in response to such circumstances. The Commission should adopt the measures that are most appropriate in light of the exceptional or unusual circumstances that a Member State is facing while preserving the objectives of the fund. Furthermore, the implementing powers in relation to the temporary measures for the use of the Funds in response to exceptional and unusual circumstances should be adopted without committee procedures given that the scope of application is determined by the Stability and Growth Pact and limited to the measures set out in this Regulation. The Commission should also monitor the implementation and assess the appropriateness of the measures.

(53) In order to amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of making adjustments, where justified, to the Annex II which sets out list of indicators used as a basis to provide information to the European Parliament and to the Council on performance of programmes. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016¹⁸. In particular, in order to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

¹⁸ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L 123, 12.5.2016, p. 1).

(54) In view of the adoption of this Regulation after the start of the programming period, and taking into account the need to implement Union Funds covered by this Regulation in a coordinated and harmonised manner, and in order to allow for its prompt implementation, it should enter into force on the day following that of its publication in the *Official Journal of the European Union*.

(55) Since the objective of this Regulation, namely to reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union, cannot be sufficiently achieved by the Member States but can rather, by reason of the extent of the disparities between the levels of development of the various regions and the backwardness of the least favoured regions and the limit on the financial resources of the Member States and regions, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the TEU. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

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CHAPTER I

Common provisions

Article 1

Subject matter

1. This Regulation sets out the specific objectives and the scope of support from the European Regional Development Fund ('ERDF') with regard to the Investment for jobs and growth goal and the European territorial cooperation goal (Interreg) referred to in Article [4(2)] of Regulation (EU) 2018/xxxx [new CPR].
2. This Regulation also sets out the specific objectives and the scope support from the Cohesion Fund with regard to the Investment for jobs and growth goal ('the Investment for jobs and growth goal') referred to in [point (a) of Article 4(2)] of Regulation (EU) 2018/xxxx [new CPR].

Article 1a

Tasks of the ERDF and the Cohesion Fund

The ERDF and the Cohesion Fund (CF) 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 through participation in the structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions, including by promoting sustainable development and addressing environmental challenges. The Cohesion Fund shall contribute to projects in the field of environment and trans-European networks in the area of transport infrastructure.

Article 2

Specific objectives for the ERDF and the Cohesion Fund

1. In accordance with the policy objectives set out in Article [4(1)] of Regulation (EU) 2018/xxxx[new CPR], the ERDF shall support the following specific objectives:

- (a) a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity ('PO 1') by:
 - (i) Developing and enhancing research and innovation capacities and the uptake of advanced technologies;
 - (ii) reaping the benefits of digitisation for citizens, companies, research organisations and public authorities;
 - (iii) enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments;
 - (iv) developing skills for smart specialisation, industrial transition and entrepreneurship;
 - (v) enhancing digital connectivity.
- (b) a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility ('PO 2') by:
 - (i) promoting energy efficiency and reducing greenhouse gas emissions;
 - (ii) promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001¹⁹, including the sustainability criteria set out therein;
 - (iii) developing smart energy systems, grids and storage outside TEN-E;
 - (iv) promoting climate change adaptation and disaster risk prevention, resilience, taking into account eco-system based approaches;
 - (v) promoting access to water and sustainable water management;
 - (vi) promoting the transition to a circular and resource efficient economy;

¹⁹ DIRECTIVE (EU) 2018/2001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (OJ L 328/82, 21.12.2018, p. 82)

- (vii) enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution;
- (viii) promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy;
- (c) a more connected Europe by enhancing mobility ('PO 3') by:
 - (ii) developing a , climate resilient, intelligent, secure, sustainable and intermodal TEN-T;
 - (iii) developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility;
- (d) a more social and inclusive Europe implementing the European Pillar of Social Rights ('PO 4') by:
 - (i) enhancing the effectiveness and inclusiveness of labour markets and access to quality employment through developing social infrastructure and promoting social economy;
 - (ii) improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training;
 - (iii) promoting the socioeconomic inclusion of marginalised communities, low income households and disadvantaged groups including people with special needs, through integrated actions including housing and social services;
 - (iii) bis promoting the socio-economic integration of third country nationals, including migrants through integrated actions, including housing and social services;
 - (iv) ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care;
 - (v) enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation;

- (e) a Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives ('PO 5') by:
 - (i) fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas;
 - (ii) fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas.

Support under policy objective 5 shall be provided through territorial and local development strategies, through the forms set out in points (a) (b) and (c) of Article 22 of Regulation (EU) 2018/xxxx [new CPR].

1(bis). Under the two specific objectives of point (e) of paragraph 1, Member States may also support operations which can be funded under the specific objectives set out under points (a) to (d) of paragraph 1.

2. The Cohesion Fund shall support PO 2 and specific objectives under PO 3 set out in points (ii) and (iii) of paragraph 1(c).

3. Within the specific objectives set out in paragraph 1, the ERDF or the Cohesion Fund, as appropriate, may also support activities under the Investment for jobs and growth goal, where they either:

- (a) improve the capacity of programme authorities;
- (a)bis improve the capacity of sectoral or territorial actors responsible for carrying out activities relevant to the implementation of the ERDF and the Cohesion Fund, provided that it contributes to the objectives of the programme.
- (b) enhance cooperation with partners both within and outside a given Member State.

Cooperation referred to in point (b) shall include cooperation with partners from cross-border regions, from non-contiguous regions or from regions located in the territory covered by a European Grouping of Territorial Cooperation, a macro-regional or sea-basin strategy or a combination thereof.

Article 3
Thematic concentration of ERDF support

1. With regard to programmes implemented under the Investment for jobs and growth goal, the total ERDF resources, other than for technical assistance, in each Member State shall be concentrated at national level or at the level of categories of regions in accordance with paragraphs 2a, 3, 3a, 4, 4a, 4b and 4c.
2. With regard to the thematic concentration of support for Member States comprising outermost regions, the ERDF resources allocated specifically to programmes for the outermost regions and those allocated to all other regions shall be treated separately.
 - 2a. Member States may decide to comply with thematic concentration at national level or at the level of categories of regions. Each Member State shall indicate its choice in its Partnership Agreement referred to in Article [7] of Regulation (EU) [CPR]. This choice shall apply to the total of that Member State's ERDF resources referred to in paragraph 1 for the entire programming period.
3. For the purposes of a thematic concentration at national level, Member States shall be classified, in terms of their gross national income ratio, as follows:
 - (a) those with a gross national income ratio equal to or above 100 % of the EU average ('group 1');
 - (b) those with a gross national income ratio equal to or above 75 % and below 100 % of the EU average ('group 2');
 - (c) those with a gross national income ratio below 75 % of the EU average ('group 3').

For the purposes of this Article, the gross national income ratio means the ratio between the gross national income *per capita* of a Member State, measured in purchasing power standards and calculated on the basis of Union figures for the period from 2015 to 2017, and the average gross national income per capita in purchasing power standards of the 27 Member States for that same reference period.

With regard to programmes under the Investment for Jobs and growth goal for the outermost regions, they shall be classified as falling within group 3.

With regard to programmes under the Investment for Jobs and growth goal for island Member States which receive support from the Cohesion Fund, they shall be classified as falling within group 3.

3a. For the purposes of a thematic concentration at the level of categories of regions, regions shall be classified by categories of region in accordance with Article 102(2) CPR, as:

- (a) more developed regions;
- (b) transition regions;
- (c) less developed regions.

4. Member States shall comply at national level with the following thematic concentration requirements:

- (a) Member States of group 1 or more developed regions shall allocate at least 85 % of their ERDF resources referred to in paragraph 1 to PO 1 and PO 2 and at least 30 % to PO 2;
- (b) Member States of group 2 or transition regions shall allocate at least 40 % of their ERDF resources referred to in paragraph 1 to PO 1, and at least 30 % to PO 2;
- (c) Member States of group 3 or less developed regions shall allocate at least 25 % of their ERDF resources referred to in paragraph 1 to PO 1, and at least 30 % to PO 2.

Where a Member State decides to comply with thematic concentration requirements at the level of categories of regions, the thresholds set out in the first subparagraph shall apply to the ERDF resources referred to in paragraph 1 for all regions falling in the respective category of region.

4a. Where a Member State allocates to PO 2 more than 50% of its total Cohesion Fund resources other than for technical assistance as calculated after the transfer set out in Article 104(4) [new CPR], excluding resources under the specific objective referred to in point (b)(viii) of Article 2(1), the allocation exceeding the 50% may be taken into account when calculating the compliance with the thematic concentration requirements set out in paragraph 4.

If a Member State decides to comply with thematic concentration at the level of categories of regions, the Cohesion Fund resources that are taken into account for thematic concentration requirements in accordance with the first subparagraph, shall be allocated pro rata to the different categories of regions based on their relative share of the total population of the Member State concerned.

Member States shall set out in their Partnership Agreement referred to in Article [7] of Regulation (EU) [CPR] whether the Cohesion Fund resources will be taken into account for thematic concentration requirement for PO2.

4b. The resources under the specific objective referred to in point (a)(v) of Article 2(1) shall be programmed under a dedicated priority.

By way of derogation from paragraph 4, 40% of such resources shall be taken into account when calculating compliance with the thematic concentration requirements for PO1 set out in paragraph 4.

The resources taken into account for thematic concentration requirements in accordance with the second subparagraph shall not exceed 40 % of the minimum thematic concentration requirements for PO1 set out in paragraph 4.

4c. The resources under the specific objective referred to in point (b)(viii) of Article 2(1) shall be programmed under a dedicated priority.

By way of derogation from paragraph 4, 50% of such resources shall be taken into account when calculating compliance with the thematic concentration requirements for PO 2 set out in paragraph 4.

The resources taken into account for thematic concentration requirements in accordance with the second subparagraph shall not exceed 50% of the minimum thematic concentration requirements for PO2 set out in paragraph 4.

5. The thematic concentration requirements set out in paragraph 4 shall be complied with throughout the entire programming period, including when ERDF allocations are transferred between priorities of a programme or between programmes and at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].

6. Where the ERDF allocation with regard to PO 1 or PO 2 or both of a given programme is reduced following a decommitment under Article [99] of Regulation (EU) 2018/xxxx [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with the thematic concentration requirement set out in paragraph 4 shall not be re-assessed.

7. This Article shall not apply to the additional funding for northern sparsely populated regions referred to in Article 104(1)(e).

Article 4
Scope of support from the ERDF

1. The ERDF shall support the following:

- (a) investments in infrastructure;
- (a)bis activities for applied research and innovation, including industrial research, experimental development and feasibility studies;
- (b) investments in access to services;
- (c) productive investments in SMEs and investments aiming at safeguarding existing jobs and creating new jobs;
- (d) equipment, software and intangible assets;
- (d) bis networking, cooperation, exchange of experience and activities involving innovation clusters including between businesses, research organisations and public authorities;
- (e) information, communication and studies
- (f) technical assistance.

In addition, productive investments in enterprises other than SMEs can be supported:

- when they involve cooperation with SMEs in research and innovation activities supported under point (a)(i) of Article 2(1);
- when primarily supporting energy efficiency measures and renewable energy under points (b)(i) and (ii) of Article 2(1);
- in small mid-cap and mid-cap companies as defined in Article 2(6) and 2(7) of Regulation (EU) No 2015/1017 of the European Parliament and the Council²⁰ through financial instruments; or
- in small mid-cap companies as defined in Article 2(6) of Regulation (EU) No 2015/1017 in research and innovation activities supported under point (a)(i) of Article 2(1).

²⁰ Regulation (EU) No 2015/1017 of the European Parliament and the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 - the European Fund for Strategic Investments.

In order to contribute to the specific objective under PO 1 set out in point (a) (iv) of Article 2(1), the ERDF shall also support training, life-long learning, reskilling and education activities.

In order to contribute to the specific objective under PO 2 set out in point (b)(iv) of Article 2(1) and to the specific objective under PO 4 set out in point (d) (iv) of that Article, the ERDF shall also support the purchase of supplies necessary for strengthening the resilience of health systems and for strengthening disaster resilience.

2. Under the European territorial cooperation goal (Interreg), the ERDF may also support:

- (a) sharing of facilities and of human resources;
- (b) accompanying soft investments and other activities linked to PO 4 under the European Social Fund Plus as set out in Regulation (EU) 2018/xxxx [new ESF+].

3. In addition, the ERDF supports the financing of working capital in SMEs in the form of grants, where strictly necessary as a temporary measure to respond to exceptional or unusual circumstances referred to in Article 15a of [Common Provisions Regulation].

Where, upon a request submitted by the Member States concerned, the Commission finds that the requirements laid down in the first subparagraph are fulfilled, it shall adopt an implementing decision specifying the period during which the temporary additional support from ERDF is authorised.

The Commission shall keep the European Parliament and the Council informed about the implementation of this paragraph and assess whether the temporary additional support from ERDF is sufficient to facilitate the use of the fund in response to the exceptional and unusual circumstances. On the basis of its assessment, the Commission shall, where deemed appropriate, make proposals for amendments to this Regulation, including on thematic concentration requirements in Article 3.

The European Parliament or the Council may invite the Commission for a structured dialogue on the application of this paragraph according to the procedure foreseen in Article 15a(3) of [Common Provisions Regulation].

Article 5
Scope of support from the Cohesion Fund

1. The Cohesion Fund shall support the following:
 - (a) investments in the environment, including investments related to sustainable development and energy presenting environmental benefits, with a particular focus on renewable energy;
 - (b) investments in TEN-T;
 - (c) technical assistance;
 - (d) information, communication, and studies.

Member States shall ensure an appropriate balance between investments under points (a) and (b), based on the investment and infrastructure needs specific to each Member State.

2. The amount of the Cohesion Fund transferred to the Connecting Europe Facility²¹ shall be used for TEN-T projects.

Article 6
Exclusion from the scope of the ERDF and the Cohesion Fund

1. The ERDF and the Cohesion Fund shall not support:
 - (a) the decommissioning or the construction of nuclear power stations;
 - (b) investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council²²;
 - (c) the manufacturing, processing and marketing of tobacco and tobacco products;
 - (d) undertakings in difficulty, as defined in point 18 of Article 2 of Commission Regulation (EU) No 651/2014, unless authorised under de minimis aid or temporary State aid rules established to address exceptional circumstances;
 - (e) investment in airport infrastructure, except for outermost regions or in existing regional airports as defined in Article 2(153) of Commission Regulation (EU) No. 651/2014, in any of the following cases:
 - in environmental impact mitigation measures; or
 - in security, safety and air traffic management systems resulting from SESAR.

²¹ Reference.

²² Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC.

- (f) investments in disposal of waste in landfill, except:
 - (i) for the outermost regions, in duly justified cases only; or
 - (ii) for investments for decommissioning, reconverting or making safe existing landfills provided that such investments do not increase their capacity;
- (g) investments increasing the capacity of facilities for the treatment of residual waste, except for:
 - (i) the outermost regions in duly justified cases only;
 - (ii) investment in technologies to recover materials from residual waste for circular economy purposes;
- (h) investment related to production, processing, transport, distribution, storage or combustion of fossil fuels, with the exception of:
 - (i) the replacement of solid fossil fuels fired, namely coal, peat, lignite, oil-shale, heating systems with gas-fired heating systems for the purpose of:
 - upgrading district heating and cooling systems to the status of efficient district heating and cooling as referred to in Article 2(41) of the Directive 2012/27/EU;
 - upgrading combined heat and power installations to the status of ‘high-efficiency co-generation’ as referred to in Article 2(34) of the Directive 2012/27/EU;
 - investment in natural gas-fired boilers and heating systems in housing and buildings replacing coal, peat-, lignite-, oil-shale -based installations;
 - (ii) 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;
 - (iii) investment in:
 - clean vehicles for public purposes as defined in the [recast of Directive 2009/33/EC of the European Parliament and of the Council]; and
 - vehicles, aircraft and vessels designed and constructed or adapted for use by civil protection and fire services.

The total amount of Union support for EU investment referred to in points (i) and (ii) of point (h) shall not exceed the following limits of the total programmes allocation from the ERDF and the Cohesion Fund under the Investment for jobs and growth goal for the Member State concerned:

- (a) For Member States whose gross national income per capita is below 60% of the EU average GNI per capita, or for Member States whose gross national income per capita is below 90% of the EU average GNI per capita and which have a share of solid fossil fuels in gross inland energy consumption equal to or above 25%, the limit shall be 1.55%.
- (b) For other Member States whose gross national income per capita is below 90% of the EU average GNI per capita, the limit shall be 1%.
- (c) For Member States whose gross national income per capita is equal to or above 90% of the EU average GNI per capita, the limit shall be 0.2%.

For the purposes of this Article, the gross national income ratio means the ratio between the gross national income per capita of a Member State, measured in purchasing power standards and calculated on the basis of Union figures for the period from 2015 to 2017, and the average gross national income per capita in purchasing power standards of the 27 Member States for that same reference period.

For the purpose of this Article, the share of solid fossil fuels in energy consumption means the share of coal, lignite, peat and oil-shale measured in 2018.

Operations supported by the ERDF and the Cohesion Fund under points (i) and (ii) of point (h) shall be selected by the managing authority by 31 December 2025. Such operations cannot be phased to the next programming period.

2. In addition, the Cohesion Fund shall not support investment in housing unless related to the promotion of energy efficiency or renewable energy use.

3. Overseas countries and territories shall not be eligible for support from the ERDF or the Cohesion Fund, but may participate in Interreg programmes in accordance with the conditions set out in Regulation (EU) 2018/xxxx [ETC (Interreg)].

Article 7
Indicators

1. Common output and result indicators, as set out in the Annex I with regard to the ERDF and to the Cohesion Fund, and, where relevant, programme-specific output and result indicators shall be used in accordance with point (a) of the second subparagraph of Article [12(1)], point (d)(ii) of Article [17(3)] and point (b) of Article [37(2)] of Regulation (EU) 2018/xxxx [new CPR].
2. For output indicators, baselines shall be set at zero. The milestones set for 2024 and targets set for 2029 shall be cumulative.
3. In compliance with its reporting requirement pursuant to Article [41(3)(h)] of the Financial Regulation, the Commission shall present to the European Parliament and the Council information on performance in accordance with Annex II.
4. The Commission is empowered to adopt delegated acts in accordance with Article 13 to amend Annex II in order to make the relevant adjustments to the information on performance to be provided to the European Parliament and the Council.
- 4a. The Commission shall assess how the strategic importance of the investments co-financed by the ERDF and CF is taken into account in the context of the implementation of the Stability and Growth Pact and submit a report to the co-legislators.

CHAPTER II

Specific provisions on the treatment of particular territorial features and Interregional Innovation Investments

Article 8

Integrated territorial development

1. The ERDF may support integrated territorial development within programmes under both goals referred to in Article 4(2) of Regulation (EU) 2018/xxxx [new CPR] in accordance with Chapter II of Title III of that Regulation[new CPR].
2. Member States shall implement integrated territorial development, supported by the ERDF, exclusively through the forms referred to in Article [22] of Regulation (EU) 2018/xxxx [new CPR].

Article 8a

Support for disadvantaged areas

In accordance with Article 174 TFEU, the ERDF shall pay special attention to addressing the challenges of disadvantaged regions and areas, notably rural areas and areas which suffer from severe and permanent natural or demographic handicaps. Member States shall, where appropriate, set out an integrated approach to addressing demographic challenges or specific needs of such regions and areas in their partnership agreements in accordance with Article 8(1)(ga) of the of Regulation (EU) 2018/xxxx [new CPR]. Such an integrated approach may include a commitment on dedicated funding for that purpose.

Article 9

Sustainable urban development

1. To address economic, environmental, climate, demographic and social challenges, the ERDF shall support integrated territorial development based on territorial or community-led local development strategies in accordance with Article [23] or [26] of Regulation (EU) 2018/xxxx [new CPR] respectively, that are focused on urban areas, including functional urban areas ('sustainable urban development') within programmes under both goals referred to in Article 4(2) of that Regulation.

Special attention shall be given to tackling environmental and climate challenges, notably the transition towards a climate-neutral economy by 2050, to harnessing the potential of digital technologies for innovation purposes, and to support the development of functional urban areas. In this context, sustainable urban development resources programmed under priorities corresponding to policy objectives 1 and 2 shall count towards the thematic concentration requirements under Article 3.

2. At least 8 % of the ERDF resources at national level under the Investment for jobs and growth goal, other than for technical assistance, shall be allocated to sustainable urban development in one or more of the forms referred to in Article [22] of Regulation (EU) 2018/xxxx [new CPR].

The relevant territorial authorities or bodies shall select or shall be involved in the selection of operations in accordance with Article 23(3) and point (d) of Article 27(3) of Regulation (EU) 2018/xxxx [new CPR]

The programme or programmes concerned shall set out the planned amounts for this purpose under point (d)(vii) of Article [17(3)] of Regulation (EU) 2018/xxxx [new CPR].

3. The percentage allocated to sustainable urban development under paragraph 2 shall be complied with throughout the entire programming period when ERDF allocations are transferred between priorities of a programme or between programmes, including at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].

4. Where the ERDF allocation is reduced following a decommitment under Article [99] of Regulation (EU) No [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with paragraph 2 shall not be re-assessed.

Article 10 *European Urban Initiative*

1. The ERDF shall also support the European Urban Initiative, implemented by the Commission in direct and indirect management.

This initiative shall cover all urban areas, including functional urban areas, and shall support the Urban Agenda for the EU, including support for the participation of local authorities in the thematic partnerships thereunder.

2. The European Urban Initiative shall consist of the following two strands, all with regard to sustainable urban development:

- (a) support of innovative actions;
- (b) support of capacity and knowledge building, territorial impact assessments, policy development and communication.

Upon request from one or more Member States, the European Urban Initiative may also support inter-governmental cooperation on urban matters. Particular attention should be given to cooperation aimed at capacity building at local level to achieve United Nations Sustainable Development Goals as referred to in the resolution ‘The 2030 Agenda for Sustainable Development’ adopted by the UN General Assembly on 25 September 2015.

The Commission shall submit a report every two years to the European Parliament and to the Council on developments in connection with the European Urban Initiative.

3. The governance model of the European Urban Initiative shall include the involvement of Member States, regional and local authorities and cities and shall ensure appropriate coordination and complementarities with the dedicated programme under Article XX of [Interreg Regulation] dealing with sustainable urban development.

Article 10bis
Interregional Innovation Investments

- 1. The ERDF shall support the Interregional Innovation Investments Instrument.
- 2. The Interregional Innovation Investments Instrument shall support the commercialisation and scaling up of interregional innovation projects having the potential to encourage the development of European value chains.
- 3. The Interregional Innovation Investments Instrument shall consist of the following two strands, supporting equally:
 - (a) Financial and advisory support for investments in interregional innovation projects in shared smart specialisation areas,

(b) Financial and advisory support, and capacity building for the development of value chains in less developed regions.

4. Up to 2% of the resources may be dedicated to learning and evaluation activities, in order to capitalise on and disseminate the outcome of projects supported under the two strands.

5. The Commission shall implement these investments under direct or indirect management.

6. In its work, the Commission shall be supported by a group of experts.

The expert group shall be composed of representatives from Member States, regional authorities and cities, representatives of business, research and civil society bodies. The composition of the expert group shall aim to ensure gender balance.

The expert group shall support the Commission in defining a long-term work programme and in preparing calls for proposals.

7. When implementing this instrument, the Commission shall ensure coordination and synergy with other EU funding programmes and instruments and in particular with strand 'Interreg C' as defined in Article 3 of [Interreg Regulation].

8. The Interregional Innovation Investments Instrument shall cover the entire territory of the Union.

Third countries can participate in this instrument, in accordance with the arrangements laid down in Article 12 of the [Horizon Europe programme].

Article 11 Outermost regions

1. Article 3 shall not apply to the specific additional allocation for the outermost regions. This specific additional allocation for the outermost regions shall be used to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU.

2. The allocation referred to in paragraph 1 shall support:

- (a) the activities within the scope as set out in Article 4;
- (b) by way of derogation from Article 4, measures covering operating costs with a view to offsetting the additional costs incurred in the outermost regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU.

The allocation referred to in paragraph 1 may also support expenditure covering compensation granted for the provision of public service obligation and contracts in the outermost regions.

3. The allocation, referred to in paragraph 1, shall not support:

- (a) operations involving products listed in Annex I to the TFEU;
- (b) aid for the transport of persons authorised under point (a) of Article 107(2) of the TFEU;
- (c) tax exemptions and exemption of social charges
- (d) public services obligations not discharged by undertakings and where the State acts by exercising public power.

4. By way of derogation from point (c) of paragraph 1 of Article 4, the ERDF may support productive investments in enterprises in the outermost regions, irrespective of the size of those enterprises.

CHAPTER III

Final provisions

Article 12

Transitional provisions

Regulations (EC) No 1300/2013 and 1301/2013 or any act adopted thereunder shall continue to apply to programmes and operations supported by the ERDF or the Cohesion Fund under the 2014-2020 programming period.

Article 13

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 7(4) shall be conferred on the Commission for an indeterminate period of time from the date of the entry into force of this Regulation.
3. The delegation of power referred to in Article 7(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016²³.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 7(4) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

²³ OJ L 123, 12.5.2016, p. 13.

Article 13b

Review

The European Parliament and the Council shall review this Regulation by 31 December 2027, in accordance with Article 177 TFEU.

Article 14

Entry into force

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

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

Done at

For the European Parliament

The President

For the Council

The President

Common output and result indicators for ERDF and the Cohesion Fund – Article 8(1)²⁴Table 1: Common output and result indicators for ERDF (Investment for jobs and growth and Interreg) and the Cohesion Fund^{**}

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity ('PO 1')	(i) Developing and enhancing research and innovation capacities and the uptake of advanced technologies	<p>RCO²⁵01 - Enterprises supported (of which: micro, small, medium, large)^{*26}</p> <p>RCO 02 - Enterprises supported by grants[*]</p> <p>RCO 03 - Enterprises supported by financial instruments[*]</p> <p>RCO 04 - Enterprises with non-financial support[*]</p> <p>RCO 05 - New enterprises supported[*]</p> <p>RCO 06 - Researchers working in supported research facilities</p> <p>RCO 07 - Research institutions participating in joint research projects</p> <p>RCO 08 - Nominal value of research and innovation equipment</p> <p>RCO 10 - Enterprises cooperating with research institutions</p> <p>RCO 96 – Interregional investments for innovation in EU projects[*]</p>	<p>RCR²⁷ 01 - Jobs created in supported entities[*]</p> <p>RCR 102 – Research jobs created in supported entities[*]</p> <p>RCR 02 - Private investments matching public support (of which: grants, financial instruments)^{*28}</p> <p>RCR 03 – Small and medium-size enterprises (SMEs) introducing product or process innovation[*]</p> <p>RCR 04 - SMEs introducing marketing or organisational innovation[*]</p> <p>RCR 05 - SMEs innovating in-house[*]</p> <p>RCR 06 - Patent applications submitted[*]</p> <p>RCR 07 - Trademark and design applications[*]</p> <p>RCR 08 - Publications from supported projects</p>

²⁴ To be used, for the Investment for jobs and growth and Interreg in accordance with point (a) of the second subparagraph of Article [12(1)], and point (b) of Article [36(2) [data transmission] of Regulation (EU) [new CPR] and, for Investment for jobs and growth in accordance with point (d)(ii) of Article [17 (3)] of the Regulation (EU) [new CPR] and, for Interreg, in accordance with point (e)(ii) of Article 17 (4) of the of the Regulation (EU) [new ETC regulation].

²⁵ RCO: REGIO Common Output Indicator.

²⁶ Breakdown not requested for programming but only for reporting.

²⁷ RCR: REGIO Common Result Indicator.

²⁸ Breakdown not requested for programming but only for reporting.

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(ii) Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities	RCO 13 - Value of digital services, products and processes developed for enterprises* RCO 14 - Public institutions supported to develop digital services, products and processes*	RCR 11 - Users of new and upgraded public digital services, products and processes* RCR 12 - Users of new and upgraded digital services, products and processes developed by enterprises* RCR 13 - Enterprises reaching high digital intensity*
	(iii) Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments	RCO 15 - Capacity of incubation created* RCO 103 - High growth enterprises supported*	RCR 17 – New enterprises surviving in the market* RCR 18 - SMEs using incubator services after incubator creation* RCR 19 - Enterprises with higher turnover* RCR 25 – SMEs with higher value added per employee*

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(iv) Developing skills for smart specialisation, industrial transition and entrepreneurship	RCO 16 – Participations of institutional stakeholders in entrepreneurial discovery process RCO 101 – SMEs investing in skills for smart specialisation, for industrial transition and entrepreneurship ²⁹	RCR 97 – Apprenticeships supported in SMEs RCR 98 – SMEs staff completing training for skills for smart specialisation, for industrial transition and entrepreneurship (by type of skill: technical, management, entrepreneurship, green, other) ²⁹
	(v) Enhancing digital connectivity	RCO 41 - Additional dwellings with broadband access of very high capacity RCO 42 - Additional enterprises with broadband access of very high capacity	RCR 53 - Dwellings with broadband subscriptions to a very high capacity network RCR 54 - Enterprises with broadband subscriptions to a very high capacity network

²⁹ Breakdown not requested for programming but only for reporting.

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
2. A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility ('PO 2')	(i) Promoting energy efficiency and reducing greenhouse gas emissions	RCO 18 – Dwellings with improved energy performance RCO 19 - Public buildings with improved energy performance RCO 20 - District heating and cooling network lines newly constructed or improved RCO 104 – Number of high efficiency co-generation units RCO123 - Dwellings benefiting from natural gas-fired boilers and heating systems replacing solid fossil fuels based installations	RCR 26 - Annual primary energy consumption (of which: dwellings, public buildings, enterprises, other) ³⁰ RCR 29 - Estimated greenhouse gas emissions* RCR 105 - Estimated greenhouse emissions by boilers and heating systems converted from solid fossil fuels to gas
	(ii) Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001[1], including the sustainability criteria set out therein	RCO 22 - Additional production capacity for renewable energy (of which: electricity, thermal) ³¹ * RCO 97 –Renewable energy communities supported*	RCR 31 - Total renewable energy produced (of which: electricity, thermal) ³² * RCR 32 – Additional operational capacity installed for renewable energy*
	(iii) Developing smart energy systems, grids and storage outside TEN-E	RCO 23 - Digital management systems for smart energy systems RCO 105 – Solutions for electricity storage RCO124: Gas transmission and distribution network lines newly constructed or improved	RCR 33 - Users connected to smart energy systems RCR 34 - Roll-out of projects for smart energy systems

³⁰ Breakdown not requested for programming but only for reporting.

³¹ Breakdown not requested for programming but only for reporting.

³² Breakdown not requested for programming but only for reporting.

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	<p>(iv) Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches</p>	<p>RCO 24 – Investments in new or upgraded disaster monitoring, preparedness, warning and response systems against natural disasters*</p> <p>RCO 122 – Investments in new or upgraded disaster monitoring, preparedness, warning and response systems against non-climate related natural risks and risks related to human activities</p> <p>RCO 25 - Coastal strip, river bank and lakeshore flood protection newly built or consolidated</p> <p>RCO 106 – Landslide protection newly built or consolidated</p> <p>RCO 26 - Green infrastructure built or upgraded for adaptation to climate change*</p> <p>RCO 27 – National and sub-national strategies addressing climate change adaptation*</p> <p>RCO 28 - Area covered by protection measures against wildfires</p> <p>RCO 121 - Area covered by protection measures against climate related natural disasters (other than floods and wildfire)</p>	<p>RCR 35 - Population benefiting from flood protection measures</p> <p>RCR 36 - Population benefiting from wildfire protection measures</p> <p>RCR 37 - Population benefiting from protection measures against climate related natural disasters (other than floods and wildfire)</p> <p>RCR 96 – Population benefiting from protection measures against non-climate related natural risks and risks related to human activities*</p>

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(v) Promoting access to water and sustainable water management	RCO 30 - Length of new or upgraded pipes for the distribution systems of public water supply RCO 31 - Length of new or upgraded pipes for the public network for collection of waste water RCO 32 - New or upgraded capacity for waste water treatment	RCR 41 - Population connected to improved public water supply RCR 42 - Population connected to at least secondary public waste water treatment RCR 43 - Water losses in distribution systems for public water supply
	(vi) Promoting the transition to a circular and resource efficient economy	RCO 34 - Additional capacity for waste recycling RCO 107 – Investments in facilities for separate waste collection RCO 119 - Waste prepared for re-use	RCR 103 – Waste collected separately RCR 47 - Waste recycled RCR 48 - Waste used as raw materials

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(vii) Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution	<p>RCO 36 - Green infrastructure supported for other purposes than adaptation to climate change</p> <p>RCO 37 - Surface of Natura 2000 sites covered by protection and restoration measures</p> <p>RCO 38 - Surface area of rehabilitated land supported</p> <p>RCO 39 – Area covered by systems for monitoring air pollution installed</p>	<p>RCR 50 - Population benefiting from measures for air quality*</p> <p>RCR 95 -Population having access to new or improved green infrastructure*</p> <p>RCR 52 - Rehabilitated land used for green areas, social housing, economic or other uses</p>
	(viii) Promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy	<p>RCO 55 - Length of new tram and metro lines</p> <p>RCO 56 - Length of reconstructed or modernised tram and metro lines</p> <p>RCO 57 – Capacity of environmentally friendly rolling stock for collective public transport</p> <p>RCO 58 - Dedicated cycling infrastructure supported</p> <p>RCO 59 - Alternative fuels infrastructure (refuelling/recharging points)*</p> <p>RCO 60 - Cities and towns with new or modernised digitised urban transport systems</p>	<p>RCR 62 - Annual users of new or modernised public transport</p> <p>RCR 63 - Annual users of new or modernised tram and metro lines</p> <p>RCR 64 - Annual users of dedicated cycling infrastructure</p>

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
3. A more connected Europe by enhancing mobility ('PO 3')	(i) Developing a sustainable, climate resilient, intelligent, secure, sustainable and intermodal TEN-T	RCO 43 - Length of new or upgraded roads - TEN-T ³³ RCO 45 - Length of roads reconstructed or modernised - TEN-T RCO 108 – Length of roads with new or modernised traffic management systems – TEN-T RCO 47 - Length of new or upgraded rail - TEN-T RCO 49 - Length of rail reconstructed or modernised - TEN-T RCO 51 - Length of new, upgraded or modernised inland waterways - TEN-T RCO 109 - Length of European Rail Traffic Management System equipped railways in operation – TEN-T	RCR 55 – Annual users of newly built, reconstructed, upgraded or modernised roads RCR 56 - Time savings due to improved road infrastructure RCR 101- Time savings due to improved rail infrastructure RCR 58 - Annual users of newly built, upgraded, reconstructed or modernised railways RCR 59 - Freight transport on rail RCR 60 - Freight transport on inland waterways
	(ii) Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility	RCO 44 - Length of new or upgraded roads –non-TEN-T RCO 46 - Length of roads reconstructed or modernised - non-TEN-T RCO 110 – Length of roads with new or modernised traffic management systems – non-TEN-T RCO 48 - Length of new or upgraded rail - non-TEN-T RCO 50 - Length of rail reconstructed or modernised – non-TEN-T RCO 111 - Length of European Rail Traffic Management System equipped railways in operation – non-TEN-T	

³³ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU (OJ L 348, 20.12.2013, p. 1).

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
		RCO 52 - Length of new, upgraded or modernised inland waterways –non-TEN-T RCO 53 – New or modernised railway stations and stops* RCO 54 – New or modernised intermodal connections*	

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
4. A more social and inclusive Europe implementing the European Pillar of Social Rights ('PO 4')	(i) Enhancing the effectiveness and inclusiveness of labour markets and access to quality employment through developing social infrastructure and promoting social economy	RCO 61 – Surface of new or modernised facilities for employment services	RCR 65 Annual users of new or modernised facilities for employment services
	(ii) Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training	RCO 66 - Classroom capacity of new or modernised childcare facilities RCO 67 - Classroom capacity of new or modernised education facilities	RCR 70 - Annual users of new or modernised childcare RCR 71 - Annual users of new or modernised education facilities

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(iii) Promoting the socioeconomic inclusion of marginalised communities, low income households and disadvantaged groups including people with special needs, through integrated actions including housing and social services	RCO 65 - Capacity of new or modernised social housing * RCO113 - Population covered by projects in the framework of integrated actions for socioeconomic inclusion of marginalised communities, low income households and disadvantaged groups*	RCR 67 - Annual users of new or modernised social housing
	(iii bis) Promoting the socio-economic integration of third country nationals, including migrants through integrated actions, including housing and social services	RCO 63- Capacity of new or modernised temporary reception facilities	RCR 66- Annual users of new or modernised temporary reception facilities

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
	(iv) Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care	RCO 69 - Capacity of new or modernised health care facilities RCO 70 - Capacity of new or modernised social care facilities (other than housing)	RCR 72 - Annual users of new or modernised e-health care services RCR 73 - Annual users of new or modernised health care facilities RCR 74 - Annual users of new or modernised social care facilities
	(v) Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation	RCO 77 - Number of cultural and tourism sites supported*	RCR 77 - Visitors of cultural and tourism sites supported*

Policy objective	Specific Objective	Outputs	Results
(1)	(2)	(3)	(4)
5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories ('PO 5')	(i) Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas	RCO 74 - Population covered by projects in the framework of strategies for integrated territorial development* RCO 75 Strategies for integrated territorial development supported* RCO 76 Integrated projects for territorial development RCO 80 – Community-led local development strategies supported* RCO 112 - Stakeholders involved in the preparation and implementation of strategies for integrated territorial development RCO 114 Open space created or rehabilitated in urban areas*	
	(ii) Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas		

** For presentational reasons common output and result indicators are grouped by, but not limited to, a specific objective within a policy objective. In particular, policy objective 5, may use relevant common indicators listed for policy objectives 1 to 4. In addition, in order to develop a full picture of the expected and actual performance of the programmes, the common indicators indicated by (*) may be used by specific objectives under any of the policy objectives 1 to 4, when relevant.

Table 2: Additional common output and result indicators for the ERDF for Interreg

<p>Interreg-specific indicators</p>		<p>RCO 81 - Participations in joint actions across borders</p> <p>RCO 115 - Public events across borders jointly organised</p> <p>RCO 82 - Participations in joint actions promoting gender equality, equal opportunities and social inclusion</p> <p>RCO 83 - Strategies and action plans jointly developed</p> <p>RCO 84 - Pilot actions developed jointly and implemented in projects</p> <p>RCO 116 - Jointly developed solutions</p> <p>RCO 85 - Participations in joint training schemes</p> <p>RCO 117 - Solutions for legal or administrative obstacles across border identified</p> <p>RCO 86 - Joint administrative or legal agreements signed</p> <p>RCO 87 - Organisations cooperating across borders</p> <p>RCO 118 - Organisations cooperating for the multi-level governance of macroregional strategies</p> <p>RCO 90 - Projects for innovation networks across borders</p> <p>RCO 120 Projects supporting cooperation across borders to develop urban-rural linkages</p>	<p>RCR 79 - Joint strategies and action plans taken up by organisations</p> <p>RCR 104 - Solutions taken up or up-scaled by organisations</p> <p>RCR 81 - Completions of joint training schemes</p> <p>RCR 82 - Legal or administrative obstacles across borders alleviated or resolved</p> <p>RCR 83 - Persons covered by joint administrative or legal agreements signed</p> <p>RCR 84 - Organisations cooperating across borders after project completion</p> <p>RCR 85 - Participations in joint actions across borders after project completion</p>
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Core set of performance indicators for ERDF and Cohesion Fund referred to in Article 8(3) , to be used by the Commission in compliance with its reporting requirement pursuant to Article 41(3)(h)(iii) of Regulation (EU) No 2018/1046 (Financial Regulation)

Policy objective (1)	Specific objective (2)	Outputs (3)	Results (4)
1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity ('PO 1')	(i) Developing and enhancing research and innovation capacities and the uptake of advanced technologies	CCO ³⁴ 01 - Enterprises supported to innovate CCO 02 - Researchers working in supported research facilities	CCR ³⁵ 01 – Small and medium-sized enterprises ³⁶ (SMEs) introducing product, process, marketing or organisational innovation
	(ii) Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities	CCO 03 - Enterprises and public institutions supported to develop digital products, services and processes	CCR 02 – Annual users of new or upgraded digital products, services and processes

³⁴ CCO: REGIO Core Common Output.

³⁵ CCR: REGIO Core Common Result.

³⁶ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422) (OJ L 124, 20.5.2003, p. 36).

	(iii) Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments	CCO 04 - SMEs supported to enhance growth and competitiveness	CCR 03 - Jobs created in enterprises supported
	(iv) Developing skills for smart specialisation, industrial transition and entrepreneurship	CCO 05 – SMEs investing in skills for smart specialisation, for industrial transition and entrepreneurship	CCR 04 – SMEs staff completing training for skills for smart specialisation, for industrial transition and entrepreneurship
	(v) Enhancing digital connectivity	CCO 13 - Additional dwellings and enterprises with broadband access of very high capacity	CCR 12 – Additional dwellings and enterprises with broadband subscriptions to a very high capacity network

<p>2. A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility ('PO 2')</p>	(i) Promoting energy efficiency measures and reducing greenhouse gas emissions	CCO 06 – Investments in measures to improve energy performance	CCR 05 – Savings in annual primary energy consumption
	(ii) Promoting renewable energy in accordance with Renewable Energy Directive (EU) 2018/2001^[1], including the sustainability criteria set out therein	CCO 07 – Additional production capacity for renewable energy	CCR 06 Additional renewable energy produced
	(iii) Developing smart energy systems, grids and storage outside TEN-E	CCO 08 - Digital management systems for smart energy systems	CCR 07 - Additional users connected to smart energy systems
	(iv) Promoting climate change adaptation and disaster risk prevention resilience taking into account eco-system based approaches	CCO 09 – Investments in new or upgraded disaster monitoring, preparedness, warning and response systems	CCR 08 - Additional population benefiting from protection measures against floods, wild fires, and other climate related natural disasters

	(v) Promoting access to water and sustainable water management	CCO 10 - New or upgraded capacity for waste water treatment	CCR 09 - Additional population connected to at least secondary waste water treatment
	(vi) Promoting the transition to a circular and resource efficient economy	CCO 11 – New or upgraded capacity for waste recycling	CCR 10 - Additional waste recycled
	(vii) Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution	CCO 12 – Surface area of green infrastructure	CCR 11 – Population benefiting from measures for air quality
	(viii) Promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy	CCO 16 – Extension and modernisation of tram and metro lines	CCR 15 – Annual users served by new and modernised tram and metro lines

3. A more connected Europe by enhancing mobility (‘PO 3’)	(i) Developing a sustainable, climate resilient, intelligent, secure and intermodal TEN-T	CCO 14 – Road TEN-T: New upgraded, reconstructed, or modernised roads	CCR 13 – Time savings due to improved road infrastructure CCR 14 – Annual number of passengers served by improved rail transport
		CCO 15 – Rail TEN-T: New, upgraded, reconstructed, or modernised railways	
	(ii) Developing and enhancing a sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross- border mobility	CCO 22 – Road non-TEN-T: New, upgraded, reconstructed, or modernised roads	
		CCO 23 – Rail non-TEN-T: New, upgraded, reconstructed, or modernised railways	

4. A more social and inclusive Europe implementing the European Pillar of Social Rights ('PO 4')	(i) Enhancing the effectiveness and inclusiveness of labour markets and access to quality employment through developing social infrastructure and promoting social economy	CCO 17 – Surface of new or modernised facilities for employment services	CCR 16 – Annual users of new or modernised facilities for employment services
	(ii) Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training	CCO 18 – New or modernised capacity for childcare and education facilities	CCR 17 – Annual users served by new or modernised childcare and education facilities
	(iii) Promoting the socioeconomic inclusion of marginalised communities, low income households and disadvantaged groups including people with special needs, through integrated actions including housing and social services	CCO 19 – New or modernised capacity of social housing facilities CCO 25 - Population covered by projects in the framework of integrated actions for socioeconomic inclusion of marginalised communities, low income households and disadvantaged groups	CCR 18 – Annual users of new or modernised social housing facilities

	(iii bis) Promoting the socio-economic integration of third country nationals, including migrants through integrated actions, including housing and social services	CCO 26 - New or modernised capacity for temporary reception facilities	CCR20 – Annual users of new or modernised temporary reception facilities
	(iv) Ensuring equal access to health care and fostering resilience of health systems, including primary care, and promoting the transition from institutional to family- and community-based care	CCO 20 – New or modernised capacity for health care facilities	CCR 19 – Annual users of new or modernised health care services
	(v) Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation	CCO24 – Culture and tourism sites supported	CCR21 – Visitors of culture and tourism sites supported

<p>5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories ('PO 5')</p>	<p>(i) Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas</p>	<p>(ii) Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas</p>	<p>CCO 21 – Population covered by strategies for integrated territorial development</p>	
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