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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006

**REGULATION (EU) No .../2013
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

of

**on the European Regional Development Fund
and on specific provisions concerning the Investment for growth and jobs goal
and repealing Regulation (EC) No 1080/2006**

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 Articles 178 and 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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

¹ OJ C 191, 29.6.2012, p. 44.

² OJ C 225, 27.7.2012, p. 114.

³ Position of the European Parliament of ... (not yet published in the Official Journal) and decision of the Council of

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 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 such as the northernmost regions with very low population density and island, cross-border and mountain regions.
- (2) Regulation (EU) No .../2013⁺ of the European Parliament and of the Council¹ sets out the provisions common to the ERDF, the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

⁺ OJ: please insert number (in the body text and in the footnote), date and OJ reference (in the footnote) of the Regulation in document PE-CONS 85/13.

¹ Regulation (EU) No .../2013 of the European Parliament and of the Council of ... laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Regulation (EC) No 1083/2006 (OJ L ..., p. ...).

- (3) Specific provisions concerning the type of activities which can be supported by the ERDF, in order to contribute to the investment priorities within the thematic objectives set out in Regulation (EU) No .../2013⁺, should be laid down. At the same time, activities outside the scope of the ERDF should be defined and clarified, including 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 Council¹. In order to avoid excessive financing, such investment should not be eligible for support from the ERDF as it already benefits financially from the application of Directive 2003/87/EC. That exclusion should not restrict the possibility of using the ERDF to support activities that are not listed in Annex I to Directive 2003/87/EC even if those activities are implemented by the same economic operators, and include activities such as energy efficiency investments in district heating networks, smart energy distribution, storage and transmission systems and measures aimed at reducing air pollution, even if one of the indirect effects of such activities is the reduction of greenhouse gas emissions, or if they are listed in the national plan referred to in Directive 2003/87/EC.
- (4) It is necessary to specify what additional activities can be supported by the ERDF under the European territorial cooperation goal.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

¹ 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).

- (5) The ERDF should contribute to the Union strategy for smart, sustainable and inclusive growth, thus ensuring greater concentration of ERDF support on the priorities of the Union. Depending on which category of regions is supported, the support from the ERDF under the Investment for growth and jobs goal should be concentrated on research and innovation, information and communication technologies (ICT), small and medium-sized enterprises (SMEs) and promoting a low-carbon economy. That thematic concentration should be attained at national level while allowing for flexibility at the level of operational programmes and between different categories of regions. The thematic concentration should be adjusted, where appropriate, to take into account Cohesion Fund resources allocated to supporting the investment priorities relating to the shift towards a low-carbon economy and referred to in Regulation (EU) No .../2013⁺ of the European Parliament and of the Council¹. The degree of thematic concentration should take into account the level of development of the region, the contribution of Cohesion Fund resources where applicable, as well as the specific needs of regions whose GDP per capita used as an eligibility criterion for the 2007-2013 programming period was less than 75 % of the average GDP of the EU-25 for the reference period, regions designated with phasing-out status in the 2007-2013 programming period and certain NUTS level 2 regions consisting solely of island Member States or of islands.

⁺ OJ: please insert number (in the body text and in the footnote), date and OJ reference (in the footnote) of the Regulation in document PE-CONS 82/13.

¹ Regulation (EU) No .../2013 of the European Parliament and of the Council of ... on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006 (OJ L ..., ..., p. ...).

- (6) It should be possible for support from the ERDF under the investment priority 'community-led local development' to contribute to all of the thematic objectives referred to in this Regulation.
- (7) In order to address the specific needs of the ERDF, and in line with the Union strategy for smart, sustainable and inclusive growth, it is necessary to set out within each thematic objective laid down in Regulation (EU) No .../2013⁺, the ERDF-specific actions as 'investment priorities'. Those investment priorities should set out detailed objectives, which are not mutually exclusive, to which the ERDF is to contribute. Such investment priorities should form the basis for the definition of specific objectives within programmes that take into account the needs and characteristics of the programme area.
- (8) It is necessary to promote innovation and the development of SMEs, in emerging fields linked to European and regional challenges such as creative and cultural industries and innovative services, reflecting new societal demands, or to products and services linked to an ageing population, care and health, eco-innovation, the low-carbon economy and resource efficiency.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (9) In accordance with Regulation (EU) No .../2013⁺, in order to optimise the added value from investments funded wholly or in part through the Union budget in the field of research and innovation, synergies will be sought in particular between the operation of the ERDF and Horizon 2020 - the Framework Programme for Research and Innovation whilst respecting their distinct objectives.
- (10) It is important to ensure that, in promoting risk management investments, specific risks at regional, cross-border and transnational level are taken into account.
- (11) In order to maximise their contribution to the objective of supporting employment-friendly growth, activities supporting sustainable tourism, culture and natural heritage should be part of a territorial strategy for specific areas, including the conversion of declining industrial regions. Support for such activities should also contribute to strengthening innovation and the use of ICT, SMEs, environment and resource efficiency or the promotion of social inclusion.
- (12) In order to promote sustainable regional or local mobility or to reduce air and noise pollution, it is necessary to promote healthy, sustainable and safe modes of transport. Investments in airport infrastructure supported by the ERDF should promote environmentally sustainable air transport when, inter alia, enhancing regional mobility by connecting secondary and tertiary nodes to trans-European transport network (TEN-T) infrastructure, including through multimodal nodes.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (13) In order to promote the achievement of the energy and climate targets set by the Union as part of the Union strategy for smart, sustainable and inclusive growth, the ERDF should support investment to promote energy efficiency and security of supply in Member States through, inter alia, the development of smart energy distribution, storage and transmission systems, including through the integration of distributed generation from renewable sources. In order to meet their security of supply requirements in a manner that is consistent with their targets under the Union strategy for smart, sustainable and inclusive growth, Member States should be able to invest in energy infrastructure that is consistent with their chosen energy mix.
- (14) SMEs, which can include social economy enterprises, should be understood, in accordance with the definition laid down in Regulation (EU) No .../2013⁺, as covering micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC¹.
- (15) In order to promote social inclusion and combat poverty, particularly among marginalised communities, it is necessary to improve access to social, cultural and recreational services, through the provision of small-scale infrastructure, taking account of the specific needs of persons with disabilities and the elderly.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

¹ 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).

- (16) Community-based services should cover all forms of in-home, family-based, residential and other community services which support the right of all persons to live in the community, with an equality of choices, and which seek to prevent isolation or segregation from the community.
- (17) In order to increase flexibility and reduce the administrative burden through joint implementation, the ERDF and the Cohesion Fund investment priorities under the corresponding thematic objectives should be aligned.
- (18) A common set of output indicators to assess the aggregated progress at Union level of the implementation of programmes should be set out in an Annex to this Regulation. Those indicators should correspond to the investment priority and type of action supported in accordance with this Regulation and the relevant provisions of Regulation (EU) No .../2013⁺. The common output indicators should be complemented by programme-specific result indicators and, where relevant, by programme-specific output indicators.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (19) Within the framework of sustainable urban development, it is considered necessary to support integrated actions to 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. 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 Partnership Agreement with a minimum of 5 % of the ERDF resources allocated at national level for that purpose. The scope of any delegation of tasks to urban authorities should be decided upon by the managing authority in consultation with the urban authority.
- (20) In order to identify or test new solutions which address issues that are related to sustainable urban development and are of relevance at Union level, the ERDF should support innovative actions in the area of sustainable urban development.
- (21) In order to reinforce capacity-building, networking and exchange of experience between programmes and bodies responsible for implementing sustainable urban development strategies and innovative actions in the area of sustainable urban development and to complement existing programmes and bodies, it is necessary to establish an urban development network at Union level.

- (22) The ERDF should address the problems of accessibility to, and remoteness from, large markets, faced by areas with an extremely low population density, as referred to in Protocol No 6 on special provisions for Objective 6 in the framework of the Structural Funds in Finland and Sweden to the 1994 Act of Accession. The ERDF should also address the specific difficulties encountered by certain islands, border regions, mountain regions and sparsely populated areas, the geographical situation of which slows down their development, with a view to supporting their sustainable development.
- (23) Specific attention should be paid to the outermost regions, namely by adopting measures under Article 349 TFEU extending, on an exceptional basis, the scope of support from the ERDF to the financing of operating aid linked to the offsetting of the additional costs resulting from the specific economic and social situation of those regions which is compounded by the handicaps resulting from the factors referred to in Article 349 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. Operating aid granted by Member States in that context is exempt from the notification obligation laid down in Article 108(3) TFEU, if, at the time it is granted, it fulfils the conditions laid down by a Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU, and adopted pursuant to Council Regulation (EC) No 994/98¹.

¹ Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid (OJ L 142, 14.5.1998, p. 1).

- (24) In line with the conclusions of the European Council of 7-8 February 2013, and taking into account the special objectives laid down in the TFEU concerning the outermost regions referred to in Article 349 TFEU, the status of Mayotte was changed as a result of European Council Decision 2012/419/EU¹ to become a new outermost region from 1 January 2014. In order to facilitate and to promote focused and rapid infrastructural development of Mayotte, it should be possible on an exceptional basis that at least 50 % of the ERDF part of Mayotte's envelope be allocated to five of the thematic objectives laid down in Regulation (EU) No .../2013⁺.
- (25) In order to supplement this Regulation with certain non-essential elements, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of detailed rules for the criteria for the selection and management of innovative actions. Such power should also be delegated to the Commission in respect of amendments to Annex I to this Regulation where justified to ensure the effective assessment of progress in implementation of operational programmes. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

¹ European Council Decision 2012/419/EU of 11 July 2012 amending the status of Mayotte with regard to the European Union (OJ L 204, 31.7.2012, p. 131).

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (26) 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 Treaty on European Union. 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.

- (27) This Regulation replaces Regulation (EC) No 1080/2006 of the European Parliament and the Council¹. In the interests of clarity, Regulation (EC) No 1080/2006 should therefore be repealed. However, this Regulation should not affect either the continuation or modification of assistance approved by the Commission on the basis of Regulation (EC) No 1080/2006 or any other legislation applying to that assistance on 31 December 2013. That Regulation or such other applicable legislation should consequently continue to apply after 31 December 2013 to that assistance or the operations concerned until their closure. Applications to receive assistance made or approved under Regulation (EC) No 1080/2006 should remain valid.
- (28) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

¹ Regulation (EC) No 1080/2006 of the European Parliament and the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210, 31.7.2006, p. 1).

CHAPTER I

Common provisions

Article 1

Subject matter

This Regulation establishes the tasks of the European Regional Development Fund (ERDF), the scope of its support with regard to the Investment for growth and jobs goal and the European territorial cooperation goal and specific provisions concerning ERDF support for the Investment for growth and jobs goal.

Article 2

Tasks of the ERDF

The ERDF shall contribute to the financing of support which aims to reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union through the sustainable development and structural adjustment of regional economies, including the conversion of declining industrial regions and regions whose development is lagging behind.

Article 3

Scope of support from the ERDF

1. The ERDF shall support the following activities in order to contribute to the investment priorities set out in Article 5:
 - (a) productive investment which contributes to creating and safeguarding sustainable jobs, through direct aid for investment in SMEs;
 - (b) productive investment, irrespective of the size of the enterprise concerned, which contributes to the investment priorities set out in points (1) and (4) of Article 5, and, where that investment involves cooperation between large enterprises and SMEs, in point (2) of Article 5;
 - (c) investment in infrastructure providing basic services to citizens in the areas of energy, environment, transport and ICT;
 - (d) investment in social, health, research, innovation, business and educational infrastructure;
 - (e) investment in the development of endogenous potential through fixed investment in equipment and small-scale infrastructure, including small-scale cultural and sustainable tourism infrastructure, services to enterprises, support to research and innovation bodies and investment in technology and applied research in enterprises;

- (f) networking, cooperation and exchange of experience between competent regional, local, urban and other public authorities, economic and social partners and relevant bodies representing civil society, referred to in Article 5(1) of Regulation (EU) No .../2013⁺, studies, preparatory actions and capacity-building.
2. Under the European territorial cooperation goal, the ERDF may also support the sharing of facilities and human resources, and all types of infrastructure across borders in all regions.
3. The ERDF 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;
 - (c) the manufacturing, processing and marketing of tobacco and tobacco products;
 - (d) undertakings in difficulty, as defined under Union State aid rules;
 - (e) investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

Article 4

Thematic concentration

1. The thematic objectives set out in the first paragraph of Article 9 of Regulation (EU) No .../2013⁺ and the corresponding investment priorities set out in Article 5 of this Regulation to which the ERDF may contribute under the Investment for growth and jobs goal, shall be concentrated as follows:
 - (a) in more developed regions:
 - (i) at least 80 % of the total ERDF resources at national level shall be allocated to two or more of the thematic objectives set out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺; and
 - (ii) at least 20 % of the total ERDF resources at national level shall be allocated to the thematic objective set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺;

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (b) in transition regions:
 - (i) at least 60 % of the total ERDF resources at national level shall be allocated to two or more of the thematic objectives set out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺; and
 - (ii) at least 15 % of the total ERDF resources at national level shall be allocated to the thematic objective set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺;
- (c) in less developed regions:
 - (i) at least 50 % of the total ERDF resources at national level shall be allocated to two or more of the thematic objectives set in out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺; and
 - (ii) at least 12 % of the total ERDF resources at national level shall be allocated to the thematic objective set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

For the purpose of this Article, regions whose GDP per capita used as an eligibility criterion for the 2007-2013 programming period was less than 75 % of the average GDP of the EU-25 for the reference period, and regions designated with phasing-out status in the 2007-2013 programming period, but which are eligible under the category of more developed regions as referred to in point (c) of the first subparagraph of Article 90(2) of Regulation (EU) No .../2013⁺ in the 2014-2020 programming period, shall be considered as transition regions.

For the purpose of this Article, all NUTS level 2 regions consisting solely of island Member States or of islands which form part of Member States which receive support from the Cohesion Fund, and all outermost regions, shall be considered as less developed regions.

2. By way of derogation from paragraph 1 of this Article, the minimum ERDF share allocated to a category of region may be lower than that set out in that paragraph, provided that such a decrease is compensated by an increase in the share allocated to other categories of regions. The resulting sum at national level of the amounts for all categories of region respectively for the thematic objectives set out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺⁺ and those set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺ shall accordingly not be less than the sum at national level resulting from applying the minimum ERDF shares set out in paragraph 1 of this Article.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

⁺⁺ OJ: please insert number of the Regulation in document PE-CONS 82/13.

3. By way of derogation from paragraph 1 of this Article, Cohesion Fund resources allocated to supporting the investment priorities set out in point (a) of Article 4 of Regulation (EU) No .../2013⁺ may be counted towards achieving the minimum shares set out in points (a)(ii), (b)(ii) and (c)(ii) of the first subparagraph of paragraph 1 of this Article. In such a case, the share referred to in point (c)(ii) of the first subparagraph of paragraph 1 of this Article shall be increased to 15 %. Where applicable, those resources shall be allocated pro rata to the different categories of region based on their relative shares of the total population of the Member State concerned.

Article 5

Investment priorities

The ERDF shall support the following investment priorities within the thematic objectives set out in the first paragraph of Article 9 of Regulation (EU) No .../2013⁺⁺, in accordance with the development needs and growth potential referred to in point (a)(i) of Article 15(1) of that Regulation and set out in the Partnership Agreement:

- (1) strengthening research, technological development and innovation by:
 - (a) enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest;

⁺ OJ: please insert number of the Regulation in document PE-CONS 82/13.

⁺⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

- (b) promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies;
- (2) enhancing access to, and use and quality of, ICT by:
- (a) extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy;
 - (b) developing ICT products and services, e-commerce, and enhancing demand for ICT;
 - (c) strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health;

- (3) enhancing the competitiveness of SMEs by:
 - (a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators;
 - (b) developing and implementing new business models for SMEs, in particular with regard to internationalisation;
 - (c) supporting the creation and the extension of advanced capacities for product and service development;
 - (d) supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes;
- (4) supporting the shift towards a low-carbon economy in all sectors by:
 - (a) promoting the production and distribution of energy derived from renewable sources;
 - (b) promoting energy efficiency and renewable energy use in enterprises;
 - (c) supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector;

- (d) developing and implementing smart distribution systems that operate at low and medium voltage levels;
 - (e) promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures;
 - (f) promoting research and innovation in, and adoption of, low-carbon technologies;
 - (g) promoting the use of high-efficiency co-generation of heat and power based on useful heat demand;
- (5) promoting climate change adaptation, risk prevention and management by:
- (a) supporting investment for adaptation to climate change, including ecosystem-based approaches;
 - (b) promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems;

- (6) preserving and protecting the environment and promoting resource efficiency by:
- (a) investing in the waste sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements;
 - (b) investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements;
 - (c) conserving, protecting, promoting and developing natural and cultural heritage;
 - (d) protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure;
 - (e) taking action to improve the urban environment, to revitalise cities, regenerate and decontaminate brownfield sites (including conversion areas), reduce air pollution and promote noise-reduction measures;
 - (f) promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution;

- (g) supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors;
- (7) promoting sustainable transport and removing bottlenecks in key network infrastructures by:
- (a) supporting a multimodal Single European Transport Area by investing in the TEN-T;
 - (b) enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes;
 - (c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;
 - (d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures;
 - (e) improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources;

- (8) promoting sustainable and quality employment and supporting labour mobility by:
- (a) supporting the development of business incubators and investment support for self-employment, micro-enterprises and business creation;
 - (b) supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources;
 - (c) supporting local development initiatives and aid for structures providing neighbourhood services to create jobs, where such actions are outside the scope of Regulation (EU) No .../2013⁺ of the European Parliament and of the Council¹;
 - (d) investing in infrastructure for employment services;

⁺ OJ: please insert number (in the body text and in the footnote), date and OJ reference (in the footnote) of the Regulation in document PE-CONS 87/13.

¹ Regulation (EU) No .../2013 of the European Parliament and of the Council of ... on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 (OJ L ..., ..., p. ...).

- (9) promoting social inclusion, combating poverty and any discrimination, by:
- (a) investing in health and social infrastructure which contributes to national, regional and local development, reducing inequalities in terms of health status, promoting social inclusion through improved access to social, cultural and recreational services and the transition from institutional to community-based services;
 - (b) providing support for physical, economic and social regeneration of deprived communities in urban and rural areas;
 - (c) providing support for social enterprises;
 - (d) undertaking investment in the context of community-led local development strategies;
- (10) investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure;
- (11) enhancing institutional capacity of public authorities and stakeholders and efficient public administration through actions to strengthen the institutional capacity and the efficiency of public administrations and public services related to the implementation of the ERDF, and in support of actions under the ESF to strengthen the institutional capacity and the efficiency of public administration.

Article 6

Indicators for the Investment for growth and jobs goal

1. Common output indicators, as set out in Annex I to this Regulation, programme-specific result indicators and, where relevant, programme-specific output indicators shall be used in accordance with Article 27(4) and point (b)(ii) and (iv) and point (c)(ii) and (iv) of Article 96(2) of Regulation (EU) No .../2013⁺.
2. For common and programme-specific output indicators, baselines shall be set at zero. Cumulative quantified target values for those indicators shall be set for 2023.
3. For programme-specific result indicators, which relate to investment priorities, baselines shall use the latest available data and targets shall be set for 2023. Targets may be expressed in quantitative or qualitative terms.
4. The Commission shall be empowered to adopt delegated acts in accordance with Article 14 to amend the list of common output indicators set out in Annex I, in order to make adjustments, where justified to ensure effective assessment of progress in the implementation of operational programmes.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

CHAPTER II

Specific provisions on the treatment of particular territorial features

Article 7

Sustainable urban development

1. The ERDF shall support, within operational programmes, sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages.
2. Sustainable urban development shall be undertaken through Integrated territorial investment as referred to in Article 36 of Regulation (EU) No ... /2013⁺, or through a specific operational programme, or through a specific priority axis in accordance with point (c) of the first subparagraph of Article 96(1) of Regulation (EU) No ... /2013⁺.
3. Taking into account its specific territorial situation, each Member State shall establish in its Partnership Agreement the principles for the selection of urban areas where integrated actions for sustainable urban development are to be implemented and an indicative allocation for those actions at national level.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

4. At least 5 % of the ERDF resources allocated at national level under the Investment for growth and jobs goal shall be allocated to integrated actions for sustainable urban development where cities, sub-regional or local bodies responsible for implementing sustainable urban strategies ("urban authorities") shall be responsible for tasks relating, at least, to the selection of operations in accordance with Article 123(6) of Regulation (EU) No .../2013⁺, or, where appropriate, in accordance with Article 123(7) of that Regulation. The indicative amount to be dedicated for the purposes of paragraph 2 of this Article shall be set out in the operational programme or programmes concerned.
5. The managing authority shall determine, in consultation with the urban authority, the scope of tasks, to be undertaken by urban authorities, concerning the management of integrated actions for sustainable urban development. The managing authority shall formally record its decision in writing. The managing authority may retain the right to undertake a final verification of eligibility of operations before approval.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

Article 8

Innovative actions in the area of sustainable urban development

1. At the initiative of the Commission, the ERDF may support innovative actions in the area of sustainable urban development in accordance with Article 92(8) of Regulation (EU) No .../2013⁺. Such actions shall include studies and pilot projects to identify or test new solutions which address issues that are related to sustainable urban development and are of relevance at Union level. The Commission shall encourage the involvement of relevant partners referred to in Article 5(1) of Regulation (EU) No .../2013⁺ in the preparation and implementation of innovative actions.
2. By way of derogation from Article 4 of this Regulation, innovative actions may support all activities necessary to achieve the thematic objectives set out in the first paragraph of Article 9 of Regulation (EU) No .../2013⁺ and the corresponding investment priorities set out in Article 5 of this Regulation.
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 14 laying down detailed rules concerning the principles for the selection and management of innovative actions to be supported by the ERDF in accordance with this Regulation.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

Article 9

Urban development network

1. The Commission shall establish, in accordance with Article 58 of Regulation (EU) No .../2013⁺ an urban development network to promote capacity-building, networking and exchange of experience at Union level between urban authorities responsible for implementing sustainable urban development strategies in accordance with Article 7(4) and (5) of this Regulation and authorities responsible for innovative actions in the area of sustainable urban development in accordance with Article 8 of this Regulation.
2. The activities of the urban development network shall be complementary to those undertaken under interregional cooperation pursuant to point (3)(b) of Article 2 of Regulation (EU) No .../2013⁺⁺ of the European Parliament and of the Council¹.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

⁺⁺ OJ: please insert number of the Regulation in document PE-CONS 81/13.

¹ Regulation (EU) No .../2013 of the European Parliament and of the Council of ... on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L ..., ..., p. ...).

Article 10

Areas with natural or demographic handicaps

In operational programmes co-financed by the ERDF, covering areas with severe and permanent natural or demographic handicaps as referred to in point 4 of Article 121 of Regulation (EU) No .../2013⁺, particular attention shall be paid to addressing the specific difficulties of those areas.

Article 11

Northernmost regions with very low population density

Article 4 shall not apply to the specific additional allocation for the northernmost regions with very low population density. That allocation shall be allocated to the thematic objectives set out in points 1, 2, 3, 4 and 7 of the first paragraph of Article 9 of Regulation (EU) No .../2013⁺.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

Article 12
Outermost regions

1. Article 4 shall not apply to the specific additional allocation for the outermost regions. That allocation shall be used to offset the additional costs, linked to the special characteristics and constraints referred to in Article 349 TFEU, incurred in the outermost regions in supporting:
 - (a) the thematic objectives set out in the first paragraph of Article 9 of Regulation (EU) No .../2013⁺;
 - (b) freight transport services and start-up aid for transport services;
 - (c) operations linked to storage constraints, the excessive size and maintenance of production tools, and the lack of human capital in the local market.

2. The specific additional allocation referred to in paragraph 1 may also be used to help finance operating aid and expenditure covering public service obligations and contracts in the outermost regions.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

3. The amount to which the rate of co-financing applies shall be proportionate to the additional costs, referred to in paragraph 1, incurred by the beneficiary, only in the case of operating aid and expenditure covering public service obligations and contracts, but may cover the total eligible costs in the case of expenditure for investment.
4. The specific additional allocation referred to in paragraph 1 of this Article shall not be used to 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) TFEU;
 - (c) tax exemptions and exemption of social charges.
5. By way of derogation from points (a) and (b) of Article 3(1), the ERDF may support productive investment in enterprises in the outermost regions, irrespective of the size of those enterprises.
6. Article 4 shall not apply to the ERDF part of the envelope allocated to Mayotte as an outermost region within the meaning of Article 349 TFEU, and at least 50 % of that ERDF part shall be allocated to the thematic objectives set out in points 1, 2, 3, 4 and 6 of the first paragraph of Article 9 of Regulation (EU) No ... /2013⁺.

⁺ OJ: please insert number of the Regulation in document PE-CONS 85/13.

CHAPTER III

Final provisions

Article 13

Transitional provisions

1. This Regulation shall not affect either the continuation or modification, including the total or partial cancellation of assistance approved by the Commission on the basis of Regulation (EC) No 1080/2006 or any other legislation applying to that assistance on 31 December 2013. That Regulation or such other applicable legislation shall consequently continue to apply after 31 December 2013 to that assistance or the operations concerned until their closure. For the purposes of this paragraph assistance shall cover operational programmes and major projects.
2. Applications to receive assistance made or approved under Regulation (EC) No 1080/2006 shall remain valid.

Article 14

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 Articles 6(4) and 8(3) shall be conferred on the Commission from ...* until 31 December 2020.
3. The delegation of power referred to in Articles 6(4) and 8(3) 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. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Articles 6(4) and 8(3) shall enter into force only if no objection has been expressed either by the European Parliament or 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 the Council.

* OJ: please insert the date of entry into force of this Regulation.

Article 15

Repeal

Without prejudice to Article 13 of this Regulation, Regulation (EC) No 1080/2006 is hereby repealed with effect from 1 January 2014.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table set out in Annex II.

Article 16

Review

The European Parliament and the Council shall review this Regulation by 31 December 2020, in accordance with Article 177 TFEU.

Article 17
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*.

Article 12(6) shall apply with effect from 1 January 2014.

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

ANNEX I

Common output indicators for ERDF support under the Investment for growth and jobs goal
(Article 6)

	UNIT	NAME
Productive investment		
	enterprises	Number of enterprises receiving support
	enterprises	Number of enterprises receiving grants
	enterprises	Number of enterprises receiving financial support other than grants
	enterprises	Number of enterprises receiving non-financial support
	enterprises	Number of new enterprises supported
	EUR	Private investment matching public support to enterprises (grants)
	EUR	Private investment matching public support to enterprises (non-grants)
	full time equivalents	Employment increase in supported enterprises

Sustainable tourism	visits/year	Increase in expected number of visits to supported sites of cultural and natural heritage and attractions
ICT Infrastructure	households	Additional households with broadband access of at least 30 Mbps
Transport		
Railway	kilometres	Total length of new railway lines of which: TEN-T
	kilometres	Total length of reconstructed or upgraded railway lines of which: TEN-T
Roads	kilometres	Total length of newly built roads of which: TEN-T
	kilometres	Total length of reconstructed or upgraded roads of which: TEN-T

Urban transport	kilometres	Total length of new or improved tram and metro lines
Inland waterways	kilometres	Total length of new or improved inland waterways
Environment		
Solid waste	tonnes/year	Additional waste recycling capacity
Water supply	persons	Additional population served by improved water supply
Wastewater treatment	population equivalent	Additional population served by improved wastewater treatment
Risk prevention and management	persons	Population benefiting from flood protection measures
	persons	Population benefiting from forest fire protection measures
Land rehabilitation	hectares	Total surface area of rehabilitated land
Nature and biodiversity	hectares	Surface area of habitats supported in order to attain a better conservation status

Research, Innovation		
	full-time equivalents	Number of new researchers in supported entities
	full-time equivalents	Number of researchers working in improved research infrastructure facilities
	enterprises	Number of enterprises cooperating with research institutions
	EUR	Private investment matching public support in innovation or R&D projects
	enterprises	Number of enterprises supported to introduce new to the market products
	enterprises	Number of enterprises supported to introduce new to the firm products
Energy and Climate change		
Renewables	MW	Additional capacity of renewable energy production
Energy efficiency	households	Number of households with improved energy consumption classification
	kWh/year	Decrease of annual primary energy consumption of public buildings
	users	Number of additional energy users connected to smart grids
GHG reduction	tonnes of CO ₂ eq	Estimated annual decrease of GHG

Social infrastructure		
Childcare & education	persons	Capacity of supported childcare or education infrastructure
Health	persons	Population covered by improved health services
Urban Development specific indicators		
	persons	Population living in areas with integrated urban development strategies
	square metres	Open space created or rehabilitated in urban areas
	square metres	Public or commercial buildings built or renovated in urban areas
	housing units	Rehabilitated housing in urban areas

ANNEX II

CORRELATION TABLE

Regulation (EC) No 1080/2006	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3	Article 3
-	Article 4
Article 4	Article 5
Article 5	Article 5
Article 6	-
Article 7	-
-	Article 6
Article 8	Article 7
-	Article 8
-	Article 9
Article 9	-
Article 10	Article 10
-	Article 11

Regulation (EC) No 1080/2006	This Regulation
Article 11	Article 12
Article 12	-
Article 13	-
Article 14	-
Article 15	-
Article 16	-
Article 17	-
Article 18	-
Article 19	-
Article 20	-
Article 21	-
Article 22	Article 13
-	Article 14
Article 23	Article 15
Article 24	Article 16
Article 25	Article 17