



**COUNCIL OF  
THE EUROPEAN UNION**



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## **Council steps up its efforts for energy efficiency and renewable energy investments in housing**

The Council today adopted a regulation making energy efficiency improvements and renewable energy schemes eligible for support from the European Regional Development Fund (ERDF) in all member states, following a first reading agreement with the European Parliament (3619/09). The new regulation, which forms a part of the European Economic Recovery Plan<sup>1</sup>, also provides easier access to grants co-financed by the ERDF.

The main objective of the new regulation is to increase the share of energy-efficiency investment and to simplify the management, administration and control of ERDF operations by simplifying the justification of indirect costs (i.e. costs which are not directly linked to the project, but which are necessary for its implementation such as phone or electricity costs) and reducing the workload and number of supporting documents required to justify expenditure.

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<sup>1</sup> The other two parts in the field of Cohesion Policy aim at accelerating the spending of EU structural funds (8585/09) and at facilitating access to grants co-financed by the European Social Fund (ESF) (9456/09)

# **P R E S S**

The new regulation provides that expenditure on energy efficiency improvements and on the use of renewable energy in existing housing is eligible, up to 4% of the total ERDF allocation (i.e. overall up to EUR 8.0 billion). Currently, the ERDF supports interventions in the housing sector, including energy efficiency, only in favour of the twelve member states which have acceded to the EU since 1 May 2004, up to a level of 2% of the total ERDF allocation.

In accordance with the recommendations of the European Court of Auditors<sup>1</sup>, the regulation extends the scope of the ERDF regulation to three additional forms of eligible costs:

- indirect costs, declared on a flat-rate basis, of up to 20% of the direct costs of an operation;
- flat-rate costs calculated by the application of standard scales of unit cost as defined by the member states;
- lump sums to cover all or part of the costs of an operation, within a limit of EUR 50 000.

Currently, the reimbursement of ERDF expenditure is based on the "real cost" principle. This means that EUR 1 of grant must correspond to at least EUR 1 of justified paid expenditure. The justification of expenditure is based on invoices and other accounting documents showing what has actually been done; this can easily amount to hundreds of documents. Furthermore, all supporting documents must be kept available for three years after the closure of the programme.

The new rules concerning the facilitating of the access to grants co-financed by the ERDF will apply retroactively from 1 August 2006, while energy efficiency improvements and renewable energy investments in housing shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

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<sup>1</sup> Made in its 2007 annual report  
(<http://eca.europa.eu/portal/pls/portal/docs/1/1569525.PDF>)