

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 38 final

Brussels, 18th February 1981

## COMMUNICATION BY THE COMMISSION TO THE COUNCIL

on categories of infrastructure to which the European Regional  
Development Fund may contribute in the various regions aided by the Fund

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Communication by the Commission to the Council

on the categories of infrastructure to which the European Regional Development Fund may grant assistance in the regions aided by the Fund.

1. In its initial version, Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF) (1) limited Fund assistance to infrastructures (Article 4(1)(b)) to the financing of investments in infrastructure "directly linked" to the development of industrial, handicraft or service activities. The Commission's proposals to establish a European Regional Development Fund had been made in 1973, that is, well before the start of the economic recession. Directly productive investment creating permanent jobs was then considered as the overriding and paramount aim of all regional policy. The ERDF, as a means of supporting national regional policies, was to contribute to the achievement of this aim. ERDF financing of investments in infrastructure was allowed only where such investments were a necessary adjunct to or prior requirement for directly productive investments.

2. The Council Minutes of 18 March 1975 contain the following statement with reference to Article 4(1)(b) :

"Infrastructure directly linked with the development of activities covered by Article 4(1)(a) shall be taken to mean :

- either : infrastructure built shortly before or concurrently with the implementation of investment projects in these activities and which are necessary to their implementation;
- or, exceptionally, when regional development programmes or the information provided pursuant to Article 6(6) demonstrate the need therefor : infrastructure which is a prior requirement for action to develop such activities. The word "exceptionally" at the beginning of this indent is to be interpreted as a restriction on the number of projects submitted for Fund assistance, not on the regions covered."

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(1) O.J. No L 73, 21.2.75, p.1.

(2) This limitation does not apply to "rural" infrastructures financed under Article 4(1)(c).

3. Despite the interpretative statement and the terminology used ("accompanies", "built shortly before", "prior requirement"), difficulties arose when it came to taking action under Article 4(1)(b). In fact only projects for laying out industrial zones, including access roads, could be financed without problems arising during this first trial period. When the Regional Policy Committee was asked to give an opinion on infrastructure investment projects costing more than 10 million u.a. (now 10 million EUA), it took up the question of the definition of eligible infrastructure; this was at the beginning of 1976. The Committee sought to develop a uniform set of principles for all Community regions on the basis of various types of infrastructure, but this approach did not give the results hoped for. Pending the existing of a set of principles, the Committee assessed each infrastructure project individually by reference to the concepts of "direct link" and "prior requirement". The Fund Committee did likewise. In this way, over the years 1975 to 1978, some two-thirds of Fund contributions were allocated to investments in infrastructure (of which about 4 % were for "rural" infrastructure).

4. When the ERDF Regulation was revised on 6 February 1979 (1), the criterion of eligibility for infrastructure was broadened. The ERDF may now finance investment in "infrastructures which contribute to the development of the region or area in which they are situated, provided that this is justified by regional development programmes" (Article 4(1)(b)).

On this occasion, the Council Minutes did not include an interpretative statement; however, it is stated :

"Within two years, the Council, acting on a proposal from the Commission, communicated after consulting the Regional Policy Committee, will define those categories of infrastructure to which the European Regional Development Fund may grant assistance. This definition will be prepared on the basis of regional development programmes. It will be possible from these programmes to assess regional requirements for certain categories of infrastructure."

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(1) O.J. No L 35, 9.2.79, p.1.

This communication is the response to the Council's intention as recorded in the Minutes.

5. Since the entry into force of the amended version of the ERDF Regulation, any infrastructure category, whatever its nature, is eligible for an ERDF grant under Article 4(1)(b), provided that when completed it will contribute to the development of the region and is justified by the regional development programme. However, this does not mean that any infrastructure may be financed in any region. The resources of the quota section of the Fund must be channelled to the regions with the most need, taking account of their development potential, and to categories of infrastructure which best contribute to the development of the region, for instance by removing bottlenecks.
6. The essential aim of Community regional policy and the ERDF, more especially through its quota section, is to correct the main regional imbalances in the Community which could affect the proper functioning of the common market and the convergence of the economies of the Member States, particularly with a view to achieving economic and monetary union : accordingly, they should direct aid to infrastructure projects which will best contribute to the development of the regions by strengthening their capacity to compete and by helping them to gain access to the market. To achieve this purpose, the projects must answer the real requirements of the regions as indicated in the regional development programmes.
7. Pending notification of the necessary detailed information, to be supplied in the regional development programmes, pursuant to the Commission's recommendation of 23 May 1979, (1) it is indispensable to establish a framework for ERDF contributions in this field. New programmes to cover the years 1981 to 1985 will most probably be communicated to the Commission early in 1981. These programmes will be examined by the Commission, in particular with regard to the priorities that emerge for ERDF assistance to infrastructure projects.

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(1) O.J. No L 143, 12.6.79, p.9.

8. The definition of infrastructure categories in the ERDF context is bound up with four other problems :

- determination of priorities for assistance from the Fund, under Article 6(4) of the ERDF Regulation;
- adjustment of the rate of Fund assistance to infrastructure projects and in particular its increase to 40 % "for projects which are of particular importance to the development of the region in which they are situated", under Article 4(2)(b) of the ERDF Regulation;
- financing of rural infrastructures under Article 4(1)(c) of the ERDF Regulation;
- financing (possibly cumulative) of infrastructure investment projects by other Community financial instruments (EIB, ECSC, NCI, EMS, EAGGF Guidance Section).

Moreover, the periodic report on the social and economic situation in the regions of the Community should lead to the definition of guidelines and priorities, which may affect the definition of the categories of infrastructure to be financed by the ERDF.

However, the purpose of this communication is more limited and immediate : to clarify the scope of Article 4(1)(b) of the ERDF Regulation as regards the assistance to be granted to infrastructure investment projects.

9. In this connection distinctions should be drawn between :

- under-developed regions and other ERDF regions;
- existing standard of infrastructures and development needs;
- economic infrastructure and social infrastructure;
- networks and individual infrastructure works;
- fixed capital investment and maintenance and/or operating costs.

Generally, the less developed Community regions are those most lacking public infrastructure and equipment of all kinds. Their development therefore depends on investment in these infrastructures, in particular network infrastructure without however excluding social infrastructure. On the other hand, in the more highly developed assisted regions, only infrastructure directly linked with or a prior requirement for directly productive investment would in principle be financed by the ERDF under Article 4(1)(b) of the Regulation. Maintenance or operating costs could in no way be financed under this Article.

10. Guidelines and rules must be established according to simple criteria, but must also guarantee sufficient flexibility for ERDF grants. For this reason, the infrastructure categories should not be considered as final and immutable, especially in industrial conversion regions.
11. On the basis of the foregoing considerations, the Commission, having consulted the Regional Policy Committee, adopts the following guidelines:
  - (a) Subject to (b) and (c) below, the Fund may contribute to the financing of investments relating to infrastructures which fall within the categories listed in point 1 of the Annex, and, in respect of the region, within the categories listed in point 2 of the Annex;
  - (b) As and when the new regional development programmes, for the period 1981-1985 provide the grounds justifying by region or area, the kinds of infrastructure to which the ERDF may grant assistance because of their contribution to the development of the said regions or areas, the provisions of (a) above shall cease to apply to such infrastructures;
  - (c) The provisions under (a) above shall cease to apply at the latest on 31 December 1981; after that date the ERDF may contribute to the financing of all the categories of infrastructure for which justifying grounds are provided by the new regional development programmes; failing such justification, only economic infrastructure as defined in point 1.1 of the Annex shall be cofinanced (in priority regions) and economic infrastructure directly linked with the development of industry, crafts or services (in other regions).

Infrastructure categories connected with regions aided by the ERDF1. Infrastructure categories1.1. ECONOMIC INFRASTRUCTURE

1. Infrastructure directly linked to the development of industrial, craft industry or service activities, including tourist facilities;
  - industrial sites (also for craft industry and service activities) (land purchase, preparation, general works (1), connections)
  - tourist areas  
(same specifications mutatis mutandis).
2. Transport infrastructure, including related facilities:
  - roads (motorways, ordinary roads of different categories, including civil engineering work (bridges, tunnels), parking facilities and other related facilities)
  - railways
  - waterways
  - urban transport network (including underground railway systems)
  - harbours and jetties
  - civil airports
  - stations and depots for public transport services.
3. Telecommunications and electronic data processing equipment (including the development of informatic technology) and related installations
  - telex
  - telephone
  - radio communications
  - data transmission
  - data processing centres (informatic)
  - space communications
  - Television

(1) Including factory and workshop construction (buildings), sewerage, vocational training centres, premises for local fire and ambulance services, day nurseries for children of persons regularly employed in the area, other social services for persons in employment, clearance of derelict land.

4. Infrastructure for the supply, distribution and storage of energy, including related facilities:

- pipelines
- gas pipelines
- electric cables
- reservoirs
- pumping stations
- relay and treatment stations.

5. Investment in public utilities, including related facilities:

- water supply (catchment, storage, purification, distribution)
- gas
- electricity (including the building of power stations)
- fire services
- treatment of household and industrial waste and effluent.

6. Irrigation works, including related facilities:

- dams
- utilisation
- distribution.

1.2. EDUCATIONAL INFRASTRUCTURE

1. Building or equipping all types of school (primary, secondary, special)
2. Building or equipping universities or advanced technical colleges, including vocational training centres
3. Sports and cultural facilities
4. Building or equipping research centres or management or advisory services
5. Building or equipping sheltered workshops for handicapped persons.



**1.3. MEDICAL INFRASTRUCTURE**

- 1. Building or equipping hospitals or emergency services posts
- 2. Building or equipping homes for the elderly
- 3. Building or equipping cure establishments
- 4. Building or equipping creches and day nurseries
- 5. Building or equipping recreation centres.

**1.4. CULTURAL INFRASTRUCTURE**

- 1. Theatres
- 2. Museums and art galleries
- 3. Cultural centres
- 4. Conference centres
- 5. Sporting and leisure facilities
- 6. Public parks
- 7. Urban renewal
- 8. Monuments and places of historical or artistic interest
- 9. Public libraries
- 10. Cultural heritage.

**1.5. INFRASTRUCTURE TO PROTECT THE ENVIRONMENT**

- 1. Coastal protection
- 2. Soil conservation
- 3. Forestry service
- 4. Air and water pollution and fire monitoring and warning systems
- 5. Treatment of effluent.

**1.6. PUBLIC SECTOR HOUSING AND ANCILLARY INSTALLATIONS**

## 2. Categories of regions assisted by the ERDF (1)

### 2.1. PRIORITY REGIONS

1. In the priority regions of the Community, namely Greenland, the French Overseas Departments, Ireland, Northern Ireland, the Mezzogiorno and West Berlin, the European Regional Development Fund may, pursuant to Article 4(1)(b) of the Fund Regulation, contribute to the financing of any category of infrastructure.
2. Grants to social and environmental infrastructure (point 1.2 to 1.6) may not exceed an annual average of 40% of total aid granted under Article 4 (1)(b) of the ERDF Regulation.

### 2.2. INTERMEDIATE REGIONS

1. In intermediate regions of the Community, namely the areas of France eligible for "primes de développement régional" (PDR-regional development premiums), Friuli-Venezia Giulia, Special Development Areas and Development Areas in the U.K., the "Zonenrandgebiet" in the Federal Republic of Germany, the special development area of Northern Denmark and the Island of Bornholm, the ERDF may, under Article 4(1)(b) contribute to the financing of economic infrastructure (point 1.1) and, in duly justified cases, to the financing of social and environmental infrastructure (1.2 to 1.6).
2. Grants to social and environmental infrastructure in these regions may not exceed an annual average of 20% of total aid granted under Article 4(1)(b).

### 2.3. OTHER ASSISTED REGIONS

1. In the other assisted regions, the European Regional Development Fund may, under Article 4(1)(b) contribute to the financing of economic infrastructure connected with job creation (point 1.1.1) and, in duly justified cases, to other economic infrastructure as well as to social and environmental infrastructure (point 1.2 to 1.6) if need be.
2. Grants to other infrastructure in these regions may not exceed 30% of total aid granted under Article 4(1)(b). Social and environmental infrastructure (point 1.2 to 1.6) may be eligible for Fund aid only by way of exception.

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(1) This section is based on the Commission's communication on regional aid schemes (O.J. no. C 31, 3.2.79, p.9).