



European Communities

**EUROPEAN PARLIAMENT**

# **SESSION DOCUMENTS**

English Edition

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30 November 1990

A3-0340/90

## **REPORT**

of the Committee on Regional Policy and Regional Planning

on the 14th Annual Report on the operation of the ERDF in 1988

Rapporteur : Mr James NICHOLSON

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PE 144.361/A/fin.

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

\* = Consultation procedure requiring a single reading

\*\*II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

\*\*I = Cooperation procedure (first reading)

\*\*\* = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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At the sitting of 2 April 1990 the President of the European Parliament announced that he had forwarded the motion for a resolution by Mr Maher and others on the Fourteenth Annual Report of the Commission to the European Parliament and the Council on the operation of the European Regional Development Fund (ERDF) during 1988 (Doc. B3-0465/90) , pursuant to Rule 63 of the Rules of Procedure, to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Budgetary Control its opinion.

At its meeting of 24 April 1990 the committee decided to draw up a report and appointed Mr James Nicholson rapporteur.

At its meetings of 29/30 October and 29/30 November 1990 the committee considered the draft report.

At the last meeting it adopted the resolution unanimously.

The following were present for the vote: Waechter, chairman; Maher and Alexandre, vice-chairmen; Cushnahan (for Nicholson, rapporteur); Anger (for Staes), Calvo Ortega, Da Cunha Oliveira, David, Duarte, García Arias (for Harrison), Gutierrez Díaz, Izquierdo, Maibaum, Onur, Pereira (for Raffarin), Ribeiro (for Ainarði) and Smith, A.

The explanatory statement will be presented orally in plenary sitting.

The Committee on Budgetary Control has decided not to deliver an opinion as it has been dealt with in their report on the budgetary discharge for 1988.

The report was tabled on 30 November 1990.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

MOTION FOR A RESOLUTION

on the Fourteenth annual report on the operation of the European Regional Development Fund (ERDF) in 1988

The European Parliament

- having regard to the Fourteenth annual report on the operation of the ERDF in 1988, COM (90) 136 final;
- having regard to the comments of the European Court of Auditors in the Chapter of its annual report on 1988 on ERDF expenditure;<sup>1</sup>
- having regard to the motion for a resolution by Mr Maher, Mr Vandemeulebroucke and Mr Waechter pursuant to Rule 63 of the Rules of Procedure on the 14th Annual Report of the Commission on the operation of the ERDF during 1988 (Doc. B3-0465/90);
- having regard to the report of the Committee on Regional Policy and Regional Planning (Doc. A3-0340/90);

I. THE STYLE AND PRESENTATION OF THE REPORT

1. Commends the marked improvement in the quality of the annual report on the ERDF notably in being more accessible to the general reader through explanations of the terms used and better layout; regrets, however, that the report was presented several months after the deadline of 1 October 1989; points out that this delay deprived Parliament and Council of a valuable means of assessing the use of ERDF appropriations and the direction of regional policy in the Community;

Utilization of appropriations in 1988

2. Congratulates the Commission on achieving very high rates of spend - 99.9% of available payment appropriations - on the main ERDF lines in 1988 representing an increase of 18.7% over 1987, and on some improvement in the rate of spend on the "specific measures" whose implementation has caused great difficulty in the past;
3. Welcomes the fact that some 3667 m ecu was committed in 1988 under the ERDF with programmes absorbing about 22% of the total and that in 1988 the first two Community programmes - STAR and VALOREN - came in to operation and two further programmes, RESIDER and RENAVAL, were adopted in the course of the year;

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<sup>1</sup> OJ No. C 132, 12.12.1989

## II. BREAKDOWN OF APPROPRIATIONS BY TYPE OF INVESTMENT

4. Regrets that, in 1988, the Commission failed to achieve a better balance between infrastructure projects and industrial projects and is particularly concerned that the proportion of the ERDF devoted to industrial projects actually dropped to 5%, the lowest figure recorded for a number of years and well below the notional target of 30%; recalls in this connection that the Court of Auditors has commented adversely on the regional economic effects of industrial projects and, in particular, on their effects on net job creation;
5. Notes that aid continues to be concentrated in three sectors: transport (58%), water engineering (20%) and energy (8%), and that within "transport" spending on roads continues to dominate, absorbing 81% of the total, with rail only receiving about 13%; regrets that these priorities do not reflect the emphasis which the Community has placed on the protection of the environment and the development of indigenous potential;
6. Demands that in future years the general report on the structural funds contain a section on the steps taken to ensure that ERDF interventions are consistent with Community policy on the environment in accordance with ERDF regulations;

### De-committal of appropriations

7. Welcomes the attention which the Commission gave in 1988 to the de-committal of appropriations tied to projects whose implementation had been seriously delayed or which had been abandoned; emphasises that it is a gross misuse of the scarce resources of the ERDF to hoard appropriations in this way when lack of funds leads to the rejection of many other potentially useful investments;
8. Notes that the Commission found that examination of dormant projects revealed delays in the communication of information by the member states concerning the progress of ERDF projects and that in certain cases cancellations were made without the Commission being informed and considers that this situation is intolerable; urges the Commission to intensify its efforts to de-commit dormant projects so that the maximum benefit can be drawn from ERDF appropriations;
9. Expects that the adoption of the programme approach under the new legislation will result in a marked improvement in the monitoring of the implementation of appropriations; undertakes to support the Commission in the measures it takes against offending member states to ensure optimum use of scarce ERDF resources;

### Re-allocation of margins

10. Notes that the Commission applied various corrections to the margins allocated to member states in the regulation because certain countries did not take up their full entitlement and that such reallocation permitted the Commission to promote priorities adopted at Community level for ERDF assistance; welcomes the assurance that the Commission intends to reinforce the principle of ERDF management based on the Community interest of the assisted measures under the new regulation;

### Spot-checks and controls

11. Notes that the Commission carried out a number of "on-the-spot" checks in 1988 on projects and programmes which proved useful in eliminating dormant files but that they did not reveal any irregularity; questions whether this reflects the real position or derives more from lack of time for the inspection and the lack of experience, or appropriate training, of the Commission staff engaged on these investigations; recommends that, where possible, the Commission and the Court of Auditors coordinate their inspection work so that each side can benefit from the experience of the other;

### Legislation adopted in 1988

12. Regrets that in reviewing and describing the procedures by which the present legislation covering the ERDF and the structural funds was adopted in the course of 1988, the Commission congratulates the Greek Presidency and the member states for the part they played in the adoption of the new structural fund regulations but completely ignores the contribution of the European Parliament which delivered an extremely detailed opinion on the Commission proposals against a tight deadline;

### Fourteen years of ERDF activity

13. Welcomes the Commission's decision to review the 14 years of the operation of the fund from January 1975 to December 1988 but does not consider that this constitutes a sufficient justification for the delay in presenting the report;
14. Notes that in 14 years the budgetary allocation of the ERDF increased 14-fold and that since its creation in 1975, the ERDF has committed ECU 24.4 billion to the financing of 41,051 projects, 80 NPCI's, 17 Community programmes and 197 studies, and that in addition the Commission has committed some 609 m ecu (56% of the total allocation) since 1981 for special programmes.
15. Recalls the many criticisms made by the Court of Auditors regarding the reliability of figures on job creation and therefore expresses some scepticism in respect of the claimed figure of 900,000 jobs directly created and an equivalent number created indirectly from ERDF investments;

16. Notes that some 93% of grants have gone to 7 countries and that the main beneficiaries have been Italy and the United Kingdom with 32.5% and 20.9% of grants respectively, although, on a per capita basis, Greece received most aid with a figure of 382 Ecu per head of population;
17. Regrets that despite these substantial grants the ERDF has not succeeded in significantly narrowing the gap between the richer and poorer regions of the Community which suggests that the type of policies and measures pursued may not always have been those best fitted to producing convergence in real economic performance and that total funding has been inadequate;
18. Believes that the failure by several Member States to respect the principle of additionality has seriously undermined the effectiveness of Community aid and urges that, in future, greater attention be paid to ensuring that the funds received by less prosperous regions from the structural funds are genuinely additional sources of investment and are not accompanied by a countervailing reduction in national aid;
19. Points out that these substantial grants have in some cases helped to damage the environment;
20. Calls on the Commission to produce a detailed statistical analysis of the progress of the economies of a selection of representative assisted areas over the last fourteen years, with a view to measuring their progress in terms of employment creation, standard of living, vocational training, per capita income, productivity, breadth of sectoral activities and so on;

#### Future legislation and reports

21. Notes that 1988 marked the last year of the application of the 1984 ERDF regulation before the entry in to force on 1 January 1989 of the coordination of the structural funds and of the new ERDF regulation specially tailored to fit in with that reform;
22. Believes that the operation of the ERDF from 1975 to 1989 should be closely analysed to ensure that appropriate lessons are drawn from its successes and failures and applied to the operation of the new ERDF; echoes the comments of the Court of Auditors that improvements in the selection criteria for programmes and projects must be accompanied by "ex post facto" analyses which make it possible to learn from the experience acquired;
23. Believes that in future the annual report on the activity of the structural funds should contain a section on the ERDF which gives as full an account of its operation as the present report and an exhaustive and detailed analysis of the application and realization of the principle of additionality;
24. Instructs its President to forward this resolution to the Commission and the Council.

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5 March 1990

SERIES B

DOCUMENT B 3-465/90

**MOTION FOR A RESOLUTION**

by Mr Maher, Mr Vandemeulebroucke and Mr Waechter  
pursuant to Rule 63 of the Rules of Procedure

on the Fourteenth Annual Report of the Commission to the European Parliament and the Council on the operation of the European Regional Development Fund (ERDF) during 1988

The European Parliament,

- A. whereas Article 46 of Council Regulation (EEC) No. 1787/84 of 19 June 1984<sup>1</sup> on the European Regional Development Fund (ERDF) obliges the Commission of the European Communities to submit to the European Parliament, the Economic and Social Committee and the Council, before 1 October each year, a report on the implementation of the Regulation during the preceding year,
- B. whereas the Commission has not yet fulfilled this obligation in respect of the annual report for 1988,
- C. whereas the 1988 annual report covers the last year of operation of the ERDF prior to the reform of the Structural Funds and is therefore of particular importance, since it would allow an evaluation of the results obtained during the four years that the old Regulation No. 1787/84 was in force,
- D. whereas Parliament has to date delivered an opinion on each of the preceding annual reports on the operation of the ERDF,
  1. Calls on the Commission to submit at an early date the Fourteenth Annual Report on the operation of the ERDF during 1988;
  2. Considers that its appropriate committee should review in detail the matters raised by this report.

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<sup>1</sup> OJ No. L 169, 28.6.1984