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## **PREFACE**

The Council Regulation Establishing a European Regional Development Fund requires that :

1. "Before 1 October each year the Commission shall present a report to the Council, to the European Parliament and to the Economic and Social Committee on the implementation of this Regulation during the preceding year.
2. This report shall also cover the financial management of the Fund and the conclusions drawn by the Commission for supervision of the Fund's operations".

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1. The European Regional Development Fund (ERDF) Regulation was approved by the Council in March 1975 <sup>(1)</sup>, and amended on 6 February 1975 <sup>(2)</sup>. This sixth annual report deals with Fund activities in 1980. During that year the provisions of the amended regulation were fully put into practice. In consequence, the adoption by the Council, in October 1980, of five regulations implementing the "quota free" section <sup>(3)</sup> were one of the major events of that year for Community regional policy. Moreover, 1980 was the year in which the first periodical report was completed on the social and economic situation of Community regions <sup>(4)</sup>. Finally, in view of the accession of Greece on 1 January 1981, the Council on 16 December 1980 amended the national quotas of Member States in order to include the Greek quota <sup>(5)</sup>.
2. Fund assets in 1980 were 1165 million EUA, compared with 945 million EUA in 1979, an increase of 23 % on the previous year. Of the 1165 million EUA, 58 million were allocated to the "quota free" section of the Fund but could not be committed in 1980 since the implementing regulations were not adopted by the Council until the end of the year.

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<sup>1</sup> Council Regulation (EEC) No. 724/75 of 18 March 1975 establishing a European Regional Development Fund (O.J. No. L 73 of 21.3.1979) hereinafter called the Fund Regulation.

<sup>2</sup> Council Regulation (EEC) No. 214/79 of 6 February 1979 amending Regulation (EEC) No. 724/75 of 18.3.1975 of 18.3.1975.

<sup>3</sup> Council Regulations (EEC) No. 2615/80, 2616/80, 2617/80, 2618/80 and 2619/80 of 7 October 1980 introducing five specific Community measures of regional policy (O.J. No. L 271 of 15.10.1980).

<sup>4</sup> Point 20 of this report.

<sup>5</sup> Council Regulation (EEC) No. 3325/80 of 16 December 1980 amending Regulation No. 724/75.

3. In 1980 the Commission adopted under the quota section 390 decisions approving 2563 investment projects, involving a total aid volume of 1126.38 million EUA. Since 1975, 11,745 projects have been approved bringing the total appropriation commitment to 3,586 million EUA (<sup>6</sup>). Proportionally to the population of the aided areas of each country, the aid varies from 66.26 EUA per head for Ireland to 9.37 EUA for Luxembourg (<sup>7</sup>).

The 1126.38 MEUA in 1980 were allocated as to 26 % (1975-80 : 30 %) for projects in industry and service activity, creating 60,000 jobs (1975-80 : 400,000) and 74 % (1975-80 : 70 %) to infrastructure projects. Payments in 1980 were 726.698 MEUA or 101.6 % of budget credits available for the quota section, raising total payments since the creation of the Fund to 56.4 % of total commitment appropriations.

4. This report includes a paragraph on the activities of the Regional Policy Committee (<sup>8</sup>). In practice, this in 1980 played an important role in concerted activity between the Commission and Member States, particularly on preparation of the first periodical report on the social and economic situation of Community regions.

A paragraph has also been included on Fund Committee activities.

A bibliographical annex is also attached this year, referring to the basic legal instruments governing the Regional Fund and Commission publications on regional policy.

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<sup>6</sup> It should be noted that aid from the Fund is decided, and that payment made, in national currency. In this report, the amounts are expressed in European units of account (EUA). In view of the variable rate of exchange of the EUA, in use since 1.1.1978, these amounts must be treated as only approximate. Amounts relating to the period 1975-1977 have been converted into EUA at the exchange rate applicable 1.1.1978. Except where otherwise stated, data for 1980 have been converted at the exchange rate applicable on 1.1.1980.

<sup>7</sup> Table 4 in annex.

<sup>8</sup> Point 39 of this report.

POLITICAL AND ECONOMIC CONTEXT

5. At the end of 1980, the European Economy was still in a state of crisis. The growth volume in GDP for the year was some 1.4 %, consumer prices rose by 11 % and by the end of the year the level of unemployment was 7.2, reaching a total of 7.7 million compared with 6.1 million a year before.
6. In 1981, the rate of growth of GDP is slightly negative (some -0.6 %) and unemployment will probably reach 7.7. A slight slackening in the rate of price increase is expected in 1981. The decline in level of economic activity is expected to cease in the first half of 1981 and the Community's economy is expected to stabilise by the mid year.
7. That is the general economic context. The regional figures in the first periodical report on the economic and social situation of Community regions (and other European Regions) (\*) show that the situation of less favoured regions deteriorated considerably during the seventies. Regional imbalances have become increasingly marked when measured by differences confirmed in GDP per head, market prices and current exchange rates. The gap between the ten most developed and the ten less favoured regions of the Community rose from 2.9 to 1 in 1970 to 4.0 to 1 in 1977. Since the accession of Greece to the Community on 1 January 1981, it reached the ratio of 5.0 to 1. While this trend in regional economies is due partly to national trends in the economic development of Member States, it derives also from aggravated productivity gaps between the developed and less favoured regions within the Community.
8. In this context, the general increase in unemployment within the Community has had particularly serious consequences for the weaker regions. The weight of structural unemployment, in particular, is on the upgrade (unemployment of more than six months, unemployment of young people and women). This observation does not diminish the finding that certain reconversion areas in the Community have also suffered a strong increase in unemployment.

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\* COM(80) 816 final of 7 January 1981.



9. A further factor significantly affects the present situation and the future economic outlook of Community regions; the decline in the population growth rate, giving rise to a fall in the population of most German regions and in some regions of other Member countries. Ireland, where the population is rising steeply, is a notable exception to the current phenomenon. These population trends are explained partly by a fall in the birth rate but also by a general decline in migratory movements. There is a marked fall in emigration from peripheral regions (the regions of Ireland and southern Italy in particular) to the central Community regions; this takes the form of positive migration balances in many regions with traditional features of major emigration.
10. Whereas the fall in emigration from less favoured is of a nature to correct the age pyramid of the population and thereby to contribute positively to bolstering the economy of those regions, the fact that the populations in question are in agricultural areas, historically the less favoured of the Community, aggravates the economic problems of those among them who have not yet reached a level enabling them to sustain the additional demographic burden imposed upon them by the present trend.
11. The population structure is affected furthermore by the fact that, over the next five years, a greater number of young people (some 1 million annually) will come on the labour market. This increase will be felt especially by many less favoured regions: the Mezzogiorn, the regions of the west and north of France, Ireland and Northern Ireland.

## REGIONAL FUND

### QUOTA FREE

12. On 7 October 1980, the Council adopted the first five proposals <sup>(10)</sup> for special Community measures of regional development within the ERDF quota free section. In deciding, the Council confirmed, in particular, the policy grounds, the regions or areas involved and the distribution of the financial amounts proposed by the Commission. It also adopted, in detail, the Community aid rules pursuant to the new and more closely Community concept underlying the quota free section, which reflects especially the application of this or that policy and Community responsibility therefore in the regions, the choice of regions or areas, the pluriannual nature of the measures in question, the type of measures planned and the detailed rules governing their financing.

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<sup>10</sup> See ERDF 5th Annual Report - 1979 - point 16.

13. For the first time the ERDF will in practice finance measures of regional development for which the geographical location has been proposed by the Commission on the basis of Community criteria and not, as is the case with the quotas, by Member States on the basis of aided areas established by themselves and in accordance with their own aid rules for regional policy purposes.
14. "Quota Free" measures will be applied by way of special pluriannual programmes to be presented by each Member State concerned. The "programme" approach is new; the Commission will not have to examine a multitude of individual projects as is the case with the quota section of the Fund.
15. The "quota free" measures differ from quota financing both with regard to the nature of aided operations and to the detailed rules governing their financing.
  1. For instance certain aids have not hitherto been eligible for ERDF aid. The aids concerned are designed to enable business undertakings to adapt to market conditions by assisting projects unable to materialise through lack of favourable "intellectual environment" (sectoral studies, access to risk capital for instance). It will be noted that these aids are especially concerned with Community peripheral regions and are intended to deal with the special problems raised by their distance. The detailed rules for these aids to projects are also new. Firstly the level of aid is high since it can reach 70 %. On the other hand, some of these aids have a time limit and decrease over time. They are therefore not so much simply aids to current business but aids for launching economically viable activities. Lastly the aids are a new factor since they are expressed in terms of real expenditure (expenditure of firms requiring the services of consultative companies, running costs of organisations responsible for coordinated management of tourist accommodation..) and are no longer related to national public aids for this type of measure.
  2. The more "classical" aids to productive investment or infrastructure are also included within the planned measures but subject to general considerations; for example, if aids to investments to SMC are eligible according to the quota free section and may be granted, they cannot be so unless market research, eligible for quota free financing, reveals that they are needed and provided the operations designed to improve the "intellectual environment" of the concerns in question are feasible.

16. Each special programme will be jointly financed by the Community and the Member State concerned, thereby creating a kind of contractual arrangement between them. This does not mean that each operation will necessarily include financial participation by the Member State. On the contrary, in some cases, particularly for new measures, the Community will be the sole supplier of public aid. For these measures, the existence of a prior system of national aid is not necessary in practice, a factor which emphasizes still further the Community character of "quota free". In this instance, the Community aid will be paid directly to the recipients indicated in the special programme. It will be noted in this context that the range of recipients is very wide : public authorities, local authorities, various organisations, business concerns or individuals.
17. Lastly, there is a commitment for Member States to inform potential recipients of these quota free measures, by appropriate means, of the possibilities open to them through the aid systems now available and of the role of the Community therein.

#### AMENDMENTS TO THE REGULATION

18. On 16 December 1980, the Council adopted Regulation (EEC) No. 3325/80 <sup>(11)</sup> on revision of ERDF quotas to take account of the accession of Greece on 1 January 1981.

The new Fund quotas are :

Belgium	1.11 %
Denmark	1.06 %
Germany (FR)	4.65 %
Greece	13.00 %
France	13.64 %
Ireland	5.94 %
Italy	35.49 %
Luxembourg	0.07 %
Netherlands	1.24 %
United Kingdom	23.80 %

19. The Commission proposed initially a 15 % quota for Greece with account taken of the entire Greek territory. But the Council reduced this figure to 13 % considering that the Athens area should be ineligible for Fund assistance.

On the other hand the Council agreed with the Commission to adopt a non-linear method of calculating the drop in the quota of other Member States. This method, based on the value of GDP per head of population of the various Member States in relation to the Community average has led to Ireland, Italy and the United Kingdom incurring a smaller drop in quota than other Member States.

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<sup>11</sup> OJEC no. L 35 of 9.2.1979.

## PERIODICAL REPORT

20. The first periodical report "the regions of Europe" was completed in 1980.

This report was prepared pursuant to the Council Resolution of 6 February 1979 (<sup>12</sup>). This provided that, with a view to establishing of a comprehensive system of analysis and policy formulation for Community regional policy, the Commission, working in close collaboration with the Regional Policy Committee will prepare a periodical report on the situation and social and economic developments in the regions of the Community.

The main conclusions of this first report - increase in regional imbalances, regional effect of worsening unemployment and population problems - have been considered in a foregoing paragraph (<sup>13</sup>).

Principally on the strength of this report, the Commission is preparing a memorandum for communication to the Council on the priorities and guidelines of Community regional policy.

## REGIONAL IMPACT OF OTHER POLICIES AND FINANCIAL INSTRUMENTS

21. In its "Guidelines on Community regional policy", forwarded to the Council in June 1977, the Commission indicated that it considered indispensable to introduce into the concept and application of its policies an assessment and consideration of their regional dimension. In its Resolution of 6 February 1979 the Council stated its intention to take account of these implications when adopting its decisions relating to these policies.

Pursuant to this Resolution, the Commission has continued to examine the most important Community policies. For instance:

22. In the field of agricultural policy, for which the Community has a very special responsibility, the studies undertaken by the Commission have shown the existence of very substantial regional imbalances in agricultural incomes and that these imbalances are increasing. The common agricultural policy has not contributed to restricting these imbalances. On the contrary, the uniform character of prices and markets policy has given greater benefits to regions with more efficient agriculture. In practice, the support mechanisms established within the framework of market organisations benefit, as a general rule, the products of rich regions (cereals, sugar, milk) more than those of less favoured regions in particular Mediterranean regions (fruit, vegetables, wine). Moreover, these mechanisms give a privileged position to more productive farms and holdings which are concentrated mainly in the more well to do regions.

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<sup>12</sup> OJEC no. C 36 of 9.2.1979

<sup>13</sup> See point 7.

The results of these studies therefore confirm the indispensability of taking the regional dimension into consideration in all arrangements concerning the common agricultural policy for markets.

A step in this direction has been taken on milk production. The Council decided when fixing agricultural prices for 1980-81 that, whereas mountain and hill farmers would continue to benefit from exemption on payment of the co-responsibility levy, the levy would be reduced for farmers in less favoured areas, thereby meeting the proposals of the Commission to this end.

This guideline should be followed in future. In this context, in its "Reflections on the common agricultural policy" communicated to the Council in December 1980, the Commission noted that "the prices and markets policy cannot be considered apart from the growth in regional imbalances" and that "common market organisations tend to give a privileged position to the more well to do producers, who are concentrated mainly in the richer regions".

In consequence of this fact, the Commission holds that one aim in adapting the CAP should be "to ensure a better regional distribution of the benefits deriving from farms and holdings of the common agricultural policy (markets and structures)".

These affirmations and guidelines are particularly useful when, either due to budget problems or to the prospect of the future accession of Spain and Portugal, agricultural policy is obliged to adapt.

23. In the field of trade policy, while a degree of prudence is needed in view of the many problems of method and statistics, it would seem that, without proper consideration of regional problems, free trade tends to aggravate regional imbalances within the Community. Indeed, the new export markets often profit stronger regions more than weak regions, while the latter, handicapped by more rigid structures, are more susceptible to competition from imports than other regions, in particular from the newly industrialising countries.
24. On enlargement, the Commission, in general thoughts communicated to the Council in April 1978, showed that, without adequate corrective policies, enlargement could put the development of a certain number of weak Community regions at risk: the Mezzogiorno and South West France. Studies on the economies of these two groups of regions have indeed revealed for each group some of the positive and negative repercussions on enlargement.

Apart from the lessons to be drawn for the negotiations on accession and for adapting the CAP and to prepare the regions therefore, the Council adopted on 7 October 1980 a Community measure involving 120 MEUA for contributing to their development. This measure looks to developing the SMC (small and medium concerns) and handicraft activities, in particular by assisting their marketability through adapting and developing their means of production and improving their management. It is also designed to promote innovation and to develop tourism potential.

25. In the field of industrial policy, through more exact studies than those previously undertaken, the Commission is analysing the situation and prospects of textile industries and their clothing counterparts in Community regions in particular to prepare the 3rd multifibre negotiation. It intends to continue and reinforce specific measures for assisting structural adaptation in certain weak regions, which have been particularly affected by the restructuring of the steel industry.
26. On Community policy for research and development, the Commission, at the request of the Council of Ministers, is preparing proposals when specific credits are available, to contribute directly to the development of regional policy.

## FINANCIAL INSTRUMENTS IN SUPPORT OF REGIONAL DEVELOPMENT

### 27. GRANTS

- EAGGF/Guidance Section

The 5th ERDF report indicated the measures taken within the framework of the policy for agricultural structures to assist modernising structure in the less favoured regions. In 1980, the first commitments were made for some of these measures: 29.49 MEUA for aid to rural infrastructure projects in southern France (13.15 MEUA) and in the less favoured agricultural areas of Italy (16.34 MEUA), 26.05 MEUA for forestry measures in the Mediterranean regions of Italy (16 MEUA) and France (10.05 MEUA); 47.7 MEUA for irrigation projects in the Mezzogiorno; 7 MEUA for incentives to agricultural development in the less developed areas of Western Ireland. A special measure was also adopted on behalf of Greenland.

Also in 1980 the Commission informed the Council of proposals relating in particular to the French overseas departments and the less favoured areas of Northern Ireland. The Commission is studying those regions in difficulty which could be the subject of integrated development programmes, comparable to those still being considered by the Council.

- The Social Fund

The proportion of contributions granted from the Social Fund in 1980 on behalf of the Mezzogiorno, Ireland, Northern Ireland and the French overseas departments was 32.9 %. The percentage of grants made to all less favoured areas also eligible for ERDF contributions was 81.4 %.

## 28. LOANS

### Conversion Loans

Restructuring measures taken in the Community steel industry provoked in 1980 a further substantial contraction of employment in this sector of activity and have led the Commission to intensify its efforts and to reinforce its financial measures through the use of all its financial instruments and as shown by table 1 below mentioned through the grant of loans pursuant to Article 56 of the ECSC Treaty.

The Commission also decided in 1980 to grant loans in an amount of 260 MEUA (see table 1), which received interest rebates amounting to 28.485 MEUA through the use of credits set aside for the purpose in the ECSC operational budget.

The instrument of loans with interest rebates borne on credit allocations for this purpose in the ECSC operational budget amounting to 28.485 MEUA (<sup>14</sup>) has enabled grants to be made of 26 MEUA to conversion projects.

The progressive widening of the network of global loans made available to financial organisations in several Member States has greatly helped access to small and medium concerns.

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<sup>14</sup> Interest rebates	
1975	3.6385 MEUA
1976	5.2770 MEUA
1977	17.3000 MEUA
1978	18.0000 MEUA
1979	25.5000 MEUA
1980	28.4850 MEUA
<hr/>	
TOTAL	98.2005 MEUA

Table 1  
Loans granted (a) pursuant to Article 56  
of the ECSC Treaty (b)

(in MEUA)

Member States	1961-1977	1978	1979	1980
Belgium	36.67(12)	-	-	12.50(1)
Germany	126.58(62)	63.70(1)	-	27.30(4)
	(c)			
France	221.09(53)	9.50(5)	94.48(9)	19.91(3)
Ireland	2.00(1)	-	-	4.45(1)
	(d)			
Italy	79.32(19)	-	-	13.11(1)
Luxembourg	-	2.49(1)	1.69(1)	10.79(2)
Netherlands	46.82(38)	-	-	7.30(1)
U.K.	93.98(11)	124.96(5)	103.95(15)	165.47(21)
	(d-e)			
Community	606.46(196)	200.65(12)	200.12(25)	260.33(34)

(a) Based on credit commitments

(b) Figures in brackets refer to the number of loans granted

(c) Includes a loan pursuant to Articles 54 and 56 of the ECSC Treaty

(d) 1973-1977

(e) Taking account of the cancellation in 1979 of a loan granted in 1976

## 29. THE EUROPEAN INVESTMENT BANK

In 1980, the loans made by the European Investment Bank from its own resources in the nine Community countries totalled 2,753.2 MEUA <sup>(15)</sup> compared with 2,281.23 MEUA in 1979. Investments of regional interest were 1,815.7 MEUA compared with 1,570.6 MEUA in 1979. The priority direction for loans on behalf of investments of regional interest was therefore maintained.

The regular growth of concentrated financing in countries faced with the most acute structural problems: Italy, Ireland, the United Kingdom continued and reached a total of some 90 % of the total volume of loans granted for regional purposes.

The sectoral distribution indicates that 78.7 % of loans were granted for infrastructures (of which 49.7 % went to the energy sector) and 21.3 % were granted to industry, agriculture and services.

<sup>15</sup> The definition of the EIB unit of account (U.A.) according to Article 4 of the Bank's statutes is the same as that for the European unit of account (EUA).



### 30. NEW COMMUNITY INSTRUMENT FOR BORROWING AND LENDING (NCI)

After 18 months of life, the amounts committed for the NCI were 474.6 MEUA on 31.12.80. The geographical distribution of loans granted according to the NCI is as follows:

Denmark	18.1 MEUA
Ireland	123.4 MEUA
Italy	222.8 MEUA
United Kingdom	105.3 MEUA

It should be recalled here that when the NCI was created in 1978, the Council authorised total borrowing up to 1,000 MEUA to be lent as a first instalment and up to 500 MEUA for developing infrastructure and energy. On 22 July 1980 the Council authorised the Commission to commit a second instalment of 500 MEUA for identical purposes.

#### Geographical Distribution

- Italian projects which represented approximately 47 % of the total related for the greater part to regions which benefited from regional aids. The remaining 117 MEUA were granted to projects which contributed to greater independence of energy supply in the Community such as hydroelectric and geothermal installations, a gaspipeline and the construction of a motorway.
- In the United Kingdom which received 22 % of the loans, the two loans in question related to development areas. These concerned work on the Diwornic hydro-electric station in North Wales, which accounted for 14 % of the total, whilst the remainder went to water supply schemes in Scotland (Lothean water).
- 27 % of loans went to 7 projects in Ireland.
- Denmark received two loans accounting for 4 % of the total.

### 31. INTEREST REBATES FOR CERTAINS LOANS GRANTED WITHIN THE FRAMEWORK OF THE EMS

By way of the 1980 budget and at 1.10.1980, loans of 579.2 MEUA received rebates of 3 interest points within the framework of the European monetary system, of which 376.1 MEUA were for investments in Italy and 203.1 MEUA for loans to Ireland. The rebates were respectively 61.19 MEUA for Italy, of which some 84 % went to the development regions, and 43.31 MEUA on loans to Ireland.

Pursuant the Council Regulation No. 1739/79 of 3 August 1979 relating to the subsidisation of certain loans granted in the context of EMS, these subsidies given to an amount of 1,000 MEUA in five annual tranches of 200 MEUA for loans from NCI resources and EIB loans from the Banks own resources to an amount of 5,000 MEUA in five annual tranches of 1,000 MEUA. At the end of 1980, 397 MEUA had been granted in rebates on loans amounting to 1916 MEUA.

## REGIONAL DEVELOPMENT PROGRAMME

32. In 1980, a certain number of regional development programmes were communicated by different Member States to the Commission and have, as a whole, only introduced minor changes with the exception of Italy.

For France, the updated programme in the Overseas departments (Guadeloupe, Martinique, Reunion, Guyane, Saint-Pierre and Miquelon) include new developments for sugar, rum, bananas and pineapple products and diversification for agriculture, industry and tourism. Some statistical data were brought up to date but this current programme does not yet include sufficient information on priorities and on the use of Fund (ERDF) resources.

For Ireland, the new current programme replaces macro-economic aims with outline projects.

For Italy, the Government has sent the Commission pursuant to Article 6 (3) of the ERDF Regulation the "updated regional development programme for the Mezzogiorno 1977-1980". The document in question has been examined by the Commission and the Regional Policy Committee and is a fully revised regional development programme for the Mezzogiorno 1977-1980. With reference to the earlier version, it gives additional details of central government measures (sectoral plans in particular) and above all on measures by regional authorities. It also includes two major problems of undoubted interest for Community regional policy; the natural gas supply programme and the integrated operation for Naples.

Finally, although Greece only joined the Community on 1 January 1981, the Greek Government sent the Commission in 1980 its regional development programme for 1981-1985. The programme covers the whole country with the exception of Athens.

The two outstanding problems are population and economic imbalance between the Athens region and the rest of the country - the Athens region contains 35 % of the national population and produces 60 % of Gross Domestic Product - and widespread latent under-employment in rural areas.

The main aims of Greek regional policy are to establish a better geographical balance of population and to hasten economic development by way of a certain number of regional development poles.

To this end, the programmes fix the target for developing industrial activities at a relatively high productivity level without, however, neglecting environment problems and other long term implications. It is also planned to speed the introduction of infrastructure needed to create industrial activities and to keep the population on the spot in addition to adopting incentive measures for local projects.

Public expenditure planned for the programming period including investments planned by public works concerns were 304,000 million drachmas (1980 prices) or some 5,000 million EUA.

**ANNUAL STATISTICAL OUTLINES ON REGIONAL POLICY RESULTS**

33. On the basis of data contained in these statistical outlines, the table below could be established for the year 1979. However this attempt at assessment was limited to a few essential and global data: industrial investments, which were the subject of an aid decision, the committed costs involved and an estimate of jobs planned. These figures are partly estimated and must be treated with customary reserve.

Table 2  
Regional aids in 1979 (MEUA) (1)

Member State	Investments decided		Publ.aid planned		Jobs		Inv./	Cost
	Tot.	of which by ERDF	Tot.	of which by ERDF	created	main-tained	job	pub.
							(5)	(5)
Belgium	956	56	157	6	6,643	-	0.144	0.024
Denmark	97	24	21	2	2,645	-	0.037	0.012
Germany	3,621	1,079	228	42	47,175	68,325	0.031	0.002
			(2)					
France	1,112	1,001	128	64	49,581	-	0.022	0.003
Ireland	794	223	362	29	38,991	-	0.020	0.009
Italy	1,421	265	395	50	36,515	-	0.039	0.011
			(3)					
Luxembourg	100	-	10	-	862	-	0.116	0.012
					(4)			
Netherlands	286	-	50	-	2,823	-	0.101	0.018
U.K.	4,870	732	940	76	69,548	43,623	0.043	0.008
	(4)							
Totals	13,257	3,381	2,301	269	254,783	111,958	0.036	0.006

(1) Average exchange rates 1979

(2) Excluding the investment grant calculated at 250 MEUA

(3) Excluding aids by way of interest rebates

(4) Estimated

(5) These estimates must be treated with customary reserve

## INTEGRATED OPERATIONS OF REGIONAL DEVELOPMENT

34. The Commission has stressed on several occasions the necessity to identify needs, to look for the means to render the Community financial instruments more effective and, from this aspect, to encourage a working coordination of the various Community instruments for structural policy purposes.

Moreover, the Commission considers useful and necessary that there should be more concerted measures between Community measures for structural policy purposes and linked national measures when the latter furnish substantial financial support to an area with a serious economic and social situation.

To meet their concern on this score the Commission has decided to experiment with a new operational technique, that of integrated operations.

35. An integrated operation is formed from a coherent group of measures and public and private investments designed to aid economic and social development of a given geographical area to which national central, regional and local authorities contribute with the Community by way of the various Community financial instruments for structural policy purposes.

An integrated operation is the end product of an interlocking negotiation between the Community, the Member State and the regional and local authorities concerned. For a successful outcome it requires a group of economic, financial and administrative conditions that are not to be found everywhere. Accordingly the Commission has decided to proceed with caution by way of two pilot projects at Naples and Belfast.

36. Moreover, the draft general budget of the European Communities for 1981 contains an ad hoc line token entry enabling the Commission to contribute to financing the studies of preliminary character needed to prepare integrated operations and to finance with national or local authorities those specific measures, which do not fall within the existing framework of present Community financial instruments.

The Commission will study the detailed rules which should govern use of this budget line in the light of aid possibilities already available through the existing Community financial instruments.

## REGIONAL DEVELOPMENT STUDIES

37. The regional study activity undertaken by the Commission is intended in particular to contribute to implementing new regional policy guidelines adopted by the Commission and the Council.

Within the category of studies financed solely by the Commission, reference may be made to studies on the regional impact of the common agricultural policy and the studies used by the Commission and the Regional Policy Committee to prepare the first periodical report on the economic and social situation of Community regions. Among the most important are:

- a comparative study on policies for disincentives and deconcentration;
- a study on the role of service activities in regional policy;
- a study on regional labour markets in Europe.

Among the studies initiated in 1980 and still in progress the following deserve mention:

- Location factors in Western Europe (FLEUR),
- The role of infrastructure in regional development,
- Effects of Community enlargement on the economies of the Mezzogiorno and South-West France.

Among categories of studies undertaken by Member States with Commission co-financing are:

- a study on the impact of micro-electronic technology in Ireland;
- a study on guidelines and methods required for an economic redeployment strategy in Ireland;
- a study on the development of inland areas in the Mezzogiorno especially in Basilicata.

The Commission has also co-financed feasibility studies undertaken pursuant to Article 46 of the ECSC Treaty on the possibilities of conversion for steel producing areas affected by the crisis in the steel industry, such as Derwentside, Wolverhampton, Lanarkshire and the Longwy basin.

Within the framework of Article 12 of the Fund Regulation, the Commission has shared, to the tune of 50 % of the cost, in financing 16 studies undertaken by Member States and which have a close and direct link with the work of the Fund. These were 4 feasibility studies (1 each in Italy, the United Kingdom, Ireland and Greenland) and 12 technical studies in Italy (6 in Campania and 6 in Sardinia) <sup>(16)</sup>.

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<sup>16</sup> Point 54 of this report.

## REGIONAL POLICIES OF MEMBER STATES

38. In 1980, The Federal Republic of Germany, Belgium, Denmark and Luxembourg made few changes in their regional policies.

In France, the benefit of participating loans from the F.S.A. (Special Fund for Industrial Adaptation) was extended to the employment areas of certain old industrial regions (Albi-Decazeville and Ales).

In Ireland, 1980 was the last year of government tax exemption known as Export Sales Relief and Shannon Relief, enabling foreign companies established in Ireland to deduct from their taxable profits those realised from exports. Companies to which this aid has already been granted may continue to benefit until 1990. However a 10 % tax has been introduced on profits of all concerns, payable until the year 2000.

In Italy certain small changes have been made to the boundaries of aided regions in the Centre and North of the country.

In the Netherlands, the level of the IPR grant (investment grant) was raised in a number of areas in the provinces of Groningen, Drenthe and Limburg.

In practice, most changes have occurred in the United Kingdom. Firstly, pursuant to the aim established in 1979 to reduce regional aids up to 1982 progressively, the United Kingdom Government at 1 August 1980 reduced aids and corresponding areas where they applied; mainly in Scotland and Wales. Parallel thereto, aids were created or increased on behalf of some areas affected by the recession in the steel industry (at Scunthorpe, Newport, Pontypool, Port Talbot, Shotton and Corby). Rather more favourable conditions were made for the hire of advance factories. Aids granted for activities in the Highlands and Islands of Scotland continue to benefit from ceiling adjustment (75 % of investment) but are limited to projects of less than 600,000 EUA to the exclusion of projects located in the Nairn, Lerwick and Kirkwall areas.

## REGIONAL POLICY COMMITTEE

39. The Regional Policy Committee met five times in 1980.

One essential task of the Committee was to take part in preparing the first periodical report on the economic and social situation of Community regions. In this context there was close collaboration between the Commission and the Committee in an ad hoc working group.

Additionally the Committee deliberated at length over the draft communication of the Commission to the Council on categories of infrastructure to which the ERDF could contribute. In the absence of unanimous agreement, the Committee included four differing opinions in its opinion. The Council has undertaken to consider this draft communication in 1981.

The Committee welcomed Greek observers at three successive meetings and heard statements from them on regional problems in Greece and the Greek regional development programme.

Mention should also be made of the work of the Committee in connection with greater efficiency of regional aids, with consideration of a draft recommendation on transfrontier problems and with greater consistency of regional measures through improved coordination of financial instruments.

As in previous years, the Committee gave its opinion on major infrastructure projects (of more than 10 MEUA) for which ERDF aid was requested; these were 90 in 1980.

The Committee paid a brief visit to study the situation in the North Jutland region of Denmark.

FUND ASSETS

40. Since the rules implementing the "quota free" section of the Fund were only adopted by the Council in October 1980 (<sup>17</sup>), the section had not yet been the subject of an aid decision in 1980. The present chapter only deals therefore with quota section activity.

Within this section and for the first time, a certain number of studies were financed in close relation with Fund activities according to Article 12 of the Regulation.

41. For 1980, total available commitment appropriations for the "quota free" section of the Fund were 1169.64 MEUA, consisting of 1,106 MEUA written into Chapter 55 of the Budget, 3.22 MEUA carried forward from 1979, 14.67 MEUA deriving from withdrawals and adjustment to exchange rate fluctuations and 45 MEUA transferred from the quota free section. These operations are analysed in detail in "CHAPTER V : PAYMENTS AND CONTROLS" on page 59 and table 4 of this Chapter gives an outline of the use of commitment appropriations available in 1980.

It will be noted also that these were insufficient to allow for corresponding commitments for all projects on which the Fund Committee was consulted in 1980. For this reason decisions on 232 investment projects, representing a total configuration of 251 MEUA were carried forward to the following financial year and were subject matter for the first instalment of 1981.

APPLICATIONS FOR CONTRIBUTIONS TO INVESTMENT PROJECTS

42. In 1980 424 applications were made on behalf of 2,925 investment projects. 327 projects must be added to these figures corresponding to 69 applications made before 1980. In all, the Commission therefore considered 493 applications in 1980 regarding 3,252 projects.

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<sup>17</sup> Point 12 of this report.



Applications for contributions in 1980 were spaced over the year up to October 1980 and reached the Commission with substantial delays in the case of some Member States. In fact, nearly half the applications representing rather more than half the total volume of contributions asked were made after the beginning of July, which created a certain imbalance in the work of the Committee <sup>(18)</sup>. It would therefore be preferable to look for a more even spread over time of applications by Member States, the more so because, when a Member State applies late, payments will be delayed correspondingly to the disadvantage of the Member State concerned. The late introduction of requests has the effect of influencing the calculation of the proportion of payments in relation to total commitments.

43. Applications in 1980 referred to projects with total investments of 11,865 MEUA. About one quarter of this amount was for investments in industry and service activities and three quarters for investments in infrastructure.

Table 3  
Types of investment applied for in 1980

Categories of investment	Volume of investm.	
	MEUA	%
- Industrial and service activities (projects of more than 10 MEUA)	1,674.62	14.11
- Industrial and service activities (projects of less than 10 MEUA)	1,248.23	10.52
SUBTOTAL	2,922.85	24.63
- Infrastructure (projects of more than 10 MEUA)	7,545.87	63.60
- Infrastructure (projects of less than 10 MEUA)	1,345.25	11.34
- Infrastructure in mountain and hill agricultural areas (1)	51.25	0.43
SUBTOTAL	8,942.37	75.37
TOTALS	11,865.22	100.00

- (1) Within the meaning of Directive No. 75/268/EEC of 28 April 1975 on mountain and hill and certain less favoured agricultural areas.

<sup>18</sup> Point 61 of this report.

44. Of the 3,252 projects presented, 2,563 were financed in 1980. Moreover, in view of insufficient commitment appropriations, 232 investment projects could only be the subject of a decision to contribute in the first instalment of 1981.

Taking account of the integration of some projects with others, the absence of positive decisions affected 432 projects in 1980 for the following reasons:

- 141 projects gave rise to problems on investigations preventing a decision on their behalf in 1980;
- 23 projects were withdrawn at the request of the Member State concerned;
- 145 projects did not comply with the formal conditions laid down in the Fund Regulation (creating at least 10 jobs, investments of more than 50,000 EUA ...);
- 62 projects were not accepted for sectoral reasons (example : structural overcapacity);
- 81 projects were unacceptable for various reasons (late applications, aid granted by Member States not compatible with the common market, nature of investment, ...).

Table 4  
Result of investigation of aid applications

Member State	(A)	(B)	No. of projects presented in 1980 on which no decision was taken					
			01	02	03	04	06	Tot.
Belgium	82	76	-	4	-	2	-	6
Denmark	96	94	-	1	-	1	-	2
Germany	249	232	-	15	-	2	-	17
France	393	271	2	77	-	43	-	122
Ireland	36	35	-	-	1	-	-	1
Italy	1,765	1,522	-	26	4	211	2	243
Luxembourg	1	1	-	-	-	-	-	-
Netherlands	7	7	-	-	-	-	-	-
U.K.	623	325	2	3	15	270	8	298
Totals	3,252	2,563	4	126	20	529	10	689

- (A) Number of projects presented in 1980 or brought forward from previous years.  
 (B) Number of projects financed in 1980.

45. In previous years and to make the Commission's choice of projects easier, the Commission has asked Member States to apply for more than their quota of the Fund. The previous report (<sup>19</sup>) noted with satisfaction the efforts made by most Member States in this direction. In 1980, this was especially the case for France, Ireland and Italy. On the other hand, other Members States only applied for a number of projects corresponding approximately to their quota.

#### GRANT DECISIONS

46. In 1980, the Commission adopted 390 grant decisions for investment projects totalling 1,126.38 MEUA, an increase of some 17 % on credits granted in 1979. As in previous years, these decisions were distributed in four instalments over the year:

January : 46 decisions for a total grant of 161.79 MEUA.

May : 66 decisions, 241.58 MEUA.

September : 85 decisions, 192.76 MEUA.

December : 193 decisions, 530.25 MEUA.

Decisions were adopted when the Commission had received the necessary decisions from the Regional Policy Committee and the Fund Committee pursuant to the Fund Regulation.

Table 1 in annex gives for each Member State and for each major investment category the number of grant decisions adopted, the number of projects financed, the number of investments involved and the volume of Fund Assistance.

In all, assistance was distributed as follows between categories of projects:

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<sup>19</sup> Point 47 of the 5th ERDF annual report.

Table 5  
Assistance granted and investments financed by  
categories of projects

		Assist.	Investm.
Industry & services	projects > 10 MEUA	17.31 %	30.42 %
	projects < 10 MEUA	8.69 %	11.02 %
		26.00 %	41.44 %
Infrastructure	projects > 10 MEUA	45.59 %	47.51 %
	projects < 10 MEUA	28.19 %	10.97 %
	infrastructure in hill & mountain farming areas	0.22 %	0.08 %
		74.00 %	58.56 %
TOTAL		100.00 %	100.00 %

47. This Table calls for comment:

- Industrial and service investment projects as a percentage of total assistance were 26 % in 1980. However the proportion of infrastructure investments as laid down in Article 4.1.b of the Fund Regulation rose as a percentage of total Fund assistance over the years 1978-1980 at 70 %, thereby meeting commitment according to the Regulation. Nevertheless several Member States in recent years, particularly Denmark, Ireland and Italy, have to some extent reduced the volume of percentage assistance on behalf of industry and services; if this trend were not to change, it might raise problems in the future for the commitment to allocate no more than 70 % to Fund assistance for infrastructure investments.
- At the same time, the percentage of infrastructure projects as part of total assistance financed continued to rise and accounted for 74 % in 1980. The projects benefitting from the possibility available according to the amended Regulation of February 1979 to grant assistance up to 40 % of investment cost accounted for 22 % of projects of more than 10 MEUA; in contrast 14 % of projects received a rate of assistance of less than 30 %.
- The proportion of grants to projects of 10 MEUA or more was 62.9 %. This amount, showing an increase over 1979, corresponds to the priority referred to in the Fund Regulation on behalf of major projects.

## PRINCIPAL TYPES OF PROJECTS ASSISTED

Tables 2 and 3 in annex indicate the types of investment for which Fund assistance was granted. These tables reveal the following facts:

### 48. Industry and services

- In 1980, the average amount per project was 73.0 MEUA for projects of more than 10 MEUA and 2.0 MEUA for projects of less than 10 MEUA. Fund grants were equal to 37.0 % of national aids and 6.3 % of total investment for large projects and to 47.0 % and 8.8 % respectively in the case of smaller projects.
- ERDF aid by sector of activity was as follows: The motor vehicle industry and spare parts was in the lead for the number of projects of more than 10 MEUA, followed by the chemicals industry, engineering and engineering equipment. For projects of less than 10 MEUA, metal construction was in the lead, followed by engineering and engineering equipment, the food industry, beverages and tobacco, rubber and plastic processing. For smaller projects at the level of Member States, metal construction was in the lead in France and Italy and engineering and engineering equipment in Germany.

### 49. Infrastructure

- For projects of more than 10 MEUA, investment per project in 1980 was 63.9 MEUA and Fund grants were 28.4 % of public expenditure eligible for Fund assistance. For smaller projects, the volume of investments per project was 0.6 MEUA and Fund grants were 30.7 % of public expenditure considered. The Commission recalls in this context that, for major projects, it was obliged, in some cases and pursuant to the Fund Regulation, to adjust the level of grant between 10 and 30 % taking account of the importance of the project for the development of the region in question; moreover, always pursuant to the Regulation, projects of special interest, whatever their size, could receive assistance at a 40 % rate.

This adjustment has been applied after consultation with the Regional Policy Committee and the Fund Committee and the Commission, after consultation with the Fund Committee, has just formulated more exact guidelines on the matter.

- For the Community as a whole, the majority of projects assisted concern road infrastructure and water supply or projects of more than 10 MEUA to which drainage for small projects is to be added; in mountain and hill areas, infrastructure is above all, with regard to the number of projects financed, for investment in the output or distribution of gas and electricity and in road infrastructure.
- The categories of infrastructure assisted vary, however, between Member States according to national policies and regional priorities. In this way, water supply takes the lead for large projects in Ireland whereas in Italy, for the number of projects financed, this type of infrastructure is equalled by drainage and

infrastructure for industrial estates and road infrastructure is in the lead in France and in the United Kingdom. In France too there are many major projects of telephone infrastructure. The greater number of smaller projects in Denmark concern energy distribution, general infrastructure for industrial estates in Germany and Belgium, telecommunications and energy supply in France, "advance factories" in Ireland, road infrastructure in Italy and the United Kingdom.

#### **REALISATION OF PROJECTS ASSISTED**

50. Since revision of the Fund Regulation, payments by Member States are eligible for Fund assistance by the Commission from the 12th month before the date on which it receives the request for assistance, in respect of investments not completed by that date. The Commission considered that the results of these new provisions have been satisfactory in that 26 % of projects financed started in 1979 and 54 % in the same year as the decision to grant assistance. Five Member States (Belgium, Germany, the United Kingdom, the Netherlands and Italy) have even introduced a certain number of applications for projects starting in 1981.

#### **GRANT OF AN INTEREST REBATE ON EIB LOANS**

51. No Member State, in 1980, used the facility of obtaining Fund assistance in the form of interest rebate on a loan issued by the European Investment Bank.

#### **IMPACT OF FUND ASSISTANCE ON EMPLOYMENT**

52. One of the main aims of the Fund is the creation or maintenance of jobs in predominantly agricultural regions, or in those subject to industrial change or structural underemployment. The assessment of Fund grants in this connection is especially difficult because, in 1980 as in previous years, the greater number of projects financed from the Fund were infrastructure projects, not, in most cases themselves or to a very small extent, creators of jobs but intended to establish conditions whereby employment could develop.

Furthermore, even with regard to job creation, the basic role of infrastructure in developing less favoured regions should not be underestimated. By its very nature, regional policy should concentrate mainly on medium and long term structural measures, such as improvement of infrastructure, which are essential to creating or maintaining permanent jobs in the future.

It is estimated with regard to the direct creation of permanent jobs above all through development of the industrial and service sectors that nearly 60,000 of the number forecast for creation or maintenance derived from applications which were the subject of a grant decision in 1980; jobs created or maintained due to a Fund contribution were greatest in France and the United Kingdom.

53. As in previous years, projects of less than 10 MEUA created most jobs by comparison with the amount of the investment and/or the Fund contribution. Investment per job created or maintained was 140,000 EUA and the Fund assistance per job created or maintained was 9,000 EUA for projects of more than 10 MEUA and the figures were respectively 31,000 and 2,700 EUA for projects of less than 10 MEUA.

This is due to the fact that the volume of capital invested per unit of labour is mostly more for large than for smaller projects, the latter being often highly labour intensive.

However, there are fairly substantial gaps in this context between Member States, due in part to differences in sectoral distribution of industrial projects in receipt of Fund assistance and in their relative economic situations.

Fund assistance per job created for large projects was highest in Belgium and the United Kingdom and lowest in Ireland and France; for small projects, it was highest in Italy and Belgium and lowest in Denmark, Ireland and France.

#### FINANCING STUDIES

54. In 1980, the Commission shared, up to a maximum 50 % of cost, in financing 16 studies closely linked to the work of the Fund and undertaken by a Member State, using here the facility provided by Article 12 of the Fund Regulation (<sup>20</sup>).

The grant of assistance for these studies should enable the Commission to participate in assisting a certain number of investments when conceived and to play a more active part in their implementation.

Other aims which the Commission considers should be achieved by financing studies are the encouragement of the complementary character of Fund resources for individual projects, the formation of a portfolio of investment projects to enable the Community to improve programming of measures for development to achieve the purposes of the Fund and improvement in carrying out joint measures by way of several Community financial instruments.

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<sup>20</sup> As indicated in point 37 of this report, other studies on regional development were financed by way of other headings of the general budget of the Communities.

55. Taking account of the aims mentioned above and the provisions of the Regulation, the Commission has considered that priority should be given to technical and feasibility studies, directly linked to a project or group of projects.

Moreover, this choice does not exclude the ERDF ability to finance studies designed to prepare a sectoral or regional programme, when these studies lead to identification and quantifying a group of investments and are not too general and macro-economic in character.

56. Among studies for which a decision to finance was adopted in 1980 may be instanced:

- a feasibility study on hydro-electric energy supply for isolated public bodies in Greenland;
- a group of preparatory studies on the drainage programme of the Shannon (Ireland);
- a feasibility study on restoring sites intended for industry at Pyewine, Grimsby (United Kingdom);
- an inventory of water resources in Sardinia.

Other studies financed in 1980 were technical studies on transport projects, water works and energy distribution undertaken at the request of the Italian authorities (6 in Campania and 5 in Sardinia).

The total amount of ERDF contributions for studies was 7.94 MEUA.

#### **COMPLEMENTARY CHARACTER**

57. The request of the Commission that it should receive information on the use of Fund assistance made in accordance with Article 19 of the ERDF Regulation has had virtually no response.

However, on the strength of information available to the Commission on this matter, it prepared a draft note, submitted to national experts. Thereafter the Member States, all excepting France, sent their comments to the Commission enabling completion of this document without the Commission deriving satisfaction from the comments included: replies were rarely exhaustive and referred more to budget technicality than to the basic problem.

While recognizing the difficulty of indicating complementary character, the Commission has the impression that a large part of ERDF contributions are entered as global receipts in the overall national budget of the Member State in question. The States maintain that in preparing this budget, they have already taken account of funds derived from the ERDF with regard to regional policy.



Moreover, it has been possible to confirm complementary character in infrastructure projects in a certain number of cases with ERDF payments being transferred directly to the investor or to regional or local authorities. This occurs particularly in several Mezzogiorno regions. For industrial projects all Member States have continued to treat assistance for industrial projects as part repayment of national aids.

#### USE OF COMMITMENT APPROPRIATIONS

58. Total Fund grants analysed in previous paragraphs (assistance for investments and studies) have led in 1980 to 1,137.785 MEUA (<sup>21</sup>) of commitment appropriations being actually absorbed out of 1,169.641 available.

Table 6  
Level of use and balances available end 1980

Member State	Commitment Appropriations available 1980 (1)	Commitments appropriated	Level of	Balance available
Belgium	21.909	11.632	53	10.277
Denmark	15.771	11.957	76	3.814
Germany	73.511	69.023	94	4.487
France	206.444	194.793	94	11.650
Ireland	77.183	76.942	100	0.241
Italy	474.101	473.867	100	0.234
Luxembourg	1.082	0.485	45	0.596
Netherlands	22.350	22.260	100	0.090
U.K.	277.291	276.825	100	0.465
EUR 9	1,169.641	1,137.785	97	31.855 (1)

- (1) Includes the carry forward from 1979 to 1980, withdrawal transactions, adjustments for exchange rate variations and 45 MEU deriving from the "quota free" section.

<sup>21</sup> Taking account of the nature and purpose of this section, the rate of exchange used here is the effective rate used for commitment appropriations, which explains possible differences with other data in chapters III and IV. Taking account of the small size of these differences, which in no way affects the sizes given, it has seemed preferable to keep to the analysis of Fund activities in these Chapters as shown in interim documents distributed before the exchange rate used in point 19 was known.

59. The reasons why some Member States have not used the full credits available are:
- some countries have not applied for their full entitlement;
  - some applications have arrived late;
  - some projects are still being investigated due to insufficient information;
  - the limited Luxembourg quota only allows for assisting one project; cross checks for two amounts is not always possible.
60. If the whole period 1978-1980 is considered, it can also be confirmed that each Member State has used virtually its full credit entitlement. Only Belgium, Luxembourg and to a smaller extent Denmark are markedly below 100 %.

**FUND COMMITTEE ACTIVITY IN 1980**

61. The Fund Committee held three meetings in 1980 in April, July and December. In accordance with Article 16(2) of the amended Regulation, these meetings have in the first place assured the opinion of the Committee on draft decisions for Fund assistance. The table below gives a certain number of quantitative facts on this activity of the Committee.

Table 7  
Draft decisions presented to the Fund Committee  
in 1980

	1980 meetings			1980
	April	July	Decem.	
Number of draft decisions	68	91	221	380
No. of investment projects	316	647	1,539	2,502
Volume of investments (MEUA)	2,315	1,764	5,233	9,312
Volume of total contribution proposed (MEUA)	241.07	200.91	701.88	1,143.86

62. The simplified procedure laid down in the amended Fund Regulation has continued to assist consultation of the Fund Committee, especially of less than 10 MEUA (<sup>22</sup>).

However, the fact that nearly all projects and aids proposed had to be examined at the last meeting of the Fund Committee is a source of imbalance in the organisation of the Committee's work and the preparation of meetings, which could in due course lead to serious difficulties in particular with regard to French and Belgian applications. The Commission has in consequence drawn the attention of Member States to the need of better scaling throughout the year in the despatch of their applications for assistance to ensure better distribution of the Committee's tasks also throughout the year.

At its last meeting in 1980, the Committee also gave informal examination to the first twelve draft decisions affecting Greece.

63. In the course of its three meetings in 1980, the Committee considered the Commissions's proposals on several basic questions, in particular the adjustment of the ERDF aid rate for investments in infrastructure. Generally speaking, these discussions provided clarification on certain future guidelines and an agreement on principles and detailed rules governing this adjustment was reached. The Committee also continued to discuss the matter of "advance factories".

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<sup>22</sup> Article 5(2)b) of the Regulation.

**SUMMARY OF THE SITUATION 1975-1980**

64. The following table gives the main features of the Fund for the years 1975-1980.

Table 8  
Summary of decisions on grants 1975-1980

Member State	Number grant decis.	Grants made		Investments		(A)
	(B)	Indus.	Infr.	Indus.	Infr.	
Belgium	38 (232)	18.51	32.83	286.90	124.58	5,206
Denmark	64 (342)	6.33	40.05	91.54	199.78	3,302
Germany	435 (1318)	152.75	132.01	3,917.88	638.29	54,255
France	426 (1755)	208.82	417.54	3,681.42	1,789.52	128,038
Ireland	81 (558)	78.81	148.95	1,630.79	1,372.71	35,083
Italy	363 (4506)	249.13	1,148.00	1,633.37	9,589.20	58,139
Luxembourg	5 (6)	-	3.43	-	24.03	-
Netherlands	21 (34)	12.51	58.54	133.45	345.99	1,155
U.K.	561 (2294)	348.41	535.10	3,771.51	4,976.51	112,368
	1,994 (11,745)	1,075.27	2,510.45	15,146.86	18,760.92	397,546

(A) Maintained by inves. ind. services

(B) Projects in brackets.

65. The main features of this activity summarised have been:

- Since its creation, the Fund has taken 1,994 grant decisions corresponding to assistance for 11745 investment projects representing a total investment of 33,908 MEUA.
- Contributions granted may be calculated at 3586 MEUA of which 70.0 % went to infrastructure projects and 30.0 % to industrial and service projects. 52 % of grants went to projects of more than 10 MEUA and 42 % to projects of less than 10 MEUA.

- Projects assisted in industry and services should create or maintain some 400,000 jobs. In relation to the number of projects financed, sectors having benefitted most from Fund aid for the large projects are the motor vehicle industry and construction and the metal construction, food industry and electrical and electronic engineering industries for smaller projects.
- The greater number of infrastructure projects since 1975 to have received Fund assistance were for equipping industrial estates and road infrastructure where major projects were concerned. Small infrastructure projects varied between energy output, telecommunications and also infrastructure for industrial estates.

66. The following table gives an outline of commitment appropriation balances available annually since the Fund was created.

Table 9  
Trend in balances carried forward since 1975

Year	Commitment appropriations		appropriated		Com. appropr. carried forw.	
	MUA	MEUA	MUA	MEUA	MUA	MEUA
1975	300.00		292.86		7.14	
1976	500.00		494.67		12.47	
1977	500.00		501.78			15.03(3)
1978		581.00		552.55(1)		43.48
1979		900.00		940.26(1)		3.22
1980		1,151.75(2)		1,123.11(1)		31.86

- (1) Including withdrawals and adjustments for exchange rate variations  
(2) Including 45 MEUA deriving from the "quota free" section  
(3) Conversion of 10.69 MUA into MEUA at January 1978 rate)

## INTEGRATED OPERATIONS OF REGIONAL DEVELOPMENT

67. A first experience of an integrated operation was launched by the Commission at the end of 1979 in the Naples area, including the province of Naples and the immediate hinterland. This area was selected, in agreement with the Italian Government because of the serious problems of unemployment and lack of public equipment. This situation has also worsened considerably since the recent earthquake.
68. The aims and measures in question have been defined in a basic operational file prepared in close conjunction with the national organisations concerned. The Minister for the Mezzogiorno, the Cassa per il Mezzogiorno, the Campania region, the Naples Comune (local authority) aided by the Commission, in particular by the Directorate General for Regional Policy.

The operation will be carried out by a technical working group, formed in October 1979, at a first meeting of those responsible for the operational policy, namely the European Commissioner responsible for regional policy and coordination of Community Funds, the Minister for the Mezzogiorno, the President of the Campania region and the Mayor of Naples.

The group, which consists of representatives of the authorities mentioned above, has met several times in 1980. It is this co-ordination of Community and national intervention, making possible closely concerted action, which constitutes one of the major advantages of the integrated operation.

69. In 1980 the following measures were adopted:

1. at Community level

- The ERDF granted assistance of L.76,000 million (cleansing the Bay of Naples, water supply, infrastructure for industrial estates, road links and investments in industry).

It should be noted that for the new aqueduct in the Naples area the ERDF decided in 1980 to grant L.92,000 million of which 19,000 were committed in 1980 and the balance of 73,000 at the start of 1981 because of insufficient commitment appropriations in 1980.

The total cost of investments aided by the ERDF was therefore some L.500,000 million.

- The Social Fund granted assistance of L.1,600 million for a vocational training programme for 20 small local industries. The ECSC made a loan (Article 56 of the ECSC Treaty) of L.240,000 million for restructure of the Bagnoli steel works and a global loan of L.15,000 million (Article 56 of the ECSC Treaty) intended for small industrial investments.

The Community Fund in support of development for new sources of energy granted L.1,200 million to a project for developing a geothermal deposit close to Naples designed to produce electricity.

2. at national level

The Cassa per il Mezzogiorno has provided for financial commitments of L.1,000,000 million for cleansing the Bay, for transport systems, water supply, industrial estates infrastructure.

The Campania region has provided in its budget for commitments of L.860,000 million of which L.760,000 million for housing construction.

The Naples Comune committed L.196,000 million in sectors: public buildings, housing, health and hygiene.

70. The 1981 aid programme is to concentrate, apart from the priority sectors already planned in the basic operational file (transport, health-hygiene and employment) on the urban cleansing sector (priority aids following the earthquake).
71. A second pilot experiment concerns Belfast, Northern Ireland, an area also faced with serious economic problems and matters of urban cleansing. This has been finalised and will probably be lunched in 1981.

GEOGRAPHICAL CONCENTRATION OF AIDS

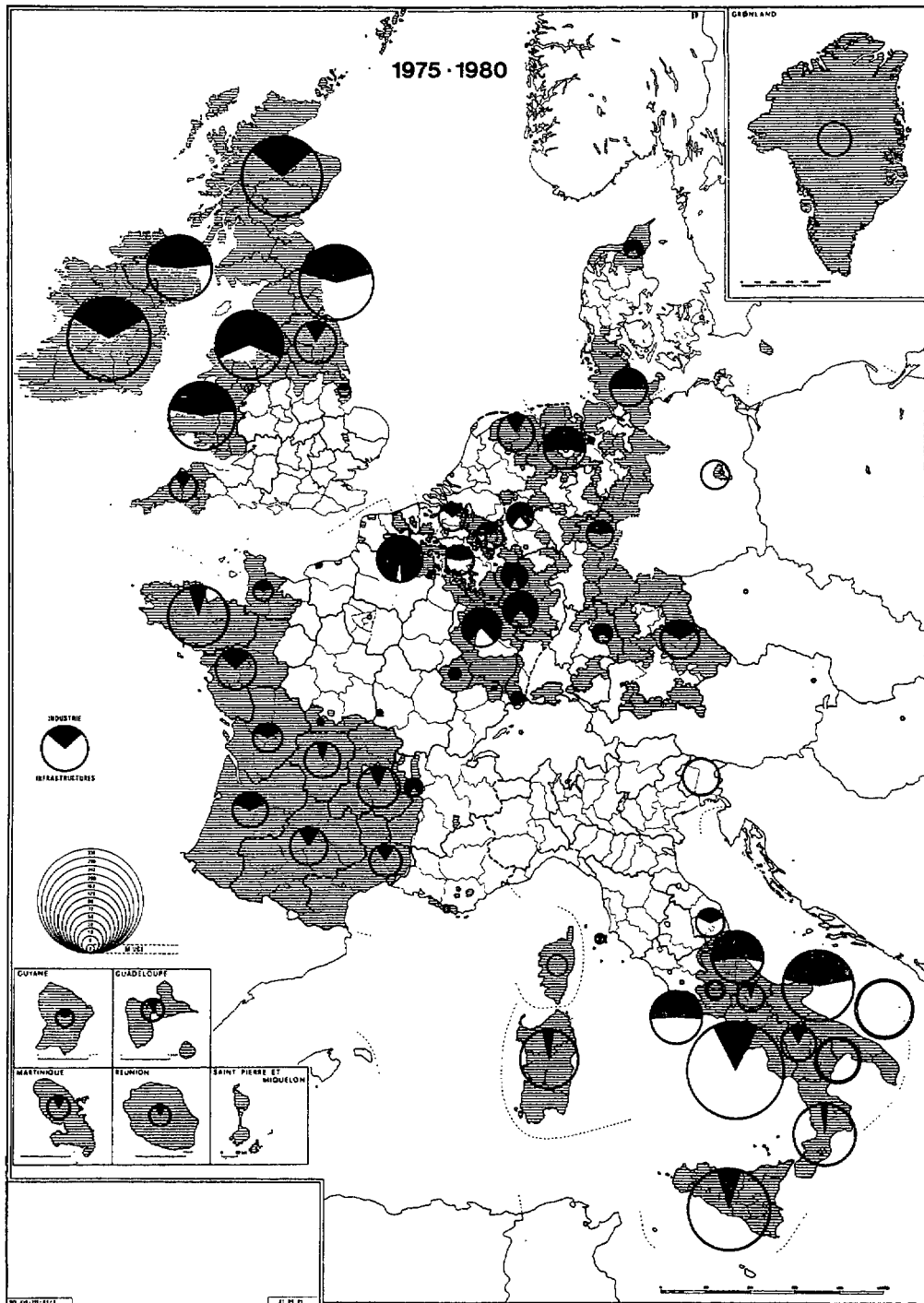
72. Table 5 in annex shows the regional distribution of aids granted by the Fund from 1975 to 1980.
73. The Fund Regulation requires that regions and areas eligible for Fund assistance must be confined to aided areas decided by Member States when applying their aid rules for regional policy purposes. However to give maximum impact to Fund aids, priority must be given to investments located in priority areas at national level, taking account of the principles governing coordination of aids for regional policy purposes at Community level. The situation in 1980 for the respective Member States in this context was:
- For Belgium, Fund aids were located in the areas covered by the Commission decision of 26 April 1972 (OJ L 105 of <sup>(23)</sup>) on aids granted according to the Belgian Law of 30 December 1970 on economic growth.
  - For Denmark, 64.27 % of Fund contributions went to Greenland.
  - For Germany, 85.50 % of contributions went to Berlin, to the Zonenrandgebiet (zone frontier area) and the special priority development poles (those benefitting from aids at 20 %).
  - For France, 86.2 % of contributions went to the priority regions of Nord-Pas-de-Calais, Lorraine, Western and South Western France, Corsica and the overseas departments.
  - For Ireland, 53.6 % of projects were located in the "designated areas" located mainly in the west of the country.
  - For Italy, 96 % of Fund aids went to the Mezzogiorno with the remainder to the Friuli-Venezia - Giulia areas hit by the 1976 earthquake (this was the third Fund aid to go to these regions).

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<sup>23</sup> OJ L 105 of 4.5.1972.



MAP 1 : REGIONAL FUND AID 1975 - 1980



- For the Netherlands, 100 % of Fund aids went to the only two priority areas in the North and South of the country.
- For the United Kingdom, some 79.7 % of contributions went to projects in priority areas: Northern Ireland, the Special Development Areas and the Development Areas,

In general, the Commission considers that planned concentration on priority regions indicated in national aid rules is satisfactory and should be continued.

#### FUND ACTIVITY IN CERTAIN PRIORITY AND OTHER REGIONS

74. This part of the report indicates, as was the case with previous annual reports, the activity of the Fund in a certain number of regions. These regions have been selected according to the following criteria:

- In the first place, the regions included in the five areas recognized as priority by the Commission in "Guidelines on Regional Policy" June 1977 (<sup>24</sup>) namely:
  - Mezzogiorno (<sup>25</sup>)
    - Abruzzi
    - Basilicata
    - Calabria
    - Campania
    - Molise
    - Apulia
    - Sardinia
    - Sicily
  - Ireland
  - Northern Ireland
  - Greenland
  - French overseas department (DOM)
- Secondly, the region of each Member State (Luxembourg excepted) to have received most in the form of Fund aid in proportion to its population over the 1975-80 years. However, to limit duplication, if a previous report has analysed the region in question, it will be replaced where feasible by the region in second place. The following are therefore selected:
  - Brittany
  - South Limburg
  - Flanders
  - Wales
  - Heide-Elbufer (Lower Saxony)

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<sup>24</sup> Supplement 2/77-EC Bulletin

<sup>25</sup> The Mezzogiorno includes southern Italy and the Islands; regions are excluded, which are only partly included in the Mezzogiorno: Latium, Marche, Tuscany.

75. Each region is analysed as follows:

- an indication is given of the size of national aids (<sup>26</sup>) and of Community aids (<sup>27</sup>) in their entirety over recent years.
- a summary analysis is made of Regional Fund activity in 1980.

The Commission does not possess for all regions full, exact and comparable data on aids from national authorities (<sup>28</sup>). The figures shown are therefore only approximate estimates. The contributions of the Regional Fund and other Community financial instruments may nevertheless be assessed in relation to these size categories.

The Mezzogiorno analysis includes a section on this major region as a whole, followed by sections on each administrative region within the Mezzogiorno. For the other countries concerned, there is only one section per region.

76. The following table summarises, for the regions considered, the aid provided from the Regional Fund and certain social and economic indicators. As shown in point 72, the total amounts of Fund assistance in all eligible regions appear in Table 5 of the Annex.

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<sup>26</sup> The volume of expenditure incurred by national authorities has been converted into EUA at the average rate for each year considered. It must be stressed that the consequential figures are only size categories. Nevertheless they enable assessment, for each region, of the importance of Regional Fund aids.

<sup>27</sup> EAGGF : Guidance Section measures according to Regulations 17/64/EEC and 335/77/EEC.

EIB : Individual loans (additionally credits issued from global loans) granted according to Article 130(a) of the EEC Treaty; (for additional details see the annual reports of the EIB).

ECSC : Loans according to Articles 54 and 56 of the ECSC Treaty.

<sup>28</sup> Point 33 of this report.

Table 10  
Fund Assistance, 1975-1980 and main  
social and economic indicators

	Assistance 1975-1980		Social and economic indicators				
	Total MEUA	/head pop EUA	Pop. 1980 1000 pop. Km2		Unempl. index 1979(3)	GDP/head Index 1977(4) purch.power party	
			(1)	(2)		EUA	
ABRUZZI	86.97	70.65	1,231	114	143.9	49.2	62.3
BASILICATA	33.73	54.58	619	62	243.9	46.4	58.8
CALABRIA	126.35	61.25	2,063	137	312.2	34.6	43.8
CAMPANIA	314.43 (5)	58.23	5,400	397	268.3	40.4	51.2
MOLISE	22.79	68.64	332	75	122.6	41.6	52.8
APULIA	162.12	41.86	3,873	200	165.9	42.8	54.2
SARDINIA	106.80 (5)	67.25	1,588	66	239.0	48.1	61.0
SICILY	211.89	42.78	4,953	193	156.1	39.3	49.8
IRELAND	230.59 (5)	69.64	3,311	47	192.7	46.5	59.5
N. IRELAND	131.55	85.48	1,539	109	170.7	52.1	66.6
GREENLAND	37.68 (5)	753.60	50	0.1	~200.0	~60.0	-
DOM	54.48	45.40	1,200	12	~488.0	~45.0	-
BRITTANY HEIDE	123.58	46.94	2,633	97	107.3	82.3	79.4
ELBUFER	13.00	14.33	907	102	~124.0	~118.0	101.0
WALES	149.88	54.15	2,768	133	114.6	60.7	77.7
S.LIMBURG	23.34	21.96	1,063	481	136.6	102.3	87.1
FLANDRES	25.26	5.40	4,675	389	165.9	131.0	110.2
AVERAGE (6)		50.81		170	100	100	100

- (1) Source: Periodical report : Table Annex 2.4  
(2) Source: Periodical report : Table Annex 2.6  
(3) Source: Periodical report : Table Annex 3.1  
(4) Source: Periodical report : Table 4.1  
(5) Including contribution to studies (see point 54 of this report)  
(6) Greenland and DOM excluded

## MEZZOGIORNO (29)

77. It is not possible to obtain an exact indication of public expenditure amounts in the Mezzogiorno. However, one may estimate very approximately that the volume of capital expenditure for certain public administrations (30) from 1974-1979 is some 19,691 MEUA of which 7,803 MEUA are for aids by the Cassa per il Mezzogiorno. Community aids in the Mezzogiorno over 6 years of Regional Fund activity (1975-80) must be assessed in relation to these size categories.

### Grants

• Regional Fund	1364.0 MEUA
• Guidance Section- Agricultural Fund	211.9 MEUA
• European Social Fund	468.0 MEUA (31)

### Loans

• European Investment Bank	2928.2 MEUA
• New Community Instrument	106.3 MEUA
• ECSC	284.2 MEUA

### Regional Fund activity in 1980

78. Regional Fund assistance throughout the Mezzogiorno in 1980 was 476.94 MEUA; 31.49 MEUA of this total went to three regions (Latium, Marche, Toscana), which are only partly included in the Mezzogiorno and which do not therefore appear in the more detailed analyses which follow (32). Some two thirds of aids to Italy concern projects achieved and financed by the Cassa per il Mezzogiorno, the central organisation responsible for Mezzogiorno development. The other third consists of projects conceived, carried out and financed by regional and provincial authorities or by other public organisations of local character, thereby achieving real complementary character of a kind that does not always appear at national level. This form of aid, almost inexistant until 1977, has developed considerably in the last three years due to promotional activity by Commission departments with local authorities of the country.

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29 Point 74, footnote 25 of this report.

30 Cassa per il Mezzogiorno: all expenditure save that which cannot be regionalised e.g. interest rebates; regions: committed costs in budget estimates.

31 1978-80 figures

32 It should be noted that the only region to benefit from Fund aid in 1980 outside the Mezzogiorno was Friuli-Venezia Giulia (see table 5 in annex).

## ABRUZZI

79. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 1,339 MEUA. 650 MEUA of this amount are aids by the Cassa per il Mezzogiorno.

Community aids over the six years of Regional Fund activity (1975-1980) must be assessed in relation to these size categories:

### Grants

- |                                      |                             |
|--------------------------------------|-----------------------------|
| • Regional Fund                      | 87.0 MEUA ( <sup>33</sup> ) |
| • Guidance Section-Agricultural Fund | 18.8 MEUA                   |

### Loans

- |                            |                              |
|----------------------------|------------------------------|
| • European Investment Bank | 244.8 MEUA ( <sup>34</sup> ) |
|----------------------------|------------------------------|

### Regional Fund activity in 1980

80. In 1980, Regional Fund aids to the Abruzzi were 8.6 % of total aids to Italy. Total contributions made to 92 projects were 42.76 MEUA of which 33.74 MEUA (78.9 %) were for industrial activities and 9.02 MEUA (21.1 %) were for infrastructure projects.

### Industrial and service activities

81. A project of more than 10 MEUA was assisted to create a factory to manufacture light utility motor vehicles in Chieti province. The investments cost was 188.24 MEUA and the aid granted was 27.40 MEUA. This investment should create some 3,000 jobs. Moreover, 47 projects of less than 10 MEUA were assisted for a total investment of 34.65 MEUA and should create some 1,200 jobs. For investment volume the engineering and engineering parts sector was in the lead followed metal manufactures and processing of non metallic minerals.

### Infrastructure projects

82. A project of more than 10 MEUA was assisted on planning the Atessa industrial estate in Chieti province. The aid granted was 4.36 MEUA and the investment concerned was 14.94 MEUA. In addition, the Fund aided 44 projects of less than 10 MEUA for a total investment of 17.50 MEUA and a total Fund contribution of 9.02 MEUA. These projects were concerned essentially with water supply, railway infrastructure and drainage.

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<sup>33</sup> This amount does not include aids granted to multiregional projects also of interest to the Abruzzi (see table 5 in annex).

<sup>34</sup> Individual loans : 211.5 MEUA : assignments on global loans : 33.3 MEUA

## BASILICATA

83. For the years 1974-1975, capital expenditure of Italian public authorities can be estimated very approximately at 1,320 MEUA. Of this amount, 613 MEUA were aids from the Cassa per il Mezzogiorno. Community aids over the six years of Regional Fund activity (1975-1980) must be assessed in relation to these size categories.

### Grants

- Regional Fund 34.0 MEUA <sup>(35)</sup>
- Guidance Section-Agricultural Fund 20.8 MEUA

### Loans

- European Investment Bank 110.0 MEUA <sup>(36)</sup>

### Regional Fund activity in 1980

84. In 1980, Regional Fund aids to Basilicata were 2.6 % of total aids to Italy. Total contributions made to 209 investment projects in infrastructure were 12.75 MEUA of which 74.5 % were for projects carried out by regional or local authorities. The 209 projects were of less than 10 MEUA for a total investment of 42.96 MEUA. For investment volume, water supply mains were in the lead followed by road and service infrastructure for the civil population (general infrastructure).

## CALABRIA

85. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 2,014 MEUA. 983 MEUA of this amount are aids by the Cassa per il Mezzogiorno. Community aids over the six years of Regional Fund activity (1975-80) must be assessed in relation to these size categories.

### Grants

- Regional Fund 126.0 MEUA <sup>(37)</sup>
- Guidance Section- Agricultural Fund 20.8 MEUA

### Loans

- European Investment Bank 185.0 MEUA <sup>(38)</sup>

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<sup>35</sup> This amount does not include aids granted to multiregional projects also of interest to Basilicata (see table 5 in annex).

<sup>36</sup> Individual loans : 104.1 MEUA, assignment on global loans 5.9 MEUA.

<sup>37</sup> This amount does not include aids granted to multiregional projects also of interest to Calabria (see table 5 in annex).

<sup>38</sup> Individual loans : 176.8 MEUA : assignments on global loans 10.2 MEUA.

Regional Fund activity in 1980

86. In 1980, Regional Fund aids to Calabria were 13.9 % of total Fund aids to Italy. Total contributions made to 345 investment projects were 69.07 MEUA, of which 34.7 1/2 were for projects carried out by regional or local authorities. Three projects were assisted of more than 10 MEUA. They are involved with constructing three dams and reservoirs in the provinces of Catanzaro, Cosenza and Reggio Calabria. Aids granted were 43.90 MEUA for investments of 110.42 MEUA. 342 projects of less than 10 MEUA represent a total investment of 84.86 MEUA have also received Fund aid of 25.17 MEUA. For investment volume, road infrastructure projects are in the lead followed by water supply and service infrastructure for the civil population.

**CAMPANIA**

87. During the years 1974-79, capital expenditure of Italian public authorities can be estimated very approximately at 3,097 MEUA. 1499 MEUA of this amount are aids by the Cassa per il Mezzogiorno. Community aids over the six years of Regional Fund activity (1975-1980) must be assessed in relation to these size categories:

Grants

- |                                      |            |
|--------------------------------------|------------|
| • Regional Fund                      | 313.0 MEUA |
| • Guidance Section-Agricultural Fund | 17.4 MEUA  |

Loans

- |                            |                 |
|----------------------------|-----------------|
| • European Investment Bank | 391.6 MEUA (39) |
|----------------------------|-----------------|

Regional Fund activity

88. In 1980, Regional Fund aids were 22 % of total Fund aids to Italy. Total grants to 291 projects were 105.97 MEUA of which 7.54 MEUA (7 %) were for industrial activities and 98.43 MEUA (93 %) went to infrastructure projects. 24.6 % of Fund aids went to projects carried out by regional or local authorities. Additionally, the Fund gave assistance to 7 studies closely linked to Fund operations (40); aid here was 4.15 MEUA. Campania was the Italian region, which benefitted most in 1980 from Fund assistance. It should be stressed in the connection that the Campania region receives, through the Naples integrated operation (41), special and converging aids from the ERDF and other Community financial instruments.

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39 Individual loans 343.8 MEUA : assignments on global loans 47.8 MEUA.

40 Point 54 of this report.

41 Point 67 of this report.



### Industrial and service activities

89. 35 projects of less than 10 MEUA were assisted, representing a total investment of 40.19 MEUA and should create some 1,400 jobs. For investment volume, the electrical and electronic sector was in the lead followed by the sector for processing non metallic minerals and metal manufactures.

### Infrastructure

90. Six projects of more than 10 MEUA were assisted for an investment of 376.63 MEUA with an aid contribution of 63.57 from the Fund. They concerned a dam and reservoir project on the river Tamaro in the province of Benevento, building a section of a road link at Naples, establishing a purification plant at Punta Gradella in Naples, road works included in the Special Project for the metropolitan area of Naples, basic urban public works for the new Napolitan town centre and building the western Campania aqueduct.

250 projects of less than 10 MEUA also received Fund aid of 34.86 MEUA. Total investment cost was 109.44 MEUA. For investment volume, drainage was in the lead, followed by water supply and port installation.

### **MOLISE**

91. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 349 MEUA. 120 MEUA of this amount were aids by the Cassa per il Mezzogiorno. Community aids over the six years of Regional Fund activity must be assessed in relation to these size categories : 1975-1980.

### Grants

- Regional Fund 23.0 MEUA
- Guidance Section-Agricultural Fund 1.8 MEUA

### Loans

- European Investment 71.4 MEUA (<sup>42</sup>)

### Regional Fund activity in 1980

92. In 1980, Regional Fund aids to Molise were 0.8 % of total Fund aids to Italy. Total contributions made to 7 infrastructure projects were 3.81 MEUA.

No project of more than 10 MEUA was assisted in 1980. The 7 projects for less than 10 MEUA involve a total investment of 12.45 MEUA. For investment volume, the projects involve mainly service infrastructure for the civil population and for drainage.

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<sup>42</sup> Individual loans : 66.9 MEUA ; assignments on global loans 4.5 MEUA

## APULIA

93. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 2,996 MEUA. 1,541 MEUA of this amount were aids by the Cassa per il Mezzogiorno. Community aids over the six years of Regional Fund activity (1975-1980) must be assessed in relation of these size categories:

### Grants

- Regional Fund aid 162.0 MEUA (<sup>43</sup>)
- Guidance Section- Agricultural Fund 23.7 MEUA

### Loans

- European Investment Bank 801.4 MEUA (<sup>44</sup>)
- New Community Instrument 52.1 MEUA
- ECSC 261.0 MEUA

### Regional Fund activity in 1980

94. In 1980, Regional Fund aids to Apulia were 6.8 % of total Fund aids to Italy. Total contributions to 80 projects were 33.53 MEUA of which 8.62 MEUA (25.7 %) were for industrial activities and 24.90 MEUA (74.3 %) for infrastructure. 21 % of Fund aids went to projects carried out by regional or local authorities.

### Industrial and service activities

A project of more than 10 MEUA was assisted, which is to extend a factory manufacturing injection equipment for motor vehicles in Bari province. The volume of investment was 27.60 MEUA and the aid granted was 3.86 MEUA. This investment should create some 200 jobs. Additionally, 19 projects of less than 10 MEUA were assisted for a total investment of 24.36 MEUA and designed to create some 700 jobs. For volume of investment, the sector for the manufacture of metal goods is in the lead followed by processing of non metallic minerals and the manufacture of rolling stock.

### Infrastructure

95. A project of more than 10 MEUA was assisted to complete water supply and distribution works in the province of Foggia. Aid granted was 11.38 MEUA for an investment of 28.45 MEUA. These works fall within the framework of the Special Project of the Cassa per il Mezzogiorno for the use between sectors of the water supply of the Apulia and Basilicata regions. In addition, the Fund assisted 59 projects of less than 10 MEUA for a total investment of 45.08 MEUA with an aid contribution of 13.53 MEUA. These projects are concerned essentially with road infrastructure, drainage and service infrastructure for the civil population.

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<sup>43</sup> This amount does not include aids granted to multiregional projects also of interest to Apulia (see table 5 in annex).

<sup>44</sup> Individual loans : 774.2 MEUA : assignments on global loans 27.2 MEUA

## SARDINIA

96. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 1,727 MEUA. 989 MEUA of this amount are aids by the Cassa per il Mezzogiorno. Community aids over the six years (1975-1980) of Regional Fund activity must be assessed in relation to these size categories:

### Grants

- Regional Fund 107.0 MEUA
- Guidance Section - Agricultural Fund 14.3 MEUA

### Loans

- European Investment Bank 264.2 MEUA (<sup>45</sup>)

### Regional Fund activity in 1980

97. In 1980, Regional Fund aids to Sardinia were 4.8 % of total Fund aids to Italy. Total contributions made to 158 investment projects in infrastructure were 21.62 MEUA, of which 21 % were for projects carried out by regional or local-authorities. In addition, the Fund assisted 6 studies financially closely linked with Fund operations (<sup>46</sup>); the aid in question was 2.00 MEUA. No project of more than 10 MEUA was assisted in 1980. 138 projects of less than 10 MEUA received total Fund aid of 21.21 MEUA for a total investment of 73.08 MEUA. For investment volume, road infrastructure was in the lead followed by port installation works, service infrastructure for the civil population and water supply. In addition, the Fund aided 20 public projects in less favoured agricultural areas (<sup>47</sup>) to the tune of 410,000 MEUA. These projects were essentially for rural electricity supply.

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<sup>45</sup> Individual loans 244.5 : assignments on global loans 19.7 MEUA.

<sup>46</sup> Point 54 of this report.

<sup>47</sup> Within the meaning of Directive 75.268 (EEC). (Article 4.1.c. of the fund Regulation) It should be noted that the figure (20 projects) above mentioned at point 97 underestimates the number of projects in mountain areas assisted by the Fund since some projects in these areas were aided by way of decisions according to Article 4.1.b. The same applies to certain other Mezzogiorno regions.

## SICILY

98. During the years 1974-1979, capital expenditure of Italian public authorities can be estimated very approximately at 6,126 MEUA. 1,339 MEUA of this amount were aids by the Cassa per il Mezzogiorno. Community aids over the six years 1975-80 of Regional Fund activity must be assessed in relation to these size categories.

### Grants

- Regional fund 211.0 MEUA
- Guidance Section- Agricultural Fund 27.9 MEUA

### Loans

- European Investment Bank 502.9 MEUA (<sup>48</sup>)
- New Community Instrument 54.2 MEUA (<sup>49</sup>)
- ECSC 6.5 MEUA

### Regional Fund activity in 1980

99. In 1980, Regional Fund aids on behalf of 78 projects in Sicily were 14.3 % of total Fund aids to Italy. Total contributions were 70.85 MEUA of which 4.46 MEUA (6.3 %) were for industrial activities and 66.39 MEUA (93.7 %) for infrastructure. 77 % of Fund assistance went to projects carried out by regional or local authorities.

### Industrial and service activities

100. Only 17 projects of less than 10 MEUA were assisted for a total investment of 22.76 MEUA creating some 600 jobs. For investment volume, projects in the metal production and production sector were in the lead followed by the sectors for processing of non metallic minerals and food products.

### Infrastructure projects

101. Three projects of more than 10 MEUA were assisted for an investment of 168.14 MEUA for which the aid contribution was 45.90 MEUA. They concerned construction of dams and reservoirs on the S. Leonardo and Irminio rivers, respectively in the provinces of Palermo and Ragusa, road infrastructure and energy conveyance for several provinces and localities, falling within development plans for rural roads and rural electricity.

In addition, Fund aids went to 58 projects of less than 10 MEUA amounting to 20.49 MEUA. For investment volume, water supply was in the lead followed by tourism facilities and service infrastructure for the civil population.

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<sup>48</sup> Individual loans 474.1 MEUA : assignments on global loans 28.8 MEUA.

<sup>49</sup> Including a loan of 41.7 MEUA also of interest to Calabria for constructing the Italy/Algeria gas pipe line.

## MULTIREGIONAL PROJECTS IN ITALY

102. Two investment projects in infrastructure of more than 10 MEUA concerning 2 or more Mezzogiorno regions were aided by the Regional Fund in 1980.

One decision to aid concerned the second phase financing of a very major project designed as a whole to install a natural gas pipe line to import natural gas into Italy from Algeria; this included the work needed for use of the gas in Mezzogiorno regions and the link with the distribution system in the North of Italy with the main import pipeline. Total investment is 3,189.09 MEUA and the Fund contribution in 1980 was 66.93 MEUA. This project was the subject of a first Fund decision in 1979 for 43.86 MEUA.

The other major infrastructure project assisted concerned the Apulia and Basilicata regions and was to construct the first section from S. Venere at the Locone reservoir of a watersupply main to the coast at Bari. Total investment was 23.54 MEUA and the Fund contribution was 9.42 MEUA.

Additionally, the Fund assisted in financing 4 projects of less than 10 MEUA for a total investment of 6.5 MEUA. The contribution was 2.59 MEUA. These projects were for water supply works falling within the Velino water plan of service to the mountain areas of Latium and the Abruzzi.

## IRELAND

103. During the years 1975-1979, the expenditure on aid to industry by the Irish authorities was some 900 MEUA in the form of grants. Moreover, public investments in infrastructure were 1,298 MEUA. Community aids, which must be assessed in relation to national aids, were as follows over the years 1975-80.

### Grants

• Regional Fund	320.0 MEUA
• Guidance Section-Agricultural Fund	60.5 MEUA
• European Social Fund	182.7 MEUA (50)

### Loans

• European Investment Bank	856.3 MEUA
• New Community Instruments	128.4 MEUA
• ECSC	17.5 MEUA

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<sup>50</sup> 1978-80 figures.

### Regional Fund activity in 1980

104. In 1980, Fund aids on behalf of 35 projects in Ireland were 77.82 MEUA of which 9.91 MEUA (12.7 %) were for industrial activities and 67.91 MEUA (87.3 %) were for infrastructure. The fund also helped to finance a study closely linked to the work of the Fund (<sup>51</sup>) with aid amounting to 740,000 EUA.

#### Industrial and service activities

105. Two projects of more than 10 MEUA were assisted for a total investment of 584.30 MEUA and a Fund grant of 5.63 MEUA. These projects should create some 1,400 jobs. They involve the building of two factories; one to produce aluminium from bauxite in the Country of Limerick and the other to service aircraft engines at Dublin.

Moreover, 8 projects were assisted of less than 10 MEUA for a total investment of 33.18 MEUA and creating some 2,000 jobs. For investment volume, projects in the electrical and electronic engineering sectors were in the lead followed by manufacturing industry and the motor vehicle sector.

#### Infrastructure projects

106. Fourteen projects of more than 10 MEUA were assisted for an investment of 1,006.33 MEUA with an aid contribution of 66.48 MEUA. The projects were:

- modernising the Dublin suburban railway and electrification of the section Bray-Howth;
- developing the telecommunications network;
- improving national main and secondary road systems and making certain improvements in urban areas;
- drainage works for water supply systems in the Maigne and Boyne catchment areas (2 projects);
- construction water supply mains and drainage in various parts of the country (9 projects).

In addition, 11 projects of less than 10 MEUA have received Fund aid for a total investment of 6.89 MEUA. Fund aid was 1.43 MEUA. These projects concern essentially the construction of advance factories.

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<sup>51</sup> Point 54 of this report.

## NORTHERN IRELAND

107. During the years 1975/6-1978/9, total national aid for industry was 430 MEUA. Public investments in infrastructure assisting economic development- but also the civil population in general, were some 450 MEUA in the two financial years 1978/9 and 1979/80. Community aids over six years of Regional Fund activity 1975-80 must be assessed in relation to these size categories:

### Grants

• Regional Fund	132.0 MEUA
• Guidance Section-Agricultural Fund	20.0 MEUA
• European Social Fund	107.1 MEUA ( <sup>52</sup> )

### Loans

• European Investment Bank	187.8 MEUA ( <sup>53</sup> )
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### Regional Fund activities in 1980

108. In 1980, Regional Fund aids to Northern Ireland were 12.20 % of total Fund aid to the United Kingdom. Total aids to 25 projects were 29.61 MEUA, of which 11.42 MEUA (38.6 %) were for industrial activities and 18.19 MEUA (61.4 %) were for infrastructure projects.

### Industrial and service activities

109. A project of more than 10 MEUA was assisted for extending a factory producing motor vehicle spare parts at Belfast. Investment was 32.41 MEUA and aid granted was 6.48 MEUA. This invest should create some 800 jobs. In addition, 13 projects were assisted of less than 10 MEUA for a total investment of 24.75 MEUA and creating nearly 1,300 jobs. For investment volume, the engineering and engineering material sector was in the lead followed by the paper and manufacturing industry.

### Infrastructure projects

110. A project of more than 10 MEUA was assisted for building a bridge over the river Foyle at Londonderry. The contribution granted was 9.71 MEUA for an investment of 24.28 MEUA. In addition, the Fund aided 10 projects of less than 10 MEUA for a total investment of 28.50 MEUA with an aid contribution of 8.48 MEUA. These projects were essentially for port installation and road infrastructure.

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<sup>52</sup> 1978-80 figures

<sup>53</sup> Individual loans 187.1 MEUA : assignment of global loans : 0.7 MEUA.

## GREENLAND

111. Public investments carried out by the Greenland Ministry in the sectors of housing, electricity, transport and communications were some 245 MEUA during the years 1975-1979. Community aids over the six years of Regional Fund activity 1975-1980 must be assessed in relation to these size categories.

### Grants

- |                                      |                             |
|--------------------------------------|-----------------------------|
| • Regional Fund                      | 37.0 MEUA                   |
| • Guidance Section-Agricultural Fund | 1.6 MEUA                    |
| • European Social Fund               | 15.1 MEUA ( <sup>54</sup> ) |

### Loans

- |                            |           |
|----------------------------|-----------|
| • European Investment Bank | 33.3 MEUA |
|----------------------------|-----------|

### Regional Fund activity in 1980

112. In 1980, Fund aids for Greenland were 64,3 % of total Fund assistance for Denmark. Total contributions made to 64 projects were 7.82 MEUA all of which, as in previous years, were for infrastructure.

In addition, the Fund assisted in financing a study closely linked to Fund operations (<sup>55</sup>) to the tune of 0.58 MEUA.

A project of more than 10 MEUA was assisted for building an electrical power station with heat storage use potential. Aid granted was 2.81 MEUA for investment of 10.27 MEUA. In addition, the Fund assisted 63 projects of less than 10 MEUA for a total investment of 15.23 MEUA. These projects were concerned essentially with airport installation, energy conveyance infrastructure and port installation.

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<sup>54</sup> 1978-80 figures.

<sup>55</sup> Point 54 of this report.



## FRENCH OVERSEAS DEPARTMENTS (DOM)

113. The following figures, although very incomplete, give an indication of the size of aid by the French authorities for economic development of these four departments:

- special tax exemptions for productive investments (1976-77) : 17.3 MEUA
- equipment grants (1975-78) : 19.3 MEUA
- infrastructure investments (1974-76) : 30.7 MEUA

Community aids for the six years of Regional Fund activity (EUA million) were :

### Grants

	Guadeloupe	Martinique	Réunion	Guyane	Total
- Regional Fund	16.48	16.49	12.97	8.54	54.48
- Guidance section EAGGF	0.65	6.34	2.20	0.75	9.94
- European Development Fund	0.56	0.51	0.70	0.47	2.24
- European Social Fund					72.1 <sup>(56)</sup>

### Loans

- European Investment Bank	0.70	-	-	0.50	1.20 <sup>(57)</sup>
- European Development Fund	1.40	1.53	2.25	0.01	5.19

### Regional Fund activity in 1980

114. In 1980 Regional Fund aids for the overseas departments were 15.7 % of total Fund aids to France. Total aids to 61 investment projects in infrastructure were 31.27 MEUA. Aids granted were divided between 0.59 MEUA for Guadeloupe, 4.93 MEUA for Guyane, 9.13 MEUA for Martinique and 7.62 MEUA for Reunion.

Four projects of more than 10 MEUA were assisted with aids of 10.11 MEUA for an investment of 25.26 MEUA. Two of these projects are for telephone equipment, two other for port installation. In addition, 57 projects of less than 10 MEUA for a global investment of 53.60 MEUA also received Fund aid of 21.16 MEUA. For investment volume, telecommunications are in the lead followed by road infrastructure and port installation.

<sup>56</sup> 1978 - 1980 figures.

<sup>57</sup> Loans granted from the resources of the European Development Fund. Pursuant to a decisions of its Board of Governors of 18 March 1980, the EIB may now aid the DOM on the same conditions as for other French departments.

## BRITTANY

115. During the years 1975-1979, national aids for regional development of Brittany were 62.60 MEUA. The State contribution to regional programme priority measures according to the VIIth Plan (P.A.P.I.R.) were 45.89 MEUA during the years 1976-1980.

Community aids for the six years of Regional Fund activity must be assessed in relation of these size categories:

### Grants

- Regional Fund 124.0 MEUA
- Guidance Section-Agricultural Fund 24.0 MEUA

### Loans

- European Investment Bank 67.1 MEUA (<sup>50</sup>)

### Regional Fund activity in 1980

116. In 1980, Fund aids to Brittany were 18.8 % of total Fund aids to France. Total aids to 25 projects were 37.46 MEUA, of which 2.93 MEUA (7.8 %) were for industrial activities and 34.53 MEUA (92.2 %) were for infrastructure.

### Industrial and service activities

117. Only projects of less than 10 MEUA, 23 in number, for a total investment of 36.45 MEUA, were assisted. These should create some 1,700 jobs. For investment volume, the food sector was in the lead followed by metal work and chemicals.

### Infrastructure projects

118. The fund assisted two projects of more than 10 MEUA for an investment of 115.11 MEUA. These were substantial investments in roads (Breton Plan) and telecommunications.

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<sup>50</sup> Individual loans 45.8 MEUA : assignments on global loans : 21.3 MEUA.

## SOUTH LIMBURG (59)

119. National authorities expenditure for the South Limburg region for the years 1975-1979 was 76.24 MEUA for investment grants and some 24 MEUA for improving infrastructure. Community aids during the years 1975-1980 of Regional Fund activity must be assessed in relation to the size category:

### Grants

- Regional Fund 24.0 MEUA
- Guidance Section-Agricultural Fund 3.2 MEUA

### Regional Fund Activity in 1980

120. In 1980, Fund aids to South Limburg were 26.1 % of total Fund aids to the Netherlands. Total grants (aids) were for 3 investment projects in infrastructure of 5.89 MEUA for a total investment of 19.64 MEUA.

A project of more than 10 MEUA was assisted for building a bridge over the Meuse at Maastricht (first section). The aid was 4.49 MEUA and the investment 14.98 MEUA. The two projects of less than 10 MEUA to receive Fund aid were for road infrastructure.

## FLANDERS

121. Only certain areas of Flanders are eligible for regional aids. During the years 1975-1979, these areas received 314.7 MEUA of aids to industrial investments according to Belgian Laws on economic growth. In addition, public investments for planning industrial sites were 108 MEUA between 1975-1979. It is not possible to calculate the proportion of other public investments in infrastructure related to economic development, but it may be mentioned, however, that during the years 1977-1979, investments in transport infrastructure alone for the two areas of Flanders as a whole were some 1,900 million EUA. Community aid to Flanders for 1975-1980 must be assessed in relation to these size categories:

### Grants

- Regional Fund 25.0 MEUA
- Guidance Section-Agricultural Fund 18.7 MEUA
- European Social Fund 182.7 MEUA

### Loans

- European Investment Bank 18.7 MEUA (60)
- ECSC 58.9 MEUA

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59 The restructuring region of South Limburg (Herstructureringsgebied Zuid-Limburg) covers the southern part of the Netherlands province of Limburg.

60 Individual loans : 2.5 MEUA : assignments on global loans : 16.2 MEUA

### Regional Fund activity in 1980

122. In 1980, Regional Fund aids to Flanders were 75.4 % of total Fund aids to Belgium. Total aids to 54 projects were 8.96 MEUA, of which 6.78 MEUA (75.7 %) went to industrial activities and 2.18 MEUA (24.3 %) to infrastructure projects.

### Industrial and service activities

123. Two projects were assisted of more than 10 MEUA for a total investment of 34.12 MEUA and receiving an aid of 2.00 MEUA. These projects should create some 100 jobs. They are to create a petrochemical factory and a chemical products factory in the Hasselt region. In addition, 19 projects of less than 10 MEUA were assisted for a total investment of 56.39 MEUA and creating some 800 jobs. For investment volume, the sector of electrical and electronic engineering was in the lead followed by motor vehicles, rubber and plastics.

### Infrastructure projects

124. Only 33 projects of less than 10 MEUA were assisted for a total investment of 9.03 MEUA. These projects are essentially for planning industrial estates, drainage and water supply.

## WALES

125. During the years 1975/76-1978/79, total national aids to industry were some 440 MEUA. Public investments in infrastructure for economic development (but also for the public in general) were some 950 MEUA over the two financial years 1978/79 and 1979/80. Community aids for the six years of Regional Fund activity (1975-1980) must be assessed in relation to these size categories.

### Grants

- Regional Fund 150.0 MEUA
- Guidance Section-Agricultural Fund 3.6 MEUA

### Loans

- European Investment Bank 280.2 MEUA (<sup>61</sup>)
- New Community Instruments 79.4 MEUA

### Regional Fund activity in 1980

126. In 1980, Fund aids to Wales were 27.5 % of total Fund aid to the United Kingdom. Total aids to 104 projects were 66.4 MEUA of which 38.95 MEUA (58.4 %) were for industrial activities and 27.69 MEUA (41.6 %) for infrastructure.

### Industrial and service activities

127. The Fund assisted two projects of more than 10 MEUA for a total investment of 87.70 MEUA and creating some 250 jobs. The aid granted was 6.60 MEUA; the projects are to restructure a rolling mill to increase its output and to create a canning factory. In addition, the Fund assisted a major industrial project in the motor industry of interest to Wales and the North East. The relevant decision was adopted in 1979 for a total amount of 92.44 MEUA, of which 46.22 MEUA were to be allocated in 1980. 33.35 MEUA went to that part of the project of interest to Wales and 13.87 MEUA to the part of the project of interest to the North West.

### Infrastructure projects

128. The Fund assisted two projects of more than 10 MEUA for road works and for an investment of 46.33 MEUA. Aid granted was 3.52 MEUA. In addition, 99 projects of less than 10 MEUA were also assisted for a total investment of 119.93 MEUA. These projects concern essentially road infrastructure, advance factories and planning of industrial estates.

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<sup>61</sup> Individual loans 265.9 MEUA ; assignments on global loans : 14.3 MEUA.

## HEIDE-ELBUFER

129. For the year 1975-1980, expenditure by the German Federal authorities on this programme region was, as planned in the regional development programmes for the same period, 158,75 MEUA of which 93.56 MEUA was for aid to productive investment and 65.19 MEUA for improving infrastructure. Community aid for this region during the six years of Regional Fund activity must be assessed in relation to these size categories:

### Grants

- Regional fund 13.0 MEUA

### Regional Fund activities in 1980

130. In 1980, Fund aid to 31 projects located in this programme region was 8.2 % of total Fund aid to Germany. Total aids granted were 5.85 MEUA of which 5.03 MEUA (86.0 %) were for industrial activities and 820,000 EUA (14.0 %) were for infrastructure.

### Industrial and service activities

131. The Fund assisted 2 projects of more than 10 MEUA for a total investment of 33.45 MEUA and with aid granted of 1.98 MEUA. These projects should create some 100 jobs. They involve the extension of two factories: for spare parts for motor vehicles and for conical ball bearings. In addition, 25 projects of less than 10 MEUA were assisted for total investment of 50.63 MEUA and intended to create some 900 jobs. For investment volume, projects in the metal manufacture sector are in the lead followed by rubber, plastic processing and paper.

### Infrastructure

132. The fund assisted 4 projects of less than 10 MEUA. Total investment in these projects was 4.65 MEUA for planning of industrial estates and for drainage.

BUDGET RESOURCES AVAILABLE AND FINANCIAL RESULTS

133. The "quota free" section did not give rise to budgetary operations in 1980 (<sup>62</sup>). This analysis of financial management is therefore only concerned with the "quota section".

Having regard to budget resources available for the financial year 1980, it will be noted firstly that, whereas the entitlement in commitment appropriations adopted by the budget authority is 1,106.750 MEUA, total credits finally available were 1,169.641 MEUA. This difference is partly due to adjustment and adaptation during the year occasioned by payment operations of Fund aids. These operations are shown in points 134 and 135 following.

As to the Fund entitlement in payment appropriations, this was fixed by the budget authority at 392.375 MEUA to which 323.043 MEUA were added, brought forward from the 1979 financial year to that of 1980 thereby bringing total payment appropriations initially available at the beginning of the 1980 financial year to 715.418 MEUA. At the end of 1980, an unused amount of 16 MEUA from the "quota free" section, already carried forward from 1979 to 1980, was also added. The use of payment appropriations is indicated in paragraphs 137 to 140 following.

Table 6 in annex gives an outline of the budget situation at the end of the 1980 financial year.

134. The analysis of Fund aids shown in Chapter III has indicated that, in 1980, commitment appropriations to the tune of 1,137.785 MEUA were absorbed and that a balance unused of 31.885 MEUA remained in relation to the commitment appropriations available for 1981, namely 1,169.641 MEUA. Now, available credits were 62.891 MEUA in excess of the annual budget entitlement, namely 1,106.75 MEUA. If this difference is partly explained by the carry forward of 3.221 MEUA of credits from 1979 and by the transfer, at the end of the 1980 financial year of 45 MEUA unused from the "quota free" section, it should be observed here that adjustments for exchange rate variations and withdrawal operations carried out during the financial year affect the amount of commitment appropriations. Adjustments for exchange rate variation, which are inherent in the

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<sup>62</sup> Point 12 of this report.

European monetary system, may have an effect in certain circumstances of affecting payments pursuant to Article 9(6) of the Fund Regulation will on by altering the credits available.

In this way, adjustments for exchange rate variations, in 1980 led, globally considered, to a fall in credits of 10.803 MEUA. This fall is nevertheless only apparent because in real terms each Member State receives the exact equivalent of its quota.

Withdrawal operations are carried out when the information given by Member States to the Commission particularly with payments requests or facts ascertained when controls take place on the spot show that a project has not been carried out or that its implementation only merits part of the Fund aid. These operations led in 1980 to increase in available commitment appropriations of some 25.473 MEUA on the understanding that the proportion thus recovered was available for the grant of aids to other investments in one of the eligible regions of the same Member State from whom the aid had been recovered.

Table 11 following shows how far adjustments for exchange rate variations and withdrawal operations, occurring during the financial year 1980, have affected the respective quotas of Member States.

Table 11  
Operations affecting budget availability

	Balances	Credits 1980 (1)	Withdrawals 80 from commitm. 1975-79	Adjustments 80 rates on comm. 1975-79	Total avail. 1980	Credits absorb. in 1980	Balances end 1980
B	5.515	16.009	+ 0,060	+ 0,324	21.909	11,632	10,277
DK	1.675	13.821	+ 0.022	+ 0,254	15,771	11,957	3.814
D	0,059	69,105	+ 2,321	+ 2,026	75,511	69,023	4,487
F	8.334	194,185	+ 0,041	+ 3,883	206,444	194,793	11,650
IRL	- 0,605	74,403	+ 2,444	+ 0,941	77,183	76,942	0,241
I	-11,909	453,674	+ 13,801	+ 18,535	474,101	473,867	0,234
L	0,030	1,037	-	+ 0,015	1,082	0,485	0,596
NL	3,971	18,198	-	+ 0,182	22,350	22,260	0,090
UK	- 3,848	311,318	+ 6,785	- 36,964	277,291	276,825	0,465
CE	3,221	1,151,750	+ 25,473	- 10,803	1169,641	1137,785	31,855 (1)

(1) Includes 45 MEUA transferred from quota free.



135. The available balances shown in the last column of the Table above and totalling 31,855 MEUA will be added to the respective quotas of Member States in 1981. It should be stressed that this amount, which is in fact the balance of the two initial three year periods of the existence of the Fund, is small when compared with the volume of Commitments made between 1975-1980 and which are more than 3,500 MEUA. It may be stated, also, that the available credits would have been insufficient if 1980 had not been the last financial year of the second three year period of Fund activity.

Indeed, according to the declarations made by the Council at the first revision of the Fund Regulation on the application of the quotas, it was necessary, at the end of 1980, to limit commitments to Italy, Ireland and the United Kingdom to the amount of their three year quota. The commitments for these three Member States, which had therefore to be contracted at start of 1981 and thereafter included in the budget credits for 1981 (<sup>63</sup>) had the effect of reducing the budget credits for 1981 (1,463 MEUA) by 256.27 MEUA (<sup>64</sup>); the credits actually available for new commitments in 1981 are therefore no more than 1,206.73 MEUA.

136. On payments of contracted commitments, it has been noted that in 1980 and for the first time since the creation of the Fund, payment appropriations initially available i.e. 715.418 MEUA were fully used, the payments made having reached 726.698 MEUA and having therefore exceeded credits initially available by 11.279 MEUA, 16 MEUA, transferred from the "quota free" to the quota section at the end of 1980, had also to be absorbed at least to a large extent, finally leaving a balance of no more than 4.720 MEUA at the end of the 1980 financial year (see table 4).

It should be noted that in fact the requests for payment by Member States were for 747.4 MEUA and therefore slightly exceeded payments actually made, namely 726.698 MEUA. The difference between these two amounts is explained by movements in different directions as a consequence of adjustments in exchange rates and, on the other hand, by adaptations made after investigation to applications for payments.

Table 12 following shows the situation with regard to payments of commitments at the end of the 1980 financial year. Table 7 in annex adds, for each Member State, the detail of payments in 1980 following the financial year during which the corresponding commitments were contracted.

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<sup>63</sup> Point 41 of this report.

<sup>64</sup> At the rate of February 1981.

Table 12  
Payments in 1980

Member State	Commitm. 1975-80 unpaid 1979(1)	Commitm. 1980 (2)	Paym. 1980	Commitm. unpaid 1980	Paym. in % of 75-80
	MEUA	MEUA	MEUA	MEUA	MEUA
Belgium	18.608	11.632	6.585	23.655	53.1
Denmark	11.154	11.957	9.438	13.673	69.4
Germany	59.588	69.023	50.449	78.162	64.2
France	191.784	194.793	99.662	286.915	55.2
Ireland	62.425	76.942	69.552	68.815	67.1
Italy	461.189	473.867	249.080	685.976	47.5
Luxembourg	1.455	0.485	0.992	0.948	71.1
Netherlands	18.346	22.260	7.698	32.908	53.0
U.K.	293.648	276.825	233.242	337.231	65.6
<b>Totals</b>	<b>1,118.196</b>	<b>1,137.785</b>	<b>726.698</b>	<b>1,529.283</b>	<b>56.4</b>

(1) At the end of the 1979 financial year 1979, unpaid 1975-1979 commitments were really 1,132.37 MEUA (Table 9 of the 1979 annual report). This amount has had to be adapted to take account of withdrawal operations (+ 25.473 MEUA) and adjustments for exchange rate variations (- 10.803) in 1980 to 1975-1979 commitments (See Table 11).

(2) Including withdrawal operations (-0.393 MEUA) and adjustments to exchange rate variations (11.539 MEUA) in 1980.

137. Table 12 shows that at 31 December 1980, 56.4 % of total commitments contracted since the start of the Fund has been paid. This ratio between payments and commitments certainly reflects the existing gap between the rhythm of commitments and the rhythm of payment but does not mean thereby that payments have been delayed. In practice, this gap is inherent in the fact that decisions to Fund aid taken by the Commission lead at once to a charge on commitment appropriations available from total grants available whereas payment of commitments i.e. payment of the aid is spread, according to the provisions of the Fund Regulation over several years according to the rate of realisation of the investments assisted and in this context of the level of public expenditure carried out by other Member States.

The percentage of 56.4 is to be compared with that reached at the end of 1979 i.e. 53.2 % and 53.3 % at the end of 1978 (<sup>65</sup>) This rise in the ratio between payments and commitments is general with the exception of Germany and the Netherlands. Four Member States : France with 55.2 %, Belgium with 53.1 %, Netherlands with 53 % and Italy with 47.5 % are below the Community average (see also table 3).

Table 12 also gives the situation by Member State of commitments outstanding at the end of 1980. From 1,118.96 MEUA at the end of 1979, unpaid commitments rose to 1,529.283 MEUA at the end of 1980. This increase is explained by the increase in commitments in 1980 i.e. 1,137.785 MEUA and by the above mentioned gap between the rhythm of commitments and that of payments. The proportion of Italy in total commitments outstanding is clearly the highest. With 685.976 MEUA, it was some 44.85 % of the total (the Italian quota at the end of 1980 was 39.39 %).

138. The distribution of annual payments from the Fund since 1975 is shown in Table 13.

Table 13  
Distribution of annual payments by Member States

Member State	In % of payments made					
	1975	1976	1977	1978	1979	1980
Belgium	0	1,66	0,76	2,34	0,60	0,91
Denmark	1,71	1,51	1,55	0,54	1,78	1,30
Germany	0	3,63	6,69	16,55	8,97	6,94
France	17,79	12,23	12,30	15,95	20,20	13,71
Ireland	7,72	6,80	5,93	8,03	6,41	9,57
Italy	48,86	42,71	40,14	30,81	28,00	34,28
Luxembourg	0,25	0,17	0,03	0,08	0,06	0,14
Netherlands	3,14	2,26	0,75	2,54	1,68	1,06
U.K.	20,05	29,05	31,85	23,16	32,30	32,09
	100	100	100	100	100	100

It should be noted that the constant decline in the annual proportion of Italy ended in 1980 when that country absorbed 34.28 % of payments compared with 28 % only in 1979 and 30.81 % in 1978.

<sup>65</sup> Table 7 in annex gives this comparison by Member State at the end of the financial years 1979 and 1980.

139. Payments actually made in 1980 i.e. 726.698 MEUA exceeding those made in 1979 by 41.5 %; the latter were 513.147 MEUA. Table 14 gives an outline of the use of payment appropriations since the fund was created.

Table 14  
Trend in payment appropriations since 1975

Year	Budget Credits		Payments made		Payment appropriat. carried forward	
	EUA	MEUA	EUA	MEUA	EUA	MEUA
1975	150.00		90.67	74.058	52.93	
1976	300.00		277.33	213.052	82.00	
1977	400.00		372.51	275.699	109.49	83.083 (1)
1978		525.000		254.892		353.191
1979		483.000		513.148		323.043
1980		392.375 +16.000		726.698		0 4.720

(1) Conversion of EUA in MEUA

This table shows that, with the exception of the amount of 16 MEUA, transferred from the section to the quota section at the end of 1980, available budget credits for the quota section i.e. 715.418 MEUA were used up to 101.6 %. The carry forward of 353.191 MEUA from 1978 to 1979, due to the overvaluation of payment appropriations for 1978 and the bottleneck in payment requests in 1978 following special circumstances (<sup>66</sup>), has been entirely absorbed. This absorption has certainly been assisted by an adjustment of budget estimates, but it is essentially the outcome of accelerated rate of payments which started in 1979 and which continued through the 1980 financial year.

140. To assess the impact which the accelerated payments procedure, initiated in 1979, has had on payment results in 1980, it is clearly insufficient to add together all requests for accelerated payments by Member States. Payments must be deducted, which would normally have occurred in the light of the trend of public expenditure in Member States, even if there were no accelerated payments system. In this way the impact of accelerated payments in 1979 was calculated at 150 MEUA maximum (<sup>67</sup>). In 1980 the impact increased to reach some 240 MEUA, which is 33 % of the volume of annual payments made compared with rather less than 33 % in 1979.

<sup>66</sup> Fifth annual report of the Fund, point 133

<sup>67</sup> Fifth annual report of the Fund, point 134.

## CONTROLS

141. The Commission, in the fifth annual report of the ERDF (<sup>68</sup>), stated that it would be shortly find it materially impossible to realise the quantitative aim, which in the early years of the Fund, was to inspect and check a given number of aided projects on the spot so that there would be a cumulative check covering some 10 % of all projects having received Fund assistance in previous years. The achievement of this quantitative aim is hindered by the limited number of officials for the task in relation to the number of projects aided (<sup>68</sup>) while the Commission could not, in any event, sacrifice quality of control to obtaining a purely quantitative result. The aim in 1980 was therefore to cover at least the same number of projects as in 1979. In the present circumstances, the Commission will endeavour to maintain this target while seeking to take more consideration, not so much for the number of projects in question, but for the aid as defined and granted by the ERDF since the use to which this aid is put is the real purpose of the controls (fifth annual report, point 135).
142. In 1980, on the spot checks were made on 202 projects; the percentage of projects controlled in all Member States since the Fund was created which is 841, rose by the end of 1980 by 9.1 % of the number of projects assisted between 1975 and 1979, which were 9.204. At the end of 1979 the corresponding percentage was 10.06 % since at that date 639 projects of 6.348 assisted from 1975 to 1978 had been checked on the spot.

As in 1979, the Board of Auditors took part in four control missions: in Germany, Ireland and the United Kingdom.

The following table 15 shows the distribution of controls made by Member State and by type of investment. It should be noted that there was no control made in 1980 in Denmark, Luxembourg and the Netherlands since the number of projects checked in earlier years was sufficiently high in relation to the number of projects aided between 1975 and 1979. The Commission will endeavour however in the future to include all Member States each year for inspection and checking while understandably taking account of the volume of Fund aid granted to each Member State.

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<sup>68</sup> Fifth annual report of the Fund, point 135.

Table 15  
Table 15 : Number of investment projects controlled  
since the creation of the Fund

Member State	Industry			Infrastructure			Total
	1975-1979	1980	Tot.	1975-1979	1980	Tot.	Tot.
Belgium	3	-	3	11	1	12	15
Denmark	8	-	8	19	-	19	27
Germany	53	10	63	36	8	44	107
France	77	26	103	32	4	36	139
Ireland	14	6	20	25	6	31	51
Italy	55	36	91	89	45	134	225
Luxembourg	-	-	-	2	-	2	2
Netherlands	-	-	-	4	-	4	4
U.K.	62	15	77	149	45	194	271
Totals	272	93	365	367	109	476	841

143. Of 93 industrial projects checked and inspected in 1980 in 1980, 14 referred to investments of more than 10 MEUA, while of 109 investment projects in infrastructure 19 were of more than 10 MEUA.

By way of projects controlled in 1980, the use of a maximum amount of aid of some 140 MEUA was checked in the course of this one financial year. This figure is to be compared with the volume of credits - commitment appropriations - from 1975 to 1979, namely some 2,500 MEUA and the volume of payments made over the same period, namely 1,330 MEUA. Total projects controlled in 1980 were for investments totalling some 1,400 MEUA.

Table 8 in annex shows how controls carried out in 1980 and from 1975 to 1980 were distributed throughout the various Community regions.

144. While endeavouring to weight the purpose recorded in project numbers as was the case in the first years of the operation of the Fund by way of a criterion more linked to the volume of aid granted, the Commission has sought to ensure accurate checking and thereby sound management of the Fund itself.

In this context, systematic measures with regard to so called "sleeping" projects were adopted in 1980; when controls have been carried out on the spot and additional to actual inspection and checking, projects located in the region visited for which payments are behindhand according to schedules planned have been investigated in conjunction with authorities responsible for managing these projects. The purpose of this investigation was to reveal the causes of delay and to accelerate treatment or the closing of accounts either by final payment if the projects are completed or withdrawal of the project if it has failed to materialise. This special regionalised measure is carried out parallel with general

investigation of so called "sleeping" projects carried out periodically by the Commission with Member States but where immediate and positive results have not always proved satisfactory.

In this way, when on the spot controls took place in 1980, 209 sleeping projects were especially investigated, of which 19 have been or will be withdrawn, whereas 42 other projects have in the meantime been subjects of a new application for payment. For 27 of these projects, the payment application was final; 163 projects investigated are still in progress.

145. On assessment of the impact of Fund aids on regions, the Commission has already had occasion to stress <sup>(69)</sup> to complex character of this assessment, which experiences of Member States reveal is not easy of application. As far as possible, the Commission, when undertaking controls on the spot, seeks to confirm, in the light of guidelines supplied by regional development programmes, the real contribution of projects aided by the Fund and it endeavours to describe, through annual Fund reports, the impact of projects on regions. It must inevitably be recognized however that Fund aid is only one factor among others which decide the trend of regions; an effective control of the results of regional measures implied not only the assessment of the degree of achievement in regional development but also an assessment of the economic efficiency of regional measures as a whole at both national and Community level.
146. On the spot controls carried out in 1980 revealed no indication of fraud was revealed i.e. no example of improper financial advantage derived from ERDF aid. However there was one comment with regard to France and several general comments, which are applicable, in varying measure however, to all Member States.
147. While the 1979 financial year was characterised by some progress with regard to on the spot check in France <sup>(70)</sup>, it must be confirmed that in 1980 France continued to refuse authorised Commission officials access for visits to industrial concerns on the spot to carry out effective checks with national officials. Since France is therefore infringing the Treaty, the Commission is seeking actively to end this anomaly which if it continues could be a matter for the Court of Justice. However the Commission, in view of its contacts with the French authorities does not exclude finding a solution to this matter.

In the meantime, the Commission has informed the French authorities that as from the financial year of 1980, outstanding Fund payments will remain in suspense for industrial projects to which access has not been allowed to Commission officials for on the spot checks and for which therefore no control has been possible in accordance with Article 19 of the Fund Regulation. This precautionary measure is now in force.

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<sup>69</sup> Fifth annual report of the Fund, point 140.

<sup>70</sup> Fifth annual report of the Fund, point 142.

On the spot checks carried out in 1980 have shown, apart from some lack of clarity in information supplied by Member States, either on applying for assistance or on presentation of project completion reports, the increasing difficulty of industrial concerns to achieve their targets, more especially in creating or maintaining jobs as initially fixed when preparing applications for Fund assistance and therefore as agreed in grant decisions. This is not surprising in view of the current economic circumstances.

The Commission has of course stressed with Member States that this lack of clarity should be avoided in future and in any event in all cases where this has affected Fund assistance. It has already proceeded or will proceed to the recovery of Fund aid according to the provisions of Article 9 (6) of the Fund Regulation. The same applies where a gap occurs between estimates and actuality on job creation or maintenance in so far as the minimum of 10 jobs laid down in Article 4(1) a) of the Fund Regulation and the ratio between jobs created and the amount of the investment as fixed in Article 4(2) b) has not been respected.

In this way, of the 202 projects inspected on the spot in 1980, 9 projects have already been or will be withdrawn and ERDF aid recovered. In two cases, there has been partial recovery with the amount of Fund aid reduced. In seven cases there has been total recovery due essentially to the projects in question failing to materialise. 148. On the spot checks have shown that there is not always a parallel between national criteria on regional aid and criteria applicable at the level of Fund aid and that in consequence, the Member State tends to limit its own control to observance of national criteria. If there is not in itself a major drawback for Community controlling agents, it is sometimes nevertheless the case that on the spot checks carried out at the request of the Commission suffer from a certain lack of preparation by national managers in carrying out in conjunction with the Commission, the checks and inspection required by the Fund Regulation. This is especially so when national regional aid rules do not require a direct link with job creation; this does not help Commission officials to confirm whether the requirements of the Regulation on this score have been respected. This is also the case when national rules do not provide for recovery of national aid if, for instance, a firm having received Fund aid, should go out of business. This does not encourage the Member State concerned to inform the Commission automatically with a view to recovering the Fund aid based on the national aid.

The Commission is seeking to remedy this state of things in close association with the national departments concerned.



## CHAPTER VI : PUBLICITY OF FUND ACTIVITY

149. The Commission considers that information on Fund activity should be distributed as widely as possible. It is of the opinion that the European citizen has the right to know how Community Funds are used and which are financed by the European taxpayer. He has also the right to know what profit he derives directly from Community support.

In 1980 public information on ERDF aids went through the same channels as in previous years: press information, information panels and posters, publication of lists of projects in the Official Journal, letters to investors. In addition to this rather standard publicity, as agreed by Member States or laid down in the Fund Regulation, the use of informal channel, for instance personal contacts, speeches, campaigns of general information including regional policy or the publication of pamphlets have also contributed to informing the public on ERDF activities.

### **PRESS INFORMATION**

150. After each of the four annual grant instalments from the ERDF, the Commission has informed the Press through hand outs and lists of projects assisted in each Member country and in each region. These details are usually used more by the regional and local than by the national Press. While Press articles have been especially frequent in Ireland, Italy and the United Kingdom, the French and German Press seem less interested. It is true that information regarding these two latter countries permits neither the journalist nor the newspaper reader to identify with ease the individual projects in receipt of ERDF aid which means that information is brief. On the other hand, lists on Ireland, Italy and the United Kingdom are quite detailed and give precise details on the project aided. This precision contributes without doubt to increasing the interest of reporter and reader in the information. But it is also true that ERDF aid to these three countries is the largest in the Community in relation to gross domestic product; this also explains why the public take such interest in Fund activity.

In January 1980 a Press Conference by the Commissioner responsible for regional policy on the fourth ERDF instalment for 1979 found good response in the national Press, represented by correspondents in Brussels.

## INFORMATION PANELS AND POSTERS

151. The installation of information poster on the spot where substantial infrastructure projects are being carried out falls within Article 10 of the Fund Regulation. Like press hand outs, these posters give information details to the public at large. The number of projects for which posters have been erected and the number of posters themselves (some projects are indicated by several posters), in relation to the number of infrastructure projects having received an aid contribution, differs widely between countries. This is due in part to the fact that distribution between aided large and small projects is not identical in all countries but also to national definitions differing on deciding which project is sufficiently important to receive an information poster. In addition, some important projects do not lend themselves at all to on the spot publicity. But that is also due to a more or less responsive attitude of national authorities with regard to their obligation to erect relevant posters.

According to details available to the Commission, which are still incomplete, for more than 100 projects, posters were installed up to the end of 1980. Distribution in Member States is :

Table 16  
Installed information posters

Member State	Number projects with posters	Situation end
Belgium	26	1980
Denmark	6	1980
Germany	42	1980
France	33	1978
Ireland	41	1980
Italy	593	1980
Luxembourg	4	1980
Netherlands	7	1980
United Kingdom	370	1980
Total	1,122	

## **PUBLICATION IN THE OFFICIAL JOURNAL**

152. According to Article 10 of the Fund Regulation, the Commission must publish the list of projects in receipt of Fund aid every six months in the Official Journal. After a first year of running in (1975), this schedule was observed in 1976 and 1977. Thereafter delays have been prolonged and are now 12 to 18 months. Indeed, the list of projects decided in 1978 was published in December 1979 (<sup>71</sup>) and that for projects decided in 1979 in December 1980 (<sup>72</sup>). The Commission regrets these longer delays, due essentially to lack of staff. The technical work involved in finalising lists has increased considerably: the lists for 1975 concerned 1,183 projects; in 1980, there are 2,562 projects. In contrast, the number of staff has not risen over the same period of time.

## **INFORMING INVESTORS**

153. After each series of instalment decisions on grants, the Commission has written to each investor concerned to inform him of Community support for his project. Only French investors receive no letters directly from the Commission but through the intermediary of their national authorities.

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<sup>71</sup> OJ C 327 of 31.12.1979.

<sup>72</sup> OJ C 354 of 31.12.1980.

## CHAPTER VII : CONCLUSIONS

154. 1980 may be considered as a transitional year between 1979 at the start of which a certain number of important changes were introduced into the Regional Fund and 1981 when the Council should re-examine this Regulation.
155. On the quota free section, the Council adopted the first five proposals for specific measures of regional development. The Commission welcomed these decisions, which gave a new dimension to Community regional activity both with regard to selected aims and to financial measures and regional scope of Fund assistance.
156. On the quota section, reference should be made firstly to the change in national quotas made in December to take account of Greek accession on 1 January 1981. The Commission regrets that the Council did not accept its original proposals for the Greek quota but considers the decision positive because it took place in time for Greece to benefit from Fund aid on accession and because the method which is proposed for adjusting other quotas were finally adopted by the Council.
157. The Fund endowment has increased substantially by comparison with 1979 since total credits and commitment appropriations were 1,170 MEUA, of which 1,107 MEUA are written into the budget and 63 derive from withdrawals or sums carried forward from the previous financial year. Available credits have been almost entirely committed (1,138 MEUA) without enabling the Commission to assist all eligible projects presented. Decisions on 232 investment projects, on which the Fund Committee had given an opinion in 1979 had to be carried forward to 1981.
158. Payment appropriations were 393 MEUA, to which are added 323 MEUA carried forward from 1979 to 1980. All these payment appropriations were used: 716 MEUA. This positive result was due to the introduction of the system of accelerated payments.
159. The Commission regrets that the application of Article 19 on verifying the complementary character between Fund assistance and national regional aids did not allow it to indicate in a satisfactory manner that this principle was respected in all Member States. The principal positive acquisition here is that direct complementary character has been instituted for infrastructure projects in some Member States and that Fund payments have been passed to the investor or to regional or local authorities.

160. The maximum proportion of 70 % of Fund assistance to be allocated to infrastructure projects for 1978/1980 was respected. However the Commission stresses that the 70 % should be treated as a maximum and renews its requests to Member States to apply for more projects in industrial or service activities, which are direct creators of jobs.
161. The Commission welcomes the readiness of Member States in 1980 to make good use of Article 12 of the Fund Regulation providing for the possibility of Fund financial participation in studies closely linked with Fund activity. The grant of assistance to studies of this kind should enable the Commission to take part in financing a certain number of investments as and when these are conceived and to play more active part in their implementation.
162. On integrated operations, the Commission concentrated its main efforts in 1980 on the Naples area. A technical working group of representatives of the Commission and responsible national and regional authorities, has assisted coordination of Community measures (essentially of the Regional and Social Funds) and measures of the Cassa per il Mezzogiorno, the Campania region and the Naples local authority. Financial commitments have been adopted at Community and Italian level.
163. Finally, the Commission completed in 1980 the first periodical report on the social and economic situation and trend in Community regions. The main conclusions of this report will be used to prepare a memorandum on Community regional policy to be presented by the Commission in 1981.

APPENDIX A. STATISTICAL ANNEX OF FUND ACTIVITY

Table 1

Summary of grant decisions from the Fund in 1980  
analysed by Member States and by major type of investment (1)

----- LEGEND : A : Industrial and service investments of 10 MEUA or more  
 B : " " " " of less than 10 MEUA  
 C : Investments in infrastructure of 10 MEUA or more  
 D : " " " of less than 10 MEUA  
 E : " " " in hill farming areas (2)

MEMBER STATE	Number of grant decisions (in brackets: number of investment projects) (3)					
	A	B	C	D	E	total
BELGIUM	2 (2)	7 (22)	-	3 (43)	1 (9)	13 (76)
DENMARK	-	9 (29)	2 (2)	7 (63)	-	18 (94)
GERMANY	12 (12)	37 (164)	2 (2)	23 (54)	-	74 (232)
FRANCE	11 (11)	37 (143)	24 (24)	16 (93)	-	88 (271)
IRELAND	2 (2)	1 (8)	14 (14)	2 (11)	-	19 (35)
ITALY	3 (3)	9 (155)	17 (17)	56 (1327)	1 (20)	86 (1522)
LUXEMBOURG	-	-	-	1 (1)	-	1 (1)
NETHERLANDS	1 (1)	-	3 (3)	2 (3)	-	6 (7)
UNITED KINGDOM	11 (11)	16 (47)	13 (13)	44 (246)	1 (8)	85 (325)
T O T A L S	42 (42)	116 (568)	75 (75)	154 (1841)	3 (37)	390 (2563)
	390 (2563)					

(1) Point 46 of this report

(2) Within the meaning of Directive 75/268/CEE

(3) For projects of 10 MEUA or more in columns A and C, each decision relates to a single project.

Table 1  
Summary of grant decisions from the Fund in 1980  
analysed by Member States and by major type of investment (1)  
 (continued)

LEGEND : A : Industrial and service investments of 10 MEUA or more  
 ----- B : " " " " of less than 10 MEUA  
 C : Investments in infrastructure of 10 MEUA or more  
 D : " " " " of less than 10 MEUA  
 E : " " " in hill farming areas (2)

MEMBER STATE	Investments concerned (MEUA)					total
	A	B	C	D	E	
BELGIUM	34.12	59.02	-	17.16	1.76	112.06
DENMARK	-	27.18	15.12	15.22	-	57.52
GERMANY	263.91	504.69	67.28	68.29	-	904.17
FRANCE	647.19	246.92	396.72	106.25	-	1397.08
IRELAND	584.30	33.19	1006.32	6.89	-	1630.70
ITALY	320.99	152.14	2531.79	572.64	1.74	3579.30
LUXEMBOURG	-	-	-	214	-	214
NETHERLANDS	55.91	-	44.32	7.66	-	107.79
UNITED KINGDOM	1160.02	88.35	728.32	309.59	5.07	2291.35
T O T A L S	3066.44	1111.49	4789.77	1105.84	8.57	10082.11
	10,082.11					

- (1) Point 46 of this report  
 (2) Within the meaning of Directive 75/268/CEE

Table 1  
Summary of grant decisions from the Fund in 1980  
analysed by Member States and by major type of investment (1)  
(continued)

LEGEND : A : Industrial and service investments of 10 MEUA or more  
----- B : " " " " of less than 10 MEUA  
C : Investments in infrastructure of 10 MEUA or more  
D : " " " " of less than 10 MEUA  
E : " " " " in hill farming areas (2)

MEMBER STATE	Assistance granted (MEUA)					
	A	B	C	D	E	total
BELGIUM	2.00	4.98	-	4.39	8.51	11.88
DENMARK	-	1.82	4.75	5.01	-	11.58
GERMANY	12.90	21.87	19.88	16.41	-	71.06
FRANCE	25.03	20.75	118.49	34.49	-	198.76
IRELAND	5.63	4.28	66.47	1.44	-	77.82
ITALY	37.62	29.46	249.01	173.15	0.41	489.65
LUXEMBOURG	-	-	-	0.50	-	0.50
NETHERLANDS	6.99	-	13.25	2.30	-	22.54
UNITED KINGDOM	104.78	14.78	41.72	79.80	1.51	242.59
T O T A L S	194.95	97.94	513.57	317.49	2.43	1126.38
	1,126.38					

- (1) Point 46 of this report  
(2) Within the meaning of Directive 75/268/CEE



TABLE 2 : TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1980:  
INDUSTRY AND SERVICES

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned
Industry and services	projects of 10 MEUA or more	3,066.44	526.68
	projects of less than 10 MEUA	1,111.49	208.04
TOTALS	4,177.93	734.72	610 projects

Number of projects and main sectors of activity concerned

42 < of which

- 1 Nuclear fuel
- 3 Metal production and first stage processing
- 5 Chemicals
- 3 Metal manufactures (excluding Transport machinery and material)
- 4 Mechanical engineering
- 12 Motor manufacture ans spare parts
- 2 Other transport equipment
- 1 Precision, optical and similar instruments
- 2 Food, drinks and tobacco
- 3 Paper, printing and publishing
- 3 Rubber, plastic processing

568 < of which

- 10 Metal production and first stage processing
- 44 Non metallic minerals
- 20 Chemicals
- 88 Metal manufactures
- 61 Mechanical engineering
- 5 Office machines and machinery and equipment for information treatment
- 38 Electrical and electronic engineering
- 18 Motor manufacture and spare parts
- 9 Other transport equipment
- 16 Precision, optical ans similar instruments
- 53 Food, drinks and tobacco
- 11 Textiles
- 28 Footwear and clothing
- 47 Timber and wood furniture
- 34 Paper, printing and publishing
- 52 Rubber, plastic processing
- 8 Catering and hotels
- 26 Miscellaneous industries and services

Table 2  
Types of investment financed by the Regional Fund  
Industry and Services

TABLE 2 : TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1975-1976-1977-1978-1979-1980:  
INDUSTRY AND SERVICES (continued)

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned
Industry and services	Projects of 10 MEUA or more	9580.03	1555.57
	projects of less than 10 MEUA	5566.83	1074.31
TOTALS	151467.86	2629.88	3402 projects

- 198 of which
- 2 Nuclear fuel
  - 1 Mining and processing of metallic ores
  - 12 Metal production and first stage processing
  - 12 Non-metallic minerals
  - 40 Chemicals
  - 2 Artificial and synthetic fibres
  - 7 Metal goods
  - 17 Mechanical engineering
  - 17 Electrical and electronic engineering
  - 39 Motor manufacture and spare parts
  - 4 Other transport material
  - 2 Precision, optical and similar instruments
  - 17 Foods, drinks and tobacco
  - 1 Textiles
  - 2 Footwear and clothing
  - 3 Timber and furniture
  - 7 Paper, printing and publishing
  - 12 Rubber and plastics
  - 1 Financial institutions
- 3204 of which
- 79 Production and first stage processing of metals
  - 258 Non-metallic minerals
  - 157 Chemicals
  - 1 Artificial and synthetic fibres
  - 454 Metal goods
  - 300 Mechanical engineering
  - 5 Office machines and machinery and equipment for information treatment
  - 286 Electrical and electronic engineering
  - 118 Motor manufacture and spare parts
  - 57 Other transport equipment
  - 71 Precision, optical and similar instruments
  - 289 Food, drinks and tobacco
  - 85 Textiles
  - 107 Footwear and clothing
  - 268 Timber and furniture
  - 169 Paper, printing and publishing
  - 250 Rubber and plastics
  - 79 Catering and hotels
  - 171 Miscellaneous industries and services

Table 2  
Types of investment financed by the Regional Fund  
Industry and Services  
(continued)

TABLE 3 : TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1980:  
INFRASTRUCTURE

Type as defined by the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main types of infrastructure concerned
Infra-structure	Projects of more than 10 MEUA	4789.77	75 of which 5 General services to industrial estates (roads, railways, water supply and purification, drainage, etc.) 1 Public buildings (exhibition hall, of which covered market) 24 General services 21 Road works 3 Port development 1 School premises 20 Miscellaneous infrastructure (energy production, telecommunications, etc.)
	projects of less than 10 MEUA	1105.84	1841 of which 8 Site preparation for industrial estates 173 General services for industrial estates (roads, water supply, drainage, etc.) 47 Advance factories 3 Public buildings (exhibition hall, covered market) 74 Tourism infrastructure 538 Road works 77 Port development 8 Airport development 913 Miscellaneous infrastructure (energy production, telecommunications, etc.)
	projects in hill farming areas	8.57	37 of which 37 General services (roads, water supply, etc.)
TOTALS	5904.18	2849.44	1953 projects

Table 3  
Types of investment financed by the Regional Fund  
Infrastructure

TABLE 3 : TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1975-1976-1977-1978-1979-1980;  
INFRASTRUCTURE (continued)

Type as defined by the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main types of infrastructure concerned
Infra-structure	Projects of 10 MEUA or more	13975.91	252 of which <ul style="list-style-type: none"> <li>1 Purchase of sites for industry</li> <li>94 General services to industrial estates (roads, railways, water supply and purification, drainage, etc.)</li> <li>1 Public building (exhibition hall, covered market)</li> <li>17 Port developments</li> <li>3 Energy transport infrastructure</li> <li>1 Tourism infrastructure</li> <li>40 General services</li> <li>52 Road works</li> <li>7 Airport development</li> <li>1 School premises</li> <li>35 Miscellaneous infrastructure (energy output, telecommunications, etc.)</li> </ul>
	projects of less than 10 MEUA	4483.74	6733 of which <ul style="list-style-type: none"> <li>31 Purchase of sites for industry</li> <li>159 Site preparation for industrial estates</li> <li>1974 General services for industrial estates (roads, water supply, drainage, etc.)</li> <li>552 Advance factories</li> <li>3 Public buildings (exhibition hall, covered market)</li> <li>1 Other infrastructure of social character</li> <li>232 Tourism infrastructure</li> <li>1271 Road works</li> <li>287 Port developments</li> <li>66 Airport developments</li> <li>2157 Miscellaneous infrastructure (energy output, telecommunications, etc.)</li> </ul>
	projects in hill farming areas	301.27	1358 of which <ul style="list-style-type: none"> <li>1358 General services (roads, water supply, etc.)</li> </ul>
TOTALS	18760.92	9913.43	8343 projects

Table 3  
 Types of investment financed by the Regional Fund  
 Infrastructure  
 (continued)

TABLE 4 - Fund Assistance per capita 1975-1980 (1) (2)

Member State	Total population	Population ERDF areas (4)	Aid granted (3)		
	1980	1980	Total	per capita	per capita in assisted areas
	(million)	(million)	MEUA	EUA	EUA
BELGIUM	9.9	3.2	51	5	16
DENMARK (5)	5.2	0.8	47	9	59
GERMANY (6)	61.3	24.3	274	4	11
FRANCE (7)	54.9	22.1	627	11	28
IRELAND	3.4	3.4	226	66	66
ITALY	57.1	21.6	1,397	24	65
LUXEMBOURG	0.4	0.4	3	9	9
NETHERLANDS	14.1	2.3	70	5	31
UNITED KINGDOM	55.9	25.5	870	16	34
Community	262.2	103.6	3,564	14	34

- (1) Point 3 of this report  
(2) Rounded figures  
(3) Account taken of withdrawals; no account taken of aids for studies  
(4) Estimations  
(5) Greenland included, 0,05 million inhabitants  
(6) Berlin (West) included, 1,9 million inhabitants  
(7) D.O.M. included, 1,2 million inhabitants

TABLE 5 : REGIONAL ANALYSIS OF FUND GRANTS 1975-1980

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980
<b>BELGIQUE/BELGIE</b>								
Vlaanderen	6.78(21)	6.78(21)	2.18(33)	18.48(116)	-	-	8.96(54)	25.26(137)
Wallonie	0.20(3)	11.67(25)	2.21(10)	10.20(57)	0.51(9)	3.95(13)	2.92(22)	25.82(95)
Correction (decommitments plus exchange variations)	6.98(24)	18.45(46)	4.39(43)	28.68(173)	0.51(9)	3.95(13)	11.88(76)	51.08(232) -0.06
<b>TOTAL</b>								<b>51.02</b>
<b>DANMARK</b>								
Groenland	-	-	7.82(64)	37.10(251)	-	-	7.82(64)	37.10(251)
Other regions	1.82(29)	6.28(89)	1.94(1)	3.35(2)	-	-	3.76(30)	9.63(91)
Correction (decommitments plus exchange variations)	1.82(29)	6.28(89)	9.76(65)	40.45(253)	-	-	11.58(94)	46.73(342) -0.20
<b>TOTAL</b>								<b>46.53</b>
* 0,58 MEUA should be added on ERDF participation in financing a study closely linked to Fund activity								
<b>DEUTSCHLAND</b>								
Schleswig-Holstein	3.85(15)	23.70(90)	1.68(4)	19.98(79)	-	-	5.53(19)	43.68(169)
Bremen	-	0.15(1)	-	0.23(2)	-	-	-	0.38(3)
Niedersachsen	13.71(90)	34.45(216)	5.08(24)	25.37(102)	-	-	18.79(114)	59.82(318)
Nordrhein-Westfalen	3.66(3)	13.87(112)	2.51(3)	6.28(11)	-	-	6.17(6)	20.15(123)
Hessen	2.84(15)	9.56(76)	3.28(10)	10.65(39)	-	-	6.12(25)	20.21(115)
Rheinland-Pfalz	1.45(5)	17.33(116)	-	2.35(23)	-	-	1.45(5)	19.68(139)
Saarland	5.74(15)	26.38(118)	3.87(1)	8.80(20)	-	-	9.61(16)	35.18(138)
Bayern	1.37(6)	18.01(104)	3.35(8)	31.03(118)	-	-	4.72(14)	49.04(222)
Haden-Wuerttemberg	2.15(27)	6.63(61)	0.51(5)	3.58(26)	-	-	2.66(32)	10.21(87)
Berlin	-	-	16.01(1)	21.86(4)	-	-	16.01(1)	21.86(4)
Correction (decommitments plus exchange variations)	34.77(176)	150.08(894)	36.29(56)	130.13(424)	-	-	71.06(232)	280.21(1318) -6.50
<b>TOTAL</b>								<b>273.71</b>

Regional analysis of Fund assistance  
Table 5

TABLE 5 : REGIONAL ANALYSIS OF FUND GRANTS 1975-1980 (continued)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980
<b>FRANCE</b>								
Alsace	0.62(6)	4.66(40)	-	-	-	0.05(1)	0.61(6)	4.71(41)
Aquitaine	3.06(12)	14.24(56)	13.56(3)	29.28(70)	-	0.29(11)	16.62(15)	43.81(137)
Auvergne	0.54(1)	5.33(24)	9.78(5)	45.54(70)	-	1.43(13)	10.32(6)	52.30(107)
Basse-Normandie	0.88(5)	4.84(26)	1.10(2)	6.45(29)	-	-	1.98(7)	11.29(55)
Bourgogne	-	0.51(8)	-	-	-	-	-	0.51(8)
Bretagne	2.93(23)	12.26(91)	34.53(2)	111.32(61)	-	-	37.46(25)	123.58(152)
Centre	0.09(1)	1.02(7)	-	0.17(2)	-	-	0.09(1)	1.19(9)
Champagne	3.42(3)	5.66(16)	-	-	-	-	3.42(3)	5.66(16)
Corse	-	-	1.36(1)	12.44(50)	-	-	1.36(1)	12.44(50)
Franche-Comté	-	0.01(1)	-	-	-	-	-	0.01(1)
Haute-Normandie	-	0.27(2)	-	-	-	-	-	0.27(2)
Languedoc-Roussillon	0.51(4)	6.20(31)	10.48(3)	25.43(72)	-	1.06(22)	10.99(7)	32.69(125)
Limousin	0.81(7)	3.23(27)	9.51(2)	32.22(34)	-	3.06(32)	10.32(9)	35.51(93)
Lorraine	14.47(22)	38.81(116)	5.88(2)	10.97(4)	-	-	20.35(24)	49.78(120)
Midi-Pyrénées	2.00(19)	8.19(61)	17.70(25)	33.96(92)	-	2.30(17)	19.70(44)	44.45(170)
Nord-Pas-de-Calais	6.49(13)	63.70(74)	-	1.63(13)	-	-	6.49(13)	65.33(87)
Pays de la Loire	3.83(13)	13.16(74)	13.81(10)	36.89(77)	-	-	17.64(23)	50.05(151)
Picardie	0.05(1)	0.64(8)	-	-	-	-	0.05(1)	0.64(8)
Poitou-Charente	3.07(16)	8.19(50)	4.00(1)	17.49(53)	-	-	7.07(17)	25.68(103)
Provence-Cote d'Azur	0.54(4)	0.58(6)	-	-	-	-	0.54(4)	0.58(6)
Rhone-Alpes	2.47(4)	7.33(36)	-	0.94(11)	-	0.70(3)	2.47(4)	8.97(50)
Guadeloupe	-	3.35(52)	9.59(14)	12.11(29)	-	1.02(9)	9.59(14)	16.48(90)
Guyane	-	2.53(17)	4.93(16)	5.69(21)	-	0.32(4)	4.93(16)	8.54(42)
Martinique	-	2.36(23)	9.13(14)	11.80(28)	-	2.33(11)	9.13(14)	16.49(62)
Réunion	-	1.96(39)	7.62(17)	10.06(25)	-	0.95(7)	7.62(17)	12.97(71)
Correction (decommitments plus exchange variations)	45.78(154)	209.03(885)	152.98(117)	404.39(741)	-	13.51(130)	98.76(271)	526.93(1756) -0.04
<b>TOTAL</b>								626.89

Table 5  
Regional analysis of Fund assistance  
(continued)

TABLE 5 : REGIONAL ANALYSIS OF FUND GRANTS 1975-1980 (continued)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980
<b>IRELAND</b>								
Donegal	-	(9)	(2)	(28)	-	(11)	(2)	(48)
North West	-	(4)	(4)	(16)	-	(6)	(2)	(26)
West	-	(26)	(2)	(37)	-	(21)	(2)	(84)
Mid West	(2)	(18)	(2)	(28)	-	(5)	(2)	(51)
South West	(2)	(18)	(1)	(36)	-	(12)	(2)	(66)
South East	(3)	(21)	(2)	(46)	-	-	(5)	(67)
Midlands	-	(16)	(2)	(43)	-	(5)	(2)	(64)
East	(3)	(24)	(3)	(44)	-	-	(6)	(68)
North East	-	(22)	(3)	(21)	-	(7)	(3)	(50)
Multi-regional projects	-	(1)	(4)	(33)	-	-	(4)	(34)
	9.91(10)	79.80(159)	67.91(25)	137.66(332)	-	12.55(67)	77.82(35)*	230.01(558)*
Correction (decommitments plus exchange variations)								-4.08
<b>TOTAL</b>								225.93 *

\* 0.74 MEUA should be added on ERDF share in financing a study closely linked to Fund activity



TABLE 5 : REGIONAL ANALYSIS OF FUND GRANTS 1975-1980 (continued)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980
<b>ITALIA</b>								
Abruzzi	33.74(48)	50.37(127)	9.02(44)	36.18(87)	-	0.42(14)	42.76(92)	86.97(228)
Basilicata	-	6.15(19)	12.75(209)	24.22(364)	-	3.36(117)	12.75(209)	33.73(500)
Calabria	-	2.93(19)	69.07(345)	116.95(525)	-	6.47(235)	69.07(345)	126.35(779)
Campania	7.54(35)	46.37(198)	98.43(256)	259.29(406)	-	4.62(191)	105.97(291)	310.28(795)
Friuli-Venezia Giulia	-	-	18.86(100)	42.14(282)	-	3.09(72)	18.86(100)	45.23(354)
Lazio	9.21(22)	44.46(153)	10.37(48)	40.81(142)	-	1.77(38)	19.58(70)	87.04(333)
Marche	2.99(13)	7.88(31)	8.40(70)	15.94(97)	-	0.37(18)	11.39(83)	24.19(136)
Molise	-	1.80(6)	3.81(7)	18.40(163)	-	2.59(75)	3.81(7)	22.79(244)
Puglia	8.62(20)	64.73(128)	24.91(60)	91.93(84)	-	5.46(104)	33.53(80)	162.12(316)
Sardegna	-	6.98(36)	21.21(138)	94.46(370)	0.41(20)	3.36(85)	21.62(158)	104.80(491)
Sicilia	4.46(17)	21.47(103)	66.39(61)	179.14(95)	-	11.28(115)	70.85(78)	211.89(313)
Toscana	0.52(3)	1.00(5)	-	2.19(1)	-	-	0.52(3)	3.19(6)
Multi-regional projects	-	-	-	-	-	-	-	-
- Basilicata-Puglia	-	-	9.42(1)	68.79(4)	-	-	9.42(1)	68.79(4)
- Abruzzi-Lazio	-	-	2.59(4)	14.45(5)	-	-	2.59(4)	14.45(5)
- Mezzogiorno	-	-	66.93(1)	110.79(2)	-	-	66.93(1)	110.79(2)
Correction (decommitments plus exchange variations)	67.08 (158)	254.14 (825)	422.16 (1344)	1115.68 (2627)	0.41 (20)	42.79 (1054)	489.65 * (1522)	1412.61 * (4506) -15,88
<b>TOTAL</b>								1396,73 *

\* 6.15 MEUA should be added on ERDF share in financing 13 studies closely linked to Fund activity

Table 5  
Regional analysis of Fund assistance  
(continued)

TABLE 5 : REGIONAL ANALYSIS OF FUND GRANTS 1975-1980 (continued)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980	TOTAL 1980	TOTAL 1975-1980
<b>NEDERLAND</b>								
Noord-Nederland	6.99(1)	6.99(1)	9.66(3)	40.17(21)	-	-	16.65(4)	47.16(22)
Limburg	-	5.52(2)	5.89(3)	17.82(10)	-	-	5.89(3)	23.34(12)
<b>TOTAL</b>	<b>6.99(1)</b>	<b>12.51(3)</b>	<b>15.55(6)</b>	<b>57.99(31)</b>	<b>-</b>	<b>-</b>	<b>22.54(7)</b>	<b>70.54(34)</b>
<b>UNITED KINGDOM</b>								
North England	29.02(4)	67.18(108)	11.52(22)	112.25(512)	-	-	40.54(26)	179.43(620)
North West England	18.10(5)	99.61(57)	12.49(20)	54.26(356)	-	-	30.59(25)	153.87(413)
Yorkshire Humberside	2.91(3)	7.63(33)	25.08(38)	47.12(290)	-	-	27.99(41)	54.75(323)
East Midlands	0.19(1)	2.13(11)	0.88(6)	2.31(42)	-	-	1.07(7)	4.44(53)
South West England	2.34(6)	4.43(29)	0.40(3)	15.51(99)	-	-	2.74(9)	19.94(128)
Scotland	16.63(22)	55.64(113)	24.81(53)	133.85(439)	1.51(8)	12.23(76)	42.95(83)	201.72(628)
Wales	38.95(2)	59.93(76)	27.69(101)	89.95(541)	-	-	66.64(103)	149.88(617)
North Midlands	11.42(14)	56.44(74)	18.19(11)	74.40(111)	-	0.71(18)	29.61(25)	131.55(203)
West Midlands	-	-	0.46(5)	0.54(8)	-	-	0.46(5)	0.54(8)
	119.56(57)	352.99(501)	121.52(259)	530.19(2398)	1.51(8)	12.94(94)	242.59(324)	896.12(2993)
Correction (decommitments plus exchange variations)								-26.56
<b>TOTAL</b>								<b>869.56</b>

\* 0.13 MEUA should be added on ERDF share in financing a study closely linked to Fund activity

Table 5  
Regional analysis of Fund assistance  
(continued)

TABLE 6 : BUDGET SITUATION (Quota section) (1)

1. Use of commitment appropriations (MEUA)

Appropriations available for 1980					Appropriations used 1980	Appropriations unused at 31.12.1980
1980 budget	Brought forward from 1979 (1) (a)	Appropriations made available by:		Total	Commitments (2)	
		decommitments	exchange rate variation from previous decommitments			
1,106.750	48.221	25.473	- 10.803	1,169.641	1,137.785	31.855

2. Use made of payment appropriations (MEUA)

Appropriations available in 1980			Payments made in 1980			Appropriations unused at 31.12.1980	
Brought forward for 1979 (1) (b)	1980 budget	Total	From sums brought forward from 1979	From 1980 appropriations	Total forward	From sums brought from 1979	From 1980 appropriations
339.043	392.375	731.418	339.043	387.655	726.698	-	4.720

3. Trend in commitments (MEUA)

1975-1979 commitment unpaid at 1.1.80	Decommitments and adjustments	1979 commitments			75-79 commitments unpaid at 31.12.79 +1980 commitments	Payments in 1980	Commitments unpaid at 31.12.80
		From sums brought forward from 1979	Fund 1980 appropriat.	Total			
1,132.876	- 14.670	48.221	1089.564	1137.795	2,255.982	726.698	1529.283

- (1) (a) Includes transfer of 45 MEUA of Commitment appropriations from the quota free to the quota section.  
 (1) (b) Includes transfer of 16 MEUA of payment appropriations from the quota free to the quota section.  
 (2) Deduction made from decommitments (withdrawals) 1980 (0.39 MEUA) and adjustments due to exchange rate variations (11.61 MEUA)

TABLE 7 : PAYMENTS (1)

Member State	Commitments 75/79		Commitments 1980		Payments: from sums committed in:				Total payments		Commit.		Payments	
	unpaid at 31.12.79 (2)		(2)		1975/77	1978	1979	1980	on total co- mitment 1980		paid at 31.12.80	as % of commitments		
	MEUA	%	MEUA	%	MEUA	MEUA	MEUA	MEUA	MEUA	%	MEUA	End 1979	End 1980	
B	18.608	1.7	11.632	1.-	1.408	0.693	3.508	0.976	6.585	0.9	23.655	51.6	53.1	
DK	11.154	1.-	11.957	1.1	0.650	1.148	6.207	1.434	9.438	1.3	13.673	66.4	69.4	
D	59.588	5.3	69.023	6.1	2.561	7.305	22.699	17.884	50.449	6.9	78.163	68.7	64.2	
F	191.784	17.2	194.793	17.1	7.646	16.183	39.364	36.469	99.662	13.7	286.915	54.2	55.2	
IRL	62.425	5.6	76.942	6.8	0.225	3.663	21.830	44.283	69.552	9.6	69.815	55.1	67.1	
I	461.189	41.2	473.867	41.6	2.785	32.852	144.776	68.666	249.080	34.3	685.976	44.4	47.5	
L	1.454	0.1	0.485	-	-	0.063	0.565	0.364	0.992	0.1	0.948	49.8	71.1	
NL	18.346	1.6	22.260	2.-	0.133	0.316	2.094	5.156	7.698	1.1	32.908	61.6	53.0	
UK	293.648	26.3	276.825	24.3	9.001	39.136	88.990	96.114	233.242	32.1	337.231	58.1	65.6	
EC	1118.196	100	1137.785	100	23.959	101.358	330.034	271.345	726.698	100	1529.283	53.2	56.4	

(1) Point 3 of Chapter V.

(2) Includes decommitments in 1980 and adjustments due to exchange rate variations.

Table 7  
Payments made

TABLE 8 : INSPECTION VISITS CARRIED OUT OVER THE PERIOD 1975-1980

Country and region	Number of projects inspected			
	1980		1975 - 1980	
	Industry	Infrastructure	Industry	Infrastructure
Vlaanderen	-	-	-	11
Wallonie	-	1	3	1
Belgique	-	1	3	12
Groenland	-	-	-	19
Nordjylland	-	-	7	-
Viborg	-	-	1	-
Danemark	-	-	8	19
Schleswig-Holstein	-	-	8	10
Niedersachsen	-	-	8	8
Nordrhein-Westfalen	5	2	15	22
Hessen	-	-	8	5
Rheinland-Pfalz	-	-	9	2
Saarland	-	-	4	3
Bayern	-	-	6	7
Baden-Wuerttemberg	5	6	5	6
Deutschland	10	8	63	44
Alsace	-	-	10	-
Aquitaine	-	-	11	1
Auvergne	-	-	5	4
Basse-Normandie	-	-	1	2
Bretagne	-	-	6	2
Languedoc-Roussillon	-	-	10	2
Limousin	-	-	5	4
Lorraine	-	-	6	1
Midi-Pyrenees	-	-	8	3
Pays de la Loire	7	3	7	6
Poitou-Charentes	-	-	9	3
D.O.M.	-	-	7	5
Rhone-Alpes	9	1	9	1
Nord-Pas-de-Calais	10	-	10	-
France	26	4	103	36
Donegal	-	-	-	4
North West	-	-	1	1
West	-	-	3	3
Mid West	-	-	1	5
South West	-	-	3	6
South East	5	2	6	2
Midlands	-	-	2	2
East	1	4	2	7
North East	-	-	2	1
Ireland	6	6	20	31

Table 8  
Control operations undertaken

TABLE 8 : INSPECTION VISITS CARRIED OUT OVER THE PERIOD 1975-1980 (continued)

Country and region	Number of projects inspected			
	1980		1975 - 1980	
	Industry	Infrastructure	Industry	Infrastructure
Abruzzo	-	-	6	8
Basilicata	6	7	14	15
Calabria	5	7	11	17
Campania	-	-	8	18
Friuli-Venezia Giulia	-	11	-	20
Lazio	6	3	12	7
Marche	7	5	8	7
Molise	6	6	6	10
Puglia	-	-	9	5
Sardegna	-	-	6	13
Sicilia	6	6	11	14
Italia	36	45	91	134
Luxembourg	-	-	-	2
Groningen	-	-	-	2
Limburg	-	-	-	1
Friesland	-	-	-	1
Nederland	-	-	-	4
Northern England	-	-	11	35
North West England	3	10	10	35
Yorkshire & Humberside	3	10	10	20
Midlands	-	-	2	5
South West England	-	11	6	19
Scotland	5	7	11	42
Wales	4	7	15	31
Northern Ireland	-	-	12	7
United Kingdom	15	45	77	194
Community, per category	93	109	365	476
Community, total	202		841	

Table 8  
Control operations undertaken  
(continued)

**PROVISIONS ADOPTED ON COMMUNITY REGIONAL POLICY**

**EUROPEAN REGIONAL DEVELOPMENT FUND**

- Regulation (EEC) No. 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund.  
(O.J. No. L 73 of 21 March 1975, page 1)
- Regulation (EEC) No. 241/79 of the Council of 6 February 1979 amending Regulation (EEC) No. 724/75 establishing a European Regional Development Fund.  
(O.J. No. L 35 of 9 February, page 1)
- Regulation (EEC) No. 3325/80 of the Council of 16 December 1980 amending Regulation (EEC) No. 724/75 establishing a European Regional Development Fund (<sup>73</sup>).  
(O.J. No. L 349 of 23 December 1980, page 10)
- Council Decision 75/86/EEC of 18 March 1975 to apply Regulation (EEC) No. 724/75 establishing a European Regional Development Fund to the French overseas departments.  
(O.J. No. L 73 of 21 March 1975, page 49)
- Commission Regulation (EEC) No. 2364/75 of 15 September 1975 on calculating aids, taking the form of reduced rate of interest or interest rebate not expressed by number of percentage points.  
(O.J. No. L 243 of 17 September 1975, page 9)
- Regulation (EEC) No. 2615/80 of the Council of 7 October 1980 establishing a specific Community measure contributing to the development of certain French and Italian regions in the context of Community enlargement.  
(O.J. No. L 271 of 15 October 1980, page 1)
- Regulation (EEC) No. 2616/80 of the Council of 7 October 1980 establishing a specific Community measure of regional development contributing to the removal of obstacles to the development of new economic activities in certain areas affected by restructuring of steel industry.  
(O.J. No. L 271 of 15 October 1980, page 9)

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<sup>73</sup> The text of the Fund Regulation, brought up to date will be found at Annex c.

- Regulation (EEC) No. 2617/80 of the Council of 7 October 1980 establishing a specific Community measure of regional development contributing to the removal of obstacles to the development of new economic activities in certain areas affected by the restructuring of the shipbuilding industry.  
(O.J. No. L 271 of 15 October 1980, page 16)
- Regulation (EEC) No. 2618/80 of the Council of 7 October 1980 establishing a specific Community measure of regional development contributing to improvement of energy supplies in certain Community regions through a better use of new technology with regard to hydro-electrical supply and alternative sources of energy.  
(O.J. No. L 271 of 15 October 1980, page 23)
- Regulation (EEC) No. 2619/80 of the Council of 7 October 1980 establishing a specific Community measure of regional development contributing to the improvement of the economic and social situation of the frontier areas of Ireland and Northern Ireland.  
(O.J. No. L 271 of 15 October 1980, page 28)

#### **REGIONAL POLICY COMMITTEE**

- Council Decision 75/185/EEC of 18 March 1975 creating a Regional Policy Committee.  
(O.J. No. L 73 of 21 March 1975, page 47)
- Council Decision 79/137/EEC of 6 February 1979 amending Decision 75/185/EEC creating a Regional Policy Committee.  
(O.J. No. L 35 of 9 February 1979, page 9)
- Rules of procedure of the Regional Policy Committee No. 75/761/EEC.  
(O.J. No. L 320 of 11 December 1975, page 17)

#### **REGIONAL DEVELOPMENT PROGRAMMES**

- Outline plan for regional development programmes.  
(O.J. No. C 69 of 24 March 1976, page 2)
- Opinion of the Commission of 23 May 1979 on regional development programmes (79/534/EEC).  
(O.J. No. L 143 of 12 June 1979, page 7)
- Commission Recommendation of 23 May 1979 to Member States on regional development programmes (79/535/EEC).  
(O.J. No. L 143 of 12 June 1979, page 9)



## **OTHER PROVISIONS**

- Council Resolution of 6 February 1979 on Community regional policy guidelines.  
(O.J. No. C 36 of 6 February 1979, page 10)
- Council Decision 79/136/EEC of 6 February 1979 amending Decision 74/120/EEC on the attainment of a high degree of convergence of the economic policies of Member States of the European Economic Community.  
(O.J. No. L 35 of 9 February 1979, page 8)

## **COMMISSION PROPOSALS**

Commission Communication to the Council of 18 February 1981 indicating categories of infrastructure to which the European Regional Development Fund may contribute in the various regions eligible for Fund aid.

## **PUBLICATIONS**

Available in six official languages unless otherwise indicated (<sup>74</sup>)

### **PERIODICAL PUBLICATIONS**

- European Regional Development Fund.  
1st Annual Report (1975). Supplement 7/76 to the European Communities Bulletin - 1976 - 38 pages.
- European Regional Development Fund.  
2nd Annual Report (1976) - 1977 - 63 pages.
- European Regional Development Fund.  
3rd Annual Report (1977) - 1978 - 95 pages.
- European Regional Development Fund.  
4th Annual Report (1978) - 1979 - 96 pages.
- European Regional Development Fund.  
5th Annual Report (1979) - 1980 - 101 pages
- Atlas of Regional Development (1981) - 1981 - 16 pages.
- The European Regions, First Periodical Report on the economic and social situation of Community regions - 1981

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<sup>74</sup> DE : German; DA : Danish; EN : English; FR : French; IT : Italian; NL : Netherlands

## **OCCASIONAL PUBLICATIONS**

- The European Community and its regions.  
European documents No. 1/1980 - 18 pages.
- Regional development and the European Community.  
European File No. 8 - 1981 - 8 pages.
- Aids and loans of the European Community - 1979 - 44 pages.
- Principal regulations of the Council of the European Communities on regional policy 1979 - 1981 (Texts of the main proposals).

## **REGIONAL POLICY SERIES : STUDIES/PROGRAMMES**

- No. 1 The trend in Flemish economy considered in an international perspective.  
1973. 88 pages (DA, DE, EN, FR, IT, NL).
- No. 2 Regional development programme for Greenland 1977-1979.  
1977. 54 pages (DA, EN, FR).
- No. 3 Non-production activities in U.K. manufacturing industry.  
1977. 186 pages (EN).
- No. 4 Geographical concentration in European Community countries.  
1977. 136 pages (DE, EN, FR, IT).
- No. 5 Feasibility-study on the situation and development possibilities of prospective regional Labour market balances in the European Community.  
1977. 292 pages (DE) (EN summary).
- No. 6 Regional development programme Mezzogiorno 1977-1980.  
1978. 270 pages (DE, EN, FR, IT).
- No. 7 Regional development programme Ireland 1977-1980.  
1978. 142 pages (DE, EN, FR).
- No. 8 Regional development programmes Netherlands 1977-1980.  
1978. 140 pages (DE, EN, FR, NL).
- No. 9 Frontier workers in Europe (by Charles Ricq) (published by Antrhopes, Paris, 1981).
- No. 10 Regional development programme United Kingdom 1978-1980.  
1978. 142 pages (DE, EN, FR).

- No. 11 Regional development programme Grand Duchy of Luxembourg.  
1978. 70 pages (DE, EN, FR).
- No. 12 Regional development programmes Denmark.  
1978. 78 pages (DA, DE, EN, FR).
- No. 13 Regional development programmes France 1976-1980.  
1978. 196 pages (DE, EN, FR).
- No. 14 Regional development programmes Belgium 1978-1980.  
1979. 228 pages (DE, EN, FR, NL).
- No. 15 Regional aids in the European Community: a comparative study.  
1979. 333 pages (EN, FR) (DA, DE, IT, NL : in course).
- No. 16 Regional development programmes of the Federal Republic of  
Germany including Berlin (West) 1979-1982.  
1979. 379 pages (DE, EN, FR).
- No. 17 Regional development programmes. 1979. 330 pages (DA, DE, EN, FR,  
IT, NL) (Summaries of programmes of all Member States, a  
comparative analysis, opinion and recommendations of the  
Commission).
- No. 18 Disincentives and deconcentration policies in the European  
Community. Comparative study.  
1981 - 266 pages (DA, DE, EN, FR, IT, NL).
- No. 19 The role of service activities in regional policy. Comparative  
study.  
1980. 249 pages (DE, EN, FR).

## INTERNAL DOCUMENTATION ON REGIONAL POLICY

The papers in this series are published in a limited number, above all as working papers for Commission departments and other Community institutions. They may nevertheless be put at the disposal of persons or organisations outside the Community with a special interest in a given subject.

- No. 1 Cross border communications study for the Londonderry and Donegal area: Summary report.  
1978. 28 pages (EN)
- No. 2 Research study into provisions for recreation and Leisure in areas affected by oil related industry in the Highlands and Islands of Scotland: Summary report.  
1978. 140 pages (EN)
- No. 3 Development Strategy for regions in rural areas: The case of the Belgian South-East-Summary report.  
1978. 104 pages (FR)
- No. 4 Frontier workers in Europe - Summary report.  
1978. 44 pages (DA, DE, EN, FR, IT, NL).
- No. 5 Relocation of economic activities traditionally located in the Copenhagen area: Final report.  
1978. 225 pages (EN)
- No. 6 Interregional air services in Europe. Summary of report (1st phase).  
1978. 52 pages (FR)
- No. 7 The role of service activities in regional policy - Summary of national studies and comparison.  
1980. 117 pages (DE, EN, FR)
- No. 8 Interregional air services in Europe - Summary report.  
1980. 78 pages (FR)

## APPENDIX C. PRINCIPAL INSTRUMENTS

Updated version of the text of Council Regulation EEC No 724/75 of 18 March 1975 establishing a European Regional Development Fund.

Council Regulation EEC 724/75 of 18 March 1975 establishing a European Regional Development Fund (OJ No L 73 of 21.3.1975 p.1) and amendments resulting from Regulations EEC No 214/79 and No 3325/80 (OJ No L 35 of 9.2.1979 p.1 and OJ No L 349 of 23.12.1980 p.10) are combined in the present edition.

This coordination is without legal force and accordingly the preamble has been omitted.

### TITLE I

#### PRELIMINARY PROVISIONS

##### Article 1

The European Regional Development Fund, hereinafter referred to as 'the Fund', is intended to correct the principal regional imbalances within the Community resulting in particular from agricultural preponderance, industrial change and structural under-employment.

##### Article 2

1. As from the financial year 1978, the endowment for the Fund shall be determined annually in the general budget of the European Communities.

2. The annual budget shall indicate for the relevant year under the Fund heading:

(a) commitment appropriations;

(b) payment appropriations.

Save where otherwise provided for in the special provisions laid down in this Regulation, the Financial Regulation applicable to the general budget of the Communities shall apply to the management of the Fund.

3. The following may be financed by the Fund with a view to contributing to the realization of the objectives referred to in Article 1:

(a) Community action in support of regional policy measures taken by the Member States, as provided for in Title II of this Regulation.

For the year 1981,

The resources of the Fund intended for financing these activities shall be distributed in accordance with the following table:

Belgium	1,11 %
Denmark	1,06 %
Germany	4,65 %
Greece	13,00 %
France	13,64 %
Ireland	5,94 %
Italy	35,49 %
Luxembourg	0,07 %
Netherlands	1,24 %
United Kingdom	23,80 %

(b) specific Community regional development measures, as provided for in Title III of this Regulation. The sum allotted to such measures shall amount to 5 % of the Fund's resources. Resources which cannot be used in time for such measures shall be allocated to the supporting action referred to in (a).

The whole of the Fund's resources for financing these measures shall be used having due regard to the relative severity of regional imbalances in the Community.

##### Article 3

1. Regions and areas which may benefit from the Fund shall be limited to those aided areas established by Member States in applying their systems of regional aids and in which State aids are granted which qualify for Fund assistance.

When aid from the Fund is granted, priority shall be given to investments in national priority areas, taking account of the principles for the coordination at Community level of regional aids.

2. As part of the specific Community regional development measures referred to in Article 2 (3) (b), the Fund may also, where appropriate, give assistance in regions or areas other than those referred to in paragraph 1, for the solution of problems forming the subject of Community action, if the Member State concerned has also given assistance or does so at the same time.

## TITLE II

### COMMUNITY ACTION IN SUPPORT OF REGIONAL POLICY MEASURES TAKEN BY THE MEMBER STATES

#### Chapter 1

#### Field of action

#### Article 4

1. As part of Community action in support of regional policy measures taken by the Member States, the Fund may contribute to the financing of investments which individually exceed 50 000 European units of account and come under any of the following categories:

- (a) investments in industrial, handicraft or service activities which are economically sound and which benefit from State regional aids, provided that at least 10 new jobs are created or that 10 existing jobs are maintained. In the latter case, the investments should fall within the framework of a conversion or restructuring plan to ensure that the undertaking concerned is competitive. Preference shall, however, be given to operations which both maintain existing jobs and create new jobs.

Service activities qualifying for assistance shall be those concerned with tourism and those which have a choice of location. Such activities should have a direct impact on the development of the region and on the level of employment.

For the purposes of this Article, a group of investments which are related geographically and financially, and which together comply with the criteria provided for in this Article, may be considered as a single investment in the field of handicrafts or tourism;

- (b) investments financed wholly or in part by public authorities or by any other agency responsible, on a similar basis to a public authority, for the creation of infrastructures, and covering, provided that this is justified by regional development programmes, infrastructures which contribute to the development of the region or area in which they are situated, provided that the total share of the overall assistance granted by the Fund for financing the investments referred to in this point does not exceed 70 % of the Fund's assistance.

This percentage must be complied with over a period of three years; however, it may be exceeded by decision of the Council acting on a proposal from the Commission.

In administering the Fund, the Commission shall take account of the particular situation of certain regions on the basis of the programmes referred to above. Member States shall take all steps to enable the provisions of this point to be applied;

- (c) investments in infrastructures covered by Article 3 (2) of the Council Directive on mountain and hill farming and farming in certain less-favoured areas, provided that the less-favoured area in question corresponds to or is located within one of the regions or areas covered by Article 3 of this Regulation.

2. The amount of the Fund's contribution shall be:

- (a) in respect of investments covered by paragraph 1 (a), 20 % of the investment cost without, however, exceeding 50 % of the aid accorded to each investment by public authorities under a system of regional aids, such contributions being limited moreover to that part of the investment which does not exceed 100 000 European units of account per job created and 50 000 European units of account per job maintained.

In the case of services and handicrafts, the Fund's contribution may, by way of derogation from the first subparagraph, exceed 20 % of the investment cost, provided that the amount does not exceed in such case 10 000 European units of account per job created or maintained, or 50 % of the national aid.

The State aid to be taken into consideration shall be grants, interest rebates, or their equivalent where loans at reduced rates of interest are concerned, whether such aid is linked to the investment or to the number of jobs created.

Such aid may include aid granted in respect of an investment in connection with the transfer of plant and workers. The aid equivalent shall be calculated in accordance with an implementing Regulation under the terms of Article 16. Aid granted in the form of rent rebates or exemptions from payments of rent for buildings, including plant, may also be taken into account, provided that the same calculation is possible.

The contribution from the Fund thus defined may, pursuant to a prior decision of the Member State concerned communicated at the same time as the request for this contribution, either supplement aid granted to the relevant investment by public authorities or remain credited to those authorities and considered as a partial repayment of such aid;

- (b) in respect of investments covered by paragraphs 1 (b) and (c), 30 % of the expenditure incurred by public authorities where the investment is less than 10 million European units of account and from 10 to 30 % maximum for investments of 10 million European units of account or more. However, the maximum rate may be 40 % for projects which are of particular importance to the development of the region in which they are situated.

The Fund's assistance may consist wholly or in part of a rebate of three percentage points on loans made by the European Investment Bank, pursuant to Article 130 (a) and (b) of the Treaty, in the regions and areas referred to in Article 3 of this Regulation. In that event, the aid from the Fund shall be paid to the Bank in one instalment, the rebate being a capitalized sum expressed as a percentage of the investment.

## Chapter 2

### Procedural provisions

#### Article 5

1. The Fund's assistance shall be decided upon by the Commission according to the relative severity of the economic imbalance of the region where the investment is made and the direct or indirect effect of the investment on employment. The Commission shall examine, in particular, the consistency of the investment with the range of actions undertaken by the relevant Member State in favour of the region concerned, as apparent from information supplied by Member States pursuant to Article 6 and taking special account of:

- (a) the investment's contribution to the economic development of the region;
- (b) the consistency of the investment with the Community's programmes or objectives;
- (c) the situation of the economic sector concerned and the profitability of the investment;
- (d) whether the investment falls within a frontier area, that is to say, within regions adjacent to one or more other Member States;
- (e) other contributions made by Community institutions or by the European Investment Bank, either to the same investment or to other activities within the same region. Thus contributions from the Fund will be coordinated with other Community contributions, in such a way as to favour a range of converging and coordinated actions within a given region and to guarantee, in particular, consistency between regional policy and structural policy for agriculture.

2. (a) In respect of investments of 10 million European units of account or more, the Fund's assistance shall be the subject of a Commission Decision under the procedure provided for in Article 16.

In respect of investments in infrastructure costing 10 million or more European units of account, the Commission shall, before obtaining the opinion of the Fund Committee referred to in Article 15, consult the Regional Policy Committee.

- (b) In respect of investments costing less than 10 million European units of account, the Commission shall provide prior information for the Member States in the form of a simplified list of investments for which requests for assistance have been received. The procedure provided for in Article 16 shall apply in the case of:

- draft negative decisions, where the Member State concerned so requests,
- all other draft decisions in respect of which the Commission or a Member State wishes an opinion to be sought from the Fund Committee.

#### Article 6

1. Investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme the implementation of which is such as to contribute to correction of the main regional imbalances within the Community

which may prejudice the proper functioning of the common market and the convergence of the Member States' economies, with a view, in particular, to the attainment of economic and monetary union.

2. Regional development programmes shall be established according to the joint plan prepared by the Regional Policy Committee.

3. Member States shall notify the Commission of regional development programmes and alterations to programmes already notified.

4. The programmes shall be of an indicative nature and specify the objectives of the development of the region concerned and the means to be employed. They shall be the subject of consultation with the Regional Policy Committee. The Commission shall examine these programmes in the light of the criteria referred to in Article 5 (1) (b) in order to enable it to determine the priorities for assistance from the Fund.

5. Before 31 March each year, Member States shall bring the regional development programmes up to date by providing the Commission with all available information for the current year not contained in the programmes on:

- (a) the financial resources allocated to regional development under their programmes;
- (b) the priority measures relating to regional development which they intend to implement;
- (c) the use they intend to make of Community resources, and in particular of resources from the Fund in implementing these priority measures.

Any other relevant information shall be forwarded to the Commission as soon as available.

6. Before 1 October each year, Member States shall provide the Commission with an overall statistical summary indicating by region for the previous year:

- (a) the results achieved in the region in terms of investment and employment;
- (b) the financial means employed;
- (c) the actual use made of the resources of the Fund.

#### Article 7

1. Member States shall submit requests for assistance from the Fund to the Commission, and

shall indicate any factors which will allow the Commission to assess the value of the investments proposed in the light of Articles 5 and 6.

2. In respect of the investments referred to in Article 4 (1) of less than 10 million European units of account, Member States shall present their global requests at the beginning of each quarter. They shall group these requests by region and shall separate investments referred to in Article 4 (1) (a) from investments in infrastructure.

These requests shall indicate:

- (a) in respect of the investments referred to in Article 4 (1) (a), the names of the undertakings concerned, the sector of their activity and the location of each investment, also its character (foundation, extension, conversion or restructuring of the relevant concern), the total amount of investment involved, the predicted overall effect on employment (creation or maintenance), estimates regarding the implementation schedule, total aids granted for which a contribution from the Fund is requested and the schedule laid down for their payment;
- (b) in respect of investments in infrastructure, the location of each investment and its character, its contribution to the development of the region, the predicted total costs and the costs borne by public authorities and the schedule laid down for their payment, the name of the responsible authorities, the total contribution requested from the Fund, and estimates regarding the implementation schedule.

3. In respect of investments of 10 million European units of account or more, requests shall be presented separately and shall include the following information:

- (a) in respect of the investments referred to in Article 4 (1) (a) the name of the undertaking, the sector of activity, the nature of the investment, its location, the effect on employment, the implementation schedule, the grants, interest rebates or loans at reduced rates of interest and the schedule laid down for the payment of such aids, any other form of aid granted or provided for by public authorities and the financing plan, indicating in particular any other Community aids requested or provided for.

The Member State shall state in its request the total aid which in its opinion should be granted to the undertaking and the contribution it is seeking from the Community:



(b) in respect of investments in infrastructure, the responsible authority, the nature of the investment, its location, its contribution to the development of the region, its cost, its financing plan, its implementation schedule and the schedule laid down for payments.

4. Aid from the Fund shall be determined by the Commission:

(a) in the aggregate for each request covered by paragraph 2;

(b) case by case for requests covered by paragraph 3.

5. Member States shall give priority to the presentation of requests for contributions towards investments of 10 million European units of account or more.

#### Article 8

1. The amount of the contribution from the Fund defined, where applicable, by calculating the aid equivalent pursuant to the implementing Regulation referred to in Article 4 (2) (a) shall be paid *pari passu* with expenditure upon presentation by the Member State of quarterly statements certifying expenditure and the existence of detailed supporting documents, and containing the following information:

(a) for intermediate payment requests:

- the name of the undertaking concerned, or, for infrastructures, the name of the responsible authority,
- the location of the investment,
- total public expenditure paid after the date referred to in Article 11 and that part of the amount for which payment is requested,
- the amount of the payment requested from the Fund,
- a forecast of future payment requests;

(b) for final payment requests, all the information referred to in (a) except the last indent, together with:

- the sum actually invested and confirmation that the investment made conforms with the initial project,
- the date of completion of the investment,

— the number of jobs created or maintained in being by the investments referred to in Article 4 (1) (a),

— the amounts of public expenditure.

2. In cases where expenditure provided for by the decisions referred to in Article 7 consists of aids granted in the form of interest rebates or loans at reduced rates of interest, the contribution of the Fund relating to these aids and which is still due when the investments are completed shall be settled in a single payment on presentation of the certificates covering completion of the investments.

3. Accelerated payments under a decision to grant aid from the Fund may be granted by the Commission to a Member State at the latter's request. They may not exceed 75 % of the total amount of the aid from the Fund. Such accelerated payments shall be subject to the condition that at least 30 % of the payments constituting the basis for aid from the Fund have been made.

Payments already made pursuant to paragraph 1 (a) under the decision to grant aid shall be deducted from the accelerated payments.

The balance of the aid from the Fund shall be paid in accordance with paragraph 1 as regards payments by the Member States not covered by the accelerated payment.

Grouped applications for accelerated payments shall be submitted on a quarterly basis to the Commission by the Member State concerned.

4. Member States shall designate the authority or the institution authorized to furnish the certification referred to in this Article. The Commission shall make payments to the Member State, to an agency designated by the Member State for this purpose, or if necessary to the European Investment Bank.

#### Article 9

1. Where an investment which has been the subject of a contribution from the Fund has not been made as planned, or if the conditions of this Regulation are not fulfilled, the contribution from the Fund may be reduced or cancelled, if the Commission so decides after consulting the Fund Committee.

Any sums which have been paid in error shall be repaid to the Community by the Member State concerned or, where applicable, by the European Investment Bank, within 12 months following the date on which the relevant decision has been communicated.

Member States shall repay the Commission the amount of the Fund's assistance wherever national aid used as the basis for calculating the Fund's assistance has been repaid to the Member State by the investor.

2. Member States shall make available to the Commission all information required for the effective operation of the Fund and shall take all steps to facilitate such supervision as the Commission may consider useful in managing the Fund, including on-the-spot checks. They shall notify the Commission of the cases referred to in the first subparagraph of paragraph 1.

3. Notwithstanding verification carried out by Member States in accordance with national laws, regulations and administrative provisions and without prejudice to the provisions of Article 206 of the Treaty or to any inspection arranged on the basis of Article 209 (c) of the Treaty, at the request of the Commission and with the agreement of the Member State, the competent authorities of that Member State shall carry out on-the-spot checks or enquiries about operations financed by the Fund. Officials of the Commission may take part in these proceedings and the Commission may fix a time limit for carrying them out.

4. The objective of these on-the-spot checks or enquiries about operations financed by the Fund shall be to verify:

- (a) the conformity of administrative practices with Community rules;
- (b) the existence of supporting documentary evidence and its conformity with the operations financed by the Fund;
- (c) the conditions under which the operations financed by the Fund are executed and checked;
- (d) the conformity of projects implemented with the operations financed by the Fund.

5. The Commission may suspend payment of aid to a particular operation if an inspection reveals either irregularities or a substantial change in the character or conditions of the project for which the Commission's approval has not been sought.

6. Notwithstanding Article 6 (2) of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities<sup>(1)</sup>, if a project receiving aid from the Fund is not

<sup>(1)</sup> OJ No L 356, 31. 12. 1977, p. 1.

completed or is implemented in such a manner as no longer to justify payment of part of the aid from the Fund granted on behalf of that project, the outstanding part of the Fund's contribution shall be granted to another investment located in one of the eligible regions of the same Member State under the conditions laid down in this Regulation.

#### Article 10

1. The investors concerned shall be informed by agreement with the Member States in question that part of the aid granted to them has been provided by the Community. For infrastructure projects, the Member States, by agreement with the Commission, shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity.

2. The list of projects which have received contributions from the Fund shall be published every six months in the *Official Journal of the European Communities*.

#### Article 11

The Commission shall take into consideration for Fund assistance payments made by the Member States as from the 12th month before the date on which it receives the request for assistance, in respect of investments not completed by that date. This period shall be increased to 24 months for payments in respect of investments in Greenland.

#### Article 12

1. The Fund may contribute to the financing of studies which are closely related to Fund operations and are undertaken at the request of a Member State.

2. Such assistance may not exceed 50 % of the cost of the study.

### TITLE III

#### SPECIFIC COMMUNITY REGIONAL DEVELOPMENT MEASURES

#### Article 13

1. The Fund may participate in financing specific Community regional development measures which

differ in whole or in part from the types of measure referred to in Title II. These shall be measures:

- either linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences,
- or, in exceptional cases, intended to meet the structural consequences of particularly serious occurrences in certain regions or areas with a view to replacing jobs lost and creating the necessary infrastructures for this purpose.

These measures shall not have as their object the internal reorganization of declining sectors but may, by establishing new economic activities, promote the creation of alternative employment in regions or areas in a difficult situation.

These measures shall be financed jointly by the Community and the Member State or States concerned.

2. Member States shall provide the Commission with information on regional problems likely to be the subject of specific measures within the meaning of paragraph 1.
3. Without prejudice to the responsibilities of the Commission with regard to State aid under Articles 92, 93 and 94 of the Treaty, the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, shall determine for each of these measures to be implemented in the form of a special programme:
  - (a) the nature of the operations to which the Fund may contribute;
  - (b) the areas and regions which the Fund may assist;
  - (c) the national public aid taken into consideration in granting Fund assistance;
  - (d) the contribution of the Fund;
  - (e) the categories of beneficiaries of Fund assistance;
  - (f) the detailed rules for financing.
4. Requests for Fund assistance for these special programmes shall be submitted to the Commission by the Member States. The fifth subparagraph of Article 4 (2) (a) and Article 10 shall apply.

#### Article 14

1. The Fund may bear all or part of the cost of studies which are closely related to the measures referred to in Article 2 (3) and are undertaken at the request of one or more Member States.

2. The Commission shall decide whether to grant assistance from the Fund in accordance with the procedure laid down in Article 16, after consulting the Regional Policy Committee.

### TITLE IV

#### GENERAL AND FINAL PROVISIONS

#### Article 15

1. A Fund Committee (hereinafter referred to as 'the Committee') is hereby established. It shall be composed of representatives of the Member States and chaired by a representative of the Commission.
2. Within the Committee the votes of the Member States shall be weighted in accordance with Article 148 (2) of the Treaty. The chairman shall not vote.

#### Article 16

1. Where the procedure laid down in this Article is to be followed, the chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit drafts of decisions to be taken. The Committee shall deliver its opinion on the drafts within the time limit which the chairman may fix according to the urgency of the questions under consideration. An opinion shall be adopted by a majority of 41 votes.
3. The Commission shall adopt decisions which shall apply immediately. However, if these decisions are not in accordance with the opinion of the Committee, they shall forthwith be communicated by the Commission to the Council. In that event the Commission shall defer application of the decisions which it has adopted for not more than two months from the date of such communications. The Council, acting by a qualified majority, may take a different decision within two months.

*Article 17*

The Committee may consider any other question concerning the Fund's operations referred to it by its chairman either on his own initiative or at the request of the representative of a Member State.

*Article 18*

The necessary measures for the implementation of this Regulation shall be adopted in accordance with the procedure laid down in Article 16.

*Article 19*

1. Member States shall adopt the necessary measures to indicate separately, according to the special characteristics of national budget systems, the sums received from the Fund.

2. At the request of the Commission, Member States shall provide it with information on the allocation of the amounts received from the Fund.

*Article 20*

Assistance from the Fund shall not change the conditions of competition in a way incompatible with the principles contained in the relevant provisions of the Treaty, as elaborated in the principles for the coordination of the general regional aid schemes. In

particular, the provisions of this Regulation shall not prejudice the application of Articles 92, 93 and 94 of the Treaty, particularly as regards establishing and realigning the areas aided for regional purposes referred to in Article 3 and in respect of the amount of the contributions from the Fund.

*Article 21*

1. Before 1 October each year the Commission shall present a report to the Council, the European Parliament and the Economic and Social Committee on the implementation of this Regulation during the preceding year.

2. This report shall also cover the financial management of the Fund and the conclusions drawn by the Commission from the checks made on the Fund's operations.

*Article 22*

On a proposal from the Commission, the Council shall re-examine this Regulation before 1 January 1982.

*Article 23*

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

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European Community — Commission

**European Regional Development Fund**

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The sixth annual report describes the Fund's activities in 1980, a year of transition between 1979, when a number of major changes were incorporated into the Fund Regulation, and 1981, when the Commission sent the Council a proposal for recasting the Regulation.

In 1980 the Council adopted the first five proposals for specific development measures under the non-quota section. The main development concerning the quota section was the adjustment of the national quotas in December to take account of the accession of Greece.

The Fund's endowment for 1980 was considerably larger than in the previous year, amounting to a total of 1 170 million EUA in appropriations for commitment. Total payments amounted to 727 million EUA, this figure being achieved through the introduction of accelerated payments.

The Member States also made substantially calls on the financing available for studies closely related to the Fund's activities.

In 1980, the Commission focused on the Naples area in providing assistance under the integrated operations scheme.

Lastly, the first periodic report on the social and economic situation of the regions of the Community was completed in 1980.