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## Chapter I - Introduction

1. The European Regional Development Fund was established in March 1975.<sup>1</sup> It became operational during the same year; the first decisions on contributions were adopted in October and the first payments were made in December.

The first annual report on Fund activities, for 1975, was presented by the Commission to the Parliament and to the Council in June 1976. Since this report only dealt with a few months of Fund activity, it could not contain detailed assessments nor conclusions on the early assistance granted from the Fund. However the Commission did give a certain number of guidelines for the future.

2. This report covers Fund activity in 1976. Although the time elapsed since the establishment of the Fund is still relatively short, it is already possible to draw certain conclusions from acquired experience, especially as to whether the guidelines advanced by the Commission in the first report have been respected.

3. The budget of the Fund for 1976 amounted to 500 million u.a. The Commission adopted 307 grant decisions in respect of 1 545 investment projects, representing a total volume of investment of 4 732 million u.a.

As in 1975, all appropriations available were committed. 25% of commitments were for projects in the industry and services sectors creating or maintaining 55 000 jobs, and 75% were for infrastructure projects.

Payments by the Commission in 1976 amounted to 277 million u.a., raising to 368 million u.a. total payments made since the establishment of the Fund. This figure represents 46% of total commitments made. The Commission considers that this percentage is satisfactory, since payments from the Fund are made only after payment of the national aids on the basis of which Fund contributions are calculated; and the timing of these national payments is related to the rate of progress of the project in question.

4. Although there has been some improvement by comparison with 1975, the general economic situation of the Community remained serious in 1976 and Fund

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<sup>1</sup> By Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (OJ L 73 of 21.3.1975), hereinafter called the Fund regulation.

operations were conducted against a difficult economic background. Indeed, although increases were recorded in gross domestic product, industrial production and the volume of exports, the situation worsened with regard to the balance of payments and unemployment; rates of inflation and the volume of investment improved only slightly.

The low level of productive investment is certainly the principal reason why only one quarter of Fund grants in 1976 were allocated in respect of industrial or service activities.

5. This overall trend of the Community was accompanied by an increasing tendency of the economies of Member States to diverge. The persistence of this trend is a major obstacle to the progress of economic integration. The extent of this divergence is such that an improvement in the economic climate alone will be unable to correct it. An active Community regional and structural policy is therefore necessary, in which the Fund will be only one element.

6. The impact of the Fund cannot therefore be assessed in isolation. Indeed, it must contribute to the achievement of a whole range of objectives defined at Community level to remedy imbalances between the regions by improving the situation of the less favoured.

The achievement of these objectives implies an increased coordination:

- of the Community's financial instruments, which already have a regional and structural impact: the European Investment Bank, the financial facilities of the European Coal and Steel Community, the Social Fund, the Guidance Section of the European Agricultural Guidance and Guarantee Fund and the Regional Fund;
- of all Community policies which have regional implications;
- of national regional development policies.

7. The Commission took in 1975 a first series of actions aimed at this overall approach to Community regional policy when it set up an interdepartmental working party on coordination. These measures were continued and reinforced in 1976, in particular by the studies undertaken on the regional impact of various other Community policies and of the structural changes affecting certain economic sectors. The new Commission has for the first time given to one of its Members — who is also responsible for regional policy — the special task of coordinating all Community financial instruments with a structural role, thus demonstrating its determination to make real progress in this field.

## Chapter II - The economic situation in 1976 and the future outlook

### General situation in 1976

8. By comparison with 1975, which was a especially difficult year economically and socially, certain positive trends developed in 1976. The volume of GDP increased by 4.6% compared with a decline of 2.2% in 1975, and industrial production increased by 7.6% as against a decline of 6.2% in 1975. Exports rose in value by almost 20% compared with a decline of nearly 4% in 1975. Conversely however, the trend in other factors was less favourable.

9. The trend of investment, particularly important for regional development, was scarcely encouraging; indeed, investment volume rose only by 2.8% after which a reduction of 5% in 1975. Denmark and the Federal Republic of Germany recorded however increases in the volume of investment of more than 10% and nearly 4.5% respectively in 1976; in the other countries, on the other hand, investments hardly increased or even decreased.

10. The current balance of payments, which was virtually in balance in 1975, was again in deficit by some US \$ 19 000 million. The rate of inflation, although it slowed in the second half-year, was roughly the same for the whole year 1976 as for 1975: consumer prices rose by more than 10% on average compared with nearly 12% in 1975. Finally, the number of total unemployed remained high throughout 1976 and the easing in part-time unemployment was reversed in the autumn. On average for the year, the level of total unemployment was some 4.6% in 1976 compared with 4% in 1975.

### *Divergence of national economies*

11. The crisis which began in 1973 affected all Community countries although not to the same degree. Indeed, the economic crisis aggravated the tendency for the economies of Member States to diverge, thereby revealing the structural strengths and weaknesses of each. <sup>1</sup>

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<sup>1</sup> See tables and graphs annexed.



12. This phenomenon is well illustrated by the trend in GDP per employed person and in rates of exchange. It emerges clearly that Member States already with the lowest productivity recorded the least increase in this field and have had to cope with frequent devaluations. Ireland, Italy and the United Kingdom diverge in this way from the Community average.

13. These same countries have experienced the highest rates of inflation and the most difficult budgetary problems in recent years. The index of consumer prices increased by 65% or more from 1974 to 1976 in Ireland, Italy and the United Kingdom; by 30% in the Benelux countries and by some 20% in the Federal Republic of Germany <sup>1</sup>. Budget deficits were large in all Member countries but were very high in 1976 in Ireland (10% of GDP), in Italy (8.7%) in Belgium (5.3%) and in the United Kingdom (4.8%).

## **Effects on the regions**

### *Regional product*

14. The result of these divergent trends at regional level has been that since 1974 product per head failed to rise above the Community average in any region of the United Kingdom, Ireland and Italy. The situation has not improved, and it may be presumed that the economic trend in 1976 in the Mezzogiorno, in Ireland and in the less favoured regions of the United Kingdom and the other Community countries has not significantly altered the extent of the regional imbalances which exist.

### *Unemployment*

15. The trend in unemployment follows in large measure that of the national and regional economies, which in turn reflects a complex of structural and economic factors. It is difficult to assess their relative importance at the present time. Unemployment statistics are the only recent data available indicating economic trends at regional level.

16. Since 1974 unemployment has generally risen more sharply in developed than in other regions where industry and wage-earning employment are relatively less important. However unemployment levels in economically weak countries and re-

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<sup>1</sup> Based on national accounting systems.

gions are still the highest in the Community. By 1975, for which year a Community comparison can be made on the basis of uniform data, the only region of the United Kingdom where unemployment was below the Community average was the South East. Ireland and the Mezzogiorno continued to experience very high levels of unemployment well above the Community average. Unemployment was also above the Community average in Denmark as a whole and in certain regions of other Community countries.<sup>1</sup>

17. Unemployment trends in 1976 in the different Member States of the Community were as follows:<sup>2</sup>

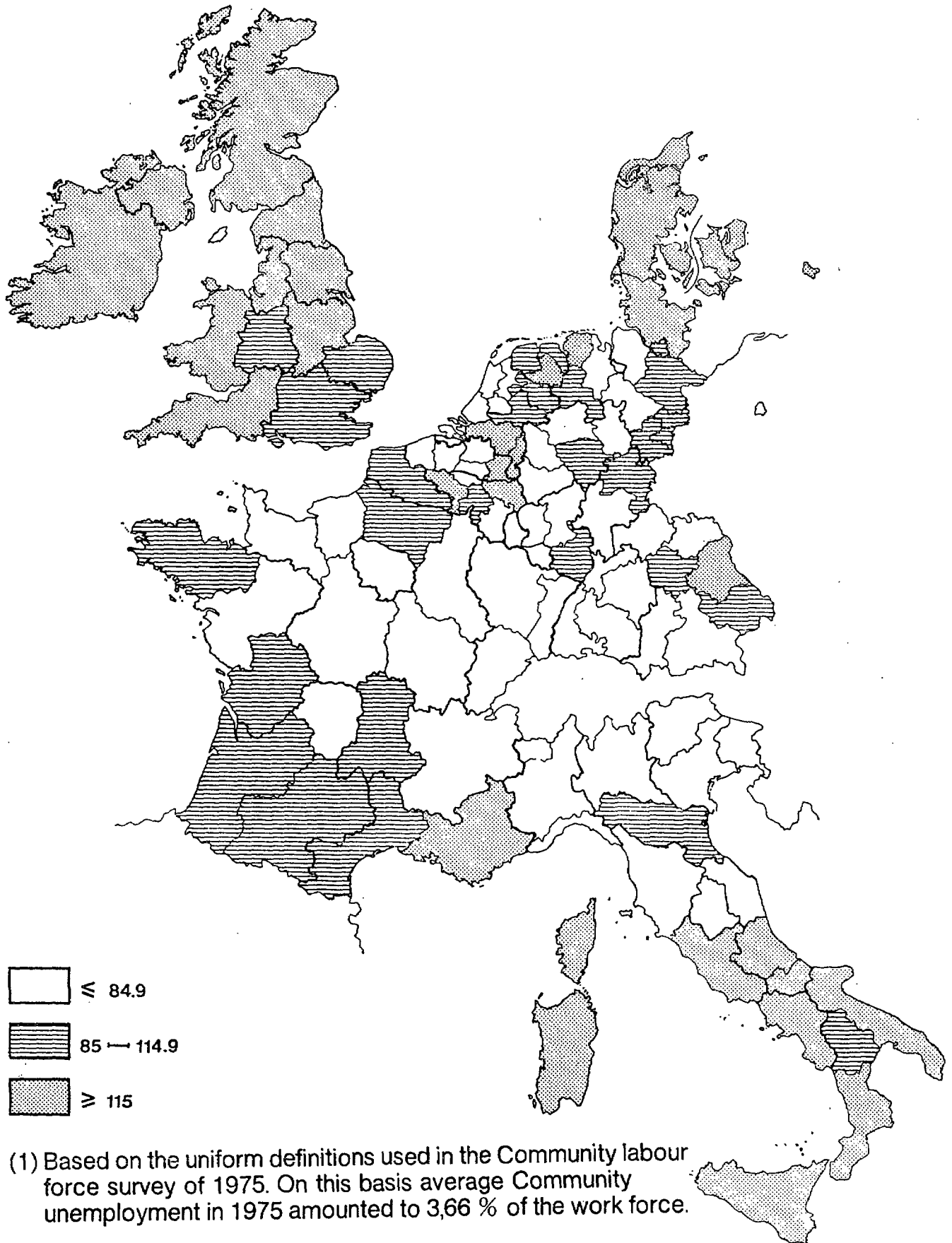
- *Belgium*: unemployment increased greatly in all regions but especially in Hainaut and Limbourg, which recorded the highest levels after Liège;
- *Denmark*: already very high in 1975, unemployment rose little; it remains highest in Jutland and above all in North Jutland where its level is double that of Copenhagen;
- *Federal Republic of Germany*: unemployment fell slightly in most regions. Increases occurred only in Bremen, the Upper Palatinate (Bavaria) and Saarland but the level remains relatively high in certain other parts of Bavaria and in some areas of Lower Saxony;
- *France*: only Lorraine experienced a major increase in unemployment, but no region recorded a decrease;
- *Ireland*: unemployment continued to rise, though more slowly than in 1975, and remains high everywhere;
- *Italy*: all regions suffered a slight increase in unemployment, and some continue to record very high levels, especially Campania, Basilicata, Calabria and Sicily;
- *Luxembourg*: unemployment remains low;
- *Netherlands*: there was a slight increase, with the largest rise recorded in Limbourg, where unemployment was already the highest in 1975;
- *United Kingdom*: all regions experienced a sharp rise in unemployment, especially Northern Ireland where the level was already higher than in any other region.

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<sup>1</sup> See map page 12 and graph No 3 annexed.

<sup>2</sup> Conclusions based on figures which are not uniform nor fully comparable between Member States.

# Unemployment by region in 1975 compared with the Community average (1)



## The outlook for 1977 <sup>1</sup>

18. The general economic outlook for 1977 is uncertain. Alongside the general imbalances between Member States, others between regions and industrial sectors are likely to be added. However, in so far as the economic stabilization policies put in hand by Member States with deficit balances achieve positive results, and the economic situation does not fluctuate exceptionally in countries with surplus balances, both within and outside the Community, the rate of growth, in real terms, of gross domestic product within the Community should reach some 3%.

This low rate of growth will affect the employment market all the more because it will stem in most Member States from insufficient investment and private consumption. A slight rise in unemployment compared with 1976 cannot therefore be excluded.

19. Concerning investment, a slight rise of around 1.5% is expected in 1977, except for the United Kingdom, Italy and France. This low rate of increase has to be compared with annual average increases of nearly 5% between 1965 and 1970.

20. In addition some slowing down in the rate of inflation can be expected, above all if the worst-hit countries manage to achieve substantial progress during the course of the year in spite of the new oil price increases. Nevertheless the rise of consumer prices will not slow down sufficiently, and imbalances between respective Member States will remain high. At the external level, despite an estimated deterioration of exchange rates, the balance of payments situation should improve: for the Community as a whole the current balance of payments should show a net revival.

21. As regards unemployment, structural and short-term economic difficulties will continue to appear, principally in declining industries such as textiles, clothing and leather. In other industries such as shipbuilding, steel, coal and fishing, employment will tend to fall for structural reasons. The complex character of these trends makes it difficult to ascertain precisely which regions will be most affected by these difficulties. The slight increase in unemployment estimated in 1977 for the whole Community will not however be apparent in all member countries. A reduction in the level of unemployment is indeed anticipated in the Federal Republic of Germany and the Netherlands; Ireland will remain unchanged; in other countries unemployment will rise.

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<sup>1</sup> Table 2 annexed.

## Chapter III - The Fund's activity in 1976

### **Budget aspects**

22. The 1976 commitment appropriation for the Fund, included in Chapter 55 of the general budget of the European Communities, amounted to 500 million u.a., as provided in the Fund regulation. Payment appropriations in the budget for 1976 were 300 million u.a., to which were added 59.3 million u.a. brought forward from 1975.

### **Applications**

23. The first series of grant decisions adopted by the Commission in January 1976 concerned applications introduced in 1975 but which could not be approved within the 1976 budget. Applications for 1976 reached the Commission over the period from the end of January to the beginning of October. In all 341 applications were presented during the year, concerning 1 774 investment projects. To this figure must be added 48 applications for 338 projects carried over from 1975. During 1976 the Commission therefore considered 389 applications in all, concerning 2 112 projects.

24. 307 out of the 389 applications were approved, relating to 1 545 investment projects. Of the 567 projects on which no decision was taken, 304 were presented in 1976 and 263 dated back to 1975. The detailed figures on applications presented will be found in the following tables:

TABLE No 1

## Analysis by category of investment of application submitted in 1976

Investment category	Amount of investment	
	million u.a.	%
Industry and services (projects of more than 10 million u.a.)	1 496.34	28
Industry and services (projects of less than 10 million u.a.)	913.14	17
Subtotal	2 409.48	45
Infrastructure (projects of more than 10 million u.a.)	2 023.61	38
Infrastructure (projects of less than 10 million u.a.)	767.17	14
Infrastructure in mountain and hill farming areas <sup>1</sup>	142.19	3
Subtotal	2 932.97	55
Total	5 342.45	100

<sup>1</sup> As defined in Directive No 75/268/EEC of 28 April 1975 on mountain and hill farming and certain less favoured areas.

TABLE No 2

## Projects approved and projects on which no decision was taken

Member State	Number of projects presented in 1976 or brought forward from 1975	Number of projects financed in 1976	Number of projects presented in 1976 on which no decision taken <sup>1</sup>					Total
			01	02	03	04	05	
Belgium	28	28	—	—	—	—	—	—
Denmark	47	42	—	1	—	2	—	3
FR of Germany	228	196	—	1	—	8	—	9
France	365	209	3	18	1	75	16	113
Ireland	116	89	2	—	—	1	6	9
Italy	449	282	2	60	1	16	37	116
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	9	8	—	—	1	—	—	1
United Kingdom	870	691	4	16	1	32	—	53
Total	2 112	1 545	11	96	4	134	59	304

<sup>1</sup> 01: industrial projects of more than 10 million u.a.  
02: industrial projects of less than 10 million u.a.  
03: infrastructure projects of more than 10 million u.a.  
04: infrastructure projects of less than 10 million u.a.  
05: infrastructure projects in mountain and hill farming areas.

25. The reasons why no decision was taken on 567 projects were as follows:

- some projects did not comply with the formal provisions of the Fund regulation (creating at least 10 jobs, volume of investment of more than 50 000 u.a., etc.);
- other projects were not accepted for sectoral reasons (structural overcapacity);
- the Commission was obliged to defer decisions in certain cases while awaiting the outcome of discussion in the Fund Committee on the eligibility of tourist projects;
- lastly insufficient commitment appropriations prevented decisions in some cases.

Some of the projects not approved have not however been formally rejected and may be approved in 1977; this is particularly the case for projects which could not be approved due to lack of available resources; these projects may be financed under 1977 appropriations.

26. Certain Member States did not use up the full amount theoretically available to them in 1976 for the following reasons:

- some projects gave rise to problems which prevented a decision by the Commission particularly in the tourist sector;
- grant applications submitted by Member States were in some cases less than the amounts for which they could apply in theory under the Fund regulation. Conversely, as shown in Table 3, several Member States applied for more than their entitlements thereby making easier the Commission's choice of projects.

TABLE No 3

1976 applications as % of shares according to the Fund regulation

Ireland	143
France	143
Netherlands	124
Italy	118
United Kingdom	112
Denmark	105
Belgium	92
FR of Germany	69

Luxembourg made no application in 1976, for the project assisted in that Member State in 1975 alone absorbed virtually all the resources available in 1975 and 1976.

27. It should be remembered that the distribution ratio laid down in the Fund regulation does not refer to amounts available for each of the three years but the

sum total available for the three years as a whole. The Commission was therefore not obliged to observe that ratio strictly in 1976; variation was possible, though of course the key has to be respected over the three years.

## Grant decisions

28. In 1976 the Commission adopted four series of grant decisions in January, April, July and December, after receiving the necessary opinions from the Fund Committee and the Regional Policy Committee. Table No 4 of the Annex gives, for each Member State and for each major investment category, the number of grant decisions, the number of projects aided, the volume of investments concerned and of grants made from the Fund. The distribution of grants was as follows:

*TABLE No 4*  
**Distribution of assistance granted by category of project**  
(in brackets : total investment concerned)

Industry and services	25 %	{ — projects of 10 million u.a. or more — projects under 10 million u.a.	11.0 %	(27.2 %)
	(45 %)		13.9 %	(17.4 %)
Infrastructure	75 %	{ — projects of 10 million u.a. or more — projects under 10 million u.a. — infrastructure in mountain, hill areas	41.9 %	(38.9 %)
	(55 %)		28.3 %	(14.4 %)
			4.9 %	(1.9 %)
Total	100 % (100 %)		100.0 %	(100.0 %)

This table calls for three comments:

- The reason why industrial and service projects account for 45% of investment financed but only 25% of grants is that grants to industrial investments may not exceed 20% of investment cost (compared with 30% for infrastructure) and 50% of national aid accorded to the investment. They are also subject to a ceiling linked to the number of jobs created or maintained.
- The importance of infrastructure increased in relation to 1975, rising from 42 to 55% of total investment and from 60 to 75% of grants made. This trend, probably due to the effects of the economic crisis, which, in 1976 as in 1975 led to less investment in industry, is not without influence on the creation of jobs.<sup>1</sup>

<sup>1</sup> See points 31 to 33.



- The proportion of grants to projects of 10 million u.a. or more has equally grown in relation to 1975, rising from 43.4 to 52.9%. The Commission considers that, in this respect, the priority referred to in the Fund regulation <sup>1</sup> has been satisfactorily observed.

### *Principal types of project assisted*

29. Tables No 5 and 6 in the Annex analyse the categories of investment for which Fund grants were made. These tables reveal the following facts:

#### *Industry and service sector investments*

- The average volume of investment per project was 49.4 million u.a. for projects of 10 million u.a. or more, and 1.7 million u.a. for projects of less than 10 million u.a. The level of Fund assistance for large projects amounted to 28.3% of national aid and 4.3% of total investment, and for small projects 41.8% and 8.4% respectively.
- As to the economic sectors concerned, electrical and electronic engineering top the list for the number of large projects aided, followed by the chemical industry and metal production and processing. Finished metal goods led for small projects, followed by electrical and electronic engineering and then mechanical engineering. The number of service sector projects involved was very low.

#### *Infrastructure*

- In general, industrial estate development was the most important type of investment assisted, accounting for 83% of large projects and 57% of small projects.
- Categories of infrastructure vary however as between Member States, in the light of regional priorities and national policies. In the Federal Republic, Belgium and Italy emphasis has been put on the development of industrial estates, in France and the Netherlands on road infrastructure designed to service industrial estates. In Ireland, apart from industrial estates, there have been measures to improve the telephone network. An important number of projects assisted in the United Kingdom were, as in 1975, for building 'advance factories' (factories built in advance by public authorities and let or sold later to private firms). The greater number of Danish infrastructure projects were in Greenland and were concerned mainly with port developments and the production and distribution of electricity.

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<sup>1</sup> Article 7 (5).

— The level of Fund assistance averaged 27.4% of eligible public expenditure for small projects and 17.7% for major projects. This is because some applications were for grants at less than the maximum rate of 30%, and in some cases the Commission itself, in agreement with the Regional Policy Committee and the Fund Committee, varied the level of grant.

For major projects, where assistance may, according to the Fund regulation, vary between 10 and 30% of investment cost, lower rates have more often been applied to infrastructure serving both the economic development of the region and the general public. For smaller projects, at the request of the Member State concerned, the Commission applied a lower rate of grant in many cases.

The number of applications for assistance for tourist infrastructure has been small; the reason here is that discussions in the Fund Committee have not yet led to an agreed definition of eligible projects in this sector.

### *Projects on which work has already been carried out*

30. The Fund regulation provides that the Commission should consider as eligible for Fund assistance all expenditure incurred by Member States after 1 January 1975, even if the projects concerned have already been started or even finished at that date. The Commission has however stressed with Member States that priority must be given to projects where the bulk of the work starts during the year in question so that Fund assistance may be an incentive for new projects. In this connection, 1976 showed a clear improvement by comparison with 1975. The situation can be considered relatively satisfactory since only 20% on average of national public expenditure eligible for Fund assistance had been paid prior to 1 January 1976.

The Commission considers that despite this improvement, more emphasis should still be put on financing new projects. This is indeed indispensable if Fund assistance is to have a real influence on solving regional problems.

### **Impact of Fund assistance on employment**

31. One of the main aims of the Fund is the creation and maintenance of jobs in predominantly agricultural regions and those subject to industrial change or structural under-employment.

In this context the fact that the largest number of projects assisted from the Fund in 1976 were infrastructure projects,<sup>1</sup> for which precise statistical data on job crea-

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<sup>1</sup> Table 4 above.

tion is not available, has its negative consequences on the achievement of Fund aims in this field. Indeed even if infrastructure projects do create some jobs in the short term, and can generate employment in the long term, it is the industrial and above all, service sector which directly create the new jobs required.

However the Commission, though it attaches the greatest importance to creating and safeguarding jobs in the short term, in particular in the current period of high unemployment within the Community, does not underestimate the fundamental role of infrastructure in developing less favoured regions. Indeed regional policy must, of its very nature, concentrate principally on medium and long-term structural measures, such as improving infrastructure, which are essential to creating permanent jobs in the future.

32. According to the information supplied with the grant applications, projects which received Fund assistance in 1976 in the industrial and service sectors should create or maintain nearly 55 000 jobs compared with 60 000 in 1975. Job creation should be highest in those Member States which received most assistance for industrial projects, namely France and the United Kingdom.

33. The small reduction in the number of jobs created by comparison with the previous year, despite a total increase in aid to industrial and service projects (124.6 compared with 119.8 million u.a.) is due mainly to the fact that a larger proportion of grants went to large projects in 1976.<sup>1</sup> Indeed, fewer jobs are created, proportional to the volume of Fund assistance and/or investments, by large than by small projects.

This is because the volume of capital invested per job is generally more for large projects than for small ones, the latter often being strongly labour intensive. However, one should not conclude from this that Fund aid should be used exclusively for small or medium-sized projects. A balanced regional development must be based both on an adequate network of infrastructure and on a diversified fabric of industrial and service investment. In this connection large projects can stimulate further development by creating ancilliary activities and by their contribution to improving the general scientific and technological level. The findings of numerous experts agree also that the greatest impact on regional development is obtainable by decentralized and diversified developments in the industrial and service sectors involving investments varying in both size and nature.

## **Financing studies**

34. Within the framework of Article 10 of the Fund regulation, the Commission decided on 22 September 1976 to finance a cross-border study of the problems of

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<sup>1</sup> See point 28.

transport and communications between the regions of Londonderry (Northern Ireland) and Donegal (Ireland). The Community provided 50% of the finance for the study, that is 0.084 million u.a. out of a total cost of 0.168 million u.a. The Community contribution was distributed equally between the United Kingdom and Ireland.

## Balance of commitment appropriations at the end of 1976

35. At the end of the second year of Fund activity the situation per Member State with regard to commitment appropriations was as follows:

*TABLE No 5*  
Total Fund commitments in 1975 and 1976

*(million u.a.)*

Member State	Appropriations available 1975 + 1976 <sup>1</sup>	Appropriations committed			% use of appropriations available (E over B)
		1975	1976	Total	
A	B	C	D	E	F
Belgium	11.90	4.04	6.67	10.71	90.0
Denmark	10.31	3.88	6.42	10.29	99.8
FR of Germany	50.76	9.47	19.88	29.35	57.8
France	118.97	46.01	76.46	122.47	102.9
Ireland	51.69	19.93	34.54 <sup>2</sup>	54.47	105.4
Italy	320.00	123.99	204.23	328.17	102.6
Luxembourg	0.79	0.75	—	0.75	94.9
Netherlands	13.48	5.59	10.00	15.59	115.6
United Kingdom	222.09	86.18	141.92 <sup>2</sup>	228.09	102.7
Total	800.00	299.83	500.12	799.90	100.0

<sup>1</sup> Article 2 of the Fund regulation.

<sup>2</sup> Including the study referred in point 34.

The preceding table shows, as already stressed,<sup>1</sup> that some Member States did not use the commitment appropriations to which in theory they are entitled. Other

<sup>1</sup> Points 26 and 27.

Member States have on the contrary exceeded their entitlement. This situation should normally be regularized by the end of 1977 in so far as Member States with outstanding balances submit a sufficient number of eligible projects.

## **Complementary character of Fund activity and national measures**

36. The problem of the additional character of Fund activity to national measures was discussed at length in the First Annual Report.<sup>1</sup> It is useful however to recall the distinction between individual additionality ('topping up') on the one hand and overall additionality on the other.

37. Topping up (that is the payment of Community assistance on top of national aid to a given investment) is limited by the Fund regulation to investments in the industrial, handicraft and service sectors. The Member State may choose either to use Fund assistance to supplement aid granted to the particular investment by public authorities, or to retain it as a partial repayment of such aid. To date Member States have always chosen the second alternative. However it should be noted that in the infrastructure field Fund assistance is in most cases paid over, in whole or in part, to the local or regional authorities concerned thereby showing clearly the direct role of the Fund in the development of those regions.

38. However it is to overall additionality (the addition of total national and Community resources available for regional development) that the Commission attaches the greater importance. This is necessary in order to hasten the restructuring and development of the economies of Member States, so as to correct the main structural and regional imbalances within the Community and thereby to promote the process of integration by a more convergent development of national economies. This means that Community resources must be added to the Member States' own regional development efforts and must not replace them either wholly or in part.

39. The previous report contained a detailed description of the way in which Member States applied the principle of additionality. There have been few significant changes since then and the situation may be summarized as follows for each country:

— in *Belgium* the laws establishing the budget of ways and means for 1976 and 1977 provide that the resources derived from the Fund shall be allocated to expenditure incurred by the Economic Expansion and Conversion Funds, which are responsible for implementing the programmes assisted by the Regional Fund;

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<sup>1</sup> First Annual Report on the European Regional Development Fund, points 52 to 67.

- in *Denmark* a special heading in which Fund receipts appear has been written into the budget of the Ministry for Greenland. For the rest of the country, Fund receipts also have a special heading in the national budget and account of this is taken in deciding the overall size of the regional development budget;
- the *Federal Republic of Germany* has stated under the heading 'Improvement of regional economic structure' of the 1976 and 1977 budgets that this item is partly financed from Fund resources;
- *France* has not itemized in 1976, as it did in 1975, the budget headings concerned with new receipts from the Fund; however the Government has implicitly taken account of these resources in preparing the budget;
- *Ireland* included in the Public Capital Programme for 1976 and 1977, a special budget heading for income from the Fund; the way in which these resources were used was indicated in the annual information statements;
- in *Italy* a law provides for the inclusion in the Treasury budget of a special heading for both receipts and expenditure ('monies credited to the Cassa per il Mezzogiorno'). For 1976, the list of projects which have in practice been made possible by these additional resources from the Fund was published by the Italian authorities.
- in *Luxembourg* the local authorities benefiting from Fund assistance have received this by way of direct transfer;
- in the *Netherlands* resources from the Fund are shown as supplementary appropriations allocated for the development of priority regions following an agreement between the Ministries of Finance and Economic Affairs. This fact is also mentioned in the budget statement;
- in the *United Kingdom* resources from the Fund are shown in the budget estimates for the different government departments; concerning their use, the additional resources have enabled an extension of the advance factory programme. In addition, Fund assistance for infrastructure projects is transferred to the local authorities concerned enabling them to reduce the loan charges incurred in their current investment programmes.

40. The problem of additionality was examined by the Regional Policy Committee which recommended that governments should introduce a special heading in their budgets, at least under income, itemizing Fund resources received, so that national parliaments may check how the principle of overall additionality is being implemented.

## Chapter IV - Regional analysis of Fund activity

### Geographical concentration of Fund activity

41. Table No 7 of the Annex shows the regional distribution of Fund assistance in 1975 and 1976.

42. The Fund regulation states that regions and areas eligible for Fund assistance shall be limited to those areas aided by Member States under their own systems of regional aid. To give maximum impact to Fund assistance, priority must however be given to investments located in national priority areas, taking account of the principle for Community level coordination of regional aids. In 1976 the situation was as follows for the various Member States:

- *Belgium*: Fund assistance was located in areas covered by the Commission decision of 26 April 1972<sup>1</sup> on aids granted under the Belgian law on economic expansion of 30 December 1970;
- *Denmark*: 70% of Fund assistance went to Greenland, the remainder to special priority areas;
- *Federal Republic of Germany*: 68% of Fund assistance went to Berlin, to the Zonenrandgebiet and to first priority development poles qualifying for 20% aid;
- *France*: 87% of Fund assistance went to regions of the West and South-West, to Corsica and to the overseas departments;
- *Ireland*: 60% of the projects aided were in the west of the country, mainly in the 'designated areas';
- *Italy*: Fund assistance went solely to the Mezzogiorno;
- *Netherlands*: Fund assistance was limited to the two priority areas in the north and south of the country.
- *United Kingdom*: some 84% of Fund assistance went to projects located in priority areas: Northern Ireland and the Special Development Areas and Development Areas.

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<sup>1</sup> OJ L 105 of 4.5.1972.

43. The situation has changed little from 1975 to 1976 concerning the geographical concentration of Fund assistance. At most one can detect a slight tendency to concentrate less in some Member States. In these circumstances, and although the choice of regional priorities may sometimes face the national authorities with delicate problems of balance between regions, the Commission takes the view that efforts to concentrate Fund assistance must be continued, given the limited resources available.

### **Analysis of recipient regions by Member State**

44. The economic development of a region is by nature a long-term matter, and neither the impact of Fund assistance in a region nor the distribution of grants between different regions should be judged on the basis of a single year. Table No 7 of the Annex also shows clearly that some imbalances, which may have appeared in distributing Fund assistance between regions in 1975, have been corrected in 1976.

45. It is not possible in this report to analyse in detail the impact of the Fund on all regions which received grants in 1976. However, the Commission considers it useful to give a general view of the regional distribution of Fund assistance for each member country, and some statistical data for certain regions with especially difficult problems and which received the most assistance per head of population in 1976.

46. *Belgium:* Applications for assistance concerned the two major regions of Flanders and Wallonia, although within those regions only some areas are eligible for Fund contributions.<sup>1</sup> The distribution of Fund assistance between the two regions reflects that of national aid allocated to regional development. In 1976 Flanders received 58% of total assistance to Belgium (56% in 1975) and Wallonia 42%. Only infrastructure projects were financed in Flanders, while assistance in Wallonia went in almost equal proportion to infrastructure and to investment in the industrial and service sectors.

*Denmark:* 70% of assistance went to Greenland and, as in 1975, was only concerned with infrastructure. Greenland received more assistance per head of population than any other Community region.<sup>2</sup> Within the rest of the country the highest contribution went to an infrastructure project to supply electricity to the island of Bornholm.

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<sup>1</sup> Point 42.

<sup>2</sup> Point 47.



*Federal Republic of Germany:* Saarland received most aid from the Fund in 1975, for two important industrial projects. In 1976 in first place were the priority areas of Bavaria, where two thirds of assistance went to investment in infrastructure; Schleswig-Holstein was in second place.

*France:* In 1975 and 1976 the principal recipient region was Brittany, although Auvergne led in 1976 on a per capita basis. <sup>1</sup> 95% of projects aided in Brittany in 1976 concerned infrastructure, mainly road infrastructure within the framework of the Breton road plan. Road projects also held an important place in the other principal beneficiary regions, Auvergne, Aquitaine and Pays de la Loire. The overseas departments also received a relatively large share of assistance to France (8%), mainly for industrial and service projects. The only region of metropolitan France to receive a high level of assistance for industrial and service activities in 1976, as in 1975, was Lorraine.

*Ireland:* The whole of the national territory is treated as a single development region by the Community. Fund assistance in the priority areas of the west of Ireland is analysed in point 52.

*Italy:* All regions of the Mezzogiorno received Fund aid. In 1975 Campania topped the list; in 1976 Sardinia, with infrastructure projects alone assisted. <sup>2</sup> Thereafter came Campania, Sicily and Calabria. <sup>3</sup> Also of major importance was a large inter-regional project for water supply in Apulia and Basilicata. The greater part of Fund contribution in all these regions went to infrastructure projects, including, but for relatively small sums, infrastructure in rural areas within the scope of the Directive on mountain and hill farming. <sup>4</sup>

*Netherlands:* Fund assistance went solely to infrastructure projects: a particularly important one in the Groningen region, three in Friesland and four in south Limburg.

*United Kingdom:* The Northern Region of England received most from Fund assistance in 1976; <sup>5</sup> 52% of grants in that region went for industrial and service projects. In 1975 the North was in third place. In the other main recipient regions in 1976 infrastructure projects accounted for rather more aid than industrial and service projects. Scotland was in second place followed by Wales. In Northern

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<sup>1</sup> Point 51.

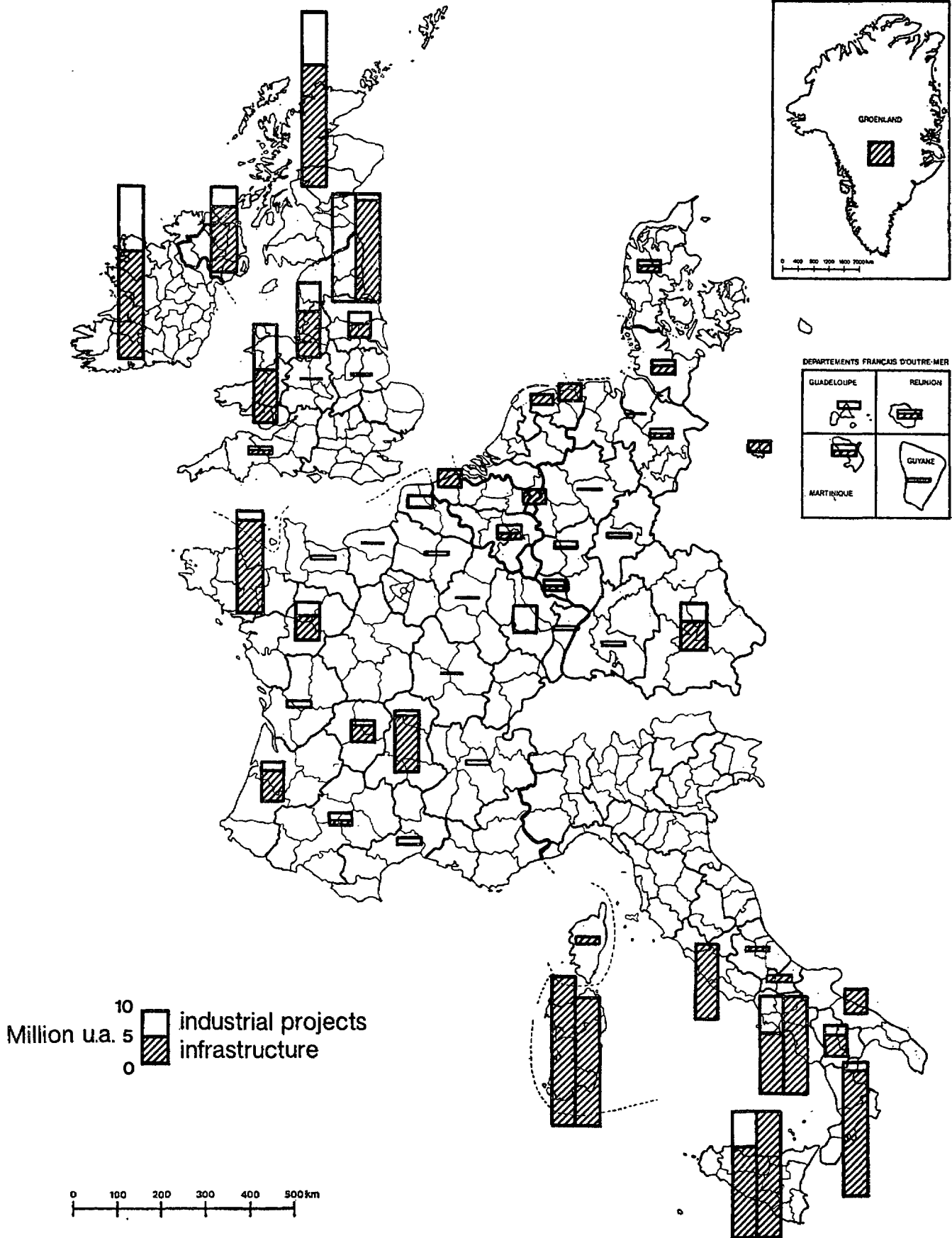
<sup>2</sup> Point 48.

<sup>3</sup> Point 50.

<sup>4</sup> It should also be noted that the Community provided grants under the special operation to help the areas which suffered from the earthquake disaster in Friuli on 6 May 1976. In addition to the Regional Fund assistance to Italy, the Commission provided 15 million u.a., under procedures based on those of the Regional Fund, for reconstructing and improving regional infrastructure in Friuli.

<sup>5</sup> Point 49.

# Regional Fund aid in 1976



Ireland two thirds of the aid went to infrastructure. Scotland and Northern Ireland were the only regions to receive aid for rural infrastructure. These four regions alone received 83% of total Fund grants to the United Kingdom.

## Fund assistance in the six main beneficiary regions in 1976

In 1976 the six following regions received the highest levels of aid per head of population. They are listed here in decreasing order of the volume of aid granted per head.

### *Greenland*

47. The Greenland region faces problems of a very special kind due to severe climate, its very size, the extremely low population density (0.1 persons per km<sup>2</sup>), and its distance from the Community. Danish government measures are concentrated on developing an infrastructure adapted to climatic conditions, mainly in the communications and electricity supply fields.

Fund assistance to Greenland in 1976 was therefore concerned solely with infrastructure, namely:

No projects	Type	Investment (million u.a.)
14	Port installations	10.3
4	Airports	0.6
11	Production and distribution of energy	15.9
2	Pipe-lines and telecommunications	9.6
—		—
31		36.4

The total volume of Fund assistance was 4.52 million u.a. or 70% of all Danish grants. Total investment by the Danish government in Greenland in 1976 was some 60 million u.a.

### *Sardinia*

48. The main characteristics of Sardinia, with a population of 1.5 million, are its mountainous terrain, and a low population density (64 persons per km<sup>2</sup>). Although gross domestic product per head is relatively high in relation to the rest of

the Mezzogiorno, it is still substantially below the national and Community averages. Despite considerable industrialization in the sixties, above all in the south of the island, accompanied by a sharp decline in agriculture, this last sector still involved 17% of the working population in 1976. The level of unemployment remains high (8.7% in 1976), the more so because Sardinia, after a net population loss of 250 000 over twenty years, has had a positive migration balance since 1972.

The main priority of the public authorities has been to develop the infrastructure indispensable for industrial development, in particular port infrastructure and water supply.

The aim of Fund assistance in 1976 was to facilitate the improvement of this infrastructure. In fact only projects within this category received Fund aid:

No projects	Type	Investment (million u.a.)
8	Development of industrial estates	7.8
1	Port development	258.0
4	Infrastructure in mountain areas	3.8
—		—
13		269.6

Total Fund assistance was 49.8 million u.a. of which 36.6. for the new industrial canal-port of Cagliari alone. This development will assist in establishing a major industrial development pole linked with an overall and very important infrastructure programme.

### *North of England*

49. The Northern Region of England, with a population of 3.12 million and a population density of 203 persons per km<sup>2</sup>, has high and persistent unemployment (6.8% in 1976) and a gross domestic product per head below the national average. The 1975 crisis aggravated the decline in employment and investment. The region is as a whole classified as a priority area (part Development Area, part Special Development Area) and is faced with the basic problem of converting declining industries. To this end the public authorities are carrying out an infrastructure development programme involving port installations, water supply and drainage, advance factories and the development of industrial estates, in order to encourage new investments.

The north of England region received most Fund assistance of all United Kingdom regions in 1976. The projects financed were:

## *Infrastructure*

No projects	Type	Investment (million u.a.)
62	Development of industrial estates	50.5
33	Advance factories	10.9
8	Port installations	17.4
6	Energy distribution	9.7
2	Reservoirs/industrial water supply	196.7
2	Road and telephone infrastructure	4.5
<hr/> 113		<hr/> 289.7

Fund assistance amounted to 21.5 million u.a. of which 2.5 million u.a. for developing the port of Tees-Eston (Cleveland) and 7.2 million u.a. for a reservoir and water mains to supply industrial estates on the east coast of the region.

## *Industry and service activity*

46 projects, with a total investment of 615.5 million u.a. were approved for grant. They should create more than 5 000 jobs. Fund aid was 23.8 million u.a. The projects are concerned with a variety of industrial sectors; the biggest projects concerned the construction of blast furnaces at Redcar (Cleveland) and a floor-coverings factory at Stockton on Tees (Cleveland).

## *Calabria*

50. Calabria, with 2 million inhabitants, is a striking example of a little developed agricultural region, located on the periphery of the national territory and the Community. A large part of the region is mountainous, 33% of its population living in inaccessible areas, and it has no port of great importance and very little industry. In 1975 24% of the working population were employed in agriculture. In the same year the region had a level of unemployment of 10.3%, the highest in Italy. The gross income per head was only 56% of the national average in 1974 and the lowest in the country.

Calabria, like other regions of the Mezzogiorno, has suffered in two ways from the economic crisis: first because of the decline in investment, here as elsewhere; secondly because of the return to their home region of workers who had moved to northern Italy or to other member countries and who have now become unemployed.

The mountainous character of Calabria, its distance from major consumer centres and the lack of raw materials are major barriers to industrialization. The public

authorities are therefore giving priority to developing the infrastructure needed for industrial and above all tourist development, in particular water supply and roads and other communications with adjoining regions.

Fund assistance in 1976 was directed mainly at helping in these fields. Fund grants were made for three major infrastructure projects and two of smaller size, much of which involves water supply and roads. These projects accounted for a total investment of 83 million u.a. and 22.7 million u.a. of Fund grants. Grants were also made for 60 infrastructure projects in mountain areas, nearly all roadworks (9.9 million u.a. of investment; 2.9 million u.a. of Fund aid). Four industrial projects were also financed creating 335 new jobs (11.9 million u.a. of investment; 1.8 million u.a. of Fund aid).

Total Fund assistance was 27.4 million u.a.

### *Auvergne*

51. Auvergne is a mountainous region with a low population density (51 persons per km<sup>2</sup>; 1.3 million inhabitants in all) and with structural problems connected with traditional types of agriculture. This last sector involved nearly 20% of the working population in 1975. Industrial activity is small and not very competitive. The region is faced with three serious problems: the need to create new jobs for those leaving agriculture, the need to restrain depopulation in certain areas, and poor communications, especially roads and telephones, making any attempt at industrial development particularly difficult.

Fund assistance in 1976 was directed mainly to improving infrastructure. Assistance was granted for improving the road network in the four departments of the region, within the framework of the Massif Central road plan, and for modernizing and extending the telephone network. These two major categories of infrastructure assisted accounted for an investment of 42 million u.a. and Fund grants of 12.6 million u.a.

Fund aid was also granted for one industrial project (extending a factory making wooden furniture), involving an investment of 4.2 million u.a. and the creation of 250 new jobs.

### *West of Ireland*

52. The whole of Ireland is considered as a single development region at Community level. As far as Fund grants are concerned, the Irish Government has however decided to give priority to the 'designated areas' in the west of Ireland (Donegal, North-West, West, and parts of the Mid-West, South-West Midlands and North-

East regions) which have a population of 900 000 (30% of the national population). These regions are still essentially agricultural with practically half the working population employed in farming and with the highest levels of unemployment in the country.

The Irish Government has given absolute priority to developing the industrial and service sectors, with the aim of creating 19 000 jobs in the country as a whole in 1976, together with the basic infrastructure to support this development.

Fund assistance in 1976 in the regions of the west was distributed as follows:

### *Infrastructure*

No projects	Type	Investment (million u.a.)
7	Advance factories	1.5
7	Telephones	4.1
3 <sup>1</sup>	Industrial estates	68.7
3	Roads	1.3
2	Port installations; energy	2.6
18	Mountain and hill farming infrastructure	17.0
40		95.2

### *Industry and services*

No projects	Type	Investment (million u.a.)
2	Metal goods	4.4
2	Mineral products	1.6
2	Electrical and electronic industry	3.5
1	Woodwork and timber industry	0.1
2	Chemical industry	182.9
2	Mechanical engineering	10.2
11		202.7

<sup>1</sup> Including water supply for the industrial port at Cork (investment: 65.1 million u.a.; Fund assistance: 5.3 million u.a.).

These investments should create more than 2 000 jobs.

Of special note among the infrastructure projects is the development of the port at Cork, designed to become an essential development pole for the south-west of Ireland. Among industrial projects the predominance of the chemical sector should be noted; this alone should create 800 new jobs.

## Chapter V - Payments and controls

### Payments

53. Total payments in 1976 amounted to 277.33 million u.a. concerning 390 aid decisions of the Commission, out of a total of 488 adopted in 1975 and 1976.

For the two initial years of Fund activity total payments were 368 million u.a., or 46% of 799.90 million u.a. committed.

54. Payments compared with commitments for each Member State were as follows:

*TABLE No 6*  
**Payments from the Fund**

*(million u.a.)*

Member State	Commitments 1975-1976	Payments			Payments as % of commitments
		1975	1976	total	
Belgium	10.71	—	6.11	6.11	57.0
Denmark	10.29	1.56	3.98	5.54	53.8
FR of Germany	29.35	—	13.35	13.35	45.5
France	122.47	16.12	28.87	44.99	36.7
Ireland	54.48	7.00	18.03	25.03	45.9
Italy	328.17	44.30	112.86	157.16	47.9
Luxembourg	0.75	0.22	0.41	0.63	84.0
Netherlands	15.59	2.85	5.45	8.30	53.2
United Kingdom	228.09	18.62	88.27	106.89	46.9
Total	799.90	90.67	277.33	368.00	46.0

Table 8 of the Annex gives details of payments made from the Fund in 1976.

55. Payments in 1976 (277.33 million u.a.) were made partly from unused 1975 payment appropriations carried forward to 1976 (59.33 million u.a.), and partly from payment appropriations in the 1976 budget (218.00 million u.a.).



Applications for payment were more than the amount of 277.33 million u.a. actually paid out. A certain number of applications were carried forward to 1977 for technical reasons. This explains in particular why the level of payments to France is low, where additional information was requested but had not reached the Commission by the end of the year.

56. Total payments in 1975 and 1976 are less than the appropriations written into the budget for this purpose: 150 million u.a. for 1975 and 300 million u.a. for 1976 or a total of 450 million u.a. The 82 million u.a. not used in 1976 have been added to 400 million u.a. of payment appropriations for which there is provision in the 1977 budget.

57. The volume of payments made in 1976 appears satisfactory. It must be stressed that the rate of payment depends largely on the speed with which Member States pay their regional aids related to the investments concerned, which in turn is closely linked with the rate of progress of the project itself. Only then can the Member States make application for payment from the Commission. Some delay is therefore inevitable between commitment and payment and above all when projects take several years to complete. The delay is that much longer still where the projects financed are new ones.

58. The Commission can also state that payment applications have been dealt with expeditiously. Save in exceptional cases where supplementary information required was not supplied rapidly, payment applications have generally been settled within two weeks of receipt. It may be noted for example that 60% of applications in 1976 arrived in November and December.

The Commission also wishes to stress that the large number of payments made in 1976 is the result of the close collaboration established with the national authorities

## **Controls**

59. In 1976 as in 1975, the Commission, in collaboration with Member States, undertook a certain number of control measures as provided for by the Fund regulation, including on-the-spot inspections, designed to check whether investments in receipt of Fund assistance were being properly implemented.

In this connection, 87 inspection visits were made during the year; added to visits undertaken in 1975, the number of on-the-spot checks since the Fund was established has been 131.

Table No 7 shows the number of visits made, by Member State and by category of investment. A classification by region appears in Table 9 of the Annex.

TABLE No 7

Number of projects inspected since the establishment of the Fund

Member State	Number of projects	
	Industry	Infrastructure
Belgium	2	8
Denmark	6	17
France	6	7
FR of Germany	1	5
Ireland	9	14
Italy	7	12
Luxembourg	—	1
Netherlands	—	3
United Kingdom	1	32
	32	99
	131	

60. These on-the-spot checks were carried out, at the request of the Commission, by the responsible authorities of the Member States and with officials of the Commission participating (Directorate-General for Regional Policy and Financial Control). The responsible departments of the Commission have kept the Board of Auditors informed of all on-the-spot checks and the Board has taken part in these checks itself on several occasions.

61. Experience acquired during the first inspection visits in 1975 and early 1976 led to improvements in the checking procedures in order to meet with the aims laid down in the Fund regulation, namely to ensure:

- that local administrative practice conformed to Community rules;
- the existence of documentary evidence and its conformity with the data submitted to justify Fund assistance at the time of the application;
- the way in which projects financed by the Fund are implemented and checked;
- whether implementation is consistent with projects as approved for Fund assistance.

No irregularity was ascertained, in this respect, in the course of inspection and checking in 1976.

62. A problem arose in some Member States concerning the inspection of industrial projects, where Fund assistance was considered as a partial repayment of national regional aids and not passed on to the investor concerned. Moreover, some Mem-

ber States do not themselves possess the necessary powers to carry out detailed checks on industrial projects in receipt of aids. These countries rely on certificates drawn up by independent auditors when work has been completed in order to authorize payment of their national aids. The Commission considers that a method of this kind could possibly be useful for checking industrial projects.

63. Some administrative difficulties occurred as a result of the inevitable problems involved in the initial establishment of new administrative channels between the authorities of Member States and the Fund. One Member State, in particular, submitted payment applications based on estimates of national aid payments instead of actual payments as laid down in the Fund regulation. In addition a visit of inspection in another Member State revealed that some projects had been completed well before 1 January 1975; detailed examination showed that the Fund grants in question were legally in order since they related to national public expenditure after 1 January 1975. However the sums involved were very small and the Member State in question withdrew the projects.

## Chapter VI - Regional development programmes and coordination with other Community policies and financial instruments

### Regional development programmes

64. As stressed already in the report on Fund activity for 1975, the Commission attaches great importance to the regional development programmes required by the Fund regulation.<sup>1</sup>

Indeed, these programmes, prepared according to a common outline approved by the Regional Policy Committee,<sup>2</sup> should improve knowledge of regional problems, growth prospects and needs, and spell out clearly the development aims and

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<sup>1</sup> Article 6.

<sup>2</sup> OJ C 69 of 24.3.1976.

measures and the financial resources which Member States need for their implementation. The Community will then be better able to decide its own financial assistance for regional policy purposes so that its resources are used in as rational a manner as possible.

65. The Fund regulation requires that programmes must be sent to the Commission by the end of 1977.

In 1976 programmes for twelve regions were submitted to the Commission by the Federal Republic of Germany. These programmes were prepared jointly by the Federal Economic Ministry and by the Ministries for Economics and Transport of the Lands concerned. They cover four years (1976-1979) and follow closely the common outline. The chapters on economic and social analysis and development aims are relatively detailed, as are those describing regional measures. Reference is also made to structural policies, but this part of the programme could be more detailed so as to show more clearly the impact of these different policies on regional development. The Commission received the programmes for the United Kingdom and for Greenland at the beginning of 1977. These programmes are currently being examined in detail by the Commission and will then be considered by the Regional Policy Committee.

### *Annual information*

66. Until the regional development programmes become available the Fund regulation provides for the assessment of applications for Fund grant in the light of annual information statements. These statements must include for the year in question all appropriate information concerning the economic and social situation of regions eligible for Fund assistance, the financial resources allocated to those regions, the regional development measures envisaged and national aid ceilings.

67. The annual information statements for 1976 were submitted to the Regional Policy Committee for consideration. They were then sent in summary form to the European Parliament and to the Economic and Social Committee, where they were considered at the same time as the first annual report on the Fund.

68. The statements supplied by the Member States are important in managing the Fund not only because they provide the Commission with up-to-date information on the economic and social situation of regions and with the regional policies of Member States, but also because the latter have to indicate the general lines of how they propose to use Fund resources during the year in question and the priorities they have established.

## *Statistical summaries*

69. When preparing in 1976 the first Fund report the Commission had not yet received all the statistical summaries for 1975, which should have been communicated before 1 April 1976. The summaries were received later but, despite the effort made by the Member States, some are still incomplete and statistics are often lacking in uniformity. They need therefore to be supplemented before the Commission can assess, as required by the Fund regulation, the results of the measures taken in each region during the previous year and especially the results of Fund-aided measures. This problem is currently being considered by the Regional Policy Committee.

70. The Commission, although aware of the difficulties involved, insists that the Member States should indicate, each year and for each region, the volume of investment specifically aided by economic sector, the number of jobs created or maintained in consequence and the public expenditure involved (including that on regional infrastructure) indicating those investments having received Fund grants and those which have only received national aid. Indeed, this data is essential to the assessment of the impact of the Fund on the development of the regions concerned.

## **Coordination with other Community policies and financial instruments**

### *General considerations*

71. The coordination of policies and financial instruments advanced in various ways in 1976 and early 1977. Firstly the European Council meeting at The Hague in November 1976 took note of the internal measures adopted by the Commission to ensure better coordination between the various Community funds (Social Fund, Regional Fund and Agricultural Fund). The Commission also stated that it would be making proposals to the Council in 1977 aimed at the greater coherence of the activities of these Funds.

Secondly the new Commission stressed at the beginning of 1977 the importance which it attaches to the question of coordination by setting up a special task force for coordinating financial instruments. The Commissioner responsible for regional policy was put in charge of this coordination which involves proposing and implementing, within the framework of the Commission's general guidelines for economic policy, measures to ensure the coherence of assistance from all the different Community financial instruments.

## *Coordination of Community policies*

72. The measures of coordination applied before 1976 were concerned principally with the financial instruments and were designed essentially to avoid grant decisions which, while complying with the aims of one Community policy, might have harmful results on other Community policies (environment policies, competition policy, sectoral policies, etc.). The development of several Community policies now requires more detailed coordination of both policies and financial instruments. Moreover this coordination is also made essential by the increasingly serious problems created by the economic crisis, the more so because the Community's financial resources, and therefore its capacity to help in a significant manner, have remained relatively limited.

Coordination should therefore aim to ensure that financial assistance and particular policies should not only not be contradictory, but as far as possible contribute to implementing the same purposes. Such an approach has been gradually developed, starting with the work undertaken by a number of inter-departmental Commission working parties on various Community policies.

73. At the end of 1976 the Commission put in hand studies on how to implement the main conclusions of a report on the regional aspects of structural policy for agriculture. This document, prepared by the inter-departmental working party created by the Commission at the end of 1975 to coordinate Community financial instruments, confirms that the less favoured regions with inadequate agriculture structures have not, by comparison with other regions, received Community financial aid in proportion to the gravity of their structural problems. The report proposes therefore a number of measures designed to increase the impact of the Guidance Section of the EAGGF in regions in greatest need. These could involve in particular varying the levels of Community financial assistance, adapting existing 'common actions' more specifically to the need of less favoured regions and undertaking specific measures designed to deal with their problems.

74. At the end of 1975, the Commission had already given an inter-departmental working party the task of analysing the impact on the agricultural situation of the Mediterranean regions of agricultural marketing, pricing and structural policies and the effect on those regions of Community policy towards non-member countries around the Mediterranean. This led to a report on the problems of Mediterranean agriculture analysing the consequences of the Community's external policy on a sector of particular importance and sensitivity for certain regions. The report concluded that a certain number of specific measures are needed to sustain the development potential of the Mediterranean regions while at the same time safeguarding the future of the Community's external policy.

75. The difficulties now facing certain economic sectors have led the Commission to undertake detailed analyses of each sector under their different aspects. These

analyses, in particular those of the textile and motor-vehicle industries, are essential if the Commission is to be able to judge the relative importance of the aims of different policies and financial instruments and, where it thinks it is necessary, to intervene directly by way of those policies and instruments.

## **Coordination of financial instruments**

76. The reinforcement of Community measures of a structural nature which have a regional impact may in some cases require simultaneous or coordinated action by several Community financial instruments to help either the same project or projects in different but interdependent fields. Coordination aims therefore on the one hand to establish Commission policy towards projects where the achievement of Community priority aims, especially in the regional field, requires that several instruments should provide assistance to a given project; and on the other to ensure coordinated action by the various financial instruments to help separate but interdependent projects falling, for example, within the framework of a redevelopment plan of a given area or region.

In this context regional development programmes will be a valuable instrument of coordination to ensure coherent use of the various Community instruments.

77. The Commission notes with satisfaction that the European Investment Bank followed in 1976 a policy of concentrating its activities in the less favoured regions of the Community. 75% of loans issued within the Community went to projects of regional interest. However, the Commission notes with regret that no Member State made use of the facility provided for by the Fund regulation to grant interest rebates on loans from the Bank for infrastructure projects.

78. While taking full account of its own specific aims and requirements in the field of industrial training and retraining, the Social Fund too has increased its effort to help the less favoured regions. In 1976 82% of grants made under Article 5,<sup>1</sup> and over 50% of all aid, went to help these regions. In addition, the regional impact of the Social Fund was accentuated in the proposals for revising the Funds adopted by the Commission at the beginning of 1977.

79. The economic crisis has been felt particularly by the steel industry, especially in some regions, with the consequence that the available ECSC conversion funds are likely to prove insufficient. The Commission is therefore studying how

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<sup>1</sup> Council Decision No 71/66/EEC of 1.2.1971.

to establish an overall reconversion policy in this sector and has proposed that the Member States prepare regional conversion programmes for which Community finance could be available. These programmes are designed to extend the availability of reconversion loans to projects for the reemployment of workers made redundant by technological change and could facilitate the granting of coordinated assistance from several Community instruments, in particular the Social and Regional Funds.

## Chapter VII - Information on Fund activity

80. The Commission believes that information on Fund activity should be widely available for the reasons already mentioned in the annual report for 1975. Firstly public opinion has a right to be informed on the use to which Community money is put. Secondly Regional Fund grants in particular are perhaps more suited than others to bring Community activities to the notice of public opinion. This last consideration is increasingly important with the prospect of direct elections to the European Parliament in mind.

The Commission confirmed this belief in its decision of 9 June 1976 on regionalized information by instructing its departments to give immediate publicity in as detailed a form as possible, to financial assistance from all Community instruments.

To be effective, information must be systematic and permanent. In this context the Commission feels that the operations undertaken in 1976 involving press contacts, information hoardings, publication of projects in the Official Journal and direct information to investors, is beginning to have positive results, especially in Italy, the United Kingdom and Ireland, which are the principal beneficiaries from the Fund. It is clearly press information and publicity hoardings which have the most impact on public opinion.

### Press information

81. As in 1975, the Commission published after each series of Fund grant decisions a press release and tables showing the national and regional distribution of aid. In 1976 it was also possible to publish, with the press release, full lists of the pro-



jects concerned. The lists are of special interest to the regional and local press in so far as they can show in precise and concrete terms what the Community has done for a given region or locality. Since these activities concern the local and regional press as well as the national press, the role of the Commission's Press and Information Offices in the Member States is essential in this field.

## **Information hoardings**

82. As already indicated in the first annual report on the Fund, all Member States have agreed to erect on the site of major infrastructure projects information hoardings stating that the project is partly financed from the Fund; a certain number of hoardings have already been erected, in particular in Italy and the United Kingdom. The Commission has insisted that hoardings are erected systematically in all Member States during 1977.

## **Publication in the Official Journal**

83. As required by Article 14 of the Fund regulation, a first list of projects financed from the Fund was published in the Official Journal in November 1976.<sup>1</sup> This list covered grants approved in 1975 and in January and April 1976. The list concerning the July and December 1976 decisions is currently with the printer.

## **Information to investors**

84. As laid down in the Fund regulation, and following agreements with each Member State take account of its decision on the question of 'topping up',<sup>2</sup> all investors concerned were informed by letter from the Commission, sent either directly or via the relevant national authorities, that their project was approved for Fund assistance.

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<sup>1</sup> OJ C 267 of 12.11.1976.

<sup>2</sup> Point 37.

## Chapter VIII - Conclusions

85. The Fund regulation has to be re-examined by the Council, on the basis of a proposal from the Commission, before 1 January 1978. It is not for this report, dealing with Fund activity in 1976, to suggest measures for the future. Nevertheless, since account must be taken of past experience in preparing future decisions, a certain number of lessons may appropriately be drawn from the Fund operations in the past, in the administrative, economic and political fields.

86. Administratively, the procedures established by the Fund regulation have worked satisfactorily, thanks in large measure to close collaboration with national government departments. Grant decisions have been adopted within reasonable time limits, varying between two and three months. The Commission is however considering whether the procedures can be improved.

87. The Regional Fund budget was fixed by the Conference of Heads of State and Government in December 1974. The exceptionally high rates of inflation experienced by the Community in 1975 and 1976, especially in the main beneficiary countries, has however had unfavourable consequences for the real value of the resources and has seriously reduced the possibilities of Fund assistance.

88. The impact of the Fund on the economic development of the regions also depends largely on Member States respecting the principle of additionality upon which the Commission cannot insist enough.

Moreover the concentration of Fund aid on priority areas and on projects which have a real impact on regional development must continue.

89. The Commission notes that no Member State made use of the possibility provided for by the Fund regulation to grant interest rebates on loans from the European Investment Bank. This facility could have increased the impact of measures of both financial instruments. It would make loans more attractive for a number of investments and, via the Fund, make more resources available for regional development.

90. The favourable reaction of public opinion to Fund operations has become clear as a result of the information activities undertaken in some member countries

in 1975 and 1976. This requires however that the principle of additionality should be clearly respected and that detailed and specific information be made available through the press and by suitable information hoardings.

91. The Commission also stresses the importance of regional development programmes to the granting of Fund assistance in the future. These will enable priority measures which should be helped from the Fund to be decided more easily than in the past and will also permit the proper coordination of the activities of the different Community funds, both between themselves and with those of the national authorities. The programmes will therefore be of the greatest importance.

92. Lastly it is increasingly clear that the coordination of all Community instruments with a regional impact is urgently necessary. By itself the Fund can only make a relatively modest contribution to solving regional problems. Coordination confined to Community financial instruments alone, while improving general efficiency, will not provide an adequate answer in view of the difficulties faced. It is by the effective coordination of all Community structural, sectoral and other policies, backed up by convergent action by the financial instruments, that the Community will be able to make its contribution to solving the serious problems of regional imbalance with which it is faced. The Commission for its part is determined to proceed along this road and has made it a priority task in its work programme for 1977.

ANNEX

TABLE 1

Trends in macro-economic aggregates in the Community:  
1976 compared with 1975

Member State	GDP (volume) %	Investment <sup>1</sup> %	Unemployment rate 1976 average <sup>2</sup>	Consumer prices <sup>3</sup>	Current payments balance (million \$)
Belgium	3.0	— 0.2	6.1	8.8	— 0.4
Denmark	4.8	13.7	5.1	8.5	— 1.9
FR of Germany	5.7	5.1	4.1	4.4	3.2
France	5.2	4.5	4.4	9.8	— 5.8
Ireland	3.5	3.0	9.4	18.0	— 0.3
Italy	5.6	2.3	3.7	17.5	— 2.9
Luxembourg	3.0	— 4.5	0.4	9.8	<sup>4</sup>
Netherlands	3.5	— 1.5	4.6	9.3	2.4
United Kingdom	1.8	— 4.3	5.2	15.2	— 2.6
Community	4.6	2.8	4.5	9.9	— 8.3

<sup>1</sup> Gross fixed asset formation (volume).

<sup>2</sup> Unemployed as % of active population. Since definitions are not fully uniform, unemployment levels cannot be compared between countries.

<sup>3</sup> Based on national accounting systems.

<sup>4</sup> Included under Belgium (BLEU).

TABLE 2

## Forecasts for 1977

Member State	GDP (volume) %	Investment <sup>1</sup> %	Unemployment rate <sup>2</sup> (1977)	Consumer prices <sup>3</sup> %
Belgium	3.5	2.7	5.8	7.5
Denmark	1.5	0.5	6.0	9.0
FR of Germany	4.0	3.0	3.8	4.0
France	3.1	0.4	4.8	9.0
Ireland	3.7	8.0	9.6	15.0
Italy	3.0	2.0	3.9	19.0
Luxembourg	2.0	4.3	0.3	7.8
Netherlands	4.0	4.5	4.4	7.0
United Kingdom	0.8	— 3.4	5.9	15.0
Community	3.0	1.5	4.7	9.5

<sup>1</sup> Gross fixed asset formation (volume).

<sup>2</sup> Unemployed as % of active population. Since definitions are not fully uniform, unemployment levels cannot be compared between countries.

<sup>3</sup> Based on national accounting systems.

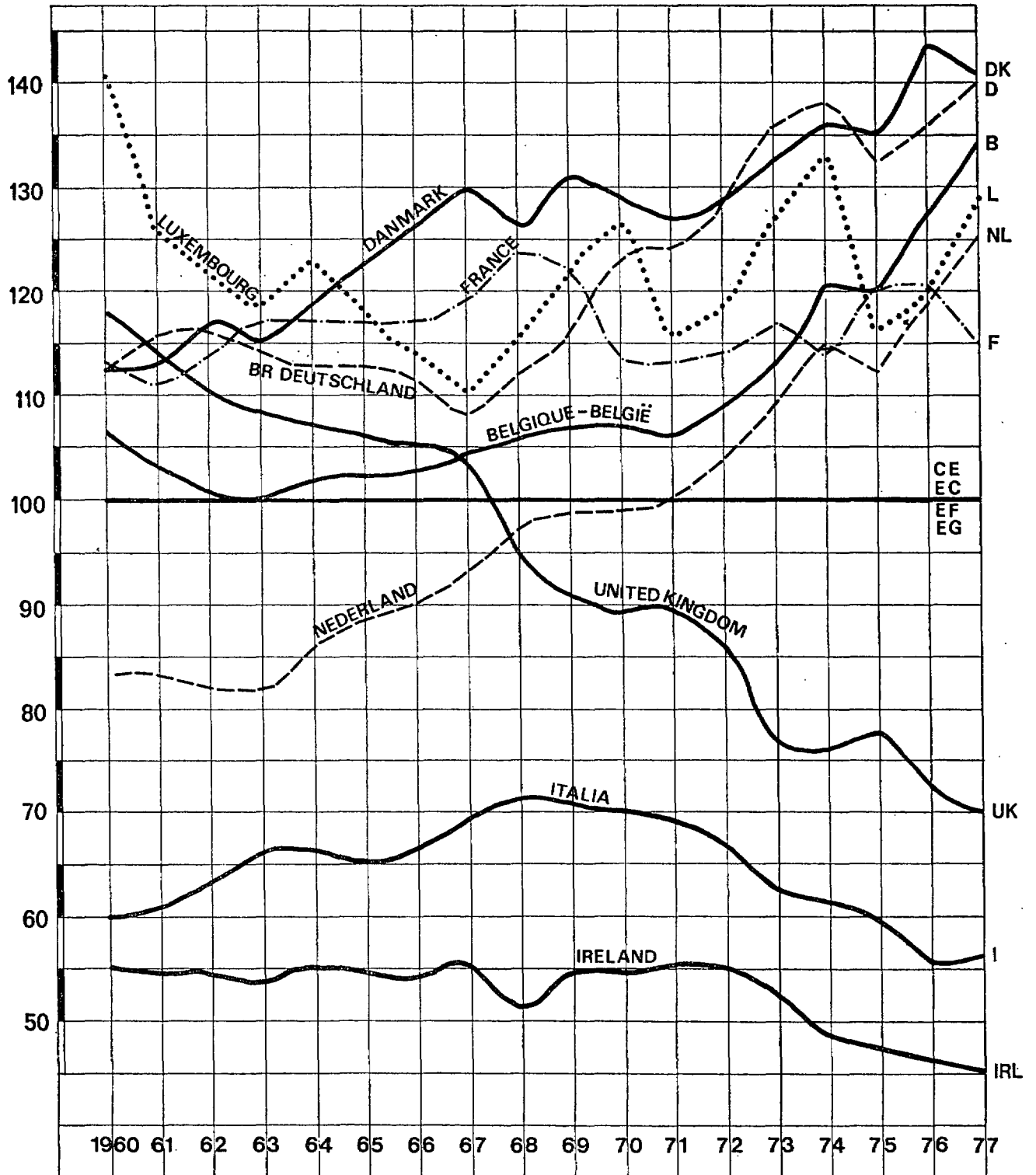
TABLE 3

Trends in investment - Gross fixed asset formation  
(% change over previous year)

Member State	1975		1976		1977 <sup>1</sup>
	volume	value	volume	value	volume
Belgium	- 3.3	+ 7.4	- 0.8	+ 9.4	+ 1.5
Denmark	- 10.7	- 0.5	+ 10.1	+ 17.3	+ 2.5
FR of Germany	- 4.1	- 1.3	+ 4.4	+ 7.0	+ 3.5
France	- 4.3	+ 6.9	+ 0.8	+ 11.0	- 1.2
Ireland	- 5.5	+ 11.9	+ 2.0	+ 20.4	+ 3.0
Italy	- 12.7	+ 4.3	+ 1	+ 22	- 2
Luxembourg	- 10.1	+ 1.6	- 4	+ 4.3	+ 6.9
Netherlands	- 3.8	+ 6.1	- 3	+ 5.5	+ 3
United Kingdom	- 1.2	+ 23.3	- 1.7	+ 15.0	- 1.3
Community	- 5.0	+ 5.8	+ 1.6	+ 11.7	+ 1.4

<sup>1</sup> Forecast by Commission services.

**Graph I. Indices of GDP per person  
at current prices (in EUR)  
(EEC = 100)**

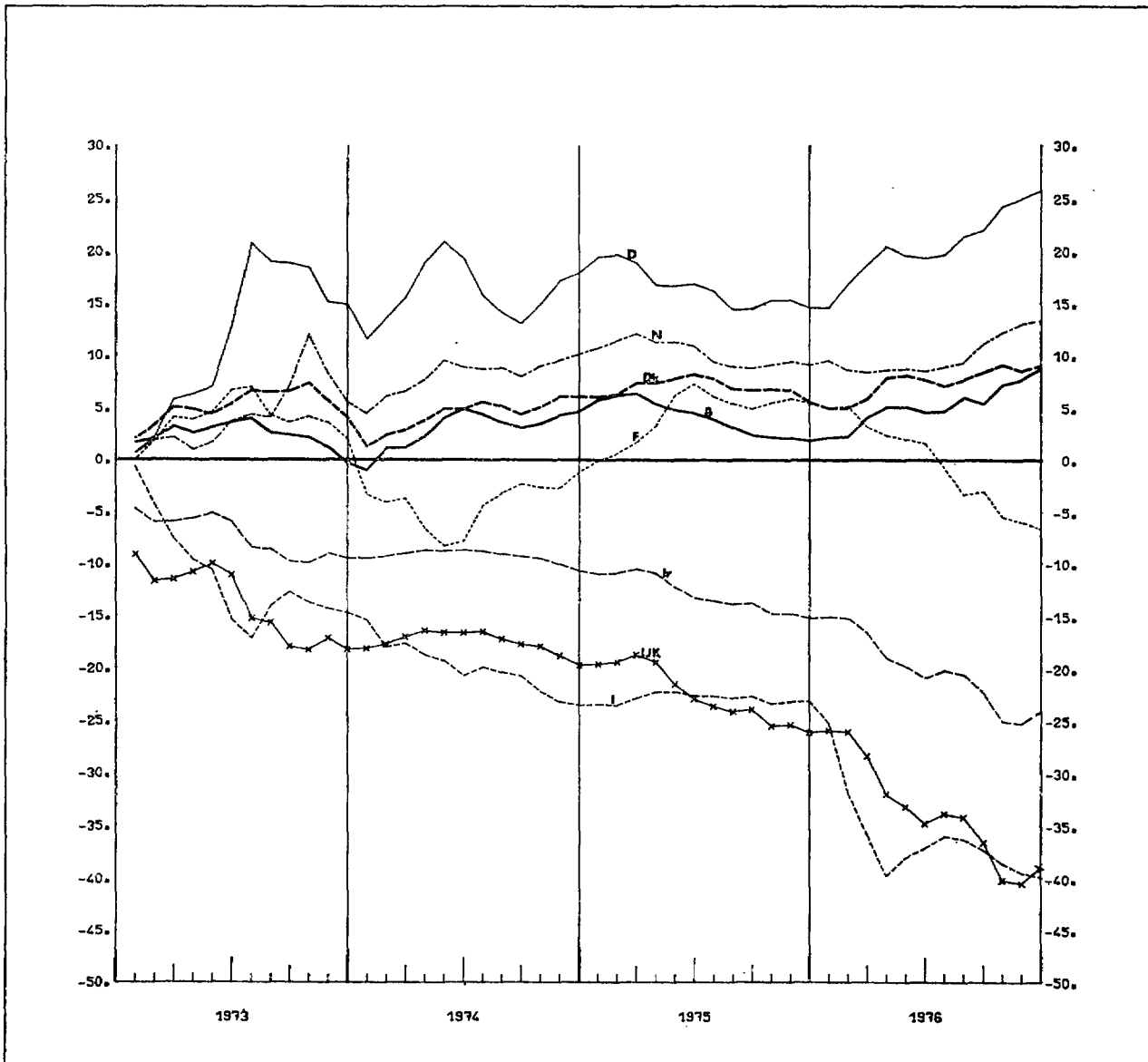
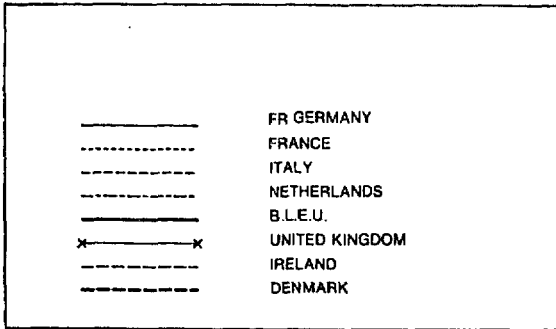


1977: forecast (EUR exchange rates as at 16.5.77).

GRAPH II

Weighted appreciation or depreciation  
of the currencies of Member States in %

(Reference period: 'Smithsonian Agreement', December  
1971; weighting according to the structure of foreign trade)

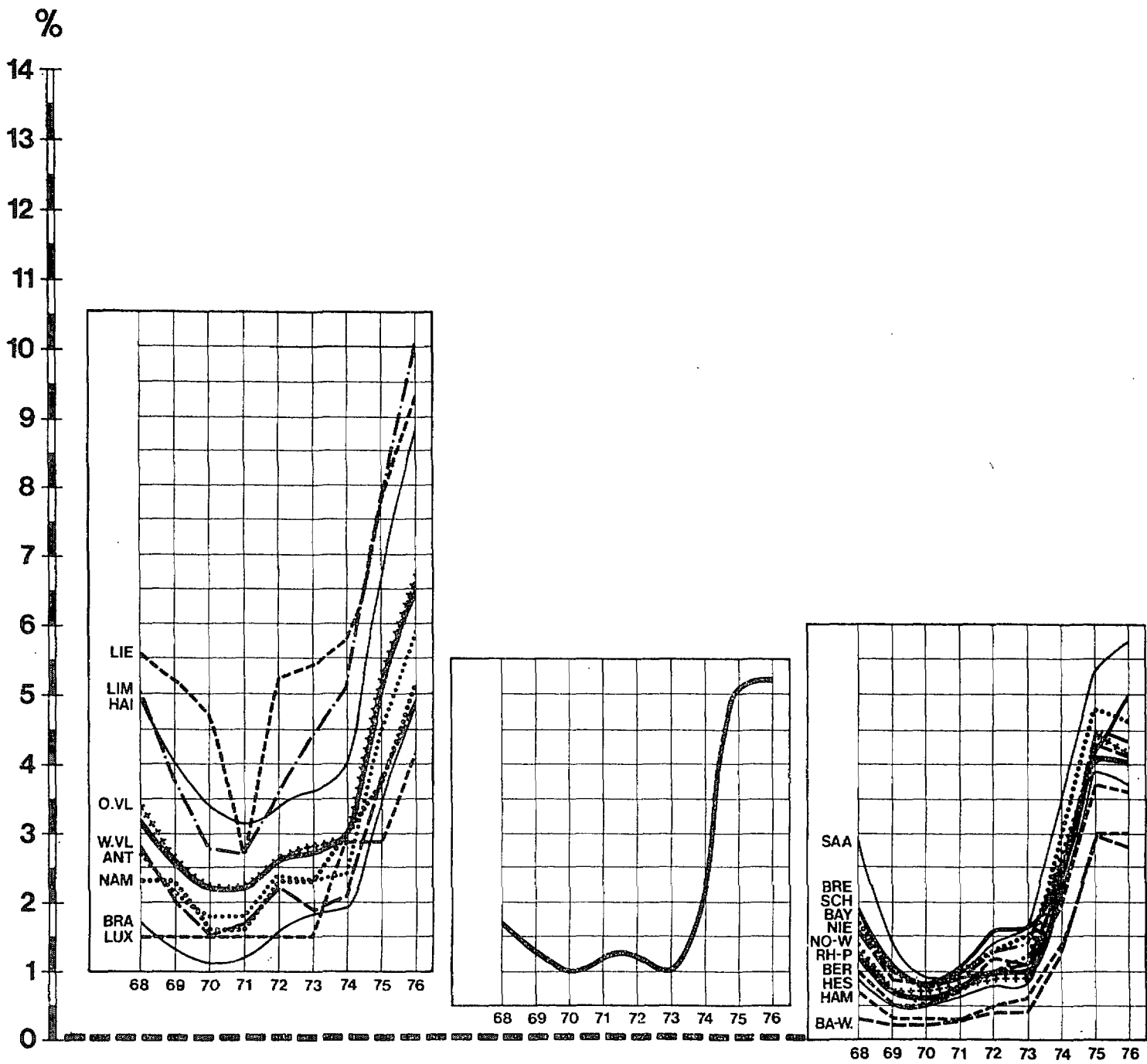




Graph III.

# Unemployment as % of labour force

## Period 1968-1976 (1)



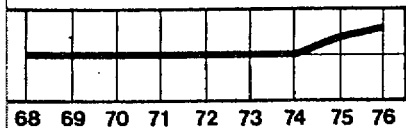
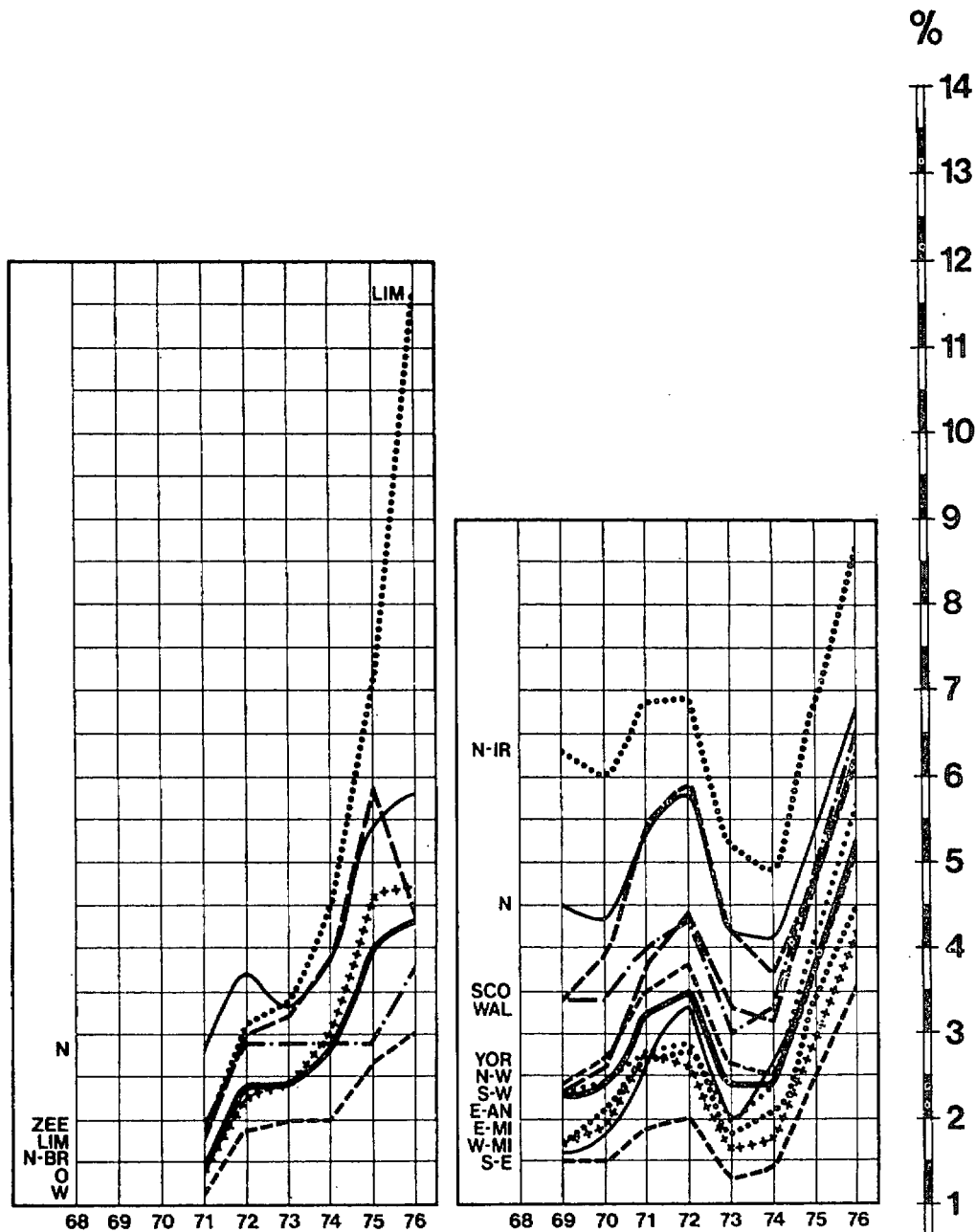
**BELGIË-BELGIQUE**

**DANMARK**

**BR DEUTSCHLAND**

(1) Monthly averages

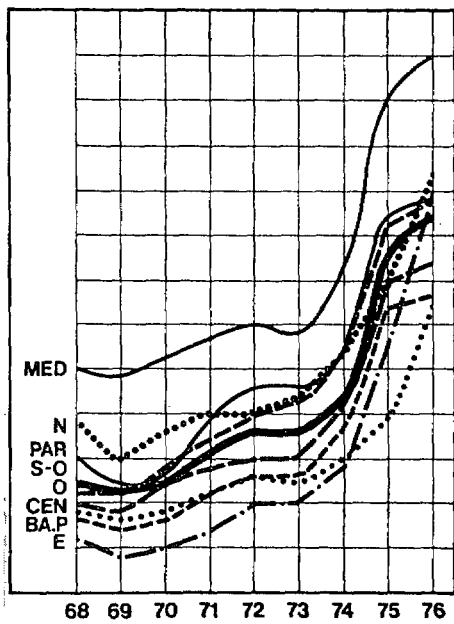
source: SOEC



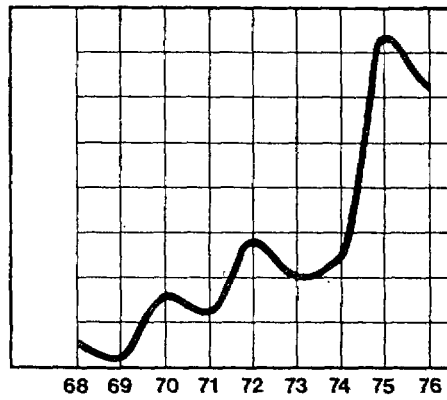
**LUXEMBOURG**

**NEDERLAND**

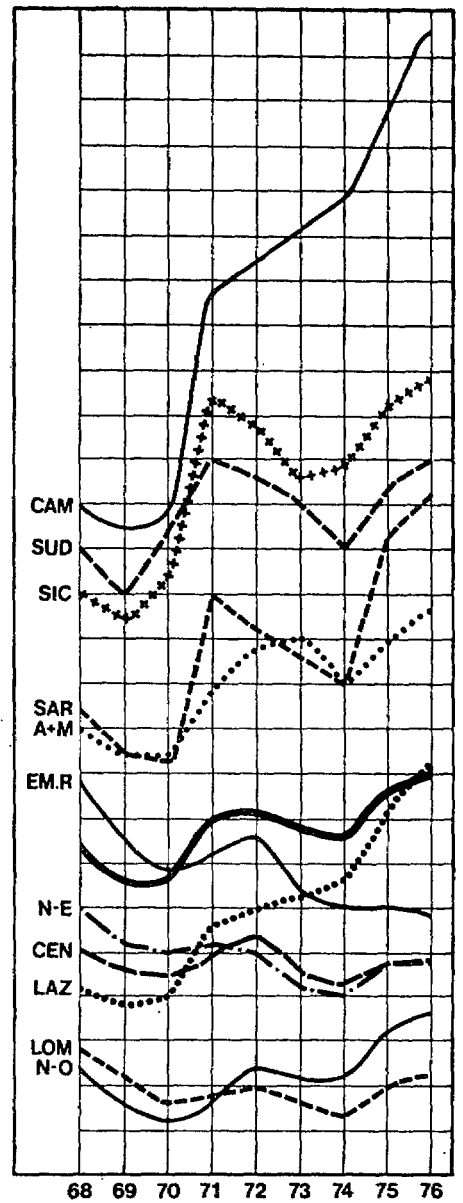
**UNITED KINGDOM**



FRANCE



IRELAND



ITALIA

TABLE 4

Summary of aid decisions in 1976, analysed by Member State and by main category of investment

Key:

A: industrial and service investments of 10 million u.a. or more

B: industrial and service investments under 10 million u.a.

C: infrastructure investments of 10 million u.a. or more

D: infrastructure investments under 10 million u.a.

E: infrastructure investments in hill-farming areas

Member State	Number of aid decisions (in brackets: number of investment projects) <sup>1</sup>						Investment involved (million u.a.)						Aid granted (million u.a.)					
	A	B	C	D	E	Total	A	B	C	D	E	Total	A	B	C	D	E	Total
Belgium	—	1 (6)	—	2 (22)	—	3 (28)	—	25.68	—	17.46	—	43.14	—	1.43	—	5.24	—	6.67
Denmark	—	2 (10)	1 (1)	4 (31)	—	7 (42)	—	6.02	10.87	34.69	—	51.58	—	0.57	0.14	5.71	—	6.42
FR of Germany	2 (2)	32 (117)	1 (1)	26 (76)	—	61 (196)	23.71	160.08	38.53	32.72	—	255.04	0.91	7.17	1.99	9.82	—	19.89
France	8 (8)	28 (115)	5 (5)	11 (81)	—	52 (209)	162.91	282.49	125.95	75.18	—	646.53	7.94	17.26	35.41	15.85	—	76.46
Ireland	2 (2)	2 (15)	1 (1)	5 (53)	2 (18)	12 (89)	183.04	28.77	65.16	41.42	16.99	335.38	7.81	4.93	5.22	11.47	5.07	34.50
Italy	1 (1)	4 (45)	16 (16)	9 (33)	8 (187)	38 (282)	92.96	84.32	1205.18	91.54	53.24	1527.24	4.39	14.12	144.93	25.29	15.50	204.23
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	1 (1)	2 (7)	—	3 (8)	—	—	27.13	33.66	—	60.79	—	—	3.95	6.05	—	10.00
United Kingdom	13 (13)	29 (168)	10 (10)	72 (453)	7 (47)	131 (691)	824.63	238.95	372.22	354.32	21.91	1812.03	34.11	23.92	18.10	61.89	3.85	141.87
Total	26 (26)	98 (476)	35 (35)	131 (756)	17 (252)	307 (1545)	1287.25	826.31	1845.04	680.99	92.14	4731.73	55.16	69.40	209.74	141.32	24.42	500.04
				307 (1545)					4731.73						500.04			

<sup>1</sup> For the projects of 10 million u.a. or more in columns A and C each decision relates to a single project.

TABLE 5

Types of investment financed by the Regional Fund in 1975  
(industry and services)

Category as defined in the Fund regulation	Total amount of investment (million u.a.)	Amount of national aids concerned (million u.a.)	Number of projects and main sectors concerned
Industry and services	1 287.25	195.16	26 of which { 5 metal production and processing 5 chemical 1 metal goods 1 mechanical engineering 6 electrical and electronic engineering 3 motor manufacture and accessories 1 textiles 1 rubber
	826.31	166.18	476 of which { 59 metal goods 49 electrical and electronic engineering 47 mechanical engineering 46 food, drink and tobacco 28 paper 30 rubber 38 hotels and restaurants 179 miscellaneous industries and services
Total	2 113.56	361.34	502 projects

TABLE 6

Types of investment financed by the Regional Fund  
in 1975 (infrastructure)

Category as defined in the Fund regulation	Total amount of investment (million u.a.)	Amount of national aids concerned (million u.a.)	Number of projects and main types of infrastructure concerned	
Infra-structure	projects of 10 million u.a. or more	1 845.04	35 of which { 29 general services to industrial estates (roads, rail links, water supply and purification, sewers, etc.) 4 port development 1 diesel-powered electricity production 1 waste disposal	
	projects under 10 million u.a.	680.99	523.59	756 of which { 73 site preparation for industrial estates 358 general services to industrial estates (roads, water supply, sewers, etc.) 116 advance factories 13 tourist infrastructure 73 roads 42 port development 6 airport development 75 miscellaneous infrastructure (energy production, tele-communications, etc.)
	projects in hill-farming areas	92.14	81.19	252 of which { general services (roads, water supply, etc.)
Total	2 618.17	1 789.02	1 043 projects	

TABLE 7

## European Development Fund, 1976

Regional statistics: Aid granted (rounded figures; in brackets: number of investment projects)

	I. Industrial handcraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976
<i>Belgium</i>	—	—	—	2.28(19)	3.90(19)	6.18(38)	—	—	—	2.28(19)	3.90(19)	6.18(38)
Flanders	0.89(5)	1.43(6)	2.32(11)	0.87(12)	1.34(3)	2.21(15)	—	—	—	1.76(17)	2.77(9)	4.53(26)
Wallonia	—	—	—	—	—	—	—	—	—	—	—	—
Total	0.89(5)	1.43(6)	2.32(11)	3.15(31)	5.24(22)	8.39(53)	—	—	—	4.04(36)	6.67(28)	10.71(64)
<i>Denmark</i>	—	—	—	3.25(25)	4.52(31)	7.77(56)	—	—	—	3.25(25)	4.52(31)	7.77(56)
Greenland	0.62(9)	0.57(10)	1.19(19)	—	1.33(1)	1.33(1)	—	—	—	0.62(9)	1.90(11)	2.52(20)
Other regions	—	—	—	—	—	—	—	—	—	—	—	—
Total	0.62(9)	0.57(10)	1.19(19)	3.25(25)	5.85(32)	9.10(57)	—	—	—	3.87(34)	6.42(42)	10.29(76)
<i>FR of Germany</i>	0.01(1)	0.89(14)	0.90(15)	1.02(4)	1.26(8)	2.28(12)	—	—	—	1.03(5)	2.15(22)	3.18(27)
Schleswig-Holstein	—	0.11(1)	0.11(1)	0.05(1)	—	0.05(1)	—	—	—	0.05(1)	0.11(1)	0.16(2)
Bremen	0.53(6)	0.78(7)	1.31(13)	0.97(8)	0.70(7)	1.67(15)	—	—	—	1.50(14)	1.48(14)	2.98(28)
Lower Saxony	0.24(3)	0.12(7)	0.36(10)	—	—	—	—	—	—	0.24(3)	0.12(7)	0.36(10)
North-Rhine Westph.	0.35(8)	0.35(13)	0.70(21)	0.38(4)	0.38(4)	0.76(8)	—	—	—	0.73(12)	0.73(17)	1.46(29)
Hesse	0.46(9)	1.20(37)	1.66(46)	0.37(3)	0.55(8)	0.92(11)	—	—	—	0.83(12)	1.75(45)	2.58(57)
Rhineand-Pal.	1.83(2)	0.97(2)	2.80(4)	—	0.75(4)	0.75(4)	—	—	—	1.83(2)	1.72(6)	3.55(8)
Saarland	—	3.27(34)	3.27(34)	1.66(11)	6.05(42)	7.71(53)	—	—	—	1.66(11)	9.32(76)	10.98(87)
Bavaria	—	0.38(4)	0.38(4)	0.64(3)	0.12(3)	0.76(6)	—	—	—	0.64(3)	0.50(7)	1.14(10)
Baden-Württemb.	—	—	—	1.00(1)	1.99(1)	2.99(2)	—	—	—	1.00(1)	1.99(1)	2.99(2)
Berlin	—	—	—	—	—	—	—	—	—	—	—	—
Total	3.42(29)	8.07(119)	11.49(148)	6.09(35)	11.80(77)	17.89(112)	—	—	—	9.51(64)	19.87(196)	29.38(260)

TABLE 7 (contd.)

	I. Industrial handicraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976
<i>France</i>												
Alsace	0.51(6)	0.58(2)	1.09(8)	—	—	—	—	—	—	0.51(6)	0.58(2)	1.09(8)
Aquitaine	1.51(8)	1.31(3)	2.82(11)	—	6.42(17)	6.42(17)	—	—	—	1.51(8)	7.73(20)	9.24(28)
Auvergne	0.17(4)	0.15(1)	0.32(5)	2.18(4)	12.60(2)	14.78(6)	0.74(1)	—	0.74(1)	3.09(9)	12.75(3)	15.84(12)
Basse-Normandie	1.38(7)	0.44(3)	1.82(10)	0.54(2)	—	0.54(2)	—	—	—	1.92(9)	0.44(3)	2.36(12)
Burgundy	0.31(5)	0.22(3)	0.53(8)	—	—	—	—	—	—	0.31(5)	0.22(3)	0.53(8)
Brittany	1.13(11)	1.76(9)	2.89(20)	9.60(8)	18.96(2)	28.56(10)	—	—	—	10.73(19)	20.72(11)	31.45(30)
Champagne	0.59(4)	0.09(1)	0.68(5)	—	—	—	—	—	—	0.59(4)	0.09(1)	0.68(5)
Corsica	—	—	—	4.69(12)	1.37(8)	6.06(20)	—	—	—	4.69(12)	1.37(8)	6.06(20)
Franche-Comté	0.01(1)	—	0.01(1)	—	—	—	—	—	—	0.01(1)	—	0.01(1)
Haute-Normandie	0.23(1)	0.05(1)	0.28(2)	—	—	—	—	—	—	0.23(1)	0.05(1)	0.28(2)
Languedoc-Roussillon	0.76(9)	1.26(3)	2.02(12)	0.56(1)	—	0.56(1)	0.32(1)	—	0.32(1)	1.64(11)	1.26(3)	2.90(14)
Limousin	0.66(6)	0.72(4)	1.38(10)	1.94(3)	3.86(1)	5.80(4)	1.33(1)	—	1.33(1)	3.93(10)	4.58(5)	8.51(15)
Lorraine	3.09(19)	5.56(19)	8.65(38)	—	—	—	—	—	—	3.09(19)	5.56(19)	8.65(38)
Midi-Pyrénées	1.17(9)	1.58(9)	2.75(18)	0.72(2)	0.97(7)	1.69(9)	1.49(3)	—	1.49(3)	3.38(14)	2.55(16)	5.93(30)
Nord-Pas-de-Calais	0.97(12)	2.57(7)	3.54(19)	—	—	—	—	—	—	0.97(12)	2.57(7)	3.54(19)
Pays de la Loire	1.74(16)	2.89(12)	4.63(28)	1.70(3)	4.17(28)	5.87(31)	—	—	—	3.44(19)	7.06(40)	10.50(59)
Picardy	0.01(1)	0.42(3)	0.43(4)	—	—	—	—	—	—	0.01(1)	0.42(3)	0.43(4)
Poitou-Charente	0.25(4)	1.28(6)	1.53(10)	—	—	—	—	—	—	0.25(4)	1.28(6)	1.53(10)
Provence-Côte d'Azur	0.05(2)	—	0.05(2)	—	—	—	—	—	—	0.05(2)	—	0.05(2)
Rhône-Alpes	1.54(10)	0.70(4)	2.24(14)	—	—	—	—	—	—	1.54(10)	0.70(4)	2.24(14)
Guadeloupe	0.85(19)	1.70(16)	2.55(35)	1.22(11)	0.09(2)	1.31(13)	—	—	—	2.07(30)	1.79(18)	3.86(48)
Guyane	0.12(1)	0.31(3)	0.43(4)	0.22(1)	0.23(2)	0.45(3)	—	—	—	0.34(2)	0.54(5)	0.88(7)
Martinique	0.97(8)	1.13(7)	2.10(15)	—	1.23(12)	1.23(12)	—	—	—	0.97(8)	2.36(19)	3.33(27)
Réunion	0.75(16)	0.48(7)	1.23(23)	—	1.37(5)	1.37(5)	—	—	—	0.75(16)	1.85(12)	2.60(28)
Total	18.77(179)	25.20(123)	43.97(302)	23.37(47)	51.27(86)	74.64(133)	3.88(6)	—	3.88(6)	46.02(232)	76.47(209)	122.49(441)



TABLE 7 (contd.)

	I. Industrial handicraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976
<i>Ireland</i> <sup>1</sup>												
Donegal	(4)	—	(4)	(11)	(5)	(16)	—	(2)	(2)	(15)	(7)	(22)
North West	(1)	(1)	(2)	(5)	(1)	(6)	—	(1)	(1)	(6)	(3)	(9)
West	(9)	(5)	(14)	(9)	(4)	(14)	—	(9)	(9)	(18)	(18)	(37)
Mid West	(5)	(2)	(7)	(7)	(5)	(11)	—	—	—	(12)	(7)	(18)
South West	(8)	(3)	(11)	(4)	(7)	(11)	—	(6)	(6)	(12)	(16)	(28)
South East	(5)	(2)	(7)	(3)	(11)	(14)	—	—	—	(8)	(13)	(21)
Midlands	(7)	(1)	(8)	(8)	(10)	(18)	—	—	—	(15)	(11)	(26)
East	(4)	(3)	(7)	(3)	(7)	(10)	—	—	—	(7)	(10)	(17)
North East	(9)	—	(9)	(3)	(2)	(5)	—	—	—	(12)	(2)	(14)
Multi-regional	—	—	—	—	(2)	(2)	—	—	—	—	(2)	(2)
<b>Total</b>	<b>13.23(52)</b>	<b>12.73(17)</b>	<b>25.96(69)</b>	<b>6.68(53)</b>	<b>16.69(54)</b>	<b>23.37(107)</b>	<b>—</b>	<b>5.07(18)</b>	<b>5.07(18)</b>	<b>19.91(105)</b>	<b>34.49(89)</b>	<b>54.40(194)</b>
<i>Italy</i>												
Abruzzi	1.33(6)	—	1.33(6)	4.18(6)	—	4.18(6)	0.18(5)	0.54(9)	0.72(14)	5.69(17)	0.54(9)	6.23(26)
Basilicata	—	2.20(5)	2.20(5)	—	2.61(4)	2.61(4)	1.66(26)	2.18(29)	3.84(55)	1.66(26)	6.99(38)	8.65(64)
Calabria	—	1.83(4)	1.83(4)	—	22.71(5)	22.71(5)	2.15(27)	2.96(60)	5.11(87)	2.15(27)	27.50(69)	29.65(96)
Campania	16.82(25)	7.36(23)	24.18(48)	12.64(4)	28.63(12)	41.27(16)	0.44(13)	3.25(54)	3.69(67)	29.90(42)	39.24(89)	69.14(131)
Lazio	19.12(7)	—	19.12(7)	2.80(1)	13.57(3)	16.37(4)	0.20(2)	2.21(15)	2.41(17)	22.12(10)	15.78(18)	37.90(28)
Marche	1.16(1)	—	1.16(1)	0.51(1)	—	0.51(1)	—	—	—	1.67(2)	—	1.67(2)
Molise	—	—	—	0.61(2)	—	0.61(2)	0.34(3)	1.56(7)	1.90(10)	0.95(5)	1.56(7)	2.51(12)
Puglia	12.13(18)	—	12.13(18)	14.40(3)	5.14(8)	19.54(11)	—	—	—	26.53(21)	5.14(8)	31.67(29)
Sardinia	3.08(3)	—	3.08(3)	10.87(6)	55.28(9)	66.15(15)	1.30(8)	1.14(4)	2.44(12)	15.25(17)	56.42(13)	71.67(30)
Sicily	—	7.11(14)	7.11(14)	17.80(2)	26.10(7)	43.90(9)	0.31(15)	1.66(9)	1.97(14)	18.11(7)	34.87(30)	52.98(37)
Multi-regional (Basilicata-Puglia)	—	—	—	—	16.18(1)	16.18(1)	—	—	—	—	16.18(1)	16.18(1)
<b>Total</b>	<b>53.64(60)</b>	<b>18.50(46)</b>	<b>72.14(106)</b>	<b>63.81(25)</b>	<b>170.22(49)</b>	<b>234.03(74)</b>	<b>6.58(89)</b>	<b>15.50(187)</b>	<b>22.08(276)</b>	<b>124.03(174)</b>	<b>204.22(282)</b>	<b>328.25(456)</b>

<sup>1</sup> As Ireland is considered as a single region, the grouped applications submitted make it impossible to give a regional breakdown of the aid granted.

TABLE 7 (contd.)

	I. Industrial handicraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976	1975	1976	1975+1976
<i>Luxembourg</i>	—	—	—	0.75(1)	—	0.75(1)	—	—	—	0.75(1)	—	0.75(1)
<i>Netherlands</i>												
Groningen	—	—	—	3.48(2)	3.95(1)	7.43(3)	—	—	—	3.48(2)	3.95(1)	7.43(3)
Limburg	—	—	—	2.10(1)	3.56(4)	5.66(5)	—	—	—	2.10(1)	3.56(4)	5.66(5)
Friesland	—	—	—	—	2.49(3)	2.49(3)	—	—	—	—	2.49(3)	2.49(3)
<b>Total</b>	—	—	—	5.58(3)	10.00(8)	15.58(11)	—	—	—	5.58(3)	10.00(8)	15.58(11)
<i>United Kingdom</i>												
North England	3.95(34)	23.762(46)	27.712(80)	13.26(70)	21.516(113)	34.776(183)	—	—	—	17.21(104)	45.278(159)	62.488(263)
North West England	1.04(15)	5.969(17)	7.009(32)	6.24(49)	10.467(85)	16.707(134)	—	—	—	7.28(64)	16.436(102)	23.716(166)
Yorkshire and Humberside	—	2.974(24)	2.974(24)	2.38(43)	2.050(36)	4.430(79)	—	—	—	2.38(43)	5.024(60)	7.404(103)
East Midlands	—	0.430(8)	0.430(8)	0.27(8)	0.504(10)	0.774(18)	—	—	—	0.27(8)	0.934(18)	1.204(26)
South West England	0.85(9)	0.372(9)	1.222(18)	1.02(34)	1.403(13)	2.423(47)	—	—	—	1.87(43)	1.775(22)	3.645(65)
Scotland	9.16(45)	10.264(12)	19.424(57)	10.24(77)	22.004(90)	32.244(167)	4.24(11)	2.778(30)	7.018(41)	23.64(133)	35.046(132)	58.686(265)
Wales	0.96(7)	9.413(40)	10.373(47)	13.91(115)	10.664(77)	24.574(192)	—	—	—	14.87(122)	20.077(117)	34.947(239)
Northern Ireland	13.36(1)	4.870(25)	18.230(26)	5.24(15)	11.354(38)	16.594(53)	—	1.065(17)	1.065(17)	18.60(16)	17.289(80)	35.889(96)
West Midlands	—	—	—	0.03(1)	0.008(1)	0.038(2)	—	—	—	0.03(1)	0.008(1)	0.038(2)
<b>Total</b>	29.32(111)	58.054(181)	87.374(292)	52.59(412)	79.970(463)	132.560(875)	4.24(11)	3.843(47)	8.083(58)	86.15(534)	141.867(691)	228.017(1225)

TABLE 8

Commitments and payments by Member State and by budget year

Member State	Commitments						Payments						Total 1975 + 1976				
	1975		1976		Total		1975		1976								
	million u.a.	%	million u.a.	%	million u.a.	%	million u.a.	%	committed million u.a.	committed %	committed million u.a.	committed %	Total million u.a.	%	million u.a.	%	% committed 1975+1976
Belgium	4.044	1	6.667	1	10.711	1	—	—	3.492	3	2.622	2	6.114	2	6.114	2	57
Denmark	3.877	1	6.416	1	10.293	1	1.556	2	1.972	2	2.011	2	3.983	1	5.539	2	54
FR of Germany	9.467	3	19.882	4	29.349	4	—	—	6.143	5	7.205	5	13.348	5	13.348	4	45
France	46.006	15	76.464	15	122.470	15	16.126	18	15.633	13	13.234	8	28.867	10	44.993	12	37
Ireland	19.928	7	34.546	7	54.474	7	6.996	8	5.223	4	12.809	8	18.032	7	25.028	7	46
Italy	123.942	42	204.230	42	328.172	42	44.296	48	41.190	35	71.675	45	112.865	41	157.161	42	48
Luxembourg	0.750	—	—	—	0.750	—	0.227	—	0.406	—	—	—	0.406	—	0.633	—	84
Netherlands	5.586	2	10.002	2	15.588	2	2.849	3	2.629	2	2.819	2	5.448	2	8.297	2	53
United Kingdom	86.178	29	141.915	28	228.093	28	18.618	21	43.212	36	45.057	28	88.269	32	106.887	29	47
Community	299.778	100	500.122	100	799.900	100	90.668	100	119.900	100	157.432	100	277.332	100	368.000	100	46

TABLE 9

## Inspection visits carried out in 1975 and 1976

Country and region	Number of projects inspected	
	Industry	Infrastructure
<i>Belgium</i>		
Wallonia	2	
Flanders		8
<i>Denmark</i>		
North Jutland	5	
Viborg	1	
Greenland		17
<i>France</i>		
Basse-Normandie		2
Brittany		2
Pays de la Loire		3
Lorraine	6	
<i>Germany</i>		
Lower-Saxony	1	4
Schleswig-Holstein		1
<i>Ireland</i>	9	14
<i>Italy</i>		
Puglia	4	
Sicily	1	4
Lazio		1
Campania		4
Sardinia	2	3
<i>Luxembourg</i>		1
<i>Netherlands</i>		
Groningen		2
Limburg		1
<i>United Kingdom</i>		
Scotland		18
Northern Region		9
Wales	1	5
Total	32	99
	131	

European Communities — Commission

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The Council Regulation of 18 March 1975 establishing a European Regional Development Fund requires that :

1. Before 1 July each year the Commission shall present a report to the European Parliament and to the Council 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 '.

This second report is accordingly presented by the Commission on the operation of the Fund during 1976.