

EUROPEAN PARLIAMENT

PRACTICAL GUIDE

to the operation

of the

EUROPEAN REGIONAL DEVELOPMENT FUND

Directorate-General for Research and Documentation

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This guide has been compiled by the Directorate-General for Research and Documentation of the European Parliament at the request of the Christian-Democratic Group.

Its aim is to provide precise information on the procedures to be observed in submitting applications and the manner in which these applications are considered by the Commission departments responsible for administering the European Regional Development Fund.

The attention of readers is drawn to the fact that the operation of the Regional Fund may undergo certain changes in the next few months. Should such changes occur, the relevant sections of the guide will be updated.

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INTRODUCTION

The Heads of State or Government of the European Community, meeting in Paris on 9 and 10 December 1974, decided that a European Regional Development Fund would be set up. The Fund was established by Council Regulation No. 724/75 of 18 March 1975¹. At the same time, the Regional Policy Committee was set up.

The Fund, in conjunction with national aids, should permit, with the progressive realization of economic and monetary union, the correction of the main regional imbalances in the Community and particularly those resulting from the preponderance of agriculture and from industrial change and structural underemployment.

The Community's regional development policy is not based solely on the Fund itself. As early as 1971, the Council adopted a resolution on general regional aid schemes to put an end to the escalating competition in regional aid and to coordinate such aid. The Commission, for its part, had finalized principles for the progressive coordination of general regional aid schemes², which it intended to introduce to ensure the application of Articles 92 et seq. of the EEC Treaty. In a later communication to the Council, on 26 February 1975³, it extended this coordination for a period of three years to all the regions of the Community.

There are therefore two aspects to regional policy: on the one hand, it is aimed at restricting the tendency to the haphazard expansion of regional aid systems; on the other, it attempts to encourage the most useful projects financed by the Member States.

¹ OJ No. L 73, 21 March 1975

² OJ No. C 111, 4 November 1971

³ Bulletin of the European Communities No. 2/75

Community regional policy is supplemented in an important way by the action of the Social Fund and the European Agricultural Guidance and Guarantee Fund (Guidance Section), which often have a strongly regional bias. Similarly, the funding activities of the ECSC and the European Investment Bank constitute a very effective addition to the overall effort towards better-balanced regional development.

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This second guide, which is intended to be essentially practical, follows the guide to the European Social Fund. It deals only with the activity of the Regional Fund proper. Like the first guide, it leaves aside the political aspects of the Fund and concentrates on the practical matters of the submission and consideration of applications for aid.

Before the end of 1977, a decision should be taken to extend and, possibly, to amend the regulation establishing the Regional Fund. If any of the procedures described below are changed, the guide will be updated.

For reasons of space, this guide cannot go into the regional aid systems in force in the Member States. In any case, such information could only be provided by the Commission. The Commission has said in its guidelines on Community regional policy that it is preparing a publication setting out, in a common programme, the various aids and grant systems which exist in the different Member States and that it will specify the priorities and details of the Community's regional policy. This publication, which will be kept regularly up to date, is directed at potential investors and regional authorities.

I. PROJECTS FINANCED BY THE FUND

The European Regional Development Fund may contribute to the financing of investments which exceed 50,000 u.a. and fall within any of the following three categories:

- industrial, handicraft or service activities,
- infrastructures directly linked with these activities,
- infrastructures linked with hill-farming and farming in certain less-favoured areas.

As an instrument of regional policy, the Fund must be selective. In each of the three categories certain conditions must be fulfilled for projects to be eligible for Community funds.

1. Industrial, handicraft or service activities

Investments may receive Community aid:

- if they are economically sound;
- if they benefit from state regional aids, and
- if the investments create at least 10 new jobs or maintain existing jobs, provided they fall within the framework of a conversion or restructuring plan to ensure that the undertaking concerned is competitive.

So far, the following in particular have received aid from the Fund:

- the chemical, food and motor car industries;
- the manufacture of metal structures, electrical and electronic engineering, mechanical equipment and machine construction;
- service activities qualifying for assistance are those concerned with tourism and those which have a choice of location. They should have a direct impact on the development of the region and on the level of employment. Few projects have been submitted.

2. Infrastructures directly linked with industrial, handicraft or service activities

The Fund may contribute to such investments:

- if they are financed wholly or in part by public authorities;
- if they are directly linked¹ with the development of activities covered by point 1 (industrial, handicraft or service activities).

Aid from the Fund has been granted in particular to the following:

- the development of industrial areas,
- road building,
- improvement of ports,
- the production and distributing of electrical energy,
- the improvement of the telephone network.

3. Infrastructures linked with mountain and hill-farming and farming in certain less-favoured areas

The regulation setting up a regional Fund refers here to the Council directive of 28 April 1975 on mountain and hill-farming and farming in certain less-favoured areas².

Infrastructures covered by this directive are public facilities, in particular:

- access roads to farms,
- electricity and drinking water,
- the purification of water in tourist or recreational areas.

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¹ It appears that when the decision of 18 March 1975 was taken, the Council included in the minutes of its meeting certain explanatory comments. One of these comments concerns the words 'directly linked with the development of activities'. See Form 02, page 18 (Annex III)

² OJ No. L 128, 19 May 1975

Some of the Fund's resources may also be used to participate in the financing of studies, in close relation with the Fund's operations, at the request of a Member State.

II. REGIONAL DEVELOPMENT PROGRAMMES

The Regulation setting up the European Regional Development Fund stipulates that investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme, aimed at correcting the main regional imbalances within the Community which are likely to prejudice the attainment of economic and monetary union.

With a view to the drawing up of such programmes by the Member States, the Regional Policy Committee has set out, as a guide, an outline programme (Annex I) in five points:

1. Economic and social analysis of the region
2. Development objectives
3. Measures for development
4. Financial resources
5. Implementation.

An annex to this programme gives an estimated timetable for each Member State for the notification of the programmes to the Commission. The Commission should be informed by the end of 1977. During the first three-year period (1975-1977) of the Fund's activity, the Commission used as a basis the annual information which the Member States have to provide regularly and which thus took the place of programmes for the first three-year period.

From this annual information, the Commission has drawn guidelines, particularly as regards regions qualifying for aid from the Fund and the priorities to be applied in the choice of projects submitted.

In accordance with its terms of reference under Article 2 (1) (c) of Council Decision 75/185/EEC of 18 March 1975 setting up a Regional Policy Committee⁽¹⁾, the Regional Policy Committee at its meeting on 6 and 7 October 1975 adopted the following outline of what the regional development programmes required by Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund⁽²⁾ should contain.

At the committee's meeting on 1 and 2 December 1975 members stated what periods the regional development programmes were expected to cover and roughly when, assuming they did so, they would be notified to the Commission; these particulars are annexed to the outline as to the programmes' contents.

This outline of what regional development programmes should contain is indicative, and should be interpreted in a flexible manner, bearing in mind the considerable differences between Member States in the nature and scale of the regional problems faced, the geographical size of regional programming units, the regional policy measures in force, and regional administrative systems.

Regional development programmes in the sense of the EEC Regulations are in principle concerned with regions qualifying for ERDF contributions. Member States should prepare these programmes by regions and areas or by groups of regions, taking account in particular of the institutional framework and the statistics available.

Regional development programmes should have five chapters:

1. economic and social analysis;
2. development objectives;
3. measures for development;
4. financial resources;
5. implementation.

⁽¹⁾ OJ No L 73, 21. 3. 1975, p. 47.

⁽²⁾ OJ No L 73, 21. 3. 1975, p. 1.

1. Social and economic analysis (diagnosis)

The purpose is an appropriate economic analysis and not a simple statistical description. The analysis should reveal the main regional problems and their causes. It is mandatory for all Member States. Objectives and means will be defined accordingly.

This analysis performed with the help of the relevant statistics that are available (for instance statistics on income, output, population, activity rate, structure of production and employment, unemployment, migration, productivity, provision of infrastructure) should cover the following subjects:

- (a) main aspects of past economic and social development;
- (b) principal imbalances besetting the region and their causes;
- (c) effects of past corrective action;
- (d) development possibilities and conditions, including bottlenecks;
- (e) probable economic and social development during the programme period provided no new factors intervene, to the extent that it is possible to foresee developments with a minimum degree of assurance.

This analysis should be set in the wider economic and social context of the country as a whole. What matters are the conclusions of the analysis, irrespective of the methods applied and the statistical material used.

2. Development objectives

In this chapter, the outline of regional development programmes should go beyond a simple indication of broad aims such as raising the standard of living, creating jobs, reducing unemployment or migration, etc. The development targets of the region must be more clearly specified and, as far as possible, quantified, at least in so far as certain basic elements are concerned. Where it proves impossible for sufficiently important practical reasons to quantify a development target, or targets, a sufficiently

detailed specification, if relevant in qualitative terms, of the aim or aims could be given instead.

The most basic elements to define are:

- (a) the level of employment and, where possible, the number of jobs to be created or maintained;
- (b) the effects sought on different economic activities and income of the region;
- (c) the provision of infrastructure (if not treated under point 3).

In addition to those objectives considered to be essential, there could be others as important (for instance production structure, demographic objectives) which the Member State in question might wish to emphasize.

Quality objectives should also be indicated to the extent that they are important for regional development. Particular attention should be given to quality objectives which are most clearly allied to the operations of the ERDF (e.g. the quality of the employment to be created, of the economic structure and means of production to be aimed at). Other quality objectives of importance to regional development could also be described, for example the level of vocational training, particularly in management, the protection of the environment and, where relevant, the attitude of the population to industrial activity.

The development objectives of a region should be cast in a wider economic and social framework. This relates in particular to the general and sectoral macro-economic objectives laid down for the whole country in question and for the Community.

The objectives indicated should not therefore take the form of an inventory of regional needs or aspirations; instead they should make up a coherent whole at the national level. In question here are real targets, comprising practically relevant priorities for the medium term, and which regions can reasonably achieve in the given situation with the means available.

These objectives, defined for the whole programme period, would appear on an implementation schedule from year to year, if it was possible to do so, and if this would add to the effectiveness of the programme.

3. Measures for development

In this chapter the programmes should give details — in real terms, the financial counterpart being dealt with in the next chapter — of the development measures envisaged in order to attain the objectives indicated.

Of essential concern are:

- (a) direct regional policy measures in the strict sense such as aids, disincentives, decentralizing public services, financial equalization systems between regions, etc.;
- (b) investment in infrastructure (economic and social) for regional development purposes.

In so far as they have an effect on regional development, and bearing in mind differences in the administrative structures of Member States, programmes could also give details of other measures, such as those related to:

- (a) industrial and agricultural policy;
- (b) social policy;
- (c) vocational training;
- (d) physical planning and social cultural amenities.

4. Financial resources

This chapter should deal with the financial means which it is proposed to allocate to programme implementation bearing in mind that:

- expenditure on regional development measures falls within a wider budgetary framework at Community, national and regional levels which can limit the extent to which it is possible to forecast this expenditure,
- it is difficult to estimate in advance the cost of certain regional development measures and inflation adds to the difficulty.

Disaggregation should be by way of:

— *sources*

a clear distinction should be drawn between Community, national and other sources (regional, local government, etc.). The sources in the last

category should be indicated if they have real importance for regional development, and if it is administratively feasible to give separate figures. There must of course be no double counting;

— *type of expenditure*

- (a) outlays to finance infrastructure, drawing a distinction, where possible between normal and extraordinary expenditure on the one hand, and between total outlays for this item and those thereof qualifying for an ERDF contribution on the other hand;
- (b) direct aids to private investment qualifying for an ERDF contribution (capital grants, interest rebates or their equivalent where loans at reduced rate of interest are concerned and, where applicable, aid granted in the form of rent rebates or exemption from payments of rents of factories);
- (c) when available and where relevant for regional development, other forms of aid to undertakings (employment premiums, cuts in social security contributions, tax abatements and exemptions, preferential prices and tariffs etc.), as well as sectoral aids;
- (d) when available and where relevant for regional development, public welfare (social budget, unemployment benefit, exemption from direct taxation, etc.);

— *region*

— *programming or budget year*

in so far as already existing data or information that can be made available will permit; eventually this information can be extended during the realization of the programme.

Regional development measures adopted by the Member States should be assessed within the wider framework of public investment (and where applicable consumption) programmes envisaged for the country as a whole.

In indicating the amount of regional expenditure the Member States should point out on each occasion its precise nature and the time schedule: budgetary estimates, draft budget, budget adopted, pluriannual or annual forecasts.

The programmes should also indicate — where this information is available — the volume of investment by State companies or major private undertakings (within the framework of possible programme procedure by way of contract) by sectors and branches where their impact on regional development is important.

5. Implementing the programme

This chapter should indicate where and for what the responsibility rests for implementing the whole or part of the programmes. The tasks allotted to each agency or institution should be clearly stated and details should be given of the administrative methods employed to ensure consistency between the different parts of the programme.

Under this heading Member States would also give information, in broad outline, on the implementation schedule for the various measures contemplated, where these are of importance to regional development at Community level. This schedule might refer to measures for which the financial resources were not yet clearly earmarked nor adopted.

ANNEX

Timetable and time scales of regional development programmes

Pursuant to Article 6 of Council Regulation (EEC) No 724/75 establishing a European Regional Development Fund (OJ No L 73 of 21 March 1975), a timetable has been set for the preparation of the programmes such that these will be available by the end of 1977.

The committee members have severally stated such indications as they can as to what periods the regional development programmes may be expected to cover and roughly when, assuming they do so, they would be notified to the Commission.

- The *German* programmes are expected to cover the period 1976 to 1979, and to be notified to the Commission in January 1976.
- The *Belgian* programmes are expected to cover the period 1976 to 1980, and to be notified during 1976.
- The *Danish* programmes are expected to cover the period 1977 to 1979, the portion concerning Greenland to be notified at the end of 1976 and the remainder at the end of 1977.
- The *French* programmes are expected to cover the period 1976 to 1980, and to be notified during 1976.
- The *Irish* programmes are expected to cover the period 1976 to 1980 or 1977 to 1980, and to be notified during 1976.
- The *Italian* programmes are expected to cover the period 1976 to 1980, and to be notified during 1977.
- The *Luxembourg* programmes are expected to cover the period 1978 to 1981 or 1978 to 1982, and to be notified at the end of 1977.
- In the case of the *Netherlands*, a conspectus of regional policy covering the period 1977 to 1980 is expected to be prepared at the end of 1976, and development programmes for the north of the country and for South Limburg, likewise in principle covering the period 1977 to 1980, to be notified at the beginning of 1977.
- The *British* programmes are expected to cover as a trial run the period 1977 to 1979 and in the final version the period 1978 to 1980, the former set to be notified during 1976 and the latter at the end of 1977. However the trial version is not intended for publication at a later date.

III. THE BENEFICIARY REGIONS

In spite of the fact that Parliament has always supported the principle of concentrating aid on certain particularly unfavoured areas, the Council has only been able to adopt the concept of regional policy at national level.

The regions and areas which the Fund can assist are therefore restricted to the aid areas established by the Member States in accordance with their own regional aid schemes and in which state aids qualifying for assistance from the Fund are granted. Areas which have priority at national level must be given priority in granting aid from the Fund.

As regards investment in agriculture, the Fund can finance operations where the less-favoured area, described in the directive of 28 April 1975, coincides with one of the regions or areas covered by the Regulation setting up the Fund, or falls within one of these areas.

The following is a guide to the Commission's choice of regions receiving priority:

Germany:

Berlin, the Zonenrandgebiet, the development areas receiving 25% aid, without excluding other regions receiving aid, for which special justification must be submitted. The Fund's aid has gone primarily to the Saarland, and to the priority areas in Bavaria and Schleswig-Holstein.

France:

The overseas departments, the areas receiving regional development premiums in the west, the south-west and Corsica. Other areas receiving regional aids are accepted if special justification is submitted.

Aid from the Fund has gone primarily to Brittany, the Auvergne, Aquitaine, the Loire and Lorraine regions and the overseas departments.

Ireland:

The whole country is considered as a priority area, special attention being paid to the western regions and the 'Gaeltacht' areas.

Italy:

Only the Mezzogiorno. Aid from the Fund has gone in particular to Campania, Calabria, Puglia, Basilicata, Sardinia and Sicily.

Netherlands:

Two groups of regions receive aid from the Fund: the 'stimuleringsgebied' in the North (Groningen, Friesland, Drenthe, North-East and North-West Overijssel) and the 'Herstructureringsgebied' areas in Limbourg.

Luxembourg:

The whole country, excluding Luxembourg city.

Belgium:

The areas covered by the Commission's decision of 26 April 1972¹ concerning aid granted under the Belgian law of 30 December 1970 on economic expansion.

United Kingdom:

Priority is given to Northern Ireland, the special development areas and the development areas. Other regions receiving aid (Intermediate Areas, Derelict Land Clearance Areas) can receive aid from the Fund if special justification is produced. Aid from the Fund has gone principally to Northern Ireland, Scotland and Wales.

¹ OJ No. L 105, 4 May 1972

Denmark:

Priority is given to Greenland but other special areas are not excluded, in particular North Jutland and the Islands of Bornholm, Aærø, Samsø and Langeland. Other regions receive aid from the Fund only on the basis of special justification.

Fuller information on aid from the Regional Fund by region can be found in chapter 4 of the Second Annual Report on the Fund's activities¹.

¹ Doc. COM(77) 260 final

IV. WHO CAN SUBMIT APPLICATIONS TO THE FUND?

Private individuals or private or public organizations do not have the right to submit applications for aid. This right can be exercised only by each of the nine Member States. The list of the persons authorized to forward applications is given in Annex II.

The reason why Member States have the sole right to submit applications is that they have themselves to assess thoroughly the projects submitted. The Commission does not have sufficient staff to carry out such research. Moreover, all the projects submitted to the Fund must receive national aid, which is added to or replaced in part by aid from the Fund.

The Commission has prepared 4 application forms for the authorities of Member States:

Form 01 - investment projects in industry, handicraft or service sectors of 10 million u.a. or more;

Form 02 - grouped application for aid for investment projects in industry, handicraft or service sectors, of less than 10 million u.a.;

Form 03 - investment projects in infrastructure of 10 million u.a. or more;

Form 04 - grouped application for aid for investment projects in infrastructure of less than 10 million u.a.

The Regulation setting up the Fund stipulates that applications for projects of an amount less than 10 million u.a. are to be submitted together at the beginning of each quarter. These grouped applications are to be presented by region.

Examples of two of these forms are included in this guide; they are forms O2 and O4, which are used most often, although Member States must give priority to applications for aid to investments of 10 million u.a. or more (see Annexes III and IV).

It should be stressed in general that investment projects are submitted by the local authorities to the competent bodies in each Member State for a decision, that these bodies take a decision after ensuring that the project is economically sound, and that the Commission decision to grant aid from the Fund can only be taken if the Member State has in fact agreed to fund all or part of the project.

In no case can the Commission take a decision before the Member State.

ANNEX II: List of those authorized to submit applications for
aid in each Member State

- FRG Herrn Ministerialrat
Dr. Wolfgang ALBERT
Bundesministerium für Wirtschaft
53 BONN
Villemombler Str. 76
- Lux M. Claude LANNERS
Chef de Bureau
Ministère des Affaires
Economiques
19, rue Beaumont
GD LUXEMBOURG
- Belg. M. Roland CHARLIER
Inspecteur Général
Ministère des Affaires Economiques
15, rue Belliard
1040 Bruxelles
- NL De Weledelgeleerde Heer
Drs. J.R. EYSINK SMEETS
Plv. Directeur voor
Regionaal Economische
Polotiek van het
Ministerie van Economische
Zaken
Laan van Nieuw Oost
Indië 123
DEN HAAG
- DK Fuldmaegtig Kaete ANDREASEN
Handelsministeriet
Slotholmsgade 12
DK 1216 COPENHAGEN
- UK Mr. V.F. LANE
Assistant Secretary
Regional Industrial
Development Division
Millbank Tower - Millbank
LONDON SW1P 4QU
- F M. Jacques CHATELAIN
Délégation à L'Aménagement du
Territoire et à L'Action Régionale
(DATAR)
1, Avenue Charles Floquet
75007 PARIS
- Irl. Mr Stephen O'NEILL
Deputy Assistant Secretary
Public Expenditure Division
Department of Finance
Government Buildings
Upper Merrion Street
DUBLIN 2
- It. Egregio Dottor
V. BORSARI
Capo Ufficio Relazioni internazionali
Ministero Interventi Mezzogiorno
Via Boncompagni, 30
ROMA

COMMISSION
OF THE
EUROPEAN COMMUNITIES

ANNEX III

Directorate General for
Regional Policy

N° du P.V. IET								
B	DK	D	F	Gr.	It.	L	N	UK
Affectation								
A.H. Générales								
M. SOLIMA								
Rapport								
Autres Descriptions								
Retour A.H. Générales								

EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

GROUPED APPLICATION FOR AID¹⁾
INVESTMENT IN INDUSTRY, HANDICRAFT OR SERVICE SECTORS
OF LESS THAN 10 MILLION u.a.

<u>Summary of application</u>	Legal basis of application art. 4, § 1 a of the ERDF Regulation EEC 724/75
Country :	Amount of investment :
Region :	Amount of aid requested:
	Number of projects :
	Employment-created :
National application N° :	-maintained :
The certifying authority	
Detail concerning this application is contained in the following pages N° to	
Authority or agency responsible for this application	

1) 3 copies to be sent to the ERDF management.

1. GENERAL INFORMATION

A.O.1. Is the Community contribution concerned by this grouped application to be added to that made by the public authorities for the benefit of the projects (listed in the attached sheets) or will it remain credited to those authorities as re-imburement of aid granted; in what percentage ?

.....

.....

A.O.2. Have projects covered by this application received finance from Community sources¹⁾ or are any the subject of a current application for such finance ?
If so please specify :

.....

.....

.....

1) ERDF, EIB, ECSC, EAGGF, social Fund, etc.

1. ASSESSMENT

Summarize, in attachment, the factors which justify an ERDF contribution to the projects grouped in this application.

- B.0.1. Account for the consistency of the projects with the range of actions undertaken in favour of the region concerned, as indicated in information supplied pursuant to Article 6 of the ERDF Regulation (EEC 724/75). In particular, specify the measures envisaged in respect of the creation of economic activities, by reference to the annual information paper (art. 6 § 6c), the project contributes to realize. Specify the objectives the project will further.
 - B.0.2. Indicate the total number of persons employed by the undertakings following completion of the projects and at full production. State, if possible date at which full production will be realised. What direct and indirect effects will the projects have on employment in the region ?
 - B.0.3. To what degree will the projects directly contribute to the economic development of the region. Show also how far the projects will contribute indirectly to improving the economic structure of the region.
 - B.0.4. Results of the viability analysis carried out by the national authorities on the projects.
- C. Summarize the following information, where applicable.
- C.0.1. For services projects other than tourism, reasons why a choice of location is available for the projects.
 - C.0.2. In the case of projects which enable existing jobs to be maintained, are the conversion or restructuring plans available ?
 - C.0.3. Public Tender : published or to be published (where and when ?);
if not, why ?

Date

Signature

(Seal)

Attached :

Sheet covering grouped data
..... sheets covering individual data
Summary of justifying factors

INDUSTRY AND SERVICE PROJECTS (Individual data)

(in units of national currency)

ERDF Sequence N° in the application :	N°	N°
National N° of the project :	N°	N°
Investment amount :		
Jobs created :		
Jobs maintained :		
Starting date (month, year) :		
Completion date (month, year) :		
Nature of the project ¹⁾ :		
Location ²⁾ :		
Sector : Product specification and NACE code; if the project involves agricultural products, give current and final capacity, nature of raw materials, their origin, the finished products and their markets.		
Full name and postal address and postal code of the establishment or the enterprise :		
Assisted area status of the location of the project ³⁾		
Priority area status of the location of the project (Art. 3, § 2)		

1) Specify : a) industry, handicraft, tourism or other service

b) Creation, extension or conversion/restructuring

2) According to administrative structure of the country concerned:

United Kingdom
 Employment Exchange Area
 Town/District Travel to Work Area
 County Standard Planning Region

Ireland
 Town Designated
 County Non Designated Area

3) For example : Development area ; Designated area.

ANNEX IV

COMMISSION
OF THE
EUROPEAN COMMUNITIES

Directorate-General for
Regional Policy

No du PROJET									
B	DK	D	F	Gr.	Ir.	L	N	UK	
Affectations			Date Départ			Date Arrivée			
Aff. Générales									
M. SOLIMA									
Rapporteurs									
Autres Destinat.									
Retour All Générales									

EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

GROUPED APPLICATION FOR AID
INVESTMENT IN INFRASTRUCTURE
OF LESS THAN 10 MILLION u.a. 1)

<u>Summary of application</u>	Legal basis of application Art.4, § 1 b) or 1 c) of the ERDF Regulation EEC 724/75 2)
Country :	Amount of investment :
Region :	Amount of aid requested :
	Number of projects :
National application N° :	
Authority authorised to provide certification required pursuant to article 8 ..	
.....	
Details concerning this application are contained in the following pages N° ...	
to Authority or agency responsible for this application	
.....	

- 1) 3 copies to be sent to the ERDF management
- 2) delete as appropriate.

A. GENERAL INFORMATION

A.0.1. Have any projects covered by this application received finance from Community sources (1) or are they the subject of a current application for such a contribution ? If so please specify :
.....
.....
.....

A.0.2. Are projects covered by this application located in a "less favoured area" as scheduled under the Community list of less favoured areas within the meaning of Directive 75/268 EEC (Hill farming) If yes please specify
.....
.....

A.0.3. Indicate, for each infrastructure investment, its direct link with the development of production (article 7, § 2, 6) in accordance with one or other of the alternatives set out in the interpretative declaration written into the Council minutes of February 10 and 11, 1975 (see explanatory footnote) (2) :

- A.0.3.1. : Items falling within the general rule
Projects Nos
.....
.....
- A.0.3.2. : Items falling within the prerequisite category
Projects Nos
.....
.....

(1) ERDF, EIB, ECSC, EAGGF, Social Fund, etc.
(2) (Text of the Council Minute) Re Article 4 paragraph 1(b) :
a) "By infrastructure directly linked to the development of activities referred to in Article 4 paragraph 1(a) are to be understood

../...

- infrastructure which anticipate within a relatively short period, or which accompany the implementation of investments in such activities and on which implementation is conditional
- in exceptional cases, infrastructures which are prerequisite to the development of such activities, where need is demonstrated in the regional development programmes or annual information documents submitted under Article 6 paragraph 6. The term "exceptional cases" should, in the context of this clause be interpreted as intended to limit the number of projects submitted for Fund assistance and not the regions envisaged."

B. ASSESSMENT

Summarise, in attachment, the factors which justify an ERDF contribution to the projects grouped in this application.

- B.O.1. Account for the consistency of the projects with the range of actions undertaken in favour of the region concerned, as apparent from information supplied pursuant to Article 6 of the ERDF Regulation EEC 724/75. In particular, specify the measures envisaged in respect of infrastructure, by reference to the annual information paper (art. 6 § 6c), the project contributes to realize. Specify the objectives the project will further.
- B.O.2. The direct or indirect effects the projects will have on employment in the regions.
- B.O.3. To what degree will the projects directly contribute to the economic development of the region. Show also how far the projects will contribute indirectly to improving the economic structure of the region.
- B.O.4. Results of the cost benefit analysis and related factors taken into consideration.
- B.O.5. Public tender, published or to be published where and when ¹⁾, if not, why ?

Date

Signature
(Seal)

Attached :

- Sheet covering grouped data
- sheets covering individual data
- Summary of justifying factors

1) O.J. L 185/5 of 16 August 1971

INFRASTRUCTURE PROJECTS (Global data)

(in units of national currency)

Total cost of the projects

Duration of work : Start of work on first project

Completion of work on last project

PUBLIC SECTOR EXPENDITURE IN RESPECT OF WHICH AN ERDF CONTRIBUTION IS REQUESTED
and payment schedule

before 1.1.1975	1975	1976	1977	1978	1979	1980	subsequent years	total paid after 1.1.1975	total

ERDF CONTRIBUTION REQUESTED
and payment schedule

1976	1977	1978	1979	1980	subsequent years	total

INFRASTRUCTURE PROJECTS (Individual data)

(amounts in national currency)

ERDF Sequence N° in the application :	N°	N°
National N° of the project :	N°	N°
Total cost of complete project :		
Total public expenditure and part thereof in respect of which ERDF aid is requested :		
Starting date (month, year) :		
Completion date (month, year) :		
Nature of the project ¹⁾ :		
Location ^{2) 3)} :		
Description of the project :		
Full name and postal address and postal code of the authority or agency responsible		
Assisted area status of the location of the project ⁴⁾		
Priority area status of the location of the project (Art. 3, § 2)		

1) Specify: new construction, new plant or machinery, extension or modernisation/improvement

2) According to administrative structure of the country concerned :

United Kingdom

Ireland

Town/District
County

Employment Exchange Area
Travel to Work Area
Standard Planning Region

Town Designated Area
County Non Designated Area

3) For roads and similar transport investments attach map showing location of project.

4) For example : Development area ; Designated area.

1. The general case (envisaged in the first clause of the Council Declaration).

In this case the infrastructure investment should have the following characteristics :

1.1. The investment should determine, either of itself or through its place in an ensemble of related and interdependent infrastructures, the realisation of investments in the productive activities envisaged in article 4, § 1, a).

1.2. The commencement of implementation of these investments should take place in a period not exceeding :

- a) two years after completion of the infrastructure
- b) ^{or} four years after commencement of the ensemble in instances where the insertion of the infrastructure envisaged requires an implementation period exceeding two years (although the technical characteristics of the project may allow partial utilisation of the ensemble of infrastructure).

2. Prerequisite infrastructure (envisaged in the second clause of the Council Declaration).

In this case the infrastructure investment should have the following characteristics :

2.1. The adjective "prerequisite" is related to "development efforts" and not to the development itself. One may therefore regard prerequisite infrastructures as preceding infrastructures related to development.

2.2. These infrastructures should be necessary, that is to say, without them one could not establish, or could not establish in an economically satisfactory manner, the other infrastructures and the related productive investments.

2.3. This necessity should be demonstrated in the annual information paper. It will not, however, be sufficient to establish that a region needs the infrastructure. The information paper should show, inter alia, the nature of the development, the time schedules (in order of magnitude) of that effort and why they cannot be undertaken without these prerequisite infrastructures.

V. HOW THE FUND'S CONTRIBUTION WORKS

The role of the Regional Fund is to complement the financial aid of the Member States to investments in certain regions. This complementary role is confirmed by the way the Fund's contribution operates.

1. Appropriations available

The basic Regulation setting up the Regional Fund determined in advance the amount of the commitment appropriations available in the Community budget for each of the three years of the first period of the Fund's activity:

1975	300,000,000 u.a.
1976	500,000,000 u.a.
1977	500,000,000 u.a.

In addition, the Council laid down the allocation of aid between Member States. This allocation, which must be respected over the three-year period is as follows:

Belgium	1.5 %
Denmark	1.3 %
France	15.0 %
Ireland	6.0 %
Italy	40.0 %
Luxembourg	0.1 %
Netherlands	1.7 %
Germany	6.4 %
United Kingdom	28.0 %

In addition, Ireland was allocated a lump sum of 6,000,000 u.a., to be deducted from the share of the other Member States with the exception of Italy.

Regulation 724/75 setting up the Fund further increased Member States' control of the management of Community funds by two other methods:

- applications for aid from the Fund can be submitted to the Commission only by the Member States (see point IV);
- a Commission decision to approve an application can be amended by the Council when the Fund Committee, made up of representatives of the Member States, disagrees with the Commission's decision.

2. The Committees

The Regulation establishing the Regional Fund set up a Fund Committee composed of representatives of the Member States and chaired by a representative of the Commission. Within the committee Member States' votes are weighted in accordance with Article 148 (2) of the EEC Treaty¹. The Committee adopts its opinions by a majority of 41 votes.

It delivers an opinion:

- either in the context of the 'Management Committee' procedures (see point 5 below). This holds good in particular for the Commission's decision to approve applications for aid from the Fund submitted by Member States;
- or in a purely consultative manner, on all matters relating to the operation of the Fund raised by its chairman, on his own initiative or at the request of a representative of a Member State.

By a separate decision of 18 March 1975, the Council set up a Regional Policy Committee attached to the Council and the Commission.

¹ Belgium: 5; Denmark: 3; Germany, France, Italy, United Kingdom: 10 each; Ireland: 3; Luxembourg: 2; Netherlands: 5; totalling 58 votes in all.

The Member States and the Commission each appoint two members to the Committee selected from among senior officials responsible for regional policy. They may appoint alternates.

The Committee's secretariat shall be provided by the Commission. The Committee's task shall be:

- to examine, at the request of the Council or the Commission, or on its own initiative, problems relating to regional development, the progress made or to be made towards solving them and regional policy measures needed to further the achievement of the Community's regional objectives. The decision of 18 March 1975 mentions 10 fields which may be studied in particular;
- to report on its activities to the Council and the Commission. The latter informs the European Parliament in its annual report (see point 7 below).

For this purpose the Committee may:

- entrust the study of particular questions to working parties composed of certain of its members or of alternates or of experts;
- receive, in accordance with its rules of procedure, the views of interested parties from the regions and from trade unions and business organizations.

3. The Fund's contribution

The amount of the contribution varies in accordance with the type of investment:

- (a) for investments in industrial, handicraft or service activities, aid is 20% of the investment cost:
 - without however exceeding 50% of the aid accorded to each investment by public authorities under a system of regional aids, interest rebates or loans at reduced rate of interest;

- limited to that part of the investment which does not exceed 100,000 u.a. per job created and 50,000 u.a. per job maintained:

(b) for investments in infrastructures, aid is:

- a maximum of 30% of the expenditure incurred by public authorities when investment is less than 10 million u.a.;
- from 10 to 30% maximum for investments of 10 m u.a. or more.

For investments in infrastructures, the Fund's assistance may consist wholly or in part of a rebate of 3 percentage points on loans made by the European Investment Bank to projects for developing less developed regions and for modernizing or converting undertakings or for developing fresh activities. In this event, aid from the Fund is paid to the bank in one instalment. The Commission notes, in its second report on the activities of the Regional Fund, that no Member State has asked for this type of aid.

4. The complementary nature of national and Community aid

'The Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts'. In these words the eleventh recital of Regulation 724/75 setting up the European Regional Development Fund describes the global additionality of national and Community aid. Community aid is shown as a means of allowing the Member States to release new funds for other regional projects of the same kind. The Regional Policy Committee has recommended that the governments introduce a special entry in their budgets, at least under revenue, giving details of resources received from the Fund, so that national parliaments can check the application of the principle of overall additionality.

This recommendation presupposes the allocation of resources between Member States set out in the basic Regulation.

The additional nature of the aid is also stressed in Article 4 of the basic Regulation which says that contributions from the Fund may either supplement aid granted to the relevant investment by public authorities or remain credited to those authorities and treated as a partial repayment of such aid. This is individual additionality which only comes into play in investments in industrial, handicraft or service activities. In 1975 and 1976, all the Member States opted for the system of partial repayment.

As pointed out in Chapter II on regional development programmes Member States provide the Commission with annual information on the state of regional policy. This information should permit the Commission in particular to check the additional nature of aid from the Fund, having regard to efforts made by the Member States themselves in regional development.

Article 19 of Regulation 724/75 states that the Commission must take into consideration, when deciding on the aid to be granted from the Fund, expenditure incurred or still to be incurred after the first day of January 1975. In the 2nd Annual Report (1976), the Commission notes that 'only 20% on average of national public expenditure eligible for Fund assistance had been paid prior to 1 January 1976'.

5. Decisions to grant aid from the Fund

The Commission is responsible for deciding on aid from the Fund. It takes an overall decision on grouped applications: these are for projects of less than 10 million u.a.

It takes an individual decision in other cases.

All the decisions to grant aid are taken under the management committee procedure, thus allowing the Council to take a different decision from that of the Commission if the Commission has not been in agreement with the Fund Committee.

For infrastructures of a cost of 10 million u.a. or more, the Commission must consult the Regional Policy Committee before obtaining the opinion of the Fund Committee.

The criteria which the Commission must apply when taking a decision to grant aid are as follows:

- (a) the relative severity of the economic imbalance of the region where the investment is made;
- (b) the direct or indirect effect of the investment on employment;
- (c) the consistency of the investment with the range of actions undertaken by the relevant Member State in favour of the region concerned, taking account of:
 - the investment's contribution to the economic development of the region,
 - the consistency of the investment with the Community's objectives,
 - the situation of the economic sector concerned and the profitability of the investment,
 - whether the investment falls within a frontier area,
 - other contributions made by Community institutions or by the European Investment Bank;
- (d) the principle of coordination of regional aids at Community level (see introduction).

6. Payments and controls

Except where the application for payment is made when an investment is completed, the amount of the contribution from the Fund calculated by the Commission is normally paid pari passu with expenditure by Member States upon presentation of quarterly statements certifying expenditure and the existence of detailed supporting documents.

The quarterly statements must contain the following information:

- for global applications:

with reference to the request for the Fund's contribution

- the total payments made,
- the location of the investment,
- the total payment requested from the Fund,
- the names of the undertakings concerned or, in respect of infrastructure, of the responsible authorities.

In cases where the request for payment is made after completion of the investment, the quarterly statement must also certify that the investment has been carried out and contain the following further information:

- the amount actually invested and the nature of the expenditure,
- the date of completion and the number of jobs created or maintained,
- all other information required for individual applications (see below)

for applications submitted individually:

- with reference to the request for the Fund's contribution, the nature of the expenditure, the investment and its location,
- the authorizing officer, the date, the amount and the recipient of the payment;
- the period of time which the payment covers compared with the time scale laid down for the implementation of the investment and the phasing or instalments planned for the relevant expenditure;

- the location, at the date of the request for payment, of the detailed supporting documents covering the expenditure;

In cases where the request for payment is made after completion of the investment, the quarterly statement must also certify that the investment has been carried out and contain the following further information:

- the amount actually invested,
- the date of completion,
- the number of jobs created or maintained.

In the case of interest rebates or loans at reduced rates of interest, the contribution of the Fund is settled in a single payment on presentation of the certificate covering completion of the investments.

Controls are carried out on operations financed to verify whether investments are being effected in accordance with the Regulation setting up the Fund. The Member States:

- must make available to the Commission all information required and take all steps to facilitate such supervision as the Commission may consider useful;
- must carry out on-the-spot checks or enquiries requested by the Commission, which can take part in these proceedings and fix a time limit for carrying them out.

The Commission may:

- reduce or cancel, after consulting the Fund Committee, the contribution from the Fund if the investment has not been made as planned;
- claim back sums paid in error, which must be repaid to the Community within 12 months following the notification of the decision;

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

If aid is reduced or cancelled the outstanding part of the Fund's contribution must be granted to another investment in the same Member State, within the allocation of appropriations among the Member States.

7. Publicizing aid from the Fund

The Fund's financial activities are in the nature of a transaction between the Member States and the Commission, from which the company concerned and the users of the infrastructures are completely excluded. To compensate for the lack of impact on public opinion of this regional policy action, the Fund Regulation lays down that:

- the investors concerned shall be informed, by agreement with the Member States in question, that part of the aid granted to them has been provided by the Community. This information takes the form of a letter to the investor;
- for infrastructure projects, the Member States, by agreement with the Commission, shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity. This is done through publicity hoardings put up on the spot;
- the list of projects which have received contributions from the Fund shall be published every six months in the Official Journal of the European Communities. So far, a list has been published in OJ No. C 267, 12.11.1976¹. This list does not mention the amount of the Community's contribution to each project or group of projects, nor the total amount of the projects;
- 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, on the financial management of the Fund and the conclusions drawn by the Commission from supervision of the Fund's operations.

¹ A second list has just been published in OJ No. C 166, 13.7.1977

As regards the usefulness of publicity, the Commission has said: 'The publication of information on the amount of aid given to individual projects assisted from the Fund, even if it were always possible, would not in itself ensure or demonstrate that extra regional development has resulted because of the existence of the Fund. The most important matter is to ensure that national resources released as a result of the Fund's contributions are used for additional regional development, and this is an issue independent of the amount of aid given in respect of individual projects'¹.

It should be added that the Commission issues a press release several times a year containing tables showing the sums it has granted to projects submitted. Annex V gives the table showing aid granted to each Member State, taken from the press release of 12 May 1977 (see page 40 below).

8. Assessment of results

Each year, before 1 April, the Member States must supply the Commission with an overall statistical summary so that the Commission can assess, for each region, the results of the measures taken during the previous year; the summary must also show which measures have been aided by the Fund.

The second report on activities mentions the lack of uniformity and the incomplete nature of the statistics forwarded to it for 1975.

The Commission would like the Member States to 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;

¹ Written Question No. 102/76, OJ C 167, 21.7.1976

- the public expenditure involved, indicating those investments having received Fund grants and those which have only received national aid.

9. The special case of aid to the Friuli-Venezia Giulia region

Following the earthquake in May 1976 which caused in this region damage so serious that neither the region nor the Member State concerned could remedy it solely from their own resources, the Council adopted regulations applying by analogy some of the conditions for aid from the Regional Fund and the EAGGF. For its part, Parliament adopted in 1976 additional appropriations in Community aid: 45 million u.a. for agricultural structures, 15 million u.a. for civil infrastructures.

Regulation 1506/76 of 21 June 1976 is modelled on the rules for contributions from the Regional Fund:

- special aid was allowed to projects for rebuilding or improving economic and social infrastructures;
- the Community's contribution was 30% or from 10 to 30% of the expenditure incurred by public authorities, depending on whether the investment was less than 10 million units of account or equal to or greater than 10 million units of account;
- the Fund's assistance could consist wholly or in part of a rebate of four percentage points on loans contracted by the public authorities;
- applications for aid had to be submitted before 31 December 1976. The Commission could decide to grant aid without first consulting the Fund Committee:

- the rules for contributions from the Regional Fund were extended to the special aid as regards the submission of applications, the payment of aid, the control of expenditure, the Regional Fund Committee and the publicizing of aid;

- appropriations committed as special aid and not paid were, as an exceptional measure, carried forward automatically for five years.

ANNEX V: Summary of aid granted by the European Regional Development Fund up to April 1977

National statistics: Aid granted in million units of account (rounded figures; in brackets: number of investment projects)

	I. Industrial, handicraft and service activities		II. Infrastructure		III. Infrastructure in mountain farming areas		IV. Totals	
	2nd instalment 1977	Total 1975+76+77	2nd instalment 1977	Total 1975+76+77	2nd instalment 1977	Total 1975+76+77	2nd instalment 1977	Total 1975+76+77
BELGIUM	1.35(5)	3.67(16)	5.41(38)	13.80(91)	-	-	6.76(43)	17.47(107)
DENMARK	-	1.19(19)	3.36(29)	12.46(86)	-	-	3.36(29)	13.65(105)
GERMANY	6.18(79)	17.67(227)	6.55(49)	24.44(161)	-	-	12.73(128)	42.11(388)
FRANCE	-	43.97(302)	-	74.64(133)	-	3.88(6)	-	122.49(441)
IRELAND	6.01(6)	34.44(76)	4.57(21)	27.94(128)	4.05(3)	9.84(26)	14.63(30)	72.22(230)
ITALY	21.42(64)	115.05(227)	-	252.37(91)	-	22.08(276)	21.42(64)	389.50(594)
LUXEMBOURG	-	-	-	0.75(1)	-	-	-	0.75(1)
NETHERLANDS	-	-	-	15.58(11)	-	-	-	15.58(11)
UNITED KINGDOM	12.82(5)	102.71(298)	19.46(190)	161.08(1093)	0.02(1)	8.10(59)	32.30(196)	271.89(145)
TOTAL	47.78(159)	318.70(1165)	39.35(327)	583.06(1795)	4.07(4)	43.90(367)	91.20(490)	945.66(332)