

ECONOMIC AND SOCIAL COMMITTEE

DOSSIER: REG/1

Brussels, 12 February 1976

STUDY

of the Section for Regional Development
on the
Regional Development Problems of the Community
during the Period 1975/1977 and the Establishment
of a Common Regional Policy

Rapporteur: Mr. MAHER

Introduction

1.1. At its meeting on 18 March 1975, the Committee's Bureau instructed the Section for Regional Development to draw up a Study in connection with the implementation of a common regional policy for the period 1975-1977. This decision was motivated by two considerations : (i) a desire to involve the Committee in the work of solving the tasks and problems encountered by the Community as a result of the decision taken by the Council in March 1975 to establish a European Regional Development Fund and a Regional Policy Committee; and (ii) the view that the Committee has a key role to play in the development and implementation of a common regional policy.

1.2. After the December 1974 Summit Conference, the Commission submitted proposals for regulations and decisions in connection with the Regional Fund and the Regional Policy Committee. The Section notes that the ESC was not consulted on these proposals. Since they do not, however, differ radically from the proposals which the Commission submitted in 1973 (the Committee delivered its Opinion on 25 October 1973), the Section felt that further detailed examination and indeed approval was unnecessary.

1.3. The Section had almost concluded its work before it received documentation on the Regional Fund and the activities and function of the Committee for Regional Policy. It was, therefore, obliged to have recourse to other methods to establish the necessary basis for work.

1.4. With this in mind and wishing to obtain the widest possible spectrum of opinion, not least the views of the representatives of regional interests, the Section, when drafting the Study, consulted the following institutions and persons :

- a representative of the European Investment Bank;
- Commission staff responsible for Regional Development;
- Council staff responsible for Regional Development;
- representatives of the French Economic and Social Council;
- regional development experts with special responsibility for development regions in Scotland, England and Wales, Ireland and Italy.

Legal and historical synopsis

2.1. The Rome Treaty did not assign the Community the task of developing a common regional development policy, as in the case of agriculture and transport. On the other hand, the Treaties contain a number of regionally orientated articles which spell out that the Community has responsibilities for regional development.

2.2. Article 2 of the Treaty states that "the Community shall have as its task to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion ...". In addition, regional problems receive specific attention in :

- Article 30 which states that in investigating rates and conditions within the transport industry "the Commission shall take account in particular of the requirements of an appropriate regional economic policy, the needs of underdeveloped areas ...".
- Article 92 which states that state aids may be considered compatible with the Treaties if they are designed to "... promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment".

- Article 130 on the establishment of a European Investment Bank. This article states that the Bank's tasks shall include providing financial assistance for projects "for developing less-developed regions".

2.3. It should also be pointed out that other Community funds and bodies such as the Agricultural Fund and the European Coal and Steel Community provide funds for regional development.

2.4. In the years after the Rome Treaties came into force, the need for a genuine regional policy became more and more obvious. There follows a synopsis of the most important stages on the way to the establishment of a regional fund and a European Regional Policy Committee.

- The Communiqué issued after the Paris Summit of October 1972 stated that : "The Heads of State or of Government agreed that a high priority should be given to the aim of correcting in the Community the structural and regional imbalances which might affect the realization of economic and monetary union ... The Heads of State or of Government undertake to coordinate their regional policies". The Community Institutions were invited to establish a Regional Fund before 31 December 1973.

- In July 1973, the Commission submitted to the Council (i) a proposal for the establishment of a European Regional Development Fund, (ii) a proposal for the creation of a Regional Policy Committee, and (iii) a proposal for a financial regulation. The Economic and Social Committee delivered its Opinion on these proposals on 25 October 1973;

- The Summit held in Copenhagen in December 1973 reiterated the importance of establishing the Regional Fund before the end of 1973;

- The crucial political decision was not however taken until the Paris Summit of December 1974. It was decided, inter alia, that the Regional Fund would operate as from 1 January 1975. 300 m.u.a. would be made available in 1975, 500 m.u.a. in 1976 and 500 m.u.a. in 1977.

In accordance with Article 235 et al of the Treaty, and of the decision taken by the Summit in December 1974, the Council adopted the following instruments in March 1975 :

- Council Regulation (EEC) No. 724/75 of 18 March 1975 on the establishment of a European Regional Development Fund (Appendix I).
- Council Decision of 18 March 1975 setting up a Regional Policy committee (Appendix II).

In addition, the Council adopted :

- the Financial Regulation of 18 March 1975 supplementing the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities.
- Council Regulation (EEC) No. 725/75 of 18 March 1975 on the transfer to the European Regional Development Fund of 150 m.u.a. out of the appropriation held in reserve by the Guidance Section of the European Agricultural Guidance and Guarantee Fund.
- Council Decision of 18 March 1975 to apply to the French Overseas Departments, Regulation (EEC) No. 724/75 establishing a European Regional Fund.

2.5. In 1975, the Regional Policy Committee dealt with a number of subjects covered by the decision of 18 March 1975. The Committee adopted its Rules of Procedure (Appendix III) and drew up an outline for Regional Policy Programmes (Appendix IV).

2.6. In 1975, the Regional Fund earmarked a total of 300 m.u.a. to subsidize 1,183 projects which account for a total investment of 2,426 m.u.a. (Appendix V).

2.7. The latest document to stress the importance and principles of a Common Regional Policy is the TINDEMANS' Report on European Union which states inter alia :

"For an integrated economic and monetary unit to operate harmoniously there must be a substantial regional policy to offset tendency of the market to concentrate capital and activity in the more competitive areas of the Union. Such a policy will satisfy the clear desire in all our countries to revive the regions.

This policy must necessarily involve a net transfer of resources from the most prosperous areas of the Community to the less favoured areas. In part these transfers will be made, as now, through national regional development policies. However, a large proportion of the transfers will have to be made through the Community budget, either directly by means of regional aids, or indirectly by the effect on economic structures of the agricultural and industrial policies. The regional policy will therefore have to expand gradually in step with progress made in aligning the economic and monetary policies of the member countries.

The regional policy must also be concentrated on the most economically backward areas of the Community. Funds must be allocated on the basis of objective criteria applicable to the whole of the Community without national quotas".

Designation of regions eligible for regional aid :

3.1. Under the regulation setting up the Regional Development Fund 1,300 m.u.a. have been set aside for the 1975/77 period. These monies are to be distributed in accordance with the following table :

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%

Further, a sum of 6 m.u.a. shall be granted to Ireland which shall be deducted from the share of other Member States with the exception of Italy.

3.2. The Section recognizes that a certain flexibility may be called for in the initial period with regard to the criteria for the distribution of Fund monies. It also considers that the present distribution system ensures to some extent that aid is concentrated where the need is greatest, and rules out the undesirable practice of "fair return", the application of which would jeopardize future Fund activities and the establishment of a Common Regional Policy.

3.3. The Section is nevertheless of the opinion that the system of allocating aid from the Regional Fund to Member States in accordance with fixed national quotas is incompatible with the principle that under a common regional policy the relative need of the regions should be the sole criterion for allocating regional aid resources. The Section insists that steps be taken to ensure that future Fund monies be allocated in accordance with this principle.

3.4. The Section points out that it is a precondition to the application of this principle that common criteria for the identification of the most needy regions be established and applied throughout the Community.

3.5. Such Community criteria should preferably be as simple as possible and should include per capita income, migration level, unemployment and the existence of infrastructural, social and educational facilities. In establishing the criteria it should be borne in mind that economic growth is not necessarily synonymous with development and therefore social and environmental consideration should play an important role in the shaping of the future of the regions.

3.6. The Section is aware that national criteria for allocation of regional development aid are already in operation in some countries and invites the Commission to study the experiences gained in the application of these criteria with a view to the establishment of Community criteria. The Section finds that the thorough study of the national regional development programmes referred to in Article 6 of the Fund regulation is highly relevant to the establishment of Community criteria and urges that the submission of these programmes be accelerated as much as possible.

3.7. In its Opinion of 25 October 1973, concerning the proposals presented by the Commission for the creation of a Committee for Regional Policy and a Regional Development Fund, the Committee urged that aid should be concentrated in the regions of greatest need rather than being dispersed over areas which, though underdeveloped, could not be considered priority areas, in connection with the distribution of limited resources.

3.8. The Section notes with satisfaction that the recommendation has been taken into account by the Council in the establishment of the Regional Fund and urges that the Commission maintains this principle in the allocation of aid within the Member States. The Section draws the attention to the fact that the United Nations Development system, in designating among the underdeveloped countries 25 least developed countries eligible for special and increased development aid, has adopted a similar principle.

3.9. The Section draws attention to the fact that the regional structures and administrative systems which at present form the basis of planning and implementation of regional development at national level vary considerably from one Member State to another. This, moreover, may constitute an obstacle to efficient planning and reduce transparency. The Section therefore urges the Commission to encourage harmonization of the national systems in order to evolve a common system.

3.10. The Section recommends that further studies be carried out on the particular problems of the internal border areas of the Community. Although the Section recognizes that the areas bordering third countries pose problems of a different and more complicated nature it nevertheless feels that the Community has a responsibility towards these areas and their development and that their problems ought to be carefully examined.

Objectives and principles of regional policy

4.1. The Section wishes to emphasize that economic growth should not be considered as an objective in itself, nor as the

sole yardstick of human welfare. In fact, some of the serious problems which at present haunt western societies have arisen or been aggravated in a period of economic expansion and in regions which have experienced the greatest economic development.

4.2. On the other hand, economic stagnation or decline have proved to be the source of other equally serious social diseases, such as unemployment and migration which are now threatening social and political stability in certain less-favoured regions all over the Community and which constitute an obstacle to the creation of European Economic and Monetary Union.

4.3. It should, however, be borne in mind that each type of habitat, urban or rural, has its own characteristics, its own advantages and drawbacks. It would thus be extremely unrealistic to expect any regional policy to create identical living conditions in the different regions. What can be done is to maximize the advantages and minimize the drawbacks of the different regions to the point where the different regions offer living conditions which, though different, are generally considered satisfactory.

4.4. The Section is, therefore, of the opinion that the ultimate objective of regional policy should be, by improving the position of the least developed regions, to make living conditions attractive or, at least, acceptable in all areas of the Community. This implies, among other things the need to check and, if required, reverse the current development trends which devalue living conditions in the big cities, as well as in the peripheral rural areas, and which to an increasing extent are having damaging political, economic and social consequences.

Means and priorities of regional policy

5.1. To attain the objectives of regional policy, as set out above, a wide range of means and methods are at the disposal of the Community and national governments, such as the creation of infrastructure and the promotion of industrial and service enterprises through financial aids, tax incentives and subsidies. The decentralization of government agencies can also contribute to this end. It is in the correct combination and timing of these means and methods that the key to a successful regional policy is to be found. Due to the complexity of the subject, the Section wishes to confine itself at the present stage to some general observations on the means and their respective degrees of priority in relation to the particular problems to be solved in the different regions of the Community. The matter should be subjected to further study.

5.2. The Section is of the opinion that the creation or maintenance of a system of basic infrastructure is an indispensable condition of general economic development in the less-favoured regions. However, experience seems to indicate that the existence of such systems is not in itself sufficient to attract economic activities, but should be complemented by other measures and policies to encourage the setting up of productive activities.

5.3. In rural areas not designed for large-scale industrial development, infrastructure, such as roads, arterial drainage, piped water, and telecommunication facilities should serve to lessen the isolation of people and to create living conditions sufficiently attractive to maintain the population in the areas. But, here again, the mere creation of an infrastructure system may be insufficient to attain the objectives and should be combined with other measures, such as promotion of small business and structural reorganization in agriculture.

5.4. Certain large-scale infrastructure projects, which may be considered a natural Community responsibility, should be implemented with a view particularly to linking the peripheral regions of the Community to its central regions. Improved communications systems between Ireland/UK and the continent are a case in point. The Section does, however, recognize that the present inadequacy of the Regional Fund constitutes a serious obstacle to the undertaking of such projects at Community level and sees herein an essential argument for a substantial increase in the Fund.

5.5. Decentralization of Government agencies has the double effect of easing pressure in congested areas and bringing new impulses to the regions in which they are implemented. The same holds true of educational, cultural and social facilities and institutions such as vocational training centres which are at the same time instrumental in maintaining the young people in the regions.

5.6. The characteristics of each region, the existence of basic infrastructure systems, environmental considerations, agricultural or tourist potential, etc., will determine which activities should form the economic backbone of the regions. The choice between agriculture, industry or service activities will thus vary according to the type of region such as :

- declining or stagnant agricultural regions with a high emigration rate;
- regions of obsolete industrialization with a high rate of unemployment;
- peripheral regions;
- border areas.

The Section is of the opinion that although it is desirable to establish Community criteria and guidelines for the choice and combination of the various means and instruments available to a regional policy, a large measure of flexibility is indispensable to take into account the particularities and potential of the individual region.

5.7. A similar flexibility is called for as regards the structure, financing and administration of the projects to be implemented under a regional policy. In this connection the Section notes that the Fund regulation requires the creation of ten new jobs (or maintenance of old ones) as one of the conditions for providing Community aid to the financing of the project. The Section recognizes that administrative considerations necessitate a certain simplification of the Fund operations, but would nevertheless like to draw attention to the fact that this condition may exclude types of projects which, in the circumstances, may be the most suitable means of developing a region and maintaining the population in the region.

5.8. Small- and medium-scale enterprises may in certain cases be the sole or the most appropriate means of solving the economic and social problems of a region and the Commission is invited to examine to what extent such enterprises may be aided. In support of its viewpoint the Section observes that the investment/job creation ratio generally seems to be more favourable for small-scale projects than for large-scale ones.

5.9. On the other hand, the Section recognizes the considerable advantage in terms both of administration and public relations of concentrating Community aid on major projects rather than spreading it thin over a large number of small and unrelated ones. As stated

above, it is nonetheless very valuable to be able to assist small- and medium-scale enterprises in certain regions. The Section therefore invites the Commission to examine ways and means of stimulating such enterprises to group themselves into professional or multi-professional organizations, which may serve as agents for distribution and administration of regional aid.

5.10. The more obvious and recognizable the projects, the easier it is for the population to appreciate that the Community is actively participating in development efforts and doing something which would not otherwise have been done.

5.11. The Section is in favour of large-scale Community projects involving more than one Member State. Such projects are particularly necessary for promoting the development of border and outlying areas and creating an efficient infrastructure. For such projects, funds provided by the Community must however be additional to normal regional development funds provided by Member States (principle of additionality) and suitable checks should be made in each case to verify that this is so. The Section is aware of the considerable problems of a political, administrative and operational nature presented by this approach and recommends that such projects should not be embarked upon without thorough research and preparation.

Vertical and horizontal planning and coordination of policies and activities dealing directly or indirectly with regional development

6.1. The Section is of the opinion that in the long term no efficient and realistic planning of regional development within the Community is possible without balanced and integrated involvement of regional, national and Community authorities in the planning process. The Section therefore urges the Community institutions in cooperation with the Member States to examine this problem with a view to establishing procedures which will ensure appropriate influence of the different authorities concerned with regional development planning.

6.2. To ensure realistic and up-to-date planning, the Section recommends the introduction of pluri-annual planning periods setting out annual targets and providing for annual and pluri-annual target reviews. These target reviews should include an analysis of the extent to which the targets have been attained and in cases where targets had not been attained, the reasons for such negative results.

6.3. The Section notes with satisfaction the initiatives being taken by various Member countries in this respect. The Regional Report recently introduced in the Scottish regions is an example. The Section recommends that further studies be carried out in this field.

6.4. The Section welcomes the "Outline for the Preparation of National Regional Development Programmes", which has recently been adopted by the Committee for Regional Policy (Appendix IV). This document, which will serve as a guideline for the Member States in the preparation of their national regional development plans represents an important step forward towards the planning procedures referred to above.

6.5. The Section emphasizes the need to formulate regional policy in stages each of which should be considered equally important. One such stage is represented by the need for immediate action at national and community level to help out the regions in most urgent need and to halt and reverse the most disastrous trends in economic and social development in the Community. Another stage is long-term planning aimed at correcting or preventing harmful regional imbalances and ensuring a fair distribution of wealth and opportunities in all regions of the Community.

6.6. The Section considers that inter-sectoral planning and co-ordination at both Community and national level are of paramount importance for the efficient implementation of regional development activities and in order to avoid waste of efforts and resources.

6.7. At Community level there is a vital need to establish an institutionalized, systematic and permanent coordination of the various Community policies and instruments relevant to regional development (The Agricultural Fund, the Social Fund, the EIB, the ECSC, transport policy, industrial policy, etc.). The Section therefore welcomes the initiative recently taken by the Commission in creating an inter-departmental planning and coordination group and will follow the important work to be performed by this group with close interest.

Harmonization and improvement of statistical information

7.1. Further development of regional planning, transparency of accounts and budgets, monitoring of regional development, identification of regional problems, etc. are heavily dependent on the existence of reliable and standardized information systems applicable throughout the Community. Such systems do not seem to exist at present although steps have been taken in this direction, both inside and outside the Community. The Section urges the Commission to accelerate and intensify its efforts to solve this problem.

The principle of additionality

8.1. The Section firmly supports the principle that Community aid in its totality should be allocated to the most needy regions of the Community and should complement the national efforts deployed in these regions. Community aid should be utilized to support development activities which would otherwise not have been undertaken or which would only have been undertaken at a later stage. Under no circumstances should national governments be allowed to absorb totally or partially, Community aid monies in their national budget or to curtail their own original development efforts at the prospect of receiving support from the Community.

8.2. The Section finds that non-respect of the principle of additionality is contrary both to the words of the preamble to the Fund Regulation and to the spirit of the Regulation itself. It would jeopardize the aims and value of the Fund and would constitute a serious blow to the Community solidarity professed at the summit conferences. A practice of absorbing, totally or partially, Community regional funds in the national exchequers would also tend to discourage net donors to the Regional Fund.

8.3. The Section therefore urges the Commission to ensure that the principle of additionality be respected by all Member States and to establish suitable control measures in this respect. The Section is also of the opinion that pluri-annual planning periods and greater transparency and harmonization of national budgets constitutes an important step towards the full respect of the principle.

The resources available

9.1. The Section emphasizes that the present size of the Regional Fund is totally inadequate to meet the existing needs and that its impact on regional development will be minimal compared to the efforts of the Member States in this field. The Section is of the opinion that without support of adequate financial means it will not be possible to establish and carry out a common regional policy.

9.2. This consideration, however, does not prevent the Section from appreciating the importance of the creation of the Fund and the considerable positive psychological effects of its existence and operation. It is a significant first step towards correcting the regional imbalances within the Community and towards transforming Community solidarity into practical action.

9.3. The Section does, however, urge that steps be taken immediately to ensure that future development funds will be of sufficient size to meet the needs and will be established in accordance with objective criteria.

9.4. The Section recommends that supplementary ways of financing the Fund should be looked for and would like to point to the possibilities of Community loans. The matter should be given further study.

Participation of interested regional authorities and professional organizations in planning and execution of regional development

10.1. The Section holds the view that there is a growing need to involve the regions more directly in the planning and implementation

of regional development activities and at the same time to plan regional development in the Member States in a Community context. There can be no doubt that the national Governments for some time still, will constitute the main political, administrative and financial centre for regional development activities, but the tendencies on the one hand towards decentralization of power and responsibilities to the regions and on the other hand towards planning, coordination and implementation at Community level are unmistakable.

10.2. The Section, in recognizing the complexity and the dimensions of this matter, invites the Council and the Commission, in collaboration with the Member States, to formulate common principles and guidelines for the roles of the various authorities, in particular regional authorities and professional and social organizations involved in the planning and implementation process, in the field of regional development.

10.3. In particular the Section recommends that :

- each region should be assured of means of exercising adequate influence on the planning and implementation of development activities within its own area and of participating actively in the administration of such activities. It should in turn contribute to national regional development programmes;
- the region should be consulted in connection with the establishment of the criteria for selecting the regions eligible for regional aid, the means, methods and procedures of regional development and other important elements of regional policy;

- the regions should be given the possibility of following, on a permanent basis, the development and results of the regional policy and have the right to propose or be consulted on changes in this policy.

10.4. The Section notes with satisfaction that in some Member States substantial progress has been made towards ensuring adequate participation and influence for the regions and invites the Commission to stimulate and promote this development in all Member States.

10.5. The Section notes that the consultation of regional authorities and professional organizations referred to in Article 5 of the Decision on the creation of a Committee for Regional Policy is only facultative and regrets the lack of initiative and determination on the part of the Community in securing adequate participation and influence of all interested parties.

10.6. The Section insists that the Committee be kept regularly informed and consulted on the activities of the Regional Fund and of the Committee for Regional Policy. In this connection the Section recalls that the Committee has not been included in Article 16, paragraph 1 of the Fund Regulation as one of the Community bodies who are to receive the annual Commission report on the application of the Fund Regulation, and expresses the wish that this omission be corrected as soon as possible.

Other activities of the Regional Fund

11.1. The Section is of the opinion that publicity for the Fund's work should be an integral part of the tasks assigned to the Fund. Opportunities, time and resources will be wasted if regional and local authorities and investors are not adequately informed in good time of the possibilities and conditions for obtaining aid from the Regional Fund.

11.2. It is equally important to keep the public informed of the activities of the Fund and of the implementation and progress of Fund-assisted programmes and projects. In this connection, the large-scale Community-assisted projects offer particularly good opportunities to demonstrate the Community's active involvement in development activities. The use of signboards and other publicity media in connection with Community-assisted projects as well as direct contacts with the regions for information purposes, could be among the means available to the Commission.

11.3. The Section invites the Commission to examine to what extent other measures of an administrative or technical nature could be employed to assist Member States and ensure the smooth and efficient operation of the Fund. The Section draws attention to the possibility of creating one or more "trouble-shooting" multi-disciplinary teams to assist, at the request of the Member States and for a limited period of time, with, for example, the launching of Community-assisted projects. Another useful assistance to Member States would be the creation of a high-level permanent consultation bureau.

Done at Brussels, 6 February 1976.

The Chairman	The Secretary-General
of the	of the
Section for Regional Development	Economic and Social Committee

Antoine LAVAL

Delfo DELFINI

A P P E N D I X I

REGULATION (EEC) No 724/75 OF THE COUNCIL
of 18 March 1975
establishing a European Regional Development Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament (1);

Having regard to the Opinion of the Economic and Social Committee (2);

Whereas by virtue of Article 2 of the Treaty, the Community has been assigned the task of promoting throughout the Community a harmonious development of economic activities;

Whereas the Paris conference of Heads of State or of Government in October 1972, desirous of finding a Community solution to regional problems, invited the Community institutions to create a Regional Development Fund whose intervention, 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.

Whereas this undertaking was reiterated at the conference in Copenhagen in December 1973; whereas it was decided at the conference in Paris in December 1974 that the European Regional Development Fund should be implemented as from 1 January 1975;

(1) OJ No C 108, 10.12.1973, p. 51
(2) OJ No C 8, 31.1.1974, p. 11

Whereas pursuant to the decision taken by the Heads of Government at the Paris Conference in 1974, the Fund should be allocated specific amounts for the years 1975 to 1977; whereas, however, it is advisable to reserve the decision as to the nature of the Fund's expenditure for subsequent financial years;

Whereas the Treaty does not provide the necessary powers; whereas the Community should be granted such powers pursuant to Article 235 of the Treaty;

Whereas an effective policy on regional structure is an essential prerequisite to the realization of economic and monetary union;

Whereas regional development requires investment in industrial or service activities ensuring that new jobs are created and existing jobs maintained on the one hand, and on the other, investment in infrastructures directly linked to the development of these activities; whereas it is necessary to contribute to the creation in certain less-favoured agricultural areas, of adequate collective facilities to ensure that farming is continued and a minimum population maintained;

Whereas the principle should be adopted that the Fund's assistance should be allocated according to the relative severity of regional imbalances; whereas account should also be taken of other factors determining the interest of investments from the point of view of the region concerned as well as from that of the Community;

Whereas the management of the Fund should be the responsibility of the Commission assisted by a Fund Committee;

Whereas aid from the Fund will be effective only if investments benefiting from the Community's aid are included in regional development programmes; whereas the results obtained in each region from year to year should be monitored;

Whereas the Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts;

Whereas the Commission should ensure, with the cooperation of Member States, the proper administration of investments receiving aid from the Fund and exercise effective control of the operation of the Fund;

Whereas the extent of the Community's activities requires specific information to be provided to the Council and to the European Parliament in the form of an annual report.

HAS ADOPTED THIS REGULATION :

Article 1

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

Article 2

1. For the period 1975 to 1977, financial assistance from the Fund shall be granted to the applicant Member States, subject to the conditions set out in this Regulation and within the limits of the following appropriations :

300 million units of account in 1975,
500 million units of account in 1976,
500 million units of account in 1977.

This total amount of 1,300 million units of account shall be financed to the extent of 150 million units of account by the appropriations not presently utilized from the European Agricultural Guidance and Guarantee Fund (Guidance Section).

The resources of the Fund shall be distributed in accordance with the following table :

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

Further a sum of six million units of account shall be granted to Ireland, which shall be deducted from the share of other Member States with the exception of Italy.

2. When re-examining the Regulation as provided for in Article 18, the Commission shall in due course make the appropriate proposals for the Community's regional policy and for aid from the Fund during the subsequent period.

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

- a) commitment appropriations;
- b) payment appropriations.

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

Article 3

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

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

Article 4

1. The Fund may contribute to the financing of investments which individually exceed 50,000 units of account, and come under any of the following categories :

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

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

- b) Investments in infrastructures directly linked with the development of activities covered by (a) above and totally or partially financed wholly or in part by public authorities or by any other agents responsible, on a similar basis as a public authority, for the creation of infrastructures.
- c) Investments in infrastructures cover in Article 3(2) of the Council Directive on mountain and hill farming and farming in certain less-favoured areas, provided that the less-favoured area in question corresponds to or is located within one of the regions or areas covered by Article 3 of this Regulation.

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

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

The State aids to be taken into consideration in this connection shall be grants, interest rebates, or their equivalent where loans at reduced rates of interest are concerned, whether these aids are linked to the investment or to the number of jobs created. The aid equivalent will be calculated in accordance with an implementing Regulation referred to in Article 17. The aid granted in the form of rent rebates or exemptions from payments of rents of factories may also be taken into account, provided that this form of calculation can be applied.

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

- b) In respect of investments covered by paragraph 1 (b) and (c), 30% of the expenditure incurred by public authorities when the investment is less than 10 million units of account, and from 10-30% maximum for investments of 10 million units of account or more, the Fund's assistance being able to consist wholly or in part of a rebate of three percentage points on loans made by the European Investment Bank, pursuant to Article 130 (a) and (b) of the Treaty, in the regions and areas referred to in Article 3 of this Regulation. In this event, the aid from the Fund shall be paid to the bank in one instalment, the rebate being a capitalized sum expressed as a percentage of the investment.

Article 5

1. The Fund's assistance shall be decided by the Commission in accordance with the procedure laid down in Article 12, according to the relative severity of the economic imbalance of the region where the investment is made and the direct or indirect effect of the investment on employment. The Commission shall examine, in particular the consistency of the investment with the range of actions undertaken by the relevant Member State in favour of the region concerned, as apparent from information supplied by Member States pursuant to Article 6 and taking special account of :

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

2. In respect of infrastructures costing 10 million or more units of account, the Commission shall, before obtaining the Opinion of the Fund Committee referred to in Article 12, consult the Committee for Regional Policy.

Article 6

1. Investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme, the implementation of which is likely to contribute to the correction of the main regional imbalances within the Community which are likely to prejudice the attainment of economic and monetary union.

2. By way of derogation from paragraph 1 the annual information referred to in paragraph 6 shall take the place of programmes, until such programmes have been prepared for regions where they have not yet been established. A timetable will be set for the preparation of these programmes, such that all programmes will be available by the end of 1977.

3. Member States shall notify the Commission of regional development programmes and alterations thereto as and when they are drawn up.

4. The programmes shall indicate the objectives and the means for developing the region. For this purpose, one of the priority tasks of the Committee for Regional Policy shall be to study the technical methods for preparing these programmes so as to provide, by 31 December 1975 at the latest, an outline of the information to be included in these programmes.

5. The Committee for Regional Policy must be consulted about the programmes. The Commission shall examine them, having regard to the provisions of the Treaty and the decisions adopted by Community institutions.

6. Member States shall provide the Commission at the beginning of each year, and initially before the beginning of the third month following the entry into force of this Regulation, with all useful information concerning :

- a) the development of the economic and social situation of the regions referred to in Article 3;
- b) the resources which they have decided to allocate or which they proposed to allocate to the development of these regions;
- c) the measures envisaged in respect of infrastructure and the creation of economic activity, together with an implementation schedule;
- d) where applicable, the aid ceiling.

They shall also provide annually, at the latest by 1 April, an overall statistical summary indicating by region the results achieved during the previous year as a result of action taken in each region. Those results to which the Fund has contributed shall be indicated separately.

Article 7

1. Member States shall submit requests for assistance from the Fund to the Commission, and shall indicate any factors which will allow the Commission to assess the value of the investments proposed in the light of the criteria laid down in Article 5.

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

These requests shall indicate :

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

- b) In respect of investments in infrastructure, the location of each investment and its character, and its direct link with the development of the activities referred to in Article 4(1)(a), the predicted total costs and the costs borne by public authorities and the schedule laid down for their payment, the name of the responsible authorities, the total contribution requested from the Fund, and estimates regarding the implementation schedule.

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

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

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

- b) In request of investments in infrastructure, the responsible authority, the nature of the investment, its location, its direct link with the development of the activities referred to in Article 4(1)(a), its cost, its financing plan, its implementation schedule and the schedule laid down in payments.

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

- a) in the aggregate for each request referred to in paragraph 2;
- b) case by case, for requests covered by paragraph 3.

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

Article 8

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

a) In respect of investments included in the requests referred to in Article 7 (2) :

- 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.

b) In respect of investment appearing in the requests referred to in Article 7 (3) :

- 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;
 - the phasing or installments planned for the relevant investment;
- the location, at the date of request for payment, of the detailed supporting documents covering the expenditure.

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

a) In respect of investments included in the requests referred to in Article 7 (2) :

- 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 referred to in paragraph 1 (b).

b) In respect of investments appearing in the requests referred to in Article 7 (3) :

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

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

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

Article 9

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

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

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

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

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

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

5. The Commission may suspend payment of aid to a particular 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.

6. If a project receiving aid from the Fund is not completed or is implemented in such a manner as no longer to justify payment of part of the aid from the Fund granted on behalf of that project, the outstanding part of the Fund's contribution shall be granted to another investment located in one of the eligible regions of the same Member State under the conditions laid down in this Regulation.

Article 10

1. The Fund may contribute part of its resources to finance studies which are closely related to the operations of the Fund and undertaken at the request of a Member State.
2. The Fund's contribution may not exceed 50% of the cost of the study.

Article 11

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

Article 12

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

Article 13

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

Article 14

1. The investors concerned shall be informed by agreement with the Member States in question that part of the aid granted to them has been provided by the Community. For infrastructure projects, the Member States, by agreement with the Commission, shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity.
2. The list of projects which have received contributions from the Fund shall be published every six months in the Official Journal of the European Communities.

Article 15

The provisions of this Regulation shall not prejudice the application of Articles 92 to 94 of the Treaty, particularly as regards establishing and re-aligning the areas aided for regional purposes referred to in Article 3 and in respect of the amount of the contributions from the Fund referred to in Article 4(2) (a).

Article 16

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 from supervision of the Fund's operations.

Article 17

The necessary measures for the implementation of the Regulation shall be adopted in accordance with the procedure laid down in Article 12.

Article 18

On a proposal from the Commission, the Council shall re-examine this Regulation before 1 January 1978.

Article 19

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

When deciding on the aid to be granted from the Fund, the Commission shall take into consideration expenditure in connection with the investments referred to in Article 4, incurred or still to be incurred after the first day of January 1975.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 18 March 1975.

For the Council
The President

R. RYAN

A P P E N D I X II

COUNCIL DECISION
of 18 March 1975
setting up a Regional Policy Committee
(75/185/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community, and in particular Article 145 thereof;

Having regard to the draft Decision submitted by the Commission;

Having regard to the Opinion of the European Parliament (1);

Having regard to the Opinion of the Economic and Social Committee (2);

Whereas at their conference in October 1972, the Heads of State or of Government undertook to coordinate the regional policies of the Member States;

Whereas to this end coordinated objectives, means of concerted action and overall assessments of regional development in the Community should be progressively evolved;

Whereas it is necessary to define the principal fields in which this coordination should be exercised;

Whereas it is necessary to establish a procedure for consultation on problems of regional policy and of the measures to be taken at Community level.

HAS DECIDED AS FOLLOWS :

Article 1

With a view to contributing to the coordination of the regional policies of the Member States, a Regional Policy Committee (hereinafter

(1) OJ No. C 108, 10.12.1973, p. 51

(2) OJ No. C 8, 31.1.1974, p. 11

referred to as the Committee), attached to the Council and the Commission, is hereby set up.

Article 2

1. The Committee's task shall be to examine, at the request of the Council or of 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. Without prejudice to the provisions of the Treaties, it shall study in particular :

- a) the aims, means, methods and experience of Member States in the field of regional policy, taking account of the Community's other policies;
- b) on a continuing and comprehensive basis, economic and social trends in the various regions of the Community;
- c) technical methods for drafting regional development programmes so as to arrive at a common approach to the concept of a regional policy programme;
- d) the development programmes presented by Member States, particularly in respect of the regions referred to in Article 3 of Council Regulation (EEC) No. 724/75 setting up a European Regional Development Fund;
- e) the financial resources which Member States and the Community propose to provide for regional development over a period of years;
- f) the impact of Community financial instruments in regional terms;
- g) investment trends in the regions of the Community and the co-ordinated implementation of Community measures, together with measures by Member States, with a view to facilitating the implementation of programmes;
- h) systems of aid which are regional in purpose or effect;
- i) disincentive measures in regions with a heavy concentration of economic activity;

j) the promotion of better information services for both public and private investors in regional development.

2. The Committee shall report on its activities to the Council and the Commission. The latter shall inform the European Parliament thereof in its annual report.

Article 3

1. The Member States and the Commission shall each appoint two members to the Committee. They may appoint alternates. The members of the Committee, and the alternates, appointed by the Member States, shall be selected from among senior officials responsible for regional policy.

2. Except where the Committee shall decide otherwise, the members may be assisted by experts.

3. The European Investment Bank shall appoint an observer to the Committee.

Article 4

1. The Committee shall by majority vote appoint its Chairman and Vice-Chairman from among its members for a period of two years. Their term of office may be renewed.

2. The Committee may entrust the study of particular questions to working parties composed of certain of its members or of alternates or of experts.

3. The Committee's Secretariat shall be provided by the Commission.

4. The Committee shall draw up its own rules of procedure.

Article 5

The Committee may, in accordance with its rules of procedure, receive Opinions from interested parties from the regions and from trade union and business organizations.

Done at Brussels, 18 March 1975.

For the Council
The President

R. RYAN

A P P E N D I X III

RULES OF PROCEDURE
OF THE REGIONAL POLICY COMMITTEE
(75/761/EEC)

Article 1

1. Each member of the Committee shall be entitled to one vote. He may, if prevented from being present and having so informed the Chairman, delegate another member or an alternate to vote on his behalf. No member shall, however, be entitled to more than two votes. Delegation of the right to vote shall be valid only for the meeting in respect of which it was made.
2. The Chairman shall, throughout his term of office, delegate his right to vote to an alternate. The alternate shall replace him in discussions.

Article 2

1. The Vice-Chairman shall take the place of the Chairman, if the latter is prevented from being present.
2. If the term of office of the Chairman or Vice-Chairman should be terminated prematurely, he may be replaced for the remainder of the term of office in question.

Article 3

1. The proceedings of the Committee shall have validity only if more than half the members are present.
2. The Committee shall adopt its Opinions and reports if 11 votes or more are cast in favour. Minority Opinions shall be attached to the Committee's Opinion or report in a separate document.
3. Where a minimum of 11 votes in favour is not achieved, the Committee shall present a report recording the various Opinions arising from the discussion.
4. Except where the Committee shall decide otherwise, alternates may attend sessions of the Committee. They shall not vote but may, in certain circumstances, at the request of a member of the Committee and with the agreement of the Chairman, take part in discussions.

Article 4

1. The Committee shall meet at least four times a year and on any other occasion which the conduct of its business shall require.
2. The Committee shall be convened by the Chairman, either on his own initiative or at the request of the Council, or of the Commission, or of four or more Committee members.
3. Notices convening the Committee, draft agendas and working papers must be sent at the same time to the Offices of the Permanent Representatives and to Committee members not less than three weeks before the meeting in question.

Article 5

1. The Committee may, at the request of a member, consult representatives of trade union and business or professional organizations either orally or in writing on specific subjects directly connected with the tasks of the Committee.
2. When items on the agenda are of concern to particular regions, the Committee, if members appointed by the Member State concerned think it useful to do so, may take evidence, either orally or in writing, from institutional representatives or from other interested parties from the regions concerned.

Article 6

The proceedings of the Committee and of its working groups shall be confidential. Meetings of the Committee shall be the subject only of summary reports recording the Committee's conclusions and not containing statements made by members, save at their express request.

Article 7

At the request of the Council or the Commission, the Committee may delegate one or more members to report orally on the results of its work.

Article 8

The Secretariat of the Committee shall be responsible for preparing working papers and for establishing all contacts required with other Committees or working groups.

Article 9

Correspondence intended for the Committee, including appointments or replacements made subsequent to the constitution of the Committee, shall be addressed to the Chairman at the headquarters of the Secretariat.

A P P E N D I X I V

OUTLINE FOR REGIONAL DEVELOPMENT PROGRAMMES

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. 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 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 insofar 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.

Insofar 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

insofar 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, plurianual 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.

A P P E N D I X V

AID FROM THE REGIONAL DEVELOPMENT FUND IN 1975

In March 1975, the Council approved the Regional Development Fund and fixed its resources for the three-year period from 1975 to 1977. Apart from the 300 million u.a. granted for 1975, 500 million u.a. have been made available for each of the other years, making a grand total of 1,300 million u.a. Requests for assistance are submitted to the Commission by Member State governments. The Commission examines these requests and forwards them to the Fund Committee (consisting of national civil servants). This Committee must deliver its Opinion before the Commission can come to a decision.

Projects were initially selected by national governments in the light of the priorities which the Commission wants to be met. These projects were then screened at Community level on the basis of their different characteristics. Most Member States' quotas were exceeded by their requests for assistance, thus making it easier for the Community to select projects of special interest.

Payments will be made to the national governments upon receipt of documents certifying that expenditure has been incurred in connection with the projects concerned. There may, therefore, be a delay in some cases between the pledge to grant aid and the actual payment of this aid.

The Regulation on the Fund makes provision for measures to supervise operations, including on-the-spot checks. The purpose of such measures is to verify whether projects receiving aid and administrative practices in use conform with the Regulation. The initial on-the-spot checks will usually be carried out jointly by Commission officials and national civil servants.

- Tableau récapitulatif des décisions de concours du Fonds européen de Développement Régional (1ère + 2ème tranches 1975)
 - Summary table of decisions on contributions from the European Regional Development Fund (1st + 2nd allocation 1975)
 - Übersicht über die Entscheidungen betreffend die Beteiligung des EFRE (erster + zweiter Allokations 1975)

	- Nombre de décisions de concours - Number of grant decisions - Anzahl der Zuschussbeschlüsse					- Investissements concernés (en Mio ECU) - Investments involved (in MUA) - Betrag der Investition (in Mio RE)					- Concours du FEDER octroyé (en ECU) - Contribution granted by the Fund (in MUA) - Betrag des EFRE (in Mio RE)					Total	
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E		
Belgique/België		2	2 (11)	1 (3)			12,0	16,9	13,0			0,5	3,1	0,3		4,0	
Danemark			1 (25)	3 (9)				14,2	12,1				3,3	0,6		3,9	
Allemagne	1	4	14 (14)	12 (25)		38,5	74,5	16,1	26,8		1,0	2,4	5,1	1,0		9,5	
France		4	14 (47)	23 (175)	4 (6)		57,9	85,1	350,5	13,0		1,1	23,4	17,7	1,9	46,0	
Irlande			2 (53)	3 (57)				29,2	108,3				6,7	13,2		19,9	
Italie	13	7	4 (12)	10 (5)	3 (39)	266,5	270,8	21,0	153,2	31,5	58,8	31,8	5,0	24,7	6,6	124,0	
Luxembourg			1 (1)					3,5					2,7			0,7	
Pays-Bas	2		1 (1)			78,9		1,0			5,3		0,3			5,6	
Royaume-Uni	5	3	25 (407)	6 (108)	2 (11)	207,9	150,7	183,0	151,0	13,0	11,1	18,0	41,5	11,4	4,2	86,2	
TOTAL	21	20	66 (611)	53 (425)	14 (106)	591,8	526,0	371,1	914,9	63,6	76,2	53,9	89,1	65,9	14,7	299,8	
INDUSTRIEL			179 (1.183)				2.426,4						299,3				

A - Investissements en infrastructures de plus de 10 Mio
 - Investments in infrastructures of an amount equal to or greater than 10 MUA
 - Infrastrukturinvestitionen von mehr als 10 Mio RE

B - Investissements industriels, artisanaux ou de service de plus de 10 Mio
 - Investments in industrial, handicraft or service activities of an amount equal to or greater than 10 MUA
 - Investitionen in Industrie, Handwerks- oder Dienstleistungsbetrieben von mehr als 10 Mio RE

C - Investissements en infrastructures de moins de 10 Mio
 - Investments in infrastructures of an amount less than 10 MUA
 - Infrastrukturinvestitionen von weniger als 10 Mio RE

D - Investissements industriels, artisanaux ou de services de moins de 10 Mio
 - Investments in industrial, handicraft or service activities of an amount less than 10 M.
 - Investitionen in Industrie, Handwerks- oder Dienstleistungsbetrieben von weniger als 10 Mio RE

E - Investissements en infrastructures dans les zones d'agriculture de montagne et les zones défavorisées
 - Investments in infrastructures in mountain and hill farming and farming in certain unfavourable areas
 - Infrastrukturinvestitionen in landwirtschaftlichen Regionen

European Regional Development Fund, 1975

Regional statistics : Aid granted in millions of units of account (rounded off to two decimal places; the number of investment projects involved is indicated in brackets)

	I. Industrial, handicraft and service activities			II. Infrastructures			III. Rural Infrastructures			IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
BELGIUM												
Flanders	-	-	-	2.28(19)	-	2.28(19)	-	-	-	2.28(19)	-	2.28(19)
Wallonia	0.89(5)	-	0.89(5)	0.87(12)	-	0.87(12)	-	-	-	1.76(17)	-	1.76(17)
Total	0.89(5)	-	0.89(5)	3.15(31)	-	3.15(31)	-	-	-	4.04(36)	-	4.04(36)
DENMARK												
Greenland	-	-	-	3.25(25)	3.25(25)	-	-	-	-	3.25(25)	3.25(25)	-
Other regions	0.62(9)	0.62(9)	-	-	-	-	-	-	-	0.62(9)	0.62(9)	-
Total	0.62(9)	0.62(9)	-	3.25(25)	3.25(25)	-	-	-	-	3.87(34)	3.87(34)	-
GERMANY												
Schleswig-Holstein	0.01(1)	-	0.01(1)	1.02(4)	0.80(1)	0.22(3)	-	-	-	1.03(5)	0.80(1)	0.23(4)
Bremen	-	-	-	0.05(1)	-	0.05(1)	-	-	-	0.05(1)	-	0.05(1)
Lower Saxony	0.53(6)	0.31(1)	0.22(5)	0.97(8)	0.67(5)	0.30(3)	-	-	-	1.50(14)	0.98(6)	0.52(8)
North Rhineland-Westphalia	0.24(3)	-	0.24(3)	-	-	-	-	-	-	0.24(3)	-	0.24(3)
Hesse	0.35(8)	-	0.35(8)	0.38(4)	-	0.38(4)	-	-	-	0.73(12)	-	0.73(12)
Rhineland-Palatinate	0.46(9)	-	0.46(9)	0.37(3)	0.37(3)	-	-	-	-	0.83(12)	0.37(3)	0.46(9)
Saarland	1.83(2)	1.70(1)	0.13(1)	-	-	-	-	-	-	1.83(2)	1.70(1)	0.13(1)
Bavaria	-	-	-	1.66(11)	1.37(8)	0.29(3)	-	-	-	1.66(11)	1.37(8)	0.29(3)
Baden-Württemberg	-	-	-	0.64(3)	-	0.64(3)	-	-	-	0.64(3)	-	0.64(3)
Berlin	-	-	-	1.00(1)	1.00(1)	-	-	-	-	1.00(1)	1.00(1)	-
TOTAL	3.42(29)	2.01(2)	1.41(27)	6.09(35)	4.21(18)	1.88(17)	-	-	-	9.51(64)	6.22(20)	3.29(44)

	I. Industrial, handicraft and service activities			II. Infrastructures			III. Rural Infrastructures			IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
FRANCE												
Alsace	0.51(6)	0.51(6)	-	-	-	-	-	-	-	0.51(6)	0.51(6)	-
Aquitaine	1.51(8)	1.51(8)	-	-	-	-	-	-	-	1.51(8)	1.51(8)	-
Auvergne	0.17(4)	0.17(4)	-	2.18(4)	-	2.18(4)	0.74(1)	0.74(1)	-	3.09(9)	0.91(5)	2.18(4)
Basse Normandie	1.38(7)	1.38(7)	-	0.54(2)	-	0.54(2)	-	-	-	1.92(9)	1.38(7)	0.54(2)
Burgundy	0.31(5)	0.31(5)	-	-	-	-	-	-	-	0.31(5)	0.31(5)	-
Brittany	1.13(11)	1.13(11)	-	9.60(8)	-	9.60(8)	-	-	-	10.73(19)	1.13(11)	9.60(8)
Champagne	0.59(4)	0.59(4)	-	-	-	-	-	-	-	0.59(4)	0.59(4)	-
Corsica	-	-	-	4.69(12)	2.43(3)	2.26(9)	-	-	-	4.69(12)	2.43(3)	2.26(9)
Franche-Comté	0.01(1)	0.01(1)	-	-	-	-	-	-	-	0.01(1)	0.01(1)	-
Haute-Normandie	0.23(1)	0.23(1)	-	-	-	-	-	-	-	0.23(1)	0.23(1)	-
Languedoc-												
Roussillon	0.76(9)	0.76(9)	-	0.56(1)	-	0.56(1)	0.32(1)	0.32(1)	-	1.64(11)	1.08(10)	0.56(1)
Limousin	0.66(6)	0.49(5)	0.17(1)	1.94(3)	-	1.94(3)	1.33(1)	1.33(1)	-	3.93(10)	1.82(6)	2.11(4)
Lorraine	3.09(19)	2.75(18)	0.34(1)	-	-	-	-	-	-	3.09(19)	2.75(18)	0.34(1)
Midi-Pyrénées	1.17(9)	0.70(8)	0.47(1)	0.72(2)	-	0.72(2)	1.49(3)	1.49(3)	-	3.38(14)	2.19(11)	1.19(3)
Nord - Pas-de-												
Calais	0.97(12)	0.83(11)	0.14(1)	-	-	-	-	-	-	0.97(12)	0.83(11)	0.14(1)
Pays de la Loire	1.74(16)	1.74(16)	-	1.70(3)	-	1.70(3)	-	-	-	3.44(19)	1.74(16)	1.70(3)
Picardy	0.01(1)	0.01(1)	-	-	-	-	-	-	-	0.01(1)	0.01(1)	-
Poitou-Charente	0.25(4)	0.25(4)	-	-	-	-	-	-	-	0.25(4)	0.25(4)	-
Provence-Côte												
d'Azur	0.05(2)	0.05(2)	-	-	-	-	-	-	-	0.05(2)	0.05(2)	-
Rhône-Alpes	1.54(10)	1.54(10)	-	-	-	-	-	-	-	1.54(10)	1.54(10)	-
Guadeloupe	0.85(19)	-	0.85(19)	1.22(11)	0.44(6)	0.78(5)	-	-	-	2.07(30)	0.44(6)	1.63(24)
French Guiana	0.12(1)	-	0.12(1)	0.22(1)	0.22(1)	-	-	-	-	0.34(2)	0.22(1)	0.12(1)
Martinique	0.97(8)	-	0.97(8)	-	-	-	-	-	-	0.97(8)	-	0.97(8)
Réunion	0.75(16)	-	0.75(16)	-	-	-	-	-	-	0.75(16)	-	0.75(16)
TOTAL	18.77(179)	14.96(131)	3.81(48)	23.37(47)	3.09(10)	20.28(37)	3.88(6)	3.88(6)	-	46.02(232)	21.93(147)	24.09(85)

	I. Industrial, handicraft and service activities			II. Infrastructures			III. Rural Infra-structures			IV. Totals		
	1975	1st allo- cation	2nd allo- cation	1975	1st allo- cation	2nd allo- cation	1975	1st allo- cation	2nd allo- cation	1975	1st allo- cation	2nd allo- cation
<u>IRELAND</u>												
Donegal	(4)	-(4)	-	(11)	-(11)	-				(15)	-(15)	-
North West	(1)	-(1)	-	(5)	-(5)	-				(6)	-(6)	-
West	(9)	-(6)	-(3)	(9)	-(9)	-				(18)	-(15)	-(3)
Mid West	(5)	-(3)	-(2)	(7)	-(4)	-(3)				(12)	-(7)	-(5)
S. West	(8)	-(8)	-	(4)	-(4)	-				(12)	-(12)	-
S. East	(5)	-(4)	-(1)	(3)	-(3)	-				(8)	-(7)	-(1)
Midlands	(7)	-(6)	-(1)	(8)	-(7)	-(1)				(15)	-(13)	-(2)
East	(4)	-(2)	-(2)	(3)	-(3)	-				(7)	-(5)	-(2)
N. East	(9)	-(6)	-(3)	(3)	-(2)	-(1)				(12)	-(8)	-(4)
Total	13.23(52)	8.10(40)	5.13(12)	6.68(53)	6.10(48)	0.58(5)	-	-	-	19.91(105)	14.20(88)	5.71(17)
<u>ITALY</u>												
Abruzzi	1.33(6)	0.55(3)	0.78(3)	4.18(6)	-	4.18(6)	0.18(5)	0.18(5)	-	5.69(17)	0.73(8)	4.96(9)
Basilicata	-	-	-	-	-	-	1.66(26)	1.66(26)	-	1.66(26)	1.66(26)	-
Calabria	-	-	-	-	-	-	2.15(27)	2.15(27)	-	2.15(27)	2.15(27)	-
Campania	16.82(25)	1.05(1)	15.77(24)	12.64(4)	-	12.64(4)	0.44(13)	0.44(13)	-	29.90(42)	1.49(14)	28.41(28)
Lazio	19.12(7)	19.12(7)	-	2.80(1)	2.80(1)	-	0.20(2)	0.20(2)	-	22.12(10)	22.12(10)	-
Marches	1.16(1)	1.16(1)	-	0.51(1)	-	0.51(1)	-	-	-	1.67(2)	1.16(1)	0.51(1)
Molise	-	-	-	0.61(2)	-	0.61(2)	0.34(3)	0.34(3)	-	0.95(5)	0.34(3)	0.61(2)
Apulia	12.13(18)	9.42(10)	2.71(8)	14.40(3)	14.40(3)	-	-	-	-	26.53(21)	23.82(13)	2.71(8)
Sardinia	3.08(3)	3.08(3)	-	10.87(6)	10.87(6)	-	1.30(8)	1.30(8)	-	15.25(17)	15.25(17)	-
Sicily	-	-	-	17.80(2)	17.80(2)	-	0.31(5)	0.31(5)	-	18.11(7)	18.11(7)	-
Total	53.64(60)	34.38(25)	19.26(35)	63.81(25)	45.87(12)	17.94(13)	6.58(89)	6.58(89)	-	124.03(174)	86.83(126)	37.20(48)

	I. Industrial, handicraft and Service activities			II. Infrastructures			III. Rural Infrastructures			IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
<u>LUXEMBOURG</u>	-	-	-	0.75(1)	0.75(1)	-	-	-	-	0.75(1)	0.75(1)	-
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<u>NETHERLANDS</u>												
Groningen	-	-	-	3.48(2)	3.48(2)	-	-	-	-	3.48(2)	3.48(2)	-
South-Limburg	-	-	-	2.10(1)	2.10(1)	-	-	-	-	2.10(1)	2.10(1)	-
Total	-	-	-	5.58(3)	5.58(3)	-	-	-	-	5.58(3)	5.58(3)	-
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<u>UNITED KINGDOM</u>												
N. England	3.95(34)	-	3.95(34)	13.26(70)	3.47(49)	9.79(21)	-	-	-	17.21(104)	3.47(49)	13.74(55)
N.W. England	1.04(15)	-	1.04(15)	6.24(49)	2.54(26)	3.70(23)	-	-	-	7.28(64)	2.54(26)	4.74(38)
Yorks + Humberside	-	-	-	2.38(43)	1.42(20)	0.96(23)	-	-	-	2.38(43)	1.42(20)	0.96(23)
E. Midlands	-	-	-	0.27(8)	0.15(3)	0.12(5)	-	-	-	0.27(8)	0.15(3)	0.12(5)
S.W. - England	0.85(9)	-	0.85(9)	1.02(34)	0.72(23)	0.30(11)	-	-	-	1.87(43)	0.72(23)	1.15(20)
Scotland	9.16(45)	-	9.16(45)	10.24(77)	4.09(61)	6.15(16)	4.24(11)	-	4.24(11)	23.64(133)	4.09(61)	19.55(72)
Wales	0.96(7)	-	0.96(7)	13.19(115)	5.98(46)	7.93(69)	-	-	-	14.87(122)	5.98(46)	8.89(76)
N. Ireland	13.36(1)	-	13.36(1)	5.24(15)	2.86(8)	2.38(7)	-	-	-	18.60(16)	2.86(8)	15.74(8)
W. Midlands	-	-	-	0.03(1)	-	0.03(1)	-	-	-	0.03(1)	-	0.03(1)
Total	29.32(11)	-	29.32(11)	52.59(112)	21.23(236)	31.36(176)	4.24(11)	-	4.24(11)	86.15(534)	21.23(236)	64.92(29)