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Report

drawn up on behalf of the Committee on Regional Policy
and Regional Planning

on the ~~Sixth~~ annual report (1980) of the Commission of
the European Communities on the European Regional
Development Fund (ERDF) and on the Communication from
the Commission to the Council on categories of infrastructure
to which the European Regional Development Fund may con-
tribute in the various regions aided by the Fund

Rapporteur: Mr R. COSTANZO

On 20 July 1981, pursuant to Article 21 of Council Regulation (EEC) No. 724/75 of 18 March 1975 establishing a European Regional Development Fund, as amended by Council Regulations (EEC) No. 214/79 of 6 February 1979 and No. 3325/80 of 16 December 1980, the Commission of the European Communities published the Sixth annual report (1980) on the European Regional Development Fund.

On 12 October 1981 the President of the European Parliament authorized the Committee on Regional Policy and Regional Planning to draw up a report on the report by the Commission of the European Communities; the Committee on Budgetary Control was asked for its opinion.

On 20 October 1981 the Committee on Regional Policy and Regional Planning appointed Mr Roberto Costanzo rapporteur.

On 4 May 1981 the President of the European Parliament had authorized the Committee on Regional Policy and Regional Planning to draw up a report on the Communication from the Commission to the Council on categories of infrastructure to which the European Regional Development Fund may contribute in the various regions aided by the Fund.

On 13 May 1981 the Committee on Regional Policy and Regional Planning had appointed Mr Roberto Costanzo rapporteur.

On the abovementioned date of 20 October 1981 the Committee on Regional Policy decided that Mr Costanzo should deal with the Sixth annual report on the Regional Fund and the Communication on categories of infrastructure in a single report; it was also decided to include the following motion for a resolution within the scope of the same report:

motion for a resolution by Mr Clement on the economic development of the French Antilles as part of the Community's regional policy, referred to the Committee on Regional Policy by the President of the European Parliament at its sitting of 18 September 1981, pursuant to Rule 47 of the Rules of Procedure.

The Committee on Regional Policy and Regional Planning considered the draft report at its meetings of 26 May and 23 June 1982 and, at the latter meeting, adopted it unanimously.

The following took part in the vote: Mr De Pasquale, chairman; Mrs Fullet, vice-chairman; Mr Costanzo, vice-chairman and rapporteur; Mr Gendebien, Mr Griffiths, Mr Hutton, Mr Kazazis, Mrs Kellett-Bowman, Mr Pöttering, Mr Vandewiele and Mr Von de Vring.

The explanatory statement will be presented orally.

The opinion of the Committee on Budgetary Control is attached.

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The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the Sixth annual report (1980) of the Commission of the European Communities on the European Regional Development Fund (ERDF) and the Communication from the Commission to the Council on categories of infrastructure to which the European Development Fund may contribute in the various regions aided by the Fund,

The European Parliament,

- A. having regard to the Sixth annual report (1980) on the European Regional Development Fund submitted by the Commission of the European Communities pursuant to Article 21 of Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund, as amended by Regulation (EEC) No. 214/79 of 6 February 1979, (COM(81) 370 final),
- B. having regard to the Communication from the Commission to the Council on categories of infrastructure to which the European Regional Development Fund may contribute in the various regions aided by the Fund (COM(81) 38 final),
- C. having regard to the motion for a resolution by Mr Clement on behalf of the Group of the European Progressive Democrats on the economic development of the French Antilles as part of the Community's regional policy (Doc. 1-508/81),
- D. having regard to the report of the Committee on Regional Policy and Regional Planning and the opinion of the Committee on Budgetary Control (Doc. 1-426/82),
- E. referring to its previous opinions of 12 March 1975¹, 21 April 1977² and 13 October 1977³ on the Fund Regulation, and of 16 December 1976⁴, 17 January 1978⁵, 12 February 1979⁶, 15 April 1980⁷, and 19 June 1981⁸, on the annual reports for the financial years 1975, 1976, 1977, 1978 and 1979,

¹ OJ No. C 76, 7.4.1975, p. 22

² OJ No. C 118, 16.5.1977, p. 45

³ OJ No. C 266, 7.11.1977, p. 35

⁴ OJ No. C 6, 10.1.1977, p. 86

⁵ OJ No. C 36, 13.2.1978, p. 11

⁶ OJ No. C 67, 12.3.1979, p. 13

⁷ OJ No. C 117, 12.5.1980, p. 18

⁸ OJ No. C 172, 13.7.1981, p. 116

I - GENERAL

1. Must once again point out that the existing allocation and structure of the European Regional Development Fund are totally inadequate to meet the objective of reducing the disparities between the various regions of the Community, which not only increased in the 1970s but are also likely to be seriously exacerbated in the present economic climate characterized by stagnation, if not a reduction in investment activity, high energy costs, the restriction of public expenditure, the decline of and serious problems facing entire economic sectors and the dramatic rise in unemployment;
2. Stresses, therefore, that it is absolutely essential both to maximize the Fund's activities in both quantitative and qualitative terms, inter alia by implementing the integrated operations and specific Community measures, the latter having been approved only towards the end of the financial year under consideration, and to place more emphasis on the regional slant and impact of the various Community policies and financial instruments;
3. Points out, however, in this connection the vital importance of planning and implementing, or at least closely coordinating at Community level in particular the Member States' policies in the economic, monetary, industrial and scientific research sectors and as regards raising capital on the financial markets;
4. Is convinced that even a regional policy genuinely based on Community criteria for the redistribution of available resources in accordance with the practical needs of the least-favoured areas, which is nevertheless an absolute minimum, would otherwise remain structurally weak and of very limited value;
5. Welcomes, however, taking account of the present situation, the substantial practical results achieved in 1980 by the Community's various financial instruments and in particular by the following, whose activities were directed more towards the regions and redistribution than in the past:
 - (a) EAGGF, Guidance Section: the first sum of around 110 m EUA was committed for projects connected with the modernization of agricultural structures in the least-favoured regions;
 - (b) European Social Fund:
 - i. total contributions to programmes in the ERDF regions amounted to 825 m EUA (total commitments available: 1,021.92 m EUA), an increase of 25% over 1979;

- ii. of this amount, 334 m EUA was earmarked for programmes in the five regions accorded 'absolute priority' (Greenland, French Overseas Departments, Ireland, Northern Ireland and the Mezzogiorno), an increase of 14% over the previous year;
- iii. the average per capita contribution in these five priority regions thus increased from 33.96 EUA in 1979 to 42 EUA (Community average 10.2 EUA);

(c) European Investment Bank:

- i. of loans totalling 2,753.2 m EUA which were granted in the nine Community countries, 1,815.7 m EUA concerned investments of regional interest, an increase of 15.5% over 1979;
- ii. around 90% of all loans granted for regional purposes were concentrated in Italy, Ireland and the United Kingdom, the three Member States with the most serious structural problems;

6. Considers, moreover, that within the limits indicated above the ERDF had a substantial impact in the period 1975-1980, as illustrated by the following:

(a) 3,586 m EUA was allocated to investment projects totalling 33,908 m EUA, so that the ERDF grant accounts for more than 10% of the overall cost of these investments;

(b) the average per capita aid was 14 EUA in relation to the Community as a whole and 34 EUA in relation to the ERDF regions; moreover, average per capita aid in the priority regions increased to 60.5 EUA (excluding Greenland which received 753.60 EUA per inhabitant), which shows that efforts were made to pursue the objective of concentrating resources in these regions;

(c) an estimated 397,546 jobs were created or maintained;

7. Insists that, in view of the extreme disparity between the resources available and regional development requirements, contributions by all the Community financial instruments should be coordinated as closely as possible so as to maximize their impact and regrets in particular the relatively small contributions from the EAGGF guidance section for the development of the less favoured regions;

8. Requests that such coordination should not simply result in a multiplicity of measures financed by different instruments in the same region but, where feasible and appropriate, should increasingly take the form of contributions by several Community instruments towards the implementation of a single project;
9. Points out in this connection as a guideline that in the case of projects in the industrial, craft industries or service sector, specific ERDF aid should be supplemented by a contribution from the European Social Fund in those areas which fall under its jurisdiction, that is, aid for vocational training, employment and wages;
10. Requests, moreover, that the coordination of the Community instruments, which must clearly be harmonized with national instruments, should give priority to the least-favoured regions and to aid for properly structured regional development programmes comprising several separate projects and for infra-structures;
11. Points out that it attaches major importance, in economic and employment terms, to directly productive projects in the industrial and services sectors, and is therefore concerned at the tendency noted in certain Member States to divert to other uses that part of the aid which it has been possible to allocate to such projects, which represent the most immediate way of implementing the fundamental objectives of regional policy;

II - CATEGORIES OF INFRASTRUCTURE ELIGIBLE FOR ERDF AID

12. Recognizes realistically, however, the vital role which investments on infrastructure and the relevant grants frequently play in enabling the least favoured regions to develop and in eliminating structural shortcomings which, though more restricted to certain areas and sectors, nevertheless still seriously impede the development of more prosperous regions;
13. Welcomes in general the guidelines proposed by the Commission to the Council concerning the eligibility of the various categories of infrastructure for Fund aid, which are designed to clarify the scope of Article 4(1)(b) of the existing ERDF Regulation;
14. Welcomes the Commission's efforts to organize rationally what is an extremely delicate and difficult problem - to establish a scale of values for deciding between priorities - and improves, firstly, the distinction between economic

infrastructures, the list of which does not raise any objections, and social and ecological infrastructures, the list of which prompts in particular the following reservations:

- (a) ecological infrastructure should be included under economic infrastructure in view of the extremely close links between the two sectors,
 - (b) it is unreasonable to include under educational infrastructures buildings in which courses forming part of compulsory education (primary schools, etc.) are held,
 - (c) it is a misrepresentation to include under medical infrastructure the construction or equipping of recreation centres,
 - (d) public sector housing infrastructure should include by analogy urban renewal, public parks and sports facilities, which have been included under cultural infrastructure.
 - (e) cultural infrastructure should be limited to projects designed to conserve the artistic and architectural heritage, taking account, inter alia, of its value as a tourist attraction;
15. Regards as realistic the distinction between priority regions, intermediate regions and other assisted regions; feels, however, that in the light of the modifications to the list of social infrastructures set out above, the maximum aid set aside for these infrastructures in the first two types of region should be reduced to 30% for priority regions and 15% for intermediate regions;
16. Points out that the distinctions drawn by the Commission, though inevitably somewhat artificial, are of value, also in practical terms, particularly since the predominant operational concept consists - and this should be fully supported - in the principle of flexibility which underlies the entire Commission proposal and whose application should take account of the following:
- (a) in general all infrastructure categories are eligible for Fund aid provided they contribute to the development of the region or area to which they relate and are duly justified by regional development programmes,
 - (b) since there are insufficient resources available to meet requirements, a choice must inevitably be made between priorities and preference must

be given on the one hand to economic infrastructure and on the other hand to the priority regions and, to a lesser extent, the intermediate regions,

(c) aid for social infrastructure must therefore be limited in priority and intermediate regions and in principle ruled out in other assisted regions where, moreover, and still as a general rule, the eligibility of economic infrastructure will be restricted to projects directly linked with job creation,

(d) in any event, apart from compliance with the maximum aid for social infrastructure referred to in the preceding paragraph, both the type of infrastructure and the decision on eligibility in respect of the various categories of regions must be determined on the basis of the requirements and circumstances described in the regional development programmes, which should increasingly be taken as the main criterion for decisions on aid; in this way duly justified exceptions could be made and the aid adapted as far as possible to the wide variety of practical conditions;

17. Is therefore convinced that, above all in the initial phase, priority should in principle be given to grants to economic infrastructure, while aid for social infrastructure projects should be restricted to cases in which the shortcomings are such that these projects are a 'conditio sine qua non' for the provision of human and social living conditions which are acceptable by national standards, and must therefore be implemented in conjunction with, if not prior to, economic infrastructure projects;

18. Considers that the criteria set out above could provide a valid basis for the Fund's activities, at least until the reform of the Fund is completed;

19. Deplores the Council's serious delay in fulfilling the undertaking it gave on 6 February 1979 to define the categories of infrastructure eligible for aid and formally requests the Council to decide as soon as possible on the Commission's proposals; taking account of the proposed guidelines and specific amendments;

III - FUND ACTIVITY IN 1980

A - Commitments and grants

20. As regards commitments reiterates, firstly, the serious problem of the inadequacy of the total allocation; although the volume of appropriations

committed showed a 17% increase over the previous financial year, it was not sufficient to cover the requirements of all the projects approved by the Fund Committee; the decisions on 232 investment projects were therefore carried over to the following financial year and the sum involved, totalling 251m EUA, charged to the first instalment of 1981;

21. Notes, however, that the rate of utilization of commitments continues to be extremely satisfactory, as illustrated by the following:

- (a) of the 1,169.641 m EUA available for the financial year (including inter alia the 45 m EUA transferred from the non-quota section which could not be used because of the Council's delay in deciding on specific Community measures), 1,137.785 m EUA (97.3%) was committed, giving a balance of only 31.856 m EUA (2.7%) to be carried over to the financial year 1981),
- (b) this sum represents in effect the final balance of the first six years of Fund activity, which is in real terms minimal when compared with the total of approximately 3,586 m EUA committed during this period, 1975-1980,
- (c) at the same time, however, this balance represents the total unused funds from the Member States' quotas; the rate of under-utilization is unjustifiably high only in the case of Belgium and Denmark which, above all in the present social and economic situation, should be urged to take full advantage of the resources allocated to them;

22. Stresses that of the abovementioned 3,586 m EUA, which represents the total aid granted since the Fund's inception, 2,510.45 m EUA (70%) was earmarked for infrastructure projects and 1,075.27 m EUA (30%) was used to finance projects in the industrial and service sectors, thus complying overall with the ratio laid down in this connection in Article 7(1)(b) of the ERDF Regulation;

23. Reaffirms, however, the principle whereby priority should be given whenever possible to the financing of projects in the industrial and service sectors;

B - Projects and types of aid

24. Requests, therefore, those Member States in particular where this tendency was especially marked, to submit more projects in the field of industrial,

craft or service activities, which deserve as much support as possible in view of their greater impact on employment;

25. Fully supports, moreover, the request by the Commission to those Member States who have not yet done so to submit projects with applications for aid which exceed their quotas in order to provide the best and widest opportunity for choice between the projects;

26. Requests, moreover, the Member States to ensure that:

- (a) the presentation of the projects is constantly improved and perfected so as to reduce as far as possible the work of examining applications for aid, since of the 3,252 projects submitted, no decision could be taken on 452 projects (around 14%), mainly because of inaccuracies, failure to comply with conditions, etc.,
- (b) applications are staggered more rationally to enable the Fund Committee to organize its work in a more balanced manner and to analyze more accurately the proposed projects and grants, two thirds of which had to be considered at the committee's last meeting in December because nearly half the applications were submitted extremely late, that is, after the beginning of July; this situation also has adverse effects on the rhythm of payments;

27. Must deplore the fact that:

- (a) none of the projects made use of aid in the form of interest rebates on loans granted by the European Investment Bank; this type of aid is particularly suitable for economically viable activities, since it provides access to credit facilities, but also has a general value, since used frequently it would have a multiplying effect on the Fund's potential activity; calls on the Commission to investigate thoroughly the reasons for this under-utilization of interest rebates from the fund and to report back to the European Parliament;
- (b) Likewise, none of the investment projects submitted were of a trans-frontier nature, as referred to in Article 5(1)(d) of the ERDF Regulation; this is serious both because attention is being increasingly drawn to the need for properly structured transfrontier cooperation, and because the implementation of economic and social infrastructure projects of this kind could facilitate substantial economies of scale in frontier regions;

28. Notes that investment in infrastructure in respect of agriculture in mountainous and other less-favoured regions currently receives aid from the Regional Fund pursuant to Article 4(1)(b) of the ERDF Regulation;

C - Integrated operations

29. Welcomes the fact that 1980 saw the first contributions by the Community's various financial instruments (ERDF, Social Fund, and Community Fund in support of development for new sources of energy) towards the Naples integrated operation; a total of 60 m EUA was granted to investment project estimated at about 385 m EUA; these payments and the vast national investment were supplemented by ECSC Loans totalling around 196 m EUA;
30. Confirms its preference for this type of operation which is designed to increase the effectiveness of the contributions from EEC financial instruments and to encourage practical coordination between these instruments and with national aid measures;
31. Reserves the right to put forward its own guidelines and suggestions on the 'Naples operation' in an ad hoc report and requests the Commission to implement as soon as possible the other similar operation which concerns Belfast (Northern Ireland);

D - Studies

32. Welcomes the fact that, pursuant to Article 12 of the ERDF - Regulation, the Commission contributed to the financing of sixteen studies directly linked to the work of the Fund up to a limit of 50% of their cost and for a total amount of 7.94 m EUA, and supports the objectives which the Commission wishes to pursue through these grants, in particular: to participate actively in the implementation of the projects from the time of their conception, to encourage the complementary character of Fund resources for individual projects and to promote the implementation of joint measures involving several Community financial instruments;

E - Impact on employment

33. As regards employment, which is one of the Fund's principal objectives, points out that:

- (a) the figure of around 60,000 jobs estimated to have been created or maintained through projects which were designated as eligible for aid in 1980, particularly in the industrial and service sectors, is lower than the average number of jobs presumed to have been created or maintained each year over the whole period of Fund activity - 1975-1980 (which total, again on estimate, a little over 397,000), although the grants paid in 1980 were much higher, particularly in comparison with those available in the first years of the Fund,
- (b) this decline, which is without doubt partly due to the trend already criticized, towards an increase far in excess of acceptable limits in the number of infrastructure projects, which, by their very nature, have a primarily indirect and medium and long-term impact on employment, is all the more alarming in view of the fact that the Court of Auditors has clearly demonstrated the scant reliability of the job estimates, since they are based on criteria and methods of calculation which vary from one Member State to another and on incomplete and inaccurate information,
- (c) it is therefore a matter of urgency for the Member States, on a proposal from the Commission, to draw up and adopt a uniform method of estimating jobs and also to begin the work of verifying the number of jobs actually created and maintained, at least in the first years of the Fund's operation,
- (d) at the same time there must be no delay in giving the maximum encouragement to projects with the greatest impact on employment, which in 1980 again proved to be those of less than 10 m EUA; firm action must accordingly be taken to correct the situation which arose in the financial year in question, when through clearly excessive respect for the general priority laid down in Article 7(5) of the ERDF Regulation, nearly 63% of the aid, totalling more than 708 m EUA, was granted to projects involving investments of 10 m EUA or more, while approximately 37% of the aid, totalling little more than 415 m EUA, was allocated to projects of 10 m EUA or less,
- (e) moreover, a comparison for the period 1975-1980 between the total volume of aid and the number of jobs created reveals substantial disparities between Member States as regards the impact of the aid and the investments on employment; the fairly obvious conclusion that can be drawn is that, apart from the effect of differences in national economic conditions, the greater the investment in infrastructure, the fewer jobs are created;

while bearing in mind the points already made concerning the fact that in certain area infrastructures are of priority importance, since they are a prerequisite to the installation of productive activities, it is essential to give maximum encouragement to projects in the industrial and service sectors;

F - Complementary character

34. Points out that it attaches major importance to the complementary function of Fund contributions, which should supplement national aid and not lead to a reduction in national aid corresponding to all or even part of the amount in question;
35. Regrets that it is again impossible to illustrate this complementary character in respect of the financial year under consideration, since the greater part of the contributions are still being entered as global receipts in the national budgets of the Member States which, inter alia, continue to treat ERDF assistance, particularly for industrial projects, as part repayment of national aid;
36. Considers, therefore, that the Member States should at least comply fully with the obligation laid down in Article 19 of the ERDF Regulation to enter the sums received from the Fund separately and analytically in their budgets and that they should at last comply with the Commission's repeated requests to provide detailed and comprehensive information on the utilization of the contributions, with a view also to proving the claim was made by the Member States that they already take account of the Community grant when drawing up their budgets;

G - Payments and residues

37. Notes with great satisfaction that:
 - (a) for the first time nearly all the available payment appropriations, totalling 742 m EUA, were utilized, the precise figure being 726.7 m EUA (nearly 98%),
 - (b) in particular the 339 m EUA carried over from 1979 was fully utilized and 96.2% of the appropriations from the financial year under consideration were committed (387.7 m EUA out of 403 m EUA),

(c) 271.4 m EUA of the payments made in 1980 (around 37.3%) related to commitments for that financial year;

38. Stresses that these figures, which include the non-quota appropriations which had to be transferred to the quota section as a result of the Council's delay in taking a decision on specific Community measures, indicate a distinct improvement over the preceding financial year (1979) in which:

- payments totalled only 513.148 m EUA, so that the increase in 1980 was of the order of 41.5%,

- only about a third of the appropriations for the financial year were utilized;

39. Points out that these favourable results were influenced by the system of accelerated payments provided for in Article 8(3) of the ERDF Regulation, whose impact is estimated at around 240 m EUA, or 33% of payments; this shows an increase over 1979 when the figure was just under 30%;

40. Despite this undoubted progress which has increased the implementation of payments from 53.2% in 1979 to 56.4% in 1980 of the total commitments entered into since the Fund's inception, notes with concern that:

(a) as pointed out by the Court of Auditors, commitments which remained unpaid increased from 1, 132.8 m EUA at the end of 1979 to 1,529.1 m EUA at the end of 1980, an increase of 35%,

(b) the discrepancy between commitments and payments is particularly serious in the case of Italy, the Netherlands, Belgium and France;

41. While recognizing that there is inevitably a certain lack of synchronization between the implementation of commitments and payments and that the substantial increase in unpaid commitments is also influenced by the marked rise in the volume of appropriations committed in 1980, considers it essential, clearly with a view also to ensuring efficient management, for the Member States to make every effort to eliminate delays and dilatoriness in the implementation of projects which inevitably have an adverse effect on the rhythm of payments;

42. Points out, however, that the 15.3 m EUA available in payment appropriations, which were unutilized and therefore carried over to 1981, would not have made it possible substantially to reduce the volume of unused commitments; for this

purpose it is essential that payment appropriations should be adequately increased in the forthcoming financial years;

H - Controls

43. Deplores the fact that lack of staff prevented the Commission from carrying out the appointed number of annual on-the-spot checks, designed to ensure a cumulative control of around 10% of all projects receiving Fund aid, and, while reserving the right to call in the next budgetary procedure for an adequate increase in the number of staff assigned to this work, approves the principle set forth by the Commission of relating the controls not merely to the number of projects but also to the aid granted by the ERDF, while undertaking nevertheless to carry out checks each year in all the Member States;
44. Requests the Commission moreover, to intensify as far as possible its specific regional activities, which supplement the general periodic check and relate to 'sleeping' projects, that is, projects for which payments are behindhand according to the schedules planned: these activities:
 - (a) should be designed to stimulate and encourage the earliest possible implementation of the projects receiving aid and, where appropriate, to adjust the aid originally granted to the results of the checks,
 - (b) could be extremely useful in improving the commitments-payments ratio;
45. Points out, as regards the technical financial aspect, that,
 - (a) the on-the-spot checks did not reveal any fraudulent operations,
 - (b) France continued in 1980 to refuse to authorize Commission officials to visit industrial concerns, thereby openly violating the Community rules to which it subscribes; fully supports, therefore, the suspension of payments from the Fund ordered by the Commission for the industrial projects on which checks have been prevented. Welcomes, however, the recent reports that the French Government has responded to the concern expressed by the European Parliament and the Commission and decided to follow the same procedures as the other Member States;
46. As regards enquiries into the achievement of the employment, social and economic objectives of the projects financed by the Fund, supports the Commission in its application of Article 9(6) of the ERDF Regulation, which

requires that the aid originally granted be recovered in full or in part and reutilized, if the project which has received aid is not implemented or is implemented in a manner which justifies only part of the aid;

47. Notes that this procedure has been applied in the case of nine of the 202 projects on which checks were carried out, it having been established that they will not be implemented;
48. Still in connection with this procedure, requests the Commission to be extremely vigilant, in particular as regards compliance with the minimum requirement that at least ten jobs must be created or maintained in order for a productive investment to be eligible for Fund aid;
49. With a view to strengthening control activities, stresses the advantage of Member States exercising their own checks on compliance not only with national criteria governing the planning and management of public aid but also with Community rules, so as to facilitate both the checks carried out by the Commission and the EEC Court of Auditors and the measures provided for in the ERDF Regulation in the event of infringements of this regulation;

I - Effectiveness of Fund activity

50. Considers it to be of fundamental importance to assess the effectiveness of the Fund's contributions in order both to ensure optimum utilization of Community's resources and control over their management and constantly to bring Fund activity more into line with the principal objective of regional policy, which is to promote the harmonious development of the least-favoured and backward regions and of regions in decline;
51. Points out that the regional development programmes, which, pursuant to Article 6 of the ERDF Regulation, are intended to indicate the requirements, objectives and means of developing the regions, are an essential point of reference for such an assessment; in particular, to be eligible for Fund aid, investments must be incorporated in these programmes and pursue objectives which are consistent and compatible with them;
52. Must, however, point out that, as also admitted by the Court of Auditors, these development programmes and, moreover, the overall annual statistics referred to in Article 6(6) of the ERDF Regulation, which should be included in them, contain guidelines and figures which are so inaccurate, incomplete and disparate that little faith can be placed in them as a means of assessment;

53. As an essential prerequisite to a valid assessment of the Fund's impact, therefore requests the Member States, pursuant to Articles 16 and 19 of the basic regulation and in cooperation with the Commission, to compile streamline and compare as soon as possible all the social and economic data which are essential for the clear identification of the development programmes and which could form the basis for an evaluation of the results achieved, in er alia, through contributions from the Fund;

L - Information and publicity concerning contributions from the Fund

54. Points out in general that the right of Community citizens to information on the utilization of Regional Fund grants is directly linked to their role as taxpayers;

55. While recognizing that interest in the Fund's activities is proportional to the scale of aid provided in the various Member States, requests that the general information on these activities given in the national, regional and local press and through other mass media should be improved and extended as far as possible so as constantly to increase the awareness among individuals and groups of Community action to help the least-favoured zones and sections of the population;

56. Points out, in particular, that the provision of information to individual investors and publicity on infrastructure are obligations deriving directly from Article 10 of the ERDF Regulation and requests the Commission to ensure full compliance with this rule;

57. Notes that the shortage of staff in the Directorate-General for Regional Policy seriously limits efficiency not only in areas such as controls, the preparation of accounting documents, etc., but also as regards the provision of information and in particular the compilation of the lists of projects subsidized by the Fund to be published every six months in the Official Journal;

58. Points out, in view of this situation and of the fact that more staff will be required to deal, inter alia, with the work connected with the specific Community measures, that it is a matter of urgency adequately to increase the staff of this Directorate-General; o

59. Instructs its President to forward this resolution to the Council and Commission and to the governments of the Member States. o o

MOTION FOR A RESOLUTION (DOCUMENT 1-508/81)

tabled by Mr CLEMENT

on behalf of the Group of European Progressive Democrats

pursuant to Rule 47 of the Rules of Procedure on the economic development of the French Antilles as part of the Community's regional policy

The European Parliament,

- whereas the study meeting of the Group of European Progressive Democrats reflected for the first time the fact that the French Overseas Departments are an integral part of the European Economic Community,
- wishing proposals to assist the French Antilles to be of a constructive nature,

1. Calls for :

- (a) the share of the ERDF to which the French Overseas Departments are entitled to be used to complement French national aid,
- (b) the use of these funds to be controlled and adjusted in order to comply with the principle of additionality - with retroactive effect, particularly as regards the additional 1.86% share approved in Copenhagen in December 1977,
- (c) acceleration of the European Social Fund procedures for Guadeloupe and Martinique and for account to be taken of the negative trend on the labour market when utilizing those funds,
- (d) a reform of Community legislation in order to promote European investments in the French Antilles,
- (e) an increase in EIB loans to the French Antilles,
- (f) cover for exchange risks, which represent an obstacle to the use of Community funds, to be sought in the various Member States so that those funds can be used to a greater extent and extend undertakings, and thereby create jobs,
- (g) active consideration of the location of a European car industry in the French Antilles,
- (h) more efficient development of the tourist potential of the French Antilles through the provision of adequate information at Community level and exchanges of information on experience gained between tourist offices in the Community and the French Antilles,
- (i) general coordination of Community and French Government activities to implement a major plan for the development of the French Antilles as part of both the Community's regional policy and the French regional planning policy;

- 2. Instructs its President to forward this resolution to the responsible parliamentary committees and to the Commission, the Economic and Social Committee and the Council of Ministers of the European Community.

Opinion of the Committee on Budgetary Control

Rapporteur: Mr A Gouthier

By letter of 28 September 1981 the Bureau of the European Parliament referred the Sixth Annual Report (1980) on the European Regional Development Fund to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Budgetary Control for its opinion.

On 22/23 September 1981 the Committee on Budgetary Control appointed Mr Gouthier draftsman and confirmed this appointment at its meeting of 23/24 February 1982.

The committee considered the draft opinion at its meeting of 23/24 February 1982 and at the same meeting adopted the opinion unanimously.
Present: Mr Aigner, chairman; Mr Gouthier, draftsman; Mrs Boserup, Mr Price, vice-chairman, Mr Arndt (deputizing for Mr Gabert), Mr Georgiadis, (deputizing for Mr Lalumiere), Mr Gontikas, Mr Key, Mr Marck, Mr Mart, Mr Notenboom, Mr Patterson, Mr Ryan, Mr Saby and Mr Konrad Schön.

I. Introduction

1. It is the task of the Committee on Budgetary Control to deliver an opinion on the legality, regularity and efficiency of the budgetary management of the Commission. As well as an examination of the more formal aspects, reviewing the efficiency of budgetary management also involves assessing the Commission's activities to establish how far its budgetary management of the available appropriations has contributed towards achieving the ERDF objective of reducing regional disparities in the European Community.
2. As the Commission's Report on the Social and Economic Situation in the Regions of the Community (COM(80) 816 final, 7.1.1981) states, the position of the less-favoured regions deteriorated markedly in the 1970's and regional disparities widened sharply. The Commission attributes this widening gap not only to differing rates of national economic growth but also to a widening productivity gap that has in turn been accompanied by increasing levels of structural unemployment in the regions with the weakest economies.

The following opinion attempts to reveal any deficiencies that there may have been in the administration of the Fund and to identify scope for improvements.

II. Financial and budgetary aspects of the ERDF

This section concentrates exclusively on Chapters 55 and 56 of the general budget and therefore excludes EIB and ECSC loans and the additional measures to benefit the United Kingdom.

3. Budgetary appropriations 1975 to 1980

	Commitment appropriations		Payment appropriations		
	Appropriations originally entered	Outturn	Expenditure	Appropriations originally entered	Outturn
1975	300			150	
1976	500			300	
1977	500			400	
1978	581	596	553	525	608
1979	1,000	943	940	483	836
1980	1,165	1,169.6	1,138	392	741

4. Fund appropriations in 1980

(a) Commitment appropriations for the quota section of the Fund in 1980 totalled 1,169 million ECU, of which 1,107 million were entered in Chapter 55 of the budget. About 15 million ECU derived from withdrawals and exchange rate fluctuation adjustments; 45 million ECU were transferred from the non-quota section. 1,138 million ECU in commitment appropriations were utilized leaving an unused balance of some 32 million ECU (utilisation rate: 97.2%).

As the Council did not adopt the regulations implementing the five specific actions proposed by the Commission in October 1979 until October 1980 and as no programmes had been presented by the end of the year, no expenditure could be incurred in the non-quota section, which is in fact the most Community-orientated. As a result 45 million ECU were transferred to the quota section, although the Commission undertook to transfer appropriations back as soon as they were required for specific measures (Chapter 56). For 1981 appropriations totalling 135.3 million ECU are available in this section and the Commission expects that measures in this section can be launched in 1981.

This delay is all the more regrettable as it affects regions in the Member States which because of their budgetary situation are faced with the most serious regional problems. The Committee on Budgetary Control therefore expects the Commission to pay special attention to programmes in the non-quota section.

- (b) Payment appropriations totalling 392.38 million ECU were entered in the 1980 budget. Once the 323 million ECU in transfers from the 1979 financial year and 16 million ECU from the non-quota section (carried over from 1979) are added payment appropriations for 1980 total 741 million ECU.

As payments actually made totalled 726.7 million ECU the available payment appropriations were almost totally utilized (for the first time in the Fund's existence) including the 16 million ECU transferred from the non-quota section. This represents a substantial improvement over the previous year in which only 61.4% of payment appropriations were actually spent.

- (c) Comments on the rate of payment and budgetary management

To say that in 1980 commitment and payment appropriations were fully utilized except for an almost insignificant residual balance does not give an accurate overall picture of the real situation. In fact, the amount of appropriations which are committed but not yet paid is steadily increasing and stood at 705.8 million ECU by the end of 1978, 1,132 million by the end of 1979 and 1,529 million ECU by the end of 1980. This means that by 31 December 1980 only 56.4% of the total appropriations committed since the Fund was set up had been spent. 85% of the total of 1,529.3 million ECU in unspent commitment appropriations is accounted for by appropriations for 3 Community countries, one of which alone accounts for almost half (see summary in footnote).

Payments in 1980

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

Source: Sixth Annual Report of the Commission (COM(81) 370/final, page 62)

Even though the doubling of the amount of unpaid commitments in the space of 2 years is attributable to the lead times and the rate of implementation of programmes, and the fact that decisions to grant aid from the Fund lead at once to a charge against commitment appropriations, the Committee on Budgetary Control will nevertheless keep a watch on the ratio of total Fund appropriations to the level of unutilized appropriations and, where necessary, ask the Commission to explain any delays.

5. Remarks on accounting procedures and the preparation of data by the Commission

The Court of Auditors has noted that the Commission was not able to provide a list of accelerated payments.

The Commission also gave an unsatisfactory answer to its request for a list showing the accounting position of projects and their geographical distribution. Furthermore, it has emerged that the available information on the administration of the Fund, including bookkeeping aspects, is extremely scanty. The Fund administrators have attributed this largely to the lack of a suitable data-processing facility.

The Court of Auditors' report for 1980 will show whether any improvements have been made in this area.

III. Detailed aspects of the approval procedure

Procedure for submitting and processing requests for aid

6. Preparation of programmes

Pursuant to Article 6 of the Fund regulation, aid can be granted from the Fund only if the investment forms part of a regional development programme. The Member States submit their programmes to the Commission which then consults the Committee on Regional Policy. The Commission then determines those areas to be given priority in granting aid from the Fund. In doing so it takes particular account of the consistency of the investment with the Community's programmes or objectives (Article 5 (1), (b)). The Member States must update their programmes by 31 March each year.

7. Criteria for programme selection by the Commission

Payment to the Council's resolution of 6 February 1979 on guidelines for the Community's regional policy, coordination of national regional policies is considered indispensable for the gradual achievement within the Community of a balanced distribution of economic activities.

In this same document the Council notes that the Commission proposes to create an overall framework for the analysis and planning of the Community's regional policy in order to provide a common basis of assessment. One element of this overall framework is the regular report on the social and economic situation and the development of the regions of the Community. According to the Commission further aspects of this overall framework can be gleaned from the Commission's report on the Mandate of 30 May and the new regional policy guidelines and priorities (COM (81) 152/final).

The Council and the Commission have both made declarations of intent indicating that they are willing to pay more attention to regional implications particularly effects on employment.

If such an overall framework for the analysis and planning of regional measures is to be created and operated there will have to be smooth cooperation with the Member States.

8. Cooperation with the Member States

For the purposes of more effective planning at Community level and an improved evaluation procedure, it is imperative that the Commission should have at its disposal the information which the Member States are required to supply pursuant to Article 6 (6) and Article 19 (2) of the Fund regulation. Both provisions are intended to ensure that the Commission can evaluate the effectiveness of assistance from the Fund and assess the overall economic situation in development areas. However, the Commission has been forced to conclude that its request for information on the use of assistance from the Fund pursuant to Article 19 (2) has gone virtually unheeded. One Member State failed to reply to a request from the Commission to the Member States for further information or comments and, in the case of the Member States which did respond, the Commission felt that their replies were inadequate.

While the Member States did provide information to some extent during the first five-year period, cooperation since then has deteriorated markedly. It is clear however that the Commission must have

the information it requests if it is to harmonize regional policy.

In its Sixth Report the Commission is so uncertain about the purposes to which funds are put, the number of jobs created and the types of investment supported, that there is reason to doubt whether it really knows how grants from the Fund are actually used. The information supplied to the Commission is couched in general terms so that it is impossible to identify the real use to which aid has been put (e.g. size of undertaking, jobs created and exact location). The same is true of the regional development plans submitted by the Member States which in some cases are incomplete, imprecise and contain inconsistent data. In such cases the Commission must insist on the standardized presentation of data and comparable units of measurement.

9. Deficiencies in the submission of and difficulties in the processing of applications for aid

According to the Commission it was unable to take decisions on granting assistance (193 projects) involving the largest proportion of aid in money terms (530.25 million ECU) until December 1980 because the Member States submit their applications for assistance relatively late in the year. This caused a serious bottleneck in the Fund committee. Although almost all the payment appropriations were utilized, the fact that the decisions to grant assistance came so late meant that around 45% of all payments for 1980 could not in fact be made until the following year. The Commission points out that almost half the applications were received after the beginning of July 1980 and stresses that most of the 193 decisions totalling 530.3 million ECU were not made until December. The question arises of whether the December decisions to grant assistance 530.3 million could have been taken earlier.

What is clear is that the Member States must stagger their applications more and that deadlines for the submission of applications may have to be introduced in the new Fund regulations since otherwise the Commission staff and the Fund committee will be excessively overburdened. In 1980 424 new applications for 2,925 investment projects had to be dealt with by about 10 Commission officials and the number of applications is rising each year while there is no prospect of more staff.

Of the 3,252 applications submitted, 145 projects did not meet the formal requirements of the Fund. Applications for a further 81 projects were submitted too late or were irreconcilable with the principles of the common market.

In order to ensure the highest possible rate of utilization of appropriations, the Commission proposes that the Member States should submit a larger number of applications for aid than can be covered by their Regional Fund quotas as some Member States have not fully used the available resources. These include Denmark (76% utilization rate, Belgium (53%) and Luxembourg (45%), although in the latter case the small quota available to the country in question makes it difficult to select and finance projects. In the other cases the under-use of appropriations is a result of the Member States' failure to submit sufficient applications for assistance or to submit them in time. In some cases delays in processing applications are also attributable to the inadequate information supplied by the Member States.

10. Implementation of projects or programmes

Once programmes have been approved, it is entirely up to the Member States or the authorities responsible for the projects to carry them out. All the Member States are required to do is to provide the Commission with the information necessary to ensure the efficient operation of the Fund and to allow checks to be carried out. The Commission can suspend payment of assistance or demand repayment only ex post if it discovers that certain conditions have not been met or that there are irregularities etc.; it cannot in any way directly influence implementation and would not be able to do so in any case with the limited staff at its disposal.

11. Submission of applications for payment

Assistance from the Fund is payable upon presentation by the Member States of quarterly statements confirming that a given amount of expenditure has been incurred. At the same time they must also submit estimates of future requests for payment. This system provides a fairly simultaneous approach to monitoring progress in implementing programmes.

A Member State may apply for so-called accelerated payments up to a maximum of 75% of the total grant. Some 33% of payments effected by the Commission in 1980 (240 million ECU) were made in this way. It should not be assumed, however, that the total volume of payments necessarily represents the level of investment in the year in question.

IV. Evaluating the effectiveness of ERDF assistance

12. Socio-economic assessment

Assessing the impact of regional policy assistance measures in socio-economic terms is undoubtedly, as the Commission says, an exceedingly complex matter that defies precise quantification. Nevertheless, if it is impossible to evaluate the specific contribution to regional development as a whole of investments assisted from Community resources and if this contribution cannot even be identified ex post, it is very doubtful whether any properly planned and purposeful activity can be undertaken in this area at all. Even though the degree of development of a region is determined by a whole series of factors (demographic and economic structure, transport infrastructure, energy supplies etc.), it should nevertheless be possible to assess to what extent assistance has improved regional development. If not, the criteria contained in the overall framework for analysing and planning regional policy must be made more sophisticated. In addition, it would of course be necessary to carry out not just one check on the project in question but to gather information on the effectiveness of the investment in subsequent years so that Community aid could be properly analysed.

The Committee on Budgetary Control expects major improvements to be made in subsequent checks on programmes funded from the non-quota section where there is more scope for this, and improvements to be brought about by the introduction and application in practice of the overall framework for the analysis of regional policy.

13. Impact of the Fund on employment

One of the major objectives of the Fund is to safeguard jobs in predominantly agricultural areas and in industrial areas with high employment levels undergoing restructuring. This was confirmed in the Council resolution of 6 February 1979. There is some doubt, however, as to what extent assistance from the Fund has a significant impact on the labour market. In practice most of the 1980 projects (74%) were for infrastructure measures, which have only a very limited impact in terms of job-creation.

In most cases, such measures could at best help to safeguard or create jobs only indirectly. This is confirmed by comparing the number of jobs created in the various Member States on the basis of subsidies for industrial and infrastructure projects.

Where a large proportion of the total number of projects receiving assistance in a Member State is accounted for by infrastructure improvements, the number of jobs created or maintained is correspondingly lower (see table below)

Summary of decisions on grants 1975-1980

(million EUA)

Member State	Number grant decis.	Grants made		Investments		(A)
	(B)	Indus.	Infr.	Indus.	Infr.	
Belgium	38 (232)	18.51	32.83	286.90	124.58	5,206
Denmark	64 (342)	6.33	40.05	91.54	199.78	3,302
Germany	435 (1318)	152.75	132.01	3,917.88	638.29	54,255
France	426 (1755)	208.82	417.54	3,681.42	1,789.52	128,038
Ireland	81 (558)	78.81	148.95	1,630.79	1,372.71	35,083
Italy	363 (4506)	249.13	1,148.00	1,633.37	9,589.20	58,139
Luxembourg	5 (6)	-	3.43	-	24.03	-
Netherlands	21 (34)	12.51	58.54	133.45	345.99	1,155
U.K.	561 (2294)	348.41	535.10	3,771.51	4,976.51	112,368
	1,994 (11.745)	1,075.27	2,510.45	15,146.86	18,760.92	397,546

(A) Maintained or created by investment in industry and services

(B) No. of projects in brackets

Source: Sixth Annual Report of the Commission, page 31

It can be seen that over a five-year period more than twice as many jobs were created in one country than in another in which a particularly large proportion of assisted projects were for infrastructure improvements despite the fact that the latter received well over twice as much aid from the Fund as the former.

Perhaps, therefore, in the present period of rapidly increasing unemployment, infrastructure measures, which are generally to be regarded as preparatory measures for the creation of jobs, should give way to short-term measures designed to create permanent jobs.

The Member States should therefore be urged to submit proposals for more projects in the industrial and services sectors which will create jobs directly.

In this connection it is interesting to note that in terms of the effectiveness of assistance, the ratio of the cost of individual projects to the amount invested and the assistance received from the Fund is clearly more favourable (apart from slight variations from one Member State to another) in the case of small projects (costing under 10 million ECU) as the level of capital intensity of large projects requires very considerable support from the Fund. A project costing over 10 million ECU represents an average investment of 140,000 ECU per job of which some 9,000 ECU is provided by the Fund, whereas a project costing less than 10 million ECU receives on average assistance of only 2,700 ECU per job. Although considerably greater efforts would be required to spread assistance among a larger number of projects, it is not immediately apparent that the effectiveness of the Fund would be reduced by such a move. On the contrary, small and medium-sized undertakings have proved to be less vulnerable in times of crisis. Article 7(5), which gives priority to applications for investments of over 10 million ECU, would have to be amended accordingly. The requirement that a minimum of ten jobs must be maintained or created should also be dropped.

Another question which must be considered in this connection is the extent to which preference for infrastructure measures and major projects are permitted under the Fund regulation is consistent with the priority objective of creating or maintaining jobs.

14. On-the-spot checks

The first point to note is that the Commission cannot, as it itself admits, maintain its original objective of carrying out on-the-spot checks on 10 per cent of the projects in the long term. Although by the end of 1979 10.06% of assisted projects had been inspected in this way, the proportion had fallen to 9.1% by the end of 1980, showing that the available staff can not keep pace with the growing number of checks. It must also be remembered that the number of checks quoted by the Commission refers to one-off inspections.

The Commission has clearly stated its policy on deciding what checks to carry out in future. The draftsman feels, however, that it is wrong and contrary to the principles of effective control, for the Commission to announce in advance that it intends to concentrate in future on major projects.

On the other hand, one cannot expect more intensive and comprehensive checks to be carried out given that only about four officials of the Fund administration are responsible for payments and controls. Some improvement could be made if the proposed on-the-spot checks were discussed well in advance by the Commission's financial control staff, the Fund administration, the European Court of Auditors.

The difficulties which the Commission has faced in one Member State for a number of years, in that its officials are not allowed to take part in inspections of industrial undertakings, were not totally resolved in 1980. What is regrettable is that the undertaking by the Member State concerned to permit national officials to be accompanied by Commission officials at a later stage has obviously not yet been fulfilled. The Commission is considering whether to bring proceedings in the European Court if no progress can be made in other ways. In the meantime the Commission has suspended payments from the Fund in respect of industrial projects which its officials have not been allowed to inspect.

15. Differences between Community and national legislation

National criteria for regional aid differ from those used by the Fund, the implications of which mainly affect the carrying-out of checks as the national authorities are not sufficiently prepared to allow these checks to be carried out independently. For example, there are differences as regards the direct link between aid and the creation of jobs. In addition, there is no provision in many national laws for the repayment of aid if certain conditions attached to the grant are not met e.g. continuation of the business. In such cases there is no provision for automatic notification by the national authorities to the Commission for the purpose of recovering payments from the Fund.

These examples show how little impact the Fund has made as a European aid instrument on the consciousness of the national authorities. It is the responsibility of the Commission to inform the relative authorities in an appropriate manner of the common rules applicable to all Member States in order to impress on them the fact that the ERDF means more than simply accounting transactions for the benefit of the treasury of the Member State concerned.

This is a matter of great importance for the effectiveness of the Fund as only in this way can appropriations be recovered rapidly and used for other purposes.

16. Major deficiencies in project/programme approval and implementation

The Court of Auditors has found that the documents which the Member States are required to provide, in particular the regional development programmes, are generally insufficiently detailed to be of practical use in selecting projects. The Commission cannot assess the objective of the programme and its realisation by means of the proposed project on the basis of the documents that are normally submitted.

Frequently the way in which a project or programme is implemented differs from the conditions pertaining at the time it was approved or from the factors on which approval was based. In many cases this affects the jobs that were to be created or maintained and there are often different interpretations of whether the mere drawing-up of an appropriate staffing plan is equivalent to the creation of a job. It also happens that the minimum sum to be invested is not always adhered to.

These examples show to what extent inadequate planning on the part of the Member States, insufficiently careful inspection in some cases on the part of the Fund administration and subsequent events can undermine the viability of investments.

17. Problems encountered with the completion of measures or in recovering excess payments

Completion of dossiers in the Commission is often subject to excessive delays because of certain national rules. Such delays are mainly attributable to rules governing the handing-over of buildings or the granting of approval for the commercial exploitation of premises which vary from one Member State to another.

The Court of Auditors has recommended that the application forms drawn up by the Commission for payment on completion of a project should contain an explicit undertaking that the investments have been carried out according to plan.

In the case of ex post adjustments of national aid the Fund regulations make provision for the Commission to be notified. This is intended to enable the Commission to request the repayment of excess sums. In some cases this notification was not given.

In a number of cases the Fund administration reduced or requested repayment of the grant because the investments concerned had been carried out only partially or not at all. In other cases, however, where no payment had been made since 1976 or even 1975 and in which the Member States had failed to supply any further information, the Commission took no action. The Court of Auditors has pointed out that the Commission failed to make use of its powers to reduce or demand repayment of grants.

This problem will become more acute given the deteriorating economic situation, which has resulted in substantial cuts in public and private investment in the Member States. Careful reassessment of current projects is therefore to be recommended.

18. Informing the public

The Fund administration should pay more attention to informing the public. Suitable publicity aimed at wide sections of the population is the only way of making European taxpayers gradually aware of the work of the Fund.

It is unacceptable that the Commission should publish details of the projects it has approved some 12 to 18 months later in the Official Journal. It is not altogether clear what technical resources are required to compile lists, but it should really be possible with proper organization to provide more up-to-date information.

As far as the Member States are concerned, the results achieved in this field vary enormously from country to country and are still quite unsatisfactory in some cases.

The fact that assistance received from the Fund varies substantially from one Member State to another, does not explain why there are twenty times as many project information hoardings in some countries as in others, when assistance from the Fund in the previous year is about 2 1/2 times greater in some countries than in the other Member States; it must also be remembered that such information hoardings are not suitable for every project.

This problem is an important one bearing in mind just how important it is for the success of the Community to convince the public of the significance of the work and achievements of the Fund, quite apart from its right to be informed about the uses to which tax revenues are put.

19. Additionality

The Commission appears to have serious doubts about the additionality of Community measures as it feels that most of the ERDF grants are simply lumped together as revenue in national budgets. The Member States themselves admit that they anticipate ERDF assistance in their budgetary planning. On the other hand, additionality cannot always be assumed if the assistance from the Fund is paid directly to regional authorities. Although the Commission had reason to believe that additionality applied in the case of certain infrastructure projects, it also discovered that all Member States treat ERDF grants for industrial projects as partial refunds of their own assistance.

The Committee on Budgetary Control would like to stress once again the importance it attaches to the additionality of ERDF measures with regard to the Member States' regional policy measures. Although the Fund was, largely conceived as providing support for the Member States' regional policies, this should not be used as a pretext for reducing Member States' expenditure. If assistance from the Fund is

not linked to additional national regional development measures, there is a danger of the Fund's activities failing to meet its objective of tending to reduce regional disparities within the Community. There is the additional danger that the European origin of the aid will not be perceived by the general public.

Article 11, which provides for assistance from the Fund in cases where Member States have already incurred expenditure not more than 12 months before the submission of an application for assistance, was intended to be a transitional measure, as it does not really promote the principle of additionality given that applications may be submitted for projects which the Member States had already planned and the appropriations for which had already been included in their national budgets.

On the other hand, the programme contracts mentioned in the Commission's proposal for a new Fund regulation can be considered a step in the right direction. The basic idea is that the Community would approve financial assistance only if the Member State concerned for its part agreed to introduce new measures.

Conclusions

1. In the 1980 financial year almost all the commitment and payment appropriations were used, although unpaid appropriations reached substantial levels (over 1,500 million ECU).
2. Improvements need to be made to the grant applications submitted by the Member States, which should be staggered more to avoid creating bottlenecks in the Commission and allow funds to be released as early as possible in the budgetary year.
3. The progress made towards allowing Commission officials to carry out checks directly in one Member State is still inadequate.
4. The Commission's report on the mandate of 30 May, the new regional policy guidelines and priorities and the Commission's proposal for a new Fund regulation contain constructive ideas for improvements aimed at concentrating the resources of the Fund, increasing the non-quota section and providing more assistance for programmes rather than individual projects. These proposals should be put into effect as soon as possible to ensure that resources are put to the best use in accordance with the Fund's objectives.
5. The instruments available to the Commission when preparing its decisions should be improved. If the Commission is to operate in a systematic way in the area of regional policy, it must be able to obtain suitable information on the level of development in the various regions of Europe, and use this information to prepare the economic analyses which are indispensable if the available resources are to be properly used.

The Committee on Budgetary Control requests the Committee on Regional Policy and Regional Planning to include the following points in its motion for a resolution:

- welcomes the progress achieved in the 1980 financial year with regard to the commitment and payment of appropriations but notes that the level of unpaid commitments has increased substantially in recent years;
- requests the Member States to stagger their applications more so as to avoid bottlenecks in the Commission and its committees and allow payments to be effected rapidly;
- calls on the Member States to supply to the Commission in full and without delay the information prescribed in Articles 6 and 19 of the Fund regulation so that the latter can assess the level of regional development and evaluate the use to which funds have been put in good time and then draw the appropriate conclusions;
- regrets the fact that one Member State still refuses to allow Commission

officials to carry out direct checks;

- advocates, in view of the high levels of unemployment, that greater assistance be given to industrial projects which, as experience has shown, create or maintain more jobs in the short term than infrastructure measures and hence provide a use for the Fund's resources which is more consistent with its objectives;
- calls for greater concentration of the Fund's resources on the poorest regions of the Community to halt, where possible, any widening of interregional disparities.