

# **ANALYSIS OF THE FINANCIAL MANAGEMENT**

in respect of the revenue and expenditure  
of the European Communities  
for the financial year 1978

EUROPEAN COMMUNITIES

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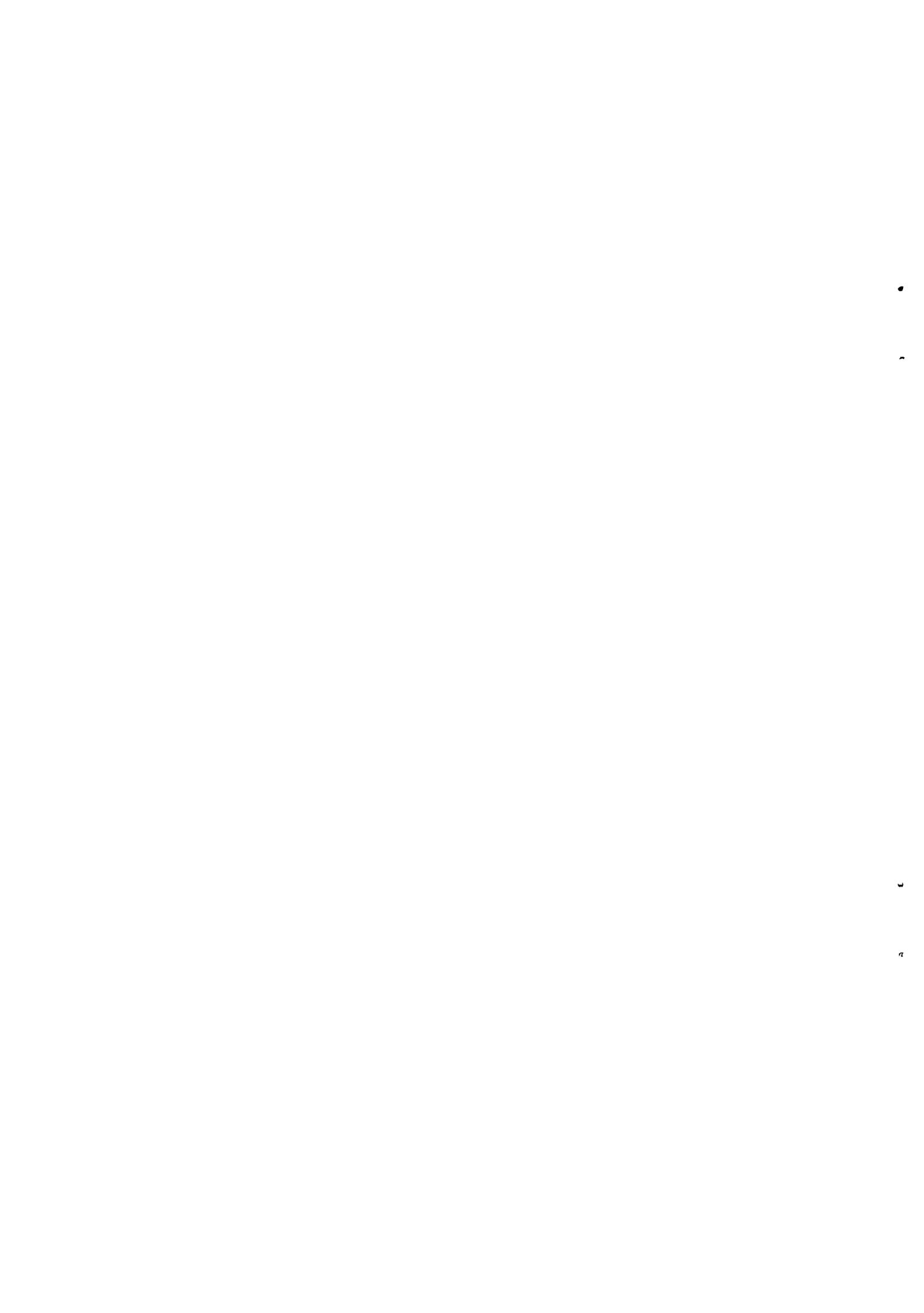
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for the financial year 1978

(Drawn up pursuant to Article 75  
of the Financial Regulation of 21 December 1977)

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INTRODUCTION



Article 75 of the Financial Regulation of 21 December 1977 applicable to the General Budget of the European Communities reads as follows:

"The revenue and expenditure account shall be preceded by an analysis of the financial management in respect of the year in question. It shall cover all revenue and expenditure transactions relating to the preceding financial year for each institution. It shall be submitted in the same form and following the same subdivision as the Budget."

This analysis shows the main features of the implementation of the Budget in 1978.



REVENUE



## 1. OWN RESOURCES AND OTHER REVENUE - ESTIMATES AND ACTUAL YIELDS

The revenue of the General Budget of the Communities for 1978 comprises:

- own resources and contributions made in accordance with the Decision of 21 April 1970, amounting to 12.003,9 m EUA;
- contributions from two Member States to the supplementary research and investment programmes in accordance with a special scale, amounting to 10,6 m EUA;
- other revenue totalling 167,1 m EUA, including 5 m EUA for the part of the ECSC levy allocated to administrative expenditure.

Total revenue for 1978 amounts to 12.181,7 m EUA.

### 1.1 CONTRIBUTIONS AND RESOURCES

In order to cover their monthly share of the Communities' needs, up to 1977 the Member States paid cash advances as laid down by the old Financial Regulation of 25 April 1973, in addition to the own resources due; the level of contributions paid was thus not that provided for in the Budget but was in proportion to the utilization of appropriations.

From 1978, however, financial contributions (based on GNP) were no longer paid as required but in equal instalments of one-twelfth of the sums fixed by the Budget (Article 10(3) of Regulation No 2891/77). As a result, the only differences ascertained between the amount of the contributions entered in the Budget and the amount of revenue recovered are due to the differences between the EUA rates used in drawing up the Budget and those adopted each month for converting the national currencies and for accounting purposes (Article 30 of the Financial Regulation and Article 9 of Regulation No 2891/77). The financial contributions paid in 1978 amounted to 5.329.665.246 EUA, or 99,98% of the amount fixed by the Budget.

Table 1 shows each Member State's share of the financial contributions paid.

With regard to own resources, the application of Article 5 of the Financial Regulation of 21 December 1977 requires the procedure for entering these resources in the Budget to be altered, for they are now entered under the month when they were paid over, rather than when they were established.

Owing to the two-month gap between establishment and entry in the Commission's accounts, the 1978 financial year was financed by own resources established by the Member States in November and December 1977 and in the period January to October 1978.

The amount of own resources paid over in 1978 was 6.674.219.711 EUA, or 96,78% of the amount entered in the Budget.

The overestimate of own resources revenue shown in the Budget is related to the overestimate of customs duties (65,8% of all own resources), which was caused by the failure of extra-Community trade in 1978 to live up to the macroeconomic expectations of 1977.

Tables 1 and 2 give a country-by-country breakdown of the own resources paid over in 1978.

There was no occasion in 1978 to invoke the special provisions laid down in Regulation No 2891/77 under which the Member States may be requested by the Commission to pay over resources other than VAT one month in advance, on the basis of the information at their disposal on the fifteenth day of that month (first indent of Article 10(2) of the Regulation referred to); the Commission may then draw in excess of these total balances, when cash requirements are greater than the credit balances (Article 12(2) of the Regulation referred to).

### 1.2 Other revenue

Table 3 summarizes the collection of revenue other than own resources and financial contributions based on GNP.

This revenue amounts to 177,8 m EUA, or 1,46% of all budget revenue.

### 1.3 Determining the balance of the 1978 financial year

In accordance with Article 15 of Regulation No 2891/77, the balance of a given financial year shall consist of the difference between:

- all the revenue collected in respect of that financial year, and
- the amount of payments made against appropriations for that financial year increased by the amount carried over to the following financial year.

This difference is increased or reduced by the net amount resulting from the cancellation of appropriations carried over from previous financial years and from payments in excess of appropriations which are due to changes in the exchange rates between the date of establishment and the date of utilization.

Furthermore, the balance for 1978 is increased by the surplus, or decreased by the deficit, which appears when the balance sheet drawn up on 31 December 1977 in units of account is re-expressed on 1 January 1978 in EUA.

Table 4 gives the balance for 1978, which shows a surplus of 41.618.638,39 EUA.

An Amending Budget, in accordance with Article 27 of the Financial Regulation, will be used to carry this balance over to 1979.

## MEMBER STATES' SHARE IN FINANCING THE 1978 BUDGET

Member State	Own resources		GNP-based financial contributions		TOTAL		Share of own resources in the total
	Amount	%	Amount	%	Amount	%	
Belgium	502.310.849	7,52	239.790.890	4,50	742.101.739	6,18	67,69
Denmark	137.042.192	2,05	138.181.140	2,59	275.223.332	2,29	49,79
FRG	1.811.385.755	27,14	1.716.054.440	32,20	3.527.440.195	29,39	51,35
France	909.203.645	13,62	1.275.445.983	23,93	2.184.649.628	18,20	41,62
Ireland	55.439.303	0,83	32.231.399	0,61	87.670.702	0,73	63,24
Italy	954.859.006	14,31	700.253.217	13,14	1.655.112.223	13,79	57,69
Luxembourg	3.711.742	0,06	9.539.326	0,18	13.251.068	0,11	28,01
Netherlands	872.810.038	13,08	320.427.805	6,01	1.193.237.843	9,94	73,15
United Kingdom	1.427.457.181	21,39	897.741.046	16,84	2.325.198.227	19,37	61,39
TOTAL	6.674.219.711	100,00	5.329.665.246	100,00	12.003.884.957	100,00	55,60

TABLE 1

**MEMBER STATES' SHARE IN THE FINANCING OF THE 1978 BUDGET FROM  
OWN RESOURCES**

Member States	Agricultural levies				Customs duties (CCT)	
	Sugar and isoglucose levies		Other		Amount	%
	Amount	%	Amount	%		
Belgium	22.192.986	5,40	184.464.279	9,85	295.653.584	6,73
Denmark	19.367.522	4,72	9.761.461	0,52	107.913.209	2,46
FRG	146.047.060	35,57	289.325.426	15,45	1.376.013.269	31,34
France	117.487.386	28,61	142.212.771	7,59	649.503.487	14,79
Ireland	3.641.591	0,89	5.069.461	0,27	46.728.251	1,06
Italy	46.335.030	11,28	507.707.877	27,11	400.816.099	9,13
Luxembourg	-	-	183.116	0,01	3.528.626	0,08
Netherlands	33.241.375	8,10	395.290.408	21,11	444.278.255	10,12
United Kingdom	22.309.355	5,43	338.680.541	18,09	1.066.467.285	24,29
TOTAL	410.622.305	100,00	1.872.695.340	100,00	4.390.902.066	100,00

TABLE 2

TABLE 3

EUA

REVENUE OTHER THAN OWN RESOURCES AND FINANCIAL CONTRIBUTIONS		
Type of revenue	Amount	%
1. Share of the proceeds of ECSC levies paid over in application of Article 20 of the Treaty of 8 April 1965	5.000.000	2,81
2. Deductions from staff remunerations	95.556.005	53,75
3. Contributions provided for under Article 3(4) and Article 4(6) of the Decision of 21 April 1970 (EAEC)	10.631.601	5,98
4. Miscellaneous revenue:	66.593.763	37,46
- Proceeds from the sale of movable and immovable property and from rents	194.327	0,11
- Revenue from services provided against payment	20.385.016	11,47
- Borrowings and loans	-	
- Other	46.014.421	25,88
TOTAL	177.781.370	100,00

TABLE 4

DETERMINING THE BALANCE ON THE 1978 FINANCIAL YEAR

Application of Article 15 of Council Regulation (EEC, Euratom, ECSC)  
No 2891/77

		<u>EUA</u>
Revenue collected during the financial year		12.181.666.326,45
Payments made against appropriations	10.733.847.301,50	
Appropriations carried over to 1979	<u>1.527.721.076,53</u>	<u>12.261.568.378,03</u>
Difference		(-) 79.902.051,58
- Cancellation of appropriations carried over from 1977 and excess payments due to changes in the exchange rates between the establishment of the 1977 appropriations carried over and their utilization	166.581.492,06	
- Deficit established when the balance sheet drawn up in units of account on 31 December 1977 was converted into EUA on 1 January 1978	(-) <u>45.060.802,09</u>	<u>121.520.689,97</u>
<u>Balance on 1978</u>		(+) <u>41.618.638,39</u>

EXPENDITURE

BY EACH INSTITUTION



EUROPEAN PARLIAMENT

SUMMARY TABLE

REPORT ON ADMINISTRATIVE EXPENDITURE FOR THE

FINANCIAL YEAR 1978

EUA

I.	<u>AVAILABLE APPROPRIATIONS</u>	
	Appropriations shown in the Budget of the European Parliament for the financial year 1978 .....	100.424.612,00
II.	<u>UTILIZATION OF APPROPRIATIONS</u>	
	Commitments entered into . . . . .	93.001.844,08
	This gives a cancellation of 7,39% .....	<u>7.422.767,92</u>
III.	Appropriations automatically brought forward from the financial year 1977 to the financial year 1978 (Article 6(1)(c) of the FR) .....	6.382.946,76
	Payments from the above sums brought forward .....	5.575.300,42
	This gives a cancellation of 12,65% .....	<u>807.646,34</u>
IV.	Appropriations uncommitted as at 31 December 1977 and carried forward (Article 6(1)(b) of the FR) .....	1.267.250,00
	Payments from the above sums brought forward .....	45.356,56
	This gives a cancellation of 96,42% .....	<u>1.221.893,44</u>

COMPARATIVE TABLE  
The table below provides a Chapter-by-Chapter comparison between expenditure in the financial year 1978, budget estimates and expenditure in 1977 and 1976(b)

Ch.	Description	1978			1977		1976	
		BUDGET EUA '000	Expenditure EUA '000	% unused	Expenditure u.a. '000	1978 % compared with 1977(b)	Expenditure u.a. '000	1978 % compared with 1976(b)
1	2	3	4	5	6	7	8	9
10	Members of the institution	7.214	6.021	16.5	5.094	- 5.4	4.343	+ 11
11	Staff	54.937	50.565(a)	8	35.434	+ 14	28.138	+ 44
12	Allowances and expenses on entering and on leaving the service and on transfer	1.364	1.088(a)	20.2	810	+ 7.5	881	- 1.2
13	Expenditure relating to missions and duty travel	2.670	2.514	5.8	1.700	+ 18	1.166	+ 72
14	Expenditure on social welfare	393	298(a)	24.2	215	+ 11	290	- 18
15	Internal training courses and vocational training of staff	264	209	20.8	138	+ 21	45	+ 271
	TITLE 1 .....	66.842	60.695	9.2	43.391	+ 12	34.863	+ 39
20	Immovable property investments	-	-	-	-	-	-	-
21	Rental of buildings and incidental expenditure	7.230	11.300	(a)	6.055	+ 49	4.417	+ 104
22	Movable property and ancillary expenses	2.063	2.884	(a)	1.535	+ 50	1.275	+ 81
23	Current administrative expenditure	1.931	- 1.862	3.5	1.385	+ 7.6	1.046	+ 42
24	Entertainment and representation expenses	143	180	(a)	161	- 11	105	+ 36
25	Expenditure for formal and other meetings	17	14	17.6	15	- 25	6	+ 87
26	Expenditure on studies, surveys and consultations	11	18	(a)	1	+ 1.340	-	-
27	Expenditure on publishing and information	3.316	7.347	(a)	2.790	+ 111	1.674	+ 251
29	Subsidies and financial contributions	1.214	1.505	(a)	888	+ 36	539	+ 123
	TITLE 2 .....	15.925	25.110	(a)	12.830	+ 57	9.062	+ 122
37	Expenditure relating to certain institutions and bodies	2.148	7.197	(a)	4.399	+ 31	1.881	+ 206
	TITLE 3 .....	2.148	7.197	(a)	4.399	+ 31	1.881	+ 206
	TITLE 10 .....	15.510	-	-	-	-	-	-
	GRAND TOTAL .....	100.425	93.002	7.4	60.620	+ 23	45.806	+ 62

(a) Chapter increased by transfers.

(b) For the purposes of comparison 1 u.a. = 1.25 EUA

GENERAL REVIEW OF AND COMMENTS ON THE BUDGETARY EXPENDITURE EFFECTED  
IN 1978

Expenditure in the last financial year, compared with 1977, shows a rise of 23%, attributable mainly to an increase in Parliamentary activity, in particular the direct elections.

CHAPTER 10 - MEMBERS OF THE INSTITUTION Cancellation: 1.192.353 EUA

Provision was made in the Budget for an increase in certain allowances under this Chapter. The anticipated changes did not occur, however, apart from the application of the weighting factor after it had been amended by a Council Decision in June 1978.

CHAPTER 11 - STAFF Cancellation: 4.653.684 EUA

The fact that 8% of the appropriations under this Chapter were unused because the salary adjustments were not as high as forecast.

Total expenditure increased by 14%, compared with 24% in 1977.

CHAPTER 12 - ALLOWANCES AND EXPENSES ON  
ENTERING AND ON LEAVING THE SERVICE AND  
ON TRANSFER Cancellation: 326.600,17 EUA

Despite an increase in expenditure over 1977, this cancellation is mainly attributable to the delay in the recruitment procedure (competitions planned for 1978 and held over to 1979) which meant that a lesser total of appropriations were needed to cover certain costs and allowances.

CHAPTER 13 - EXPENDITURE RELATING TO  
MISSIONS AND DUTY TRAVEL Cancellation: 156.336,23 EUA

The expenditure charged to this Chapter was 18% higher than in 1977. Virtually all the appropriations were used, as a result of a number of increases in 1978 concerning the refund of mission expenses and an increase in the number of missions.

CHAPTER 14 - EXPENDITURE ON SOCIAL WELFARE Cancellation: 95.055,12 EUA

The cancellation of appropriations under this Chapter is mainly attributable to the non-utilization of the appropriations voted by Parliament (amendments) for the installation and fitting-out of new premises for the crèche, since no such premises could be found, and the new crèche was therefore not built.

CHAPTER 15 - ORGANIZATION OF INTERNAL  
TRAINING COURSES AND FURTHER VOCATIONAL  
TRAINING OF STAFF Cancellation: 54.726,81 EUA

Despite a significant increase in expenditure under this Chapter between 1977 and 1978 (+ 21%), the cancellation of appropriations results from the fact that the number of requests for further vocational training was not as high as anticipated.

CHAPTER 21 - RENTAL OF BUILDINGS AND  
INCIDENTAL EXPENDITURE

Cancellation: 170.918,11 EUA

Virtually all the appropriations under this Chapter have been used up. It should be noted that some 6.400.000 EUA are to be automatically carried forward. Expenditure has risen by 49% compared with 1977, mainly as a result of the preparation of the premises required for the directly-elected Parliament.

The transfer of some 4.100.000 EUA from the contingency reserve was needed to meet the expenditure under Article 214 to equip new premises in Brussels.

CHAPTER 22 - MOVABLE PROPERTY AND  
ASSOCIATED EXPENDITURE

Cancellation: 176.361,30 EUA

Initial appropriations were substantially increased by transfers to meet the expenditure arising from the rental of new premises.

CHAPTER 23 - CURRENT ADMINISTRATIVE  
EXPENDITURE

Cancellation: 273.750,17 EUA

Expenditure in 1978 increased by some 8% over 1977 principally as a result of the increased expenditure on stationery and the use of the telephone.

CHAPTER 27 - EXPENDITURE ON PUBLISHING  
AND INFORMATION

Cancellation: 54.251,20 EUA

The appropriations under this Chapter were fully committed. Payments made totalled 2.672.859,52 EUA, whereas automatic carryovers amounted to 4.674.189,28 EUA. The principal reason for this substantial carryover was the time needed to organize and launch the information campaign for the direct elections to the European Parliament. This also explains the sharp increase in expenditure under this Chapter - more than 110% - over 1977.

CHAPTER 29 - SUBSIDIES AND FINANCIAL  
CONTRIBUTIONS

Cancellation: 89.109,97 EUA

Expenditure under this Chapter increased by 36% over 1977. The cancellation arises mainly from Item 2942 - Other grants - where only half the appropriations were used.

CHAPTER 37 - EXPENDITURE RELATING TO CERTAIN  
INSTITUTIONS AND BODIES

Cancellation: 103.474,19 EUA

Expenditure under this Chapter was 31% higher than in 1977 principally as a result of the extra activities carried out by political groups in the election campaign.

CHAPTER 100 - PROVISIONAL APPROPRIATIONS

All the appropriations were transferred to operational headings, as follows:

- . 3706 Other political activities
- . 2720 Expenditure on information
- . 214 Fitting-out of premises.

APPROPRIATIONS AUTOMATICALLY CARRIED FORWARD      Cancellation: 807.646,34 EUA  
FROM 1977      (12,7%)

The cancellation of 12,7% of the appropriations carried forward is attributable to the problems in estimating exactly the invoices subsequently submitted.

UNCOMMITTED APPROPRIATIONS CARRIED FORWARD      Cancellation: 1.221.893,44 EUA  
(ART. 6(1)(b) of FR)      (96,4%)

Virtually all these appropriations were intended to improve and expand the technical facilities needed for information and public relations activities. It was not possible to carry out the work during the financial year.

COUNCIL

Summary table

A. Expenditure for the financial year 1978

	<u>EUA</u>
I. The total estimated revenue for the financial year 1978 was	9.258.100
II. The total amount of revenue collected during the financial year 1978 was	9.738.768,70

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Incorporating the revenue and expenditure of the Economic and Social Committee.

B. Expenditure for the financial year 1978

I. Appropriations available

EUA

The total appropriations of Section II -  
Council - for the financial year 1978  
amounted to

97.117.702,00

II. Utilization of the appropriations

These appropriations were committed to  
the extent of

82.384.914,93

Percentage utilized: 84,83%

Percentage cancelled: 15,17%

III. The appropriations carried over  
from the financial year 1977 to  
the financial year 1978 amounted to

5.936.694,83

The payments made against these  
carried-over appropriations amounted to

5.129.635,06

Percentage utilized: 86,41%

Percentage cancelled: 13,59%

The table that follows summarizes the operations of financial management  
for the financial year 1978.

FINANCIAL YEAR 1978 : Section II - Council (1)

	1	2	Cancellations	Total approps. for the financial year 1978	4	5	6	7	8
Title	Carry-overs 1977 to 1978	Payments against appropriations carried over	Cancellations	Total approps. for the financial year 1978	Commitments charged against 1978	Payments effected at 15.1.1979	Carry-overs 1978 to 1979	Cancellations	
Title I	207.668,13	156.229,15	51.438,98	50.406.692,00	43.128.917,18	42.991.050,54	137.866,64	7.277.774,82	
Title II	5.503.195,38	4.767.330,60	735.864,78	29.035.650,00	25.060.019,16	16.962.300,87	8.097.718,29	3.975.630,84	
Title III	225.831,32	206.075,31	19.756,01	15.751.660,00	14.195.978,59	13.899.888,91	296.089,68	1.555.681,41	
Title X	-	-	-	1.923.700,00	-	-	-	1.923.700,00	
TOTAL	5.936.694,83	5.129.635,06	807.059,77	97.117.702,00	82.384.914,93	73.853.240,32	8.531.674,61	14.732.787,07	
Percentage	100,00 %	86,41 %	13,59 %	100,00 %	84,83 %	76,05 %	8,78 %	15,17 %	

(1) Incorporating the expenditure of the Economic and Social Committee.

COUNCIL EXPENDITURE: COMPARATIVE TABLE

The table below gives a Chapter-by-Chapter breakdown of the principal increases or reductions in expenditure compared with the financial year 1977, including the amounts still remaining unpaid at the close of the financial year 1978.

Chap.	HEADING	1978 U.S.	1977 U.S.
11	Staff	41.265.244	30.191.654
12	Allowances and expenses on entering and on leaving the service and on transfer	694.225	544.944
13	Expenditure relating to missions and duty travel	677.235	544.948
14	Expenditure on social welfare (and on further vocational training of staff)	366.467	289.682
15	Expenditure on further vocational training of staff	125.746	100.000
	<u>TITLE I</u>	43.128.917	31.671.228
20	Immovable property investments	196.155	162.471
21	Rental of buildings and associated expenditure	7.567.730	6.103.228
22	Movable property and associated expenditure	1.144.055	918.185
23	Current administrative expenditure	9.722.788	6.436.915
24	Entertainment and representation expenses	253.935	144.000
25	Expenditure for formal and other meetings	3.619.856	3.299.598
26	Expenditure on studies, surveys and consultations	190.000	128.000
27	Expenditure on publishing and information	2.341.300	1.510.000
29	Subsidies and financial contributions	24.200	17.000
	<u>TITLE II</u>	25.060.019	18.719.397
37	Expenditure relating to certain institutions and bodies	14.195.979	10.991.024
38	Loan of services between institutions	-	-
	<u>TITLE III</u>	14.195.979	10.991.024
	<u>TITLE IV</u>	-	-
	<u>GRAND TOTAL</u>	82.384.915	61.381.649

EXPENDITURE FOR THE COUNCIL

TITLE I

Chapter 11 - Staff

The 1978 Budget provided for a staff complement of 1.517 posts, 9 posts (0,6%) more than in 1977.

The staff actually employed rose from 1.378 to 1.382, 62 officials having left the staff and 66 having been recruited.

Chapter 12 - Allowances and expenses on entering and on leaving the service and on transfer

The rather low rate of utilization under this Chapter is mainly due to the fact that there is a time-lag between the entry of new staff into the service and the expenditure arising in connection with that entry. The same applies to removal expenses for staff leaving the Secretariat.

Chapter 13 - Expenditure relating to missions and duty travel

The rate of commitment of appropriations under this Chapter was 62,81%. It should be noted that several missions initially contemplated did not take place.

Chapter 14 - Expenditure on social welfare

The rate of commitment of these appropriations at the end of the year was 94,3%.

Chapter 15 - Expenditure on further vocational training of staff

The rate of commitment of the appropriations under this Chapter was 98,9%.

The major share of expenditure under this Article went on language and refresher courses, further vocational training for linguists and an induction programme for new employees.

TITLE 2 - BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE

- Chapter 20 - Immovable property investments

It has not been possible to proceed with the programme of studies as forecast.

- Chapter 21 - Rental of buildings and associated expenditure

In all, 99,19% of the appropriations have been committed.

- Chapter 23 - Current administrative expenditure

In all, 82,04% of the appropriations have been committed.

- Chapter 27 - Expenditure on publishing and information

In all, 96,55% of the appropriations have been committed.

TITLE 3

Chapter 37 - Expenditure relating to certain institutions and bodies

An analysis of the expenditure of the Economic and Social Committee is given on the following page.

ECONOMIC AND SOCIAL COMMITTEE

Appropriations were used as follows during the 1978 financial year:

	EUA	%
Appropriations granted, 1978	15.751.660,-	100
Administrative expenditure, 1978	13.899.888,91	88,24
Appropriations to be carried forward automatically to 1979	296.089,68	1,88
Appropriations to be cancelled	1.555.681,41	9,88
1977 appropriations brought forward to 1978	225.831,32	100
Expenditure	206.075,31	91,25
Appropriations brought forward to be cancelled	19.756,01	8,75

The following pages show the rate of utilization of appropriations under the most important budgetary headings.

IMPLEMENTATION OF THE BUDGET

Utilization of appropriations for certain items:

Chapter 10 - Article 101 - Accident insurance for members

Appropriations granted	7.300.- EUA
Expenditure	5.257,47 EUA
Available appropriations to be cancelled	2.042,53 EUA

These appropriations relate to the insurance premium covering members of the Council - in accordance with the limitations and rules of the policy with which all members of the Economic and Social Committee are familiar - against all accidents which might happen to them during their stay at the location of a meeting and during the days spent travelling to and from the meeting. The total number of these days represents the number of "insurance days".

In 1978, 15.118 insurance days were paid for under the Budget compared with:

- 15.804 in 1977
- 17.106 in 1976
- 15.113 in 1975
- 14.291 in 1974
- 14.035 in 1973
- 10.792 in 1972
- 10.439 in 1971
- 7.103 in 1970.

Chapter 11 - Article 110 - Item 1100 - Basic salaries

Appropriations granted	6.615.252,93 EUA
Expenditure	6.466.988,82 EUA
Available appropriations to be cancelled	148.264,11 EUA

This Item is the largest in the Committee's entire budget and the expenditure shown under it represents:

- 72,74% of the expenditure of Chapter 11
- 70,62% of the expenditure of Title 1
- 46,53% of all expenditure.

The trend of expenditure under this Item should be noted:

- 1972 Bfrs 60.882.365
- 1973 Bfrs 76.131.626
- 1974 Bfrs 107.191.257
- 1975 Bfrs 119.065.232
- 1976 Bfrs 128.681.570
- 1977 Bfrs 242.830.576
- 1978 Bfrs 259.329.819, an increase of Bfrs 16.499.243  
or 6,794% over 1977.

Item 1101 - Family allowances

This expenditure breaks down as follows:

- Household allowances	Bfrs 8.120.899	36,63%
- Dependent child allowances	Bfrs 10.053.449	45,35%
- Education allowances	<u>Bfrs 3.993.231</u>	<u>18,02%</u>
	Bfrs 22.167.579	100.00%

Chapter 21 - Buildings

Article 210 - Rent

- Initial appropriation	692.500 EUA
- Appropriations transferred	(16.000 EUA)
	<hr/>
	676.500 EUA

Expenditure

Palais des Congrès	69.263,96 EUA	
Rent	477.339,91 EUA	
Parking	77.895,91 EUA	
	<hr/>	624.499,78 EUA
1978 appropriations brought forward to 1979		44.396,32 EUA
Available appropriations to be cancelled		<u>7.603,90 EUA</u>

Chapter 25 - Expenditure for formal and informal meetings

Article 250 - Formal meetings and meetings in general

Appropriations granted	1.865.000 EUA
Expenditure	1.706.911,73 EUA
Available appropriations to be cancelled	158.088,27 EUA

As this Article represents the third largest item of expenditure in the Committee's budget, a number of statistics should be provided, in Belgian francs, as a basis for assessing expenditure trends in 1978.

Total expenditure represents:

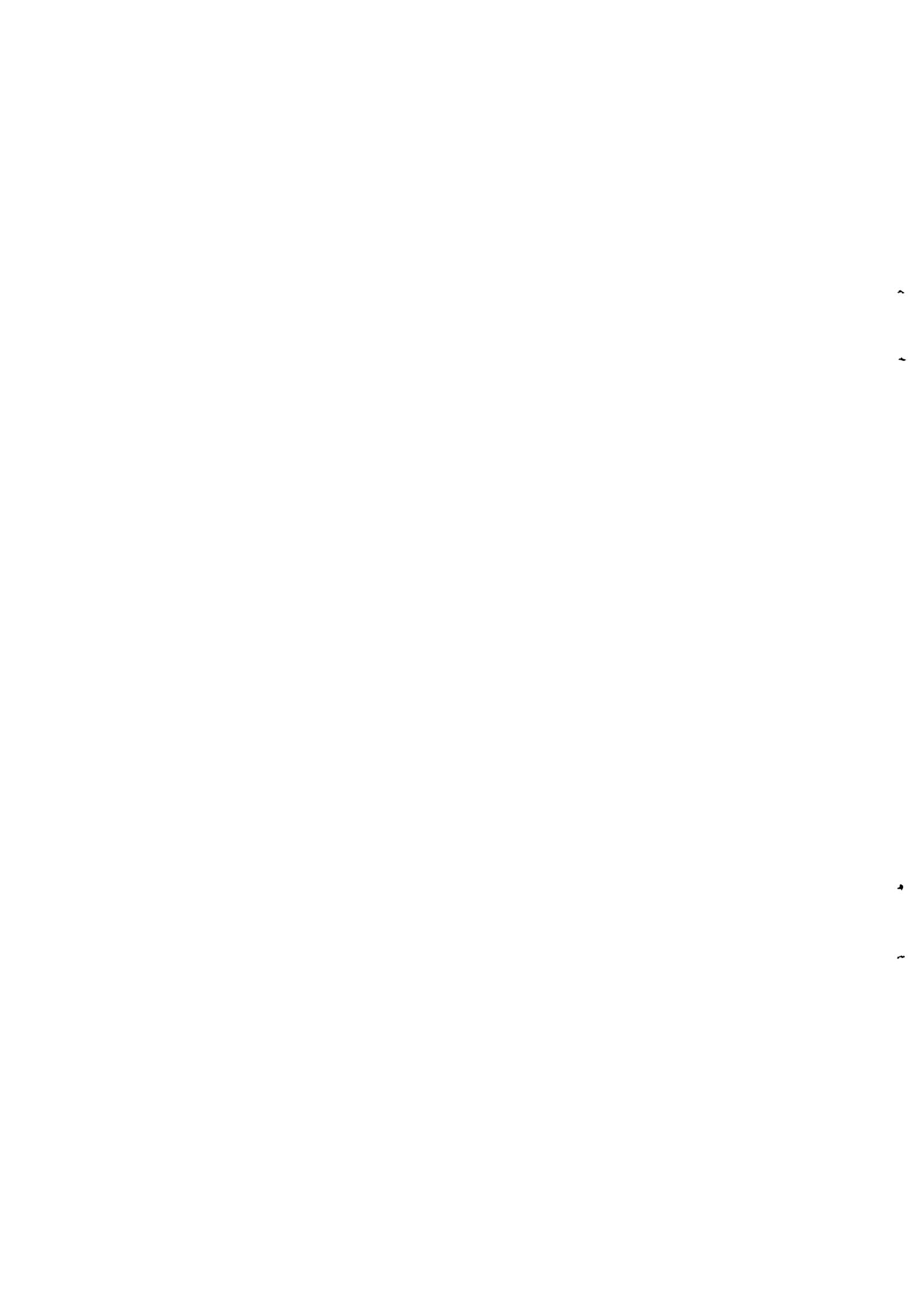
- 91,52% of allocated appropriations
- 12,28% of 1978 expenditure.

The following table shows the trend in expenditure since 1960.

		% increase compared with	
		1960	The previous financial year
	Belgian francs		
1960	7.496.928	-	-
1961	7.053.268	- 5,92	- 5,92
1962	9.276.351	+ 23,73	+ 31,51
1963	11.567.249	+ 54,29	+ 24,69
1964	10.179.760	+ 35,78	- 11,99
1965	10.579.549	+ 41,11	+ 3,93
1966	11.661.761	+ 55,55	+ 10,32
1967	16.219.773	+ 116,35	+ 39,08
1968	16.588.440	+ 121,26	+ 2,27
1969	18.375.282	+ 145,10	+ 10,77
1970	16.624.960	+ 122,17	- 9,52
1971	24.162.396	+ 222,20	+ 45,33
1972	28.127.448	+ 275,19	+ 16,41
1973	36.963.146	+ 393,04	+ 31,41
1974	44.124.754	+ 488,57	+ 19,37
1975	50.940.070	+ 579,48	+ 15,45
1976	63.544.088	+ 747,70	+ 24,76
1977	59.820.385	+ 697,93	- 5,86
1978	68.274.626	+ 810,70	+ 14,13

II. REVENUE BUDGET

Chapter	Article	Nature of revenue	EUA	
			1978 estimates	1978 revenue
		Proceeds of taxation and staff contributions to the pension scheme		
40		<u>Proceeds of taxation</u>	1.069.100	1.111.964,63
41		<u>Staff contributions to the pension scheme</u>	396.600	437.907,87
90		<u>Miscellaneous revenue</u>		
	900	Proceeds of the sale of movable property	850	-
	901	Proceeds of the sale of immovable property	-	-
	902	Proceeds of the sale of publications	1.210	-
91	911	<u>Proceeds from hiring out</u>	120	1.623,28
95	950	Bank interest	9.800	62.740,77
	951	Gain on differences in exchange rates	-	95,18
99		<u>Other revenue</u>	120	1.913,21
		<b>TOTAL</b>	<b>1.477.800</b>	<b>1.616.244,94</b>



COURT OF JUSTICE

Summary table

EUA

I. <u>Appropriations available</u>	
The appropriations entered in the Budget of the Court of Justice for the financial year 1978 amounted to	17.332.920,00
II. <u>Utilization of the appropriations</u>	
These appropriations were committed to the extent of	14.826.078,17
Percentage utilized: 85,54%	
Percentage cancelled: 14,46%	
III. The appropriations carried over from 1977 to 1978 amounted to	587.438,83
Payments made against these appropriations carried over amounted to	554.891,68
Percentage utilized: 94,46%	
Percentage cancelled: 5,54%	

The following table summarizes the implementation of budgetary appropriations by Title.

FINANCIAL YEAR 1978: Section IV - COURT OF JUSTICE

EUA

TITLES	Carryovers 1977 to 1978	Payments against carryovers	Cancellations	Total appropriations from 1978	Commitments charged to 1978	Payments made as at 31.12.1978	Carryovers 1978 to 1979	Cancellations
1	32.545,92	30.612,53	1.933,39	13.068.270,00	10.978.190,04	10.961.586,34	16.603,70	2.090.079,96
2	554.892,91	524.279,15	30.613,76	4.225.910,00	3.847.888,13	3.146.071,64	701.816,49	378.021,87
3	-	-	-	14.530,00	-	-	-	14.530,00
10	-	-	-	24.210,00	-	-	-	24.210,00
TOTAL	587.438,83	554.891,68	32.547,15	17.332.920,00	14.826.078,17	14.107.657,98	718.420,19	2.506.841,83
Percentages	100	94,46	5,54	100	85,54	81,39	4,15	14,46

COMPARATIVE TABLE

The table below gives a Chapter-by-Chapter breakdown of the principal increases in expenditure in 1978, compared with the expenditure for the financial year 1977. Expenditure corresponding to 1977 has been converted into EUA.

Chapter	Heading	1978 EUA	1977 EUA	EUA ±	% ±
10	Members of the institution	2.100.572,78	2.070.143,45	+ 30.429,33	+ 1,5
11	Staff	8.469.252,30	7.819.679,96	+ 649.572,34	+ 8,3
12	Allowances and expenses on entering and on leaving the service and on transfer	238.037,08	141.523,66	+ 96.513,42	+68,2
13	Expenditure relating to missions and duty travel	59.198,36	39.285,49	+ 19.912,87	+50,7
14	Expenditure on social welfare and on further vocational training of staff	77.748,60	76.769,50	+ 979,10	+ 1,3
15	Cost of organizing internal training courses	33.380,92	31.314,30	+ 2.066,62	+ 6,6
	<u>TITLE 1</u>	10.978.190,04	10.178.716,36	+ 799.473,68	+ 7,8
21	Rental of buildings and incidental expenditure	1.853.866,70	1.798.546,03	+ 55.320,67	+ 3,1
22	Movable property and associated expenses	538.142,68	425.907,98	+ 112.234,70	+26,4
23	Current administrative expenditure	755.462,78	481.751,34	+ 273.711,44	+56,8
24	Entertainment and representation expenses	19.759,67	20.960,22	- 1.200,55	- 5,7
25	Expenditure for formal and other meetings	71.000,13	55.738,03	+ 15.262,10	+27,4
27	Expenditure on publishing and information	609.656,17	558.819,74	+ 50.836,43	+ 9,1
	<u>TITLE 2</u>	3.847.888,13	3.341.723,34	+ 506.164,79	+15,1
37	Expenditure relating to certain institutions and bodies	-	37,22	- 37,22	-
	<u>TITLE 3</u>	-	37,22	- 37,22	-
	<u>GRAND TOTAL</u>	14.826.078,17	13.520.476,92	+1.305.601,25	+ 9,6

Comments on the principal variations in expenditure for the financial year 1978 compared with expenditure for the financial year 1977

TITLE I

Chapters 10 and 11 - Members and staff of the Court of Justice

The increase in expenditure under these two Chapters was due mainly to the introduction of 102,3% weighting with effect from 1 January 1978 and to pay adjustments on 1 July 1978.

Auxiliary staff expenditure has continued to increase (by 52%).

Chapter 12 - Allowances and expenses on entering and on leaving the service and on transfer

The very low level of utilization of these appropriations is due to the fact that most of the officials newly recruited have not yet moved in.

Chapter 14 - Expenditure on social welfare and further training

In all, 87,8% of the expenditure in this Chapter has been committed. The utilization of appropriations has not changed compared with 1977.

Chapter 15 - Cost of organizing internal training courses

The very moderate increase in this expenditure is due to increased fares and hotel expenses.

TITLE II

Chapter 21 - Rental of buildings and incidental expenditure

In all, 89,4% of the appropriations entered in this Chapter have been utilized.

The increase compared with the previous year derives from the rise in rent and in the cost of contractual maintenance and guarding of premises, which are charges linked to the cost-of-living index.

Chapter 22 - Movable property and associated expenditure

The 112.234 EUA (26,4%) increase in expenditure relates in particular to:

- expenditure on the acquisition of capital goods and office machinery;
- the replacement of three offset machines in the reproduction room;
- documentation and library expenditure.

Chapter 23 - Current administrative expenditure

Expenditure charged to this Chapter is considerably higher than in 1977.

This increase in expenditure chiefly reflects the services provided by the interpreters. The number of days of interpreting paid for increased to 1466 compared with 681 in 1977. Account should also be taken of an increase in the payment required.

Chapter 25 - Expenditure for formal and informal meetings

Expenditure is 27,4% higher than in 1977 due to an increase in the number of magistrates, lawyers and professors received.

Chapter 27 - Expenditure on publishing and information

The increase in expenditure under Article 270 compared with 1977 basically reflects the increase in the number of pages of the Official Journal published.

COURT OF AUDITORS

I. OVERALL ASSESSMENT

1. Appropriations available in 1978

The initial appropriations entered in Section V  
of the 1978 Budget amounted to 9.982.055 EUA

2. Implementation

Payments amounted to 6.880.934,77 EUA

Commitments not settled  
amounted to 230.416,84 EUA

Appropriations not used 2.810.703,39 EUA

Appropriations for which a  
carryover was requested  
under Article 6.1(b) 60.000,00 EUA

Appropriations not used can be broken down as  
follows:

- (1) Salaries, allowances, salary-linked  
allowances, sickness and accident  
cover 1.337.359,17 EUA
- (2) Other staff-related expenditure  
(allowances and expenditure in  
respect of installation, duty travel  
and social security) 878.773,47 EUA
- (3) Administrative appropriations  
(Titles II and X of the Budget) 594.570,75 EUA

3. Modifications to appropriations as a result of a Supplementary Budget or transfers

A Supplementary Budget was adopted on 11 May 1978. It created 32 new permanent posts and abolished three temporary posts. As the corresponding appropriations, 817.550 EUA, were taken from Chapter 101, the Supplementary Budget did not increase the total for Section V.

Appropriations were transferred to cover the expenditure incurred as the administrative machinery of the Court of Auditors was being set up. The total amount of these transfers, between Chapters, between Articles and between Items, was 1.058.230 EUA.

II. REMARKS CONCERNING EXPENDITURE BY THE COURT OF AUDITORS

TITLE I

Only 71,67% of the appropriations finally entered in the Budget under Title I were utilized in 1978. This is because the Court was rightly circumspect in engaging staff and the operation took a considerable proportion of the year, although it was only able to start in the second quarter of 1978. Consequently, only three-quarters of the appropriations originally estimated were required, as can be seen from the expenditure under Chapter 11.

With regard to expenditure incurred upon staff taking up their posts, there have been unforeseeable delays even though the Court took into account the fact that the engagement of staff was staggered, because of notice having to be given and because removals were not carried out until several months after staff had started work.

TITLE II

Payments and commitments still to be settled represent 72,98% of appropriations. The fact that 27.02% remained unused is due to the difficulty of estimating the amount of appropriations required and particularly the rate of utilization in the absence of previous experience. Those items of expenditure most closely connected with the engagement of staff and with inspection operations were also affected by the fact that the engagement of staff for the Court was staggered - although 1979 should give a much clearer picture.

Appropriations carried over from 1977

Payments against all carryovers (both automatic and subject to authorization) - a total of 182.657,45 EUA - amounted to 168.613,43 EUA giving a utilization rate of 92,31%.

C O M M I S S I O N

(Breakdown by budget nomenclature)



OVERALL ASSESSMENT

1. Appropriations available in 1978

1.1 Appropriations available under the 1978 Budget

• The initial Budget adopted on 21 December 1977 allocated to the Commission:

total appropriations for commitment: 12.465.988.195 EUA  
total appropriations for payment: 12.137.147.303 EUA

• The First Amending Budget adopted on 15 February 1978 adjusted the estimates of revenue to reflect the fact that there could be no own resources from VAT, owing to the delay in adoption of the requisite legislation by the Member States. The total amount of appropriations was not altered.

• The Second Supplementary and Amending Budget adopted on 15 March allocates the following additional appropriations to the Commission to cover total commitments and payments: 650.000 EUA  
distributed as follows:

administrative expenditure (Title 2)  
to cover new posts: 435.000 EUA

to cover certain financial  
obligations relating to fishing  
in the Adriatic Sea: 215.000 EUA

Total appropriations for commitment  
are therefore increased to: 12.466.638.195 EUA

Total appropriations for payment are  
therefore increased to: 12.137.797.303 EUA

• The Third Supplementary Budget adopted on 11 May concerns the Court of Auditors and does not alter the Commission's total appropriations.

1.2 Appropriations available from 1977

• Appropriations for commitment outstanding

Appropriations for commitment outstanding from 1977 amount to:  
239.650.742 EUA

Breakdown:

- agriculture: 26.633.853 EUA  
- social sector: 696.565 EUA  
- regional sector: 15.030.887 EUA  
- research: 134.450.541 EUA  
- energy and industry: 62.838.896 EUA

.Automatic carryovers

Automatic carryovers total 1.853.026.632 EUA

Breakdown:

- agriculture:	1.309.968.493	EUA
- social sector:	82.684.348	EUA
- regional sector:	83.083.303	EUA
- research, energy, industry, transport:	111.440.995	EUA
- development cooperation:	181.296.387	EUA
- administrative expenditure:	28.370.034	EUA
- repayment to the Member States of the costs incurred in collecting own resources:	56.183.073	EUA

.Non-automatic carryovers

The lists of carryovers amounting to 139.597.954 EUA were approved by the Council on 19 June and 18 July 1978:

- for industry and transport:	8.085.538	EUA
- for agriculture:	128.266.358	EUA
- for development cooperation:	3.246.057	EUA

2. Transfers of appropriations between Chapters

The attached Annex C is a summary of the amounts transferred between Chapters during the 1978 financial year, including transfers from Chapter 100 (Provisional appropriations), Chapter 101 (Contingency reserve) and Chapter 102 (Reserve to cover any shortfall in appropriations, when converted into national currencies, resulting from differences between the EUA rates used when the budget estimates are drawn up and the rates of conversion into national currencies obtaining at the time of implementation). Almost all the Chapter 100 differentiated appropriations were transferred, whereas only 38% of the non-differentiated appropriations were drawn. In all, 94% of the appropriations in Chapter 101 were transferred.

Total movements between Chapters involved the transfer of 173,406 m EUA in appropriations for commitment and 72,243 m EUA in appropriations for payment as regards differentiated appropriations, and 1.141,200 m EUA as regards non-differentiated appropriations.

3. Overall review of the utilization of appropriations in 1978

Annexes D and E give a Chapter-by-Chapter rundown of the implementation of the appropriations for the financial year (Annex D) and appropriations carried over (Annex E).

3.1 Implementation of the appropriations for the 1978 financial year itself

3.1.1 Commitments entered into

.Non-differentiated appropriations

Taking the Commission's Budget as a whole, 99% of non-differentiated appropriations have been used; whilst the equivalent figure is only 58% for Title 3 (Community policies in regard to certain sectors), it is between 90 and 100% for the remaining Budget Titles.

.Differentiated appropriations

The rate of utilization of differentiated appropriations (including appropriations for commitment left over from 1977) varies widely from area to area. It is:

- 27% in Chapter 30 (Expenditure in the social sector)
- 32% in Chapter 32 (Expenditure under the energy policy)
- 54% in Chapter 33 (Expenditure on research and investment)
- 39% in Chapter 36 (Expenditure on scientific and technical information and on information management)
- 6% in Chapter 37 (Expenditure in the industrial and transport sectors)
- 100% in Chapter 50 to 52 (Social Fund)
- 93% in Chapter 55 (Regional Fund)
- 51% in Title 8 (EAGGF, Guidance Section)
- 52% in Chapters 93 (Cooperation with developing countries) and 94
- 0% in Chapter 96 (Cooperation with non-member countries).

The Chapter-by-Chapter remarks set out later in this document bring out the reasons for the low utilization rate for certain appropriations. It should nevertheless be noted that appropriations not committed remain available for the following financial year (Chapter 33 appropriations remain available until cancelled by budgetary procedure).

### 3.1.2 Payments

#### .Non-differentiated appropriations

Where it is a matter of administrative expenditure or expenditure in the EAGGF Guarantee Section, the percentage of payments in respect of commitments entered into is high.

On the other hand the rate of payment in Title 3 is low. This Title involves intervention appropriations for programmes in respect of which payments are made several months after the commitments.

#### .Differentiated appropriations

Except in the case of Title 9, where only just 6% of the appropriations for payment have been used, the rate of utilization varies between 32 and 45% depending on the Budget Title. The unused appropriations for payment will be carried over automatically to the next financial year.

### 3.2 Implementation of appropriations carried over from the 1977 financial year

#### 3.2.1 Automatic carryovers

##### .Non-differentiated appropriations

Almost the entire sum has been implemented in Titles 4, 6 and 7. The rate varies from 69 to 88% in the remaining areas.

The Title 8 appropriations (EAGGF, Guidance Section) for financial years prior to 1977, of which 20% has been used, and the Chapter 58 appropriations (Aid to Friuli), of which 7% has been used, may be carried over for five years, and more if this proves necessary.

##### .Differentiated appropriations

All the appropriations for payment carried over under the Social and Regional Funds have been used. For Titles 3 and 8 the utilization rate is 65 and 43% respectively.

#### 3.2.2 Non-automatic carryovers

The rate of utilization of authorized carryovers is satisfactory except in Article 371 (Operations in the aerospace sector), for which the reasons are given in the comments later in this document.

The appropriations for Title 8 (EAGGF, Guidance Sector) may be carried over again.

TITLE 1 - EXPENDITURE RELATING TO PERSONS WORKING WITH THE INSTITUTION

The appropriations in Title 1 - Chapters 10 to 15 - amounted to a total of 385,3 m EUA. Of this sum, 89% was utilized in commitments and payments. In all, 75% of the appropriations carried over from the 1977 financial year - 3,9 m EUA - have now been utilized.

Chapter 10 - MEMBERS OF THE INSTITUTION

Chapter 11 - STAFF

Chapter 12 - ALLOWANCES AND EXPENSES ON ENTERING AND ON LEAVING THE SERVICE AND ON TRANSFER

The actual utilization of appropriations depends primarily on:

- the number of posts occupied,
- the level of remunerations actually authorized by the Council.

The number of posts has evolved as follows:

1977 authorization	8.048
new posts created in:	
- the ordinary 1978 Budget	246
- the Second Supplementary and Amending Budget of 1978	<u>84</u>
Final 1978 authorization	8.378

The pattern of filling the posts authorized is as follows:

<u>Vacant posts</u>	<u>Categories A,B,C and D</u>	<u>Language Service</u>	<u>Total</u>
- at 31 December 1977	134	123	257
- excluding posts in the Official Publications Office	<u>-26</u>	<u>-</u>	<u>-26</u>
- at 1 January 1978	108	123	231
- posts created by			
(a) the 1978 ordinary Budget	226	20	246
(b) the Second Supplementary and Amending Budget of 1978	<u>84</u>	<u>-</u>	<u>84</u>
	418	143	561
- posts vacated following staff changes	<u>186</u>	<u>19</u>	<u>205</u>
	604	162	766 ===

The fact that the 766 vacant posts remained unfilled for varying lengths of time is one of the two reasons why appropriations were available at the end of the financial year, especially in Chapters 11 and 12.

Thanks to satisfactory recruiting in 1978, the figure for vacant posts at 31 December 1978 was reduced from 231 to 223 (including 59 LA posts). The number of vacancies shows a slight decrease, therefore, compared to the situation at the beginning of the financial year.

As to Council Decisions on the adjustment of remunerations, it should be recalled that requirements for appropriations are determined on the basis of estimates, whereas authorized appropriations are only utilized on the basis of the decisions which the Council actually adopts.

The statement below provides a significant comment on this point in respect of staff employed in Belgium and Luxembourg:

Reference period	With effect from	Estimated rates incorporated in the 1978 appropriations	Rates actually decided by the Council	Gap
<u>Purchasing power</u>				
1.7.76 - 30.6.77	1.7.1977	0%	- 2,2%	- 2,2%
1.7.77 - 30.6.78	1.7.1978	0%	+ <u>2,5%</u> 2	+ 1,25%
<u>Cost of living</u>				
1.7. - 31.12.1976	1.1.1977	4,5%	+ 4,5%	-
1.1. - 30.6.1977	1.7.1977	4,5%	+ 3,8%	- 0,7%
1.7. - 31.12.1977	1.1.1978	4,5%	+ 2,3%	- 2,2%
1.1. - 30.6.1978	1.7.1978	4,0%	+ 1,8%	- 1,1%
		<u>2</u>	<u>2</u>	<u>- 4,95%</u>

The above comparison shows:

- the base figures for calculating - in February/March 1977 - the appropriations which would be required for 1978, and
- the decisions actually taken by the Council after February/March 1977 which thus affect the utilization of appropriations for 1978.

In keeping with the above gap, a portion of the appropriations corresponding to the gap has not been utilized and has therefore lapsed.

The 4.95% saving affects the Commission Budget as follows:

- Chapter 10: 97,6% of the appropriations
- Chapter 11: 94,1% of the appropriations
- Chapter 12: 88,9% of the appropriations.

For information purposes it should also be noted that savings have been possible for the same reasons in the appropriations set aside for:

- the Euratom Supply Agency (Article 280)
- the Official Publications Office (Article 287)
- the European Schools (Article 289)
- the EAC (Article 943)
- the European Centre, Berlin (Item 3010)
- the European Foundation for the Improvement of Living and Working Conditions, Dublin (Article 359).

In order to coordinate and harmonize the ways in which requirements for staff appropriations are calculated, the Commission has proposed to the other institutions that they should base their estimates on the same criteria. Where they have accepted this proposal, they will have the same percentage of excess appropriations as the Commission.

A figure of 2,08 million EUA has been included in the provisional appropriations for Chapter 100 as a reserve in respect of various posts covered by Chapter 11. It has not been necessary to use this reserve and the appropriation has therefore been cancelled.

#### Chapter 13 - EXPENDITURE RELATING TO MISSIONS AND DUTY TRAVEL

A total of 81% of the 1978 appropriations for this Chapter have been committed. Payments represent 67%. Some 65% of the appropriations carried over from the 1977 financial year have been utilized.

That some of the 1978 appropriations are still available is due to two main reasons:

- the increase in transport costs has been less significant than forecast;
- during 1978 the Commission proposed that the Council should change the rates of the daily mission allowance. The Council Decision differs considerably from the Commission's original proposal with regard to the date when such changes enter into force (proposal: 1 January 1978; decision: 1 October 1978).

#### Chapter 14 - EXPENDITURE ON SOCIAL WELFARE

In all, 94% of the 1978 appropriations for this Chapter have been committed. Payments represent 71%. Some 76% of the appropriations carried over from 1977 have been utilized.

#### Chapter 15 - ORGANIZATION OF INTERNAL TRAINING COURSES FOR STAFF

In all, 99% of the 1978 appropriations for this Chapter have been committed. Payments represent 91%. Some 77% of the appropriations carried over from 1977 have been utilized.

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\*           \*

Where certain commitments entered into in respect of Title 1 had not given rise to payments by 15 January 1979, the appropriations concerned were carried over automatically. As in the previous financial years, no non-automatic carryover was requested.

TITLE 2 - BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE

The total appropriations available in 1978 for Title 2 were 186,6 m EUA, of which 162,1 m EUA were appropriations for the 1978 financial year and 24,5 m EUA were appropriations carried over from 1977.

Commitments were entered into (153,0 m EUA) in respect of 94% of the appropriations for the financial year.

Total payments made (147,6 m EUA) represented 79% of appropriations for the financial year and appropriations carried over from 1977 combined. Payments from appropriations for the financial year amounted to 78%, while 88% of appropriations carried over from 1977 were utilized.

Chapter 20 - IMMOVABLE PROPERTY INVESTMENTS

In all, 92% of the appropriation of 145.000 EUA, set aside for expenditure on the extension of the Jean Monnet building in Luxembourg, were committed, having been transferred from Chapter 100 to Article 202. Payments were made in respect of 87% of the appropriation.

Chapter 21 - RENTAL OF BUILDINGS AND ASSOCIATED EXPENDITURE

More than 96% of the appropriations for this Chapter were committed. As the extension to the Jean Monnet building in Luxembourg will be finished only towards the end of 1979, no payment has been made from the appropriation of 494.000 EUA, which was earmarked for the rent and entered under Chapter 100.

Chapter 22 - MOVABLE PROPERTY AND ASSOCIATED EXPENDITURE

Chapter 23 - CURRENT ADMINISTRATIVE EXPENDITURE

For each of these two Chapters, 99% and 97% respectively of the appropriations for commitment have been utilized, and there are no particular comments arising.

Chapter 24 - ENTERTAINMENT AND REPRESENTATION EXPENDITURE

The rate of utilization (commitments) for 1978 appropriations is 92%.

Chapter 25 - EXPENDITURE ON FORMAL AND OTHER MEETINGS

In all, 75% of the appropriations set aside for this Chapter for the financial year were committed (11,653 m EUA). A total of 69% of the appropriations were used for payments and include payments entered in a holding account, whilst the responsible department carries out the formal validation of the expenditure.

Chapter 26 - EXPENDITURE ON STUDIES, SURVEYS AND CONSULTATIONS

At the beginning of the financial year the Commission, following a proposal by the Advisory Committee on Commissioned Studies, approved a programme of studies involving 84% of the appropriations entered in this Chapter. By 30 June 1978, some 55% of the total allocation had been committed for this expenditure. The appropriations for studies, allocated after studying the second phase of the programme, account for 93% of the budget resources available under this Chapter. The compulsory deadline of 30 September 1978 set by the Commission for committing the funds for the studies authorized by the end of the first six months of the year meant that, at the end of the financial year, the Advisory Committee on Commissioned Studies was able to regroup the appropriations not used up by then (17% of the total) and submit to the Commission a study programme updated in accordance with the latter's priorities.

The management of the studies during the past financial year is reflected in the total of 96% of appropriations committed.

The table below shows the implementation of the Budget in respect of the appropriations in question.

Chapter 27 - EXPENDITURE ON PUBLISHING AND INFORMATION

In all, 98% of the appropriations for the financial year were committed (24,011 m EUA). The high rate of utilization is explained, as in other Chapters, by the uniform rate at which the appropriations in the various budget headings were spent.

As to Item 2729, Information projects relating to direct elections to the European Parliament, the 5 m EUA entered as appropriations have been fully committed at 31 December 1978 after the Commission and Parliament had agreed how they should be utilized.

Chapter 28 - SUBSIDIES FOR BALANCING BUDGETS

In all, 90% of all appropriations for Chapter 28 have been committed. The situation with regard to each Article is as follows:

Institution	Amount (EUA)		Utilization (%)
	Appropriations	Commitments	
280 - Euratom Supply Agency	840.700	565.763	67
281 - Business Cooperation Centre	86.300	80.938	94
283 - European Foundation	500.000	-	0
287 - Official Publications Office	10.978.100	9.743.370	89
287 - European Schools	27.291.900	25.433.500	93
Total	39.697.000	35.823.571	90

SUMMARY TABLE AT 31 DECEMBER 1978 OF THE UTILIZATION OF APPROPRIATIONS FOR STUDIES  
(CHAPTER 26)

Budget heading	EUA			
	Appropriations 1978	Commitments	Payments	Commitments as a percentage of appropriations
A	B	C	D	E
260 - Consultations, studies and surveys of limited scope	1.170.000	1.150.211	536.416	98
261 - Studies and surveys of the short-term economic situation	1.677.000	1.626.350	438.253	97
262 - Comprehensive Community studies and general surveys	1.510.000	1.369.392	448.419	91
2630 - Studies provided for in Art. 46, 3rd para., point 1	18.500	17.409	8.896	94
2631 - Studies provided for in Art. 46, 3rd para., point 2	0	0	0	0
2632 - Studies provided for in Art. 46, 3rd para., point 3	469.500	429.487	266.952	91
2633 - Studies provided for in Art. 46, 3rd para., point 4	100.000	93.646	28.138	94
2634 - Studies provided for in Art. 46, 3rd para., point 5 (Economic and social studies provided for in Article 46 of the ECSC Treaty)	60.000	58.775	8.058	98
264 - Statistical studies and surveys	7.000.000	6.767.583	3.222.852	97
2650 - Studies in the context of technical assistance for nuclear power plant operators	25.000	24.055	9.556	96
2651 - Studies of safety techniques	250.000	248.875	46.739	99
2652 - Studies on advanced reactor designs	100.000	94.051	18.642	94
2653 - Studies on the nuclear fuel cycle	125.000	124.193	47.375	99
266 - Regional studies at the request of the Member States	500.000	496.298	130.771	99
267 - Sectoral studies and surveys on competition	250.000	248.513	85.425	99
<b>Total</b>	<b>13.255.000</b>	<b>12.748.838</b>	<b>5.296.492</b>	<b>96</b>

With regard to Articles 280 - Euratom Supply Agency, 287 - Official Publications Office and 289 - European Schools, staff expenditure was less than provided for in the estimates since compensation for the increase in the cost of living and the preservation of purchasing power have not meant the expected large salary increases (see the comments on Title 1).

Three Articles in Chapter 28 merit special observation:

- Article 282 - European Communities' Institute for Economic Analysis and Research

The appropriation of 3,05 m EJA entered under Chapter 100 was not drawn on, as the Council had adopted no substantive decision.

- Article 283 - European Foundation

No commitment was made in respect of the appropriation of 500.000 EJA, since no formal agreement setting up the Foundation has yet been completed.

- No appropriations were allocated to Article 288 for the European University Institute (Florence).

Chapter 29 - SUBSIDIES AND FINANCIAL CONTRIBUTIONS

The commitments - representing more than 96% of the appropriations - indicate normal consumption.

The satisfactory completion of discussions enabled the appropriation allocated to Article 293 to be fully utilized (subsidy in respect of certain activities of non-governmental organizations pursuing humanitarian aims and promoting human rights).

TITLE 3 - COMMUNITY POLICIES IN REGARD, PARTICULARLY, TO RESEARCH, TECHNOLOGY, INDUSTRY, THE SOCIAL SECTOR, THE ENVIRONMENT AND THE SUPPLY OF ENERGY AND RAW MATERIALS

Chapter 30 - Expenditure in the social sector

This Chapter contains both differentiated and non-differentiated appropriations.

Some 6,12 m EUA, or more than half, of the 11,76 m EUA in total appropriations for commitments relate to headings for which the appropriations are differentiated.

1. Non-differentiated appropriations

These concern all the Articles in this Chapter with the exception of Articles 303 and 306, dealt with below.

(a) Appropriations for the current financial year

The expenditure concerns the European Centre for the Development of Vocational Training in Berlin, exchanges of young workers, measures under the employment policy and the European Trade Union Institute. Commitments for all these measures accounted for 82% of available appropriations at 31 December. This rate would not have been achieved completely without a slight redistribution of appropriations at the end of the financial year (transfers of 80.000 EUA from Article 300 and 15.000 EUA from Item 3051: 35.000 EUA to Item 3050 and 60.000 EUA to Article 304). Payments have been made against 80% of these commitments. With regard to the European Trade Union Institute (Article 307), with which the agreement governing its relations with the Community was signed on 7 June, half the appropriation of 500.000 EUA allocated to it has been disbursed. An additional instalment of 100.000 EUA, committed but not paid and thus carried over to 1979, can be paid to the Institute if its actual expenditure in 1978 justifies this. At 31 December only 2,24 m EUA of the 2,80 m EUA appropriation in Item 3010 for the European Centre for the Development of Vocational Training in Berlin had been used. The utilization of this subsidy is shown in the Centre's accounts, which are submitted annually to the Court of Auditors and the Budgetary Authority, as set out in Article 12 of Council Regulation 337/75 setting up the Centre.

Note the non-utilization of the appropriation for Article 309 "Community aid to workers made redundant in the Italian sulphur mines", an operation which is being phased out and for which no appropriation was entered in the 1979 Budget.

(b) Appropriations carried over

Leaving aside the appropriation carried over from Article 303, to which appropriations which are differentiated and thus treated separately have been allocated since 1978, the carryover of appropriations amounted to 0,68 m EUA, 0,61 of which have been disbursed, the balance being distributed among the various Items.

2. Differentiated appropriations

These concern Article 303 (Community measures to improve migrant and handicapped workers' living conditions) and Article 306 (Pilot research projects on action to combat poverty).

(a) Article 303

The implementation of commitments for Article 303 is almost complete (1,11 m EUA). The implementation of payments is not: the appropriations available for payments amounted to 1,16 m EUA, taking into account the appropriations automatically carried over from 1977. Of this total, 0,67 m EUA - 58% - have been used. An appropriation of 0,36 m EUA is automatically carried over to the 1979 financial year. The difference between the utilization rate of commitments and that of payments shows how sound it was to include this type of expenditure - housing - among the differentiated appropriations as from 1978 - thanks to amendments by the European Parliament.

(b) Article 306

As regards Article 306 (Action to combat poverty), although the accounting statement shows only a commitment of 0,68 m EUA, utilization of the appropriations for commitment has been almost complete: 5,46 of the 5,54 m EUA available, taking into account an appropriation of 0,54 m EUA carried over from 1977, even though this will not show up in the accounts until the beginning of 1979.

This action, which began at the end of 1975, is continued from year to year by a Commission decision at the end of the financial year. Since the Commission decision of December 1978 did not appear in the accounts before the end of the financial year, the appropriations which were not used in 1978 will be committed at the beginning of 1979 as appropriations carried over from 1978 and thus available in 1979 in accordance with Article 6(2)(a) of the Financial Regulation of 21 December 1977.

As for the appropriations available for payments, 2,8 m EUA were used out of 3,8 (three-quarters), taking into account an automatic carryover of 0,9 m EUA, which was entirely spent.

The unused remainder of 1 m EUA is thus automatically carried over to the 1979 financial year.

Chapter 31 - Expenditure in the agricultural sector

1. Implementation of the appropriations for the financial year

Of the 7.993.700 EUA in appropriations entered in the Budget, 6.064.138 were committed, a rate of utilization of 76%. Two series of budget headings may be identified:

- those where the utilization of appropriations has been complete, and
- those where it has not been complete.

(a) Complete utilization of appropriations

Item 3103 - (Community contribution towards the campaign against foot-and-mouth disease outside the Community): 448.000 EUA contribution towards the building of an institute for combatting this disease in Ankara.

Article 313 - (Farm accountancy data network): 1,54 m EUA. This is concerned with observation of Community farms on the basis of representative sampling.

Article 314 - (Agricultural research): 2,99 m EUA. Utilization of these appropriations made it possible to continue implementation of the agricultural research programmes decided on by the Council and the maintenance and updating of the permanent inventory of EEC agricultural research programmes.

Article 316 - (Community action relating to the vocational training of farmers): 131.100 EUA. This subsidy was given to CEPFAR, which performs a number of tasks of general interest in the field of vocational training for farmers.

(b) Partial utilization of appropriations

Item 3105 - (Action in the event of outbreaks of epizootic disease). Of the 2,5 m EUA entered in the Budget, 779.780 were committed, a utilization rate of 31,1%. The appropriations used made it possible to check an outbreak of African swine fever in Sardinia. Since this appropriation is meant to be used only in an emergency, when an outbreak of epizootic disease occurs, it is only used when needed: the utilization rate does not, therefore, have the same significance as for other budget headings.

Item 3111 - (Veterinary inspection of the application of Community rules and regulations). Of the 36.300 EUA entered in the Budget, none was committed, since the Member States did not avail themselves of the opportunity.

Item 3112 - (Veterinary inspection in non-member countries): 26.543 EUA were committed, i.e. 27% of the appropriation entered in the Budget.

Item 3121 - (Comparative trials of seedlings and seeds): Of the 133.000 EUA entered in the Budget, 121.502 EUA were committed, i.e. 91%. This is concerned with Community tests of seedlings and seeds to control observance of Community regulations in this sector.

Article 315 - (Training of national officials responsible for monitoring EAGGF expenditure): 18% of the appropriations were committed - under-utilization attributable to the difficulties of organizing seminars for training officials responsible for monitoring EAGGF expenditure.

2. Implementation of carryovers of appropriations

Of the 3.216.126 EUA carried over, 2.038.486 EUA were paid, i.e. 63%. It is mainly under two Articles that implementation was incomplete:

Article 314 - (Agricultural research). This is a matter of contracts with research institutes where part of the work has not been carried out or is not yet finished (89% utilization).

Article 313 - (Farm accountancy data network). Payments are made very late because of the checks which have to be made on the results obtained (9% utilization).

Chapter 32 - Expenditure under the energy policy

A total of 17% of the 80 m EUA in appropriations for commitment entered under this Chapter for the 1978 financial year was used; this was devoted to the actions adopted in the hydrocarbons sector (first part) and to uranium prospecting.

On the other hand, the payments based essentially on the financial provisions of the contracts concluded by the Commission in the hydrocarbon and uranium sector were all charged to appropriations for payment carried over from the previous year.

The low level of utilization of the appropriations entered in this Chapter reflects the difficulties encountered by the Commission in getting its proposals approved by the Council.

Article 320 - Projects in the hydrocarbons sector

Item 3200 - Community technological development projects

The Council having approved the fourth series of projects in accordance with Regulation (EEC) 3056/73 of 9 November 1973 (OJ L 312 of 13 November 1973) on 30 October 1978, an initial portion was committed, as well as the remainder of the 1977 contracts, against the outstanding appropriations for commitment (100%) and the appropriations entered in the 1978 Budget (25%). The second part of the 1978 contracts will be committed in 1979 against the appropriations for commitment carried over from 1978.

The payments based essentially on the financial provisions of the contracts were all charged to appropriations for payment carried over from the previous year.

Item 3201 - Joint projects in prospecting for hydrocarbons

The utilization of these appropriations is still waiting for adoption by the Council of a regulation on the basis of Article 235 of the EEC Treaty.

The Commission hopes that this regulation will be adopted at the beginning of 1979; the Budgetary Authority accordingly authorized a precautionary transfer from Chapter 100 to the appropriate budget heading, so that these appropriations will be available in 1979.

Article 321 - Prospecting for uranium deposits

The Commission having approved the selected projects, the commitments were made before the end of the financial year.

The payments, based essentially on the financial provisions of the contracts, were charged to appropriations for payment carried over from the previous year.

Article 323 - Use of coal in power stations

For lack of a decision by the Council on the proposal for a regulation submitted by the Commission in December 1976, utilization of this appropriation is still pending.

Article 324 - Aids to demonstration projects under the Community energy policy

The basic Regulations concerning granting of financial support in this sector were adopted by the Council on 16 June 1978. In December 1978, the Commission presented an initial series of projects corresponding to the Community intervention criteria which will make it possible to use the appropriations entered in the 1978 Budget, as soon as agreement is reached on this initial series.

Article 329 - Euratom loans

- (a) Under the Council Decision of 29 March 1977 (OJ L 88 of 6 April 1977), the Commission is empowered to contract loans up to a ceiling of 500 m EUA to finance nuclear power stations.

Two loans were made in 1978, one in July for Sw F 80 m and the other in December for 50 m. At 31 December 1978, the total of Euratom loans thus stood at the equivalent of 174 m EUA.

- (b) Under the Council Decision of 28 May 1959 the provision of a line of credit by the Export-Import Bank in Washington enabled Euratom to grant loans to finance nuclear power stations between 1963 and 1971 amounting to the equivalent of 31 m EUA.

The equivalent of 2,4 m EUA having been repaid in 1978, the amount remaining to be repaid at 31 December 1978 stood at the equivalent of 7,8 m EUA.

Chapter 33 - EXPENDITURE ON RESEARCH AND INVESTMENT

The four-year (1977-80) programme of the Joint Research Centre (direct actions) and a series of indirect action projects carried out under contract (indirect actions) were continued or, in the case of some new actions, launched in 1978.

As for indirect actions, it should be remembered that the appropriations for commitment amount to 89,9 m EUA (including 81,9 m EUA in appropriations for commitment from 1976-77) relating to the JET project, the incorporation of which in the "plasma fusion and physics" programme was decided only on 30 May 1978. Consequently, the launching of this project in 1978 was subject to considerable delays - which explains the large amount in appropriations for commitment (83,468 m EUA) still outstanding at 31 December 1978. This applies equally to certain other indirect actions not decided on by the Council until March and July 1978 (primary raw materials; uranium ore prospecting and processing; long-term forecasts and assessments).

Taking into account the outstanding JET appropriations mentioned above, implementation of the Budget is as follows:

Appropriations for commitment

	m EUA					
	Approps. carried over from 1977	Approps. entered in 1978 Budget taking account of transfers	JET approps. outstanding at 31.12.78	Total approps. actually to be considered for 1978	Approps. committed	Use % in relation to approp. actually available
	1	2	3	1+2-3		
Indirect action	125,761	65,322	83,468	107,615	66,453	62
Direct action	10,408	123,644	-	134,052	109,428	82
TOTAL	136,169 <sup>(1)</sup>	188,966 <sup>(2)</sup>	83,468	241,667	175,881	73

Furthermore, mention must be made of the fact that 17,093 m EUA in appropriations for commitment were blocked provisionally at the end of the financial year for contracts under negotiation for the indirect action.

(1) Including 6,134 m EUA in revenue for services rendered to outside bodies or individuals.

(2) Including 9,458 m EUA in revenue for services rendered to outside bodies or individuals.

Appropriations for payment

	m EUA				
	Approps. entered in 1978 Budget taking account of transfers	JET approps. carried over to 1979	Total approps. to be considered for 1978	Payments made	Use % in relation to approps. actually available
	1	2	1 - 2		
Indirect action	97,016	15,000	82,016	36,141	44
Direct action	127,747	-	127,747	87,275	68
<b>TOTAL</b>	<b>224,763</b>	<b>15,000</b>	<b>209,763</b>	<b>123,416</b>	<b>59</b>

Like the appropriations for commitment destined for the JET project, the appropriations for payment relating to that project must be considered separately. They have been carried over to the 1979 financial year.

As regards the utilization of the appropriations for payment carried over from 1977, it should be pointed out that 14,952 m EUA of these carryovers relating to the JET project could not be used because of delays in launching this programme. In view of this fact, the amount to be considered is thus 59,037 m EUA instead of 73,989 m EUA and the utilization of appropriations is 84% instead of 67%.

Remarks on certain Items

Item 3358 - Irradiated fuel reprocessing

The appropriation of 1.000.000 EUA entered in Chapter 100 was not used. The Commission will be unable to draw up a proposal for a research programme in this field until the Council approves the document on Community strategy on the reprocessing of irradiated nuclear fuels (COM(77)331 final of 15 July 1977).

Item 3359 - Decommissioning of nuclear installations

The appropriation of 500.000 EUA entered in Chapter 100 was not used, since the Council has not yet decided on the three-year programme (1978-80) put to it by the Commission on 28 April 1978.

Item 3361 - Primary raw materials

The appropriations allocated amount to 5.404.200 EUA in appropriations for commitment and 2.000.000 EUA in appropriations for payment.

Only a small proportion of these appropriations has been utilized because the programme was not adopted until 6 March 1978 and effective implementation has been delayed by such factors as staff recruitment, calling for tenders, negotiation of contracts and consultation of the Advisory Committee on Programme Management. A large sum in appropriations for commitments will be utilized at the beginning of the 1979 financial year.

Item 3362 - Long-term forecasts and assessments

The appropriations allocated to this Item amount to 632.600 EUA in appropriations for commitment and 532.600 EUA in appropriations for payment, 73.000 EUA of which have been committed and 39.000 EUA paid out.

Item 3364 - Uranium ore prospecting and processing

Since the programme was not adopted until 6 March 1978, only a small proportion of the appropriations for this Item (2.846.000 EUA in appropriations for commitment and 800.000 EUA in appropriations for payment) has as yet been used. Here, too, work on starting the programme (invitations to tender, ACPM, etc.) has caused delay in using the appropriations.

Item 3371 - Implementation of coordinated projects

No programme decisions having been taken, the appropriations for commitment (615.000 EUA) and appropriations for payment (475.700 EUA) were provisionally entered in Chapter 100. Once the decisions on the town planning, medical research and food technology programmes had been taken by the Council - on 7, 13 and 20 February respectively - the Commission applied to the Budgetary Authority for the transfer from Chapter 100 to Item 3371 of 577.000 EUA in appropriations for commitment and 443.500 EUA in appropriations for payment - the requirement for 1978. Approval was given in July 1978, and 450.000 EUA were committed and 150.000 EUA paid.

Chapter 34 - EXPENDITURE RELATING TO SAFEGUARDS

In all, 97% of the appropriations entered in this Chapter have been committed. These appropriations cover in particular the costs of on-the-spot inspections (Article 340), the cost of sampling and analysis (Article 342) and of buying equipment and carrying out scientific and technical work (Article 343).

The payments made during this financial year represent 60% of the commitments made.

A total of 97% of the appropriations for payment carried over from 1977 was spent.

Chapter 35 - PROTECTION OF MAN AND HIS ENVIRONMENT

Commitments represent close to 85% of the appropriations allocated to this Chapter (5,95 m EUA of 6,97). The difference is spread over most of the Items.

Payments have reached the figure of 2,97 m EUA, i.e. 50% of the commitments, a normal percentage devoted largely to studies many of which were committed well into the financial year. The balance not paid out will be carried over automatically to the 1979 financial year.

It will be seen that only 68% of the 2,3 m EUA subsidy to the European Foundation for the Improvement of Living and Working Conditions in Dublin (Article 359) had been utilized.

The utilization of this subsidy can be seen from the Foundation's accounts, which are submitted annually to the Court of Auditors and the Budgetary Authority in accordance with Article 16 of Regulation 1365/75 on the setting up of the Foundation.

A total of 97% of the appropriations carried over from 1977 was spent.

Chapter 36 - EXPENDITURE ON SCIENTIFIC AND TECHNICAL INFORMATION AND ON INFORMATION MANAGEMENT

In all, 97% of the appropriations entered under this Chapter (except for Items 3620 and 3621), and which amount to 1.605.000 EUA, have been committed, while payments represent 49% of the commitments made.

Article 362 - Documentary research, scientific and technical information and documentation

Item 3620 - Three-year projects

and

Item 3621 - Activities supplementary to the three-year projects

Of the differentiated appropriations allocated to these Items (5.825.000 EUA in appropriations for commitment and 3.550.000 EUA in appropriations for payment) only 30% were committed because of the late adoption by the Council of the second three-year action plan.

On the other hand, there was 100% utilization of the carried-over appropriations for payment.

## Chapter 37 - EXPENDITURE IN THE INDUSTRIAL AND TRANSPORT SECTORS

Ten per cent of the non-differentiated appropriations entered under this Chapter for the 1978 financial year (Items 3721 and 3751, Articles 373 and 374) and amounting to 16.675.000 EUA were committed and the payments represent 25% of the commitments made.

As regards the differentiated appropriations (Items 3701, 3710 and 3750), which amount to 22.920.000 EUA in appropriations for commitment and 4.700.000 EUA in appropriations for payment, there was 8% utilization of the appropriations for commitment and 9% utilization of the appropriations for payment.

The appropriations for payment carried over from 1977 were utilized normally.

The low level of consumption of the appropriations entered under this Chapter reflects the difficulties which the Commission is encountering in getting its proposals approved by the Council.

### Article 370 - Projects in the data-processing sector

#### Item 3701 - Second programme

In accordance with the Council Decision of 27 September 1977 on the second series of priority actions in the data-processing sector, the commitments made represent 65% of the appropriations for commitment entered in the Budget (2.920.000 EUA) and 26% of the appropriations for payment (1.700.000 EUA) were used.

As these projects could be implemented only in 1978, the various budgetary bodies agreed, when the 1978 Budget was drawn up, that the appropriations for commitment (9.000.000 EUA) and the appropriations for payment (2.835.000 EUA) entered in the 1977 Budget would not be used; they were thus cancelled at 31 December 1978.

### Article 371 - Operations in the aerospace sector

#### Item 3710 - Technological research

The proposal for a programme drawn up by the Commission in July 1977 is still under discussion by the Council.

The Commission transferred appropriations entered under Chapter 100 as a precautionary measure so as to be able to use in 1979 - once the Council has adopted the programme - the appropriations entered in the 1978 Budget.

The appropriations for payment carried over from 1977 (8.000.000 EUA) were cancelled at 31 December 1978 because of the lack of a decision by the Council which would have made it possible to implement the aerospace research programme.

### Article 373 - Financial operations in transport infrastructure projects

After the Commission approved three studies in this sector on 10 May 1978, the requisite appropriations were transferred from Chapter 100 and 100% of them were committed.

The payments made in accordance with the financial provisions of the contracts concluded by the Commission represent 29% of the total costs of these studies.

Article 375 - Community reorganization and redevelopment operations in connection with crises in certain industrial sectors

Item 3750 - Loan interest rebates

Item 3751 - Investment premiums

The Commission has put before the Council and the Parliament a proposal for a Regulation under which these intervention appropriations can be implemented (31 October 1978).

A request has been made to carry over the appropriations entered in the 1978 Budget, so that they can be used as soon as a decision is reached.

Chapter 39 - OTHER EXPENDITURE ON SPECIFIC PROJECTS UNDERTAKEN BY THE INSTITUTION

Of the 9,445 m EUA in appropriations entered in the 1978 Budget, 78% were committed and 43% paid out.

In all, 94% of the appropriations for payment carried over were used.

Article 390 - Research projects in the field of technology and industry

On 30 June 1977, the Commission sent to the Council a proposal on Community intervention to encourage the innovating capacity of firms, in particular small and medium-sized firms, in the context of Community cooperation.

After considering this proposal, the Council asked the Commission to make a more thorough study of the matter in the light of experience gained from indirect action projects, ECSC operations and hydrocarbons projects.

As a precautionary measure, the Commission has transferred appropriations entered under Chapter 100; they were the subject of a request for a non-automatic carryover.

Article 392 - Educational measures

Item 3920 - Implementation of the education programme

All the appropriations authorized in the 1978 Budget were committed, making it possible to continue the operations already under way; the payments represent 48% of the commitments made. In all, 95% of the appropriations for payment carried over were used.

Article 393 - Expenditure on cultural projects

The cultural projects are under way and the appropriations committed represent 100% of the appropriations entered under this budgetary heading; payments deriving from the commitments amount to 92%.

All the appropriations carried over were used.

TITLE 4 - REPAYMENTS AND AIDS TO MEMBER STATES AND MISCELLANEOUS

Chapter 40 - LUMP-SUM REPAYMENT TO THE MEMBER STATES OF THE COSTS INCURRED IN COLLECTING OWN RESOURCES

Unlike that of previous years, the 1978 Budget, as far as revenue is concerned, is a cash budget. This means that own resources are entered in the accounts, not when they are established, as was done previously, but when they are credited to the accounts opened in the name of the Commission. The revenue for the financial year therefore corresponds to the payments made by the Member States on the 20th day of each of the twelve months of the year. Since the lump-sum repayment to Member States of the costs incurred in collecting own resources is made within thirty days following notification that the resources have been credited, the appropriations used in 1978 are equivalent to eleven months' utilization and amount to 88%.

Chapter 42 - COMMUNITY LENDING OPERATIONS

Within the 3.000 m US Dollar limit fixed by Council Regulation No 397/75 of 17 February 1975, the Community took up a number of loans in 1976 and 1977 to help Member States in balance of payments difficulties; pursuant to the Council Decision of 15 March 1976 (76/322/EEC), the Community granted loans to Italy and Ireland on the same terms as those on which the Community had borrowed the money.

The total involved in these loans has not changed since the beginning of the year and, on 31 December 1978, amounted to 1.420 m EUA.

Chapter 43 - LOANS FOR THE PROMOTION OF INVESTMENT IN THE COMMUNITY

The Council Decision of 16 October 1978 (78/870/EEC) empowered the Commission to take up loans on behalf of the Community to an amount not exceeding the equivalent of one thousand million EUA. The product of the loans thus raised will be used to on-lend for financing investment projects contributing to an increased convergence and integration of the Member States' economic policies. At 31 December 1978 no loan had been raised.

Chapter 47 - ASSUMPTION BY THE EUROPEAN COMMUNITIES OF CERTAIN FINANCIAL OBLIGATIONS

Article 470 of the 1978 Budget (Refunds arising out of certain financial obligations in respect of fishing in the Adriatic) was created in the First Supplementary and Amending Budget for 1978 in order to set up a budgetary framework for the expenditure provided for in connection with the fishing agreement between Italy and Yugoslavia. At that stage, an appropriation of 215.000 EUA was entered in the Article to cover the said expenditure for the 6-month period ending on 30 June 1978.

By means of a transfer approved by the Council on 25 October 1978, this appropriation was increased by a further allocation of 215.000 EUA, to cover the expenditure for the 6-month period ending on 31 December 1978. Total available appropriations therefore increased to 430.000 EUA.

However, at the accounting level, it was not possible to arrange the commitment in respect of this expenditure before 31 December 1978. For various internal administrative reasons Italy has not yet been able to transfer the amounts due for 1978 under the agreement with Yugoslavia and therefore has not yet formally applied for reimbursement by the Community.

Application was made for the non-automatic carryover of this appropriation to 1979.

TITLE 5 - SOCIAL AND REGIONAL FUNDS

Chapters 50, 51 and 52 - European Social Fund

A. Summary of implementation in 1978

The tables on the next few pages give an analysis of budget implementation in this sector. Implementation can be summarized as follows:

- (a) Commitments entered into during the financial year accounted for 569,01 m EUA of the available appropriation of 571,16 m EUA - an implementation rate of almost 100%;
- (b) Payments made during the financial year accounted for 284,78 m EUA of the available appropriation of 584,30 m EUA, i.e. 49%;
- (c) Total commitments entered into during 1978 but not paid - including commitments from previous financial years - amounted to 1.522,38 m EUA. Of this, 284,77 m EUA - i.e. 19% - have been paid out leaving a balance of 1.221,14 m EUA to be settled in the next few financial years.

The significant data are:

- (a) All commitments have been implemented. This shows how much is required in this field - applications were made under most headings and those for the largest amounts far exceeded the available resources;
- (b) Implementation of payments has speeded up compared with previous years, but there still remains a great deal to be done. If the system of advances which has been in force since 1978 could really get under way, it would contribute greatly to progress on this front;
- (c) Over and above delays in payment, the volume of commitments entered into but not yet paid is an indication of the volume and growth of the appropriations allocated to the Social Fund by the Budgetary Authority.

B. Analysis of implementation in 1978

The three tables on the following pages provide the basis for an analysis of each of the main aspects of implementation in 1978, i.e. commitments, payments and obligations in the course of being settled.

m EUA

1. UTILIZATION OF APPROPRIATIONS FOR COMMITMENT

Budget nomenclature	Appropriations available for 1978			Utilization in 1978		
	Approps. (1) entered in the 1978 Budget	Approps. left over from 1977 (2)	Total	Commitments entered into in 1978	Percentage used	Approps. available at 31.12.1978 (3)
	1	2	3	4	5	6
500 - Agricultural and textile sectors	32,50	0,04	32,54	31,97	98,2	0,57
501 - Young people	179	0,43	179,43	179,30	99,9	0,13
502 - Handicapped persons	-	-	-	-	-	-
503 - Migrants	18,50	-	18,50	18,50	100	-
505 - Women	8	-	8	7,69	96,1	0,31
50	238	0,47	238,47	237,46	99,6	1,01
510 - Regions, economic sectors or groups of companies	281,40	1,13	282,53	282,49	100	0,04
511 - Handicapped persons	48,60	-	48,60	48,14	99	0,46
51	330	1,13	331,13	330,63	99,9	0,50
52 - Pilot schemes and preparatory studies	1,50	0,06	1,56	0,92	61,4	0,63
TOTAL 50-52	569,50	1,66	571,16	569,01	99,6	2,15

- (1) Including transfers.
- (2) Including the appropriations coming from sums released in 1978 against commitments.
- (3) (Article 6(2)(a) of the Financial Regulation of 21 December 1977). These appropriations are still available for the financial year 1979.

2. UTILIZATION OF THE APPROPRIATIONS FOR PAYMENT

m EUA

Budget nomenclature	Appropriations for payment available in 1978			Payments made in 1978			Appropriations not used by 31 December 1978	
	Carryovers from 1977	Approps. for 1978*	Total	Out of carryovers from 1977	Out of approps. for 1978	Total	Out of carryovers from 1977	Out of approps. for 1978**
	1	2	3	4	5	6	7	8
500 - Agricultural and textile sectors	1,23	61	62,23	1,23	20,74	21,97	-	40,26
501 - Young people	5,98	118	123,98	5,98	68,90	74,88	-	49,10
502 - Handicapped persons	2,47	19	21,47	2,47	17,89	20,36	-	1,11
503 - Migrants	0,53	25	25,53	0,53	10,66	11,19	-	14,34
505 - Women	-	2,50	2,50	-	-	-	-	2,5
50	10,21	225,50	235,71	10,21	118,19	128,40	-	107,31
510 - Regions, economic sectors or groups of companies	31,41	275	306,41	31,41	99,37	130,78	-	175,63
511 - Handicapped persons	3,77	37	40,77	3,77	21,35	25,12	-	15,65
51	35,18	312	347,18	35,18	120,72	155,90	-	191,28
52 - Pilot schemes and preparatory studies	0,11	1,30	1,41	0,11	0,37	0,48	-	0,93
TOTAL 50-52	45,50	538,80	584,30	45,50	239,27	284,77	-	299,53

\*Including transfers.

\*\*These appropriations will be carried over automatically to the financial year 1979 (Article 6(2)(b) of the Financial Regulation of 21 December 1977).

3. PROGRESS WITH REGARD TO COMMITMENTS MADE

m EUA

Budget nomenclature	COMMITMENTS			PAYMENTS MADE IN 1978			COMMITMENTS REMAINING TO BE SETTLED UP AT 31 DECEMBER 1978*			Total
	Outstanding at 1.1.1978	Entered into in 1978**	Total	Out of commitments in Col. 1	Out of commitments in Col. 2	Total	Out of commitments in Col. 1	Out of commitments in Col. 2	Total	
	1	2	3	4	5	6	7	8	9	
500 - Agriculture and textile sectors	120,41	31,97	152,38	18,57	3,40	21,97	100,64	28,57	129,21	
501 - Young people	206,58	179,30	385,88	61,84	13,03	74,88	141,03	166,27	307,29	
502 - Handicapped persons	29,97	-	29,97	20,36	-	20,36	9,40	-	9,40	
503 - Migrants	69,35	18,50	87,85	9,66	1,54	11,19	60,03	16,96	76,99	
505 - Women	-	7,69	7,69	-	-	-	-	7,69	7,69	
50	426,31	237,46	663,77	110,43	17,97	128,40	311,10	219,49	530,59	
510 - Regions, economic sectors or groups of companies	477,79	282,49	760,28	124,96	5,81	130,78	341,98	276,68	618,66	
511 - Handicapped persons	48,51	48,14	96,65	20,96	4,17	25,12	26,76	43,97	70,72	
51	526,29	330,63	856,92	145,92	9,98	155,90	368,73	320,65	689,38	
52 - Pilot schemes and preparatory studies	0,77	0,92	1,69	0,20	0,28	0,48	0,53	0,64	1,18	
TOTAL 50-52	953,37	569,01	1.522,38	256,55	28,23	284,77	680,36	540,78	1.221,14	

\*Updated EUA rates.

\*\*See Column 4 of Table No 1 "Utilization of the appropriations for commitment".

## I. COMMITMENTS

### 1. Commitments entered into under appropriations for 1978

#### (a) Rate of utilization of appropriations

Almost all the appropriations for commitment entered in the 1978 Budget (569,01 of the 571,16 m EUA available, i.e. 99,6%) have been utilized following very slight rearrangements resulting from the following transfers:

2,5 m EUA from Article 500 (agriculture and textiles) to Article 503 (migrants),  
and 0,4 m EUA from Article 511 (handicapped persons) to Article 510 (regions).

#### (b) Purpose of the appropriations

There is a very marked concentration in the two Items:

- (i) Measures for young people (Article 501): 31% of the total appropriations, i.e. 3/4 of the Chapter 50 commitments (intervention under Article 4 of the basic Decision);
- (ii) Measures in favour of regions, economic sectors and undertakings in difficulty (Article 10): 49% of the total appropriations, i.e. 85% of Chapter 51 commitments (intervention under Article 5 of the basic Decision). It should be noted that over nine-tenths of the commitments in this Article are set aside for regions in difficulty (those also eligible for ERDF aid), whilst expenditure under the other two Items of this Article has so far been marginal.

It can therefore be said that, taken together, action in favour of young people and action in favour of the regions have accounted for over four-fifths of the commitment under the Fund in 1978, whilst unequal shares of the remainder have gone to the other intervention areas (see Table No 1 above).

#### (c) Comparison between commitments and applications for aid (Chapters 50 and 51)

As in 1977, only those applications recognized as priorities under the criteria defined in the directives for the management of the Fund (see OJ No C 116 of 19 May 1978) were considered. Even so, the most urgent priorities had to be singled out in the case of migrants (Article 503) and handicapped persons (Article 511). In the case of young people (Article 501) and the regions (Article 510) the sums applied for in respect of the less urgent applications had to be scaled down in order to bring them down to the level of the appropriations still available once applications in respect of the urgent priorities had been granted.

In all, 270 m EUA of less urgent applications were thereby dropped. To this figure should be added an almost equal sum (259 m EUA) in the form of applications dropped because they were not allowable, ineligible or not urgent.

The Fund's total allocation (570 m EUA for Chapters 50 and 51) was therefore exceeded by 529 m EUA (270 + 259 m EUA) i.e. by almost 100%.

(d) Multianual aspect of intervention under the Social Fund

Intervention under the Social Fund in respect of operations which may extend over two or more financial years proceeds in the form of tranches, any one of which may also straddle two financial years.

Overall, it can be said that the period of completion of the operations in which the Fund was involved in 1978 accounted for approximately 80% of the sums granted (i.e. some 450 m EUA) in 1978 itself, the residual 20% (i.e. approximately 120 m EUA) in 1979 and 1980 (about two-thirds in 1979 and one-third in 1980).

2. Last incidences of the old system of "commitment authorizations"

Before the introduction in 1977 of the system of differentiated appropriations for commitment and payment, the Social Fund had its own system under which commitments could be entered into in one financial year in respect of operations to be completed in each of the two following financial years, the sums involved being entered in the Budget.

These sums represented the "commitment authorizations" (see Article 104 of the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Communities).

Under this system, commitments were entered into in 1976 in respect of operations to be completed in 1978 and involving the following sums in m u.a. (see the revenue and expenditure accounts for the 1976 financial year, Volume II, page 96):

Commitment authorizations entered in the 1976 Budget for operations to be completed in 1978*	Commitments made in 1976 under these authorizations	
	in million u.a.	in million EUA (updated rate)
Chapter 50 (Article 4) 30	29,38	27,21
Chapter 51 (Article 5) 45	43,67	30,94
TOTAL 75	73,05	58,15

\* NB: Commitment authorizations were not broken down Article by Article - the system of commitment authorizations did not apply to Chapter 52 (Pilot schemes and preparatory studies).

3. Total commitments in respect of operations to be completed in 1978

From points 1(d) and 2 above it can be seen that, in 1978, more than 500 m EUA (450 + 58) will have been used for that year's operations. At the respective annual average rates, the corresponding amounts for 1976 and 1977 were 364 and 521 m EUA.

From this point of view therefore an increase of over 40% from 1976 to 1977 will be succeeded by a levelling-out between 1977 and 1978.

II. PAYMENTS

1. Rate of utilization of appropriations available for payments in 1978

A total of 584,30 m EUA was available for payments, 45,5 thereof automatically carried over from 1977 and 538,8 representing appropriations for the financial year. Actual payments amounted to 284,8 m EUA (see Table, "Utilization of Appropriations for Payment" above), of which 45,5 m EUA was covered by appropriations automatically carried over (entirely used up) and 239,3 by the appropriations for the financial year (44% utilization). The difference (i.e. 538,8 - 239,3 = 299,5 m EUA) will be carried over automatically to the 1979 financial year (Article 6(2)(b) of the Financial Regulation of 21 December 1977).

2. Payment procedures in force in 1978

In 1978 for the first time two procedures were used for payment. In addition to the procedure provided for under the original rules of 1971 and 1972, there was the procedure authorized as from 1 January 1978 following the review of the original rules in 1977\*.

Under the first system, payments were made on production of supporting documents. The second system involved payment on applications certified as correct by the Member States for operations prior to 1977 (payments on account of up to 85% of the applications submitted by 1 July), or for 1977 operations (payments on account of up to 85% of applications submitted by 1 January 1978) or for post-1977 operations (advances of 30% when starting the operation and 30% half-way through the operation).

3. Utilization of the appropriations under each of the procedures in force in 1978

(a) Pre-1977 operations

The facilities offered - payment on account of up to 85% of the aid upon applications certified as correct by the Member States and submitted by 1 July 1978) - were hardly used. At least three-quarters of the 1978 payments in respect of these operations (82 m EUA in all) were made under the old procedure mainly because some of the Member States most involved had been unable to certify the correctness of the applications for payment by the date required.

\* See Council Regulation 858/72 on certain administrative and financial procedures for the operation of the European Social Fund, amended by Council Regulation 2894/77 of 20 December 1977 (OJ L 337 of 27 December 1977).

Mainly because of the under-utilization of this facility, but also in view of the operations or parts of operations already cancelled or awaiting cancellation (1) in respect of the original aid - i.e. 13 to 15% of the original commitments for the operations for the period 1973 to 1975 (years which are now almost fully cleared) - about 70 m EUA should still be outstanding for operations prior to 1977, mainly those for 1976.

(b) Operations completed in 1977

Under this heading a total of some 520 m EUA was allocated by the Social Fund, partly in 1975 and 1976 under the system of commitment authorizations then in force, and partly in 1977 under the appropriations for that financial year.

Even allowing for a reduction of the same order as that actually accruing for the years 1973 to 1975 (see the previous paragraph) as compared with the original commitments, the facilities offered in 1978 (the same as for pre-1977 operations with a deadline of up to the end of the year) it seemed possible that the Fund would be able to pay out a minimum of 300 m EUA under this heading. Mainly for the reasons already given in connection with pre-1977 operations, the Fund paid out only half of this minimum - some 140 m EUA.

(c) Operations completed in 1978

The only sums to concern us here are the aid allocated under this heading in 1976 under the system of commitment authorizations (58 m EUA), in 1977 (approximately 100 m EUA) and under the first instalment of authorizations out of 1978 appropriations (approximately 140 m EUA), i.e. some 300 m EUA in all. On the other hand, as aid from the second instalment of 1978 grants (approximately 390 m EUA, 280 m EUA of which for operations to be carried out in 1978) could not be allocated until the end of December, as is the case each year, it was impossible to pay anything out under this head before the end of the financial year. Of this sum of 300 m EUA it was reasonable to hope to be able to pay out, on average, at least the first 30% advances payable upon start-up of an operation guaranteed by the Member State to the Commission, i.e. 90 m EUA. In practice, it was possible to pay out approximately 60 m EUA under this head, and there were big differences between the amounts going to the various Member States.

- (d) To sum up, most of the commitments awaiting settling up in 1978 were connected with operations completed in 1977 (520 m EUA's worth of commitments entered into). Such under-utilization of the facilities offered to reduce this mass largely explains the size of the appropriation to be carried over to the next financial year.

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(1) The Member States are currently being consulted on this point.

#### 4. Possibility of catching-up in 1979

The possibility of using simplified procedures for pre-1978 operations no longer exists in 1979. In other words, payments in respect of pre-1978 operations have to be made in accordance with the old procedure (supporting documents).

Nevertheless a number of applications in respect of 1977 operations, which arrived just before the expiry of the relevant deadline (end of December) and therefore too late to be paid up in 1978, will be settled up in 1979 under the simplified procedure.

Moreover, in 1979 advance payments may still be made in connection with operations completed in 1978. As stated in paragraph 3(c) above, it was not possible to pay more than 60 m EUA at the most in the form of such advances in 1978. Over 500 m EUA in aid was granted for 1978 operations; two instalments of 30% in the form of advances on this aid makes 300 m EUA, of which 60 m EUA have already been transferred.

It is estimated that in practice some 200 m EUA could still be paid in 1979 under the heading of advances for 1978 operations, if the system of advances functions normally. Any other forecasts as to budget implementation of the Social Fund in 1979 would be premature and would in any case fall outside the scope of this report.

On 9 November 1978 the Commission sent the Budgetary Authority a paper entitled "Causes of delays in implementing payments in certain budget fields (Social and Regional Funds), a paper for the attention of the European Parliament's Committee on Budgets".

In order to clarify the conditions under which the Budget was implemented and to ensure better comprehension of this report, it seemed best to set out the essential points of the above paper in Annex A to this document.

### III. TREND IN THE VOLUME OF COMMITMENTS ENTERED INTO

At the beginning of the financial year, the volume of commitments outstanding amounted to 953,4 m EUA. By the end of the financial year it was 1.221,1 m EUA. The increase is the difference between the commitments entered into (569 m EUA) and the payments made (284,8 m EUA) in 1978.

In evaluating this sum, it should not be forgotten that:

- firstly, the volume of operations receiving aid from the Fund, and likely to spread over several financial years, has grown because of the increase in appropriations for commitment;

- secondly, although the process of settling up is more efficient than in previous financial years, it still does not match up to estimates because of the under-utilization by the Member States of the exceptional facilities offered in 1978, and because the new system of advances has been slower to get under way than expected.

It must also be recognized that the administrative difficulties which prevented certain Member States from profiting fully from the facilities offered in 1978 were underestimated.

Chapter 55 - EUROPEAN REGIONAL DEVELOPMENT FUND

A. REVIEW OF IMPLEMENTATION IN 1978

The following tables give an overall view of budgetary implementation in this sector.

The main features of implementation are:

- Commitments entered into in 1978 totalled 556,36 m EUA of the available appropriations of 599,84 m EUA, i.e. approximately 93%.
- Payments effected totalled 254,89 m EUA of the available appropriations of 608,08 m EUA, i.e. 42%.
- Total commitments entered into in 1978 were 960,65 m EUA. Some 254,89 m EUA (27%) of this amount were paid and 705,76 m EUA is outstanding from subsequent financial years.

It can thus be concluded that implementation of commitments was extremely satisfactory but that of payments unsatisfactory.

UTILIZATION OF APPROPRIATIONS FOR COMMITMENT

m EUA

Budgetary nomenclature	Available appropriations for 1978			Appropriations used in 1978		
	Appropriations entered in 1978 Budget	Appropriations outstanding from 1977*	Total	Commitments made in 1978	% utilized	Appropriations available at 31.12.78
	1	2	3	4	5	6
55 FEDER	581,00	18,84	599,84	556,36	92,75	43,48

\* Including sums released in 1978.

UTILIZATION OF APPROPRIATIONS FOR PAYMENT

m EUA

Budgetary nomenclature	Appropriations for payment available in 1978			Payments made in 1978			Appropriations not used up at 31.12.1978	
	1977 carryovers	1978 approps.	Total	against 1977 carryovers	against 1978 approps.	Total	against 1977 carryovers	against 1978 approps.
	1	2	3	4	5	6	7	8
55 FEDER	83,08	525,00	608,08	83,08	171,81	254,89	-	353,19

BREAKDOWN OF COMMITMENTS CONTRACTED

m EUA

Budgetary nomenclature	Commitments			Payments made in 1978			Commitments outstanding at 31.12.1978		
	Outstanding at 1.1.78	Contracted in 1978	Total	against commitments Col. 1	against commitments Col. 2	Total	against commitments Col. 1	against commitments Col. 2	Total
	1	2	3	4	5	6	7	8	9
55 FEDER	404,29 <sup>(1)</sup>	556,36	960,65	151,39	103,50	254,89	252,90	452,86	705,76

(1) At the updated rate.

Appropriations for commitment

Total appropriations available for commitment in 1978 amounted to 599,84 m EUA, of which 581 m EUA were entered in the Budget, 15,03 m EUA were outstanding from 1977 and 3,81 m EUA had been released from previous financial years.

At 31 December the commitments made against these appropriations amounted to 556,36 m EUA for aid awarded in May, July and November; this figure represents a utilization rate of approximately 93%.

As in previous years, a large proportion of commitments (300,03 m EUA or 54% of the total) were made in the last quarter.

The following remarks must be made about the unused appropriations for commitment:

- A sum of 29,05 m EUA (5% of the 581 m EUA entered in the Budget) was earmarked for the non-quota section provided for in the revised Fund Regulation which was not adopted as expected in 1978. This appropriation has been carried over to the present financial year. If it proves impossible in practice to use this appropriation for the non-quota section within a reasonable length of time it will be allocated to the quota section. This amount will be subsequently refunded to the non-quota section by the quota section, as agreed by the Council and Parliament under the procedure of concertation on the revised Regulation.
- The amended Regulation also raises France's quota by two percentage points. Since the revised Regulation was not adopted by the end of 1978 the commitments contracted on behalf of France had at that stage to be limited to an amount approximately equivalent to the former quota. The outstanding appropriations attributable to this Member State have been kept in reserve pending the adoption of the revised Regulation.

If the above facts are taken into account the actual rate of utilization of appropriations for commitment is 99%.

The breakdown by country and type of investment in the table on page 91 calls for the following comments:

- The Council and Parliament agreed in the concertation procedure that the national quotas for each financial year did not have to be strictly observed for each year but solely for the period of three years. The commitments contracted on Italy's behalf thus could slightly exceed its theoretical quota.
- The proportion of aid granted for infrastructure projects (approximately 67%) is less than the 70% ceiling imposed by the revised Regulation; there were, however, wide variations from one Member State to

another (e.g. ranging from 77% for Italy to 61% for the United Kingdom).

- The rule that Member States should give priority to applications for aid for investments equal to or exceeding 10 m EUA has been observed to the extent that commitments for these projects account for 52% of the total commitments.

### Appropriations for payment

In 1978 the ERDF had a total of 608 m EUA in appropriations for payment, of which 83 m EUA had been carried over from 1977. Total payments made in 1977 were 255 m EUA or approximately 42% of the available appropriations. The appropriations carried over were used first to finance requests for payments for 1975, 1976 and 1977 projects and have been completely used up.

Payments totalling 172 m EUA have been made against the appropriations entered in the 1978 Budget (525 m EUA). The balance of unused appropriations (353 m EUA) has been carried over to 1979.

There was obviously a serious delay in implementing payments (for details see the table on page 92) which calls for the following explanations:

- The appropriations entered in the 1978 Budget had been overestimated. Calculations had been based on the volume of appropriations for commitment in the Preliminary Draft Budget for 1978 (750 m EUA) and not on the amount in the final Budget (581 m EUA). A total of 83 m EUA had also been carried over from 1977 to 1978.
- There had been a marked slowing-down in the rate at which Member States made requests for payment. Total payments made (255 m EUA) were less than the 1977 total (372 m u.a. = 280 m EUA) although the increase in appropriations for commitment in 1978 ought to have led to a corresponding increase in payments made.

Payments against new commitments entered into in 1978 reached only 19% of the value of these commitments; some 35% might have been expected to have been paid in the year in which the commitments were contracted in the light of the trend in previous years.

Payments relating to commitments made before 1978 again only reached approximately two-thirds of the proportion of commitments outstanding which could have been expected in the light of the trend in the period 1975-1977.

- The new Fund rules provide for a system of accelerated payments under which 75% of aid from the Fund for a project may be paid, provided at least 30% of the total expenditure relating to the project has been effected by the Member State.

If the new rules had been adopted only shortly before 31 December 1978, a large proportion of accelerated payments could have been made in 1978 itself. It is also highly likely that national officials who deal with requests for payment could have made additional requests for other projects if they had not concentrated their efforts on accelerated payments which could not in practice be made.

On 9 November 1978 the Commission sent the Budgetary Authority a paper entitled "Causes of delays in implementing payments in certain budget fields (Social and Regional Funds), a paper for the attention of the European Parliament's Committee on Budgets". In order to clarify the conditions under which the Budget was implemented and ensure better comprehension of this report, it seemed best to set out the essential points of the above paper in Annex A to this document.

### Conclusions

1. Budgetary implementation in 1978 was extremely satisfactory for commitments but unsatisfactory for payments. A marked improvement in the payments situation is expected in 1979 as a result of the forthcoming adoption of the new rules introducing a system of accelerated payments.
2. When the Regional Fund was first introduced, particularly in 1975, projects which had already been started up some time before the time for submission of requests for assistance had to be accepted (although payments could only be made if they had been effected after 1 January 1975) so that the Fund could become operational as quickly as possible.

Now that the Fund has reached "cruising speed" after four years of operation, projects approved are "new" in the sense that they start up just before the Commission approves their funding. The Fund thus has a much stronger incentive effect than it did in the past. This is a marked improvement on the old situation when, regrettably, aid from the Fund was always merely a subsequent reimbursement of expenditure and this system of Community financing failed to provide the element of complementarity desired at political and Community level.

3. The projects approved seem to be increasingly designed to meet the particular needs of the regions to which they relate. This is why the percentage of Fund aid for infrastructure projects varies considerably from one Member State to another; it is allocated in the best way to meet local needs. This will ensure optimum utilization of available resources.

STATEMENT OF COMMITMENTS AT 31 DECEMBER 1978

Member States	Commitments made from 1.1.1978 to 31.12.1978										Available appropriations at 31.12.78
	A	B	Total industry	C	D	E	F	Total infrastructure	Grand total	Appropriations entered in the Budget (1) and outstanding appropriations	
Belgium	1,18	0,19	1,37	-	4,76	-	0,02	4,78	6,15	7,67	1,52
Denmark	-	-	-	3,46	2,12	-	-	5,58	5,58	6,67	1,09
Germany	10,40	15,26	25,66	4,71	18,89	-	-	23,60	49,26	50,63	1,37
France	7,84	21,83	29,67	18,25	26,43	-	8,27	52,95	82,62	93,07	10,45
Ireland	4,36	10,60	14,96	3,01	13,74	-	3,44	20,19	35,15	35,77	0,62
Italy	29,82	19,33	49,15	140,27	26,25	-	4,66	171,18	220,33	218,44	(1,89)
Luxembourg	-	-	-	-	0,50	-	-	0,50	0,50	0,50	-
Netherlands	5,52	-	5,52	-	2,66	-	-	2,66	8,18	8,72	0,54
United Kingdom	36,22	21,03	57,25	26,18	62,36	-	2,80	91,34	148,59	149,32	0,73
	95,34	88,24	183,58	195,88	157,71	-	19,19	372,78	556,36	570,79	14,43
Non-quota section	-	-	-	-	-	-	-	-	-	29,05	29,05
Totals	95,34	88,24	183,58	195,88	157,71	-	19,19	372,78	556,36	599,84	43,48

- A : Investment in industry, craft + trades or services of 10 m EUA or more.
- B : Investment in industry, craft + trades or services of less than 10 m EUA.
- C : Infrastructure investment of 10 m EUA or more.
- D : Infrastructure investment of less than 10 m EUA.
- E : Infrastructure investment in hill-farming areas of 10 m EUA or more.
- F : Infrastructure investment in hill-farming areas of less than 10 m EUA.

(1) The appropriations for commitment entered in the 1979 Budget were allocated to the Member States according to the scale in subparagraph (a) of Article 2(3) of the amended Regional Fund Regulation (Council Regulation No 214/79 of 6 February 1979).

DETAILED BREAKDOWN OF PAYMENTS AT 31 DECEMBER 1978

Member States	Commitments outstanding at 31.12.77 (1)	Payments against automatic carryovers from 1977 to 1978	Payments against appropriations for payments 1978	Commitments prior to 1978 outstanding at 31.12.1978	Commitments made in 1978	Payments against 1978 appropriations for payment	1978 commitments outstanding at 31.12.1978	Total payments made in 1978	Total commitments outstanding at 31.12.1978
Belgium	12,98	2,55	3,42	7,01	6,15	-	6,15	5,97	13,16
Denmark	5,80	0,76	0,62	4,42	5,58	-	5,58	1,38	10,00
Germany	45,83	24,62	2,96	18,25	49,26	14,60	34,66	42,18	52,91
France	98,59	6,67	25,25	66,67	82,62	8,72	73,90	40,64	140,57
Ireland	22,77	7,63	1,54	13,60	35,15	11,29	23,86	20,46	37,46
Italy	119,48	13,19	22,56	83,73	220,33	42,79	177,54	78,54	261,27
Luxembourg	0,68	-	0,21	0,47	0,50	-	0,50	0,21	0,97
Netherlands	14,22	4,60	1,88	7,74	8,18	-	8,18	6,48	15,92
United Kingdom	83,94	23,06	9,87	51,01	148,59	26,10	122,49	59,03	173,50
	404,29	83,08	68,31	252,90	556,36	103,50	452,86	254,89	705,76

(1) At the updated rate.

EU/A

Chapter 58 - COMMUNITY AID TO THE FRIULI DISASTER AREA

Utilization of carryovers

The appropriations carried over from 1977 to 1978 - 32,56 m EJA - accounted for 93% of the appropriations of 60 m EJA originally committed at the end of 1976. The volume of payments made in 1978 - 2,23 m EJA, i.e. 7% of the carryovers, thus represents approximately the same rate of implementation as in 1977, which is obviously very slow.

It should be pointed out that, since the projects in question are phased over many years, they are subject to the same arrangements as the individual projects financed from the EAGGF Guidance Section, i.e. the appropriations are automatically carried over for five years.

Chapter 59 - AID TO DISASTER VICTIMS IN THE COMMUNITY

The following aid was granted by the Commission in 1978:

		m EJA
- Storms and snowstorms in January	United Kingdom	1,4
	France	0,4
- The Amoco Cadiz disaster in March	France	0,5
- Floods in May	Federal Republic of Germany	0,5
- Earthquake in September (Baden-Württemberg)	Federal Republic of Germany	0,2
- Floods in August (Val d'Ossola)	Italy	0,7
	<b>Total</b>	<b>3,7</b>

Because of the purpose for which it is intended this appropriation cannot be estimated or utilized according to the usual criteria. The fact that it has not been completely used up and a proportion has thus been cancelled (1,3 m EJA out of 5 m EJA) is of no significance.

TITLES 6 and 7 - EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND

I. GENERAL REMARKS

1. Observation

- (a) Compared with 1977, expenditure on supporting the agricultural markets went up by 30,2% from 6.662,4 m IMF u.a. in 1977 to 8.679,3 m EUA in 1978. The following two points, however, should be borne in mind:
- (i) expressing the total expenditure in m EUA (i.e. 6.830,4 m EUA), given an increase of 27%, (i.e. + 1.848,9 m EUA);
  - (ii) pursuant to Council Regulation 1883/78 the Commission decided to write down certain intervention stocks; the cost of this measure to the 1978 Budget was estimated at 400 m EUA and similar savings will be made when future Budgets are implemented. If one disregards the writing-down of stocks that was agreed in 1978, the increase of EAGGF - Guarantee Section expenditure compared with 1977 can be put at approximately 21% in real terms;
- (b) The overall increase in expenditure recorded above resulted from stepping up Community charges (see table on page 7) in the milk and milk products (+ 820 m u.a.), cereals (+ 413 m u.a.), sugar (+ 233 m u.a.), and beef and veal (+ 156 m u.a.) sectors; non-Annex II products (+ 60 m u.a.) and dual rate expenditure (+ 551 m u.a.) were also up. Some sectors, however, showed a slight decrease in expenditure in 1978 compared with 1977: fruit and vegetables (- 86 m u.a.), wine (- 28,4 m u.a.) and accession compensatory amounts granted in respect of intra-Community trade (- 152 m u.a.);
- (c) A look at each market's share of strictly agricultural expenditure (i.e. expenditure on the various common market organizations) shows that sums involved for the cereals, sugar and beef and veal sectors has increased while that spent on milk and milk products has remained constant.

	Share of agricultural expenditure 1977	Share of agricultural expenditure 1978
Milk and milk products	50 %	50 %
Cereals	11 %	15 %
Sugar	10,5 %	11,5 %
Beef and veal	8 %	8,5 %
Total	79,5 %	85 %

2. Summary of implementation of EAGGF - Guarantee Section expenditure  
In 1978

The trend in Community expenditure in the main sectors of the EAGGF - Guarantee Section reflected the following economic situations:

Milk and milk products

The financial support given by the EEC in 1978 for the milk and milk products sector was still considerable. The desire to improve a sector with a structural surplus resulted in the efforts to encourage sales being continued and stepped up both internally (aids for human and animal consumption) and externally (export refunds).

These efforts enabled Community stocks of milk powder to be reduced by nearly 300.000 tonnes; however, stocks of butter have started to increase again.

Sugar:

In 1978 there was a significant increase for the following reasons:

- (i) Sugar production increased by roughly 9%; the obligation to import 1.300.000 tonnes from the ACP States meant that the Community had to export 1.200.000 tonnes more in 1977/78 than in 1976/77 (1).
- (ii) Worldwide overproduction lowered the world price and forced the Community to pay higher export refunds: the average refund in 1978 was more than 50% up on 1977.

Cereals:

The increase in expenditure in 1978 compared with 1977 resulted principally from the increase in production; the 1976/77 harvest was low and so, therefore, was expenditure in 1977; the 1977/78 and 1978/79 harvests were generally very good, with the result that greater quantities had to be exported and expenditure on export refunds increased. Production of common wheat and of barley (the two main cereal crops exported) was as follows:

Cereal	m tonnes		
	1976/1977	1977/1978	1978/1979
Common wheat	35,6	36,2	43,7
Barley	30	37,7	39,7 (2)
Charged to:	BUDGET 1977	BUDGET 1978	

- (1) Except for sugar not falling within the maximum quota (category C sugar).
- (2) Provisional figures.

Monetary compensatory amounts

Budgetary expenditure on monetary compensatory amounts fell in 1978: a slight drop in the rates applied at Community frontiers was observed for most national currencies.

	RATES RECORDED			
	1977		1978	
	minimum	maximum	minimum	maximum
DM	+ 7,5	+ 9,3	+ 7,2	+ 11,1
BFR/LFR	+ 1,4	+ 1,4	+ 1,4	+ 1,4
HFL	+ 1,4	+ 1,4	+ 1,4	+ 1,4
FF	- 13,2	- 19,4	- 2,9	- 23
LIT	- 13,1	- 22,5	-10,2	- 26
UKL	- 28,9	- 38,5	-22,6	- 39,9
IRL	- 1,9	- 23,5	- 0,8	- 10,7

II. IMPLEMENTATION OF THE 1978 BUDGET

Before analysing the main aspects of the implementation of the 1978 Budget, it would be useful to sum up the basic features as follows:

(a) The trend in authorized appropriations

1. The initial budget for the EAGGF Guarantee Section adopted by the Budgetary Authority amounted to 8.695,25 m EJA (of which 6.959,75 m EJA are entered in Titles 6 and 7 and 1.735,5 m EJA in Chapters 44-46).

2. The Amending Budget

Not all the consequences of applying the co-responsibility levy in the dairy sector could be taken into account when drawing up the initial budget; that is the reason why the Commission proposes a revision of nomenclature in this field in order to allow management of these funds and the charging of expenditure arising from application of this system.

This was approved by the Budgetary Authority when adopting the Second Supplementary Budget on 15 March 1978.

3. Adjustments of appropriations

(a) It should be recalled that on 18 July 1978 the Council approved a non-automatic carryover of 24 m EJA (21,783 m EJA for Chapter 62, 2,217 m EJA for Chapter 46) from 1977 to the financial year 1978; a sum of 24 m EJA had been collected under the co-responsibility levy when implementing the 1977 Budget without equivalent expenditure being committed.

- (b) On 20 November 1978, the Council also approved a transfer of 16 m EUA (14 m EUA from Chapter 60, 2 m EUA from Chapter 46) to Chapter 83 (Item 8303 - Surveillance of the Community fishing zone).
- (c) Finally, the Council adopted in January and at the end of March 1979 a number of adjustments in the appropriations allocated to each Chapter of the EAGGF Guarantee Section by transfers between Chapters.

These transfers are the consequence of the implementation of Article 8 of Regulation No 1883/78, which changed the method for assessing intervention stocks at the end of the financial year (average purchase price instead of the intervention price valid at the start of the following financial year and the possibility of further writing-down in the light of the estimates of market conditions); this change has led to the assumption by the Chapters concerned in the financial year 1978 of additional expenditure which may be estimated as follows (1):

Chapter 60 - Cereals	+ 13,4 m EUA
Chapter 64 - Beef and veal	+ 75,3 m EUA
Chapter 62 - Milk and milk products	+ 213,5 m EUA
Chapter 63 - Oils and fats	+ 22,6 m EUA
Chapter 70 - Tobacco	+ 14,2 m EUA
Chapter 46 - Expenditure resulting from dual exchange rates	+ <u>69,0 m EUA</u>
TOTAL	408 m EUA

However, it was possible to apply the new rules on valuation of the stocks by using the appropriations already available and no additional appropriations were thus required: the appropriations required for implementing this measure were obtained by means of transfer during the budgetary implementation of the EAGGF Guarantee Section, despite the adjustment of prices for the marketing year 1978/79 and the related measures adopted by the Council on 12 May 1978.

(b) Final implementation at 31 December 1978

The following table gives the overall implementative situation at 31 December 1978. The rate of utilization of appropriations was:

- 99,9% on the basis of overall commitments;
- 99,6% on the basis of payments charged.

The 30,4 m EUA unused in 1978 were the subject of a request for non-automatic carryover made by the Commission to the Council on 19 April 1978. The request related to Item 6240 "Financial contribution by the Guarantee Section to premiums for the non-marketing of milk and premiums for conversion".

SUMMARY OF IMPLEMENTATION FOR THE FINANCIAL YEAR 1978

APPROPRIATIONS AVAILABLE	m u.a.	IMPLEMENTATION	m u.a.
<b>A. APPROPRIATIONS FOR THE FINANCIAL YEAR</b> 1. Initial appropriations 2. Supplementary Budget 3. Transfers to the fisheries sector  <u>TOTAL</u>	8,695,25 - 16,00  <u>8,679,25</u>	<b>C. COMMITMENTS</b> 1. Total commitments 1978 - amounts committed specifically - balance of general commitments . carried over to 1979 . cancelled 2. Amount not committed  <u>TOTAL</u>	8,676,6 8,648,8 - 27,8 2,6  <u>8,679,25</u>
<b>B. APPROPRIATIONS FROM THE PREVIOUS FINANCIAL YEAR</b> - Automatic carryovers from 1977 - Non-automatic carryovers from 1977 <u>TOTAL</u>	609,8  24,00  <u>633,8</u>	<b>D. PAYMENTS</b> 1. <u>Implementation of the carryovers from 1977</u> - Payments (a) against automatic carryovers (b) against non-automatic carryovers - Cancellations Balance 2. <u>Implementation of the appropriations for 1978</u> (a) Payments (b) Carryovers to 1979 . Appropriations committed specifically and carried over automatically to 1979 . Appropriations committed generally and carried over automatically to 1979 . Unused appropriations: possible non-automatic carryover to 1979 Total amount carried over from 1978 to 1979  3. Cancelled appropriations . against appropriations committed generally . not against appropriations committed generally Total appropriations cancelled Balance  <u>TOTAL</u>	605,78  24,00 4,00 <u>633,8</u>  8,648,8  - - 30,4 <u>30,4</u>  - - - -  <u>9,313,05</u>
<b>TOTAL APPROPRIATIONS AVAILABLE</b>	<b>9,313,05</b>		<b>9,313,05</b>

### III. SECTOR-BY-SECTOR ANALYSIS

The following table provides an overall view of the implementation of the EAGGF Guarantee Section Chapters of the Budget.

In 1978, the initial appropriations were only 0,5% higher than the final expenditure. However, this was the result of divergent trends within these Chapters.

The savings on eleven Chapters amounted to 1.131,4 m u.a., while the appropriations in six other Chapters fell short by 1.085 m u.a.

#### (a) Chapters where budgetary savings were made

Cereals: ..... 428,7 m u.a.

The sizeable saving in this sector is due mainly to the refunds, the storage items and durum wheat.

The reduced expenditure on refunds is due to the fact that the world rates were better than at the end of last summer and, in particular, to a lower 1977/78 harvest than estimated in the Budget, an estimate which itself was much lower than the trend.

The reduction in storage expenditure also resulted from the poor harvest and the Council Decisions of 12 May 1978 on the carry-over payments.

The reduction for durum wheat is partly due to a reduction in the area under cultivation in 1977 - which was even higher than expected when the Budget was drawn up - and partly to the fact that the number of payments caught up with in respect of the previous marketing years was lower than expected.

Rice: ..... 19,9 m u.a.

The expected saving is the result of a reduction in exports and refund rates.

Oils and fats: ..... 79,4 m u.a.

This sector shows a small excess as regards production aid for oilseeds which is largely balanced by savings achieved in the olive oil sector, for which storage costs are increasing but for which the production aid has not caught up as expected with the delay in payments.

Sugar: ..... 42,3 m u.a. (5% of initial appropriations)

The small saving recorded in this sector was achieved primarily in export refunds: the refund rates actually applied were slightly lower than estimated.

■ u.a.

	Initial appropriations 1978	Adjustments by transfers decided by the Council	Final appropriations	Expenditure for the financial year 1978		Difference between appropriations and expenditure 1978		Expenditure for the financial year 1977	
				Totals	% share	u.a.	%	Totals	% share
60 - Cereals	1.428,3	- 428,7	999,6	999,6	11,5	- 428,7	- 30,0	586,7	8,8
61 - Rice	36,6	- 19,9	16,7	16,7	0,2	- 19,9	- 54,4	13,9	0,2
62 - Milk and milk products	2.917,6 (1)	+ 478,5	3.396,1 (1)	3.365,7 (1)	38,8	+ 448,0	+ 15,4	2.545,0	38,2
63 - Oils and fats	413,3	- 79,4	333,9	333,9	3,8	- 79,4	- 19,2	305,0	4,6
64 - Sugar	812,5	- 42,3	770,2	770,2	8,9	- 42,3	- 5,2	536,7	8,1
65 - Beef and veal	460,8	+ 105,9	566,7	566,7	6,5	+ 105,9	+ 23,0	410,8	6,2
66 - Pigmeat	84,5	- 46,2	38,3	38,3	0,4	- 46,2	- 54,7	31,9	0,5
67 - Eggs and poultry	25,4	+ 8,3	33,7	33,7	0,4	+ 8,3	+ 32,7	22,3	0,3
68 - Fruit and vegetables	139,2	- 39	100,2	100,2	1,2	- 39,0	- 28,0	186,2	2,8
69 - Wine	224,3	- 161,8	62,5	62,5	0,7	- 161,8	- 72,1	90,9	1,4
70 - Tobacco	237,4	- 27,5	209,9	209,9	2,4	- 27,5	- 11,6	205,3	3,1
71 - Fisheries	18,0	- 4,0	14,0	14,0	0,2	- 4,0	- 22,2	7,9	0,1
72 - Ethyl alcohol	63,6	+ 17,9	81,5	81,5	0,9	+ 17,9	+ 28,1	51,4	0,8
73 - Other sectors COM	120,0	+ 64,4	184,4	184,4	2,1	+ 64,4	+ 53,7	124,1	1,9
74 - Non-Annex II	30,0	- 6,9	23,1	23,1	0,3	- 6,9	- 23,0	174,9	2,6
44 - ACAs									
Sub-total Agricultural expenditure	7.011,5	- 180,7	6.830,9	6.800,4	78,4	- 211,1	- 3,0	5.293,0	79,4
45 - MCAs	992,6	- 275,6	717,0	717,0		- 275,6		859,9	
46 - Dual rate	715,1 (1)	+ 440,3	1.155,5 (1)	1.155,5 (1)		+ 440,3		509,5	
TOTALS	8.719,2 (1)	- 16 (2)	8.703,3	8.672,8	100,0	- 46,4	- 0,5	6.662,4	100,0

(1) Including carryover from 1977 to 1978 (24 ■ u.a. in all).

(2) Transfer of 16 ■ u.a. to Chapter 83.

Pigmeat: ..... 46,2 m u.a. (55% of initial appropriations)

This sector shows an appreciable saving as exports are lower than forecast (because of increased domestic consumption), as are the refund rates.

Fruit and vegetables: ..... 39 m u.a.

The recorded saving is the result of a fall in production compared with estimates and, consequently, of the quantities withdrawn from the market, in particular as regards apples and pears.

Wine: ..... 161,8 m u.a.

The harvest was far lower than expected from the trend, which explains the saving as regards storage and, in particular, distillation. In addition, there was no need for the operations considered when drawing up the Budget in accordance with the provisions guaranteeing long-term contracts.

Tobacco: ..... 27,5 m u.a.

The saving recorded in this sector is due partly to lower production than forecast and partly to difficulties in marketing certain Eastern varieties, which brought large quantities into intervention, with a staggering of the payment of premiums.

Monetary compensatory amounts: 275,6 m u.a.

The actual rates for MCAs, as opposed to the provisional estimates contained in the Budget, were as follows:

Currencies	Rates adopted when preparing the 1978 Budget (September 1978)	Rates recorded in 1978	
		Minimum	Maximum
DM	+ 7,5	+ 7,5	+ 11,1
BFR/LFR	+ 1,4	+ 1,4	+ 1,4
HFL	+ 1,4	+ 1,4	+ 1,4
FF	- 13,4	- 2,9	- 23
LIT	- 15,1	- 10,2	- 26
UKL	- 31,9	- 22,6	- 39,9
IRL	- 4,3	- 0,8	- 10,7

The effective rates were not very different from the actual rates applied. However, the reason for the discrepancy observed is as follows:

Consequent upon the extension of the facility allowing the exporting Member States with strong currencies to pay monetary compensatory amounts granted in respect of imports (Article 2(a) of Regulation 974/71), the distribution of MCAs in intra-Community trade has had to be reviewed.

The 1978 Budget was drawn up on the basis that Article 2(a) would not be applied; however, since the Budget was implemented in accordance with Article 2(a), the distribution of expenditure between Chapter 45 (Monetary compensatory amounts) and Chapter 46 (Dual rate expenditure) has altered; although the overall budgetary effect in EUA terms is neutral, a transfer of charges from Chapter 45 to Chapter 46 of roughly 250 m EUA has in fact taken place.

(b) Chapters for which the appropriations were inadequate

Milk and milk products: ..... 448,1 m u.a.

The appropriations were inadequate for two reasons:

- (i) the quantities receiving aid were greater than estimated: the exported quantities of the majority of products, the quantities of skimmed milk powder used for pigfeed and the quantities qualifying for the special measures for absorbing surpluses of butterfats were all larger than expected;
- (ii) the writing-down of stocks effected at the end of 1978 pursuant to Regulation No 1883/78 accounted for extra appropriations in 1978 of approximately 200 m u.a.; savings of a similar magnitude will be made when later Budgets are implemented.

It also appears that the revenue from the financial contributions of milk producers was greater in 1978 than actual expenditure on the co-responsibility programme.

The spread of expenditure and revenue over the five-year period 1977-81 can be reckoned as follows:

	Expenditure		Estimates			Total
	1977	1978	1979	1980	1981	
(a) Publicity and sales promotion in the Community	-	8,8	{ 18,2 16,2	10,8	-	54,-
(b) Market research in the Community	-	-	{ 2,4 2,4	{ 1,6 1,6	-	8,-
(c) Market research outside the Community	-	-	3,3	{ 2,2 7,5	5,-	18,-
(d) Improvement of the quality of milk	-	-	15	{ 10 3,9	2,6	31,5
(e) School milk	-	10,-	{ 5,5 10,-	8,-	-	33,5
(f) Butyric fats for ice cream	6,1	21,6	21,8	-	-	49,5
(g) Concentrated butter	-	3,5	7,5	5,-	-	16,-
TOTAL EXPENDITURE	6,1	43,9	102,3	50,6	7,6	210,5
REVENUE	21,8	137,4	(1) 51,3	-	-	210,5
Difference between revenue and expenditure	+15,7	+93,5	-51,-	-50,6	-7,6	-

(1) Not including any revenue which might accrue from the extension of the co-responsibility levy after the beginning of the 1979/80 marketing year.

Beef and veal: ..... 105,9 m u.a.

The appropriation was insufficient for the following reasons:

- the writing-down of stocks pursuant to Article 8 of Regulation 1883/78 (approximately 70 m u.a.)
- increased exports and the fact that the improvement on the internal market was slower than expected, the stocks at the end of the financial year being higher than when the estimates were drawn up.

Eggs and poultrymeat: ..... 8,3 m u.a.

The degree of self-sufficiency has increased for poultrymeat, leading to a higher level of exports than forecast.

Other common market organizations: ..... 17,9 m u.a.

The shortfall in the appropriation is mainly due to the establishment of the common market organization for dehydrated or dried fodder and, secondarily, to the new provisions concerning peas and field beans.

Refunds on certain goods obtained by processing agricultural products: ..... 64,4 m u.a.

The shortfall in the appropriation results from the increase in the flow of exports of processed products to non-Community countries and the reduction in the world rates for milk products.

Expenditure resulting from the application of different exchange rates: ..... 440,3 m u.a.

A very large deficit was recorded in the Chapter concerning the entries for the differences between the conversion of national currencies into agricultural units of account by means of the coefficients laid down in Regulation (EEC) No 724/78 and their conversion into European units of account according to the rates applying on the 20th of each month. The shortfall in this Chapter is mainly due to the extension of the provisions allowing the exporting Member States to pay the monetary compensatory amounts on importation into certain Member States with depreciated currencies (Article 2(a) of Regulation (EEC) No 974/71) while the Budget was drawn up in the assumption that there would be no extension; this extension involves a transfer of entries of around 250 m EUA from Chapter 45 to Chapter 46. In addition, the coefficients were adopted before the Council Decision of 12 May and were fixed on a flat-rate basis by Regulation (EEC) No 724/78.

Finally, the breakdown of the expenditure in agricultural u.a. in 1978 differs slightly from that proposed in the Budget; in particular, the proportion of the expenditure of certain Member States with an above-average dual-rate coefficient is higher than forecast.

TITLE 8 - EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE

FUND - GUIDANCE SECTION

I. GENERAL SURVEY OF IMPLEMENTATION IN 1978

The objective appraisal of implementation in 1978 is based on the observations in the detailed analysis given in the following pages. One should however first take a general view of implementation purely on the accounting level.

The tables below give an overall view of the implementation of the Budget in this particular area, which can be summarized as follows:

- the commitments entered into in the financial year amounted to 279,3 m EJA, or roughly 52,4% out of available appropriations totalling 533,1 m EJA;
- payments effected amounted to 323,6 m EJA out of an available sum of 1.245,7 m EJA (of which 801,2 were carryovers and 444,5 appropriations for 1978);
- the totality of commitments entered into in 1978 amounted to 1.188,6 m EJA: 323,6 m EJA of these were paid out leaving therefore a credit balance of 859,3 m EJA (2).

Leaving aside the detailed explanations given later on, the main features of this implementation can be summarized as follows:

- (a) the implementation of commitments has not be satisfactory, for nearly half the available appropriations remain unused;
- (b) there are two observations to be made on the implementation of payments: firstly, it is unsatisfactory insofar as an appropriation of a mere 142 m EJA - i.e. 32% - has been paid out of an initial allocation of 444 m EJA (1); secondly, this low rate of utilization is largely the direct result of not using appropriations for commitment for joint repayment measures (it should be remembered that with these measures commitment is practically equivalent to payment);
- (c) the volume of commitments entered into, but still not paid out, is explained by the large number of multiannual operations (i.e. individual projects) in progress in the Member States.

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(1) Appropriations for the 1978 financial year.

(2) Including adjustments arising from fluctuations in EJA rates.

UTILIZATION OF APPROPRIATIONS FOR COMMITMENT

m EJA

Article or Item	Appropriations available for 1978			Utilization in 1978			
	Approps. entered in the 1978 Budget including transfers	Appropriations outstanding from 1977	Total	Commitments entered into in 1978	Rate of utilization %	Approps. available at 31.12.78	Approps. cancelled at 31.12.78
	1	2	3	4	5	6	7
800							
Separate projects	70,000	12,011 (1)	82,011	12,011	14,6	70,000	-
8100							
Modernization	31,500	3,437	34,937	28,019	80,2	6,918	-
8101							
Cessation of farming	0,700	0,003	0,703	0,251	35,7	0,452	-
8102							
Vocational guidance	5,500	0,022	5,522	2,638	47,3	2,884	-
8103							
Mountain and hill farming	60,100	1,189	61,289	34,581	56,4	26,708	-
81	97,800	4,651	102,450	65,489	63,9	36,962	-
8200							
Producer groups	token entry	3,598	3,598	-	0	-	3,598
8201							
Non-producer groups	1,000	1,190	2,190	1,606	73,3	0,584	-
8202							
Marketing and processing	122,000	-	122,000	102,469	84	19,531	-
82	123,000	4,788	127,788	104,075	81,5	20,115	3,598
8302							
Conversion non-industrial fishing	5,000	-	5,000	-	0	5,000	-
8303							
Surveillance of the Community Fishing zone	16,000	-	16,000	-	0	16,000	-
8310							
Beef and veal production premiums	13,200	9,089	22,289	13,322	59,8	8,967	-
8322							
Re-org. of food production	4,200	-	4,200	3,336	79,4	0,864	-
8350							
Conv. premium in the wine sector	16,200	-	16,200	9,960	61,5	6,240	-
8360							
Non-marketing of milk	123,900	7,971	131,871	65,968	50,1	65,903	-
83	178,500	17,060	195,561	92,586	47,3	102,973	-
890							
Prod. groups fruit & veg.	2,600	-	2,600	0,323	12,4	2,277	-
893							
Improvement citrus fruits	22,300	0,135	22,435	4,699	20,9	17,736	-
894							
Prod. groups fisheries	0,300	-	0,300	0,087	29	0,213	-
89	25,200	0,135	25,335	5,109	20,2	20,226	-
TOTAL	494,500	38,645	533,145	279,270	52,4	250,277	3,598

(1) Appropriations released in accordance with Regulation (EEC) 3171/75.

UTILIZATION OF APPROPRIATIONS FOR PAYMENT

m EUA

Article or Item	Approps. for payment available in 1978			Payments made in 1978			Approps. unused at 31.12.78	
	Carryovers from 1977 (& prev. fin. years)	Appropriations for 1978	Total	Against carryovers from 1977	Against approps. for 1978	Total	Cancelled	Carried over
	1	2	3	4	5	6	7	8
800	723,416	-	723,416	148,464	-	148,464	0,236	570,329 (3)
Separate projects (1) (b)	47,847	26,000	73,847	8,624	-	8,624	39,223	26,000
8100	3,437	31,500	34,937	3,437	24,582	28,019	-	6,918
Modernization								
8101	0,003	0,700	0,703	0,003	0,248	0,251	-	0,452
Cessation of farming								
8102	0,022	5,500	5,522	0,022	2,616	2,638	-	2,884
Vocational guidance								
8103	1,189	88,300	89,489	1,189	33,392	34,581	-	54,908
Mountain and hill farming								
81	4,650	126,000	130,650	4,650	60,838	65,488	-	65,162
8200	3,598	-	3,598	-	-	-	3,598	-
Producer groups								
8201	1,190	1,000	2,190	1,190	0,416	1,606	-	0,584
Hop-producer groups								
8202	-	32,000	32,000	-	0,006	0,006	-	31,994
Marketing & processing								
82	4,788	33,000	37,788	1,190	0,422	1,612	3,598	32,578
8300	1,608 <sup>2)</sup>	-	1,608	-	-	-	-	1,603 (3)
Conv. in the salt-cod fishing sector								
8302	-	5,000	5,000	-	-	-	-	5,000
Conv. non-ind. fishing								
8303	-	16,000	16,000	-	-	-	-	16,000
Surveillance of the Comm. fishing zone								
8310	9,089	13,200	22,289	9,089	4,233	13,322	-	8,967
Beef & veal prod. prem.								
8322	-	4,200	4,200	-	3,336	3,336	-	0,864
Re-org. of food prod.								
8340	1,699 <sup>2)</sup>	-	1,699	1,720	-	1,720	-	- (3)
Farm structure survey								
8350	-	33,000	33,000	-	9,960	9,960	-	23,040
Conv. premium in the wine sector								
8360	7,971	123,900	131,871	7,971	57,997	65,968	-	65,903
Non-marketing of milk								
8370	-	39,000	39,000	-	-	-	-	39,000
Eradication bruc. tuber. & leucosis in cattle								
83	20,367	234,300	254,667	18,780	75,525	94,305	-	160,377
890	-	2,600	2,600	-	0,323	0,323	-	2,277
Prod. groups fruit & veg.								
893	0,135	22,300	22,435	0,135	4,564	4,699	-	17,736
Imp. citrus fruits								
894	-	0,300	0,300	-	0,087	0,087	-	0,213
Prod. groups fisheries								
89	0,135	25,200	25,335	0,135	4,974	5,109	-	20,226
TOTAL	801,204	444,500	1245,704	181,844	141,760	323,604	43,057	874,672

- (1) (a) Before 1977: non-differentiated appropriations.
- (b) After 1977: differentiated appropriations.
- (2) Non-differentiated appropriations (going back to the period before 1977).
- (3) Including adjustments arising from fluctuations in EUA rates.

EVOLUTION OF COMMITMENTS ENTERED INTO

■ EUA

Budget heading	COMMITMENTS			PAYMENTS MADE IN 1978			COMMITMENTS OUTSTANDING AT 31.12.1978		
	Outstanding at 1.1.1978	Contracted in 1978	Total	Against commitments column 1	Against commitments column 2	Total	Against commitments column 1	Against commitments column 2	Total
	1	2	3	4	5	6	7 (3)	8	9
800									
Separate projects (1) (a)	723,416	[12,011] <sup>(2)</sup>	723,416	148,464	-	148,464	570,329	[12,011] <sup>(2)</sup>	570,329
(b)	194,658	-	194,658	8,624	-	8,624	184,945	-	184,945
8100									
Modernization	-	28,019	28,019	-	28,019	28,019	-	-	-
8101									
Cessation of farming	-	0,251	0,251	-	0,251	0,251	-	-	-
8102									
Vocational guidance	-	2,638	2,638	-	2,638	2,638	-	-	-
8103									
Mountain and hill farming	-	34,581	34,581	-	34,581	34,581	-	-	-
81									
	-	65,488	65,488	-	65,488	65,488	-	-	-
8200									
Producer groups	-	-	-	-	-	-	-	-	-
8201									
Hop-producer groups	-	1,606	1,606	-	1,606	1,606	-	-	-
8202									
Marketing and processing	-	102,469	102,469	-	0,006	0,006	-	102,463	102,463
82									
	-	104,075	104,075	-	1,612	1,612	-	102,463	102,463
8300									
Conv. in the salt-cod fish. sector	1,608	-	1,608	-	-	-	1,603	-	1,603
8302									
Conv. non-industrial fishing	-	-	-	-	-	-	-	-	-
8304									
Surveillance of the Comm. fishing zone	-	-	-	-	-	-	-	-	-
8310									
Beef & veal prod. premiums	-	13,322	13,322	-	13,322	13,322	-	-	-
8322									
Re-org. of food production	-	3,336	3,336	-	3,336	3,336	-	-	-
8340									
Farm structure survey	1,699	-	1,699	1,720	-	1,720	-	-	-
8350									
Conv. premium in the salt-cod sector	-	9,960	9,960	-	9,960	9,960	-	-	-
8360									
Non-marketing of milk	-	65,968	65,968	-	65,968	65,968	-	-	-
83									
	3,307	92,586	95,893	1,720	92,586	94,306	1,603	-	1,603
890									
Prod. groups fruit & veg.	-	0,323	0,323	-	0,323	0,323	-	-	-
893									
Improvement citrus fruits	-	4,699	4,699	-	4,699	4,699	-	-	-
894									
Prod. groups fisheries	-	0,087	0,087	-	0,087	0,087	-	-	-
89									
	-	5,109	5,109	-	5,109	5,109	-	-	-
TOTAL	921,381	267,259	1,188,640	158,808	164,796	323,604	756,878	102,463	859,341

- (1) (a) Before 1977: non-differentiated appropriations
- (b) After 1977: differentiated appropriations.
- (2) Re-commitments against appropriations released from column 1 and charged against their original year.
- (3) Including adjustments arising from fluctuations in EJA rates.

## II. ANALYSIS OF IMPLEMENTATION

### 1. GENERAL CONSIDERATIONS

It would seem appropriate to compare the budgetary implementation for 1978 with that for 1977 and with the original estimates for 1978.

- (1) Compared with 1977, the implementation of the 1978 Budget is way behind with regard to new commitments (-20%). At the same time, payments for the reform of agricultural structures have increased by 9%.

This is explained chiefly by the change in the distribution of appropriations between individual projects (Article 800 and Item 8202) and repayment measures (all the other Items in the Guidance Section). The share (1) of appropriations for all structural aid which went to individual projects for the reform of agricultural structures has fallen by 34%. At the same time the share of Community and special repayment measures has risen from 30 to 64%. In expenditure terms this means an increase of 86 m EJA for the latter.

- (2) Compared with the original estimates, implementation of the Budget is everywhere lower than expected, except for Item 8202: Aid for improving the marketing and processing of agricultural products. During the financial year the Council decided to approve a supplementary allocation in this case for the Mediterranean regions.

Taking all the expenditure together, commitments have reached 60% only, and payments 32%, of the initial budget estimates for 1978.

A considerable sum of appropriations (250 m EJA for commitments and 303 m EJA for payments) has remained unutilized and is therefore carried over to 1979. Detailed analysis shows, however, that more than half (i.e. 55%) of the subsisting appropriations are in fact covered by repayment requests submitted by the Member States to the Commission before 31 December 1978 and which were not processed in 1978 for various reasons (see point 4 above).

The above remarks lead one to conclude that, all in all, the implementation of the Budget has not been entirely satisfactory. The drop in socio-structural expenditure (Chapter 81) is rather worrying even. Nevertheless, detailed analysis of the expenditure does reveal some positive features, among which, notably, are the progress achieved in the wine and milk sectors and the improvement in fruit production.

The figure in the accounts, therefore, are not always an objective guide to the progress achieved by the Member States in implementing Community policies for the improvement of agricultural structures.

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(1) This was the major share in the financial years prior to 1978.

**2. REMINDER OF THE RULES GOVERNING THE UTILIZATION OF APPROPRIATIONS BY THE GUIDANCE SECTION**

Given the special conditions with regard to implementation in this field, attention should be drawn to the procedures to be applied. Details of these are provided in Annex B.

**3. ADAPTING APPROPRIATIONS TO REQUIREMENTS**

Given the actual requirements for 1978, as they appeared at the beginning of the second quarter, the initial 1978 appropriations were adjusted as indicated in the following table:

SUMMARY OF ALL TRANSFERS IN 1978 FROM ONE CHAPTER TO ANOTHER

Chapters credited	Approps. for commitment	Approps. for payment	Chapters debited	Approps. for commitment	Approps. for payment
80 Projects for the improvements of agricultural structures provided for under Article 13 of Regulation No 17/64/EEC	♦ 70.000.000	-	81 Common measures for the reform of agricultural structures Article 810 Item 8100 Modernization of farms Item 8103 Mountain and hill farming and farming in certain less-favoured areas	- 17.300.000 - 40.200.000	- 17.300.000 - 12.000.000
82 Common measures concerning the marketing and processing of agricultural products Article 320 Item 8202 Marketing and processing of agricultural prod.	♦ 42.000.000	♦ 28.000.000	83 Common measures in particular sectors Article 835 Item 8350 Conversion premiums in the wine sector	- 16.800.000	-
83 Common measures in particular sectors Article 330 Fisheries sector Item 3302 Conversion in the non-industrial inshore fishing sector Item 8303 Surveillance of the Community fishing zone	♦ 5.000.000 ♦ 16.000.000	♦ 5.000.000 ♦ 16.000.000	Article 837 Item 8370 Community measures to eradicate brucellosis, tuberculosis and leucosis in cattle	- 39.000.000	-
89 Special measures Article 890 Producer groups in the fruit & vegetable sector	♦ 1.100.000	♦ 1.100.000	60 Cereals Article 600 Item 6000 Refunds on cereals	- 14.000.000	- 14.000.000
Article 894 Producer groups in the fisheries sector	♦ 200.000	♦ 200.000	46 Expenditure resulting from the application of different exchange rates to the EAGGF Guarantee Section	- 2.000.000	- 2.000.000
			700 Provisional appropriations	- 5.000.000	- 5.000.000

#### 4. UTILIZATION OF APPROPRIATIONS FOR COMMITMENT

##### 4.1 Overall survey

At 31 December 1978, appropriations totalling 279,3 m EUA had been committed out of an available sum of 533,1 m EUA, i.e. 52%. The situation for each Chapter was as follows:

Chapter	Appropriations entered in the Budget including appropriations outstanding	Appropriations available (1)	Commitments at 31.12.78	m EUA	
				3 as % of 1	3 as % of 2
				%	
	1	2	3	4	5
Chap. 80	12,0	82,0	12,0	100	15
81	160,0	102,4	65,5	41	64
82	85,8	127,8	104,1	121	81
83	235,4 <sup>2)</sup>	195,6	92,6	39	47
89	24,0	25,3	5,1	21	20
	517,2 <sup>2)</sup>	533,1	279,3	57	52

The utilization of commitments has thus been very low, despite the fact that appropriations were adjusted during the financial year. Overall, therefore, there is a drop in comparison with previous financial years, where, in practice, all appropriations for commitment were utilized. It should be recalled, however, that the 1978 financial year is a transitional one (the reasons for this are set out below). In the circumstances, it is possible to compare with previous years only if the changed frame of reference is borne in mind.

There are four main reasons for this utilization pattern:

(a) the changed legal frame of referene of the Guidance Section

In previous financial years, the whole sum available after the requirements of the common measures had been met was assigned to individual projects (Regulation No 17/64); this enabled all the appropriations to be fully committed.

The frame of reference has since changed, however, for it is now no longer possible to use the available balance for individual projects;

(b) the Council's delay in taking certain decisions

The Council delayed in taking certain decisions, which meant that some appropriations for 1978 were only utilized in part, or not at all (as was the case with the decision on the 70 m EUA set aside in accordance with Regulation No 17/64 for conversion premiums in the wine sector). Moreover, the Council has still not taken any decisions with regard to revising the rates for the socio-structural directives.

(1) Including amounts released, appropriations outstanding and transfers (see table on the utilization of appropriations for commitment).

(2) This sum does not include the appropriation of 16 m EUA transferred from the Guarantee Section to the Guidance Section (Item 8303) for surveillance in the fisheries sector.

(c) Administrative delays in the Member States affecting the implementation of certain measures

The implementation of certain measures was slowed down in the Member States by delays in adopting the implementing provisions required (Item 8370: Measures to eradicate certain cattle diseases).

(d) Measures implemented by the Member States more slowly than expected

This is the most serious cause, for it affects the very substance of the farm structure policy. It must be admitted that, with regard to most of the common measures, implementation has fallen significantly behind the estimates supplied by the Member States, and this must mean that the measures most probably do not meet actual requirements in the present economic and social situation. Furthermore, it should be emphasized that the framework of legislation in force does not, in itself, oblige farmers to apply the measures laid down, for the determining factor is in fact the financial attraction of the various premiums.

The Commission acknowledges that some measures are no longer sufficiently attractive to the recipients, since the value of the premiums has been eroded by inflation. In order to remedy this, the Commission presented proposals to the Council in 1976 for restoring the financial value of measures under the socio-structural directives, but, so far, with two exceptions, the Council has not adopted these proposals.

4.2 Detailed analysis

A. Discrepancies

Detailed analysis of each Budget heading shows that the generally poor implementation covers a wide range of individual situations: the discrepancies between appropriations available and those utilized range from 16 to 100%. An appraisal of budgetary implementation must therefore be hedged about by qualifications.

With this in mind, it is worth classifying the measures according to the size of the discrepancy. The implementation rate will be considered relatively good if the discrepancy is smaller than 25%, unsatisfactory if between 25 and 60%, poor if over 60%, and non-existent at 100%.

< 25%	25 to 60%	61 to 99%	100%
1. Marketing and processing (Item 8202)	1. Hop-producer groups (Item 8201)	1. Cessation of farming (Item 8101)	1. Conversion non-industrial fishing (Item 8302)
2. Modernization (Item 8100)	2. Conversion in the wine sector (Item 8350)	2. Producer groups, fisheries (Art.894)	2. Surveillance, Community fishing zone (Item 8303)
3. Reorganization of fruit production (Item 8322)	3. Encouragement of beef and veal production (Item 8310)	3. Improvements citrus fruits (Art. 893)	
	4. Mountain and hill farming (Item 8103)	4. Individual projects (Art. 800)(1)	
	5. Non-marketing of milk (Item 8360)	5. Producer groups, fruit and veg. (Art. 890)	
	6. Vocational guidance and training (Item 8102)		

(1) In fact, 100% of the appropriations made available after being released in accordance with Regulation No 3171/75 have been committed; the other appropriations could not be committed for the legal reasons set out below.

Commitments were most fully used under a recent common measure (Marketing and processing of agricultural products) which, in fact, is very similar in character to the earlier individual projects. A more detailed analysis of this expenditure will be found in point 3.3 below.

B. Explanation of the discrepancies

As already stated, the administrative and procedural reasons for these discrepancies should be clearly distinguished from the substantive reasons.

(a) The administrative and procedural reasons:

- the Commission's departments could not complete their study of certain Member States' dossiers in time (8100, 8103, 8322);
- Member States were unable to supply the extra information required by the Commission in time (8100, 8103);
- there is a dispute between a Member State and the Commission with regard to the inclusion of certain regions in Item 8103;

certain requests for repayment notified by the Member States were not in fact submitted (8350, 8310);

Member States were unable to submit programmes in time (8303);

the Commission could not approve the national regulations drawn up to implement Community legislation (8100, 8103);

the Council took longer than expected to decide on certain legislation (800, 8202, 8350, 8360) or has still not taken a decision (for instance, the absence of a decision revising the rates to be applied for certain socio-structural directives has definitely had an adverse effect on the submission of development plans).

- (b) The substantive reasons mainly affect Items 8100 and 8101:
- the less favourable socio-economic climate over the past five years has impeded the reform of agricultural structures;
  - some provisions are still inadequate to solve specific problems in certain particularly less-favoured regions;
  - some provisions need to be made more flexible if they are to concern all the farmers for whom they are intended;
  - the support given by the common organization of the markets is not conducive to the necessary adaptation of farming structures.

4.3 Individual projects (Chapter 80) and common measures similar to individual projects (Item 8202)

(a) Individual projects (Chapter 80)

Only 12 m EUA, or 15%, of the appropriation available (82 m EUA) was committed at 31 December 1978. This figure represents a recommitment of 100% of the appropriations released in 1978 in accordance with Regulation (EEC) No 3171/75 of 3 December 1975.

The remaining appropriation of 70 m EUA was made available for Member States to implement projects in 1978 and 1979, in accordance with a decision taken by the Agriculture Ministers at a Council meeting held from 8 to 12 May 1978 and on the basis of Regulation (EEC) No 17/64 as amended. That sum of 70 m EUA was not committed in time, because the Regulation amending Regulation (EEC) No 17/64 was adopted by the Council only on 19 December 1978: and in that amending Regulation the deadline for Member States to submit requests was set at 31 December 1978.

(b) Common measures similar to individual projects (Item 8202)

It should be noted that the initial sum of 80 m EUA, set aside in the 1978 Budget in accordance with Article 16(3) of Regulation No 355/77 for financing individual projects to improve the conditions under which agricultural products are processed and marketed, was increased by 42 m EUA during the financial year; this sum was allocated by Council Regulation No 1361/78 of 19 June 1978 to projects undertaken in the Mezzogiorno, Languedoc-Roussillon and five French "départements". The total available appropriation for financing this type of project was therefore 122 m EUA.

In all, 84% (102,5 m EUA) of the available appropriation was committed at 31 December 1978.

The commitments were effected in three instalments of 30,9, 14,9 and 56,7 m EUA respectively. In all, 384 individual projects in all the sectors obtained Community support, but most of them were in the meat, fruit and vegetable, wine, milk and fisheries sectors. The projects supported were mainly capital investment to modernize and expand plant for storing, packaging, preserving, handling or processing agricultural products, and distribution circuits.

The breakdown by Member State of committed appropriations is as follows:

	D	B	DK	F + OD	IR	IT	LUX	NL	UK	Community/9 Total
Reg. No. 355/75	16,6	3,6	3,9	14,3	6,1	20,0	0,2	4,7	10,3	79,7
Reg. No. 1361/78				8,9		13,9				22,9
Total	16,6	3,6	3,9	23,2	6,1	33,9	0,2	4,7	10,3	102,5
%	16,2	3,5	3,8	22,6	5,9	33,1	0,2	4,6	10,1	100

It will be seen from the table that the amount not committed relates almost exclusively to projects in the Mediterranean regions to be financed under Regulation No 1361/78. This is mainly due to the fact that too few projects were submitted to the Commission by the two Member States concerned, since the basic decision had been taken very late in the year.

5. UTILIZATION OF APPROPRIATIONS FOR PAYMENT

At 31 December 1978 appropriations amounting to 323,6 m EUA, i.e. 26% had been utilized out of a total of 1245,7 m EUA.

The following table gives a more detailed view of the situation in each Chapter:

Chapter	Appropriation entered in the Budget, including transfers	Appropriation available including carryovers (1)	Payments as at 31.12.78	%
80 <sup>1)a)</sup>	-	723,4	148,5	21
80 <sup>b)</sup>	26,0	73,8	8,6	12
81	126,0	130,6	65,5	50
82	33,0	37,8	1,6	4
83	234,3	254,7	94,3	37
89	25,2	25,3	5,1	20
	444,5	1245,7	323,6	26

Although it provides an interesting overall picture, this table does not enable one to appreciate the reasons behind the apparently low rate of payments.

Fully to understand the position, a distinction must be made between the implementation of carryovers and that of appropriations for the 1978 financial year.

5.1 Utilization of carryovers

The table below shows the scale of carryovers from preceding financial years.

It should be understood that the carryovers include both automatic and non-automatic carryovers (the non-automatic ones dating from more than five years ago).

Payments totalling 181,8 m EUA, or roughly 23%, were effected from an available sum of 801,2 m EUA.

The table below shows that the utilization rate for Chapters 81 (Socio-structural measures) and 89 (Special measures) was 100%, while that for Chapter 83 (Particular sectors) was very high.

(1) (a) Prior to 1977: non-differentiated appropriations.  
 (b) as from 1977: differentiated appropriations.

On the other hand, utilization in Chapter 80, which represents by far the largest part of the appropriations, is relatively low; since these are individual projects which are only completed after a relatively long period of several years, this utilization pattern should be considered as normal.

Chapter	Garryovers			Utilization: payments	
	Automatic	Non-automatic	Total	■ EUA	%
1) a)	619,1	104,5	723,4	148,5	21
80 b)	47,8		47,8	8,6	18
81	4,7		4,7	4,7	100
82	4,8		4,8	1,2	25
83	20,4		20,4	18,8	92
89	0,1		0,1	0,1	100
TOTAL	696,9	104,3	801,2	181,8	23

It should be noted with regard to the individual projects (Chapter 80) that payments for 1977 projects represent about 4% of the sums committed. The rate of project completion of projects committed between 1973 and 1976 is somewhat faster and payments stabilize at roughly 20% of the commitments outstanding. For projects for which commitments were made before 1973 the percentage drops to below 7%.

(1) (a) Prior to 1977: non-differentiated appropriations.  
 (b) As from 1977: differentiated appropriations.

5.2 Utilization of appropriations for the 1978 financial year

From available appropriations of 444,5 m EUA, 141,8 m EUA, or roughly 32%, have been paid (1).

There are two reasons for this under-utilization in the form of payments:

either

(a) the measures involve individual projects which require virtually no appropriations for payment in the year when the aid decision is taken (Item 8202, Marketing and processing of agricultural products; Article 800, Individual projects);

or

(b) the measures involve repayments for which no commitment decision was taken in 1978 (Article 830, Fisheries sector; Item 8370, Eradication of certain diseases in cattle; Item 8200, Producer groups), or the commitments made were less than expected. In this case, where payments are in step with commitments, the above explanations relating to commitments are also valid.

The following table summarizes the utilization of appropriations for the financial year:

Chapter	Appropriations	Payments effected		Appropriations not utilized	
		m EUA	%	m EUA	%
80	26,0	-	0	26	100
81	126,0	60,8	48	65,2	52
82	33,0	0,4	1	32,6	99
83	234,3	75,5	32	158,8	68
89	25,2	5,0	20	20,2	80
TOTAL	444,5	141,8	32	302,7	68

(1) It should be noted that 41 applications for payments, totalling about 50 m EUA, are pending in the Commission's departments for the reasons given above.

TITLE 9 - COOPERATION WITH DEVELOPING COUNTRIES AND OTHER NON-MEMBER COUNTRIES

The rate of commitment of the appropriations available was 50%. This figure must be adjusted to take into account the fact that the Commission was unable to make use of the appropriations relating to the financial protocols (228,3 m EUA) concluded with the Mediterranean Basin countries; the rate of utilization thus rises to 86%.

This result, which is slightly worse than in 1977 (96%), is attributable to the fact that, for various reasons which will be explained below, only 42% of the appropriations for aid to non-associated developing countries (Article 930: 70 m EUA) were committed.

On the other hand, there was a very marked improvement in the implementation of the food-aid programmes (which constitute a third major aspect of development cooperation), mainly because the backlogs which had built up in the earlier programmes were removed. Thus, 87% of the appropriations for previous programmes and those automatically carried over from 1977 have been used.

The rate of implementation for the other Items in Title 9, which are far less significant, was satisfactory on the whole, particularly for the appropriations for cooperation projects carried out by NGOs.

Chapter 92 - FOOD AID

In the case of cereals there was a 302.000 t backlog under pre-1978 programmes on 1 January 1978; by the end of the accounting year (31 March 1979) the catching-up operation had been completed and all the appropriations used.

However, it was not enough to remove the backlogs, it was also necessary to prevent the same thing happening to the 1978 programme, so that Commission departments also turned their attention to this matter; thus 65.338.893 EUA of the 79.778.143 EUA available for 1978 were used during the financial year, a rate of 82%.

As regards milk products (skimmed milk powder and butteroil), 30.665.403 EUA of the appropriations of 33.834.000 EUA available for previous programmes were used, a rate of 91%. Some 10.202.314 EUA - i.e. 19% - of the appropriations of 53.860.000 EUA for skimmed milk powder for the financial year were used.

The main reasons for this situation, which is much less satisfactory than for cereals, are as follows: (a) the Council did not adopt the 1978 milk products programme until 25 April, so little was accomplished in the first half of the year, and it was obviously impossible to catch up in the second half, mainly because of the product mobilization procedures to be carried out; (b) the recipient countries are more interested in cereals aid and their replies concerning arrangements for milk products aid are often tardy; (c) preparation of vitaminized skimmed milk took quite a long time in the Member States during certain periods of the year.

Some 6.085.564 EUA of the appropriations of 44.696.000 EUA available for butteroil in the financial year were utilized, a rate of 14%. The reasons for this not very satisfactory percentage are the same as those given in respect of skimmed milk powder.

All the food aid to UNWRA in the form of sugar was utilized.

The cancelled appropriations of 19.260.625 EUA correspond to the commitments which were entered into in 1977 for the programme for the financial year and which could not be paid on 31 December 1978 for the reasons mentioned above, i.e. that only milk products are affected by this situation. The corresponding amounts will be implemented in 1979 by means of appropriations entered into this financial year's Budget for the implementation of previous programmes.

### Chapter 93 - FINANCIAL AND TECHNICAL COOPERATION WITH NON-ASSOCIATED DEVELOPING COUNTRIES

The rate of commitment for the year's appropriations was 44%; this relatively low percentage is due mainly to the fact that the appropriations in Article 930 were not all used up.

#### Article 930 - Financial cooperation with non-associated developing countries

The appropriations in this Article (70 m EUA of appropriations for commitment) were once again used in the absence of a Council Regulation defining the objectives and procedure to be followed for the implementation of a policy of financial and technical aid to non-associated developing countries, as the Council did not adopt its guidelines on the basis of the Commission draft until May, and the consultations with Parliament were not completed before the end of the year.

As a result, an ad hoc procedure similar to those of earlier years was followed: on 10 October the Council agreed to the appropriation utilization programme presented by the Commission (except for one project) which then took the commitment decisions for the individual projects, with the result that financing agreements relating to projects involving almost 37 m EUA were signed before the end of the year. Note that the accounting statements show commitments totalling only 29.720.000 EUA, as the accounting records (commitment proposals) for certain financing agreements already signed could not be drawn up between the date of signature (22 December) and the end of the year; however, this is a mere formality.

The difference between the amount earmarked for the agreements signed (37 m EUA) and the budget appropriations (70 m EUA) is due to the fact that, for various reasons not of a fundamental nature, some countries and bodies in receipt of Community aid were unable to sign before the fateful day of 31 December the financing agreements submitted to them a short time before. There is every reason to think that this situation will be redressed in the first quarter of 1979.

Payments to meet commitments entered into in 1976 made some headway, but the pace was still much too slow. All in all, half of the 1976 commitments had given rise to payments by the end of 1978. Bearing in mind that the 1976 appropriations could not be committed until right at the end of the year and the fact that the operations in question concern infrastructure investments which have lead times of several years and are carried out in countries very distant from the Community without on-the-spot representation, the rate of utilization of appropriations is not as poor as it might appear at first sight.

For the reasons indicated above, only a very small amount (5 m EUA out of a total of nearly 41 m EUA) of the carryovers from 1977 were utilized. The Commission departments concerned are doing their utmost to urge the authorities in the recipient countries to make better use of earlier years' appropriations.

Article 931 - Promotion of trade between the Community and non-associated developing countries

Commitments total 3.507.250 EUA, 70% of the appropriation of 5 m EUA available. The main reason for this under-utilization is that the Commission departments concerned have developed stricter selection procedures (constant contact with embassies, national bodies, etc.) concerning the operations. After the running-in period the rate of commitment should increase. It should be pointed out that contracts for a further 500.000 EUA were concluded before the end of year but the relevant accounting records could not be shown in the accounts before 31 December. Payment (1.242.762 EUA) represents 31% of the budget appropriations (4 m EUA). This percentage is acceptable since the operations in question cover several years and 1978 was the first year in which the differentiation of appropriations was introduced.

Just over 60% of the carryovers were used, the difference representing lapsed appropriations. Because of the nature of the operations (organization of seminars, trade missions, etc.), the commitments entered into are inevitably a rather rough estimate (e.g. because the exact number of participants and the actual costs are not known until afterwards).

Article 932 - Measures to encourage regional or sub-regional integration between developing countries

Commitments totalled 204.778 EUA, 51% of the appropriation of 400.000 EUA. This unsatisfactory situation results from the fact that almost all the difference in commitments was cancelled at the end of the financial year and could not be reutilized in time. The rate of payment was low (21.809 EUA) because of delays in forwarding supporting documents from the developing countries and the contractors in the Member States.

The rate of utilization of carryovers was 80%, the difference being attributable to a fairly large contract which was only partially executed.

Chapter 94 - SPECIFIC MEASURES FOR COOPERATION WITH DEVELOPING COUNTRIES

The rate of utilization of appropriations for commitments (19,636 m EUA) was 90%.

Article 940 - Expenditure resulting from the Convention between the EEC and UNRWA

On 21 December the Council decided to extend the Convention between the Community and UNRWA to cover the financial years 1977 and 1978. It emerged at that time that the budget appropriations were considerably in excess of the obligations incumbent on the Community under the Convention, as UNRWA had economized in a number of areas (fewer staff employed in carrying out the aid programme, reduction in the quantities and prices of certain commodities purchased by UNRWA under the Convention). In the final analysis, the sum of 2.602.977 EUA turned out to be adequate instead of the 3,291 m EUA budgeted for.

The non-automatic carryover from 1977 had also been calculated on the basis of the abovementioned savings, but only provisional information was available about these at the time. In practice, the sum of 2.307.195 EUA out of the non-automatic carryover of 2.436.370 EUA was adequate to cover the Community's commitments, while an appropriation of 3,291 m EUA had been budgeted for.

Article 941 - Training of nationals of non-associated developing countries

Item 9410 - Scholarships

All of the appropriation available (250.000 EUA) was committed. The rate of payment was only 25% of this amount as a result of supporting documents not being sent in time by bodies in the Member States operating as intermediaries between the recipients of the scholarships and the Community. The Commission departments concerned sent reminders to these bodies and had received many payment applications by the end of January.

Only 34% of the automatic carryovers were used, since a course for nationals of Maghreb countries scheduled for 15 to 20 participants did not take place as only three candidates had registered.

Item 9411 - Training courses in the Commission's departments for Latin American officials

The sum of 8.809 EUA out of the appropriation of 30.000 EUA available could not be used as a number of trainees who had agreed to participate did not in fact arrive. It was then too late in the year to find replacements.

Article 942 - Aid to the management of training institutes for nationals of developing countries

The rate of commitment of the 120.000 EMA of appropriations budgeted for was 98%, while the rate of payment was 61%. There is every reason for thinking that the entire automatic carryover will be paid at the beginning of 1979.

Article 943 - EEC subsidy for the operation of the European Association for Cooperation (EAC)

Item 9430 - Operating expenses of the headquarters of the EAC

Almost all of the budget appropriations (2,450 m EUA) were committed and spent. It would appear that the surplus for the financial year is 112.000 EUA; this amount will be paid back to the Commission Budget as it constitutes a subsidy.

Item 9431 - Subsidy to the EAC for the running of Commission delegations in the Southern Mediterranean countries linked to the EEC by cooperation agreements

Initially this Item contained only the appropriations to cover the cost of the delegations in the Maghreb countries (820.900 EUA), but it was later strengthened by a transfer of 379.100 EUA from Chapter 100 to cover the cost of the delegations in the Mashreq countries following the decision as to the principle taken by the Council on 10 October 1978. However, as the Council decision was taken so late it was impossible to use this appropriation as the administrative procedures entailed by setting up the delegations in the Mashreq countries could not be completed before the end of the year.

Only 186.695 EUA of the appropriation available for the Maghreb delegations (820.900 EUA) were used as the delegations could not be installed until the end of the financial year.

The entire automatic carryover (276.493 EUA) for the Maghreb delegations was spent in 1978.

Item 9439 - Provisional appropriations for possible adjustments to remunerations

As the EAC subsidy (Item 9431) was enough to cover all the 1978 expenditure it was unnecessary to make use of the allocation under this heading.

Article 944 - Expenditure on the organization of seminars on the Community's system of generalized tariff preferences

The rate of utilization of the appropriations available in this Article was significantly higher than in 1977, 76% (115.903 EUA out of 152.000 EUA) having been committed compared with 26% in 1977. The unused appropriation mainly reflects the cost of a seminar in the Argentine which could not take place because of the political situation.

Article 945 - Community contribution towards schemes concerning developing countries carried out by non-governmental organizations (NGOs)

There was a considerable increase in the appropriation available compared with 1977, rising from 4 m EUA to 12 m EUA, and at the same time the differentiation of appropriations has been introduced. It should be emphasized that all the appropriations for commitment were utilized: 175 projects (of which 50% or less was financed by the Community as a general rule) have been approved and will be carried out by 61 non-governmental organizations. Of these 175 projects, 78 were fully implemented during the year and as a result the amounts in question were paid in full; consequently, the sum of 3.640.425 EUA of appropriations for payment was utilized out of the amount of 6 m EUA available.

In addition, management of 113 projects started in 1977 was confirmed in 1978; it is also satisfactory to note that the entire automatic carryover (2.172.008 EUA) was spent in 1978, except for 30.624 EUA for a project which could not be completed because of the situation in the country in question.

Chapter 95 - Exceptional measures to assist developing countries and other non-member countries

Article 950 - Community aid to disaster victims in developing and other non-member countries

The budget appropriations (900.000 EUA) were increased as a result of several transfers from Chapter 101 and Article 924 totalling 1.290.000 EUA, with the result that the appropriations available eventually totalled 2.190.000 EUA. Nevertheless, by the end of the year the Community had only managed to respond symbolically to the applications for aid from several countries hit by natural disasters, e.g. 25.000 EUA were granted to Laos and Thailand following floods, 51.000 EUA to Sri Lanka following a cyclone and 30.000 EUA to the Philippines. Similarly, Burma received only 50.000 EUA by way of aid to cope with the influx of refugees from Bangladesh, and Nicaragua received only 90.000 EUA as help for refugees from Costa Rica.

It is therefore quite understandable that the entire automatic carryover of appropriations (971.600 EUA) was spent during the year.

Chapter 96 - Cooperation with non-member countries

Neither the appropriations for commitment nor, of course, the appropriations for payment were used at all during the year, as the Council Regulation implementing the provisions of the financial protocols was not adopted before the end of the year, it having been agreed that the solution adopted as regards the non-associated developing countries (see Article 930 above) would also be applied as regards the protocols with the Mediterranean Basin countries. However, so as not to increase the delays in the implementation of these protocols any further, an ad hoc procedure was devised pending a Council Regulation, but this procedure could not be implemented before the end of the year.

Consequently, pursuant to Article 6(2) of the Financial Regulation of 21 December 1977, the appropriations for commitment and those for payment remain available for the financial year 1979, except for the non-differentiated appropriation of 6 m EUA for Portugal for which the Budgetary Authority will be asked to allow a non-automatic carryover.

Article 967 - Cooperation with the Arab countries at regional level

This Article was allocated only a token entry for the financial year 1978 and, because of the delays in the implementation of the operations planned, it proved unnecessary to transfer any appropriations to it.

The non-automatic carryover of 809.687 EUA did not give rise to payment and therefore lapsed because the Arab side was unable to start up the procedures prior to the financing of the studies to which the Community was to make a contribution.



ANNEX A

ANALYSIS OF THE MAIN CAUSES  
OF DELAYS IN THE UTILIZATION  
OF APPROPRIATIONS FOR PAYMENT



ANALYSIS OF THE MAIN CAUSES OF DELAYS IN THE UTILIZATION OF  
APPROPRIATIONS FOR PAYMENT

I. SOCIAL FUND

It is a fact that the financial years up to and including 1978 have shown an abnormally long lapse of time between the commitment of Community aid under the Social Fund and the actual payment of the equivalent sums. There are five reasons of varying importance for this time-lag: the duration of the operations receiving aid from the Fund; the rules for management under the Fund legislation; the internal procedures of the Member States relating to the recovery of aid from the Fund; non-implementation of approved projects; and the Commission's internal administrative difficulties.

Each of these causes is briefly examined below and the main reason for the delays in payment is identified.

1. Duration of the operations receiving aid from the Fund

These are vocational retraining measures which often mean a change of residence. About 80% of the aid allocated is for repeated operations of varying duration but all falling within a single financial year. The remaining 20% is applied to multiannual operations extending over two or three years. In this case operators may nevertheless obtain payments by instalment, i.e., payments from the Fund may be made as the programme advances with a final amount being withheld until the end, to be paid over after verification of the programme as a whole.

These facts show that the nature of the operations is a contributory cause, of the time-lag between commitments and payments, but only a minor one. Only some 20% of the total aid relates to truly multiannual operations; the remaining operations are by and large completed within one year.

2. The legislation governing the Social Fund

(a) From 1972 to 1977

From the reform of the Social Fund on 1 May 1972 until the entry into force, on 1 January 1978, of the amendments to the legislation made during the 1977 review, aid could in theory be paid as the operation progressed (advance payments of up to 85% of the total aid), or on completion of an operation and production of the supporting documents. In practice, aid used to be paid over after - frequently long after - completion of the operation.

Reasons for delays:

- (i) Particularly during the early years of the Social Fund, there were also delays in the procedure leading to commitment, for various reasons: the time required to study the application papers; and the rule that, for priority applications, the Commission has to wait until all applications have been received in order to allocate the available resources fairly at the end of the financial year. As a result, operations were frequently completed by the time the related funds were committed.
- (ii) There were also frequent delays at the payment stage: the time required by the promoters in the Member States for assembling the payment application documents, and for channelling these documents through the national authorities to the Commission; understaffing in the Commission departments dealing with these documents.

With this system and the rapid increase in the amount of aid granted, a backlog built up in the payment of the aids granted under the Social Fund.

(b) As from 1978

Things have changed as from 1978. One of the principal aims of the review in 1977 of the legislation governing the Fund was to work through this backlog and avoid a similar situation in future. The following possibilities were therefore provided for in the revised legislation:

- (i) in respect of operations prior to 1977, the possibility of paying up to 85% on account for any claim for payment made after 1 January and before 1 July 1978 ("provided that the Member State concerned certifies the factual and accounting accuracy of the particulars given in the claim for payment");
- (ii) in respect of 1977 operations, the same possibility with 31 December 1978 as the deadline for sending in claims for payment (Article 2(2) of Council Regulation (EEC) No 2894/77 of 20 December 1977);
- (iii) in respect of operations in 1978 and subsequently, the possibility of obtaining a 30% advance on the aid granted by the Fund, "as soon as the Member State concerned had certified that the operation has begun"; the possibility of obtaining a second advance up to an equal amount as soon as the Member State "has certified that half the operation has been carried out within the framework of the conditions laid down in the decision granting approval" (Article 4 of Council Regulation (EEC) No 858/72 on certain administrative and financial procedures for the operation of the European Social Fund, as amended by Regulation (EEC) No 2894/77).

To avoid having to wait until the end of the financial year, as is the case at present, to approve a large proportion of the aids (see 2(a) above) the Commission has had a provision approved under which, by 21 October of each year, the Member States will file their applications for aid (1), grouped by category of intervention, for operations due to commence in the first half of the following year, and will give notice of the type and scale of operations due to start in the second half, for which they have until 1 April to introduce applications (Article 5(3) of Council Regulation (EEC) No 2396/71 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund, as amended by Regulation (EEC) No 2893/77 of 20 December 1977).

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(1) This procedure will apply for the first time to applications in respect of operations due to commence in the first six months of 1980.

Whereas therefore, the old legislation may have been one of the factors contributing to some of the delays, the new legislation which has been in force since 1 January 1978 meets the dual requirement referred to above, and the main cause of delays in Social Fund payments should no longer be sought here.

3. Member States' procedures for recovering aid from the Social Fund

Without going into the delays in the Member States' submission of applications for payment before the revision of the Fund legislation, it is already significant to note to what extent they are taking advantage of the new possibilities offered by the amended legislation, described above.

Operations prior to 1977

The possibility of obtaining up to 85% in payments on account has remained practically unused, owing to the administrative difficulties which France and Italy - the two Member States most nearly concerned - have encountered in certifying the "factual and accounting accuracy of the particulars given in the claim for payment".

Operations carried out in 1977 and 1978

All 1977 and 1978 operations could therefore give rise in 1978 to payments of over 400 m EUA, if the Member States take full advantage of the possibilities offered by the revised legislation. As opposed to this theoretical maximum, there is the actual figure of 80 m EUA paid over by 31 December.

In spite of the constant efforts of the Fund's departments to prompt the Member States to take advantage of the new possibilities, which the Member States themselves decided upon in 1977 in the course of revising the Fund legislation, the extent to which the Member States have used these possibilities is disappointing.

4. Non-implementation of approved projects

Reference should be made here to a special problem, namely the non-implementation or partial implementation of certain operations. The Commission has noted that approximately 12% to 15% of the commitments made each year from 1972 to 1976 will not give rise to payments.

This is because operations have been only partially completed or have had to be cancelled. Whilst some difference between the sum approved and the sum finally paid is understandable, this percentage of non-implementation seems rather large. The departments responsible for administering the Fund propose to examine this problem in more detail in collaboration with the Member States.

5. Administrative problems in the Commission

It was stated above (paragraph 2(a)) that in the early years of the Social Fund the time required for investigating applications caused certain delays; nevertheless, the appropriations allocated were always committed in full.

Where payments are concerned, however, the following should be noted:

- (a) As mentioned earlier, the long delays in payments as early as the first few financial years later caused a backlog of payment claims, which caused administrative problems for the Commission's departments (authorizing officers and financial controllers).

- (b) The fact that the budgetary scale of the Social Fund's appropriations has increased considerably over the years should also be taken into account. The increase in appropriations and, hence, the growing number of applications has caused serious problems for the Commission's departments, particularly the DG V departments which administer the Fund: they have had to face a larger workload with a limited number of staff.
  
- (c) Nevertheless, the aim of the new legislation is to ensure the more prompt settlement of payments once the backlog has been cleared. The Commission is fully prepared to settle payments rapidly once it receives applications accompanied by the requisite certificates.

The conclusion is that, of the five possible causes for delays examined in turn above, by far the most important is the third - the internal procedure of the Member States for recovering aid from the Fund. It is true that the problem presents itself in widely differing forms from one Member State to another. Nevertheless, on the whole, and quite obviously since the entry into force of the revised legislation, the onus is upon the Member States to make the necessary effort to take advantage of the facilities they themselves set up.

## II. REGIONAL FUND

The following facts must be taken into account in order to assess accurately the factors which could influence the rate of implementation of payments:

### 1. Nature of the projects financed by the Regional Fund

The actual implementation of the projects in question takes several years, e.g. it takes a fairly long time to build a new road or bridge. Consequently, although the commitment for the projects in question is contracted in full at one given time, the corresponding payments are made over several years. The pattern of budgetary implementation from 1975 to 1977 demonstrates that, on average, payments are made over a period of five years, approximately as follows:

Year of commitment	35%
Second year	35%
Third year	20%
Fourth year	5%
Fifth year	5%

### 2. Rules governing the Fund

Any aid from the Regional Fund has up to now taken the form of a reimbursement to the Member States of their regional aid expenditure. Thus, only after it has itself spent the money can a Member State request partial reimbursement from the Commission. Under the Fund rules Member States are required to submit to the Commission quarterly statements of expenditure relating to Regional Fund aid. These rules inevitably lead to a double delay after investment for the project has been totally or partially committed.

- (a) the investor must prepare his request and submit it to the Member State for approval;
- (b) the Member State must then prepare its request and submit it to the Commission for approval.

3. Delays in the Member States

(a) In the medium term

The rate of payment by some Member States is generally slower than that of others mainly because it has to be demonstrated that a project will create new jobs before the national authorities concerned will make any aid payment.

(b) In the short term

(There are variations within a financial year)

There is a tendency for payments to be concentrated in the last few months of the year for the following reasons:

- (i) the national officials responsible for requests for payment also prepare the investment projects. In practice they give priority to the latter in order to ensure that the appropriations for commitment can be used.
- (ii) the Member States do their utmost to ensure that requests for payment are cleared before the end of their financial year (usually a calendar year). This means in practice that payments are concentrated in the last few months of the year.
- (iii) Infrastructure projects generally have to be interrupted in the winter months, particularly in Northern Europe. Requests relating to these projects hence tend to be made in the second half of the year.

4. Clearance by Commission departments

No significant delay has been noted in the clearance of Regional Fund operations by Commission departments. Past experience has shown that payment files normally take two to three weeks to clear. Occasionally - as was the case in the first few months of 1978 - Commission departments give priority to other work, particularly financial control. This has, however, never caused delays in the implementation of Regional Fund operations for the year as a whole.



ANNEX B

RULES OF PROCEDURE GOVERNING

THE UTILIZATION OF APPROPRIATIONS IN THE

EAGGF GUIDANCE SECTION



RULES OF PROCEDURE GOVERNING THE UTILIZATION OF APPROPRIATIONS IN THE  
EAGGF GUIDANCE SECTION

(a) Rules of procedure for aid decisions

The rules for implementation are as follows:

(1) For individual projects coming under amended Regulation (EEC) 17/64 (Article 800), the deadline for the submission by the Member States of applications to be charged to the 1978 appropriations was 31 December 1978. Under these provisions, the Commission must take a decision on one or more occasions before 31 December 1979. For individual projects coming under Regulation (EEC) 355/77 (Item 8202), applications for aid from the Fund must be submitted via the Member State concerned before 1 May. The Commission takes decisions twice a year on the applications submitted (by 30 June and 31 December respectively at the latest).

Furthermore, the decisions taken during the first half of the year refer solely to the applications for aid submitted by 31 December of the previous year at the latest. Applications for aid submitted between 1 January and 30 April are not considered until the second half of the same year.

In the area of individual projects, a commitment covers the total cost of the Community's contribution to a project: on the other hand, payments are made in step with the execution of these projects.

(2) For common measures and special measures, Member States submit applications for the reimbursement of expenditure incurred in the financial year "n" before 30 June of the financial year "n + 1" (i.e. before 30 June 1978 for the expenditure then effected in 1977). The internal procedure followed by the Commission departments is then as follows:

- (i) for the common measures relating to socio-structural projects (Items 8100, 8101, 8102 and 8103), the Commission grants advances between 1 July and 1 November of the financial year "n + 1" (simultaneous commitment and payment) and pays the balance in the ensuing months, but before 1 April of the financial year "n + 2" (simultaneous commitment and payment);
- (ii) for the other measures in this sector, the Commission takes a decision and makes payments, in theory, between 1 July and 31 December of the financial year "n + 1" (simultaneous commitment and payment).

It is therefore evident that, as a general rule, the majority of commitments and payments are made in the second half of the year.

(b) Special rules on the carrying-over of appropriations

It should be recalled that, under Article 108(3) of the Financial Regulation of 21 December 1977, the EAGGF Guidance Section appropriations entered in budgets for financial years before 1977 and relating to payments outstanding under commitments entered into between 1 January and 31 December are carried over automatically for a period of five years. Thereafter, the appropriations still committed may be carried over non-automatically.

It should also be recalled that, pursuant to Regulation (EEC) 3171/75 of 3 December 1975 (OJ L 315, 5 December 1975), aid from the Fund to individual projects may be cancelled or, if necessary, reduced and the corresponding appropriations used to finance other projects:

if the beneficiary abandons the project, or

if the beneficiary has neither begun the work within two years from the date of notification of the decision to grant aid nor furnished assurances before the end of the said period sufficient to ensure that the project will be carried out, or if the beneficiary reduces the investment provided for in the decision to grant aid.

ANNEX C

SUMMARY OF ALL TRANSFERS  
BETWEEN CHAPTERS UNDER THE  
FINANCIAL YEAR  
1978

BREAKDOWN OF TRANSFERS BETWEEN CHAPTERS UNDER THE 1978 BUDGET

(1) NON-DIFFERENTIATED APPROPRIATIONS

EUA

CHAPTERS TO WHICH APPROPRIATIONS TRANSFERRED	AMOUNT	CHAPTERS FROM WHICH APPROPRIATIONS TRANSFERRED
20. Immovable property investments	345.000	100. Provisional appropriations
21. Rental of buildings and associated expenditure	330.000	102. Reserve to cover any shortfall in approps resulting from differences between the EUA rates used in the estimates and the actual rates at the time of implementation
22. Movable property and assoc. expend.	375.000	102. "
23. Current administrative expenditure	75.000	102. "
25. Expend. on formal and other meetings	671.000	101. Contingency reserve
26. Expenditure on studies, surveys and consultations	120.000	101. Contingency reserve
27. Expend. on publishing and inform.	600.000	101. Contingency reserve
29. Subsidies and fin. contributions	175.000	101. Contingency reserve
34. Expend. relating to safeguards	250.000	101. Contingency reserve
35. Expend. relating to the protection of man and his environment	580.000	100. Provisional appropriations
35. Expend. on scientific and technical information and on information management	150.000	100. Provisional appropriations
37. Expend. in the industrial and transport sectors	1.640.000	100. Provisional appropriations
39. Other expend. on specific projects undertaken by the institution	2.000.000	100. Provisional appropriations
46. Expenditure resulting from the application of different ex change rates to the EAGGF Guarantee Section	442.354.749	44. Accession compensatory amounts granted in respect of intra-Community trade in agricultural products 6,880,088
		45. Monetary compensatory amounts collected or granted in respect of trade in agricultural products 275,643,371
		60. Cereals 79,742,024
		61. Rice 5,882,696
		63. Oils and fats 39,425,688
		64. Sugar 34,780,882

47. Assumption by the European Community of certain financial obligations	215,000	101. Contingency reserve	
62. Milk and milk products	478,453,799	60. Cereals	335,000,000
		61. Rice	14,000,000
		63. Oils and fats	40,000,000
		64. Sugar	7,509,005
		65. Beef and veal	14,056,127
		66. Pigmeat	46,220,378
		68. Fruit and vegetables	11,998,506
		69. Wine	9,669,784
65. Beef and veal	120,000,000	68. Fruit and vegetables	27,000,000
		69. Wine	93,000,000
67. Eggs and poultrymeat	8,278,342	69. Wine	7,110,310
		70. Tobacco	1,168,032
73. Other sectors or products subject to common market organization	17,945,193	69. Wine	15,000,000
		70. Tobacco	2,945,193
74. Refunds on certain goods obtained by processing agricultural products	64,352,819	69. Wine	37,000,000
		70. Tobacco	23,374,218
		71. Fisheries	3,978,601
94. Specific measures for cooperation with developing countries	379,100	100. Provisional appropriations	
95. Exceptional measures to assist developing countries and non-member countries	1,290,000	92. Food aid	490,000
		101. Contingency reserve	800,000
102. Reserve to cover any shortfall in appropriations resulting from differences between the EUA rates used when the Budget estimates are drawn up and the rates of conversion obtaining at the time of implementation	800,000	101. Contingency reserve	
TOTAL	1,141,200,002		

(2) DIFFERENTIATED APPROPRIATIONS

Transfers approved

EUA

CHAPTERS TO WHICH APPROPS TRANSFERRED	AMOUNT		CHAPTERS FROM WHICH APPROPS TRANSFERRED
	APPROPS FOR COMMITMENT	APPROPS FOR PAYMENT	
32. Expenditure under the energy policy	15.000.000	5.000.000	100. Provisional appropriations
33. Expenditure on research and investment	9.106.200	15.943.500	100. Prov. approps: 8.606.200 101. Cont. reserve: 500.000 100. Prov. approps: 15.443.500 101. Cont. reserve: 500.000
37. Expenditure in the industrial and transport sectors	15.000.000	1.000.000	100. Provisional appropriations
80. Projects for the improvement of agricultural structures provided for under Article 13 of Regulation (EEC) No 17/54	70.000.000		81. Common measures for the reform of agricultural structures (pursuant to the Council Resolution of 25 May 1971) 57.500.000 83. Common measures in particular sectors 12.500.000
82. Common measures concerning the marketing and processing of agricultural products (pursuant to the Council Resolution of 25 May 1971)	42.000.000	28.000.000	83. Common measures in particular sectors 81. Common measures for the reform of agricultural structures (pursuant to the Council Resolution of 25 May 1971)
83. Common measures in particular sectors	21.000.000	21.000.000	46. Expenditure resulting from the application of different exchange rates to the EAGGF Guarantee Section: 2.000.000 60. Cereals: 14.000.000 100. Provisional appropriations: 5.000.000
89. Special measures	1.300.000	1.300.000	83. Common measures in particular sectors 81. Common measures for the reform of agricultural structures (pursuant to the Council Res. of 25 May 1971)
TOTALS	173.406.200	72.243.500	

Situation in respect of Chapter 100: Provisional appropriations

EUA

Art. or Item	Heading	Transfers approved	
	<u>A. Non-differentiated approps</u>		
202	Other expenditure preliminary to the construction of buildings or to the acquisition of immovable property	145.000	
3611	Assessment and utilization of the research findings	150.000	
373	Financial operations in transport infrastructure projects	890.000	
374	Technical regulations governing the manufacture of cars	750.000	
390	Research projects in the field of technology and industry	2.000.000	
9431	Subsidy to the EAC for the running of Commission delegations in the southern Mediterranean countries linked to the EEC by cooperation agreements	379.100	
	Total	4.314.100	
	<u>B. Differentiated approps</u>	Approps for commitment	Approps for payment
3201	Joint projects in prospecting for hydrocarbons	15.000.000	5.000.000
3351	Fusion and plasma physics (including the JET project)	8.029.200	15.000.000
3371	Implementation of coordinated projects	577.000	443.500
3710	Technological research	15.000.000	1.000.000
8302	Conversion in the non-industrial inshore fishing sector	5.000.000	5.000.000
	Total	43.606.200	26.443.500

Appropriations cancelled: Non-differentiated approps: 6.935.500  
 Approps for commitment: 38.000  
 Approps for payment: 1.532.200

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Situation in respect of Chapter 101: Contingency reserve

EUA

Art. or Item	Heading	Transfers approved	
<u>A. Non-differentiated approps</u>			
2550	Conferences, congresses and meetings organized by the institution	671.000	
260	Consultations, studies and surveys of limited scope	120.000	
2720	Expenditure on the dissemination of information, popularization and participation in public events	600.000	
2981	Implementation of the International Olive Oil Agreement	175.000	
343	Scientific and technical work and equipment	250.000	
3540	Environmental studies	580.000	
470	Refunds arising out of certain financial obligations in respect of fishing in the Adriatic	215.000	
950	Community aid to disaster victims in developing and non-member countries	800.000	
Chap. 102	Reserve to cover any shortfall in appropriations resulting from differences between the EUA rates used when the Budget estimates are drawn up and the rates obtaining at the time of implementation	800.000	
TOTAL		4.211.000	
<u>B. Differentiated approps</u>		<u>Approps for commitment</u>	<u>Approps for payment</u>
3365	Recycling of waste paper and board	500.000	500.000
TOTAL		4.711.000	

Appropriations cancelled: 289.000

SITUATION IN RESPECT OF CHAPTER 102

Reserve to cover any shortfall in appropriations  
resulting from differences between the EUA rates  
used when the Budget estimates are drawn up and  
the rates obtaining at the time of implementation

EUA

Article or Item	Heading	Transfers approved	
		Amount transferred	Amount approved
Chap. 101	Contingency reserve		800.000
214	Fitting-out of premises	300.000	
215	Security and guarding of buildings	50.000	
2210	New purchases (furniture)	50.000	
2220	New purchases (technical equipment and installations)	75.000	
2243	Development of data-processing applications	250.000	
2310	Postage on correspondence and delivery charges	50.000	
2311	Telephone, telegraph, telex, television	25.000	
		800.000	800.000

A token entry was allocated to this Chapter in the Budget.  
The transfers - from Chapter 101 - were made directly to the  
Articles and Items listed above.



UTILIZATION OF APPROPRIATIONS  
FOR THE FINANCIAL YEAR 1978

(Statistical tables)



SUMMARY - BY TITLE - OF THE IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978

■ EUA

Budgetary classification	Type of expenditure	Appropriations						Appropriations cancelled
		1	2	3	4	5	6	
Title 1	Expenditure relating to persons working with the institution	253,354	385,354	385,354	344,352	341,373	2,979	41,001
Title 2	Buildings, equipment and miscellaneous administrative expenditure	159,175	199,610	162,121	192,866	165,175	26,791	9,155
Title 3	Community policies relating in particular to research, technology, industry, the social sector, the environment and the supply of energy and raw materials							
	Differentiated approps	255,268	255,268	504,140	224,654	-	241,022	38,464
	Non-differentiated approps	245,791	245,799	282,567	-	127,349	95,652	0,626
		44,882	44,882	49,502	24,514	14,223	14,291	3,987
Title 4	Repayments and aids to Member States; miscellaneous	2,425,100	2,425,375	2,583,361	2,556,664	2,500,848	60,816	21,267
Chapter 50/	Social Fund	519,500	519,500	571,758	569,009	-	2,149	-
Chapter 53	Differentiated approps	538,800	538,800	538,800	239,272	239,272	299,528	-
Chapter 55	Regional Fund	581,000	581,070	599,835	556,359	-	43,476	-
	Differentiated approps	525,000	525,100	595,000	-	171,809	353,191	-
Chapter 59	Aid to disaster victims in the Community	5,000	5,000	5,000	3,739	3,739	-	1,261
Titles 6 and 7	European Agricultural Guidance and Guarantee Fund, Guarantee Section	6,959,750	6,959,750	6,785,919	6,755,467	6,255,187	-	-
Title 8	European Agricultural Guidance and Guarantee Fund, Guidance Section	473,500	473,500	521,354	267,259	-	250,277	3,598
	Differentiated approps	423,500	423,500	444,500	-	141,760	302,740	-
Title 9	Cooperation with the developing countries and other non-member countries	309,360	309,360	309,300	45,199	-	264,101	-
	Differentiated approps	142,295	142,295	142,295	-	7,913	134,382	-
	Non-differentiated approps	238,267	238,267	239,446	231,015	190,543	100,500	2,403
Title 10	Provisional appropriations and contingency reserve	43,644	43,644	0,038	-	-	-	0,038
	Differentiated approps	21,976	21,976	1,532	-	-	-	1,532
	Non-differentiated approps	16,250	16,250	7,225	-	-	-	7,225
Grand totals		2,232,272	2,232,272	2,566,657	1,412,461	-	801,025	42,100
	Differentiated approps	1,213,333	1,213,333	1,518,716	695,176	-	1,244,400	2,159
	Non-differentiated approps	1,018,939	1,018,939	1,047,941	717,285	-	556,625	39,941

(1) Including, in Chapter 33, the appropriations corresponding to the revenue received in respect of services performed on behalf of outside bodies.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
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■ EUA

Budgetary classification	Heading	Approps authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with appropriations Col. 3 Col. 2	Payments made	Payments as % of commitments Col. 5 Col. 3	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 1	EXPENDITURE RELATING TO PERSONS WORKING WITH THE INSTITUTION									
Chapter 10	Members of the institution	3,239	3,239	2,945	90,92	2,945	100,00	-	-	0,294
Chapter 11	Staff	350,738	350,738	345,675	90,00	344,732	99,70	0,944	-	35,063
Chapter 12	Allowances and expenses on entering and on leaving the service and on transfer	17,629	17,629	14,424	80,12	13,946	98,74	0,478	-	3,506
Chapter 13	Expenditure relating to missions and duty travel	10,354	10,354	8,335	80,50	6,970	83,62	1,365	-	2,019
Chapter 14	Expenditure on social welfare	1,539	1,539	1,442	93,70	1,091	75,66	0,351	-	0,095
Chapter 15	Internal training courses and vocational training	1,855	1,855	1,830	98,65	1,689	92,30	0,441	-	0,005
	TITLE 1 - TOTAL	385,354	385,354	344,352	89,36	341,373	99,13	2,979	-	41,001

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification	Heading	Approps authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with appropriations Col. 3 Col. 2	Payments made of commitments Col. 5 Col. 3	Payments as % of commitments	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE									
Chapter 20	Immovable property investments	token entry	0,145	0,134	92,11	0,126	94,21	0,008	-	0,011
Chapter 21	Rental of buildings and associated expenditure	42,042	42,302	41,683	96,26	39,315	94,32	2,368	-	0,618
Chapter 22	Movable property and associated expenditure	13,588	15,288	15,073	98,59	10,922	72,46	4,151	-	0,215
Chapter 23	Current administrative expenditure	13,697	13,522	13,179	97,46	11,125	84,42	2,054	-	0,343
Chapter 24	Entertainment and representation expenses	0,595	0,595	0,548	92,10	0,423	77,16	0,125	-	0,047
Chapter 25	Expenditure on formal and other meetings	11,232	11,653	8,721	74,84	7,344	84,21	1,377	-	2,932
Chapter 26	Expenditure on studies, surveys and consultations	13,725	13,255	12,749	96,18	5,296	41,54	7,452	-	0,506
Chapter 27	Expenditure on publishing and information	23,586	24,011	23,461	97,71	14,765	62,93	8,696	-	0,550
Chapter 28	Subsidies for balancing budgets	39,697	39,697	35,824	90,24	35,562	99,27	0,261	-	3,873
Chapter 29	Subsidies and financial contributions	1,479	1,654	1,594	96,37	1,295	81,27	0,298	-	0,060
	TITLE 2 - TOTAL	159,610	162,121	152,966	94,35	126,175	82,49	26,791	-	9,155

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
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AS AT 31 DECEMBER 1978

■ EDA

Budgetary classification and heading	Approps for commitment		Utilized in commitments		Approps for payment		Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
	2	3	Amount	% of approps	4	5	6	% of approps	7	8	9	10	
1	2	3	4	5	6	7	8	9	10	11	12		
TITLE 3 COMMUNITY POLICIES RELATING IN PARTICULAR TO RESEARCH, TECHNOLOGY, INDUSTRY, THE SOCIAL SECTOR, THE ENVIRONMENT AND THE SUPPLY OF ENERGY AND RAW MATERIALS													
<u>DIFFERENTIATED APPROPS</u>													
Chapter 30 (+)													
Expenditure in the social sector													
• outstanding	0,541												
• current financial year	6,120				3,274								
• total	6,661	1,790	26,87	3,274	1,893	57,82	4,871	1,381					1,469
Chapter 32													
Expenditure under the energy policy													
• outstanding (1)	53,624												
• current fin. year (2)	80,000				46,300								
• total	133,624	42,465	31,78	46,300	0,113	0,24	66,759	46,187	25,000				32,934

(+) This Chapter also includes non-differentiated appropriations. See next page.  
(1) Including appropriations from released funds in 1978 against commitments still to be settled from previous years.  
(2) Including transfers of appropriations.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
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AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification and heading	1	Approps for commitment		Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		2	3	4	5		6	7	8	9	10	11	
		Amount	% of approps	Amount	% of approps	Amount	% of approps	Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment
Chapter 33 Expenditure on research and investment													
• outstanding (1)(3)	136,769												
• current fin. year (2)(3)	189,966												
• total	325,135	175,081	54,09	224,763	224,763	723,416	54,91	144,790	100,721	4,464	0,626	56,695	
Chapter 36 (+) Expenditure on scientific and technical information and on information management													
• outstanding (1)	0,975												
• current fin. year	5,825												
• total	6,800	2,640	38,82	3,550	3,550	1,489	41,94	4,464	2,061	-	-	1,744	
Chapter 37 (+) Expenditure in the industrial and transport sectors													
• outstanding	9,000												
• current fin. year (2)	22,920												
• total	31,920	1,878	5,88	4,700	4,700	0,437	9,30	21,042	4,263	9,000	-	1,441	
TITLE 3 - TOTAL (differentiated approps)		504,140	44,56	224,587	224,587	727,349	45,07	241,022	54,672	38,464	0,626	94,283	

(+) These Chapters also include non-differentiated appropriations. See next page.  
 (1) Including appropriations from funds released in 1978 against commitments still to be settled from previous years.  
 (2) Including transfers of appropriations.  
 (3) Including the appropriations corresponding to the revenue received in respect of services performed on behalf of outside bodies.

■ EUA

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

Budgetary classification	Heading	Approps authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with appropriations	Payments made	Payments as % of commitments	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 3	COMMUNITY POLICIES RELATING IN PARTICULAR TO RESEARCH, TECHNOLOGY, INDUSTRY, THE SOCIAL SECTOR, THE ENVIRONMENT AND THE SUPPLY OF ENERGY AND RAW MATERIALS									
	<u>NON-DIFFERENTIATED APPROPRIATIONS</u>									
Chapter 30(*)	Expenditure in the social sector	5,645	5,645	4,756	84,25	3,804	79,98	0,952	-	0,889
Chapter 31	Expenditure in the agricultural sector	7,994	7,994	6,064	75,86	1,575	21,98	4,549	-	1,930
Chapter 34	Expenditure relating to safeguards	0,920	1,170	1,142	97,61	0,688	60,24	0,454	-	0,828
Chapter 35	Protection of man and his environment	6,388	6,968	5,952	85,42	2,965	49,82	2,987	-	1,016
Chapter 36(*)	Expenditure on scientific and technical information and on information management	1,455	1,605	1,546	96,32	0,755	48,84	0,791	-	0,059
Chapter 37(*)	Expenditure in the Industrial and transport sectors	5,035	16,675	1,673	10,03	0,462	27,62	1,211	15,000	0,002
Chapter 39	Other expenditure on specific projects undertaken by the institution	7,445	9,445	7,381	78,75	4,034	54,65	3,347	2,000	0,064
	TITLE 3 - TOTAL (non-diff. approps)	44,882	49,502	28,544	57,60	14,223	49,88	14,291	17,000	3,987

(\*) These Chapters also include differentiated appropriations; see the two previous pages.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification	Heading	Approvals authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approvals cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with appropriations Col. 3 Col. 2	Payments made	Payments as % of commitments Col. 5 Col. 3	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 4	REPAYMENTS AND AIDS TO MEMBER STATES; MISCELLANEOUS									
Chapter 40	Lump-sum repayment to the Member States of costs incurred in collecting own resources	689,600	689,600	688,333	96,92	607,513	90,90	60,816	-	21,267
Chapter 41	Application of the 'correcting mechanism' pursuant to the Council Decision of 17 May 1976	token entry	token entry	-	-	-	-	-	-	-
Chapter 42	Community lending operations	token entry	token entry	-	-	-	-	-	-	-
Chapter 43	Community lending operations to finance industrial investment	token entry	token entry	-	-	-	-	-	-	-
Chapter 44	Accession compensatory amounts	30,000	23,120	23,120	100,00	23,120	400,00	-	-	-
Chapter 45	Monetary compensatory amounts	992,600	716,957	716,957	100,00	716,957	100,00	-	-	-
Chapter 46	Expenditure resulting from the application of different exchange rates	712,900	1,453,255	1,453,255	100,00	1,453,255	100,00	-	-	-
Chapter 47	Assumption by the European Community of certain financial obligations	0,215	0,430	-	0,00	-	-	-	0,430	-
Chapter 48	Loss on differences in exchange rates	token entry	token entry	-	-	-	-	-	-	-
Chapter 49	European Export Bank (EEB)	token entry	token entry	-	-	-	-	-	-	-
	TITLE 4 - TOTAL	2,425,315	2,583,361	2,561,654	99,16	2,500,818	97,63	60,816	0,430	21,267

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
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■ EUA

Budgetary classification and heading	Approps for commitment	Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of approps		Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
TITLE 5 SOCIAL AND REGIONAL FUNDS DIFFERENTIATED APPROPRIATIONS Chapter 50											
New Social Fund - Expenditure under Article 4 of the Council Decision of 1 February 1971	0,473 238,000 238,473	237,460	99,58	225,500 225,500	418,166	52,41	1,013	107,314	-	-	249,491
• outstanding (1)											
• current financial year											
• total											
Chapter 51											
New Social Fund - Expenditure under Article 5 of the Council Decision of 1 February 1971	1,130 330,000 331,130	330,629	99,85	312,000 312,000	420,716	38,69	0,501	491,284	-	-	320,648
• outstanding (1)											
• current financial year											
• total											

(1) Including appropriations from funds released in 1978 against commitments under the financial year 1977.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification and heading	Approps for commitment	Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of approps		Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
Chapter 52 Social Fund - Pilot schemes and preparatory studies	0,055 1,500 1,555	0,921	61,40	1,300 1,300	0,371	28,54	0,634	0,929	-	-	0,645
Chapter 53 Social Fund - New measures	token entry	-	-	token entry	-	-	-	-	-	-	-
SOCIAL FUND - TOTAL	571,458	569,009	99,62	538,800	239,272	44,41	2,149	299,528	-	-	540,783

(1) Including appropriations from funds released in 1978 against commitments under the financial year 1977.

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SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
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Budgetary classification and heading	Approps for commitment	Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of approps		Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
Chapter 55 European Regional Development Fund											
• outstanding (1)	18,835										
• current financial year	581,000										
• total	599,835	556,359	92,75	525,000	171,009	2,75	43,476	353,491	-	-	452,657
REGIONAL FUND - TOTAL	599,835	556,359	92,75	525,000	171,009	2,75	43,476	353,491	-	-	452,657

(1) Including appropriations from funds released in 1978 against commitments still to be settled from previous financial years.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
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■ EJA

Budgetary classification	Heading	Approps authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budget	After transfers	Commitments entered into	% utilized compared with appropriations Col. 3 Col. 2	Payments made of commitments Col. 5 Col. 3	Payments as % of commitments	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 5	SOCIAL AND REGIONAL FUNDS									
	<u>NON-DIFFERENTIATED APPROPRIATIONS</u>									
Chapter 59	Aid to disaster victims in the Community	5,000	5,000	3,759	74,78	3,759	100,00	-	-	1,261

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SECTION 111 (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
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Budgetary classification	Heading	Appropriations authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with appropriations Col. 3 Col. 2	Payments made	% of commitments Col. 5 Col. 3	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLES 6 & 7	EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND									
	GUARANTEE SECTION									
Chapter 60	Cereals	1,428,300	999,558	999,558	100,00	999,558	100,00	-	-	-
Chapter 61	Rice	36,600	46,777	46,777	100,00	46,777	400,00	-	-	-
Chapter 62	Milk and milk products	2,895,850	3,374,304	3,343,873	99,40	3,343,873	400,00	-	-	-
Chapter 63	Oils and fats	413,300	333,874	333,874	100,00	333,874	400,00	-	30,431	-
Chapter 64	Sugar	812,500	770,240	770,240	100,00	770,240	400,00	-	-	-
Chapter 65	Beef and veal	450,800	566,744	566,744	100,00	566,744	100,00	-	-	-
Chapter 66	Pigmeat	84,500	38,280	38,280	100,00	38,280	100,00	-	-	-
Chapter 67	Eggs and poultrymeat	25,400	33,678	33,678	100,00	33,678	100,00	-	-	-
Chapter 68	Fruit and vegetables	139,200	100,201	100,201	100,00	100,201	100,00	-	-	-
Chapter 69	Wine	224,300	62,520	62,520	100,00	62,520	100,00	-	-	-
Chapter 70	Tobacco	237,400	209,913	209,913	100,00	209,913	100,00	-	-	-
Chapter 71	Fisheries	18,000	14,021	14,021	100,00	14,021	100,00	-	-	-
Chapter 72	Ethyl alcohol of agricultural origin	token entry	token entry	-	-	-	-	-	-	-

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SECTION 111 (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
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Budgetary classification	Heading	Appropriations authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with approps Col. 3 Col. 2	Payments made	% of commitments Col. 5 Col. 3	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Chapter 73	Other sectors or products subject to common market organization	63,600	81,545	81,545	100,00	81,545	100,00	-	-	-
Chapter 74	Refunds on certain goods obtained by processing	120,000	184,353	184,353	100,00	184,353	100,00	-	-	-
Chapter 76	Appropriations in connection with clearance of accounts for periods prior to 1 January 1971	token entry	token entry	-	-	-	-	-	-	-
	TITLES 6 & 7 - TOTAL	6.959,750	6.785,949	6.755,487	99,55	6.755,487	100,00	-	30,431	-

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification and heading	Appropriations for commitment	Utilized in commitments		Appropriations for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of appropriations		Amount	% of appropriations	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
TITLE 8 EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND, GUIDANCE SECTION											
Chapter 80 Projects for the improve- ment of agricultural structures provided for in Article 13 of Regulation No 17/64/EEC											
• outstanding	70,000(1)	-	0,00	26,000	-	0,00	70,000	26,000	-	-	-
• current financial year	70,000	-		26,000	-				-	-	-
• total											
Chapter 81 Common measures for the reform of agricultural structures under the Council Resolution of 25 May 1971											
• outstanding	4,650	65,489	63,92	26,000(1)	60,838	48,28	36,962	65,482	-	-	-
• current financial year	97,800(1)			26,000							
• total	102,450			26,000							

(1) including transfers of appropriations.

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SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

1 Budgetary classification and heading	2 Appropriations for commitment	3 Utilized in commitments		5 Appropriations for payment	6 Utilized in payments		8 Carryovers		10 Appropriations cancelled		12 Commitments for the year still to be settled at 31.12.1978
		Amount	% of appropriations		Amount	% of appropriations	Appropriations for commitment	Appropriations for payment	Appropriations for commitment	Appropriations for payment	
Chapter 82 Common measures concerning the marketing and processing of agricultural products under the Council Resolution of 25 May 1971	4,788 123,000 (1) 127,788	104,075	81,44	33,000(1) 33,000	0,122	1,28	20,175	32,578	3,598	-	102,463
• outstanding											
• current financial year											
• total											
Chapter 83 Common measures in particular sectors	17,061 178,500 (1) 195,561	92,586	47,34	234,300(1) 234,300	75,525	32,23	102,975	75,775	-	-	-
• outstanding											
• current financial year											
• total											
Chapter 88 Appropriations set aside in previous financial years to finance expenditure in Chapters 81 to 83	token entry	-	-	token entry	-	-	-	-	-	-	-

(1) Including transfers of appropriations.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

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Budgetary classification and heading	Approps for commitment	Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of approps		Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
Chapter 89 Special measures • outstanding • current financial year • total	0,135 25,200 (1) 25,335	5,109	20,17	25,200(1) 25,200	4,974	19,73	20,226	20,226	-	-	-
TITLE 8 - TOTAL	521,134	267,259	51,28	444,500	441,760	31,89	250,277	302,740	3,598	-	102,463

(1) Including transfers of appropriations.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification and heading	Approps for commitment	Utilized in commitments		Approps for payment	Utilized in payments		Carryovers		Appropriations cancelled		Commitments for the year still to be settled at 31.12.1978
		Amount	% of approps		Amount	% of approps	Approps for commitment	Approps for payment	Approps for commitment	Approps for payment	
1	2	3	4	5	6	7	8	9	10	11	12
TITLE 9 COOPERATION WITH THE DEVELOPING COUNTRIES AND OTHER NON-MEMBER COUNTRIES											
<u>DIFFERENTIATED APPROPRIATIONS</u>											
Chapter 93 (+) Financial and technical cooperation with non- associated developing countries	75,000	37,227	44,30	44,796	4,318	9,64	41,773	40,478	-	-	31,984
Chapter 94 (+) Specific measures for cooperation with developing countries	12,000	11,972	99,77	6,000	3,640	60,67	0,028	2,360	-	-	8,332
Chapter 96 (+) Cooperation with non-member countries	222,300	-	0,00	91,500	-	0,00	222,300	91,500	-	-	-
TITLE 9 - TOTAL (differentiated approps)	309,300	45,199	14,61	142,296	7,958	5,59	264,101	134,338	-	-	40,316

(+) These Chapters also contain non-differentiated appropriations; see next page.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION III (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification	Heading	Appropriations authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		Including Suppl. or Amending Budgets	After transfers	Commitments entered into	% utilized compared with approps	Payments made	Payments as % of commitments	Automatic	Non-automatic	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TITLE 9	COOPERATION WITH THE DEVELOPING COUNTRIES AND OTHER NON-MEMBER COUNTRIES									
	<u>NON-DIFFERENTIATED APPROPRIATIONS</u>									
Chapter 90	Cooperation with the ACP States linked to the EEC by the Convention of Lomé	token entry	token entry							
Chapter 92	Food aid	223,710	223,220	222,941	99,88	222,870	55,11	100,071	-	0,279
Chapter 93(+)	Financial and technical cooperation with non-associated developing countries	0,400	0,400	0,205	51,25	0,022	10,73	0,183	-	0,195
Chapter 94(+)	Specific measures for cooperation with developing countries	7,257	7,636	5,709	95,69	5,463	95,69	0,246	-	1,927
Chapter 95	Exceptional measures to assist developing countries and other non-member countries	0,900	2,190	2,189	99,95	2,189	100,00	-	-	0,001
Chapter 96(+)	Cooperation with non-member countries	6,000	6,000	-	0,00	-	-	-	6,000	-
	TITLE 9 - TOTAL (non-differentiated appropriations)	238,267	239,446	231,043	96,49	130,543	56,50	100,500	6,000	2,403

(+) These Chapters also contain differentiated appropriations; see previous page.

SUMMARY - BY CHAPTER - OF IMPLEMENTATION OF THE STATEMENT OF EXPENDITURE,  
SECTION 111 (COMMISSION), OF THE GENERAL BUDGET FOR THE FINANCIAL YEAR 1978  
AS AT 31 DECEMBER 1978

■ EUA

Budgetary classification	Heading	Appropriations authorized for 1978		Utilized in commitments		Utilized in payments		Carryovers		Approps cancelled
		(1) Including Suppl. or Amending Budgets	(2) After transfers	(3) Committed entered into	(4) % utilized compared with approps Col. 3 Col. 2	(5) Payments made	(6) Payments as % of commitments Col. 5 Col. 3	(7) Automatic	(8) Non-automatic	
TITLE 10	OTHER EXPENDITURE									
Chapter 100	Provisional appropriations	43,644	0,038	-	-	-	-	-	-	0,038
	Differentiated approps {	27,976	1,532	-	-	-	-	-	-	1,532
	Approps for payment	11,250	6,936	-	-	-	-	-	-	6,936
Chapter 101	Non-differentiated appropriations	5,000	0,289	-	-	-	-	-	-	0,289
Chapter 102	Contingency reserve									
	Reserve to cover any shortfall in appropriations resulting from differences between the EUA rates used when the Budget estimates are drawn up and the rates of conversion obtaining at the time of implementation									
	TITLE 10 - TOTAL	43,644	0,038	-	-	-	-	-	-	0,038
	Differentiated approps {	27,976	1,532	-	-	-	-	-	-	1,532
	Approps for payment	16,250	7,225	-	-	-	-	-	-	7,225
	Non-differentiated appropriations									
	GRAND TOTALS:	2,232,212	2,505,607	1,662,481	66,35	688,447	35,57 (1)	601,025	-	42,100
	DIFFERENTIATED APPROPRIATIONS	1,903,370	1,934,716	-	-	688,447	-	1,244,409	-	2,759
	Approps for commitment									
	Approps for payment	10,234,427	10,217,923	10,077,767	98,62	9,872,389	97,96	205,377	53,861	86,300
	NON-DIFFERENTIATED APPROPRIATIONS									

(1) % of appropriations.



UTILIZATION OF APPROPRIATIONS CARRIED

OVER FROM 1977 to 1978

AND

SUMMARY OF COMMITMENTS

STILL TO BE SETTLED

AT 31 DECEMBER 1978

(Statistical tables)



SUMMARY TABLE, BY TITLES, OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978, AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF THE FINANCIAL YEAR

Budgetary classification	Heading	m EUA													
		Automatic carryovers		% of carryovers		Payments		Appropriations not used		Appropriations not used		Commitments still to be settled at the closure of accounts for 1978			
		1	2	3	4	5	6	7	8	9	10		11		
TITLE 1	Expenditure relating to persons working with the Institution	3,955	2,973	75,17	-	0,982	-	-	-	-	-	-	-	-	-
TITLE 2	Buildings, equipment and misc. administrative expenditure	24,475	21,442	87,82	-	2,972	-	-	-	-	-	-	-	-	-
TITLE 3	Expenditure on specific projects undertaken by the Institution	108,320	70,380	64,97	-	37,939	-	-	-	-	-	-	-	-	-
TITLE 4	Differentiated appropriations Non-differentiated approps.	10,958	9,107	83,11	-	1,650	-	-	-	8,086	0,085	-	8,000	-	208,176
Chap. 50/52	Repayments and aid to Member States and miscellaneous	56,183	54,618	97,21	-	1,565	-	-	-	-	-	-	-	-	-
Chapter 55	Social Fund (diff. approps.)	45,502	45,502	100,00	-	-	-	-	-	-	-	-	-	-	-
Chapter 58	Regional Fund (diff. approps.)	83,083	83,083	100,00	-	-	-	-	-	-	-	-	-	-	-
TITLES 6 & 7	Community aid to the Friuli disaster area	32,562	2,226	6,84	29,238	-	-	-	-	-	-	-	-	-	705,759
TITLE 8	EAGGF - Guarantee Section EAGGF - Guidance Section	609,814	605,785	99,34	-	4,029	-	-	24,000	-	-	-	-	-	29,238
TITLE 9	Differentiated appropriations Appropriations from financial years prior to 1977	74,481	31,660	42,51	-	42,821	-	-	-	-	-	-	-	-	-
	Cooperation with developing countries and other non-member countries	622,457	424,221	68,62	494,670	0,236	104,266	25,963	77,262	0,001	-	-	-	-	571,933
	Differentiated appropriations Non-differentiated approps.	181,296	424,398	68,62	-	56,898	3,246	2,307	-	0,939	-	-	-	-	84,944
	TOTALS ( Diff. approps. Non-differ. approps.)	311,386	230,625	-	-	80,760	-	-	-	-	-	-	-	-	2,507,405
		1,541,641	944,771	61,28	523,908	68,533	139,598	52,355	77,262	8,940	-	-	-	-	601,170

(1) Taking into account adjustments to balances of commitments due to changes in the EUA rates.

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
 CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
 THE GENERAL BUDGET AT 31 DECEMBER 1978

in ECU

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
TITLE 1	EXPENDITURE RELATING TO PERSONS WORKING WITH THE INSTITUTION										
Chapter 11	Staff	1,467	1,272	86,71	-	0,995	-				
Chapter 12	Allowances and expenses on entering and on leaving the service, and on transfer	0,272	0,205	75,37	-	0,067	-				
Chapter 13	Expenditure relating to missions and duty travel	1,798	1,175	65,35	-	0,623	-				
Chapter 14	Expenditure on social welfare	0,232	0,177	76,29	-	0,054	-				
Chapter 15	Internal training courses and further vocational training of staff	0,186	0,144	77,42	-	0,043	-				
	TITLE 1 - TOTAL	3,955	2,973	75,17	-	0,982	-				

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
THE GENERAL BUDGET AT 31 DECEMBER 1978

m EUA

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
TITLE 2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE										
Chapter 20	Immovable property investments	0,003	0,003	100,00	-	-	-	-	-	-	-
Chapter 21	Rental of buildings and associated expenditure	1,876	1,708	91,04	-	0,168	-	-	-	-	-
Chapter 22	Movable property and associated expenditure	5,431	5,413	99,67	-	0,018	-	-	-	-	-
Chapter 23	Current administrative expenditure	1,530	1,496	97,78	-	0,034	-	-	-	-	-
Chapter 24	Entertainment and representation expenses	0,109	0,098	89,91	-	0,011	-	-	-	-	-
Chapter 25	Expenditure for formal and other meetings	0,880	0,640	72,73	-	0,240	-	-	-	-	-
Chapter 26	Expenditure on studies, surveys and consultations	7,554	6,798	89,99	-	0,756	-	-	-	-	-
Chapter 27	Expenditure on publishing and information	6,731	5,005	74,36	-	1,726	-	-	-	-	-
Chapter 28	Subsidies for balancing budgets	0,010	0,010	100,00	-	-	-	-	-	-	-
Chapter 29	Subsidies and financial contributions	0,291	0,271	93,13	-	0,020	-	-	-	-	-
	TITLE 2 - TOTAL	24,445	21,442	87,82	-	2,972	-	-	-	-	-

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION 111 (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	3 Utilization		4 % of carryovers	5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled at the closure of accounts for 1978	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			Amount						
TITLE 3									
EXPENDITURE ON SPECIFIC PROJECTS UNDERTAKEN BY THE INSTITUTION									
<u>Differentiated appropriations</u>									
Chapter 30*	3,720	0,933	0,933	100,00		-	1,770	1,469	2,639
Expenditure in the Social Sector									
Chapter 32	43,805	29,266	18,498	63,21		10,769	32,461	32,934	65,394
Expenditure under the energy policy									
Chapter 33	110,242	73,989 (1)	49,654	67,11		24,335	80,263	56,695	136,959
Expenditure on research and investment									
Chapter 36*	1,917	1,296	1,296	100,00		-	-	1,744	1,744
Expenditure on scientific and technical information and on information management									

\* These Chapters also contain non-differentiated appropriations; see next page.  
(1) Including appropriations corresponding to revenue from services performed for outside bodies.

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION 111 (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	Utilization		5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			3 Amount	4 % of carryovers				
Chapter 37* Expenditure in the industrial and transport sectors TITLE 3 - TOTAL (differentiated appropriations)	- 169,773	2,836 106,320	- 70,390	0,00 64,97	2,836 37,939	- 113,694	1,441 94,283	1,441 208,776

\*This Chapter also contains non-differentiated appropriations; see next page.

■ EUA

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
THE GENERAL BUDGET AT 31 DECEMBER 1978

m ECU

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
TITLE 3	EXPENDITURE ON SPECIFIC PROJECTS UNDERTAKEN BY THE INSTITUTION										
Chapter 30*	Non-differentiated appropriations	1,462	1,271	86,94	-	0,491	-	-	-	-	-
Chapter 31	Expenditure in the social sector	3,246	2,038	63,37	-	1,178	-	-	-	-	-
Chapter 34	Expenditure in the agricultural sector	0,477	0,465	97,48	-	0,012	-	-	-	-	-
Chapter 35	Expenditure relating to safeguards	2,225	2,461	97,72	-	0,064	-	-	-	-	-
Chapter 36*	Protection of man and his environment	0,597	0,572	95,81	-	0,025	-	-	-	-	-
Chapter 37*	Expenditure on scientific and technical information and on information management	0,957	0,688	71,89	-	0,269	8,086	0,085	1,05	-	8,086
Chapter 39	Expenditure in the industrial and transport sectors	2,023	1,911	94,46	-	0,112	-	-	-	-	-
	Other expenditure on specific projects undertaken by the Institution	10,958	9,407	83,11	-	1,650	8,086	0,085	1,05	-	8,086
	TITLE 3 - TOTAL (non-differentiated appropriations)										

\*These Chapters also contain differentiated appropriations (see two previous pages).

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
 CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
 THE GENERAL BUDGET AT 31 DECEMBER 1978

■ IUA

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
TITLE 4	REPAYMENTS AND AID TO MEMBER STATES AND MISCELLANEOUS										
Chapter 40	Lump-sum repayment to the Member States of the cost incurred in collecting own resources	56,183	54,618	97,21	-	1,565					

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	3 Utilization		4 % of carryovers	5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			Amount						
TITLE 5									
SOCIAL AND REGIONAL FUNDS									
SOCIAL FUND									
Chapter 50									
New Social Fund - Expenditure under Article 4 of Council Decision of 1 February 1971	426,306	10,211	10,211	100,00			311,096	219,190	530,587
Chapter 51									
New Social Fund - Expenditure under Article 5 of the Council Decision of 1 February 1971	526,294	35,185	35,185	100,00			368,735	320,648	689,382
Chapter 52									
Social Fund - Pilot schemes and preparatory studies	0,773	0,106	0,106	100,00			0,533	0,645	1,178
SOCIAL FUND - TOTAL	953,372	45,502	45,502	100,00			680,364	540,783	1,221,147

■ ECU

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	Utilization		5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled accounts for 1978	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			3 Amount	4 % of carryovers				
Chapter 55 European Regional Development Fund	446,437	83,083	83,083	100,00	-	252,902	492,857	705,759

■ ECU

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
 CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
 THE GENERAL BUDGET AT 31 DECEMBER 1978

in ECU

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over (1)	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
Chapter 58	Community aid to the Friuli disaster area	32,562	2,226	6,84	29,238	-	-	-	-	-	-

(1) Taking into account adjustments to balances of commitments due to changes in the ECU rates.

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
THE GENERAL BUDGET AT 31 DECEMBER 1978

m EUA

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
					Carried over	Cancelled				Carried over	Cancelled
		1	2	3	4	5	6	7	8	9	10
TITLES 6 & 7	EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND, GUARANTEE SECTION										
Chapter 60	Cereals	180,359	180,321	99,98	-	0,038	21,783	21,783	100,00	-	-
Chapter 62	Milk and milk products	16,108	5,886	98,62	-	0,221					
Chapter 63	Oils and fats	212,004	209,245	98,70	-	2,759					
Chapter 65	Beef and veal	55,923	55,790	99,76	-	0,133					
Chapter 66	Pigmeat	0,942	0,942	100,00	-	-					
Chapter 68	Fruit and vegetables	127,656	127,243	99,68	-	0,413					
Chapter 69	Wine	26,626	26,476	99,44	-	0,150					
Chapter 70	Tobacco	104,573	103,880	99,34	-	0,693					
Chapter 71	Fisheries	0,036	0,036	100,00	-	-					
Chapter 73	Other sectors or products subject to common market organization	2,150	2,045	95,12	-	0,105					
Chapter 79	Expenditure resulting from the application of different exchange rates	- 116,562	- 116,080	99,59	-	- 0,482	2,217	2,217	100,00	-	-
	TITLES 6 AND 7 - TOTAL	609,814	605,785	99,34	-	4,029	24,000	24,000	100,00	-	-

■ EUA

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION 111 (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	3 Utilization		4 % of carryovers	5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled accounts for 1978	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			Amount						
TITLE 8 EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND, GUIDANCE SECTION DIFFERENTIATED APPROPRIATIONS  Chapter 80 Projects for the improvement of agricultural structures provided for in Article 13 of Regulation No 17/64/EEC  Chapter 81 Common measures for the reform of agricultural structures under the Council Resolution of 25 May 1971  Chapter 82 Common measures concerning the marketing and processing of agricultural products under the Council Resolution of 25 May 1971	194,658	47,847	8,624	18,02	39,223	184,945	-	184,945	102,463
	-	4,650	4,650	100,00	-	-	-	-	102,463
	-	4,788	1,190	24,85	3,598	-	-	-	102,463

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

■ EUA

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	3 Utilization		4 % of carryovers	5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			Amount						
Chapter 83 Common measures in particular sectors	-	17,061	17,061	100,00	-	-	-	-	-
Chapter 89 Special measures	-	0,135	0,135	100,00	-	-	-	-	-
TITLE 8 - TOTAL (differentiated approps.)	191,658	74,481	31,660	42,51	42,821	181,915	102,463	287,108.	

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
THE GENERAL BUDGET AT 31 DECEMBER 1978

Budgetary classification	Heading	Automatic carryovers	Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used		Carried over (1)	Carried over (1)	Cancellations
					Carried over (1)	Cancelled				Carried over (1)	Cancelled			
		1	2	3	4	5	6	7	8	9	10	11	12	13
TITLE 8	EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND													
	Guidance Section													
	Appropriations from financial years before 1977													
Chapter 80	Projects for the improvement of agricultural structures provided for in Article 13 of Regulation No 17/64/EEC	619,750	122,301	19,79	493,067	0,236	104,266	25,963	24,90	77,662	-8,801			
Chapter 83	Common measures in particular sectors	3,307	1,720	52,01	1,603	-	-	-	-	-	-			
	TITLE 8 - TOTAL (appropriations from financial years before 1977)	622,457	124,221	19,96	494,670	0,236	104,266	25,963	24,90	77,662	-8,801			

(1) Taking into account adjustments to balances of commitments due to changes in the EUA rates.

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF THE GENERAL BUDGET AT 31 DECEMBER 1978 AND COMMITMENTS STILL TO BE SETTLED AT THE CLOSURE OF ACCOUNTS FOR THE FINANCIAL YEAR

Budgetary classification and heading	1 Commitments still to be settled at the closure of accounts for 1977	2 Automatic carryovers	Utilization		5 Appropriations cancelled	6 Commitments still to be settled at the closure of accounts for 1977 and not yet settled	7 Commitments for 1978 still to be settled at the closure of accounts for 1978	8 Total commitments still to be settled at the closure of accounts for 1978
			3 Amount	4 % of carryovers				
TITLE 9 COOPERATION WITH DEVELOPING COUNTRIES AND OTHER NON-MEMBER COUNTRIES								
<u>Differentiated appropriations</u>								
Chapter 93 Financial and technical cooperation with non-associated developing countries	46,599 (1)	-	-	-	-	44,598	31,984	76,583
Chapter 94 Specific measures for cooperation with developing countries	-	-	-	-	-	-	8,332	8,332
TITLE 9 - TOTAL (differentiated appropriations)	46,599	-	-	-	-	44,598	40,316	84,914

(1) Including 34,293 m EUA corresponding to the commitments for 1977 entered into under the system of non-differentiated appropriations and not settled against carryovers in 1978.

SUMMARY TABLE OF THE UTILIZATION OF APPROPRIATIONS  
CARRIED OVER FROM 1977 TO 1978 IN SECTION III (COMMISSION) OF  
THE GENERAL BUDGET AT 31 DECEMBER 1978

m E.U.A.

Budgetary classification	Heading	Automatic carryovers		Payments	% of carryovers	Appropriations not used		Non-automatic carryovers	Payments	% of carryovers	Appropriations not used	
		1	2			3	4				5	6
TITLE 9	COOPERATION WITH DEVELOPING COUNTRIES AND OTHER NON-MEMBER STATES											
	Non-differentiated appropriations											
Chapter 92	Food aid	132,370	113,109	65,45	-	19,261	-	-	-	-	-	-
Chapter 93	Financial and technical cooperation with non-associated developing countries	44,138	6,574	14,90	-	37,562	-	-	-	-	-	-
Chapter 94	Specific measures for cooperation with developing countries	2,516	2,442	97,06	-	0,074	-	2,436	2,307	94,70	-	0,029
Chapter 95	Exceptional measures to assist developing countries and non-member countries	0,972	0,972	100,00	-	-	-	-	-	0,00	-	-
Chapter 96	Cooperation with non-member countries	1,301	1,301	100,00	-	-	-	0,010	-	-	-	0,040
	TITLE 9 - TOTAL (non-differentiated appropriations)	181,296	181,398	68,62	-	56,898	-	3,246	2,307	71,08	-	0,939