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REPORT

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

on second-generation regional development programmes
1981-1985

Rapporteur: Mr H. POETSCHKI

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By letter of 12 September 1984 the Committee on Regional Policy and Regional Planning requested authorization to draw up a report on second-generation regional development programmes for 1981-1985.

At its meeting of 11-13 December 1984 the Bureau authorized the Committee on Regional Policy and Regional Planning to report on this subject.

On 20 September 1984 the committee appointed Mr POETSCHKI rapporteur.

At its meetings of 21-22 March and 25-26 April 1985 the committee considered the draft report. It adopted the motion for a resolution as a whole on 23-24 May 1985 unopposed with three abstentions.

The following took part in the vote: Mr DUCARME (vice-chairman and acting chairman); Mr NEWMAN (vice-chairman); Mr POETSCHKI (rapporteur); Mr ALMIRANTE, Mr AVGERINOS, Mr BARRETT, Mrs BOOT, Mr C. BEAZLEY, Mr CHANTERIE (deputizing for Mr GIUMMARRA), Mr CLINTON (deputizing for Mr Ligios), Mr EPHREMIDIS (deputizing for Mr Verges), Mr GRIFFITHS, Mr HUTTON, Mr LAMBRIAS, Mrs LEMASS, Mr MAHER (deputizing for Mr ROMEO), Mr D. MARTIN, Mr O'DONNELL, Mr SCHREIBER and Mr TAYLOR.

The report was tabled on 3 June 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part session at which it will be debated.

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

MOTION FOR A RESOLUTION

on second-generation regional development programmes

The European Parliament,

- having regard to the Commission's summary of regional development programmes for 1981-1985 (Doc. XVI/428/83 of 19 July 1984),
 - having regard to the common outline for regional development programmes (OJ No. C 69 of 24 March 1976),
 - having regard to the Commission's recommendation on first-generation regional development programmes (79/535/EEC, OJ No. L 143 of 12 June 1979),
 - having regard to the Commission's opinion of 19 June 1984 on the regional development programmes (OJ No. L 211 of 8 August 1984),
 - having regard to Council Regulation (EEC) No. 1787/84 of 19 June 1984 on the ERDF (OJ No. L 169 of 28 June 1984),
 - having regard to the joint declaration by the Council, the Commission and the European Parliament of 19 June 1984 concerning cooperation between the Commission and regional authorities in the European Community,
 - having regard to the regional development programmes forwarded to the Commission by the Member States in accordance with Article 2 of the Regional Fund Regulation,
 - having regard to the European Parliament's resolution of 19 September 1980 on first-generation regional development programmes (OJ No. C 265 of 13 October 1980),
 - having regard to the report of the Committee on Regional Policy and Regional Planning (Doc. A2-63/85),
1. Notes that the Member States have submitted to the Commission regional development programmes for those regions for which they have requested grants from the ERDF;
 2. Notes some qualitative improvements overall in the second-generation regional development programmes but calls on the Commission, when the third-generation programmes are being formulated, to make more vigorous representations to the Member States than it has done hitherto for the improvements proposed by itself and the European Parliament;
 3. Notes that in terms of content the regional development programmes of the ten Member States should follow the 'common outline for RDPs' adopted in 1975 and notes with regret that this common outline has so far merely been indicative, thereby substantially reducing the comparability and transparency of the ten programmes;

4. Regrets the fact that this does not make the necessary coordination of the Member States' national regional policies any easier;
5. Notes that the national aid rules by which funds are earmarked for regional purposes vary widely from one Member State to another and calls on the Commission to subject the programmes of all the Member States to a detailed comparative analysis as regards their efficiency;
6. Considers it to be inappropriate that a total of 54% of the area of the Community with about 35% of its population is classified by the Member States as development areas as defined by the ERDF and believes that a marked cutback in area and population in the development areas of some Member States is absolutely essential;
7. Notes that the regional development programmes generally do not list priority development areas and calls on the governments of the Member States to determine their priority development areas according to transparent criteria;
8. Calls, with reference to the third generation of regional development programmes, for the ERDF only to be involved in future in those areas designated on the basis of geographical and sectoral considerations as priority development areas for Community purposes, by the Member States working in conjunction with the Commission;
9. Notes that several regional development programmes could be more precise and detailed as regards the future development of regional labour markets and the consequent measures to create and preserve jobs, and therefore attaches great importance to the improvement of regional statistics, particularly those concerning regional labour markets, in all the Member States;
10. Notes that most regional development programmes contain inadequate information about priority sectors and infrastructure projects, so that as a rule, the Commission is scarcely in a position to draw up clear priorities for ERDF aid;
11. Considers, therefore, that it is absolutely essential to carry out analyses relating to the future situation of economic sectors for which ERDF funding is requested, so as to improve the return on public investment aid;
12. Notes that the regional development programmes still pay insufficient attention to the effects of other national and Community policies (social, transport, energy and agricultural policy, etc.) on the socio-economic situation of the weaker regions in particular, and therefore calls for a detailed analysis of the future effects of these policies in all the Member States;
13. Considers it to be essential for the policies of the European Communities also to be assessed on a regular basis with regard to their future effects on the regions;
14. Considers that in order to assess the effectiveness of regional aid, the third-generation programmes should indicate not only direct regional subsidies but also financial transfers between the various public authorities in the Member States and indirect regional aid from other policy fields;

15. Points out that only a few regional development programmes relating to intra-Community border areas show signs of coordination with the neighbouring countries and calls on the governments of the Member States and the Commission to pay more attention in future to cross-border cooperation in the planning and implementation of programmes;
16. Points out, once again, the need for closer cooperation between the regions and municipalities on the one hand and central government and the Community institutions on the other hand in formulating and implementing regional development programmes, and in this connection recalls the joint declaration of 19 June 1984 by the Council, the European Parliament and the Commission which calls, inter alia, for '... efficient relations between the Commission of the Communities and regional... authorities. This will enable regional interests to be better taken into account when regional development programmes ... are drawn up';
17. Calls for ERDF aid to be shown separately in all programmes in future, in order to ensure that Community regional aid and regional measures taken by the Member States are complementary;
18. Calls on the Commission to suspend payment of ERDF aid to those Member States which have not submitted to it a valid regional development programme;
19. Would like to see the Commission make more intensive use of its powers to monitor and investigate the utilization of resources;
20. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENTI. Introduction

1. In accordance with Council Regulation (EEC) 724/75 of 18 March 1975 establishing a European Regional Development Fund¹, the Member States submitted their regional development programmes (RDPs) to the Commission in June 1983.

These second-generation programmes covered the period 1981-1985. They were preceded by the first-generation RDPs, covering the period 1976-1980, on which the European Parliament adopted a resolution².

2. In taking the trouble to draw up a report on the second generation of RDPs as well, the European Parliament's main aim is to influence the quality of the third generation of RDPs (1986-1990), still to be drawn up by the Member States.

This report shows that there is still considerable room for such quality improvements.

3. In its opinion of 19 June 1984 on regional development programmes the Commission chose to compare the quality of the second-generation programmes with that of the first generation, thus enabling it to make a positive assessment overall.

Although the Commission made detailed, specific recommendations on the development programmes for 1976-1980³, in this case it has not done so. This can only lead to the conclusion that it regards the quality of the proposed programmes as satisfactory.

This report must be read in the light of the different ideas as regards quality held by the Commission and the European Parliament.

II. Objectives of the regional development programmes

4. The 1979 version of the ERDF Regulation, which was valid until 31 December 1984, provides the legal basis for assessing RDPs and was applicable at the time when they were first drafted.

The revised ERDF Regulation, which came into force on 1 January 1985, is considerably more detailed and specific with regard to RDPs, and thus an improvement. It will provide the basis for the third generation of RDPs.

5. For the Community, RDPs provide a starting-point for assessing the regional aid applied for under the ERDF which has to be incorporated in these programmes.

¹ OJ No. L 73, 21.3.1975

² OJ No. C 265, 13.10.1980

³ OJ No. L 143, 12.6.1979

6. Under Article 6 of the 1979 version of the ERDF Regulation investments may benefit from the Fund (which gives a non-returnable grant) only if they fall within the framework of a regional development programme the implementation of which is such as to contribute to the correction of regional imbalances.
7. Another objective of RDPs is to ensure coordination of regional policies between the ten Member States.

The legal basis for such coordination is provided by Article 6(2) of the ERDF Regulation, under which the programmes and a joint plan prepared by the Regional Policy Committee are to be established.

This joint plan (outline)¹ was established by the Regional Policy Committee in 1975. It is couched in very general terms and covers the following chapters which should feature in the programmes of all ten Member States:

1. Social and economic analysis (diagnosis)
 2. Development objectives
 3. Measures for development
 4. Financial resources
 5. Implementation of the programme
8. According to the Regional Policy Committee the outline is indicative. One of the reasons given for this is the considerable differences between Member States in the nature and scale of the regional problems faced and the regional policy measures in force.
 9. The Commission's intention and the European Parliament's hope that the national regional policies will have a coordinating function is largely undermined by the indicative nature of the outline. It likewise undermines the Council's resolution of 6 February 1979 concerning the guidelines for Community regional policy, paragraph 3 of which states:

'In this connection regional development programmes constitute the most appropriate framework for the practical implementation of well organized coordination. From this point of view the coordination of general regional aid schemes constitutes an essential feature'.
 10. The first generation of regional development programmes submitted by the Member States showed few signs of the existence of the outline, which few Member States made use of in formulating their programmes.
 11. According to Article 6(4) of the ERDF Regulation a third objective of the RDPs is to provide the Commission with criteria 'in order to enable it to determine the priorities for assistance from the Fund'.

The first generation of RDPs of the ten Member States gave no indication whatsoever of geographical priorities for assistance, nor did they list the economic sectors to which priority was to be given as regards assistance, although the old ERDF Regulation admittedly made no provision for the latter.

¹ OJ No. C 69, 24.3.1976

III. Weaknesses of the second generation of regional development programmes

12. It is not the purpose of this report to make a detailed analysis of the RDPs in the ten Member States. It is much more important to point out their weaknesses, and thereby exercise a positive effect on the formulation of the third generation of RDPs. Given the scale of the ten programmes, the details of which cover about 3,000 pages, any criticism must be restricted to the most important aspects.

Geographical concentration

13. About 54% of the surface area of the Community is designated by the Member States as development areas as defined by the ERDF. They have a population of 95 million, i.e. about one third of Community citizens. By comparison with the first generation of RDPs, there is no evidence of a geographical concentration as regards the allocation of resources.

Individual Member States, e.g. the United Kingdom and the Federal Republic of Germany, have drastically reduced their development areas, but Belgium has extended them. The Republic of Ireland's blanket designation as a single development region continues to be unsatisfactory.

14. The inadequate geographical concentration of development areas in the ten Member States must be regarded overall as an expression of the governments' political inability to take action to assist their weaker regions.

The Committee on Regional Policy and Regional Planning takes the view that a geographical concentration of the development regions under the ERDF is absolutely essential. The abolition of the 'watering can' approach to regional development will mean more effective use of the funds deployed.

15. The criteria used to select development areas and determine their boundaries vary from one country to another. The general practice is to use GDP and the level of unemployment as the sole variables, but in Denmark and the Federal Republic of Germany other indicators are also used.
16. In this connection the Committee on Regional Policy and Regional Planning stresses the importance that it attaches to a concentration of ERDF funds in the weakest regions in each Member State and calls on the Commission to develop an indicator of 'relative intensity of regional problems', consisting of a number of variables, for the Member States.

It also recalls that it advocated the inclusion of quotas for the weaker regions rather than quotas per Member State in the updated ERDF Regulation, but this concentration of resources to benefit the weakest regions of the Community was rejected by the Council.

17. In its annual report concerning the financial year 1983, the European Court of Auditors made the following comment in point 7.21: 'The examination of the general content of the Member States' programmes did not result in the Court's detection of any improvements making it possible to regard these documents as effective instruments for determining the priority areas for fund aid, and for selecting projects'. The Committee on Regional Policy and Regional Planning has nothing to add to this comment.

Development objectives

18. An analysis of the RDPs of the ten Member States makes it clear that most of them continue to find it extremely difficult not only to describe their regional development objectives but also to quantify them. The most notable and serious example of this is their lack of knowledge about the present and future state of regional labour markets.
19. In its recommendations on the first generation of RDPs (point 6), the Commission calls for quantified forecasts of job deficits in each region for the years 1981-1985 and for these forecasts to be broken down by sector if possible.

The outline for regional development programmes attaches considerable importance to developments as regards jobs being specified and quantified.

20. No clear improvements can be seen in this respect in the second generation programmes. The Court of Auditors reaches the same conclusion in its 1982 annual report (point 6.23):

'The aims regarding employment, which reflect a tendency to be less ambitious in this sphere, have not been satisfactorily defined. In some cases, where there are no aims for a net increase in employment, the stated, more partial goal is to create jobs, a very vague notion in view of the possibility of some posts being eliminated as others are created. The resultant difficulties in making checks were explained in the Court's recent special report on job creation or maintenance in the granting of aid to regional investments.'

21. Only a few RDPs indicate how many jobs are to be created or maintained over what period and where. There is frequently no mention of the sectors in which these jobs are to be created.

The reasons for this can be found, inter alia, in a lack of statistics and their inadequate preparation. In some Member States there are particularly noticeable gaps in regional figures for employment and unemployment, and especially youth, long-term and structural unemployment. In addition, there are usually no regional figures on the provision of infrastructure.

22. The inadequate statistical base is probably also the reason for the absence of regional and sectoral priorities in many RDPs. The general impression is that the RDPs' vagueness is not entirely unintentional. The less detailed and precise the RDPs are, the fewer figures they give about where, how many and according to what priorities jobs are to be created, and the vaguer the descriptions of development objectives, the more difficult it is to use them retrospectively as a yardstick for checking the effectiveness of development measures; doubts about the effectiveness of regional policy measures at both national and Community level are not, in fact, misplaced.

Measures for development and financial resources

23. If the development objectives in most programmes are formulated in a rather vague and sketchy fashion, it is logical that the description of the measures and the financial resources to be deployed should be correspondingly imprecise.

24. Regional aid in the Member States is mainly focused on measures to encourage investment in the industrial and service sectors with the aim of creating jobs, and on encouraging investment in infrastructure. The methods and incentives used vary from one Member State to another. There are certainly great differences, as well, as regards their effectiveness, i.e. the job-creating effect of individual incentive schemes.
25. While direct regional development aid is generally presented in detail, there is still insufficient information about indirect aid. This is particularly true with regard to sectoral measures concerning agriculture, energy policy and transport policy. The regional effects of these measures are rarely mentioned.
26. There is also no mention of the financial transfers between the various public authorities in the Member States, nor of the funds derived from regional and local financial sources. This fact was criticized by the Commission in connection with the first generation of RDPs, but no improvements can be seen.
27. The Committee on Regional Policy and Regional Planning therefore regards it as essential for a careful analysis of the effectiveness of the various incentives in the Member States and their financial scale to be carried out, thus enabling the Commission to see where coordination of national regional policies needs to be improved.
28. The lack of transparency and comparability of regional aid measures is clearly shown by the following example: according to the Commission's findings, in 1981 the cost per job created in Community industry varied between 22,500 ECU (France) and 253,000 ECU (Belgium). The average cost per job for the Community as a whole was 45,300 ECU¹. No conclusions can be drawn on the basis of these figures. The Commission's interpretation of these wide differences shows that it has no explanation for them that would offer enlightenment. It should be the Commission's task to increase the transparency and comparability of the third generation of RDPs.

Implementation of the programme

29. In several resolutions² the European Parliament has expressed its strong desire to see closer cooperation between the regions and the central governments of the Member States in formulating and implementing RDPs. In this connection it also recalls the joint declaration by the Council, the Commission and the European Parliament of 19 June 1984, which calls for 'efficient relations between the Commission of the Communities and the regional ... authorities. This will enable regional interests to be better taken into account when regional development programmes and assistance programmes are drawn up' (and implemented).

¹ Source: Commission of the European Communities, Doc. XVI/428/83-DE, 'The regional development programmes for the period 1981-1985', p. 226

² OJ No. C 125, 17.5.1982
OJ No. C 127, 14.5.1984

30. Most of the programmes give no indication that the regions or their elected political representatives are directly or indirectly involved in their formulation and implementation. In nearly all the Member States there is a lack of democracy in this respect which leaves much to be desired and should be rectified forthwith. In some Member States, unfortunately, there are still no regional structures, so that the basic preconditions for effective involvement are lacking. Even where these regional structures do exist, however, they frequently have little say. As long as the weaker regions are denied an effective say in planning their socio-economic future, or where such rights are limited, they will be unable to promote the initiatives they need for their own development.
31. The financial incentives described in the programmes are only one means of reducing regional imbalances. They must be complemented by the systematic encouragement of regional initiatives under the regions' own responsibility, which must entail increased involvement in formulating and implementing RDPs.

Monitoring of programmes by the Commission

32. The regional development programmes are to serve as a point of reference for projects submitted for ERDF assistance. As is already known, assistance may only be received from the Fund if the investments fall within the framework of an appropriate regional development programme.

If a Member State has not submitted an RDP to the Commission, the logical corollary of Article 6(1) of the ERDF Regulation is that the Commission may not disburse ERDF funds to the Member State concerned.

33. The Court of Auditors' report for 1982 indicates how strictly the Commission complies with the ERDF Regulation: ' In 1982, Belgium (the Walloon region), Luxembourg, the Netherlands, France and the United Kingdom were granted aid from the fund, even though these countries were not yet covered by the regional development programmes which the Commission had finished examining and which could, on that account, have constituted a good reference framework'.

With regard to the third generation of RDPs the Commission should ensure that the programmes are submitted in good time and, where appropriate, suspend payment of ERDF grants.

OUTLINE FOR REGIONAL DEVELOPMENT PROGRAMMES

In accordance with its terms of reference under Article 2 (1) (c) of Council Decision 75/185/EEC of 18 March 1975 setting up a Regional Policy Committee⁽¹⁾, the Regional Policy Committee at its meeting on 6 and 7 October 1975 adopted the following outline of what the regional development programmes required by Regulation (EEC) No 24/75 of 18 March 1975 establishing a European Regional Development Fund⁽²⁾ should contain.

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

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

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

Regional development programmes should have five chapters:

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

⁽¹⁾ OJ No L 73, 21. 3. 1975, p. 47.

⁽²⁾ OJ No L 73, 21. 3. 1975, p. 1.

1. Social and economic analysis (diagnosis)

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

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

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

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

2. Development objectives

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

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

The most basic elements to define are:

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

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

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

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

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

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

3. Measures for development

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

Of essential concern are:

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

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

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

4. Financial resources

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

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

Disaggregation should be by way of:

— sources

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

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

— *type of expenditure*

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

— *region*

— *programming or budget year*

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

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

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

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

5. Implementing the programme

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

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

COUNCIL

COUNCIL RESOLUTION

of 6 February 1979

concerning the guidelines for Community regional policy

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the guidelines for Community regional policy submitted by the Commission to the Council,

Whereas the strengthening of Community regional policy is one of the conditions upon which the further economic integration of the Community depends;

Whereas, in spite of efforts by the Member States and the Community to speed up the development of the least-favoured regions, the disparities between regions remain;

Whereas the situation in some Community regions is made all the more disturbing by the fact that the economic crisis in the Community since 1973 has led to a lasting decline in growth and has weakened the propensity to invest; whereas, furthermore, the structural changes which have affected the world economy are involving the Community economy in a process of extensive restructuring, so creating new sources of regional imbalances;

Whereas the establishment of an overall framework for the analysis and formulation of a Community regional policy should therefore be encouraged so that the Commission can propose priorities and guidelines to the Council for Community and national regional policy;

Whereas the guidelines contained in the fourth medium-term economic policy programme stipulate that the implementation of general and sectoral policies in Member States should be accompanied by

an examination of their regional impact; whereas this approach should be extended to embrace the implementation of Community policies;

Whereas national and Community regional policies must be coordinated if a balanced distribution of economic activities in the Community is to be progressively achieved,

HEREBY ADOPTS THIS RESOLUTION:

1. **Comprehensive system of analysis and policy formulation for Community regional policy**

Regional policy is an integral part of the economic policies of the Community and the Member States. It forms part of the various elements which contribute to the attainment of a high degree of convergence of the economic policies of the Member States⁽¹⁾.

The establishment of a comprehensive system of analysis and policy formulation for Community regional policy should make it possible to establish a common basis of assessment. To this end the Commission, working in close collaboration with the Regional Policy Committee, will prepare a periodic report on the situation and socio-economic developments in the regions of the Community. On the basis of this report the Council will discuss the priorities and guidelines proposed by the Commission.

The Council notes the Commission's intention of establishing this comprehensive system of analysis and policy formulation. To this end, the Commission

(1) Council Decision 74/120 EEC of 18. 2. 1974, OJ No L 63, 5. 3. 1974.

and the Member States will jointly improve the statistical and regional analysis machinery.

2. Assessment of the regional impact of Community policies

The principal Community policies have regional implications, particularly as regards employment.

In accordance with the guidelines set out in the fourth medium-term economic policy programme ⁽¹⁾, the Council notes the Commission's intention of taking more systematic account of these implications when formulating and implementing these policies. It states its intention of taking account of these implications when adopting its decisions relating to these policies.

⁽¹⁾ OJ No L 101, 24. 4. 1977.

3. Coordination of national regional policies

In order to achieve progressively a balanced distribution of economic activities throughout the Community, coordination of national regional policies and of Community policy is essential. In this connection regional development programmes constitute the most appropriate framework for the practical implementation of well organized coordination. From this point of view the coordination of general regional aid schemes constitutes an essential feature.

The Council considers that regular comparative examination, particularly within the Regional Policy Committee, of the various Member States' regional problems, of national regional policies and of the regional policy of the Community is highly desirable from the point of view of achieving such coordination.