

**COMMISSION
OF THE EUROPEAN COMMUNITIES**

**EUROPEAN REGIONAL
DEVELOPMENT FUND**

Fifth Annual Report (1979)

COM(80)460

29 July 1980

Manuscript finished in July 1980

This publication is also available in the following languages:

DA ISBN 92-825-2052-8

DE ISBN 92-825-2053-6

FR ISBN 92-825-2055-2

IT ISBN 92-825-2056-0

NL ISBN 92-825-2057-9

Cataloguing data can be found at the end of this publication.

© Copyright ECSC - EEC - EAEC, Brussels · Luxembourg, 1980

Printed in Luxembourg

Reproduction authorized, in whole or in part, provided the source is acknowledged.

ISBN 92-825-2054-4

Catalogue number: CB-30-80-940-EN-C

<u>CONTENTS</u>	<u>POINT</u>	<u>PAGE</u>
Chapter I : INTRODUCTION	1	3
Chapter II : REGIONAL POLICY IN 1979	9	6
- Council Resolution of February 1979	9	6
- Amendments to the Fund Regulation	11	7
- Proposals for special Community measures	16	8
- Integrated operations	19	9
- The regional impact of other policies and financial instruments	20	10
- Regional development programmes	30	13
- Annual statistical summaries on the results of regional policies	33	14
- Regional development studies	35	15
Chapter III : FUND ACTIVITY IN 1979	42	18
- Fund assets	43	18
- Applications	44	18
- Commitment decisions	48	21
- Impact of Fund assistance on employment	54	24
- The financing of studies	57	25
- Complementary character of Fund assistance and national measures	58	25
- Level of credit utilisation	59	26
- Summary of the situation 1975-1979	60	27
- Integrated operations	61	27
Chapter IV : REGIONAL ANALYSIS OF FUND ACTIVITY	65	29
- Geographical concentration of aids	65	29
- Fund activity in certain priority regions	67	31
Chapter V : PAYMENTS AND CONTROLS	131	54
- Payments	131	54
- Controls	135	55

	<u>POINT</u>	<u>PAGE</u>
Chapter VI : PUBLICITY ON FUND ACTIVITY	144	59
Chapter VII : CONCLUSIONS	144	67

ANNEXES

A. <u>Statistical annex on Fund activity</u>		72
Table 1. Summary of aid decisions in 1979		73
Table 2. Types of investment financed by the Regional Fund - industry and services		74
Table 3. Types of investment financed by the Regional Fund - infrastructure		76
Table 4. Fund assistance per capita		78
Table 5. Regional breakdown of Fund assistance		79
Table 6. Budget situation		83
Table 7. Payments made		84
Table 8. Control operations undertaken		85
B. <u>Bibliographical annex</u>		
1. Provisions adopted on Community regional policy		87
2. Commission proposals		88
3. Publications		89
C. <u>Principal instruments</u>		
1. Fund Regulation (amended text)		92
2. Council Resolution of 6.2.1979 on guidelines for Community regional policy		100

LIST OF MAPS

1. Assistance from the Regional Fund, 1975 - 1979		30
2. Priority regions for Regional Fund aid in each Member State (analysed in Chapter IV)		34
		./.

Chapter I - INTRODUCTION

1. The European Regional Development Fund was established in March 1975 (1). The Council on 6 February 1979 amended the Fund Regulation (2); the principal amendments, already indicated in the previous annual report (3) are referred to later (4). This fifth annual report deals with Fund activity in 1979, the first year in which the Fund has been managed according to the amended regulation.
2. The Fund endowment in 1979 was 945 million EUA compared with 581 million EUA in 1978. This 63 % increase was the direct result of action by the Parliament, which amended the figure in the general budget of 620 million EUA to 945 million EUA. Of the 945 million EUA, 45 million EUA have been allocated to the new so called "quota free" section of the Fund but these could not be spent in 1979 since the relevant regulations had not been adopted by the Council by the end of the year. The figures with regard to commitment appropriations and payment appropriations contained in this Report therefore include the "quota" section in full; this had 900 million EUA available on the 1979 budget plus 43 million EUA carried forward from the previous budget year.
3. The Commission adopted in 1979 410 decisions under the "quota" section approving 2,835 investment projects, involving a total aid volume of 962 million EUA. Since 1975, 9,182 projects have been approved bringing the total appropriation commitment to 2,488 million EUA (6). Proportionally to the population of the aided areas of each country, the aid varies from 54.2 EUA per head for Denmark to 8.5 EUA for Luxemburg (7). Of the 962 million EUA committed in 1979 28 % (1975-79: 32 %) went to industrial and service activity projects, creating or maintaining 79,000 jobs (1975-79: 340,000) and 72 % (1975-79: 68 %) went to infrastructure projects. Payments made in 1979 were 513 million EUA. Total payments made since the establishment of the Fund account for 53.1 % of commitment appropriations.

./.

-
- (1) Council Regulation (EEC) No. 724/75 of 18 March 1975 establishing a European Regional Development Fund (O.J. No. L 73 of 21.3.1975) herein-after called the Fund Regulation.
 - (2) Council Regulation (EEC) No. 214/79 of 6 February 1979 amending Regulation (EEC) No. 724/75 of 18.3.1975 (O.J. No. L 35 of 9 February 1979). The amended text of the Regulation, published in O.J. No. C 36 of 9 February 1979 is annexed.
 - (3) Point 3 of the 4th annual report.
 - (4) Points 11-15 of this report.
 - (5) Points 16-18 of this report.
 - (6) It should be noted that aid from the Fund is decided, and the payments made, in national currency. In this report, the amounts are expressed in European units of account (EUA). In view of the variable rate of exchange of the EUA, in use since 1.1.1978, these amounts must be treated as only approximate. Amounts relating to the period 1975 to 1977 have been converted into EUA at the exchange rate applicable on 1.1.1978.
 - (7) Table 4 of the Annex.

4. The Commission again stresses the fact that the impact of the Fund cannot be judged in isolation. It is firstly to be appreciated in the context of the present economic situation. Secondly, it is only one instrument of regional policy, which is concerned with all Community measures having both positive and negative consequences on regional imbalances. The Commission therefore attaches considerable importance to the resolution (1) on regional policy that the Council adopted at the same time as the amendments to the Fund Regulation. To put increased emphasis on regional policy as the framework of the Fund, it has been decided to amend the form of this report by including at the start a Chapter on "Regional policy in 1979", which replaces and enlarges Chapter VI "Coordination and Programmes" of previous reports.
5. Two other changes should be noted in the form of the report:
 - the previous Chapter II "The economic situation and the outlook for the future" no longer appears necessary since the Commission will publish shortly the first periodical report on the social and economic situation of the regions; this Chapter (and the statistical annex referring) is therefore withdrawn. Nevertheless, in order to situate the Fund in its economic setting, points 6 to 8 give a very brief summary of the general social and economic trend in 1979;
 - a bibliographical annex is added for the first time; this supplies a list of legal instruments and Commission publications on regional policy;
 - the amended text of the Fund Regulation and the Council Resolution on guidelines for Community regional policy are annexed.

The economic background

6. The slight improvement in the economic situation confirmed in 1978 (2) was maintained last year; it is estimated that the GDP volume increased in 1979 by 3.3 % by comparison with 3.1 % in 1978. The industrial production index rose by 4.7 % - the highest increase since 1976 - and the rise in employment (1 %) approximately, was the highest since 1973. The level of unemployment at 5.6 % was slightly more than in 1978. Also to be noted is greater stability in the exchange rates following the establishment of the European monetary system. However, oil prices increased sharply in the second six months of the year - with a prospect of further increases in 1980. In consequence the rate of inflation for the whole Community was 9 % in 1979 and a much higher rate is forecast for 1980. The estimated deficit in the balance of payments of 5,000 million ECU in 1979 has been substantially exceeded and the situation is likely to worsen in the current year.

./.

(1) Council Resolution of 6 February 1979 on guidelines for Community regional policy (O.J. C 36 of 9 February 1979) (Point 9 of this report).

(2) 4th annual report, point 6.

7. The outlook for 1980 is not good. According to present estimates, the rate of GDP growth will not exceed 1.5 % and that of industrial production 1.25 %. Total employment will fall slightly and the level of unemployment could show a general increase. Certain member States are expected to maintain a restrictive budget policy.
8. The implications of this trend for Community regions should be considered in the context of already existing imbalances. The gap between the richer and poorer regions widened in the seventies, mainly due to relatively high inflation rates in Ireland, Italy and the United Kingdom and the movements in the rates of exchange caused thereby. In addition, even where a relatively high growth rate was accorded as in Ireland towards the end of the seventies, the rise in GDP per head was barely enough to reduce the imbalances in the richer regions. This difficult economic situation is the framework in which Regional Fund activity must be assessed in 1979; it also conditions the main lines and priorities of future Fund activity.

./.

Chapter II - REGIONAL POLICY IN 1979

Council Resolution of February 1979

9. The Council adopted on 6 February a resolution on regional policy (1) comprising three points:

- The Council took note of the Commission's intention to produce a periodical report on the economic and social situation of the regions on the strength of which regional policies and priorities may be established for ensuing years (2);
- the Council also takes note of the Commission's intention to take more systematic account of the regional implications of other Community policies (3) and expresses its intention to take account of these implications in adopting its decisions;
- the Council affirmed that coordination of the regional policies of Member States and that of the Community is indispensable and notes that regional development programmes (4) are an appropriate framework for ensuring coordination.

10. At the same time the Council has amended two previous decisions in order to assist the preparation and consideration of the periodical report on the situation of regions. It amended its decision of 18 March 1975 establishing a Regional Policy Committee (5) to enable this Committee to be closely associated with the preparation of the report; it has also amended its decision of 18 February 1974 on achieving a high rate of convergence in the economic policies of Member States (6) in order to include consideration of the report in its mandate. In practice, the Commission, in cooperation with the Regional Policy Committee, will prepare a report at two and a half yearly intervals so that one report out of two may be considered by the Council, after consultation of the Parliament and the Economic and Social Committee, in conjunction with the programme of medium term economic policy, which is prepared every five years.

./.

(1) O.J. C 36 of 9.2.1979.

(2) The first report will be published in 1980.

(3) Points 20-29 of this report.

(4) Points 30-32 of this report.

(5) Council decision 79/137/EEC (O.J. L 35 of 9.2.1979 amending its decision 75/185/EEC (O.J. L 73 of 21.3.1975).

(6) Council decision 79/136/EEC (O.J. L 35 of 9.2.1979) amending its decision 74/120/EEC (O.J. L 63 of 5.3.1974).

Amendments to the Fund Regulation

11. On the same occasion the Council adopted amendments to the Regional Fund Regulation (1). The most important amendment was the creation, within the Fund, of a quota free section (2). This new section is to enable the Community to contribute by way of special and Community measures to a resolution of the problems for which it has a special and direct responsibility. This concerns the regions, which may differ from those eligible for the quota section and which are affected by the consequences of or measures within the framework of other Community policies. Moreover, these measures may, exceptionally, be intended to deal with the structural consequences of especially serious events. Lastly, in a special declaration, the Council stated its readiness to consider, within the quota free section, any request for aid on frontier problems in the most deserving regions of the Community made by two or more interested Member States.
12. The special Community measures, implemented in the form of special programmes and no longer as individual projects, as in the case of the quota free section, will be based on application regulations, adopted by the Council on proposals from the Commission and which will establish:
 - a. the nature of the projects eligible for Fund aid;
 - b. the areas and regions on behalf of which the Fund may contribute;
 - c. national public aid measures taken into consideration for the grant of Fund aid;
 - d. Fund assistance involved;
 - e. categories of recipients of Fund aid;
 - f. the detailed rules governing financing.
13. Lastly, the amended Fund Regulation lays down that the special measures should differ wholly or partly from those eligible for financing according to the quota section. The Commission, in preparing its first proposals (3), has taken account of this provision in no longer granting aids exclusively on capital account but giving a large place to various aids to small and medium size concerns.

./.

(1) O.J. L 35 of 9.2.1979. (The updated text of the Regulation is published in O.J. C 36 of 9.2.1979).

(2) Articles 2.3.b, 13 and 14 of the Regulation.

(3) Point 16 of this report.

14. The Council limited expenditure from the "quota free" section to 5 % of total Fund endowment. The Commission, in its proposals, had not suggested a percentage link between the two sections of the Fund; in its draft proposal for the 1978 budget it had written in 100 million EUA as the allocation for the "quota free" section, which amount was the equivalent of 13 % of the total proposed Fund endowment.
15. Apart from the creation of the quota free section of the Fund, the most important amendments to the "quota" section are:
 - amendment of national quotas to increase the French quota by 2 % on behalf of the overseas departments (1);
 - a more flexible definition of infrastructure projects eligible for Fund assistance, which is no longer to be "directly linked to the development of industrial, handicraft and service activities" but simply to contribute "to the development of the region or the area in which they are located". The assistance granted to infrastructure must be no more, however, than 70 % of total Fund assistance over a period of three years (2);
 - the increase from 30 % to 40 % of the maximum rate of assistance for infrastructure; this is of special interest for developing the region in which it is located (3);
 - an increased role for regional development programmes (4);
 - the possibility of accelerated payments (5);
 - simplified procedures in certain respects (6).

Initial proposals for special Community measures

16. On 15 October the Commission proposed a first series of five special Community measures to be financed according to the "quota free" section. The measures are as follows and will cost 220 million EUA over five years (1980-1984):
 - 120 million EUA to assist the development of small and medium size concerns through handicraft and rural tourism in the regions of the Mezzogiorno and South West France with a view to improved adaptation to the consequences of enlargement;

-
- (1) Amended quotas are: Italy 39.39 %; United Kingdom 27.03 %; France 16.86 %; Ireland 6.46 %; Germany 6.0 %; Netherlands 1.58 %; Belgium 1.39 %; Denmark 1.20 %; Luxembourg 0.09 %; (Article 1.1.a. of the Regulation).
 - (2) Article 4.1.b. of the Regulation. (Point 51 of this report).
 - (3) Article 4.2.b. of the Regulation. (Point 49 of this report).
 - (4) Article 6.4. of the Regulation. (Points 30-32 of this report).
 - (5) Article 8.3. of the Regulation. (Point 134 of this report).
 - (6) In particular Article 5.2.b. of the Regulation. (Point 48 of this report).

- 43 million EUA to contribute to the planning and equipment of derelict and urban sites with a view to promoting new activities and to assisting the development of small and medium size concerns and new activities in areas affected by the restructuring of the steel industry in the United Kingdom, Belgium and Italy. (Strathclyde, Cleveland, Clwyd, South and West Glamorgan, Gwent and Corby in the United Kingdom; Naples in Italy; and certain areas of the provinces of Liege, Hainault and Luxembourg in Belgium);
 - 17 million EUA for a like measure involving certain areas affected by the restructuring of the shipbuilding industry in the United Kingdom (Strathclyde, Cleveland, Tyne and Wear, Merseyside and Belfast);
 - 16 million EUA for diversifying sources of energy in mountain areas of the Mezzogiorno;
 - 24 million EUA for incentives to handicraft and tourism activities in the Border areas of Ireland and Northern Ireland.
17. These initial special measures will enable the Fund to finance certain types of projects, which are ineligible for assistance from the "quota" section. In particular they involve improvement of environmental conditions in old industrial areas and the promotion of small and medium size concerns and rural tourism by paying costs (in some cases up to 70 %) of studies on marketing or on new products and of management and promotion.
18. At the end of 1979 the Council had not yet adopted the proposals. Since the "quota free" section of the Fund is not yet in force, the resources allocated to this section in the budget of 1979 have been carried forward to the following budget year.

Regional development integrated operations

19. The Commission continued in 1979 to develop cooperation between its departments responsible for the Regional Fund and national government departments, at central, regional or local level, in particular in Italy and the United Kingdom. This has enabled progress in particular with two pilot schemes for integrated operations, at Naples and Belfast, which will benefit from combined aid from several Community financial instruments. This approach should make a more effective contribution to solving problems in the areas in question (1).

./.

(1) Points 61-64 of this report.

The regional impact of other policies and financial mechanisms

20. The Commission in its "Guidelines on Community regional policy" (1) has indicated that it considers it necessary to introduce into the concept and implementing of its policies an assessment of their regional dimension. The Council in its Resolution of 6 February 1979 expressed its intention to take into account these assessments in its own decisions on these policies. To this end, the Commission is continuing a series of studies on the regional impact of certain other Community policies (2).
21. The Commission continued its efforts to take account of imbalances in regional development through a certain number of Community policies. For example, within the framework of implementing the European Monetary System, the Council adopted on 3 August 1979 a Regulation to give interest rebates relating to investments carried out in less prosperous Member countries. The volume of loans to receive interest rebates is fixed for five years at 5,000 million EUA, distributed in annual instalments of 1,000 million EUA; the volume of interest rebates is 1,000 million EUA distributed in annual instalments of 200 million EUA. It was decided that Italy and Ireland would benefit from these measures and that the interest rebates would be allocated one third to Ireland and two thirds to Italy (3).
22. With regard to the enlargement of the Community, the Commission communicated to the Council in April 1978, its view that enlargement, in the absence of adequate corrective policies, could endanger the development of a certain number of weak Community regions principally in the Mezzogiorno and in South West France. It has therefore advised that regional development measures on behalf of these regions should be reinforced. The Council, acting accordingly, formally adopted in February 1979 an initial instalment of socio-structural regionalised measures in the agricultural field (4) on developing general farming in the Mezzogiorno, anti flood protection in the Hérault valley (Languedoc-Roussillon), irrigation in Corsica and afforestation in certain areas. The proposals for specific measures in regard to enlargement, to be financed according to the "quota free" section of the regional Fund, fall clearly into the same context.

./.

(1) O.J. C 161 of 9.7.1977. Supplement 2/77 - Bull. EC.

(2) Points 35-40 of this report.

(3) Point 29 of this report.

(4) O.J. L 38 of 14.2.1979. (These measures were approved in principle in 1978. See 4th Annual Report, point 100).

23. Measures continued, within the framework of the agricultural structures policy, to put more emphasis on the need for aid for the less favoured regions; in addition to the measures on behalf of Mediterranean areas above mentioned, the Council also approved in February a drainage programme for Ireland and Northern Ireland (1). Then, in March, the Commission proposed a series of new measures and adaptations of existing socio-structural measures designed to aid the less favoured agricultural regions. The new measures (2) include special programmes on behalf of mountain areas producing beef and sheepmeat in Italy and the West of Ireland and sheep rearing in Greenland, as well as integrated development programmes on behalf of the Western Isles of Scotland, of the French department Lozère and of the South-East of Belgium. In the last three cases the programmes may involve several Community financial mechanisms. The Council in December 1979, within the framework of discussions of programme measures for introducing balance into the wine and viticulture market (3), approved a preferential grant in principle to a group of regions comprising mainly the South of the Mezzogiorno and Corsica.
24. The Commission, in its proposals on agricultural prices submitted in 1979, included for the first time a number of regional price differentiations for milk and cereals. The only proposal agreed by the Council was to exempt mountain farmers from the co-responsibility levy (4).
25. The Social Fund in 1979 increased the proportion of its assistance on behalf of less favoured regions. The proportion of aid granted on behalf of the Mezzogiorno, Ireland, Northern Ireland, Greenland and the French overseas departments rose from 25 % in 1977 to 38 % in 1979; in conformity with the Regional Policy Guidelines adopted by the Commission in 1977 (5), these regions are treated as priority by the Social Fund Regulation; the percentage of grants on behalf of the less favoured regions as a whole rose from 70 % in 1978 to 85 % in 1979.
26. The value of ECSC conversion loans approved in 1979 (200 million EUA) was the same as 1978. Aided investments should create more than 11,000 new jobs. Loans granted were 120 million EUA in 1977 and 62 million EUA in 1976.

./.

(1) O.J. L 43 of 20.2.1979.

(2) O.J. C 124 of 17.5.1979.

(3) Bull. EC 12/1979, point 2.1.105 (decision adopted on 18.2.1980; O.J. L 57 of 29.2.1980).

(4) As laid down by Directive 75/268/EEC.

(5) O.J. C 161 of 9.7.1979. Supplement 2/77 - Bull. EC.

The Commission continued and reinforced the policy, outlined in 1978, of facilitating access by small and medium concerns to ECSC conversion loans. In particular, the Commission, by way of a decision adopted in March 1979, increased the volume of loans in relation to fixed investments and simplified procedure for the grant of these loans to small and medium size concerns through the intermediary of national financial institutions. In 1977 this loan category was only 3.7 million EUA; in 1978, 8.7 million EUA; in 1979, 62.55 million EUA. This led to more diversity among sectors of activity in receipt of these loans. It should also be noted that small investments often create relatively more jobs.

27. In 1979, loans granted by the European Investment Bank in the nine Community countries were 2,281 million EUA compared with 1,966 million in 1978, an increase of some 16 %. Regional interest projects were maintained at a high level (1,570.6 million EUA compared with 1,457.6 million EUA in 1978) and represent some 68.8 % of financing compared with 74 % in 1978. There is confirmation of a steady increase in the concentration of financing in the three Member States faced with the most acute regional problems: Italy, Ireland and the United Kingdom, accounting for some 90 % of the volume of regional loans granted. Loans granted to Ireland have more than doubled and those to the United Kingdom have risen by some 37 %. For Italy, where considerable advance was recorded in 1978, there was a small decline in applications in 1979, despite a sharp increase in loans to industry, which only partly compensated for a smaller number of applications for loans for infrastructure.
28. The "New Community Instrument" for Loans (NCI), created in October 1978, entered into force in 1979. The Council issued global authorisation to borrow up to 1,000 million EUA to be allocated to a first instalment of 500 million EUA for developing infrastructure and the energy sector. The initial loans, granted in October 1979, were for investments in Ireland, Italy and the United Kingdom: 5 of the 9 loans (127.5 million EUA or 46 %) were for regional development infrastructure projects.
29. Lastly loans of 878.4 million EUA for investments in Ireland (259.3 million EUA) and in Italy (619.1 million EUA) received an interest rebate of 3 per cent within the framework of the European Monetary System (1). The rebates may apply to loans granted from the Bank's own resources and from those of the NCI.

./.

(1) Point 21 of this report.

Regional development programmes

30. The coordination of national regional policies is an essential factor in Community regional policy. The Council has sought to confirm this in adopting on 6 February 1979 (1) a resolution on Guidelines in this context and in recognising the role of regional development programmes as a basic mechanism for comparing and improving coordination of national regional policies. In fact this role has a double function for the programmes must also form the necessary framework for the Commission to assess the investment projects eligible for Fund assistance. More especially, the programmes must justify the infrastructure projects to be financed.
31. The programmes communicated to the Commission in 1977 were examined by Regional Policy Committee which, in June and October 1978, gave an opinion which was brought to the attention of the Council and Commission. The latter, in turn, gave an opinion on 23 May 1979 (2) whereby it stresses the need for the further development of programmes if they are to constitute a precise enough frame of reference for project assessment. At the same time, the Commission sent a recommendation to Member States requesting:
- a single programming period in all Member States for the period 1981-85;
 - a social and economic analysis taking more account of the implications of national and Community Policies;
 - quantified development targets for employment and more precisely for infrastructure projects;
 - priority development measures;
 - more precise details on financial resources;
 - information on regions ineligible for Regional Fund assistance.
32. In the meantime, as laid down in the Fund Regulation, the Member States have sent updated programmes, including up to date statistical information and details on financial resources. These programmes have also been examined by the Regional Policy Committee. As a whole, the regional development programmes do not always contain adequate details on the use of Fund resources. Nevertheless, the Commission has already started to study how priority fields for Fund assistance can be better assessed on the basis of programmes pursuant to the amended Regulation.

./.

(1) O.J. C 36 of 9.2.1979.

(2) O.J. L 143 of 12.6.1979.

Annual statistical summaries on the results of regional policies

33. The amended Fund Regulation states more clearly the information to be supplied in the statistical summary, which Member States are committed to sending annually to the Commission and amends the date of communication from 1 April to 1 October. The new final date was only observed by Belgium, Denmark and Ireland for the 1978 statistical summary. By the end of 1979 the Commission had received this summary from all Member States except France. It must confirm however that there was no appreciable improvement in the content of the summaries by comparison with predecessors. For directly productive investments, most Member States confine their information to data on investments due to receive national aid and jobs estimated in consequence without reference to investments carried out, expenditure incurred and jobs actually created or maintained. Moreover, the precise use to which Regional Fund assistance had been put was not generally shown. The Commission has asked for the necessary complementary information.

34. In these circumstances, it is still difficult to draw meaningful conclusions on the impact of national and Community regional policy in the various regions. An attempt at assessment drawn from the basic data in the following Table 1 must therefore be interpreted with considerable caution.

Table 1: Regional aids in 1978 (MEUA) (1)

Member State	Aided investments (2)		Planned public aids		Jobs		Investment per job created (3)	Public expenditure per job created (3)
	Totals	of which by Reg. Fund	Totals	of which by Reg. Fund	Created	Main-tained		
Belgium	986	14	153	1	7,138	-	0.138	0.021
Denmark (4)	85	-	11	-	2,532	-	0.034	0.004
Germany	4,853	999	154 ⁽⁵⁾	49	51,154	124,698	(0.095)	(0.008)
France ('77)	689	466	81	29	34,296	-	0.020	0.002
Ireland	1,143	523	253	15	39,992	-	0.029	0.006
Italy (6)	2,033	294	577	50	65,842	-	0.031	0.009
Luxembourg	42	-	5	-	615	-	0.069	0.008
Netherlands	403	77	72	6	1,821	-	0.221	0.040
United Kingdom	2,210 ⁽⁸⁾	564	945	57	123,557 (7)	

- (1) Average exchange rates 1978. See point 67(1).
 (2) Investments for which aid has been decided. Data not available for investments made.
 (3) These data to be interpreted with special caution.
 (4) Except Greenland.
 (5) Excluding the investment grant, which may be estimated at 250 MEUA.
 (6) Excluding aids by way of interest rebates.
 (7) According to offers of regional selective financial assistance.
 (8) Without Northern Ireland.

Regional development studies

35. The Commission, in its 1977 "Guidelines on Community regional policy" (1) stressed the important role of studies in the formulation and implementation of Community regional policy and especially in the following fields:

- establishing a periodical report on the social and economic situation and trends in regions;
- assessing the regional impact of other Community policies;
- coordinating national regional policies by way of regional development programmes;
- further development of regional development instruments and strategies;
- the assessment of results.

36. Studies may be financed according to the Regional Fund Regulation (2) or other headings of the general budget of the Communities. Having regard to the latter, the Commission can either provide total finance for studies carried out on its own responsibility or it may finance them jointly; in the latter instance, the responsibility is shared with the applicant Member State. With a view to strengthening the Community's interest in studies of shared responsibility, the Commission considers the following subjects as having priority:

- implementing and improving regional development programmes;
- coordinated application of the financial instruments of the Community and Member States;
- preparing and implementing special measures of Community regional policy;
- assessing the regional impact of other Community policies.

37. The Commission considers that the studies should have an operational character (be of practical application) and go beyond a pure and simple description of situations. In certain cases, they should be treated as basic sources of information and be brought up to date periodically.

The Commission has consulted the Regional Policy Committee on its Regional Policy Guidelines and the Committee gave a favourable opinion.

38. Within the category of jointly financed studies, 13 studies were continued or completed in 1979:

- a study, with France, on the situation and outlook for extending the international regional air service between the French provinces and the countries of Western Europe. This study concluded that it would be feasible to establish several viable regular air services between regions by 1985 or 1990;
- a feasibility study, with Belgium, on measures for diversifying the Belgo-Luxembourg steel region and a second feasibility study concerning the possibilities for developing the port of Zeebrugge to supply imports to its regional, national and European hinterland;

./.

(1) O.J. C 161 of 9.7.1977: Supplement 2/77 - Bull. EC.

(2) Point 40 of this report.

- a study, with Denmark, on developing hydro-electric and mineral industries in Greenland;
- two studies, with Ireland, on the development of the Irish fisheries industry and its regional implications, and on methods of precasting population and regional employment in Ireland;
- five feasibility studies, with the United Kingdom, undertaken under Article 46 of the ECSC Treaty on the conversion of steel producing concerns and areas affected by the steel crisis. These studies concerned: the Shelton Steelworks at Stoke on Trent in Staffordshire; the Clyde Iron Works at Glasgow; Glengarnock in Strathclyde near Glasgow; Corby in the East Midlands, and the transfer to the steel area of Shotton in North Wales of an engineering business currently located near London;
- a study, with Ireland and the United Kingdom, on the border region in Ireland with special reference to the promotion of tourism and drainage in areas around Lough Erne and a study on the potential development of the herring industry in the Mourne region of Ireland and Northern Ireland.

A large number of studies financed jointly with various Member States are in progress.

39. In the category financed solely by the Commission, a number of important studies were completed in 1979, which will help the Commission and the Council to define future regional policy guidelines:

- a study on the establishment of regional labour market balances looking ahead to 1981 and 1985;
- a comparative study on policies for disincentives and deconcentration;
- studies on the regional impact of fisheries policy in Ireland, Brittany and the Mezzogiorno;
- a study on the assessment of national rules governing regional aid;
- a study on the role of tertiary (service) activities in regional development.

40. A number of other studies started in 1979 were still in progress by the end of 1979. Among the most important are:

- the regional impact of the Community's agricultural and external trade policies;
- the effectiveness of regional policy measures;
- the mobilisation of indigenous regional potential;
- the contribution of infrastructure to regional development;
- factors governing location in Western Europe;
- the impact of peripherality on regional development;
- regional development programmes for Basilicata and Friuli-Venezia Giulia.

41. Finally, apart from the above mentioned possibilities for financing studies, studies may also be financed from the Regional Fund (1), at the request of a Member State, provided they are closely related to the work of the Fund. To date only one study has been financed from the Fund, in 1976 (2). The Commission hopes that more use will be made of this facility in the future.

./.

(1) Articles 12 (quota section) and 14 (quota free section) of the Fund Regulation.

(2) Second Annual Report of the Fund, point 34.

Chapter III: FUND ACTIVITY IN 1979

42. 1979 was the first year of Fund activity under the Regulation amended by Council decision of February 1979. The amendments in question have already been indicated in Chapter II of this report (1). Unfortunately, due to delay by the Council in adopting proposals for the quota free section (2), this section is not in force. This chapter and following chapters are therefore only concerned with the activity of the quota section.

Fund endowment

43. The 1979 commitment appropriations for the quota section of the Fund, written into Chapter 55 of the general budget of the European Communities, were decided according to normal budget procedures and amounted to 900 million EUA to which were added 65.33 million EUA (3) mainly carried forward from the 1978 financial year. Table 6 annexed summarises the use to which the 1979 appropriations were put. The resources available in commitment appropriations were inadequate to finance all the projects on which the Fund Committee was consulted in 1979. Grant decisions on 257 investment projects, representing grants of 166 million EUA, had to be carried forward to 1980 (4).
The following analysis concerns commitment appropriations: the situation on payment appropriations, which were 483 million EUA for the 1979 financial year (plus 353 million EUA carried forward from 1978) is analysed in Chapter V (5).

Applications

44. The first grant applications for 1979 were received in January and they continued to reach the Commission until the end of October. It should be noted however that 45 % of applications, representing some 37 % of available appropriations, were made between August and October. In all, 464 applications were made during the year, concerning 3,598 investment projects; to these must be added 173 projects covered by applications made before 1979. In all, therefore, the Commission examined last year 503 applications concerning 3,771 projects.
45. Of these 503 applications, 410 concerning 2,835 investment projects were approved; no decision was taken on 936 projects.

Details of the applications are set out in the following tables:

./.

-
- (1) Points 11-15 of this Report.
(2) Points 16-18 of this Report.
(3) Table 6, point 59 of this Report.
(4) Point 46 of this Report.
(5) Points 131-134 of this Report.

Table No. 2: Breakdown of 1979 applications by the type of investment

<u>Types of investment</u>	<u>Investment volume</u>	
	<u>MEUA</u>	<u>%</u>
- Industry and services (projects of more than 10 MEUA)	3,424.64	28.22
- Industry and services (projects of less than 10 MEUA)	1,063.56	8.76
<u>Subtotal</u>	4,488.20	36.98
- Infrastructure (projects of more than 10 MEUA)	5,769.10	47.53
- Infrastructure (projects of less than 10 MEUA)	1,758.35	14.49
- Infrastructure in less favoured agricultural areas (1)	121.41	1.00
<u>Subtotal</u>	7,648.86	63.02
<u>TOTALS</u>	12,137.06	100.00

(1) Within the meaning of Directive No. 75/268/EEC of 28.4.1975 on hill farming and certain less favoured agricultural areas

./.

Table 3: Result of investigation of aid applications

Member State	Number of projects presented in 1979 or brought forward from previous years	Number of projects financed in 1979	Number of projects presented in 1979 on which no decision was taken (1)					
			01	02	03	04	06	Total
Belgium	54	17	2	-	-	35	-	37
Denmark	89	84	-	3	-	2	-	5
Germany	234	213	3	11	-	7	-	21
France	665	428	3	31	1	202	-	237
Ireland	142	135	1	4	-	2	-	7
Italy	1,909	1,464	-	167	1	216	59	443
Luxembourg	3	2	-	-	-	1	-	1
Netherlands	7	6	1	-	-	-	-	1
United Kingdom	668	484	7	32	4	141	-	184
TOTALS	3,771	2,835	17	248	6	606	59	936

(1) 01: industrial projects of more than 10 MEUA
 02: industrial projects of less than 10 MEUA
 03: infrastructure projects of more than 10 MEUA
 04: infrastructure projects of less than 10 MEUA
 06: infrastructure projects in less favoured agricultural areas

46. The reasons for the failure to take decisions in respect of 936 projects were as follows:
- 476 projects did not comply with the formal conditions laid down in the Fund Regulation (creating at least 10 jobs, investments of more than 50,000 EUA, etc.);
 - 92 projects were unacceptable for various reasons (late applications, aid granted by Member States not compatible with the common market, etc.);
 - 60 projects were not accepted for sectoral reasons (structural over-capacity);
 - 51 projects were withdrawn at the request of the Member State concerned;
 - insufficient commitment appropriations limited the Commission's ability to take decisions in the case of 257 projects, representing grant applications totalling 166 million EUA.

However, these 257 investment projects which were not financed in 1979 due to lack of funds but on which the Fund Committee has already given an opinion in 1979, could be the subject of a grant decision in the first instalment of 1980.

47. In accordance with the Commission's request made in previous years, most Member States applied in 1979 for more than their quota of the Fund. This is shown in Table 4:

Table 4: Year 1979 - applications for grants in % of quotas laid down in the Fund Regulation

	<u>In %</u>
Belgium	119
Denmark	116
Germany	127
France	124
Ireland	116
Italy	148
Luxembourg	159
Netherlands	99
United Kingdom	156

The Commission notes with satisfaction the efforts made by most Member States in this direction since the surplus of applications has made the Commission's choice of projects easier.

Grant decisions (1)

48. In 1979, the Commission adopted four series of grant decisions in January, May, September and December, after receiving the necessary opinions from the Fund Committee and the Regional Policy Committee. The simplified procedure laid down in the amended Fund Regulation made consultation of the Fund Committee easier, especially with regard to projects of less than 10 Million EUA (2). Table 1 annexed gives, by Member State and by major category of investment, as defined in the Fund Regulation, the number of grant decisions, the number of projects financed, the volume of investment concerned and total value of grants approved from the Fund.

./.

(1) Point 3(6) of this report.

(2) Article 5.2.b. of the Regulation.

The breakdown of Fund assistance is as follows:

Table No. 5: Breakdown of assistance by category of project

		Aid	Investment
<u>Industry and services</u>	projects + 10 MEUA	16.8 %	23.7 %
	projects - 10 MEUA	11.0 %	9.8 %
		27.8 %	33.5 %
<u>Infrastructure</u>	projects + 10 MEUA	32.1 %	52.7 %
	projects - 10 MEUA	37.8 %	13.1 %
	infrastructure in hill farming areas	2.3 %	0.7 %
		72.2 %	66.5 %
<u>Total</u>		100 %	100 %

49. This table calls for comment:

- industrial and service projects as a percentage of total assistance granted was less than the previous year, falling from 33 % in 1978 to 28 % in 1979. This proportion is acceptable according to the Regulation, which lays down that at least 30 % of assistance must go to projects of this type over a three year period but not annually. The Commission considers, nevertheless, that Member States should seek to apply on behalf of more industrial projects in the future. The data drawn from statistical summaries and reproduced in Table 1 (1) show that a number of Member States, and in particular Germany and France, have already taken steps in this direction;
- at the same time, infrastructure projects accounted for 72 % of Fund assistance and this was a larger percentage than in 1978. The projects benefitting from the possibility available according to the amended Regulation of February 1979 to grant assistance up to 40 % of investment cost account for 11 % of projects of more than 10 million EUA;
- the proportion of grants to projects of more than 10 million EUA was 49 %. This corresponds to the priority referred to in the Fund Regulation on behalf of major projects.

Principal types of projects assisted

Tables No. 2 and 3 in the Annex indicate the types of investment for which Fund assistance was granted. These tables reveal the following facts:

./.

(1) Point 34 of this report.

50. Industry and services

- The average amount per project was 72.1 million EUA for projects of more than 10 million EUA and 9.5 million EUA for projects of less than 10 million EUA. Fund grants were equal to 44.9 % of national aids and 6.8 % of total investments in the case of large projects and to 46.8 % and 10.7 % respectively in the case of smaller ones.
- As to economic sectors, the motor vehicle industry was in the lead for projects of more than 10 million EUA, followed by the chemicals industry, electrical and electronic engineering, non-metallic minerals and the food industry. As far as small projects were concerned, metal construction was in the lead, followed by the timber industry, the food industry, drink and tobacco and non-metallic minerals.

51. Infrastructure

- Generally speaking, a very large number of projects concerned various forms of investment in infrastructure (energy supply, telecommunications) followed, with regard to the total number of projects financed, by roads and planning and preparation of industrial estates.
- Types of infrastructure, however, varied from one Member State to another in the light of regional priorities and national policies. Apart from infrastructure abovementioned, particular emphasis was put in the United Kingdom and Ireland on building "advance factories" whereas airport installation and energy supply were financed in Denmark (Greenland); in France, priority was given to telephone installations and roads, and in Italy, to water supply and drainage, which account for a substantial percentage of the total of investments financed. Also to be noted, pursuant to the wider definition of infrastructure eligible according to the amended Regulation, was more Fund activity on behalf of certain categories of infrastructure, which have to date only been given marginal consideration: congress centres, technical, scientific and commercial training institutes and preparatory work on installing holiday and relaxation areas.
- The level of Fund assistance averaged 30.4 % of eligible public expenditure for projects of less than 10 million EUA and 21.2 % for large projects. This is because certain Member States do not include in their grant applications those parts of investments which serve the general public. Furthermore, in the case of certain large projects, the Commission has been called upon to alter the rate of grant, between the limits of 10 % and 30 %, as laid down in the Regulation, to take account of the importance of the project for regional development. These changes were made after consulting the Regional Policy Committee and the Fund Committee. The Commission is preparing more precise guidelines on the matter.

Realisation of projects financed

52. In 1979, Member States were obliged to comply with the provisions of Article 1 of the amended Regulation whereby the Commission takes into consideration for Fund assistance payments made by the Member States as from the 12th month before the date on which it receives the request for assistance, in respect of investments not completed by that date.

The Commission considers the results of these new provisions have been satisfactory in that 50 % of projects financed started in 1978 and 30 % in the same year as the grant decision; three Member States (the United Kingdom, Belgium and Italy) even applied for assistance for a number of projects started in 1980.

Grant of interest rebate on EIB loans

53. For the first time since the Fund was established in 1975, a Member State used the facility of obtaining Fund assistance in the form of interest rebate on a loan issued by the European Investment Bank.

The aid is for a project in the United Kingdom (1) and is equivalent to an interest rebate of 3 percentage points on an EIB loan of 49.3 million EUA over 20 years. The amount of Fund assistance will be paid directly to the EIB.

Impact of Fund assistance on employment

54. One of the main aims of the Fund is the creation and maintenance of jobs in regions that are heavily dependent on or suffer from industrial change or structural underemployment. In this connection, the fact that most Fund assisted projects in 1979 were for infrastructure, for which precise statistical details on jobs created were not available, makes it difficult to assess Fund assistance in this field.

Even though the industrial and service sectors have hitherto created the most permanent jobs, the Commission does not underestimate the basic role of infrastructure in developing the less favoured regions. Indeed, regional policy must, of its very nature, concentrate principally on medium and long term structural measures such as the improvement of infrastructure since these are essential to the creation and maintenance of permanent jobs in the future.

55. According to information in the applications, projects in receipt of Fund assistance in 1979 in the industrial and services sectors should create and/or maintain nearly 80,000 jobs. Job creation is therefore higher in those Member States receiving proportionately more aid for industry: France and the United Kingdom.

./.

(1) Points 110 and 155 of this report.

56. As in previous years, projects of less than 10 million EUA created most jobs (as compared to the amount of the investment and/or the Fund contribution). This is because small projects are often more labour-intensive than large projects.

Financing studies

57. No study was financed from the Fund in 1979 under the Fund Regulation, no request to this effect having been received from Member States (1).

Complementary character of Fund activity and national measures

58. In each previous report, the Commission has stated that it does not have the information needed to assess how far Fund assistance is really added to national regional development efforts. In its amended form, the Fund Regulation lays down (2) that Member States shall provide the necessary details on how Community resources are used. Nevertheless, the Commission has to confirm once again that, in spite of appeals to Member States, it does not have adequate information on the matter for all Member States.

It also notes that no Member State, in 1979 like previous years, has made use of the possibility, for industrial and service activity investments, of paying the Fund contribution to the investment concerned as a complement to national aid; all have chosen the alternative procedure, provided for in the Regulation, of treating the Fund contribution as partial repayment of national aid.

./.

(1) Regional studies have nevertheless continued to receive financing under other Chapters of the general Community budget (points 35-41 of this report).
(2) Article 19.

Level of credit use

59. The level of use of credits available in 1979 is shown in the following table:

Table No. 6: Use of commitment appropriations in 1979 (MEUA)

Member State	Credits written into 1979 budget (quota section)	Supplementary credits (1)	Commitment appropriations	Level of use
	A	B	C	$\frac{C}{A+B}$
Belgium	12.51	2.09	9.08	62.2
Denmark	10.80	2.01	11.14	87.0
Germany	54.00	5.10	59.04	99.9
France	151.74	15.98	159.39	95.0
Ireland	58.14	3.47	62.21	101.0
Italy	354.51	21.66	388.08	103.2
Luxembourg	0.81	0.03	0.81	96.4
Netherlands	14.22	1.09	11.34	74.1
United Kingdom	243.27	13.90	261.02	101.5
	900.00	65.33	962.11	99.7

(1) Credits deriving from sums carried forward from 1978 (43.48), withdrawals (15.60 MEUA) and adjustments due to exchange rate variations of ECU (6.25 MEUA). The 43.48 MEUA carried forward include the 29 MEUA retained in 1978 for the quota free section, distributed among Member States in proportion to their respective quotas but which will be covered by the quota free section in 1980.

Some Member States have not used all their available credits for the following reasons:

- the late arrival of applications for Fund assistance;
- investigation is still in progress for a certain number of projects due to insufficiently precise information (France, Belgium);
- some projects were suspended at the request of national authorities (Netherlands, Belgium) or the Commission (Denmark);
- the limited quota available to Luxembourg only allows for financing a single project, the combination of two amounts is not always possible.

On the other hand, examination of the whole period 1975-1979 shows that each Member State has virtually used all its available credits under the quota section. Only Belgium and the Netherlands are slightly below 100 per cent.

Summary of Fund activity

60. This table shows the main types of projects financed by Member States from 1975-1979.

Table No. 7: Grants approved 1975-1979

Member State	Grants approved (projects in brackets)	Payments made (MEUA)		Investments involved (MEUA)		Jobs created/maintained by investment in industry and services
		Industry	Infra-structure	Industry	Infra-structure	
Belgium	25 (156)	11.48	27.72	193.76	105.66	4,192
Denmark	46 (248)	4.46	30.08	64.36	172.04	2,482
Germany	361(1086)	116.38	94.17	3,123.62	501.47	44,587
France	338(1484)	163.27	264.92	2,787.31	1,286.55	107,308
Ireland	62 (523)	70.03	82.22	1,012.20	359.67	31,724
Italy	277(2984)	186.23	730.08	1,164.50	6,501.50	48,837
Luxembourg	4 (5)	-	2.94	-	21.89	-
Netherlands	15 (27)	5.52	42.48	77.54	293.86	420
United Kingdom	476(2669)	233.76	421.31	2,520.54	3,622.72	99,767
	1604(9182)	791.13	1,695.92	10,943.83	12,865.36	399,317

The principal features of the Fund's activity over five years of existence are:

- 9,182 projects have been financed, representing a total investment of 23.8 million EUA;
- 68.3 % of assistance went to infrastructure projects and 31.7 % to industrial and services projects;
- projects of more than 10 million EUA received 47.6 % of Fund assistance and small projects 52.4 %;
- projects financed in industry and services should create or maintain 340,000 jobs.

Regional development integrated operations

61. In 1979, the Commission adopted a certain number of guidelines for providing incentives for integrated operations, which, with the combined assistance of the Regional and Social Funds and the Guidance Section of the Agricultural Fund and other Community financial instruments for structural purposes (loans from the European Investment Bank, the ECSC and the New Community Instrument), will permit more complete and effective aid to be directed towards solving regional or sectoral problems.

62. An integrated operation is, in effect, a coordinated approach to the use of public and private investments within a limited geographical area; national and local authorities of Member States and the Community will contribute thereto in a complementary fashion, the latter by way of its financial instruments for structural policy purposes. The coordination and concentration of Community financial aid should either assist the new projects (catalyst effect) or facilitate completion of projects, which would otherwise have taken longer to complete (acceleration effect). It is also felt that the value of the group of financial measures is more than the sum of each one considered in isolation (compound impact).

63. An integrated operation is the conclusion of a complex negotiation process between the Community, the Member State and the regional and local authorities. It requires for implementation a combination of economic, financial and administrative conditions, which are not to be found everywhere. The Commission has therefore decided to experiment with a few pilot projects in several potentially favourable areas.

64. A first experiment has been applied to the Naples area. This area has been chosen, in agreement with the Italian Government, since it is experiencing especially serious problems of unemployment, under-employment and lack of public infrastructure. There have been frequent contacts between the Commission and the Italian authorities throughout 1979 to finalise a programme of pluri-sectoral measures at a total cost of more than 3,500 million EUA. A working group has been formed on which the Commission, the Ministry for Special Measures in the Mezzogiorno and the Cassa per il Mezzogiorno are represented as well as the regional authorities of Campania and the town of Naples.

A second pilot project is envisaged for Belfast in Northern Ireland, an area also faced with serious economic difficulties. The project file is currently being compiled.

Chapter IV: REGIONAL ANALYSIS OF FUND ACTIVITY

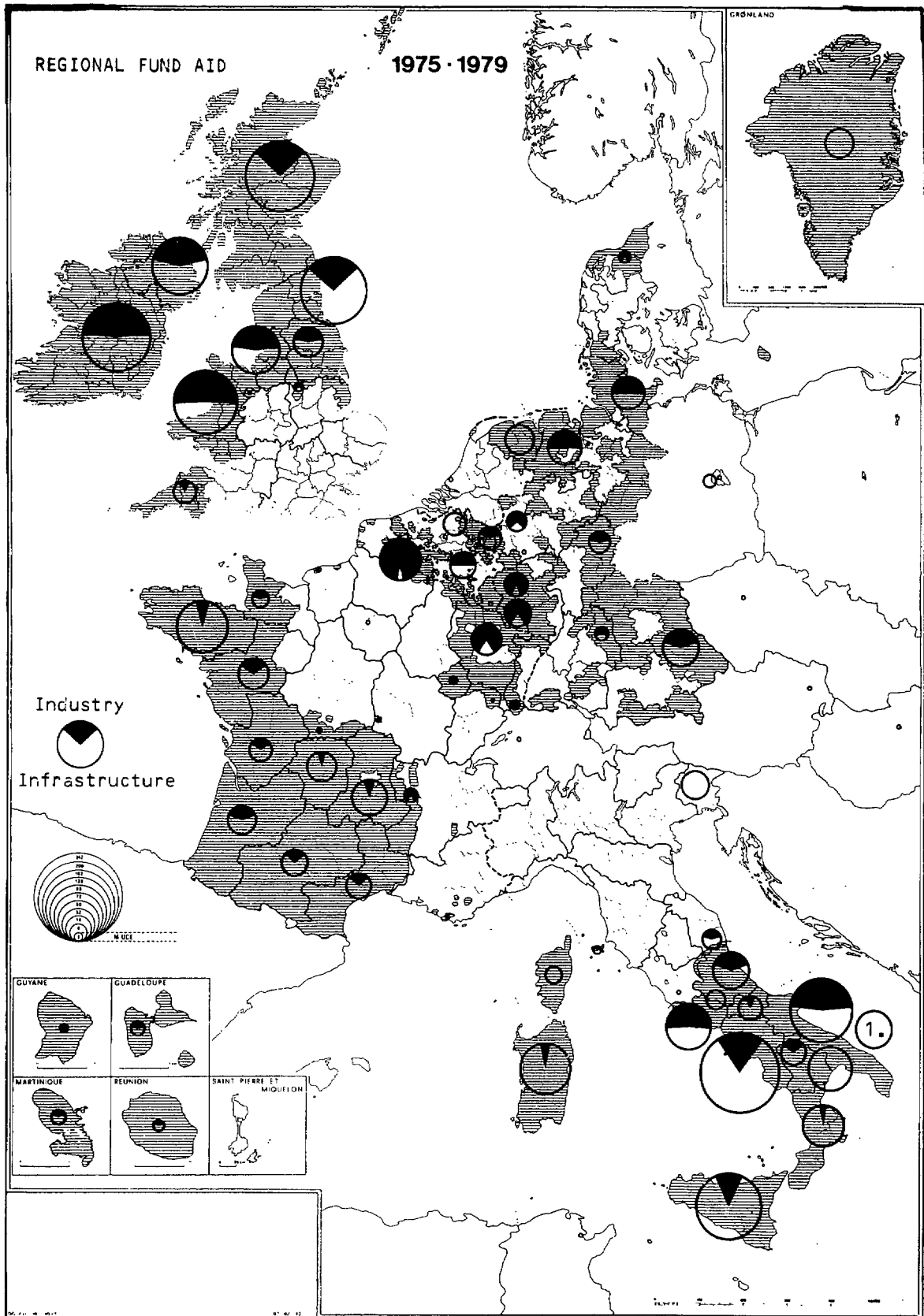
Geographical concentration of aids

65. Table No. 5 in the annex shows the regional distribution of Fund assistance in 1975-1979.
66. The Fund Regulation states that regions and areas eligible for Fund assistance shall be limited to those areas aided by Member States under their own systems of regional aid. To give maximum impact to Fund assistance, however, priority must be given to investments located in national priority areas, taking account of the principles of Community-level coordination of regional aids. In 1979, the situation was as follows in the various Member States:
- Belgium, 53.1 % of the quota available for 1979 has been given to wallonie to the areas covered by the Commission Decision of 26 April 1972 (1) on aids granted under the Belgian law on economic expansion of 30 December 1980;
 - Denmark, 83.6 % of Fund assistance went to Greenland;
 - Germany, 58.5 % of Fund assistance went to Berlin, to the Zonenrandgebiet and to first priority development poles qualifying for 20 % aid;
 - France, 91.9 % of Fund assistance went to the priority regions of Nord-Pas-de-Calais, to the west and South-west, to Corsica and the Overseas Departments;
 - Ireland, 54.4 % of the projects were situated in the designated areas, mainly in the west of the country;
 - Italy, 96 % of Fund assistance went to the Mezzogiorno, the remainder to areas of Friuli-Venezia Giulia struck by the 1976 earthquake (this is the second Fund contribution on behalf of these regions);
 - Netherlands, 100 % of Fund assistance went to the only two priority areas in the north and south of the country;
 - United Kingdom, some 86.8 % of assistance went to projects in priority areas, namely Northern Ireland, the Special Development Areas and the Development Areas.

Generally speaking, the Commission considers that the attempts to concentrate Fund assistance on priority regions as defined by national systems of aid has had satisfactory results.

./.

(1) OJ L 105 of 4.5.1972.



(1) Multiregional projects concerning several regions of the Mezzogiorno.

Fund activity in certain priority regions

67. As in the last two annual reports, this section deals with Fund assistance in a certain number of priority regions; these regions have been chosen on the basis of the following criteria:

- first, the regions included in the five areas recognized as having priority in the Commission's "Guidelines on Regional Policy" of June 1977 (1) namely:

- . Mezzogiorno (2)
 - { Abruzzi
 - { Basilicata
 - { Calabria
 - { Campania
 - { Molise
 - { Apulia
 - { Sardinia
 - { Sicily

- . Ireland
- . Northern Ireland
- . Greenland
- . French overseas departments;

- second, the region of each Member State (Luxembourg excepted), which was the principal recipient of Fund assistance in relation to population over the years 1975-1979. However, to avoid repetition, when a region chosen has already been analysed in a previous report, it is replaced, where possible, by the second main recipient of aid. This gives the following regions:

- . Limousin
- . East Bavaria (3)
- . Northern Netherland (4)
- . Wallonie

./.

(1) Supplement 2/77 - Bull. EC.

(2) The Mezzogiorno includes southern Italy and the islands, excluding here regions partly situated in the Mezzogiorno: Latium, Marche, Tuscany.

(3) Aided region of East Bavaria.

(4) Aided region of the Northern Netherlands.

68. Each region is analysed in the following way:

- an overall indication of the size of national and Community assistance as a whole in recent years (2);
- a brief analysis of assistance from the Regional Fund in 1979.

The Commission does not possess complete, precise and comparable data on national aids for all regions (3). The figures given are therefore only a rough guide. Regional Fund assistance and that of other Community financial instruments may however be assessed in the light of these approximate data.

The analysis of the Mezzogiorno includes a section on the whole of this large region, followed by sections for each area within the Mezzogiorno. For other countries there is only one section per region.

./.

(1) The amount of expenditure by national authorities has been converted into EUA at average exchange rates for 1978 (1 EUA = BF/FL 40.0611; DKr 7.01945; DM 2.55607; FF 5.73983; £ IRL 0.663888; Lit. 1,080.22; FL 2.75409; £ UK 0.663910). It must be stressed that the resulting figures are a rough guide only. However they do give an overall idea of the relative importance of Fund assistance in each region.

(2) EAGGF: aids from the Guidance Section according to Regulations 17/64/EEC and 355/77/EEC;
 EIB: individual loans (plus credits granted from global loans) issued according to Article 130(a) of the EEC Treaty;
 ECSC: loans pursuant to Articles 54 and 56 of the ECSC Treaty.

(3) Point 33 of this report.

69. The following table summarises regional Fund assistance for the regions considered together with a number of socio-economic indicators. As stated at 65, global amounts of Fund assistance for all eligible regions are given in Table 5 of the Annex.

Table No. 8: Fund assistance 1975-1979 and main social and economic indicators

Region	Assistance '75-'79		Socio - economic indicators			
	Total MEUA	EUA per head	Population (1)		Unemployment index (2)	GDP per head index (3)
			1,000	Pop./km ²		
Abruzzi	43.74	34.33	1274	113	147	45
Basilicata	20.98	33.94	618	62	140	39
Calabria	57.08	27.80	2053	136	221	35
Campania	202.48	37.79	5357	394	152	40
Molise	18.74	56.61	331	75	95	38
Apulia	127.87	33.32	3837	198	167	43
Sardinia	83.17	52.80	1575	65	202	45
Sicily	139.71	28.40	4919	191	171	42
Ireland	152.25	47.69	3192	45	219	49
Northern Ireland	102.05	66.35	1538	109	202	64
Greenland	28.67	573.40	50	0.1	.	.
FOD	23.21	19.63	1182	12	.	.
Limousin	28.20	38.26	737	44	93	87
East. Bavaria	27.30	14.33	1904(4)	100(4)	71(6)	98(6)
North Netherlands	30.48	20.32	1500	175	98(7)	107(7)(8)
Wallonie (5)	22.90	7.10	3224	191	155	.
Average		33.31		170	100	100

(1) 1977.

(2) 1977 Community Labour force survey.

(3) 1975 GDP per head at current prices and exchange rates.

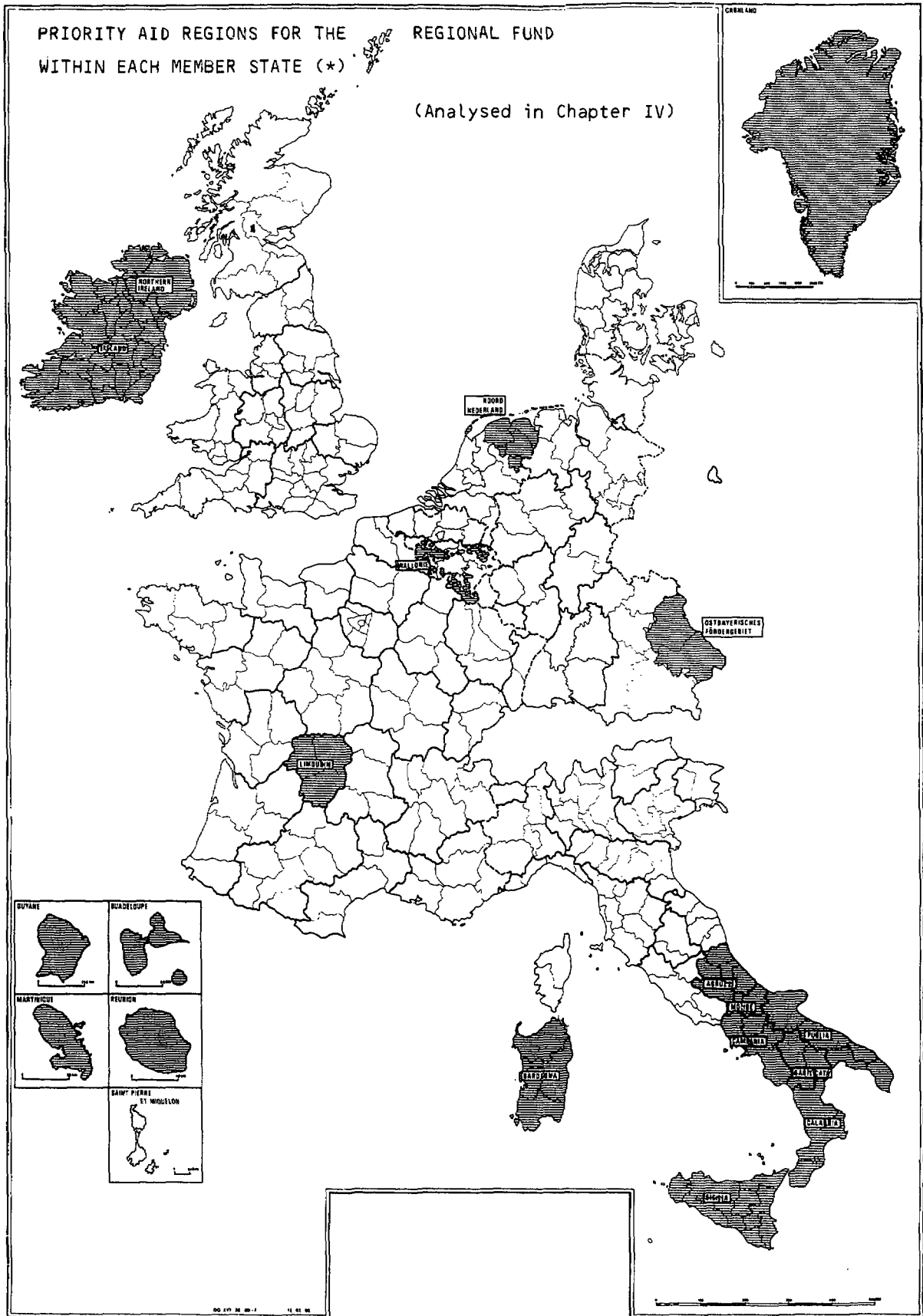
(4) 1979.

(5) For assistance: aided areas; for socio-economic indicators, all Wallonie.

(6) Upper Palatinate and Lower Bavaria.

(7) Groningen, Friesland, Drenthe.

(8) This figure should be reduced by some 10 % since national gas benefits the whole country and not only the Northern region.



(*) As indicated at point 67.

Mezzogiorno (1)

70. It is not possible to give a precise indication of public expenditure on the development of the Mezzogiorno. However, the amount of capital expenditure by certain public authorities (2) can be assessed, very roughly, for the period 1974-1978, when it amounted to some 14,881 million EUA, of which some 6,223 million EUA by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance to the Mezzogiorno over the period of Fund activity (5 years 1975-1979) must be assessed.

Grants

- Regional Fund	890 MEUA
- Agricultural Fund	152 MEUA

Loans

- European Investment Bank	1,927.8 MEUA
- New Community Instrument	39.6 MEUA
- ECSC	268 MEUA

Regional Fund assistance in 1979

71. Regional Fund assistance for the whole Mezzogiorno in 1979 was 378.79 million EUA of which 30.67 MEUA went to three regions (Latium, Marche, Tuscany), which are only partly within the Mezzogiorno and which are not therefore included in the following more detailed analysis (3). Some two thirds of the assistance to Italy concerns projects carried out and financed by the Cassa per il Mezzogiorno, the central agency responsible for Mezzogiorno development. The remaining third is formed by way of projects conceived, realised and financed by the regional and provincial authorities or by other local public bodies, thereby enabling real complementarity, which is not always apparent at national level. This form of aid, virtually non-existent before 1977, has developed considerably over the last two years following measures undertaken by the Commission to bring it to the attention of the local authorities.

./.

(1) Point 67(2) of this report.

(2) Cassa per il Mezzogiorno: all expenses save those which cannot be regionalised (e.g. interest rebates); standard central administration; expenses carried out by the Ministries of agriculture and public works; regions: commitment appropriations on budget estimates.

(3) The only Italian region outside the Mezzogiorno to receive Fund assistance in 1979 was Friuli-Venezia Giulia (Table No. 5 annexed).

Abruzzi

72. Over the period 1974-1978, capital expenditure by the Italian public authorities can be estimated very roughly at 1,057 MEUA. Of this amount, 515 MEUA was expenditure by the Cassa per il Mezzogiorno.

It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen: (1975-1979):

Grants

- Regional Fund 44 MEUA (1)
- Agricultural Fund - Guidance Section 14 MEU

Loans

- European Investment Bank 184.1 MEUA (2)

Regional Fund assistance in 1979

73. In 1979, assistance from the Regional Fund for the Abruzzi region represented 4.8 % of all Fund assistance to Italy. Total contributions to 40 projects were 18.32 MEUA of which 6.67 MEUA (36.4 %) were for industrial activities and 11.65 MEUA (63.6 %) were for infrastructure.

Industrial and service activity

74. Only small projects, costing less than 10 MEUA, were financed. There were 20 of these, representing a total investment of 35.32 MEUA and aiming to create almost 1,300 jobs. As far as the volume of investments was concerned, non metallic mineral products were in the lead, followed by chemicals, extraction of minerals other than metal and fuels and electrical and electronic engineering.

Infrastructure

75. Financing was provided for 20 projects of less than 10 MEUA, representing a total amount of 32.12 MEUA. These projects involved mainly water supply and drainage.

./.

(1) This amount does not include assistance for multiregional projects also of interest to the Abruzzi (see table 5 in the Annex).
 (2) Individual loans: 157.7 MEUA, of which 9.2 MEUA lent to Molise and 17.2 MEUA jointly to Molise and Lower-Latium and 0.9 MEUA to Latium and Molise; allocation to global loans: 26.4 MEUA.

Basilicata

76. Over the period 1974-1978, capital expenditure by the Italian public authorities can be estimated very roughly at 985 MEUA. Of this amount, 499 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund	21 MEUA (1)
- Agricultural Fund - Guidance Section	18 MEUA

Loans

- European Investment Bank	101.4 MEUA (2)
----------------------------	----------------

Regional Fund assistance in 1979

77. In 1979, assistance from the Regional Fund for the Basilicata region was 1.7 % of all Fund assistance to Italy. Total contributions to 139 projects were 6.8 MEUA of which 850,000 EUA (12.5 %) were for industrial activities and 5.95 MEUA (87.5 %) were for infrastructure.

Industrial and service activity

78. Only small projects, costing less than 10 MEUA were financed. There were 5 of these, representing a total investment of 4.39 MEUA. These projects concerned the creation or modernizing of hotels, camping sites and tourist villages in Potenza province, aiming to create some 80 jobs and to maintain some 60 jobs. It should be noted that these 5 projects actually include 16 small projects, each with an individual investment cost which did not exceed the eligibility threshold laid down by the Regulation: this was a rare example of possible regrouping, permitted by the amended Regulation (2), of small projects linked geographically and financially.

Infrastructure

79. Financing from the Fund was provided for 134 projects of less than 10 MEUA, representing a total amount of 18.49 MEUA. As far as the volume of investment was concerned, these were public service infrastructure projects, involving water supply and roads.

./.

(1) This amount does not include assistance for multiregional projects also of interest to Basilicata (see table 5 in the Annex).

(2) Individual loans: 96.4 MEUA, of which 59.9 MEUA to industrial loans in both Apulia and Calabria; allocation to global loans: 5.0 MEUA.

(3) Article 4.1.a. of the Regulation.

Calabria

80. Over the period 1974-1978, capital expenditure by the Italian public authorities can be estimated very roughly at 1,419 MEUA. Of this amount, 764 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund	57 MEUA (1)
- Agricultural Fund - Guidance Section	11 MEUA

Loans

- European Investment Bank	141.4 MEUA (2)
----------------------------	----------------

Regional Fund assistance in 1979

81. In 1979, assistance from the Regional Fund for the Calabria region was 5.4 % of all Fund assistance to Italy. Total contributions to 213 projects were 21.21 MEUA of which 810,000 EUA (3.9 %) were for industrial activities and 20.40 MEUA (96.1 %) were for infrastructure.

Industrial and service activity

82. Only small projects, costing less than 10 MEUA, were financed. There were 5 of these, representing a total investment of 4.28 MEUA, aiming to create 200 jobs. As far as the volume of investments was concerned, non metallic mineral products were in the lead, followed by leather and timber products.

./.

(1) This amount does not include assistance for multiregional projects also of interest to Calabria (see table 5 in the Annex).

(2) Individual loans: 134.0 MEUA, of which 75.2 MEUA to loans in Basilicata, Apulia and Sicily; allocation to global loans: 7.4 MEUA.

Infrastructure

83. A major project of 15.97 MEUA received Fund assistance of 6.24 MEUA. This project involves building a fast road across the Calabrian mountains. A first section received Fund assistance of 7.45 MEUA in 1978. Fund assistance was also granted to the tune of 13.53 MEUA to 171 projects of less than 10 MEUA. Total cost of these projects was 43.87 MEUA; they involve mainly road construction and improvement, water supply and public service infrastructure. Lastly, fund assistance of 631,000 MEUA was granted to 36 public infrastructure projects in less favoured agricultural areas (1); these were mainly for rural roads.

Campania

84. Over the period 1974-1978, capital expenditure by the Italian public authorities was estimated very roughly at 2,342 MEUA. Of this amount, 1,166 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund	203 MEUA
- Agricultural Fund - Guidance Section	13 MEUA

Loans

- European Investment Bank	268,3 MEUA (2)
----------------------------	----------------

Regional Fund assistance in 1979

85. In 1979, assistance from the Regional Fund for the Calabria region was 19 % of all Fund assistance to Italy. Total contributions to 163 projects were 73.17 MEUA, of which 12.01 MEUA (16 %) were for industrial activities and 61.16 MEUA (84 %) were for infrastructure. In 1979, Campania received more Fund assistance than any other Italian region.

./.

(1) Within the meaning of Directive 75/268/EEC. (Article 4.1.d. of the Fund Regulation). It should be noted that the figure (36 projects) instanced at point 83 underestimates the number of projects in mountain areas financed from the Fund since some projects were the subject of grant decisions according to Article 4.1.b. This also applies to some other Mezzogiorno regions.

(2) Individual loans: 235.7 MEUA; grants to global loans: 32.6 MEUA.

Industrial and services activity

86. Only small projects, costing less than 10 MEUA, were financed. There were 51 of these, representing a total investment of 64.98 MEUA, aiming to create some 2,500 jobs. As far as the volume of investments was concerned, processing of non metallic minerals was in the lead, followed by machinery and engineering, motor vehicles and motor vehicle spare parts.

Infrastructure

87. Financing was provided for two projects of more than 10 MEUA, representing a total cost of 49.97 MEUA and 12.53 MEUA Fund assistance. One is for the construction of a rail link to service the industrial areas of Naples and Caserta, the other concerns planning and preparation of the industrial estate of Valle Ufita in the Avellino province. Fund assistance also went to 110 projects of less than 10 MEUA. Total cost of these projects was 136.29 MEUA and Fund assistance granted was 48.63 MEUA. So far as the volume of investments was concerned, drainage was in the lead, followed by water supply and road infrastructure. The major rail project and one of the small projects (on modernising a tramway and an urban funicular railway) fall within the framework of the integrated operation for the regional development of the Naples area (1).

Molise

88. Over the period 1974-1978, capital expenditure by the Italian public authorities was estimated very roughly at 196 MEUA. Of this amount 73 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund	19 MEUA
- Agricultural Fund - Guidance Section	1.8 MEUA

Loans

- European Investment Bank	62.8 MEUA
----------------------------	-----------

(1) Point 64 of this report.

(2) Individual loans: 58.6 MEUA, of which 9.2 MEUA for a loan in the Abruzzi, 18.1 MEUA for two loans in the Abruzzi and Lower-Latium; allocation to global loans: 4.2 MEUA.

Regional Fund assistance in 1979

89. In 1979, assistance from the Regional Fund for the Molise region was 3.5 % of all Fund assistance to Italy. Total contributions to 159 projects in infrastructure were 13.45 MEUA.

No project of more than 10 MEUA was financed in 1979. Fund assistance of 13 MEUA went to 151 projects of less than 10 MEUA representing a total investment of 38.44 MEUA. So far as volume of investment was concerned, this was mainly for planning and preparation of industrial estates, water supply and drainage. However Fund assistance went also to 8 public infrastructure projects in less favoured agricultural areas (1); the amount was 450,000 EUA and went mainly to building rural roads and to water and electricity supply.

Apulia

90. Over the period 1974-1978, capital expenditure by the Italian public authorities (2) was estimated very roughly at 2,143 MEUA. Of this amount, 1,273 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund	128 MEUA (2)
- Agricultural Fund - Guidance Section	16 MEUA

Loans

- European Investment Bank	548.8 MEUA (3)
- New Community Instrument	39.6 MEUA
- ECSC	261 MEUA

./.

(1) Within the meaning of Directive 75/268/EEC.

(2) The amount does not include assistance for multiregional projects also of interest to Apulia (see table 5 in the Annex).

(3) Individual loans: 529.9 MEUA, of which 90.4 MEUA to loans jointly interesting Basilicata and Sicily; allocation to global loans: 22.9 MEUA.

Regional Fund assistance in 1979

91. In 1979, assistance from the Regional Fund for the Apulia region was 9.6 % of all Fund assistance to Italy. Total contributions to 75 projects were 37.12 MEUA of which 8.52 MEUA (23.2 %) were for industrial activities and 28.60 MEUA (76.8 %) were for infrastructure.

Industrial and service activity

92. Only small projects, costing less than 10 MEUA were financed. There were 38 of these, representing a total investment of 47.20 MEUA, aiming to create 1,600 jobs. As far as volume of investment is concerned, food and drink projects were in the lead, followed by metal work and processing of non metallic minerals.

Infrastructure

93. Financing from the Fund was provided for 3 projects of more than 10 MEUA. They concerned the construction of a plurisectoral wharf in the industrial port of Taranto, the installation of various port services in the industrial port of Manfredonia and the installation of a water supply network and drainage in the town of Bari. Assistance granted was 24.84 MEUA and total investment was 90.76 MEUA. Fund assistance of 1.79 MEUA went to a project of less than 10 MEUA (6.17 MEUA). This was to build centres for the collection and disposal of solid urban waste. Fund assistance also went to 33 public infrastructure projects in less favoured hill farming areas; this was 1.97 MEUA representing a total investment of 6.75 MEUA. Projects financed were mainly to instal telephones and to improve rural roads.

Sardinia

94. Over the period 1974-1978, capital expenditure by the Italian public authorities can be estimated very roughly at 1,255 MEUA; of this amount 791 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

Grants

- Regional Fund 83 MEUA
- Agricultural Fund - Guidance Section 12 MEUA

Loans

- European Investment Bank 179.8 MEUA (1)

Regional Fund assistance in 1979

95. In 1979, assistance from the Regional Fund for Sardinia was 4.0 % of all Fund assistance to Italy. Total contributions were 15.69 MEUA of which 1.83 MEUA (11.7 %) were for industrial activities and 13.85 MEUA (88.3 %) were for infrastructure.

Industrial and service activity

96. Only small projects of less than 10 MEUA were financed. There were 12 of these, representing a total investment of 9.53 MEUA, aiming to create some 350 jobs. As far as volume of investment was concerned, metal manufactures were in the lead, followed by electrical and electronic engineering and timber industry products.

Infrastructure

97. Financing from the Fund was provided for 170 projects of less than 10 MEUA; these were mainly road infrastructure, water supply works and drainage. Fund assistance was 13.82 MEUA representing total investments of 53.91 MEUA. Fund assistance was also provided for a public infrastructure project in less favoured agricultural areas (1). Assistance was 30,000 EUA for building a rural road.

Sicily

98. Over the period 1974-1978, capital expenditure by the Italian authorities can be estimated very roughly at 4,584 MEUA. Of this amount, 1,081 MEUA was expenditure by the Cassa per il Mezzogiorno. It is in relation to these rough figures that Community assistance over the five years of Fund activity must be seen (1975-1979):

./.

(1) Individual loans: 164.5 MEUA; grants to global loans: 15.3 MEUA.
(2) Within the meaning of Directive 75/268/EEC.

Grants

- Regional Fund	140 MEUA
- Agricultural Fund - Guidance Section	20 MEUA

Loans

- European Investment Bank	441.2 MEUA (1)
- ECSC	6.5 MEUA

Regional Fund assistance in 1979

99. In 1979, Regional Fund assistance for 144 projects in Sicily was 15.1 % of all Fund assistance to Italy. Total contributions were 58.17 MEUA of which 6.42 MEUA (10.8 %) were for industrial activities and 51.75 MEUA (89.2 %) were for infrastructure.

Industrial and service activity

100. Only small projects, costing less than 10 MEUA were financed. There were 34 of these, representing a total investment of 35.21 MEUA; representing a total investment of 35.21 MEUA and aiming to create some 1,100 jobs. As far as the volume of investment was concerned, metal manufactures were in the lead, followed by food and drink and electrical and electronic engineering.

Infrastructure

101. Financing from the Fund was provided for 5 projects of more than 10 MEUA, representing a total amount of 151.03 MEUA. These were for building a degassing station at Messina (the first project promoted by regional authorities, financed from the Fund), for road works linking the industrial estates of Catania and Misterbianco (an earlier phase of the same project received Fund assistance of 5.2 MEUA in 1977), preparing and equipping the industrial port area of Syracuse and urban development in the industrial areas of Ragusa, Gela and Licata in Caltanissetta province. The investments at Syracuse and Caltanissetta fall within an important special project of the Cassa per il Mezzogiorno for industrial development of south-east Sicily; grant decisions have now been applied to 40 separate investments within the framework of this special project, representing a total amount of nearly 80 MEUA. Assistance in 1979 was 37.57 MEUA.

./.

(1) Individual loans: 420.2 MEUA, of which 62.8 MEUA to loans jointly involving Apulia and Calabria; grants to global loans: 21 MEUA.

Fund assistance went to 4 projects of less than 10 MEUA and were for port and water supply works. Assistance was 4.96 MEUA, total investments 22.79 MEUA. 101 public infrastructure projects were financed in the less favoured hill farming areas (1) for 9.42 MEUA. The projects were essentially for road and electricity supply works involving total costs of 33.98 MEUA.

Multiregional projects in Italy

102. 3 investment projects in infrastructure of more than 10 MEUA involving two or more regions of the Mezzogiorno were the subject of a grant of the Fund in 1979.

First a project concerned general planning for the installation of a pipeline to import natural gas into Italy from Algeria and works required prior to use of this gas in Mezzogiorno regions, as well as the linking of the main import pipeline with the distribution network in Northern Italy. Total investment is 3,189.09 MEUA and Fund assistance in 1979 was 43.86 MEUA. The Commission expects further phases of this very major project to be the subject of applications for Fund assistance in coming years.

Second, works involving the construction of a fast road for the inter-regional trans-Appenine highway linking Latium with Abruzzi and representing a total cost of 47.70 MEUA received Fund assistance of 11.58 MEUA.

Third, the Fund provided further assistance in financing works on aqueduct planning and building a dam and reservoir on the Locone river; these works fall within the framework of the special project of the Cassa per il Mezzogiorno for the use by several sectors of the water supplies of the Apulia and Basilicata regions. The Fund contribution was 42.65 MEUA and total cost was 158.05 MEUA. This was the 5th grant decision on Fund assistance for this special project; total assistance is now 74 MEUA for 18 investment projects (2).

Ireland

103. Over the period 1975-1978, the Irish authorities spent 850 MEUA on grants to help industry. In addition, public infrastructure investments amounted to a total of 1,519 MEUA. Community assistance, which must be seen in relation to this national expenditure, was as follows over the period 1975-1979:

Grants

- Regional Fund	153 MEUA
- Agricultural Fund - Guidance Section	49 MEUA

Loans

- European Investment Bank	547.7 MEUA (3)
- New Community Instrument	86.6 MEUA
- ECSC	29 MEUA

./.

(1) Within the meaning of Directive 75/268/EEC.

(2) This important group of projects also received in 1979 one of the first loans to be issued by the New Community Instrument.

(3) Individual loans: 522.7 MEUA; grants to global loans: 25.0 MEUA.

Regional Fund assistance in 1979

104. In 1979, Fund assistance in favour of 135 projects located in Ireland was 62.19 MEUA, of which 29.47 MEUA (47.2 %) were for industrial activities and 32.72 MEUA (52.8 %) for infrastructure.

Industrial and service activity

105. 6 projects of more than 10 MEUA were financed, the Fund contributing 16.93 MEUA to a total investment of 133.70 MEUA. The projects were expected to create more than 5,300 jobs. Projects financed were:

- two new factories located in County Kildare, one for the manufacture of photographic equipment, batteries and films, the other for the manufacture of electrical switches, circuits and equipment;
- extending a glass factory in Waterford County (lighting and novelty);
- installing a factory for the manufacture of plastic goods in County Donegal;
- a new factory for the manufacture of Linotype printing and ancillary equipment in Dublin;
- a new factory for the output of soft chewing gum in County Wexford.

In addition, 32 smaller projects were financed representing a total investment of 88.33 MEUA and expected to create more than 6,200 jobs. As far as volume of investment was concerned, engineering and engineering equipment were in the lead, followed by electrical and electronic engineering and metal manufacture.

Infrastructure

106. Two projects of more than 10 MEUA were financed, one being the building of the Liffey conduit for supplying water to the town of Dublin and the other being the third development phase for Cork port. The volume of investment (total cost) was 22.48 MEUA; the Fund contributed 4.59 MEUA. Fund grants were also provided for 81 projects of less than 10 MEUA, representing a total investment of 87.56 MEUA. Fund assistance was 26.24 MEUA. In volume of investments, telephone installation was in the lead, followed by drainage and road construction. Lastly 14 public works

projects were financed in less favoured agricultural areas (1) to which the Fund contributed 1.89 MEUA. These were mainly for telephone installation, water supply and drainage where the total investment was 6.04 MEUA.

Northern Ireland

107. Industry received a total of 340 MEUA in national aid during the period 1975-1978. Public (official) investments in infrastructure assisting economic development (and the civilian population in general) represented a total of some 420 MEUA during the two financial years 1975/76 and 1976/77. It is by comparison to these figures that the significance of Community assistance in the region over the period 1975-79 can be appreciated.

Grants

- Regional Fund	102 MEUA
- Agricultural Fund - Guidance section	16 MEUA

Loans

- European Investment Bank	105.9 MEUA (2)
----------------------------	----------------

Regional Fund assistance in 1979

108. In 1979, Fund assistance to Northern Ireland represented 16.4 % of all Fund assistance in the United Kingdom. The total contribution to 16 projects came to 42.62 MEUA, of which 16.44 MEUA (38.3 %) went to industrial activity and 26.18 MEUA (61.7 %) to infrastructure.

(1) Within the meaning of Directive 75/268/EEC.

(2) Individual loans: 105.6 MEUA; grants to global loans: 0.3 MEUA.

Industrial and service activity

109. Two projects of more than 10 MEUA were financed, representing a total investment of more than 74.89 MEUA and Fund aid of 14.72 MEUA. These two projects were expected to create some 2,500 jobs. They involved building a factory for sports motor vehicles at Dunmurry and a factory for safety belts at Belfast.

Fund assistance was also provided for 3 projects of less than 10 MEUA. The total investment in these projects is 8.29 MEUA and they are expected to create more than 110 jobs and to maintain more than 112 jobs. In volume of investments, the timber industry was in the lead, followed by engineering and engineering equipment.

Infrastructure

110. Fund assistance was provided for 3 projects of more than 10 MEUA to which total assistance from the Fund was 20.80 MEUA. Total investments were 498.02 MEUA for the final phase of an investment programme for the Belfast Seymour telephone exchange, extension of Belfast Aldergrove airport (2nd grant decision), the installation of two groups of electricity generators and part of the linked system in the new electrical power station of Kilroot, near Belfast. Fund assistance to the latter projects took the form for the first time since 1975 of an interest rebate of 3 percentage points on a loan from the European Investment Bank, no State having made use of this aid facility previously.

Fund assistance was provided for 8 projects of less than 10 MEUA, representing a total investment of 36.07 MEUA to which the Fund contributed 5.38 MEUA. As far as the volume of investments was concerned, industrial estate development was in the lead, followed by road works and telephone equipment.

Greenland

111. In the years 1975-1978, the Ministry for Greenland invested some 195 MEUA in housing, electricity, transport and communications. It is by comparison to these figures that the significance of Community assistance to Greenland over the 1975-1979 period can be appreciated:

Grants

- Regional Fund	29 MEUA
- Agricultural Fund - Guidance Section	1.2 MEUA

Loans

- European Investment Bank	28.7 MEUA
----------------------------	-----------

Regional Fund assistance in 1979

112. In 1979, Fund assistance to Greenland represented 82.7 % of its contribution to Denmark. Total aid to 51 projects was 9.21 MEUA and went, as in previous years, entirely to finance infrastructure projects. The Commission adopted a second grant decision in favour of a project of more than 10 MEUA on building an airport at Godthåb, representing a cost of 11.51 MEUA to which the Fund contributed 1.03 MEUA. Finance was also provided for 50 projects of less than 10 MEUA, representing a total investment of 26.76 MEUA. As far as volume of investment was concerned, airport installation was in the lead, followed by tele-communications and port installation.

French overseas departments

113. The following figures, while very incomplete, indicate the size of assistance granted by the national authorities to the economic development of the four departments:

- special tax benefits for productive investments (1976-77)	17.3 MEUA
- equipment grants (1975-78)	19.3 MEUA
- investment in infrastructure (1974-1976)	30.7 MEUA

Community assistance during the five years of Fund activity (1975-79) has been as follows (million EUA):

	<u>Guadeloupe</u>	<u>Martinique</u>	<u>Réunion</u>	<u>Guyane</u>	<u>Total</u>
<u>Grants</u>					
- Regional Fund	6.89	7.36	5.35	3.61	23.21
- Agricultural Fund, Guidance Section	0.65	6.34	2.04	0.75	9.78
- European Development Fund	-	-	-	<u>1.55</u>	<u>1.55</u>
<u>Loans</u>					
- European Investment Bank (1)	0.70	-	-	0.50	1.20

./. .

(1) Loans granted from European Development Fund resources. By decision of its Board of Governors of 18 March 1980, the E.I.B. may now act in the FOD on the same conditions as in other departments of France.

Regional Fund assistance in 1979

114. In 1979, Fund grants to the overseas departments represented 1.2 % (1) of all Fund assistance to France. Total contributions to 17 projects were 1.85 MEUA, of which 1.00 MEUA (54.1 %) went to industrial activity and 850,000 EUA (45.9 %) to infrastructure. The breakdown was as follows: 0.13 MEUA for Guadeloupe, 0.82 MEUA for Guyane, 0.01 MEUA for Martinique and 0.89 MEUA for Réunion.

Industrial and service activity

115. Only projects of less than 10 MEUA were financed; there were 14, representing a total investment of 9.91 MEUA, and should create some 370 jobs. As to volume of investment, the timber industry was in the lead followed by the sugar industry and the extraction of minerals other than metal and fuel.

Infrastructure

116. 3 projects of less than 10 MEUA were financed where the total investment was 3.5 MEUA. They concerned general aircraft parking, a vocational training centre for adults and port works.

Limousin

117. During the period 1975-1977, the French authorities spent 8.7 MEUA on regional development in Limousin. In the same years and within the framework of the national road improvement plan, programme authorisations for this region were 182.5 MEUA. It is by comparison to these figures that the significance of Community assistance to Limousin over the years 1975-1979 can be appreciated:

- Regional Fund	28 MEUA
- Agricultural Fund - Guidance Section	2.7 MEUA

./.

(1) Point 151 of this report.

Regional Fund assistance in 1979

118. In 1979, Fund assistance to Limousin was 5.8 % of all Fund assistance to France. Total contributions to 5 projects were 9.23 MEUA, of which 300,000 EUA (3.1 %) went to industrial activity and 8.93 MEUA (96.9 %) to infrastructure.

Industrial and service activity

119. Only 2 projects, both of less than 10 MEUA, were financed, representing a total investment of 2.35 MEUA. These projects which involved extending a factory for manufacturing engineering spare parts and building a factory to produce fibres and mineral sheets; were expected to create some 150 new jobs.

Infrastructure

120. Fund assistance went to financing two projects of more than 10 MEUA for a total contribution of 8.84 MEUA. These were large investments in road infrastructure (Massif Central road plan) and telecommunications. Total costs were 30.02 MEUA. A grant of 31,360 EUA went to a project costing less than 10 MEUA concerning a vocational training centre.

The Northern Netherlands (1)

121. Capital expenditure by the Netherlands authorities on the Northern region over the period 1975-1978 was 111 MEUA by way of investment grants to industry and some 89 MEUA to infrastructure improvement. Community grants during the years 1975-1979 should be seen against this amount. They were:

Grants

- Regional Fund	31 MEUA
- Agricultural Fund - Guidance Section	10 MEUA

Regional Fund assistance in 1979

122. In 1979, Fund assistance to the Northern Netherlands was 70.8 % of total assistance from the Fund to the Netherlands.

./.

(1) The aided region of the Northern Netherlands (Northern incentives region) includes the provinces of Groningen, Friesland, Drenthe and the North-East and North West areas of the province of Overijssel.

7.97 MEUA were granted from the Fund to 5 small projects of infrastructure, representing a total investment of 28.29 MEUA. 4 projects dealt with new road links and one with urban development and roads in an industrial area.

East Bavaria (1)

123. Capital expenditure by the Federal German authorities on behalf of East Bavaria, as laid down in regional development programmes for 1975-1979, was 236 MEUA, of which 165 MEUA went to productive investment and 71 MEUA to improve infrastructure. It is in relation to these estimates of expenditure that Community assistance to this region over the same period must be seen:

Grants

- Regional Fund 27.3 MEUA

Regional Fund assistance in 1979

124. In 1979, Fund assistance to 22 projects in this programme region was 10.9 % of total Fund assistance to Germany. It totalled 6.81 MEUA, of which 2.12 MEUA (31.1 %) went to industrial activity and 4.69 MEUA (68.9 %) to infrastructure.

Industrial and service activities

125. Only projects of less than 10 MEUA were financed. There were 9 of these, representing a total investment of 31.91 MEUA and expected to create nearly 480 jobs. As regards the volume of investment, the manufacture of half-finished timber products was in the lead, followed by machinery for the food industry and motor vehicles.

Infrastructure

126. Fund assistance was provided for 13 projects of less than 10 MEUA. Total investment was 17.37 MEUA and involved mainly planning and preparation of industrial estates and the creation of vocational training centres.

./.

(1) The aided region of East Bavaria (East Bavaria Development Area) is mainly co-terminous with the two administrative districts of Upper Palatinate and Lower Bavaria; about half the surface area is adjacent to the Czechoslovak frontier.

Wallonie

127. Only certain areas of Wallonie are eligible for aids for regional policy purposes (1). During the years 1975-1978, these areas received 366 MEUA by way of aid to industrial investment under Belgian Laws governing economic expansion. Additionally, public investment on behalf of industrial estates was 106 MEUA in 1974 to 1978. It is not possible to calculate the proportion of other public investment in infrastructure assisting economic development: however, it can be indicated that in 1978, investments in transport infrastructure alone were some 400 MEUA for all Wallonie. It is by comparison to these figures that the significance of Community assistance over the five years of Fund activity (1975-1979) can be appreciated.

Grants

- Regional Fund	23 MEUA
- Agricultural Fund - Guidance Section	21 MEUA

Loans

- European Investment Bank	11.0 MEUA (grants to global loans)
- ECSC	43 MEUA

Regional Fund assistance in 1979

128. In 1979, Wallonie received Fund assistance of 9.08 MEUA, representing total Fund assistance to Belgium: 5.54 MEUA (60.9 %) went to industrial activity and 3.54 MEUA (39.1 %) to infrastructure.

Industrial activity

129. Fund assistance was provided for one project of more than 10 MEUA which related to the creation of a factory to produce insulating materials in the province of Liège. Total investment was 40.74 MEUA and Fund assistance was 4.01 MEUA. This investment was expected to create more than 200 jobs. Fund assistance also went to 3 projects of less than 10 MEUA, representing a total investment of 15.04 MEUA. These projects involve the creation of a centre for research and development of consumer products, renovation of a trade centre and modernising food business.

Infrastructure

130. Fund assistance of 2.02 MEUA went to 10 projects of less than 10 MEUA. These projects all involve works connected with the planning and preparation of industrial estates, the total cost being 7.79 MEUA. The Fund also contributed 1.52 MEUA to 3 public infrastructure projects in less favoured agricultural areas. These were for rural electricity and water supply works.

./.

(1) Point 66 of this report.

Chapter V: PAYMENTS AND CONTROLS

Payments

131. Total payments in 1979 rose by rather more than 100 % in relation to the previous year to reach 513.15 MEUA compared with 254.89 MEUA in 1978. In fact, payment applications were 527.23 MEUA in 1979 and were therefore rather more than payments actually made.

The following table shows the situation by Member State with regard to commitment liquidation. Table 7 in the Annex adds, for each Member State, details of payments in 1979 subdivided by year of commitment.

Table No. 9: Payments in 1979

Member State	1975-1977 commitments not paid out at 31.12.1978	1979 commitments	1979 payments	Commitments made but not paid at 31.12.1979	Payments as % of commitments end 1979
	MEUA	MEUA	MEUA	MEUA	
Belgium	13.16	8.93	3.10	18.99	51.6
Denmark	9.99	10.57	9.13	11.43	66.4
Germany	52.91	57.05	46.03	63.93	68.7
France	140.57	158.75	103.61	195.71	54.2
Ireland	37.46	61.24	32.89	65.81	55.1
Italy	261.28	375.97	143.72	493.53	44.4
Luxembourg	0.96	0.81	0.30	1.47	49.8
Netherlands	15.93	11.24	8.64	18.53	61.6
United Kingdom	173.50	255.70	165.73	263.47	58.1
TOTAL	705.76	940.26	513.15	1,132.87	53.2

(1) Account being taken of decommitments and adjustments due to ECU exchange rate variations.

132. The proportion of commitments paid out by the end of 1979, i.e. 53.2 % of total commitments compares with 53.3 % at the end of 1978. While the rate of payments for Belgium, Ireland and Luxembourg was somewhat slow. Italy, with 44.7 %, was well below the average. On the other hand, there were notable increases for Denmark, the Federal Republic of Germany, France, the Netherlands and the United Kingdom.

133. Payments actually made in 1979 (513.15 MEUA) were more than double those made in 1978 (254.89 MEUA) as shown in the following table.

Table No. 10: Payment appropriations

Year	Payment appropriations	Payments made
1975	150 MUA	90.67 MUA
1976	300 MUA	277.33 MUA
1977	400 MUA	372.51 MUA
1978	525 MEUA	254.89 MEUA
1979	483 MEUA	513.15 MEUA

In 1979, the Commission was able to pay more than the amount allocated in the budget because a substantial amount was carried forward from the previous financial year. While, as a whole, the situation showed a net improvement on 1978, it is still true that, as stated by the Commission (1), there was still a balance of 323 MEUA on payment appropriations (353 MEUA) to be carried forward from 1978 to 1979 in view of the special circumstances affecting the rythm of payments in 1978 (2).

134. Measures were put into practice in 1979 to accelerate payments, which may be 75 % of public expenditure planned for a given investment. The real impact of these measures on the total volume of payments in the financial year is hard to calculate; it is clearly less than the total amount of accelerated payments made since, for instance, a project for which an accelerated payment is made can still be the subject of a final payment by the end of the same year - payment which would have been made in any case. The net impact of the measures in 1979 may be estimated at 150 MEUA, but even this estimate is probably too high. Indeed, national public expenditure, which decides payment from the Fund, has without doubt continued to increase for a certain number of projects between the date of accelerated payment and the end of the financial year without this increase having occasioned a request for normal payment, since this is covered by the accelerated payment.

It should also be noted that 56 % of commitments in 1979 were decided in the very last days of the year; very few of these commitments were able to ensure accelerated payments during the financial year then in progress. It would therefore be premature to draw final conclusions as to the effect of this first experience, with its starting problems, on payment acceleration.

Controls

135. To date the Commission has sought to keep to the target of inspecting 10 % of assisted projects annually. For the whole period of 1975-1979, 639 of 6,348 of projects assisted between 1975-1978 have been the subject of on-the-spot-checks.

./.

(1) Fourth annual report of the Fund, point 92.
(2) Fourth annual report of the Fund, point 93.

During the first years of Fund activity, the aim sought was expressed in the number of projects since there is a certain link between the number of projects aided and the volume of aid granted, with the correct use of that aid being the real purpose of inspection. The amount of aid granted and of investment involved have not proved applicable as selection criteria due to inadequate detailed information.

With the increase in Fund endowment and of the number of projects aided, it is now certain that practical difficulties will arise in reaching these targets, as they are fixed at present (1). In any event, the standard of inspection should not be sacrificed to obtain a purely quantitative result.

136. In 1979, it was still feasible to achieve the general target. 181 on-the-spot checks were made; the percentage of projects inspected in all Member States since the creation of the Fund rose to 10.06 % of total projects (6,438) financed from 1975 to 1978; this compares with 9.6 % in 1978 and 9.3 % in 1977.

Table 11 following shows the number of investment projects inspected since the Fund was created, by Member State and by type of investment. It should be noted that no inspection took place in 1979 in Denmark, Luxembourg and the Netherlands since the number of projects already inspected was sufficiently high in relation to projects aided from 1975-1978.

Table No. 11: Number of investment projects inspected since the Fund was created

Member State	Industry			Infrastructure			Total
	1975-78	1979	Total	1975-78	1979	Total	
Belgium	2	1	3	11	-	11	14
Denmark	8	-	8	19	-	19	27
Germany	36	17	53	32	4	36	89
France	45	32	77	21	11	32	109
Ireland	12	2	14	23	2	25	39
Italy	38	17	55	57	32	89	144
Luxembourg	-	-	-	2	-	2	2
Netherlands	-	-	-	4	-	4	4
United Kingdom	47	15	62	101	48	149	211
Total	188	84	272	270	97	367	639

./.

(1) It should be noted that the Commission department responsible for checking has only 4 Grade A officials and 6 Grade B to handle total financial management of the Fund, including inspection.

137. Of the 84 industrial projects inspected, 7 were for investments of more than 10 MEUA whereas 13 of the 97 investment projects in infrastructure were for projects of more than 10 MEUA. Table 8 annexed gives the distribution of checks carried out in 1979 and throughout the whole period of 1975-1979 in the respective regions of the Community.

As in 1978, the Court of Auditors took part in four inspection missions, in Italy, France, the Federal Republic of Germany and the United Kingdom.

138. While maintaining the 10 % spot check level of projects aided, the Commission also sought to improve the quality of inspection, both with regard to the choice of projects for selection and steps to be taken following inspection. It also sought to concentrate spot checks more on projects for which the information required might have repercussions both on the use of aid granted and on quick solution for possible confirmed anomalies.

139. Moreover, spot checks in 1979 started to bear, apart from purely technical financial aspects, more systematically than in the past on the social-economic aspects of the projects inspected. The Commission, while aware of the complex character of assessment of the impact of projects aided from the Fund on regional development, has endeavoured to ascertain, in the light of regional development programme guidelines, the real contribution of aided projects. In the present economic circumstances, it is not surprising that examination of the social-economic aspects of projects undergoing spot checks should have revealed in particular the difficulty of achieving the targets initially planned with regard to job creation.

140. Nevertheless it must be noted that there is a long way to go before achieving effective inspection and check of the economic results of regional measures. The Commission continues to seek improvement in this field but does not hide the fact that, as experiences of Member States have shown, inspection of this kind is not easy, the more so because method has still to be elaborated at Community level.

141. Although the on the spot checks undertaken in 1979, in as far as it was possible to carry them out effectively, revealed no irregularities in the strict sense of the word, it is necessary to record here a comment concerning France and a general observation applicable, in varying degrees, to all Member States.

142. Throughout the 1979 exercise France continued refusing to allow the Commission officials responsible for carrying out the checks, to participate effectively in the control visits to industrial concerns, although there was some improvement in this respect during the exercise in question. In effect the French authorities have accepted that first of all the national authorities themselves will visit the industrial concerns and inform Commission officials of their findings after which they would accompany Commission officials on a visit.

./.

Where the first phase of this procedure had been effectively carried out during the 1979 exercise the French authorities limited themselves, on each control mission, to just one firm designated by the Commission. It must be stated that France, by refusing to allow Commission officials to participate effectively in the visits to industrial concerns, is in contravention of the EEC treaty. It is stipulated in Article 5 that the Member States shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations resulting from action taken by the institutions of the Community, in this case the ERDF Regulation, in particular the provision of Article 9 paragraph 3 which gives the Commission the right to take place in on-the-spot-checks. According to the terms of the said Article 5, the Member States are obliged to assist the Commission in the accomplishment of its task.

In the circumstances the Commission will be making great efforts to get rid of this anomaly which, if it persists could lead to the intervention of the Court of Justice and the suspension of payments in respect of projects where the control visit has been hindered.

143. On-the-spot checks in 1979 revealed, and this applied to all Member States, that information supplied to the Commission either on application for a contribution or on investigation of payment applications is not always entirely accurate. For instance a project supposed to create jobs was found to be a modernisation scheme only leading to maintenance of jobs. Another project came to the Fund when the concern in question had already filed its petition and although carrying out the investment in question was later obliged to go into liquidation and to be taken over by another firm. Other anomalies appeared in on-the-spot checks with regard to details supplied in completion reports particularly with regard to investment actually implemented and jobs created.

The Commission has not failed to stress to Member States, in particular at the Fund Committee 12 July 1979, that they should remedy these matters. In the event and in all cases with implications for Fund assistance, the Commission will take steps or has already taken steps to recover the Fund aid involved.

Reference was made in the fourth annual report (1978) on the ERDF (1) to compensation payments for an Irish project and to possible repayment of the Fund contribution. It has now been recognised that these payments from part of the investment and as such were eligible for Fund assistance.

./.

(1) Point 96 of the 1978 annual report.

Chapter VI: PUBLICITY ON FUND ACTIVITY

144. The Commission gave reasons in previous annual reports (1) why it attaches such importance to diffusion information on Fund activity. It notes with satisfaction that its views are shared by the new Parliament. It points out however that the effectiveness of the publicity varies greatly between Member States.

In 1979, the Commission has used the same information diffusion methods as in previous years:

Information to the press

145. After each grant allocation, the Commission issued a press communiqué, regional statistics of grants awarded and lists of projects financed. This information appears to have been used very little in the press of countries such as the Federal Republic of Germany and France, who are opposed to identification of projects aided; in contrast, in the cases of Ireland, Italy and the United Kingdom where the information published enables the press reporter and the newspaper reader to identify individual projects easily, information receives wide publicity, mainly in the regional and local press.

Information hoardings

146. Together with press communiqués, information hoardings on the sites of major infrastructure projects are the most effective means of publicity. According to information, still incomplete, available to the Commission, some 840 hoardings were erected to end year 1979. These are distributed as follows among Member States:

Table No. 12: Hoardings in place

Member State	Number of hoardings	Situation end
Belgium	18	1978
Denmark	5	1979
Germany	24	1979
France	33	1978
Ireland	10	1977
Italy	535	1978
Luxembourg	1	1976
Netherlands	6	1978
United Kingdom	206	1978
Total	838	

A selection of hoardings photographs appear on the following pages. It should be noted however that direct links between national quotas and the number of hoardings cannot be expected.

(1) Point 124 of annual report 1978.

Construction of a purification plant for
waste water at Ibbenbüren in Rhineland-
North-Westphalia

**HIER BAUT DIE STADT
IBBENBÜREN**
mit Förderung des Landes Nordrhein - Westfalen die
**ZENTRAL-KLARANLAGE II
PUSSELBÜREN**

Die Baumaßnahme wird gefördert durch
den Bund und das Land Nordrhein-Westfalen
unter Einsatz von Mitteln des Europäischen
Fonds für regionale Entwicklung .

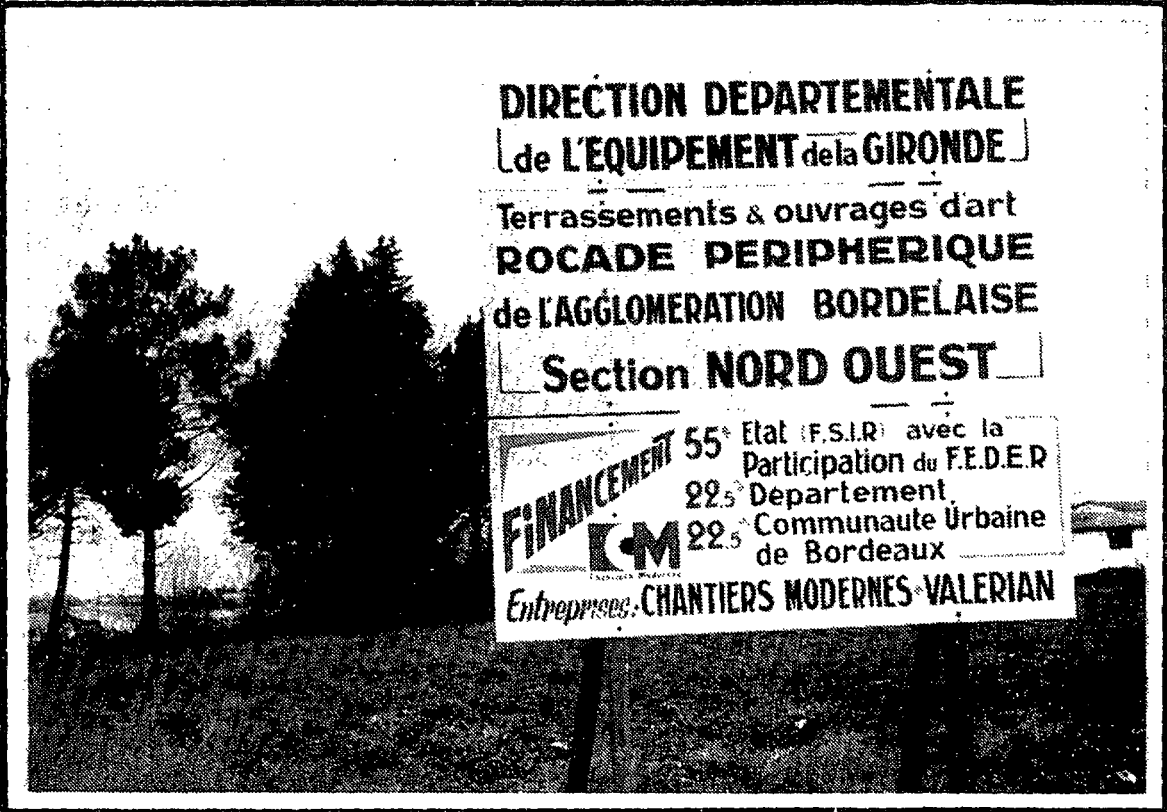
STATIK :	Dipl. Ing. K.H. Fernholz, Ibbenbüren Ruf. 05451. 2837
ENTWURF U. LEITUNG :	Ing.-Büro Dipl.-Ing. Gerh. Tutthaus, Bochum Friederikstr. 65, Ruf. 0254. 37419. 37730
BAU- FÜHRUNG :	Adolf Münstermann GmbH + Co. KG Heek, Averbek 95, Ruf. 02508. 801-3



Construction of an industrial zone in Nabburg, Bavaria



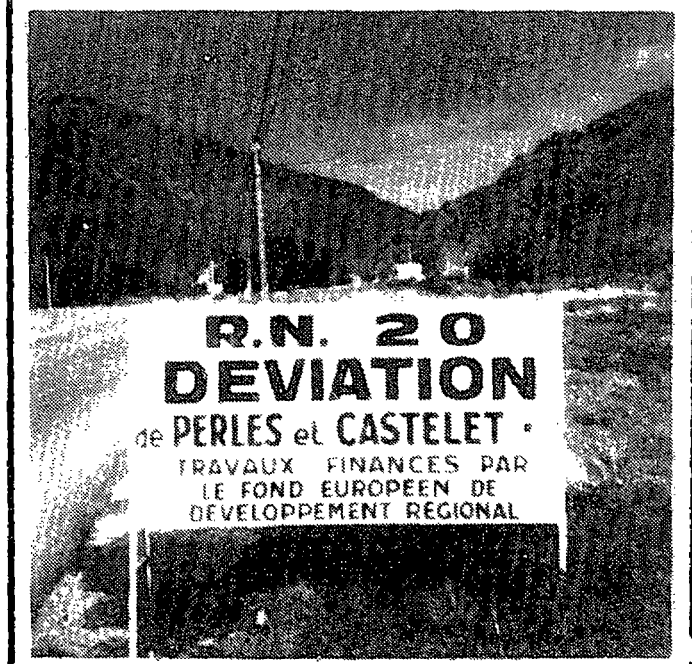
Road works at Bordeaux, Aquitaine



DIRECTION DEPARTEMENTALE
[de L'EQUIPEMENT de la GIRONDE]
 Terrassements & ouvrages d'art
ROCADE PERIPHERIQUE
 de L'AGGLOMERATION BORDELAISE
Section NORD OUEST

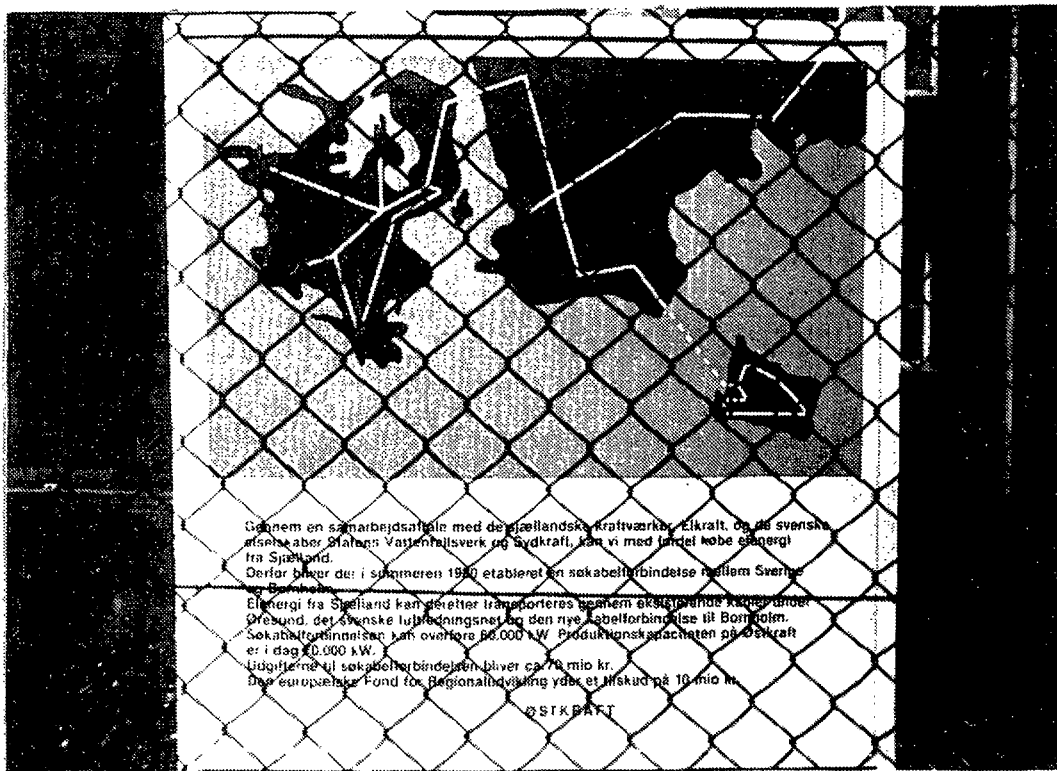
FINANCEMENT 55% Etat (F.S.I.R.) avec la
 Participation du F.E.D.E.R.
 22,5% Departement.
 22,5% Communaute Urbaine
 de Bordeaux
Entreprises: CHANTIERS MODERNES VALERIAN

..... and in Ariège, Midi-Pyrénées



R.N. 20
DEVIATION
 de PERLES et CASTELET
 TRAVAUX FINANCES PAR
 LE FOND EUROPEEN DE
 DEVELOPPEMENT REGIONAL

Laying an electrical supply cable between the Danish Island of Bornholm and Sweden

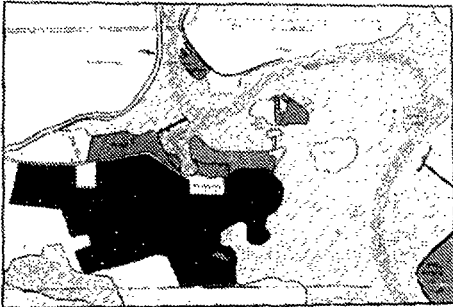


Gennem en samarbejdsaftale med det sjællandske Kraftværk, Elkraft, og de svenske
aftejlsaber Statens Vattenfallsverk og Sydskraft, kan vi med fordel købe energi
fra Sydland.
Derfor blev det i sommeren 1980 etableret en søkabelforbindelse mellem Sverige
og Bornholm.
Energi fra Sydland kan derefter transporteres gennem skotske kanaler under
Øresund, det svenske ledningsnet og den nye søkabelforbindelse til Bornholm.
Søkabelforbindelsen kan overføre 80.000 kW. Produktionskapaciteten på Østkraft
er i dag 10.000 kW.
Lignelserne til søkabelforbindelsen bliver ca. 70 mio kr.
Den europæiske Fond for Regionaludvikling yder et tilskud på 10 mio kr.

© STKRAFT

Cork Harbour Development Plan, Ireland

CORK HARBOUR COMMISSIONERS
CORK HARBOUR DEVELOPMENT - STAGE I
DREDGING AND RECLAMATION AT RINGASKIDDY



**AREA FOR PROPOSED DEVELOPMENT
AT RINGASKIDDY**

HARBOUR ENGINEER:
J. B. O'SULLIVAN R.E.C. Eng.

CONSULTING ENGINEERS:
PARSONS BROWN AND NEWTON
IN ASSOCIATION WITH
MALACHY WALSH & PARTNERS. LONDON & EGAN

CONTRACTORS:
ANGLO-DUTCH DREDGING CO., LTD.

THIS PROJECT IS BEING AIDED BY
THE EUROPEAN ECONOMIC
DEVELOPMENT FUND

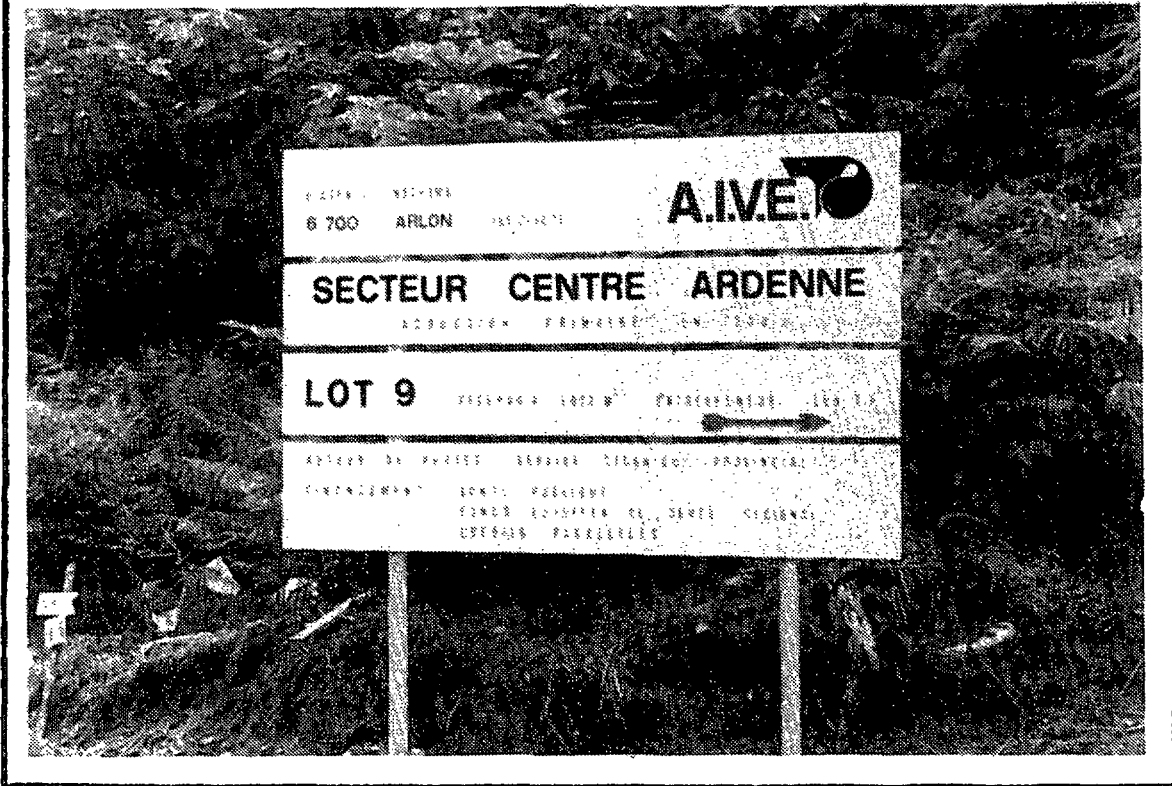
Access road to Naples (Italy)



Link roads to serve industrial sites in Naples and Caserta (Italy)



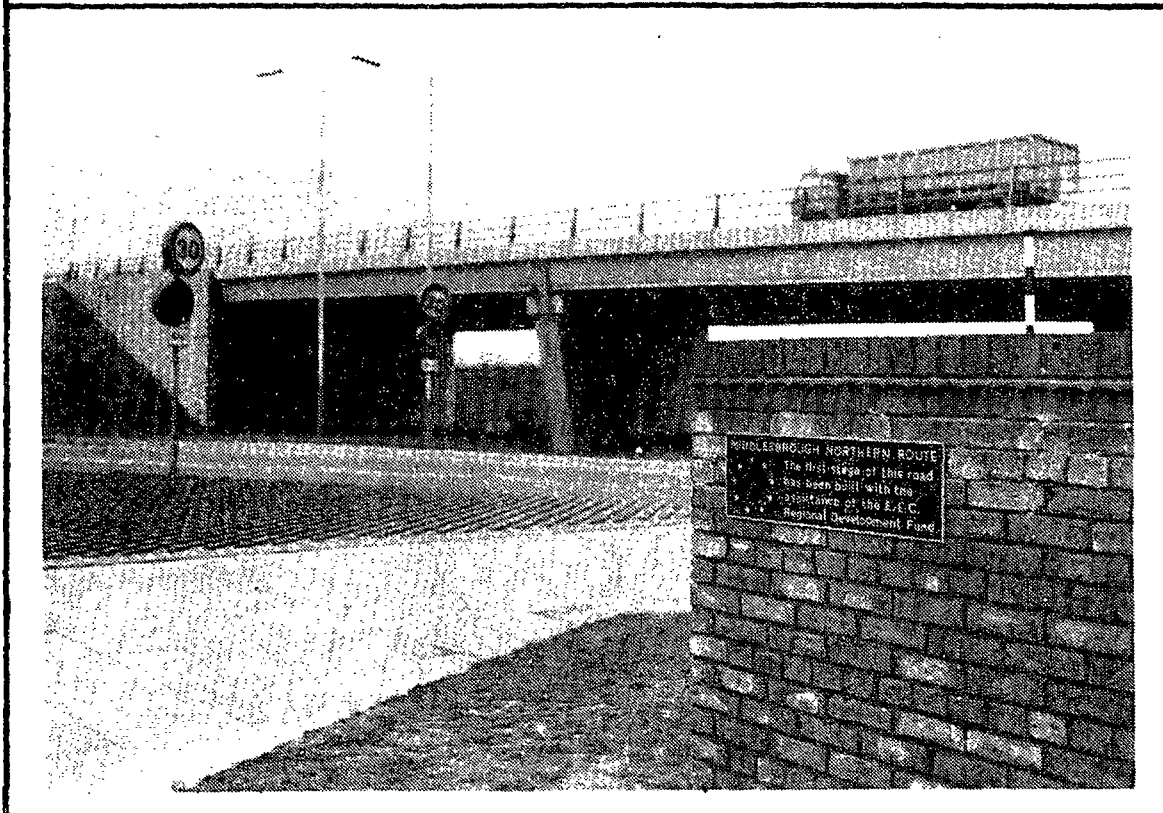
Strengthening and extending a water supply network in the central Ardennes in South-east Belgium



Road works on the industrial estate of Klazienaveen at Emmen, Northern Netherlands



Link road between Middlesbrough (North Eastern region) and the national road network: Cleveland, North of England



Runway refacing: Dundee Airport, Scotland



The reason that the proportion of infrastructure and industrial projects financed varies between Member States, is that a large number of small projects have been financed in some countries for which there is no obligation to erect hoardings and in some cases, hoardings are not suitable for publicising the projects in question. Nevertheless it can be confirmed that the number of hoardings on site are particularly large in Italy, the United Kingdom, Belgium and the Netherlands.

Publication in the Official Journal

147. The lists of projects financed under the grant allocations of December 1977 were published in the Official Journal in February 1979 (1); projects covered by the grant decisions of May, September and December 1978 appeared in the Lists published in December 1979 (2). The lists of projects approved in 1979 will be published during 1980, presented in modified form to render them more useful and effective for information purposes.

Information to investors

148. Informing the investors concerned by Fund grants continues to be carried out by Letters from the Commission. These are sent direct to the investors except in the case of France, where they go via the national authorities responsible. The Commission receives a large number of replies, which show the importance attached to Fund assistance, especially by regional and local authorities in Italy and the United Kingdom.

(1) O.J. C 38 of 12.2.1979.

(2) O.J. C 327 of 31.12.1979.

Chapter VII: CONCLUSIONS

149. 1979 was the first year of Fund activity under the amended Regulation, adopted in February, 14 months late in relation to the planned time schedule. The Commission welcomes the creation, by way of the amended Regulation, of the "quota free" section but regrets that this section is not yet operational because, at the end of the Year, the Council had not approved the first special Community measures proposed. Lessons to be drawn from the activity of the "quota section" in 1979 may be summarized as follows.
150. At the administrative level, the new simplified procedure for applications on behalf of small projects of less than 10 MEUA are an improvement with regard to immediate and full information of Member States and to rationalising Fund management. Nevertheless the Commission was faced with practical difficulties, above all in the second half year, because the number of small projects presented rose to 87 % of total projects and 49 % of Fund assistance requested. Moreover 45 % of all applications, representing more than 37 % of commitment appropriations available throughout the year only reached the Commission between the months of August and October. To date the Commission has always sought to meet the requirements of national departments in this field; however practical problems will oblige it in future to insist that applications should be more balanced in time, pursuant to the Regulation, and to refuse any application, which arrives after the final fixed date. It should also be noted that the applications vary greatly in quality and frequently have to be completed by the Commission's departments by way of information requested from Member States; it is generally less difficult to obtain these supplementary details where Member States allow the Commission to make contact on information matters with the responsible regional and local authorities.
151. The system of national quotas has been altered at the request of France to increase that country's quota by two points for the benefit of the overseas departments. The FOD should therefore receive 2 points from a French quota of 16.86 %, i.e. 12 % of total contributions allocated to France. The Commission has to record that in 1979 the contributions to the FOD, reflecting the distribution of applications made by the French authorities, were however only rather more than 1 % of total Fund assistance to France compared with 11 % in 1978. The Commission considers that the two percentage points should be applied for the whole of the period 1978/1980.

152. Fund endowment i.e. so far as means available under the quota section were concerned was 900 MEUA in 1979, plus 65 MEUA deriving from decommitments or balances carried forward from the previous year. Although representing a substantial increase on the previous years, available credits were almost entirely committed (962 MEUA) and the Commission was still unable to assist all eligible projects presented. Decisions on 257 investment projects in four Member States, on which the Fund Committee has already given an opinion in 1979 had to be postponed to 1980. It should also be recalled that the three Member States, receiving principal benefit from the Fund, all received rather more than their theoretical quota in 1979 and, as in the previous year, would almost certainly have been able to submit further applications if Fund endowment had been higher.
153. Payment appropriations available were 483 MEUA plus 353 MEUA carried forward from 1978. Payments made in 1979 were double those in the previous financial year: 513 MEUA compared with 255 MEUA in 1978. The very net improvement nevertheless did not absorb to any great extent the backlog from the previous year. In this context, it should be noted that accelerated payments were inaugurated in the 1979 financial year. It is believed that when this system is "run in", its accelerating impact on payments will be more important.
154. As in the past, the Commission must again stress the importance of observing the complementary character of Fund assistance and national expenditure on regional development. Only respect for this principle can guarantee a real increase in total aid to the regions in question and the credibility of Community measures with the populations concerned. Despite the new Article 19 of the Fund, the Commission has not received from all Member States the information needed to assess the real relationship between national expenditure and amounts received from the Fund and thereby to judge how far Community activity has been additional. It is therefore considering what positive measures it can take to ensure that the information requested reaches it.
155. One Member State, the United Kingdom, made use, for the first time in 1979, of the facility available under the Fund Regulation, to receive aid by way of interest rebate on loans granted by the European Investment Bank. This has occurred in connection with building an electrical power station in Northern Ireland. The Commission regrets however that this is an isolated case, since it considers that this facility could increase the combined impact of existing aids by facilitating access to ECSC, EIB or Euratom credit for a certain number of investors and mobilising further means of regional development by way of the Fund.

156. The Commission regrets that industrial and service activity projects, which create jobs directly, were only 28 % of assistance granted, the lowest proportion in all years of Fund activity with the exception of 1976. It considers that Member States should make more effort to apply on behalf of more projects of this kind in the future. It must however recall that Fund aids in this context will be without interest to the industrial investor so long as they are systematically retained by Member States as partial repayment of national aids to the investors concerned.
157. The amended Fund Regulation and the Council resolution on Community regional policy guidelines give an increased role to regional development programmes. In this optic, (as shown in the Commission's recommendations to Member States on the subject of programmes), these programmes must be regularly updated and additional details added. In particular the Commission considers that the updated programmes communicated in 1979 do not always contain sufficient details on the use made of Fund resources.
158. It should be noted that statistical summaries are not always sufficiently detailed to allow for assessment of results obtained, neither by national nor by Fund activity. Moreover they arrived even later in 1979 than in 1978. No statistical summary for France had been received by the end of the year.
159. The Commission stresses the major importance of information measures on Fund activity. This information is clearly more effective if it can be shown that Fund assistance is of complementary character and if projects financed can be indicated individually. The Commission notes with satisfaction that the authorities of some Member States, at national, regional and local level, continue to help in this respect; this is notably the case with Italy and the United Kingdom. However the Commission deems essential that other Member States should agree to develop information in this direction; the Commission intends in any event to modify the manner in which project lists are published in the Official Journal to ensure that this becomes a more useful instrument of information.
160. The Commission stresses once again that the Regional Fund is only one facet of regional policy, which is by its nature concerned with everything, which affects the regions. It must not be judged out of context; its impact has to be assessed together with the regional impact of the other financial instruments and policies of the Community. The experience of 1979 and the endeavour to promote a certain number of regional development integrated operations, despite the difficulties encountered, indicates clearly the importance of this overall approach.

161. Clearly, it is not possible to draw conclusions on the "quota free" section of the Fund, since this is not yet operational. However the Commission recalls that special Community measures will be financed on the basis of special programmes for the area or region concerned and not on the basis of individual investment projects. In the light of experience acquired through the "quota free" section, the Commission will decide at the appropriate moment whether to propose comparable changes in procedure applicable to the "quota" section.

162. Lastly it should be recalled that the Commission is in the process of preparing the first periodical report on the trends and social and economic situation of regions. The future development of the Regional Fund will be decided in the light of discussions on the conclusions of this report and in the optic of Community enlargement. At a suitable time the Commission will make proposals which it deems appropriate and which should obviously be on a par with the regional problems that will confront the Community in years to come.

A N N E X E S

	<u>PAGE</u>
A. <u>Statistical annex on Fund activity</u>	
Table 1. Summary of aid decisions in 1979	73
Table 2. Types of investment financed by the Regional Fund - industry and services	74
Table 3. Types of infrastructure financed by the Regional Fund - infrastructure	76
Table 4. Fund assistance per capita	78
Table 5. Regional breakdown of Fund assistance	79
Table 6. Budget situation	83
Table 7. Payments made	84
Table 8. Control operations undertaken	85
B. <u>Bibliographical annex</u>	
1. Provisions adopted on Community regional policy	87
2. Commission proposals	88
3. Publications	89
C. <u>Principal instruments</u>	
1. Fund Regulation (amended text)	92
2. Council Resolution of 6.2.1979 on guidelines for Community regional policy	100

Table 1

Summary of grant decisions from the Fund in 1979 analysed by Member States and by major type of investment (1)

Legend:

- A: Industrial and service investments of 10 MEUA or more
 B: Industrial and service investments of less than 10 MEUA
 C: Investments in infrastructure of 10 MEUA or more
 D: Investments in infrastructure of less than 10 MEUA
 E: Investments in infrastructure in hill farming areas (2)

Member State	Number of grant decisions (in brackets: number of investment projects) (3)						Investments concerned (MEUA)						Assistance granted (MEUA)					
	A	B	C	D	E	Total	A	B	C	D	E	Total	A	B	C	D	E	Total
Belgium	1 (1)	2 (3)	-	2 (10)	2 (3)	7 (17)	40,87	15,07	-	7,79	5,07	68,80	4,02	1,52	-	2,02	1,52	9,08
Denmark	-	5 (33)	1 (1)	9 (50)	-	15 (84)	-	25,47	10,54	24,70	-	60,71	-	1,93	1,03	8,18	-	11,14
Germany	10 (10)	37 (139)	-	33 (64)	-	80 (213)	764,80	314,51	-	65,58	-	1144,89	27,55	14,76	-	17,15	-	59,46
France	8 (8)	36 (136)	13 (13)	39 (248)	2 (23)	98 (428)	760,33	240,39	469,71	198,60	4,96	1673,99	45,00	18,51	50,86	43,53	1,49	159,39
Ireland	6 (6)	4 (32)	2 (2)	4 (81)	1 (14)	17 (135)	134,41	88,43	22,36	87,05	6,02	338,27	16,93	12,54	4,58	26,24	1,90	62,19
Italy	-	11 (229)	14 (14)	50 (1019)	9 (204)	84 (1466)	-	264,71	3609,03	449,05	45,28	4368,07	-	50,47	179,08	145,22	13,31	388,08
Luxembourg	-	-	-	1 (2)	-	1 (2)	-	-	-	3,12	-	3,12	-	-	-	0,81	-	0,81
Netherlands	-	-	1 (1)	2 (5)	-	3 (6)	-	-	19,24	28,29	-	47,53	-	-	3,37	7,97	-	11,34
United Kingdom	8 (8)	8 (11)	23 (23)	64 (422)	2 (20)	105 (484)	697,19	34,90	155,65	444,83	10,43	2343,00	70,32	5,93	69,28	111,95	2,83	260,31
TOTALS	33 (33)	103 (583)	54 (54)	204 (1901)	16 (264)	410 (2835)	2397,60	983,48	5286,53	1309,01	71,76	10048,38	163,82	105,66	308,20	363,07	21,05	961,80
	410 (2835)						10.048,38						961,80					

(1) Point 48 of this report.

(2) Within the meaning of Directive 75/268/EEC.

(3) For projects of 10 MEUA or more in columns A and C, each decision relates to a single project.

Table 2.1: TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1979: INDUSTRY AND SERVICES

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned
<u>Industry and services</u>	projects of 10 MEUA or more	2,397.60	33 of which 1 Nuclear fuel 1 Metal production and first stage processing 3 Non-metallic minerals 4 Chemicals 2 Mechanical engineering 4 Electrical and electronic engineering 9 Motor manufacture and spare parts 1 Other transport equipment 1 Precision, optical and similar instruments 3 Food, drinks and tobacco 2 Timber and furniture 2 Rubber and plastics
	projects of less than 10 MEUA	983.48	583 of which 9 Metal production and first stage processing 53 Non-metallic minerals 28 Chemicals 1 Artificial and synthetic fibres 84 Metal goods 55 Mechanical engineering 42 Electrical and electronic engineering 16 Motor manufacture and spare parts 10 Other transport equipment 14 Precision, optical and similar instruments 62 Food, drinks and tobacco 13 Textiles 16 Footwear and clothing 63 Timber and furniture 28 Paper, printing and publishing 48 Rubber and plastics 10 Catering and hotels 31 Miscellaneous industries and services
TOTALS	3,381.08	590.77	616 projects

Table 2.2: TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1975-1976-1977-1978-1979: INDUSTRY AND SERVICES

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned
<u>Industry and services</u>	projects of 10 MEUA or more	6,513.69	1,028.89
	projects of less than 10 MEUA	4,455.34	866.27
TOTALS	10,968.93	1,895.16	2792 projects

- 156 of which
- 1 Nuclear fuel
 - 1 Mining and processing of metallic ores
 - 9 Metal production and first stage processing
 - 12 Non-metallic minerals
 - 35 Chemicals
 - 2 Artificial and synthetic fibres
 - 4 Metal goods
 - 13 Mechanical engineering
 - 14 Electrical and electronic engineering
 - 27 Motor manufacture and spare parts
 - 2 Other transport equipment
 - 1 Precision, optical and similar instruments
 - 15 Food, drinks and tobacco
 - 1 Textiles
 - 2 Footwear and clothing
 - 3 Timber and furniture
 - 4 Paper, printing and publishing
 - 9 Rubber and plastics
 - 1 Financial institutions
- 2636 of which
- 69 Production and first stage processing of metals
 - 214 Non-metallic minerals
 - 137 Chemicals
 - 1 Artificial and synthetic fibres
 - 366 Metal goods
 - 239 Mechanical engineering
 - 248 Electrical and electronic engineering
 - 100 Motor manufacture and spare parts
 - 48 Other transport equipment
 - 55 Precision, optical and similar instruments
 - 236 Food, drinks and tobacco
 - 74 Textiles
 - 79 Footwear and clothing
 - 221 Timber and furniture
 - 135 Paper, printing and publishing
 - 198 Rubber and plastics
 - 71 Catering and hotels
 - 145 Miscellaneous industries and services

Table 3.1: TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1979: INFRASTRUCTURE

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main types of infrastructure concerned	
<u>Infra-structure</u>	projects of more than 10 MEUA	5,286.53	1,451.98	54 of which { 1 Purchase of sites for industry 7 General services to industrial estates (roads, railways, water supply and purification, drainage, etc.) 1 Tourist infrastructure 12 General services 17 Road works 5 Port development 2 Airport development 9 Miscellaneous infrastructure (energy production, telecommunications, etc.) 7 Site preparation for industrial estates 230 General services for industrial estates (roads, water supply, drainage, etc.) 98 Advance factories 1 Other infrastructure of a social character
	projects of less than 10 MEUA	1,309.01	1,194.43	1901 of which { 34 Tourist infrastructure 457 Road works 62 Port development 30 Airports 982 Miscellaneous infrastructure (energy production, telecommunications, etc.)
	projects in hill farming areas	71.76	69.17	264 of which { 264 General services (roads, water supply, etc.)
TOTALS	6,667.30	2,715.58	2219 projects	

Table 3.2: TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND IN 1975-1976-1977-1978-1979: INFRASTRUCTURE

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main types of infrastructure concerned
<u>Infra-structure</u>	projects of more than 10 MEUA	9,186.14	177 of which { 1 Purchase of sites for industry 89 General services to industrial estates (roads, railways, water supply and purification, drainage, etc.) 14 Port development 3 Energy supply 1 Tourist infrastructure 16 General services 31 Road works 7 Airport development 15 Miscellaneous infrastructure (energy production, tele-communications, etc.)
	projects of less than 10 MEUA	3,377.90	4892 of which { 31 Purchase of sites for industry 151 Site preparation for industrial estates 1801 General services for industrial estates (roads, water supply, drainage, etc.) 505 Advance factories 1 Other infrastructure of social character 158 Tourist infrastructure 733 Road works 210 Port development 58 Airport 1244 Miscellaneous infrastructure (energy production, tele-communication, etc.)
	projects in hill farming areas	292.70	1321 of which { 1321 General services (roads, water supply, etc.)
TOTALS	12,856.74	7,063.99	6390 projects

67

Table 4: FUND ASSISTANCE PER CAPITA, 1975 - 1979 (1)

Member State	Total population 1978 (1000)	Population Regional Fund areas 1978 (1000)	Aid granted		
			MEUA	EUA per capita	EUA per capita in assisted areas
Belgium	9.837	3.234	39,20	3,9	12,1
Denmark	5.097	637	34,54	6,7	54,2
Germany	61.353	24.563	210,13	3,4	8,6
France	53.183	17.000	428,19	8,0	25,2
Ireland	3.301	3.301	152,25	46,1	46,1
Italy	56.599	20.700	916,31	16,2	44,3
Luxembourg	358	358	2,94	8,2	8,2
Netherlands	13.898	2.221	48,00	3,4	20,9
United Kingdom	55.918	25.760	655,78	11,7	25,4
Community	256.544	97.849	2.488,34	11,95	27,2

(1) Point 3 of this report.

Table 5: REGIONAL BREAKDOWN OF FUND GRANTS 1975-1979

Grants in MEUA (rounded figures: in brackets: number of investment projects involved)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	Total 1979	Total 75-79	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979
BELGIUM								
Vlaanderen	-	-	-	16,30(83)	-	-	-	16,30(83)
Wallonie	5,54(4)	11,48(22)	2,02(10)	7,98(47)	1,52(3)	3,44(4)	9,08(17)	22,90(90)
	5,54(4)	11,48(22)	2,02(10)	24,28(130)	1,52(3)	3,44(4)	9,08(17)	39,20(173)
DENMARK								
Grønland	-	-	9,21(51)	28,67(187)	-	-	9,21(51)	28,67(187)
Other regions	1,93(33)	4,46(60)	-	1,41(1)	-	-	1,93(33)	5,87(60)
	1,93(33)	4,46(60)	9,21(51)	30,08(188)	-	-	11,14(84)	34,54(248)
GERMANY								
Schleswig-Holstein	11,85(14)	19,91(75)	2,92(19)	18,37(75)	-	-	14,77(33)	38,28(150)
Bremen	-	0,15(1)	-	0,23(2)	-	-	-	0,38(3)
Niedersachsen	9,81(44)	21,11(126)	3,81(10)	20,36(78)	-	-	13,62(54)	41,47(204)
Nordrhein-Westfalen	2,86(35)	10,29(109)	3,56(7)	3,84(8)	-	-	6,42(42)	14,13(117)
Hessen	2,01(9)	6,81(61)	0,18(2)	7,37(29)	-	-	2,19(11)	14,18(90)
Rheinland-Pfalz	1,37(5)	15,93(111)	0,12(1)	2,36(23)	-	-	1,49(6)	18,29(134)
Saarland	10,14(24)	20,99(103)	0,15(1)	4,93(19)	-	-	10,29(25)	25,92(122)
Bayern	2,97(11)	16,68(98)	5,55(19)	27,77(110)	-	-	8,52(30)	44,45(208)
Baden-Württemberg	1,30(7)	4,51(34)	0,86(5)	3,09(21)	-	-	2,16(12)	7,60(55)
Berlin	-	-	-	5,85(3)	-	-	-	5,85(3)
	42,31(149)	116,38(718)	17,15(64)	94,17(368)	-	-	59,46(43)	210,55(1086)
Correction (decommitments+exchange variations)							0,42	0,42
Total							59,04	210,13

Table 5 (contd 2)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	Total 1979	Total 75-79	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979
FRANCE								
Alsace	1,32(9)	4,04(34)	-	-	-	0,05(1)	1,32(9)	4,09(35)
Aquitaine	1,58(11)	11,18(44)	6,10(20)	15,72(67)	-	0,29(11)	7,68(31)	27,19(122)
Auvergne	0,30(3)	4,79(23)	14,91(53)	35,76(65)	0,72(12)	1,43(13)	15,93(68)	41,98(101)
Basse-Normandie	0,27(2)	3,95(21)	2,22(17)	5,35(27)	-	-	2,49(19)	9,30(48)
Bourgogne	-	0,51(8)	-	-	-	-	-	0,51(8)
Brittany	1,47(11)	9,33(68)	24,01(43)	76,79(59)	-	-	25,48(54)	86,12(127)
Centre	-	0,93(6)	0,17(2)	0,17(2)	-	-	0,17(2)	1,10(8)
Champagne	0,91(5)	2,24(13)	-	-	-	-	0,91(5)	2,24(13)
Corsica	-	-	2,02(3)	11,09(49)	-	-	2,02(3)	11,09(49)
Franche-Comté	-	0,01(1)	-	-	-	-	-	0,01(1)
Haute-Normandie	-	0,27(2)	-	-	-	-	-	0,27(2)
Languedoc-Roussillon	2,36(8)	5,69(27)	6,76(40)	14,95(69)	-	1,06(22)	9,12(48)	21,70(118)
Limousin	0,30(2)	2,43(20)	8,93(3)	22,71(32)	-	3,06(32)	9,23(5)	28,20(84)
Lorraine	3,47(23)	24,34(94)	5,09(2)	5,09(2)	-	-	8,56(25)	29,43(96)
Midi-Pyrénées	1,02(12)	6,19(42)	5,97(22)	16,26(67)	0,77(11)	2,29(17)	7,76(45)	24,74(126)
Nord-Pas-de-Calais	43,92(15)	57,22(61)	1,63(13)	1,63(13)	-	-	45,55(28)	58,85(74)
Pays-de-la-Loire	3,18(18)	9,33(61)	11,38(10)	23,08(67)	-	-	14,56(28)	32,41(128)
Picardie	-	0,59(7)	-	-	-	-	-	0,59(7)
Poitou-Charante	1,36(3)	5,12(34)	3,41(19)	13,49(52)	-	-	4,77(22)	18,51(86)
Provence-Côte d'Azur	-	0,04(2)	-	-	-	-	-	0,04(2)
Rhône-Alpes	1,05(8)	4,87(32)	0,94(11)	0,94(11)	-	0,70(3)	1,99(19)	6,51(46)
Guadeloupe	0,07(2)	3,35(52)	0,06(1)	2,52(15)	-	1,02(9)	0,13(3)	6,89(76)
Guyane	0,70(6)	2,53(17)	0,12(1)	0,76(5)	-	0,32(4)	0,82(7)	3,61(26)
Martinique	0,01(1)	2,36(23)	-	2,67(14)	-	2,33(11)	0,01(1)	7,36(48)
Réunion	0,22(5)	1,96(39)	0,67(1)	2,44(8)	-	0,95(7)	0,89(6)	5,35(54)
Total	63,51(144)	163,27(731)	94,39(261)	251,42(624)	1,49(23)	13,50(130)	159,39(428)	428,79(1.485)

Table 5 (contd 3)

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	Total 1979	Total 75 - 79	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979
IRELAND								
Donegal	(4)	(9)	(5)	(26)	-	(11)	(9)	(46)
North West	(1)	(4)	(2)	(12)	-	(6)	(3)	(22)
West	(6)	(26)	(5)	(35)	(4)	(21)	(15)	(82)
Mid West	(4)	(16)	(9)	(26)	(3)	(5)	(16)	(47)
South West	(3)	(16)	(12)	(35)	(2)	(12)	(17)	(63)
South East	(5)	(18)	(14)	(44)	-	-	(19)	(62)
Midlands	(2)	(16)	(14)	(41)	(1)	(5)	(17)	(62)
East	(8)	(21)	(16)	(41)	-	-	(24)	(62)
North East	(5)	(22)	(3)	(18)	(4)	(7)	(12)	(47)
Multi-regional projects	(-)	(1)	(3)	(29)	-	-	(3)	(30)
Total	29,47(38)	70,03(149)	30,82(83)	69,68(307)	1,90(14)	12,54(67)	62,19(135)	152,25(523)
ITALY								
Abruzzi	6,67(20)	16,44(79)	11,65(20)	26,88(43)	-	0,42(14)	18,32(40)	43,74(136)
Basilicata	0,85(5)	6,15(19)	5,95(134)	11,47(155)	-	3,36(117)	6,80(139)	20,98(291)
Calabria	0,81(5)	2,90(19)	19,77(172)	47,73(180)	0,63(36)	6,45(235)	71,21(213)	57,08(434)
Campania	12,01(51)	38,82(163)	61,16(112)	159,04(150)	-	4,62(191)	73,17(163)	202,48(504)
Friuli-Venezia Giulia	-	-	15,67(160)	23,28(182)	0,27(9)	3,09(72)	15,94(169)	26,37(254)
Lazio	11,45(56)	34,98(131)	10,99(79)	30,27(94)	0,25(11)	1,77(38)	22,69(146)	67,02(263)
Marche	1,91(8)	4,83(18)	3,05(18)	7,50(27)	0,29(5)	0,37(8)	5,25(31)	12,70(53)
Molise	-	1,80(6)	13,00(151)	14,36(156)	0,45(8)	2,58(75)	13,45(159)	18,74(237)
Puglia	8,52(38)	55,84(108)	26,63(4)	66,57(24)	1,97(33)	5,46(104)	37,12(75)	127,87(236)
Sardegna	1,83(12)	6,98(36)	13,82(170)	73,24(232)	0,03(1)	2,95(65)	15,68(183)	83,17(333)
Sicilia	6,42(34)	17,01(86)	42,33(9)	112,13(34)	9,42(101)	10,57(115)	58,17(44)	139,71(235)
Toscana	-	0,48(2)	2,19(1)	2,19(1)	-	-	2,19(1)	2,67(3)
Multi-regional projects	-	-	42,65(1)	58,34(3)	-	-	42,65(1)	58,34(3)
(Basilicata-Puglia)	-	-	11,58(1)	11,58(1)	-	-	11,58(1)	11,58(1)
(Mezzogiorno)	-	-	43,86(1)	43,86(1)	-	-	43,86(1)	43,86(1)
TOTAL	50,47 -	186,23(667)	324,30(1033)	688,44(1283)	13,31(204)	41,64(1034)	388,08(1466)	976,31(2984)

Table 5 (contd 4)

LUXEMBOURG

NETHERLANDS

Noord-Nederland

Limburg

UNITED KINGDOM

N. England

N.W. England

Yorkshire & Humberside

E. Midlands

S.W. England

Scotland

Wales

N. Ireland

W. Midlands

	I. Industry, crafts and services		II. Infrastructure		III. Infrastructure in hill farming areas		IV. Totals	
	Total 1979	Total 75 - 79	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979	Total 1979	Total 1975-1979
	-	-	0,81(2)	2,94(5)	-	-	0,81(2)	2,94(5)
	-	-	7,97(5)	30,48(23)	-	-	7,97(5)	30,48(23)
	-	5,52(2)	3,37(1)	12,00(8)	-	-	3,37(1)	17,52(8)
	-	5,52(2)	11,34(6)	42,48(31)	-	-	11,34(6)	48,00(31)
	1,30(4)	38,16(104)	39,32(102)	101,11(102)	-	-	40,62(106)	139,27(594)
	6,02(3)	35,68(51)	17,64(70)	41,93(70)	-	-	23,66(73)	77,61(387)
	0,83(1)	4,74(30)	10,81(55)	22,09(55)	-	-	11,64(56)	26,83(282)
	1,50(1)	1,97(10)	0,14(3)	1,43(3)	-	-	1,64(4)	3,40(46)
	0,25(1)	2,10(23)	12,11(23)	15,16(23)	-	-	12,36(24)	17,26(119)
	3,03(2)	39,01(91)	52,39(113)	109,41(113)	2,83(20)	10,72(68)	58,25(135)	159,14(545)
	46,88(2)	66,94(75)	22,58(67)	62,49(67)	-	-	69,46(69)	129,43(515)
	16,44(5)	45,16(60)	26,18(11)	56,18(11)	-	0,71(18)	42,62(16)	102,05(178)
	-	-	0,06(1)	0,08(1)	-	-	0,06(1)	0,08(3)
	76,25(13)	233,76(444)	181,23(445)	409,88(2139)	2,83(20)	11,43(86)	260,31(484)	665,07(2669)
							0,71	0,71
							261,02	665,78

Correction (decommitments + exchange variations)

Total

Table 6: BUDGET SITUATION (Quota section) (1)

1. Use of commitment appropriations (MEUA)

Appropriations available for 1979					Appropriations used in 1979	Appropriations unused at 31.12.1979
1979 budget	Brought forward from 1979	Appropriations made available by:		Total	Commitments 1979 (1)	
		decommitments	exchange rate variation from previous decommitments			
900	43,48	15,60	6,25	965,33	962,11	3,22

2. Use made of payment appropriations (MEUA)

Appropriations available in 1978			Payments made in 1979			Appropriations unused at 31.12.1979	
Brought forward from 1978	1979 budget	Total	From sums brought forward from 1978	From 1979 appropriat.	Total	From sums brought forward from 1978	From 1979 appropriations
353,19	483,00	836,19	353,19	159,96	513,15	-	323,04

3. Trend in commitments (MEUA)

1975-1978 commitment unpaid at 1.1.1979	Decommitments and adjustments	1979 commitments			1975-1978 commitments unpaid at 31.12.1978 plus 1979 commitments	Payments in 1979	Commitments unpaid at 31.12.1979
		From sums brought forward from 1978	Fund 1979 appropriat.	Total			
705,76	- 21,85	43,48	918,63	962,11	1.646,02	513,15	1.132,87

(1) Deduction made from decommitments 1979 (0.24 MEUA) and adjustments due to exchange rate variations (8.08 MEUA).

Table: PAYMENTS (1)

Member State	Commitments 1975-78 unpaid on 31.12.1978 (2)		1979 commitments (2)		1979 payments: from sums committed in:					Total payments on total commitments		Commitments made but unpaid at 31.12.1979		Payments as % of commitments	
	MUA	%	MEUA	%	1975	1976	1977	1978	1979	MEUA	%	MEUA	End 1979	End 1978	
					MEUA	MEUA	MEUA	MEUA	MEUA						
Belgium	13,006	2	9,083	1	0,314	0,017	1,428	1,337	-	3,096	1	18,993	51,6	56,6	
Denmark	9,417	1	11,140	1	-	0,356	2,907	3,994	1,870	9,128	2	11,429	66,4	57,3	
Germany	50,919	8	59,044	6	0,092	0,710	6,603	15,969	22,655	46,028	9	63,935	68,7	64,0	
France	139,934	20	159,383	17	0,490	6,826	15,531	32,428	48,334	103,609	20	195,708	54,2	47,6	
Ireland	36,482	5	62,214	7	0,483	1,176	4,240	12,288	14,699	32,887	6	65,809	55,1	57,0	
Italy	249,173	37	388,078	40	2,584	16,099	21,977	59,017	44,050	143,726	28	493,525	44,4	48,9	
Luxembourg	0,960	-	0,807	-	-	-	0,297	-	-	0,297	-	1,470	49,8	54,4	
Netherl.	15,833	2	11,340	1	-	1,467	2,857	4,321	-	8,645	2	18,528	61,6	57,0	
U. Kingdom	168,185	25	261,016	27	0,373	4,981	15,002	46,765	98,611	165,732	32	263,469	58,1	53,4	
Community	683,909	100	962,105	100	4,336	31,632	70,843	176,118	230,219	513,148	100	1,132,866	53,2	52,3	

(1) Point 131 of this report.

(2) Including decommitments in 1979 and adjustments due to exchange rate variations.

Table 8: INSPECTION VISITS CARRIED OUT OVER THE PERIOD 1975-1979 (1)

County and region	Number of projects inspected			
	1979		1975-1979	
	Industry	Infrastructure	Industry	Infrastructure
Vlaanderen	-	-	-	11
Wallonie	1	-	3	-
Belgique	1	-	3	11
Groenland	-	-	-	19
Nordjylland	-	-	7	-
Viborg	-	-	1	-
Danemark	-	-	8	19
Schleswig-Holstein	-	-	8	10
Niedersachsen	7	4	8	8
Nordrhein-Westfalen	10	-	10	-
Hessen	-	-	8	5
Rheinland-Pfalz	-	-	9	3
Saarland	-	-	4	3
Bayern	-	-	6	7
Deutschland	17	4	53	36
Alsace	10	-	10	-
Aquitaine	-	-	11	1
Auvergne	-	-	5	4
Basse-Normandie	-	-	-	2
Bretagne	6	3	6	5
Languedoc-Roussillon	-	-	10	2
Limousin	-	-	5	4
Lorraine	-	-	6	-
Midi-Pyrénées	-	-	8	3
Pays de la Loire	-	-	-	3
Poitou-Charentes	9	3	9	3
D.O.M.	7	5	7	5
France	32	11	77	32
Donegal	-	-	-	4
North West	-	-	1	1
West	2	2	3	3
Mid West	-	-	1	5
South West	-	-	3	6
South East	-	-	1	-
Midlands	-	-	2	2
East	-	-	1	3
North East	-	-	2	1
Ireland	2	2	14	25

(1) Point 137 of this report.

Table 8: contd

Country and region	Number of projects inspected			
	1979		1975-1979	
	Industry	Infrastructure	Industry	Infrastructure
Abruzzi	3	5	6	8
Basilicata	5	4	8	8
Calabria	3	5	6	10
Campania	3	4	8	18
Friuli-Venezia Giulia	-	9	-	9
Lazio	-	-	6	4
Marche	-	-	1	2
Molise	-	-	-	4
Puglia	3	4	9	5
Sardegna	-	1	6	13
Sicilia	-	-	5	8
-----	-----	-----	-----	-----
Italia	17	32	55	89
Luxembourg	-	-	-	2
Groningen	-	-	-	2
Limburg	-	-	-	1
Friesland	-	-	-	1
-----	-----	-----	-----	-----
Nederland	-	-	-	4
Northern England	2	11	11	35
North West England	-	-	7	25
Yorkshire & Humberside	5	5	7	10
Midlands	2	5	2	5
South West England	-	-	6	8
Scotland	3	6	6	35
Wales	-	15	11	24
Northern Ireland	3	6	12	7
-----	-----	-----	-----	-----
United Kingdom	15	48	62	149
-----	-----	-----	-----	-----
Community	84	97	272	367

B. BIBLIOGRAPHICAL ANNEX

1. PROVISIONS ADOPTED ON COMMUNITY REGIONAL POLICY

- European Regional Development Fund

- Regulation (EEC) No. 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund (O.J. No. L 73 of 21 March 1975, page 1).
- Regulation (EEC) No. 214/79 of the Council of 6 February 1979 amending Regulation (EEC) No. 724/75 establishing a European Regional Development Fund (O.J. No. L 73 of 9 February 1979, page 1) (1).
- Council Decision of 18 March 1975 to apply Regulation (EEC) No. 724/75 establishing a European Regional Development Fund to the French overseas departments (O.J. No. L 73 of 21 March 1975, page 49).
- Commission Regulation (EEC) of 15 September 1975 on calculating aids, taking the form of reduced rate of interest or interest rebate not expressed by number of percentage points (O.J. No. L 243 of 17 September 1975, page 9).

- Regional Policy Committee

- Council Decision of No. 75/185/EEC of 18 March 1975 setting up a Regional Policy Committee (O.J. No. L 73 of 21 March 1975, page 47).
- Council Decision No. 79/137/EEC of 6 February 1979 amending the Decision No. 79/185/EEC setting up a Regional Policy Committee (O.J. No. L 35 of 9 February 1979, page 9).
- Rules of procedure of the Regional Policy Committee No. 75/761/EEC (O.J. No. L 320 of 11 December 1975, page 17).

(1) The text of the Fund Regulation, brought up to date, as published in O.J. No. C 36 of 9 February 1979 will be found at Annex C.

- Regional Development Programmes

- Outline plan for regional development programmes (O.J. No. 69 of 24 March 1976, page 2).
- Opinion of the Commission of 23 May 1979 on regional development programmes (O.J. No. L 143 of 12 June 1979, page 7).
- Commission Recommendation of 23 May 1979 to Member States on regional development programmes No. 79/535/EEC (O.J. No. L 143 of 12 June 1979, page 9).

- Other provisions

- Council Resolution of 6 February 1979 on Community regional policy guidelines (O.J. No. C 36 of February 1979, page 10) (1).
- Council Decision No. 79/136/EEC of 6 February 1979 amending Decision No. 74/120/EEC on the attainment of a high degree of convergence of the economic policies of Member States of the European Economic Community (O.J. No. L 35 of 9 February 1979, page 8).

2. COMMISSION PROPOSALS

- Proposals to the Council on (EEC) Regulation

- I. Introducing a special Community measure contributing to the development of certain French and Italian regions in the context of Community enlargement.
- II. Introducing a special Community regional development measure contributing to eliminating obstacles to the development of new economic activities in certain areas affected by restructuring of the steel industry.
- III. Introducing a special Community regional development measure contributing to improving the economic and social situation of Border areas in Northern Ireland.

(1) See Annex C.

- IV. Introducing a special Community regional development measure contributing to the removal of obstacles to the development of new economic activities in certain areas affected by restructuring in the shipbuilding industry.
- V. Introducing a special Community regional development measure contributing to improving security of energy supplies in certain regions of the Community through a better use of new technology with regard to hydro-electric and other sources of energy supply.

O.J. C 285 of 15 November 1979.

3. PUBLICATIONS (available in the six official languages unless otherwise indicated) (1)

a. Periodical publications

- European Regional Development Fund 1st Annual Report (1975). Supplement 7/76 to the European Communities Bulletin. 1976. 38 pages.
- European Regional Development Fund 2nd Annual Report (1976). 1977. 63 pages.
- European Regional Development Fund 3rd Annual Report (1977). 1978. 95 pages.
- European Regional Development Fund 4th Annual Report (1978). 1979. 96 pages.
- Atlas of Regional Development (1979). 16 pages.

b. Occasional publications

- The European Community and its regions. European documents No. 1/1980. 18 pages.
- Regional development and the European Community. European File No. 10 1979. 8 pages.
- Aids and loans of the European Community 1979. 44 pages (pages 18 to 22 deal with the European Regional Development Fund).
- Principal regulations of the Council of the European Communities on regional policy 1979. 17 pages (Texts of the main proposals).

(1) DE: German; DK: Danish; EN: English; FR: French; IT: Italian;
NL: Netherlands.

c. Regional policy series: studies/programmes

- No. 1. The trend in Flemish economy considered in an international perspective. 1973. 88 pages.
- No. 2. Regional development programme for Greenland 1977-1979. 1977. 54 pages (DA, EN, FR).
- No. 3. Non-production activities in U.K. manufacturing industry. 1977. 186 pages (EN).
- No. 4. Geographical concentration in European Community countries. 1977. 136 pages (DE, EN, FR, IT).
- No. 5. Feasibility-study on the situation and development possibilities of prospective regional labour market balances in the European Community. 1977. 292 pages (DE) (EN summary).
- No. 6. Regional development programme Mezzogiorno 1977-1980. 1978. 270 pages (DE, EN, FR, IT).
- No. 7. Regional development programme Ireland 1977-1980. 1978. 142 pages (DE, EN, FR).
- No. 8. Regional development programmes Netherlands 1977-1980. 1978. 140 pages (DE, EN, FR, NL).
- No. 9. Frontier workers in Europe (1). 600 pages (DE, FR).
- No. 10. Regional development programme United Kingdom 1978-1980. 1978. 142 pages (DE, EN, FR).
- No. 11. Regional development programme Grand Duch of Luxembourg. 1978. 70 pages (DE, EN, FR).
- No. 12. Regional development programmes Denmark. 1978. 78 pages (DA, DE, EN, FR).
- No. 13. Regional development programmes France 1976-1980. 1978. 196 pages (DE, EN, FR).
- No. 14. Regional development programmes Belgium 1978-1980. 1980. 225 pages (DE, EN, FR, NL).

(1) In course of preparation.

- No. 15. Regional aids in the European Community: a comparative study. 1980. 268 pages.
- No. 16. Regional development programmes of the Federal Republic of Germany including Berlin (West) 1979-1982. 1980. 275 pages (DE, EN, FR).
- No. 17. Regional development programmes. 1979. 330 pages. (Summaries of programmes of all Member States, a comparative analysis, opinion and recommendations of the Commission).

d. Internal documentation on regional policy

The papers in this series are published in a limited number, above all as working papers for Commission departments and other Community institutions. They may nevertheless be put at the disposal of persons or organisations outside the Community with a special interest in a given subject.

- No. 1. Cross border communications study for the Londonderry and Donegal area: Summary report. 1978. 28 pages (EN).
- No. 2. Research study into provisions for recreation and leisure in areas affected by oil related industry in the Highlands and Islands of Scotland: Summary report. 1978. 140 pages (EN).
- No. 3. Development Strategy for regions in rural areas: The case of the Belgian South-East-Summary report. 1978. 110 pages (FR).
- No. 4. Frontier workers in Europe - Summary report. 1978. 45 pages.
- No. 5. Relocation of economic activities traditionally located in the Copenhagen area: Final report. 1978. 225 pages (EN).
- No. 6. Interregional air services in Europe. Summary of report (1st phase). 1978. 52 pages (FR).

C. Main textes (1)

Updated version of the text of Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund

Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (OJ No L 73, 21. 3. 1975, p. 1) and the amendments arising out of Regulation (EEC) No 214/79 (OJ No L 35, 9. 2. 1979, p. 1) are hereby coordinated.

This coordination is without legal status. Hence, the preamble has been omitted.

TITLE I

PRELIMINARY PROVISIONS

Article 1

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

Article 2

1. As from the financial year 1978, the endowment for the Fund shall be determined annually in the general budget of the European Communities.
2. The annual budget shall indicate for the relevant year under the Fund heading:
 - (a) commitment appropriations;
 - (b) payment appropriations.

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

3. The following may be financed by the Fund with a view to contributing to the realization of the objectives referred to in Article 1:
 - (a) Community action in support of regional policy measures taken by the Member States, as provided for in Title II of this Regulation.

The resources of the Fund intended for financing these activities shall be distributed in accordance with the following table:

Belgium	1.39 %
Denmark	1.20 %
Germany	6.0 %
France	16.86 %
Ireland	6.46 %
Italy	39.39 %
Luxembourg	0.09 %
Netherlands	1.58 %
United Kingdom	27.03 %

- (b) specific Community regional development measures, as provided for in Title III of this Regulation. The sum allotted to such measures shall amount to 5 % of the Fund's resources. Resources which cannot be used in time for such measures shall be allocated to the supporting action referred to in (a).

The whole of the Fund's resources for financing these measures shall be used having due regard to the relative severity of regional imbalances in the Community.

Article 3

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

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

2. As part of the specific Community regional development measures referred to in Article 2 (3) (b), the Fund may also, where appropriate, give assistance in regions or areas other than those referred to in paragraph 1, for the solution of problems forming the subject of Community action, if the Member State concerned has also given assistance or does so at the same time.

TITLE II

COMMUNITY ACTION IN SUPPORT OF REGIONAL POLICY MEASURES TAKEN BY THE MEMBER STATES

Chapter 1

Field of action

Article 4

1. As part of Community action in support of regional policy measures taken by the Member States, the Fund may contribute to the financing of investments which individually exceed 50 000 European units of account and come under any of the following categories:

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

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

For the purposes of this Article, a group of investments which are related geographically and financially, and which together comply with the criteria provided for in this Article, may be considered as a single investment in the field of handicrafts or tourism;

- (b) investments financed wholly or in part by public authorities or by any other agency responsible, on a similar basis to a public authority, for the creation of infrastructures, and covering, provided that this is justified by regional development programmes, infrastructures which contribute to the development of the region or area in which they are situated, provided that the total share of the overall assistance granted by the Fund for financing the investments referred to in this point does not exceed 70 % of the Fund's assistance.

This percentage must be complied with over a period of three years; however, it may be exceeded by decision of the Council acting on a proposal from the Commission.

In administering the Fund, the Commission shall take account of the particular situation of certain regions on the basis of the programmes referred to above. Member States shall take all steps to enable the provisions of this point to be applied;

- (c) investments in infrastructures covered by Article 3 (2) of the Council Directive on mountain and hill farming and farming in certain less-favoured areas, provided that the less-favoured area in question corresponds to or is located within one of the regions or areas covered by Article 3 of this Regulation.

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

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

In the case of services and handicrafts, the Fund's contribution may, by way of derogation from the first subparagraph, exceed 20 % of the investment cost, provided that the amount does not exceed in such case 10 000 European units of account per job created or maintained, or 50 % of the national aid.

The State aid to be taken into consideration shall be grants, interest rebates, or their equivalent where loans at reduced rates of interest are concerned, whether such aid is linked to the investment or to the number of jobs created.

Such aid may include aid granted in respect of an investment in connection with the transfer of plant and workers. The aid equivalent shall be calculated in accordance with an implementing Regulation under the terms of Article 16. Aid granted in the form of rent rebates or exemptions from payments of rent for buildings, including plant, may also be taken into account, provided that the same calculation is possible.

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

- (b) in respect of investments covered by paragraphs 1 (b) and (c), 30 % of the expenditure incurred by public authorities where the investment is less than 10 million European units of account and from 10 to 30 % maximum for investments of 10 million European units of account or more. However, the maximum rate may be 40 % for projects which are of particular importance to the development of the region in which they are situated.

The Fund's assistance may consist wholly or in part of a rebate of three percentage points on loans made by the European Investment Bank, pursuant to Article 130 (a) and (b) of the Treaty, in the regions and areas referred to in Article 3 of this Regulation. In that event, the aid from the Fund shall be paid to the Bank in one instalment, the rebate being a capitalized sum expressed as a percentage of the investment.

Chapter 2

Procedural provisions

Article 5

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

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

2. (a) In respect of investments of 10 million European units of account or more, the Fund's assistance shall be the subject of a Commission Decision under the procedure provided for in Article 16.

In respect of investments in infrastructure costing 10 million or more European units of account, the Commission shall, before obtaining the opinion of the Fund Committee referred to in Article 15, consult the Regional Policy Committee.

- (b) In respect of investments costing less than 10 million European units of account, the Commission shall provide prior information for the Member States in the form of a simplified list of investments for which requests for assistance have been received. The procedure provided for in Article 16 shall apply in the case of:

- draft negative decisions, where the Member State concerned so requests,
- all other draft decisions in respect of which the Commission or a Member State wishes an opinion to be sought from the Fund Committee.

Article 6

1. Investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme the implementation of which is such as to contribute to correction of the main regional imbalances within the Community

which may prejudice the proper functioning of the common market and the convergence of the Member States' economies, with a view, in particular, to the attainment of economic and monetary union.

2. Regional development programmes shall be established according to the joint plan prepared by the Regional Policy Committee.

3. Member States shall notify the Commission of regional development programmes and alterations to programmes already notified.

4. The programmes shall be of an indicative nature and specify the objectives of the development of the region concerned and the means to be employed. They shall be the subject of consultation with the Regional Policy Committee. The Commission shall examine these programmes in the light of the criteria referred to in Article 5 (1) (b) in order to enable it to determine the priorities for assistance from the Fund.

5. Before 31 March each year, Member States shall bring the regional development programmes up to date by providing the Commission with all available information for the current year not contained in the programmes on:

- (a) the financial resources allocated to regional development under their programmes;
- (b) the priority measures relating to regional development which they intend to implement;
- (c) the use they intend to make of Community resources, and in particular of resources from the Fund in implementing these priority measures.

Any other relevant information shall be forwarded to the Commission as soon as available.

6. Before 1 October each year, Member States shall provide the Commission with an overall statistical summary indicating by region for the previous year:

- (a) the results achieved in the region in terms of investment and employment;
- (b) the financial means employed;
- (c) the actual use made of the resources of the Fund.

Article 7

1. Member States shall submit requests for assistance from the Fund to the Commission, and

shall indicate any factors which will allow the Commission to assess the value of the investments proposed in the light of Articles 5 and 6.

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

These requests shall indicate:

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

(b) in respect of investments in infrastructure, the location of each investment and its character, its contribution to the development of the region, the predicted total costs and the costs borne by public authorities and the schedule laid down for their payment, the name of the responsible authorities, the total contribution requested from the Fund, and estimates regarding the implementation schedule.

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

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

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

(b) in respect of investments in infrastructure, the responsible authority, the nature of the investment, its location, its contribution to the development of the region, its cost, its financing plan, its implementation schedule and the schedule laid down for payments.

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

(a) in the aggregate for each request covered by paragraph 2;

(b) case by case for requests covered by paragraph 3.

5. Member States shall give priority to the presentation of requests for contributions towards investments of 10 million European units of account or more.

Article 8

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

(a) for intermediate payment requests:

- the name of the undertaking concerned, or, for infrastructures, the name of the responsible authority,
- the location of the investment,
- total public expenditure paid after the date referred to in Article 11 and that part of the amount for which payment is requested,
- the amount of the payment requested from the Fund,
- a forecast of future payment requests;

(b) for final payment requests, all the information referred to in (a) except the last indent, together with:

- the sum actually invested and confirmation that the investment made conforms with the initial project,
- the date of completion of the investment,

— the number of jobs created or maintained in being by the investments referred to in Article 4 (1) (a),

— the amounts of public expenditure.

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

3. Accelerated payments under a decision to grant aid from the Fund may be granted by the Commission to a Member State at the latter's request. They may not exceed 75 % of the total amount of the aid from the Fund. Such accelerated payments shall be subject to the condition that at least 30 % of the payments constituting the basis for aid from the Fund have been made.

Payments already made pursuant to paragraph 1 (a) under the decision to grant aid shall be deducted from the accelerated payments.

The balance of the aid from the Fund shall be paid in accordance with paragraph 1 as regards payments by the Member States not covered by the accelerated payment.

Grouped applications for accelerated payments shall be submitted on a quarterly basis to the Commission by the Member State concerned.

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

Article 9

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

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

Member States shall repay the Commission the amount of the Fund's assistance wherever national aid used as the basis for calculating the Fund's assistance has been repaid to the Member State by the investor.

2. Member States shall make available to the Commission all information required for the effective operation of the Fund and shall take all steps to facilitate such supervision as the Commission may consider useful in managing the Fund, including on-the-spot checks. They shall notify the Commission of the cases referred to in the first subparagraph of paragraph 1.

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

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

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

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

6. Notwithstanding Article 6 (2) of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities⁽¹⁾, if a project receiving aid from the Fund is not

completed or is implemented in such a manner as no longer to justify payment of part of the aid from the Fund granted on behalf of that project, the outstanding part of the Fund's contribution shall be granted to another investment located in one of the eligible regions of the same Member State under the conditions laid down in this Regulation.

Article 10

1. The investors concerned shall be informed by agreement with the Member States in question that part of the aid granted to them has been provided by the Community. For infrastructure projects, the Member States, by agreement with the Commission, shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity.

2. The list of projects which have received contributions from the Fund shall be published every six months in the *Official Journal of the European Communities*.

Article 11

The Commission shall take into consideration for Fund assistance payments made by the Member States as from the 12th month before the date on which it receives the request for assistance, in respect of investments not completed by that date. This period shall be increased to 24 months for payments in respect of investments in Greenland.

Article 12

1. The Fund may contribute to the financing of studies which are closely related to Fund operations and are undertaken at the request of a Member State.

2. Such assistance may not exceed 50 % of the cost of the study.

TITLE III

SPECIFIC COMMUNITY REGIONAL DEVELOPMENT MEASURES

Article 13

1. The Fund may participate in financing specific Community regional development measures which

⁽¹⁾ OJ No L 356, 31. 12. 1977, p. 1.

differ in whole or in part from the types of measure referred to in Title II. These shall be measures:

- either linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences,
- or, in exceptional cases, intended to meet the structural consequences of particularly serious occurrences in certain regions or areas with a view to replacing jobs lost and creating the necessary infrastructures for this purpose.

These measures shall not have as their object the internal reorganization of declining sectors but may, by establishing new economic activities, promote the creation of alternative employment in regions or areas in a difficult situation.

These measures shall be financed jointly by the Community and the Member State or States concerned.

2. Member States shall provide the Commission with information on regional problems likely to be the subject of specific measures within the meaning of paragraph 1.
3. Without prejudice to the responsibilities of the Commission with regard to State aid under Articles 92, 93 and 94 of the Treaty, the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, shall determine for each of these measures to be implemented in the form of a special programme:
 - (a) the nature of the operations to which the Fund may contribute;
 - (b) the areas and regions which the Fund may assist;
 - (c) the national public aid taken into consideration in granting Fund assistance;
 - (d) the contribution of the Fund;
 - (e) the categories of beneficiaries of Fund assistance;
 - (f) the detailed rules for financing.
4. Requests for Fund assistance for these special programmes shall be submitted to the Commission by the Member States. The fifth subparagraph of Article 4 (2) (a) and Article 10 shall apply.

Article 14

1. The Fund may bear all or part of the cost of studies which are closely related to the measures referred to in Article 2 (3) and are undertaken at the request of one or more Member States.
2. The Commission shall decide whether to grant assistance from the Fund in accordance with the procedure laid down in Article 16, after consulting the Regional Policy Committee.

TITLE IV

GENERAL AND FINAL PROVISIONS

Article 15

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

Article 16

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

Article 17

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

Article 18

The necessary measures for the implementation of this Regulation shall be adopted in accordance with the procedure laid down in Article 16.

Article 19

1. Member States shall adopt the necessary measures to indicate separately, according to the special characteristics of national budget systems, the sums received from the Fund.

2. At the request of the Commission, Member States shall provide it with information on the allocation of the amounts received from the Fund.

Article 20

Assistance from the Fund shall not change the conditions of competition in a way incompatible with the principles contained in the relevant provisions of the Treaty, as elaborated in the principles for the coordination of the general regional aid schemes. In

particular, the provisions of this Regulation shall not prejudice the application of Articles 92, 93 and 94 of the Treaty, particularly as regards establishing and realigning the areas aided for regional purposes referred to in Article 3 and in respect of the amount of the contributions from the Fund.

Article 21

1. Before 1 October each year the Commission shall present a report to the Council, the European Parliament and the Economic and Social Committee on the implementation of this Regulation during the preceding year.

2. This report shall also cover the financial management of the Fund and the conclusions drawn by the Commission from the checks made on the Fund's operations.

Article 22

On a proposal from the Commission, the Council shall re-examine this Regulation before 1 January 1981.

Article 23

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

COUNCIL RESOLUTION

of 6 February 1979

concerning the guidelines for Community regional policy

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HEREBY ADOPTS THIS RESOLUTION:

Having regard to the Treaty establishing the European Economic Community,

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

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

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).

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

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.

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;

The Council notes the Commission's intention of establishing this comprehensive system of analysis and policy formulation. To this end, the Commission and the Member States will jointly improve the statistical and regional analysis machinery.

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;

2. Assessment of the regional impact of Community policies

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;

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

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;

In accordance with the guidelines set out in the fourth medium-term economic policy programme (2), 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.

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

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

(2) 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.

European Community — Commission

**European Regional Development Fund
— Fifth Annual Report (1979)**

Luxembourg: Office for Official Publications of the European Communities

1980 — 101 pp., 12 ill. — 16.2 × 22.9 cm

DA, DE, EN, FR, IT, NL

ISBN 92-825-2054-4

Catalogue number: CB-30-80-940-EN-C

BFR 350
IRL 5.80

DKR 68
LIT 10 300

DM 21,80
HFL 23,80

DRA 500
UKL 5

FF 51
USD 12

The modified Council Regulation establishing a European Regional Development Fund requires that:

1. Before 1 October each year the Commission shall present a report to the Council, to the European Parliament and to the Economic and Social Committee on the implementation of this Regulation during the preceding year.
2. This report shall also cover the financial management of the Fund and the conclusions drawn by the Commission for supervision of the Fund's operations.'