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## ELEVENTH ANNUAL REPORT (1985) TO THE COUNCIL BY THE COMMISSION

European Regional Development Fund

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ILLUSTRATION 1.  
MEETING HELD IN BRUSSELS ON 28 NOVEMBER 1985  
to mark the tenth anniversary of Community regional  
policy and of the European Regional Development Fund



From left to right: Mr Georges RENCKI, Director in the Directorate-General for Regional Policy at the Commission of the European Communities; Mr George DASSIS, Chairman of the Section for Regional Development at the Economic and Social Committee; Mr Ernst-Günther BRODER, Chairman of the Board of Directors of the European Investment Bank; Mr Robert GOEBBELS, State Secretary at the Ministry of Foreign Affairs of Luxembourg, representing the President of the Council; Mr Jacques DELORS, President of the Commission of the European Communities; Mr Grigoris VARFIS, Member of the Commission of the European Communities; Mr Pierre MATHIJSEN, Director-General of Regional Policy at the Commission of the European Communities; Mr Pancrazio DE PASQUALE, Chairman of the European Parliament's Committee on Regional Policy and Regional Planning; Mr Achilleas MITSOS, Chef de cabinet to Mr VARFIS; and Mr Rosario SOLIMA, Director in the Directorate-General for Regional Policy at the Commission of the European Communities.

by Alois PFEIFFER,  
Member of the Commission of the European Communities  
in charge of economic affairs, regional policy and the Statistical Office

**THE YEAR 1985, A TURNING POINT FOR THE ERDF**

The first decade of ERDF assistance ended with the entry into force of the new Fund Regulation on 1 January 1985<sup>1</sup>.

The tenth anniversary of the ERDF and of regional policy was commemorated in Brussels in November 1985. On that occasion, representatives of all the regions of Europe were able to discuss their views and experience with those responsible for Community regional policy in the various institutions (Parliament, the Council, the Economic and Social Committee, the European Investment Bank and the Commission). The President of the Commission stated that the future of Europe could not be that of a mere free trade area, with some residual financial transfers to the southern regions. Such regions must also be given the opportunity to develop their natural assets.

What role does, or should, regional policy play in strengthening the Community's economic and social cohesion?

The economic crisis that began in the early 1970s and the successive enlargements have presented the Community with a challenge as regards its economic and social cohesion. The only way of strengthening such cohesion in the long term is through economic convergence, which essentially involves two aspects:

- in the short and medium term, inflation must be brought down to range around as low a rate as possible and the disequilibria in the European economies eliminated;
- over and above this, the long term process of bringing about a convergence of real incomes in individual countries and regions must be resumed as soon as possible.

These two aspects of the concept of convergence are in no way contradictory, but on the contrary complementary. Each step along the road to convergence within the Community contributes to its economic and social cohesion, and regional policy also plays an important role in this respect.

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<sup>1</sup> Council Regulation (EEC) No 1787/84 of 19 June 1984, OJ L 169, 28.6.1984.

If regional policy is to play fully its proper role in the integration process, it must itself be better integrated into the Community's overall economic policy, particularly as regards the new tasks which the Community recently set itself, including:

- the gradual establishment of the internal market;
- the necessary reform of agricultural policy;
- the policy of the Community on technological research and development.

The integration of the new Member States will be made easier through regional development measures that are backed up by the Community in the two countries.

If we are to reduce disparities between regions in the Community, by participating in the development and structural adjustment of the less developed regions and in the reconversion of the declining industrial regions, we must realize that financial subsidies from the Community are not sufficient in themselves. Much more objective collaboration between the Member States, but also between the regions and the local authorities, and the Community is required; this constitutes the precondition for the success of regional policy measures.

As far as the European Regional Development Fund is concerned, the new Regulation has brought about clear improvements, particularly in relation to the special contribution which the Community can make to regional policy. However, this does not mean that the debate on greater effectiveness of regional policy measures is closed.

In order to increase the impact of its measures, the Commission will, amongst other things, seek a consensus with the Member States on a more concentrated and therefore more effective intervention of the Regional Fund, i.e. the type of measures that should enjoy priority financing.

Regional policy can only shift in the direction indicated in the context of a more intensive dialogue between the Commission and the Member States. The Member States themselves can help to ensure decisively that Community regional policy becomes more effective by taking greater account, in defining their development plans, of priorities established at Community level, by ensuring the additionality of Fund assistance; this additionality should be promoted by the introduction of more effective ex-ante and ex-post checks and by encouraging programme financing.

Although much progress remains to be made, the measures taken during this first year have shown that the principles contained in the new Regulation provide a sound basis for developing and strengthening the effectiveness and Community character of regional policy.

With the inclusion of Regional Policy in the Single European Act, the particular significance of the regional policy of the Community will be emphasised in the context of the reinforcement of its economic and social cohesion. The Commission will take note of this and persistently and resolutely continue its efforts in this direction.

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**A KEY TO SOME ERDF TERMS AND CONCEPTS**

Anyone not dealing with the ERDF on a regular basis may be somewhat perplexed by some of the terms and concepts used, such as national programmes of Community interest, potential for internally generated development, specific Community measures, geographical concentration, integrated operation, structural Funds and regional development programmes.

It was therefore felt that this note could usefully provide some definitions of the principles underlying the ERDF's day-to-day activities.

- The ERDF, one of the Community's structural Funds<sup>2</sup>, was set up in 1975 to help correct the principal regional imbalances within the Community by assisting in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions. Such regions are generally the areas covered by national regional aid schemes, these areas being approved by the Commission in accordance with Articles 92 and 94 of the Treaty establishing the European Economic Community.
- What does the ERDF finance? Firstly, infrastructure investments: industrial estates, roads, dams, power stations, etc. The new Regulation includes in the annex a list of infrastructure categories that are not eligible for ERDF assistance. The ERDF also helps to finance directly productive investment in industrial, craft industry and service activities to create or maintain jobs. Lastly, the ERDF helps to provide firms, particularly small and medium-sized ones, and local and regional authorities with access to advice on marketing, management and innovation.
- In what form does the ERDF provide assistance?
  - As from 1985, the ERDF helps to finance programmes taking the form of:
    - Community programmes, undertaken on the Commission's initiative, adopted in broad outline by the Council acting by a qualified majority and drawn up by the Member State concerned in consultation with the Commission, which then approves them and provides part of the funding;

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<sup>2</sup> There are two other Community structural Funds: the European Social Fund and the EAGGF (European Agricultural Guidance and Guarantee Fund) Guidance Section.

- national programmes of Community interest, undertaken on the initiative of individual Member States and adopted in agreement with the Commission.
  - The ERDF continues to contribute, with the Member States, to the financing of two types of individual investment projects, namely those in industry, craft industry and the service sector, and infrastructure projects.
  - The ERDF also contributes to the financing of studies which are closely related to its operations and may defray the cost of studies of special significance for the effective use of ERDF resources.
  - Lastly, the ERDF may help to exploit the internally generated development of regions and in particular the potential of small and medium-sized firms, both in the framework of programmes and in the form of a consistent set of projects.
- The ERDF makes grants. In the report, the reader will frequently come across references to grants approved or appropriations committed: in the case of projects, these terms are different aspects of the same thing. In the case of programmes, however, the amounts approved at political level relate to the total period covered by the programmes, whereas appropriations committed relate to a single financial year.
  - The ERDF's contribution generally amounts to 50% of the public expenditure, but may amount to 55% in the case of measures of particular importance for the regions in which they are located.
  - Commitment and payment appropriations are differentiated, i.e. the ERDF can make an expenditure commitment one year and make the payments over several years as the project is carried out. So as to speed up payments, the ERDF may grant advances within the limits of budget balances and according to the progress made with the operations.
  - In 1985, the ERDF carried out its activities through two budget headings:
    1. Item 505, which covers ERDF assistance under the revised 1984 Regulation, through the financing of Community programmes, national programmes of Community interest, projects and studies. Within this framework, ERDF resources are at present used on the basis of ranges which lay down the upper and lower limits of assistance which each Member State may receive over a three-year period.
 

For each Member State, the lower limit of the range constitutes the minimum amount of ERDF resources it is guaranteed if it submits, during the corresponding period, an adequate volume of applications for aid which satisfy the conditions set out in the Regulation.

In the case of that portion of the ERDF's resources falling between the lower and upper limits, allocation of resources depends on the implementation of the priorities and criteria laid down in the Regulation.
    2. Item 510, which covers financing of specific Community measures, formerly known as non-quota measures, instituted by the Council before 1 January 1985.

- These definitions should assist the general reader in understanding some of the key concepts used in this eleventh report on the Fund's activities.
- Article 46 of Council Regulation (EEC) No. 1787/84 of 19 June 1984 on the European Regional Development Fund provides as follows:
  1. Before 1 October each year, the Commission shall submit to the European Parliament, the Economic and Social Committee and the Council, a report on the implementation of this Regulation during the preceding year.
  2. The report shall cover in particular the financial management of the ERDF and the conclusions drawn by the Commission from the monitoring carried out in respect of the ERDF's operations.

The obligation to present an annual report is further reinforced, where specific Community measures are concerned, by Article 6 paragraphs 2 and 3 of the Council Regulations instituting such measures.

## CHAPTER 1. COORDINATION OF REGIONAL POLICIES

### 1.1 THE ECONOMIC ENVIRONMENT FOR REGIONAL ACTION

1. Since the second periodic report on the situation of the regions was published in 1984, economic growth in the Community has continued and indeed accelerated, and inflation has eased. In addition, the volume of employment has been rising again since 1985. The outlook too is more favourable, both for growth and employment and for the key economic equilibria. This improvement in the situation is partly due to the fall in oil prices and the depreciation of the US dollar.

The increased buoyancy in economic activity restrained the rise in unemployment in 1985 and, from 1986 on, the unemployment rate could fall somewhat in annual average terms. With enlargement, two countries whose unemployment rates are relatively high have joined the Community. Disparities between countries are thus more marked in the Community of Twelve than they were in the Community of Ten.

At regional level, the increase in unemployment up to 1985 was particularly sharp in a large number of peripheral regions in which the unemployment rate was generally already high, particularly in Greece, many regions of Spain, the Mezzogiorno and Ireland. The regions of northern and western Europe did not on the whole experience the same deterioration, although the unemployment rate is also high in some of them and well above the Community average. The general effect of these changes has been to widen still further the differences between unemployment rates at regional level.

Information is not yet available on the other variables needed for a succinct account to be given of general economic performances at regional level during recent years. It is possible that the deterioration in the unemployment situation may not have been accompanied by a more general widening of differences. However, as indicated in the second periodic report, enlargement itself means an increase in regional disparities within the Community.

So as to reduce public deficits, the size of which is considerably hampering economic recovery, Member States have adopted a stance of greater budgetary austerity.

The decline, in most of the countries, of public spending in real terms on regional aid schemes has, in some countries, gone hand in hand with a reduction in the geographical coverage of such schemes. In many countries, measures introduced to assist service industries and to encourage internally generated development and small and medium-sized businesses are directed at creating new jobs. This trend is also attributable in part to the lack of large-scale investment for which a choice of location is available.

## 1.2 COORDINATION OF REGIONAL POLICIES (ARTICLES 1 AND 2 OF THE NEW REGULATION)

2. The aim in coordinating national regional policies with Community regional policy, bearing in mind other Community policies and financial instruments having an impact on regional development, is to help secure a higher degree of convergence in Member States' economies and ensure a more balanced distribution of economic activities within the Community. Particular emphasis is placed on the coordination of transfrontier regional development measures.

3. The means by which this coordination is carried out are as follows:

- Regional development programmes are drawn up by the Member States in accordance with a joint outline, specifying the objectives and the operational means of development. They are examined by the Commission in conjunction with the Regional Policy Committee. Such examination relates to their consistency with the Community's programmes and objectives, thus making it possible to ensure that the various aspects of Community policies are taken into account when development policies are formulated at national and regional level.

Moreover, the programmes provide the framework within which ERDF operations must be carried out. This is one of the eligibility conditions for projects which the Community is to help finance.

- A report on the social and economic situation and development of the regions of the Community is drawn up periodically by the Commission<sup>3</sup>. On the basis of the report, the Commission submits, if necessary, proposals for Community regional policy guidelines and priorities.
- Analysis of the regional impact of the main Community policies and measures which the Commission proposes to the Council. This allows better account to be taken of the regional dimension of the matters dealt with, bearing in mind the objectives specific to each of the policies. The consistency of sectoral policies and regional policy is thus strengthened.

Moreover, the Commission's examination of general regional aid schemes in the light of Articles 92 et seq. of the Treaty is an essential feature of the coordination of national regional policies<sup>4</sup>.

4. The results achieved and problems raised by implementation of this coordination may be summarized as follows:

- As regards the regional development programmes, the most important achievement in 1985 was examination of the programmes presented by Spain and Portugal. They cover the period 1986-90 and were endorsed by the Regional Policy Committee. Spain and Portugal were thus able to receive ERDF assistance as from the beginning of 1986. The

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<sup>3</sup> The Commission is at present drawing up the third periodic report on the social and economic situation and development of the regions, to be published in the second quarter of 1987.

<sup>4</sup> Since the Commission presents a report on competition policy to Parliament each year, the application of Articles 92 et seq. will not be dealt with here.

Commission also had to examine adjustments made to their regional programmes by Denmark, Greece, Italy and the United Kingdom.

On 12 July 1985, Parliament adopted a resolution on the second-generation programmes.

In accordance with Article 2(3)(b) of the Regulation, the Member States must provide the Commission with reports on progress in implementing the regional development programmes. The Commission notes with regret that this obligation has been met less than adequately in 1985 and hopes that Member States will in future comply more fully with their obligations.

Lastly, the Member States are at present drawing up the third-generation regional development programmes. In 1985, Greece was the only country to present its new programme covering the period 1986-90. The Commission attaches particular importance to the quality of this new set of programmes and particularly to the more precise definition of development priorities within them.

- The Regional Policy Committee, which is the key forum for regional policy coordination, held four meetings in 1985, with Mr.S. Miedema in the chair. It continued its discussions of the links that should exist between the Community's competition policy and Member States' regional aid policies and adopted an opinion on the subject.
- The third periodic report will be the first following the entry into force of the new Regulation. It must be emphasized that both its content and its quality depend very much on the availability and on the comparability, at regional level, of the relevant statistical information. The Commission will take appropriate action with the Member States with this objective in view.
- Regional impact assessment of Community policies induced the Commission to take into account, in its green paper on the common agricultural policy<sup>5</sup>, the need to temper the coresponsibility measures in the light of structural situations, so as to take better account of regional disparities.

5. The analyses carried out on declining industries (steel, shipbuilding and textiles) and on fisheries allowed a number of decisions to be taken in 1985 on specific (non-quota) Community measures in the areas affected by developments in these sectors.

Lastly, studies on new information technology and energy policy prompted the Commission to propose two Community programmes, STAR and VALOREN, to the Council (see section 3.2.2).

6. For the effectiveness of the ERDF to be checked and precise conclusions to be drawn, an analysis would have to be carried out on each of the areas in which it provides assistance.

The public authorities, research institutes and experts in the various countries in which regional policy is pursued using own resources have been examining this problem for years. However, while it may ultimately be feasible to produce estimates, no system is available that would allow the impact of a given type of assistance by a given instrument to be measured.

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<sup>5</sup> Green Europe Newsflash No.33 (July 1985).

In point of fact, the development of the regions is the result of general economic policy and not just of specific regional policy assistance. The results of certain sectoral policies (agricultural, industrial, etc.) can have an even greater positive or negative influence on the development of a region than specific regional instruments.

The only way to measure the impact of a given instrument, such as the ERDF, would be to compare how a region would have performed without ERDF assistance with how it developed with its assistance.

Lastly, to try to gauge the impact of the Fund on the movement of the differential in per capita GDP between weak and strong regions in the Community would be to forget that, although it has increased, the volume of Fund assistance remains extremely modest in relation to such differentials, making measurement in macroeconomic terms virtually impossible.

Thus, for example, the Community's ten weakest regions have, since the inception of the ERDF, received Fund assistance averaging 17 ECU a year per inhabitant. However, the gap in per capita GDP between the ten weakest regions and the ten strongest regions is in fact more than 10 000 ECU. It is with this gap of 10 000 ECU that the income deriving from the 17 ECU per capita invested annually thanks to the ERDF must be compared.

Neither Community regional policy, nor indeed national regional policies can close such gaps by means of transfers. Their aim is to create the conditions of production that will allow the regions concerned to achieve higher growth and employment levels so as to ensure that the gaps stop widening and are gradually reduced.

It is, however, beyond doubt that, in view of the unfavourable economic trend in recent years and the budgetary constraints in the Member States, the situation in the Community's weakest regions would have been even more difficult if the ERDF had not been able to assist them.

## CHAPTER 2. THE ERDF FROM 1975 TO 1985

### 2.1 THE ENTRY INTO FORCE OF THE NEW REGULATION

7. With the adoption of the new ERDF Regulation on 19 June 1984, the Council discharged one of the important tasks assigned to it by the Stuttgart European Council, which was to improve the effectiveness of the Community's structural Funds.

The new ERDF Regulation contains substantial improvements on the revised 1975 Regulation. It provides the Commission with the means of developing its own intervention strategy and ensures that in granting ERDF assistance greater account is taken of Community objectives.

8. At the conclusion of the conciliation procedure between the Council, the Commission and Parliament in June 1984 on the reform of the ERDF, the three institutions agreed to hold an exchange of views at least once a year on the implementation of the principles contained in the new Regulation.

The first such exchange of views took place in Luxembourg on 21 April 1986 and covered the first year of application of the new Regulation (1985).

On that occasion, Mr. Pfeiffer, the Commission member with special responsibility for regional policy, presented an initial assessment of the guiding principles of the new Regulation, focusing on the resources deployed and results achieved and on the difficulties encountered during the first year of implementation. This chapter sets out the factors which underlay the Commission's communication.

#### *The purpose of the ERDF (article 3)*

9. The ERDF is the Community's main regional policy instrument. Its purpose is to contribute to the correction of the principal regional imbalances within the Community by participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.

In the light of the objective of greater convergence between Member States' economies, the principal regional imbalances are those apparent in output and productivity performances and in labour market situations.

The regions whose development is lagging behind are those whose per capita GDP is low and whose economic structure, often predominantly agricultural (high rate of agricultural employment), is ill-suited to the requirements of a market economy. Such regions are often islands or are situated on the periphery of the Community. They have also suffered in the past from steady, large-scale emigration. In such regions, the ERDF must help to create the conditions for triggering the development process, either by improving infrastructure networks or by promoting new productive activities that will allow structural underemployment to be reduced.

The declining industrial regions are mainly those in which there is a high concentration of declining industries, such as shipbuilding, coal, textiles and steel. The hardest-hit regions are those which have at the same time experienced a sharp reduction in industrial employment and where the unemployment rate is above the Community average. In such regions, the ERDF's task is to help diversify the economic base through the creation of new, competitive and job-creating activities.

## 2.2 ALLOCATION OF ERDF RESOURCES

### 2.2.1 The system of ranges (article 4)

10. Since the former system of quotas for each Member State was considered unsatisfactory and difficult to reconcile with the need for greater selectivity in ERDF assistance and for greater power of discretion for the Commission, the new Regulation provides for a system of ranges for the allocation of ERDF resources, with lower and upper limits being set for the resources that each Member State may receive. These are set out in Table 1.

TABLE 1.  
RANGES FOR ERDF ASSISTANCE

(%)

Member State	1985 ranges		Ranges as from 1.1.1986	
	Lower limit	Upper limit	Lower limit	Upper limit
Belgique/België	0.90	1.20	0.61	0.82
Danmark	0.51	0.67	0.34	0.46
Deutschland	3.76	4.81	2.55	3.40
Ellas	12.35	15.74	8.36	10.64
España	-	-	17.97	23.93
France	11.05	14.74	7.48	9.96
Ireland	5.64	6.83	3.82	4.61
Italia	31.94	42.59	21.62	28.79
Luxembourg	0.06	0.08	0.04	0.06
Nederland	1.00	1.34	0.68	0.91
Portugal	-	-	10.66	14.20
United Kingdom	21.42	28.56	14.50	19.31

The ranges have been determined on the basis of the severity of regional imbalances, in such a way as to concentrate ERDF assistance in the regions whose productivity performances are lowest and whose structural unemployment highest compared with the Community as a whole.

The lower and upper limits apply for periods of three years. They are therefore calculated in relation to the allocation for the ERDF in the three-year period<sup>6</sup>. They do not necessarily have to be adhered to during the course of the period and, in particular, at the end of the first and second years.

The aggregate lower limits for all the Member States leave a margin of available resources equivalent to 11.37% of total ERDF resources.

The lower limits thus represent the minimum amounts guaranteed to each Member State provided it submits an adequate volume of applications that fulfil the conditions set out in the Regulation. The margin is intended to allow the Commission, in exercising its power of discretion and applying criteria and priorities laid down in the Regulation, to assert fully the Community interest in providing Fund assistance.

It is in each Member State's interest to submit grant applications amounting to more than the lower limit of the range so as to leave scope for making up for any applications not accepted by the Commission. Indeed, it is in each Member State's interest to submit a volume of applications that is higher than its upper limit so as to have a greater chance of attaining it.

Grant applications may be submitted for all the types of measure which the ERDF can help to finance: Community programmes, national programmes of Community interest, investment projects and studies.

11. With the new system operating in 1985, the amounts applied for rose substantially (to 5 514 million ECU, from 2 937 in 1984). The increase was not uniform; it was particularly large in the case of Italy and Greece and, to a lesser extent, Ireland and the United Kingdom (see Table 25 in the Annex).

12. So as to allow Spain and Portugal to receive Fund assistance from 1 January 1986, the Council adopted a Regulation<sup>7</sup> establishing the share-out of Fund resources among the Twelve. The method applied in determining the ranges for Spain and Portugal is similar to that used in drawing up the ranges for the Ten. The new range figures are set out in the second column of Table 1. The adjustment did not alter the ratios between the ranges of the Ten. In 1986 and 1987, the limits for Spain and Portugal will apply for a two-year period, as a temporary deviation.

Spain and Portugal, like Greece, see the structural Funds (ESF, EAGGF Guidance Section and ERDF) as the major Community budgetary instruments that will help them to make the necessary adjustments.

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<sup>6</sup> The way in which the system of ranges works is illustrated by the following example. The Fund's allocation of commitment appropriations, excluding appropriations for specific Community measures, over the three-year period 1985-87 is as follows: 2 175 million ECU in 1985, 3 003 in 1986 and on a hypothetical basis 3 155 in 1987. In the case of Greece, the guaranteed minimum would be  $(2\ 175 \times 12.35\%) + (3\ 003 + 3\ 155) \times 8.36\%$ , i.e. 783 million ECU. The maximum it could receive would be  $(2\ 175 \times 15.74\%) + (3\ 003 + 3\ 155) \times 10.64\%$  i.e. 998 million ECU over three years. In the case of Portugal, the guaranteed minimum would be  $(3\ 003 + 3\ 155) \times 10.66\%$ , i.e. 656 million ECU, while the maximum would be  $(3\ 003 + 3\ 155) \times 14.20\%$  i.e. 874 million ECU over two years.

<sup>7</sup> Council Regulation (EEC) No 3641/85 of 20.12.1985, OJ L 350, 27.12.1985.

### *2.2.2 Ex-ante assessment of grant applications (articles 7, 11 and 21)*

13. So as to strengthen and improve the ex-ante assessment of applications received, the Commission reviewed and expanded the method to be applied in assessing the Community interest of applications, in the light of the criteria and priorities laid down in the Regulation. Prime importance is attached to the consistency of projects with the Community's objectives, their contribution to economic development and their effect on employment.

The very exacting method worked out by the Commission was discussed in detail with the Member States, particularly in the Fund Committee, and gave rise to strong reservations on the part of the Member States, which took the view that certain items of information requested by the Commission went beyond what was appropriate. However, the assessment method has gradually been put into effect, and the Commission intends to re-examine it before long in the light of the experience gained. In the case of investment projects costing 15 million ECU or more, the Commission has asked the Member States, on the basis of Article 22(3), to present, for each infrastructure project, the results of an appropriate socio-economic cost-benefit assessment and, for each industrial project, the results of an appropriate profitability assessment. The content of the method is set out in Chapter 3.

The steps taken by the Commission have prompted the Member States to tighten up their methods of selecting and presenting the investment projects they would like to see financed. They have thus begun to submit applications which, as systematically as possible, contain the information requested, particularly as regards economic impact. The analyses supplied by the Member States have been key factors in examination of the grant applications for the abovementioned investment projects, with grants being made only in cases where the results of the assessments indicated satisfactory socio-economic returns.

Thus, during the first year of application of the Regulation, significant headway has, in the Commission's view, been made towards improving project selection.

14. Although part of the Fund's resources was allocated to programmes, the number of projects to be examined remained as high as in 1984. This, together with the increased workload resulting from the substantial expansion of ex-ante assessment, has thrown into even sharper relief the staffing problems posed by such assessment. Another factor which increased the workload later in 1985 was examination of the grant applications received from Spain and Portugal. However, the care with which the applications had been prepared and close collaboration with the two countries allowed a large number of decisions to be prepared for 1986.

### *2.2.3 Use of ERDF resources*

#### *Budget Resources*

15. In 1985, the Fund's budget allocation of commitment appropriations was 2 290 million ECU or 7.5% of the Community budget. Of this total, 115 million ECU was earmarked for financing specific Community measures, pursuant to Article 45 of the Regulation.

In nominal terms, the Fund's allocation in 1985 was 7% up on the previous year. With inflation at 5.1%<sup>8</sup> there was slight growth in real terms in the Fund's resources (1.8%).

Table 2 shows just how much the resources available to the ERDF have grown, its budget allocation having increased nearly ninefold over eleven years.

TABLE 2.  
ERDF ALLOCATIONS 1975-1985

ERDF: TOTAL,				(Mio ECU)	
Year	Commitment appropriations			Annual increase (%)	Share in Community budget (%)
	Operations	Specific measures	Total		
1975	-	-	257.6*	-	4.8
1976	-	-	394.3*	53.1	5.6
1977	-	-	378.5*	-4.0	4.9
1978	-	-	581.0	53.5	4.6
1979	900.0	45.0	945.0	62.7	6.1
1980	1 106.8	58.2	1 165.0	23.3	6.7
1981	1 463.0	77.0	1 540.0	32.2	7.3
1982	1 669.0	90.5	1 759.5	14.3	7.6
1983	1 909.5	100.5	2 010.0	14.2	7.6
1984	2 025.0	115.0	2 140.0	6.5	7.3
1985	2 174.9	115.0	2 289.9	7.0	7.5

\* 1975: 300 million u.a., 1976: 500 million u.a.  
1977: 500 million u.a., converted into ECU at the January 1978 rate.

Clearly, when set against the Community's GDP, these resources may look modest at less than 0.1%. However, this volume is not insignificant, especially in view of the multiplier effect. ERDF grants are thus an important element in regional development, accounting for up to 20% of public infrastructure expenditure in Ireland and Greece and, in future, even more in Portugal.

16. The total allocation of payment appropriations was set at 1 610 million ECU, of which 70 million ECU was for specific Community measures. The total allocation was 14% up on 1984.

17. In the course of the preparatory work on the 1986 budget, during discussions in the Council on the adoption of the new ranges, the Commission made the following statement, of which the Council took note: In the context of the conclusions of the European Council on 29 and 30 March 1985, the Commission can assure the less prosperous Member States that the amount of ERDF aid for which they will qualify in 1986 will be at least equal to the minimum guaranteed for 1985.

<sup>8</sup> GDP deflator. Commission departments. Economic forecasts 1985-86 (September-October 1985).

### *Commitments for ERDF operations*

18. Despite the greater strictness of the ex-ante assessment carried out by the Commission, virtually all of the resources available for Fund operations including 294 million ECU arising from decommitments and changes in exchange rates and leaving aside specific Community measures, were used up (99.3%). However, in the case of some Member States, the lower limit was not reached during this first year either because of a significant change in the exchange rate of their currencies against the ECU, or because they did not submit enough applications complying with the requirements of the Regulation, or because they did not make the additional information requested available in time. In the case of other Member States, by contrast, the lower limit was significantly exceeded.

However, the decisions taken in 1985 are without prejudice to the use of the margin during the three-year period 1985-87. The margin will be used in the light of the Community interest of the applications submitted by Member States and the criteria and priorities laid down in the Regulation.

19. In 1985, almost 2 500 million ECU were granted by the ERDF, 4.8% more than in 1984. The difference between the amounts actually committed (2 457 million ECU) and the budget allocation (2 175 million ECU) is due to decommitments and to the fluctuations in ECU rates, details of which are set out in Table 13. The remaining balance of 16.56 million ECU is the total cumulative balance since the ERDF's inception; it is equivalent to only some 0.1% of commitments over the past eleven years (see Table 15).

### *Payments*

20. Payments actually made amounted to 1 590.65 million ECU in 1985, bringing the total amount of payments made since 1975 to 7 960 million ECU. The ratio of total payments to commitments rose slightly at the end of 1985 to stand at 56.9% as against 55.2% at the end of 1984. Excluding commitments made at the end of 1985, which could not yet result in any payments, the ratio was actually 66.3%. This can be regarded as a reasonable figure, a large number of projects financed by the ERDF being carried out over several years.

21. Under the old ERDF Regulation, the national or regional authorities concerned were obliged to advance funds for the part of the investment projects to be financed by the ERDF. This severely reduced the incentive and catalysing effect of ERDF financing. Provisions were therefore included in the new Regulation (Articles 30 and 31) to allow the ERDF to make advances, to the extent that budget resources are available. The particular aim of this provision is to help those Member States and bodies which are financially weakest.

This provision was used for the first time in 1985 (some 50 million ECU). It will probably be used on a much larger scale in 1986.

### *Increase in grants for industrial, craft and service investment projects*

22. The proportion of resources allocated to productive investment increased again in 1985, with 17% of the Fund's resources going to such projects, compared with 14% in 1984 and 11% in 1983.

This increase was due, firstly, to pressure by the Commission on the Member States to give maximum priority to projects in industry, craft industry and services and, secondly, to the general improvement in the economic situation in the Community. As a result of this improvement, problems of excess capacity and sectoral difficulties also diminished,

whereas they often used to be the reason why assistance was refused for certain investment projects.

The Commission intends to continue to urge Member States to increase as far as possible the proportion of resources going to projects in industry, craft industry and services, so as to achieve the 30% objective referred to in Article 35. In pursuing this objective, account should of course be taken of the problems of the regions in which the propensity to carry out productive investment is still very low because of their particularly unfavourable socio-economic situation and a lack of basic infrastructures.

***Geographical distribution of grants: marked concentration in the least-favoured regions***

23. Since 1975, the ERDF has helped to finance more than 29 000 investment projects, of which 21 800 have been infrastructure projects and 7 200 industrial projects, to which must be added the first programmes that are now being implemented. In the eleven years of its existence, from 1975 to 1985, the Fund has thus granted 14 200 million ECU (current prices) to create infrastructure facilities and foster a large number of economic activities in the assisted regions of the Community.

The analysis of total ERDF grants in the Community over the last eleven years shows a very high concentration in five Member States (Italy, the United Kingdom, France, Greece and Ireland), which between them received more than nine tenths of Fund assistance in those eleven years. Italy received the largest share (36.9%), with more than 5 200 million ECU. Next came the United Kingdom, with more than 3 400 million ECU (24.4%). These percentages are calculated from the complete figures given in Table 3 and illustrated in Map 1.

TABLE 3.  
AMOUNTS COMMITTED BY THE ERDF IN 1985 AND FROM 1975 TO 1985

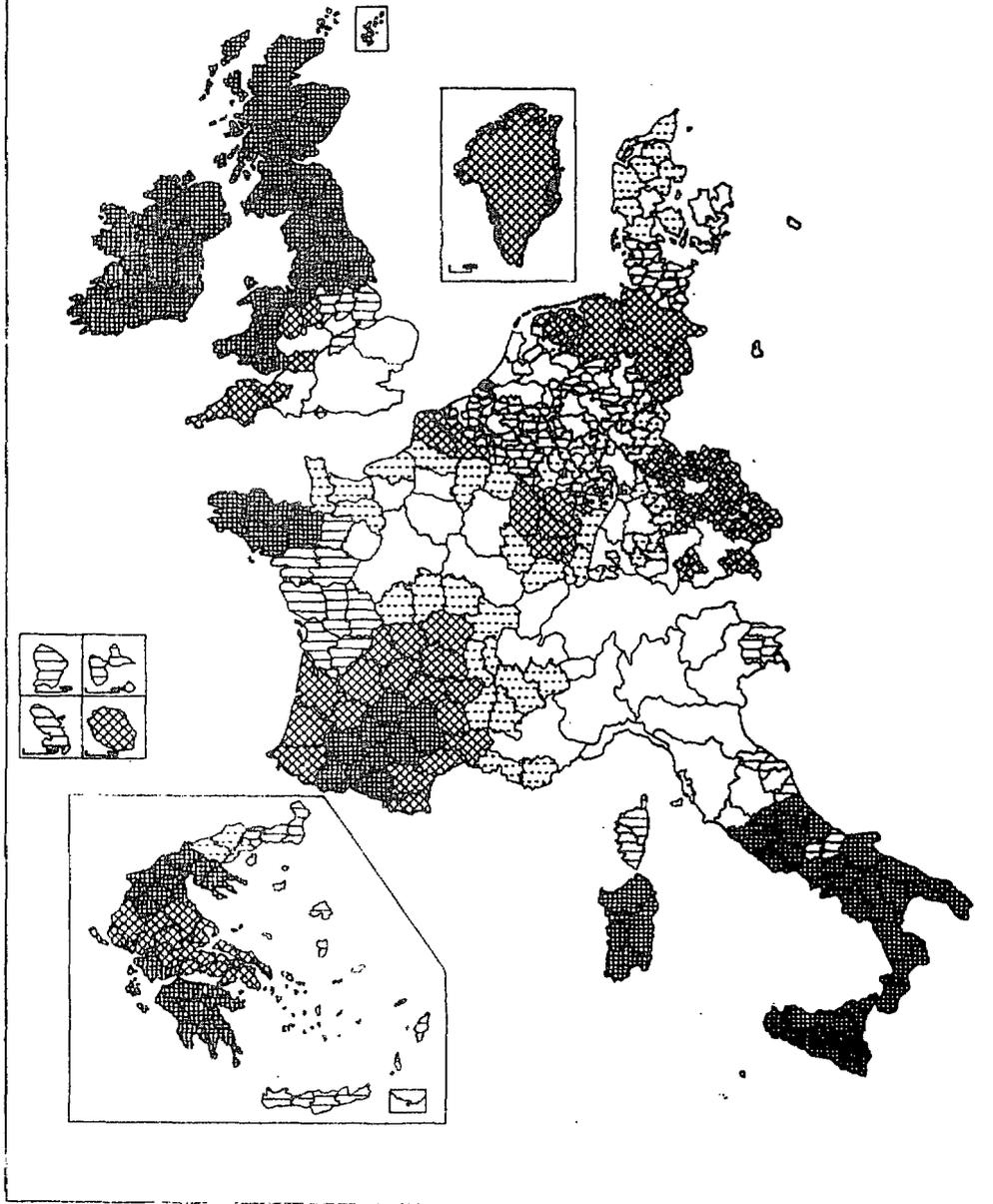
ERDF: TOTAL				(Mio ECU)		
Member State	1985			1975-1985		
	Operations	Specific measures	Total	Operations	Specific measures 1981-1985	Total
B	24.41	-	24.41	135.67	0.98	136.65
DK	13.20	-	13.20	145.94	-	145.94
D	73.55	10.09	83.64	617.27	11.00	628.27
GR	409.46	-	409.46	1 495.79	6.73	1 502.52
F	309.88	-	309.88	1 969.11	38.38	2 007.49
IRL	153.11	3.36	156.47	866.70	15.08	881.78
I	871.04	-	871.04	5 193.68	38.85	5 232.53
L	-	-	-	11.63	-	11.63
NL	17.08	1.80	18.88	172.78	2.02	174.80
UK	585.34	22.62	607.96	3 398.35	64.98	3 463.33
COM *	0.04	-	0.04	0.04	-	0.04
EUR 10	2 457.11	37.87	2 494.98	14 006.91	178.02	14 184.93

\* Study initiated by the Commission concerning several Member States

24. In 1985, geographical concentration on the four Member States in which the regions with the most serious problems are situated increased

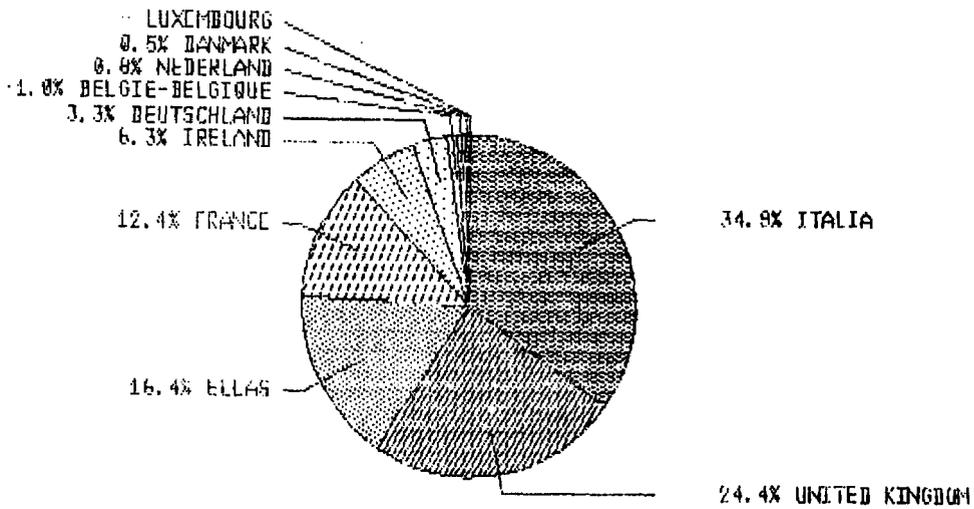
MAP 1.  
 REGIONAL DISTRIBUTION OF ERDF GRANTS FROM 1975 TO 1985  
 ERDF, operations (mio ECU)

$0 < x \leq 50$   
 $50 < x \leq 100$   
 $100 < x \leq 200$   
 $200 < x \leq 1\,756,37$

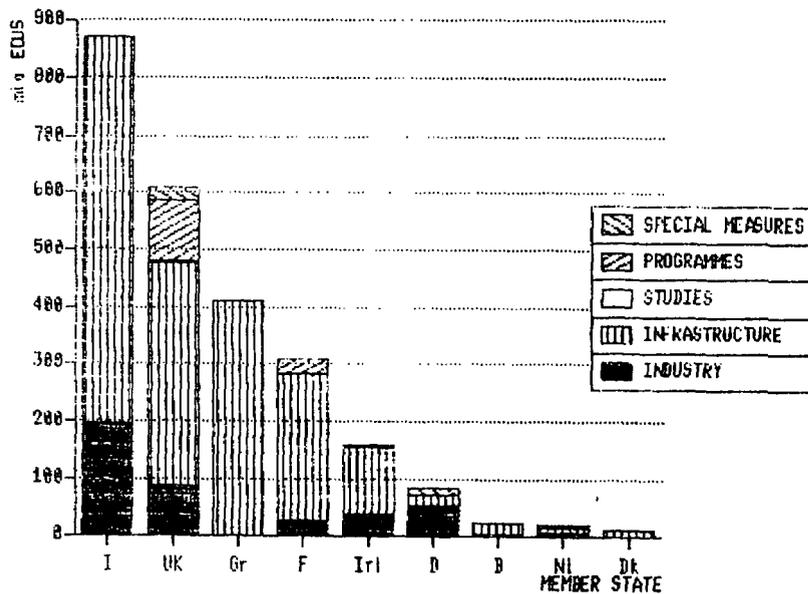


GRAPHIC 1.  
 AID GRANTED BY COUNTRY IN 1985: OVERALL DISTRIBUTION IN % AND BY  
 TYPE OF OPERATION  
 ERDF, total

a) Overall distribution in %



b) Aid granted by type of operation



slightly, rising from 79.6% of grants in 1984 to 82% in 1985, with 34.9% for Italy, 24.4% for the United Kingdom, 16.4% for Greece and 6.3% for Ireland. If France is added, almost 95% of grants were allocated to half the Member States (see Graph 1a). The shares of Greece and, to a lesser extent, France and Italy increased compared with 1984.

25. This ranking, based on absolute amounts of assistance, does not take account of population differences between the ten Member States. If total Fund grants are related to the population in the areas eligible for Fund assistance in each Member State (leaving aside specific Community measures), Greece headed the list in 1985 with 64 ECU per inhabitant, followed by Ireland (44 ECU), Italy (37 ECU) and the United Kingdom (28 ECU). There are two changes of position compared with the previous year: Greece has moved ahead of Ireland and the United Kingdom now comes before Denmark. Denmark has fallen back mainly because of Greenland's withdrawal from the Community<sup>9</sup>, which took effect on 1 February 1985: on average, Greenland received three quarters of the grants going to Denmark. France, Denmark, the Netherlands, Belgium and Germany are below the Community average, which is 23 ECU per inhabitant. The full figures are given in Table 21.

26. Over the period 1975-85 as a whole, the ranking is slightly different, with Ireland receiving the largest amount of assistance per inhabitant at 247 ECU, followed by Greece (235 ECU), Italy (223 ECU), the United Kingdom (160 ECU) and Denmark (120 ECU). However, since Greece joined the Community only in 1981, the same calculation carried out for the period 1981-85, when there were ten Member States, places Greece at the head of the list with 235 ECU per inhabitant, ahead of Ireland (191 ECU) and Italy (168 ECU).

The second group, made up of France (86 ECU), the Netherlands (64 ECU), Belgium (42 ECU), Luxembourg (32 ECU) and Germany (27 ECU), received well below the Community average of 130 ECU per inhabitant. While it cannot claim to be an indicator of the effectiveness of ERDF assistance, this method of calculation brings out more clearly the level of intensity of Community assistance in certain countries.

27. One of the conditions for the effectiveness of ERDF assistance is that it must be concentrated on well-defined targets. Geographical concentration of Fund assistance on certain regions with the most acute problems in terms of the Fund's specific objectives is one of the Fund's explicit aims. It allows grants from the Fund to achieve a critical mass and to have a significant impact on the economic development of the regions.

Since 1975, the ten most aided regions, which account for 13% of the Community's population, have received more than half of ERDF assistance (see Table 20).

28. The breakdown of Fund assistance between Member States shows an increase in the proportion of resources going to regions with priority status (60% in 1985 compared with 53% in 1984).

From 1975 to 1985, these regions, i.e. the regions of the Mezzogiorno, Greenland, Ireland, Northern Ireland, the French Overseas Departments and the regions of Greece (except for Athens), received 57% of ERDF assistance (see Table 4).

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<sup>9</sup> On 1 February 1985, Greenland has not formed part of the Community since 1 February 1985, but is associated with it as an overseas territory.

TABLE 4.  
GRANTS TO PRIORITY REGIONS IN 1985 AND FROM 1975 TO 1985

ERDF: OPERATIONS

Priority regions	1985		1975 to 1985	
	Amount	Assistance per capita *	Amount	Assistance per capita *
	(Mio ECU)	ECU	(Mio ECU)	ECU
Mezzogiorno(1)	830.58	40	4811.47	234
Ellas	409.46	64	1495.79	235
Ireland	153.11	44	866.70	247
Northern Ireland	39.38	25	342.45	219
D.O.M.	41.78	34	369.54	297
Grønland(2)	-	-	100.07	1962
Total	1474.31	44	7986.02	240
EUR 10	2457.11	23	14006.91	130

\* Aid per capita, calculated on the basis of the last known population of the ERDF-assisted areas  
(1) Including multiregional projects.  
(2) As from 1985, Greenland no longer forms part of the Community.

In per capita terms, Greenland was still by far the largest beneficiary with 1 962 ECU per person, followed by Guiana with 812 ECU per person. These large amounts are mainly due to the low population figures in these regions, both of which have fewer than 100 000 inhabitants. Most of the priority regions have as a rule received between 150 and 600 ECU per capita. All the figures are set out in Table 24, and the comments for 1985 are given in Chapter 6.

29. This distribution was for the first time accompanied by an increase in the financial impact of ERDF assistance, as a result of the higher rates of financing introduced under the new Regulation (Articles 7(4), 11(6), 16(1), 20(1), 20(2), 24(1) and 24(2)). In the case of infrastructure investment projects, the rate of financing has been increased from 30% to 50% of the public expenditure where the investment is less than 15 million ECU, and, in the case of investment projects costing 15 million ECU or more, the rate is now between 30% and a maximum of 50% instead of between 10% and 30% previously.

However, the rates may rise to 55% in the case of projects or programmes of particular importance to the development of the region or area in which they are located. In 1985, one national programme of Community interest and a number of projects were granted the 55% rate.

The increase in the rates of the ERDF's contribution has the effect of concentrating assistance more on a smaller number of projects, of strengthening the impact of the Fund on assisted projects and thus of exerting greater influence on investment decisions and their implementation.

In the case of Portugal, Council Regulation (EEC) No 3641/85, adopted on 20 December 1985, provides that, until 31 December 1990, the rates of the

ERDF's contribution to the financing of projects and programmes in the Portuguese regions may be increased by 20 percentage points, the maximum being 70%. This provision was adopted so as to take account of Portugal's limited capacity for financing the measures necessary for its development.

### **Additionality**

30. The Commission attaches great importance to ERDF grants being additional to national financial assistance.

There are in fact several forms of additionality:

- Overall additionally, which means that grants from the Fund augment rather than partially replace national financial efforts. The idea is that Member States should not reduce their own financial efforts in proportion to the total assistance they receive from the Fund.

It is not possible to check arithmetically whether ERDF grants have been additional in overall terms in a given Member State. In order to do so, one would have to compare the assistance provided by the Member State, including ERDF resources, with the assistance it would have provided if the ERDF had not existed. Since there can be no certainty in the matter, it can only be "estimated" that, particularly in Member States such as Ireland, Greece, Italy and the United Kingdom, there has indeed been overall additionality.

- "Individual" additionality in the case of infrastructure projects, i.e. the Fund's direct contribution to a given project. Such additionality means that the ERDF supplements the financing of the project concerned and does not merely refund to the public authorities the money they had already allocated to the project. Generally speaking, it is fair to say that ERDF grants have been and are additional, notably in the case of infrastructure projects financed by regional and local authorities; this is mainly because, in most of the Member States, the finance initially available is insufficient, partly because of inflation. The grants made by the Fund are therefore crucial in closing the financing gap for public works projects.
- Individual additionality in the case of projects in industry, craft industry and services, i.e. the use of Community assistance to supplement the assistance provided by the national authorities: such additionality is possible under the Regulation (Article 36), but the Member States have refused to apply it, arguing that the assistance which they provide themselves is the maximum justified in each specific case. In the Member States' view, paying the ERDF assistance as well to the firm would, firstly, constitute a waste of public money and, secondly, create problems from the angle of competition between firms.

Because of the position taken by Member States, ERDF assistance for such projects never goes directly to firms, but is generally paid to the national Ministries of Finance, which argue that the ERDF grants enable them to "assist" a larger number of projects of this type, particularly in a period of budgetary prosterity such as the present one.

The switch from a system of project financing to a system whereby the Community helps to finance programmes should help to strengthen additionality and make it more visible.

Over and above the problem of ensuring that ERDF grants are really additional to national funding, public opinion and the regional and local authorities must be made to recognize the Community's interest in regional problems and the efforts it makes to help solve them. It was for this reason that the Commission got the Member States to agree to show ERDF grants under the appropriate headings in their budgets.

It is also for this reason that the Commission endeavours to ensure greater publicity for ERDF assistance (press releases, on-site signboards, etc.).

### **2.3 PROGRAMME FINANCING**

31. Before the 1984 reform, there was no provision for programme financing, except for the relatively modest amounts earmarked for non-quota specific Community measures. The co-financing of programmes, provided for in the new Regulation in Articles 6 to 14, 25 and 26, should help to improve the impact of ERDF assistance, since programmes allow Community and national priorities to be tied in together and a genuine joint measure to be arranged.

Programmes may take the form of Community programmes or national programmes of Community interest.

The objective laid down in Article 6 of the Regulation is to allocate at least 20% of the Fund's appropriations to programmes by the end of the third year following the entry into force of the Regulation, i.e. by the end of 1987.

#### **2.3.1 The first proposals for Community programmes**

32. The Commission adopted the proposals to the Council instituting the first two Community programmes for the development of certain less-favoured regions of the Community by improving access to advanced telecommunications services (STAR programme)<sup>10</sup> and by exploiting indigenous energy potential (VALOREN programme)<sup>11</sup>. Allowing for the requirements of the Spanish and Portuguese regions, the amounts of ERDF assistance over five years are put at 780 million ECU for the STAR programme and at 400 million ECU for the VALOREN programme.

#### **2.3.2 The first national programmes of Community interest**

33. In 1985, the Commission received 17 applications for assistance in financing programmes: ten from the United Kingdom and seven from France<sup>12</sup>.

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<sup>10</sup> OJ C 356, 31.12.1985.

<sup>11</sup> OJ C 358, 31.12.1985.

<sup>12</sup> One national programme of Community interest and six integrated development programmes.

Of the 17 proposals for programmes submitted, three were accepted in 1985. No decision could be taken on the other programmes proposed, either because the Commission does not consider them to be programmes within the meaning of the Regulation, or because they still have to be supplemented and amended.

Despite these start-up difficulties, the three decisions which it was possible to take on assistance towards national programmes of Community interest involved Community grants totalling some 260 million ECU. Of this amount, which is the total for the programmes, 105.15 million ECU were committed in 1985 (see Table 6). The Commission accepted only certain parts of the six French integrated programmes, granting Fund assistance of 29 million ECU.

The Commission notes that most of the Member States are experiencing difficulties in drawing up and submitting programmes to the Commission. It believes that this is due in part to the national and regional authorities' lack of experience in the matter. However, it considers that the first programmes it has helped to finance provide a useful example for the preparation of similar programmes by the other Member States.

It should be pointed out, however, that the Member States whose upper range limit does not exceed 1.5% of the Fund's resources, namely Belgium, Denmark, Luxembourg and the Netherlands, are not required to submit grant applications in the form of programmes (Article 6).

### **2.3.3 Specific Community measures continue**

34. Specific Community measures, which have been implemented since 1981, foreshadowed to some extent the programme-based approach adopted in the new ERDF Regulation. Article 45 of the Regulation provides that the system of ranges does not apply to resources intended to cover budget commitments still to be entered into for the execution of the specific Community measures instituted by the Council before 1 January 1985.

35. On 17 December the Council adopted an amendment to the ERDF Regulation<sup>13</sup> extending the period of application of Article 13 of the former Fund Regulation until the end of 1985, to allow the Council to adopt four specific Community measures which the Commission had presented to it in December 1984.

Also on 17 December 1985, the Council adopted the four Regulations<sup>14</sup>, which are now added to those decided on in 1980 and 1984.

Two of the four are designed to extend the geographical coverage of the two measures to assist:

- certain zones adversely affected by restructuring of the shipbuilding industry;
- certain zones adversely affected by restructuring of the textile and clothing industry.

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<sup>13</sup> Council Regulation (EEC) No 3634/85 of 17.12.1985, OJ L 350, 27.12.1985.

<sup>14</sup> Council Regulations (EEC) No 3635/85 to 3638/85 of 17.12.1985, OJ L 350, 27.12.1985.

The third Regulation prolongs and extends the measure in the border areas of Ireland and Northern Ireland.

The fourth Regulation institutes a new measure in certain zones affected by the implementation of the Community's fisheries policy.

The Fund's contribution to these new measures during the five years of their implementation is estimated at 144 million ECU.

This brings the Fund's planned contribution to all the specific Community measures in the period 1981-91 to 1 100 million ECU.

36. In 1985, the Commission approved five special programmes providing for Fund assistance of 39 million ECU.

This brings total ERDF assistance approved by the Commission for special programmes by the end of 1985 to 490 million ECU. Total grants of around 600 million ECU therefore remain to be approved for such programmes.

37. Commitment of the appropriations earmarked for specific Community measures is carried out in annual instalments, in line with the state of progress of the programmes. In 1985, the Commission committed 37.9 million ECU, bringing total commitments since 1981 to 178 million ECU (see Table 18).

The pace of implementation of measures under the special programmes varies from Member State to Member State, being rapid in Germany, Ireland, the Netherlands and the United Kingdom, less rapid in France and slower elsewhere. Any delays are due to administrative reasons within the Member States.

The specific Community measures got off to a difficult start because of their innovatory character and the changes in operational methods and thinking which they entailed for the national authorities.

38. In 1985 payments amounted to 33.4 million ECU, bringing the total amount of payments made since 1981 to 96.9 million ECU.

### *2.3.4 Exploiting the region's own development potential*

39. Small and medium-sized enterprises make an essential contribution to the development of less-developed regions or regions undergoing conversion, but such development is beset by difficulties, firstly, because of the weakness of the industrial base in such regions, and, secondly, because of the lack or inadequacy of services and other structures that firms need.

It was on the basis of such considerations that Articles 15, 16 and 27 of the Regulation introduced provisions specifically designed to facilitate the development of the indigenous potential of the regions by allowing the ERDF to finance sets of measures for assisting small and medium-sized enterprises in industry, craft industry, tourism and the service sector. The ERDF can thus, in the case of programmes or consistent sets of projects:

- provide such businesses with facilities enabling them to expand their activities and to obtain access to new technology, for example through the Business and Innovation Centres;

- facilitate their access to the capital market, for example through improved presentation of financing plans.

40. Despite the importance of these provisions for the regions, the measures to exploit indigenous development potential have got off to a difficult start. The lack of applications specifically relating to indigenous development potential may be partly due to the relative novelty of these provisions for the national authorities. Furthermore, the measures to be implemented in each case must be tailored to the specific nature of the problems encountered at local level: this makes it difficult to adopt standardized aid schemes. In addition, since the initiative for the measures is to a large extent supposed to come from local level, it takes more time for them to emerge.

However, some national authorities should have acquired experience through the implementation of such measures under the specific Community measures, which cover a very large geographical area comprising some 25% of the Community's population. A large proportion of the programmes currently being carried out, for which 900 million ECU in grants are to be disbursed in the years ahead, involves ERDF assistance in exploiting indigenous development potential.

In 1985 the Commission also encouraged a number of measures to exploit indigenous development potential by promoting a European network of Business and Innovation Centres (BICs) in areas which are primarily industrial conversion areas (steel, textile). The Commission helped to finance preparatory work on BICs under Article 774 of the budget. The purpose of a BIC is to encourage the establishment of new and innovative small and medium-sized enterprises and to help the existing ones to diversify. In all, a dozen measures in preparation for BICs were initiated and three BICs began operating in 1985 in Charleroi, Berlin and Thionville. The other measures are expected to be completed in 1986. The preparatory measures provide local organizational machinery for exploiting the indigenous development potential of such regions. The Commission intends to finance such centres under the ERDF, either within the framework of specific Community measures or on the basis of Articles 15 and 16 of the Regulation, depending on the circumstances.

Lastly, under the Shildon - Newton Aycliffe - Bishop Auckland national programme of Community interest in the United Kingdom, the ERDF helped to finance not only infrastructure projects but also measures to exploit local development potential (industrial incentives, small firms support schemes, industrial promotion activities).

## **2.4 THE ERDF AND EMPLOYMENT**

41. Data on employment are a fundamental factor in assistance from the ERDF. In the case of investment projects in industry, craft industry and services, the Member States must in submitting grant applications indicate the predicted effect on employment (Article 22(2) and (3)). In the case of national programmes of Community interest, applications must include information that will allow the Commission to assess the likely direct or indirect effect on employment (Article 11).

Employment forecasts are thus an important element used by the Commission in the ex-ante assessment of applications.

TABLE 5.  
FORECASTS OF JOBS CREATED OR MAINTAINED IN 1985 AND FROM 1975 TO  
1985

ERDF: OPERATIONS

Member State	1985			1975-1985		
	created	main- tained	Total	created	main- tained	Total
B	260	-	260	6 810	100	6 910
DK	870	100	970	6 550	240	6 790
D	5 520	8 060	13 580	85 610	23 920	109 530
GR	-	-	-	6 410	70	6 480
F	9 600	700	10 300	182 590	17 030	199 620
IRL	4 820	-	4 820	72 510	770	73 280
I	5 810	1 090	6 900	85 820	2 720	88 540
L	-	-	-	-	-	-
NL	1 540	-	1 540	2 620	690	3 310
UK	10 730	7 900	18 630	136 060	80 810	216 870
EUR 10	39 150	17 850	57 000	584 980	126 350	711 330

42. The 705 projects in industry, craft industry and services financed in 1985 should, according to the information provided by the Member States, result directly in the creation of 39 150 new jobs (69%) and the maintenance of 17 850 threatened jobs(31%), i.e. a total of 57 000 jobs, to which should be added an equivalent number of jobs indirectly generated. The figures on jobs created and maintained in each Member State are given in Table 5.

43. Over the past eleven years, the ERDF has thus directly helped to create or maintain some 710 000 jobs in industry, craft industry and services, with an equivalent number of jobs indirectly created around them.

With nearly 400 000 jobs assisted, the metalworking and precision engineering industries still come top of the list of economic sectors financed by the ERDF, followed by the other manufacturing industries (192 000 jobs) and the intermediate goods industries (84 000 jobs).

The number of jobs announced by Member States in connection with industrial investment projects does not include those created indirectly by the investment: construction of a new factory, installation of new production lines, etc.

All these figures should not blind us to the fact that it is frequently very difficult to make job creation forecasts. For cyclical reasons there is some delay before certain investment projects really create jobs.

44. Many jobs are also created directly and indirectly as infrastructure projects are carried out. First of all, these projects entail a large volume of work, particularly in the building and public works sector. According to some estimates, the activity generated by the infrastructure investment projects assisted by the ERDF since it was set up was sufficient to employ 1.2 million persons for a year in the building and public works sector.

Secondly, as in the case of industrial investment projects, the development of infrastructure facilities gives rise to the creation of

jobs concerned with their operation. Such is the case with ports, airports, power stations, research centres, etc., which need a permanent and technically skilled staff.

It should also be emphasized that, as in the case of productive activities, certain infrastructure projects generate indirectly a substantial volume of employment.

## **2.5 NEARLY 11 500 MILLION ECU WENT TO INFRASTRUCTURE PROJECTS**

45. So as to contribute to the correction of the principal regional imbalances within the Community, the ERDF may contribute to the financing of infrastructure investment within the framework of projects or programmes (Articles 7(4), 12(2) and 17(1)).

As the second periodic report on the social and economic situation in the regions clearly shows, the economic performance of a region depends first and foremost on its level of provision of economic infrastructure. The pursuit of greater convergence therefore means that the Fund must give first priority to financing infrastructure facilities directly linked to economic activities, including those connected with vocational training and technological research and development.

46. Since the Fund was set up, nearly 11 500 million ECU, or a little over four fifths of assistance, has been allocated to infrastructure projects.

Once again transport infrastructure - in particular roads and highway structures - received most from the ERDF: more than 4 200 million ECU, equivalent to 37% of grants to infrastructure projects. Water engineering projects came second with a quarter of grants, followed by energy projects (16%).

47. In 1985, although the proportion allocated to productive investment increased over 1984, the financing of infrastructure projects remained preponderant, with 2 000 million ECU or 83% going mainly to such projects.

## **2.6 FINANCING OF STUDIES PUT ON BROADER BASIS**

48. Pursuant to Article 24(1) of the Regulation, the ERDF may, at the request of or in agreement with the Member State, contribute to the financing of studies which are closely related to its operations. ERDF assistance is 50% of the cost of each study and may reach up to 70% in certain cases.

The main innovation of the Regulation with regard to studies is that the ERDF may defray all or part of the cost of studies covering problems of special significance for the effective use of ERDF resources (Article 24(2)).

49. Since 1980, 137 studies have been financed throughout the Community, excepting Luxembourg, at a total cost of 43.6 million ECU. In 1985, 37 studies were initiated at a cost of 2 million ECU. Article 24(1) relates either to feasibility and market studies and the like or to technical studies in preparation for the carrying out of an investment project.

Under Article 24(2), two studies were wholly financed by the Commission in 1985.

It should be noted that the Commission adopts a cautious line with regard to studies, though their importance in helping to prepare Fund operations properly should be emphasized.

## **2.7 INTEGRATED APPROACH MORE WIDELY APPLIED**

50. The Commission began trying out the integrated approach in 1980 with the aim of strengthening regional development measures through integration in several areas, namely that of Community financial instruments so as to exploit all the possible synergies, that of collaboration between Community, national, regional and local authorities and that of the measures to be implemented to as to ensure that they form an organic whole.

The integrated approach, which began in 1980 with the integrated operations in Naples (Italy) and Belfast (United Kingdom) and continued with the Western Isles (United Kingdom), Lozère (France) and South East of Belgium Integrated Development Programmes, has also been adopted in the case of the integrated Mediterranean programmes (IMPs).

51. The new ERDF Regulation provides a legal framework for the integrated approach and priority treatment for measures forming part of it (Article 34).

52. During the second half of 1985, the Commission received a draft IMP for Crete and preliminary draft IMPs for the French Mediterranean regions. These drafts have been discussed in initial working meetings between the Commission departments and the national and regional authorities concerned.

The measures eligible under the ERDF that are adopted will, in principle, be financed using the method applied in the case of national programmes of Community interest. A significant proportion of the measures likely to be financed by the ERDF will probably relate to measures to assist firms, especially small and medium-sized firms in industry, craft industry and tourism and to improve the infrastructure for developing such activities.

53. The Commission has helped to finance several preparatory studies to assist in drawing up and implementing integrated approaches. New studies were decided on in 1985, bringing the number of studies launched to around 30. Several of them were completed in 1985, including studies in France, the United Kingdom, the Netherlands and Belgium. Generally speaking, such studies culminated in a proposed integrated multiannual action plan such as, for example, the national programme of Community interest in Glasgow (United Kingdom).

54. Towards the end of 1985, the French Government asked the Commission to provide support for the operations proposed by the preparatory studies relating to Lorraine, Nord-Pas-de-Calais, Tarn-Aveyron, Ariège, Auvergne and Limousin. Pending approval of the programmes, certain parts with priority were already decided on in 1985.

55. The Naples and Belfast integrated operations continued in 1985.

The Commission also decided to apply the integrated approach to the steel-producing areas worst hit by the crisis in the steel industry. It

is currently examining ways and means of implementing the approach in such regions or areas. On the basis of its examination, the Commission intends in the near future to begin consultations with the Member States concerned with a view to selecting with them, from amongst the areas eligible, those in which the integrated approach should be applied first.

## **2.8 OTHER FORMS OF COMMUNITY ASSISTANCE IN THE REGIONS**

56. In connection with the integrated approach, it should be noted that the ERDF, whose sole and specific purpose is to help to correct the main regional imbalances within the Community, is not the only Community instrument that provides assistance in the regions. Other Community Funds or financial instruments make their own contribution to the same objective.

Thus, a very large proportion of aid from the European Social Fund goes to projects in ERDF-assisted regions. In 1985, 40% of ESF grants were committed for operations in the top priority regions (Greenland, Greece, the French Overseas Departments, Ireland, the Mezzogiorno and Northern Ireland).

The bulk of European Investment Bank lending is for investment projects in areas whose development is lagging behind or which are experiencing serious problems of industrial decline. In 1985, loans from the EIB's own resources for projects of regional significance accounted for 58.3% of its lending in the Member States. A smaller proportion of NCI resources also went to regional development projects. A number of large-scale industrial and infrastructure projects assisted by the ERDF, notably in France, Italy and the United Kingdom, also received finance from the EIB.

The regions experiencing serious problems of industrial decline also receive the bulk of ECSC social aid and industrial conversion loans. The Commission implemented decisions it had taken in 1983 and 1984 to improve the operating principles for the grant of ECSC conversion loans. As a result of these measures, there was an appreciable increase in loan decisions taken in 1985 with lending totalling some 464 million ECU (an increase of 58% over 1984); the number of jobs to be created is almost 35 000.

To complete the list, reference must also be made to assistance provided by the EAGGF Guidance Section, the loans from the New Community Instrument (NCI), the Business and Innovation Centres described in section 2.3.4, the exceptional Community measure to promote urban renewal in Northern Ireland and the IMPs (the two latter forms of assistance are discussed more fully in Chapter V).

## **2.9 DIALOGUE WITH THE MEMBER STATES AND THE LOCAL AND REGIONAL AUTHORITIES**

57. The new ERDF Regulation provides in a number of places for the principle of a dialogue between the Commission and the Member States. It also requires the regional and local authorities to be associated in varying degrees in implementing the various provisions of the Regulation (Articles 1(3), 2(3)a, 11(1) and 15(2)).

58. The results achieved and the problems encountered so far in the dialogue initiated by the Commission with the appropriate authorities may be summed up as follows.

As regards the Member States, the dialogue has two main objectives:

- to ensure, through examination of the regional development programmes and periodic meetings on planned grant applications, that priority sectors are agreed for Fund assistance;
- to promote genuine cofinancing through the programmes. This means that the sources of finance must be transparent and public information provided on them and, in particular, that each of the partners must as a matter of principle undertake to ensure in advance that the necessary resources will be available to allow the programme to be carried out.

The Commission departments attach particular importance to contact with the individual regions, not only as regards the promotion of projects, but also as regards more general development problems. In consequence, several hundred meetings with the authorities in the regions took place in 1985, both in Brussels and locally.

## 2.10 CONCLUSIONS

59. Although 1985 was the first year of implementation of the new Regulation, making it a running-in period for all concerned, a number of conclusions can already be drawn.

The Community nature of ERDF assistance has been strengthened thanks to the system of ranges, which has given the Commission greater possibilities of choice.

Similarly, the establishment of the new system of ex-ante assessment has increased the Commission's scope for selection in this area.

The examination and adoption of the first national programmes of Community interest and the presentation of Community programmes have provided an opportunity for clarifying the concept of programmes and for perceiving their advantages, despite the difficulties involved in the novelty of the approach. Such advantages are, firstly, the dovetailing of different measures implemented by the Community and by the Member States over a period of several years and, secondly, closer contacts with all the authorities concerned, both national and regional. Such closer contacts are moreover in line with the wishes expressed by the three institutions in their joint declaration.

Lastly, it is becoming increasingly clear that implementation of the ERDF Regulation requires close and continuous collaboration between the Commission and the Member States. It is only if the Member States come to see Community regional policy and the management of the Fund as a joint endeavour and consequently provide assistance by supplying promptly the data and information required that it will be possible to develop the principles described above.

60. The Commission therefore considers that the measures taken during this first year have shown that the principles of the new Regulation provide a solid basis for developing and strengthening the effectiveness and Community character of regional policy.

The Commission feels that further improvements are desirable in several areas, notably those of coordination, the presentation of programmes, the cofinancing of projects and in particular the proportion allocated to productive investment projects, the submission of grant applications, the mobilization of indigenous potential, geographical concentration, the involvement of local and regional authorities, publicity and the integrated approach.

The Commission believes that the Single European Act<sup>15</sup>, which for the first time includes regional policy in the Community Treaties, will enable the Community to consolidate the improvements now taking place in regional policy and to give it a new impetus.

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<sup>15</sup> Bulletin of the European Communities, Supplement 2/86.

## CHAPTER 3. ERDF OPERATIONS IN 1985

61. This chapter sets out to discuss in detail ERDF operations during the first year of application of the new Regulation. The specific Community measures, which are financed under a separate budget item, are dealt with in the following chapter.

62. The new ERDF Regulation, which took effect on 1 January 1985, introduced significant changes in the drawing up, vetting and selection of grant applications submitted by Member States with a view to obtaining Commission help in financing projects and programmes.

### 3.1 EX-ANTE ASSESSMENT OF GRANT APPLICATIONS

63. In a bid to increase the effectiveness of ERDF operations in accordance with the wishes expressed by the Heads of State or Government at the Stuttgart European Council in June 1982, the Commission has devised a method of assessing the Community interest of projects and programmes submitted to it. The first step is to distinguish clearly between the information needed to decide on the eligibility of applications and that needed to assess the Community interest.

The method was discussed in 1985 by the Regional Policy Committee and, on three occasions, by the ERDF Committee. The Member States expressed particularly strong reservations and objections regarding the information to be supplied on the return on industrial investments and the details of their impact on employment and development in the regions concerned.

The method needs to be further refined although the quality of the information transmitted to the Commission in 1985 did improve, broadly speaking, in spite of some increase in the workload for both the Member States and the Commission.

64. A project is eligible when it meets the formal criteria laid down in the ERDF Regulation<sup>16</sup> and in Community directives. The eligibility conditions are absolute, that is to say, failure to comply with any one of them will disqualify the project from going forward for assessment unless the Member State concerned submits a revised application or further information. These conditions apply virtually automatically.

65. Once a project has been accepted as eligible, it is assessed from the point of view of the Community interest to establish whether it can be selected for financing. Community interest is assessed by reference

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<sup>16</sup> For Community programmes: Articles 7 to 9; for national programmes of Community interest: Articles 10 to 12; for projects: Articles 17 to 19 and 22.

to criteria<sup>17</sup> and priorities<sup>18</sup> laid down in the Regulation. The more closely the proposed operations correspond to those criteria, the greater their chance of being selected by the Commission for ERDF financing.

Of these criteria, primary importance is placed on consistency with the Community's objectives and on a project's contribution to the economic development of the region and its effect on employment. The criteria to be applied, in order of importance, are as follows:

1. contribution to, and consistency with, the Community's objectives; this criterion breaks down into three parts:
  - a. relative severity of the economic imbalance;
  - b. consistency with the Community's objectives and with other Community policies;
  - c. additionality, that is to say, the assistance from the ERDF must be in addition to national funding;
2. contribution to the economic development of the region:
  - contribution to economic growth, productivity and diversification of economic structures in the case of directly productive investment projects;
  - improvement in the level of provision of infrastructure (notably elimination of a bottleneck), infrastructure investment projects referred to in Article 37 of the Regulation, and contribution to the strengthening of the economic base of the region itself in the case of infrastructure investment projects;
3. direct and indirect effect on employment

Assessment of the effect on employment takes account of both the direct and the indirect jobs associated with the directly productive investment projects or infrastructure investment projects;
4. profitability of investment projects;
5. consistency with the priorities established on the basis of regional development programmes;
6. effects on natural resources; mobilization of indigenous development potential;
7. integrated deployment of Community instruments;
8. frontier, island or peripheral location.

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<sup>17</sup> Article 11(2) for national programmes of Community interest; Article 21(1) for projects.

<sup>18</sup> Investment projects in national priority areas; investment projects in the industrial, craft industry and service sectors in which the maintenance of existing jobs is accompanied by the creation of new jobs; infrastructure investment projects referred to in Article 3(2) of Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas; investment projects and measures forming part of an integrated development approach.

The method of assessing the Community interest of ERDF operations applies unchanged to investment projects costing 15 million ECU or more and in a modified form for grouped applications in respect of projects costing less than 15 million ECU and for national programmes of Community interest.

66. Where projects costing 15 million ECU or more are concerned, Member States are required to notify the Commission of the results of an appropriate profitability assessment in the case of directly productive investment projects or the results of an appropriate socio-economic cost-benefit assessment in the case of infrastructure projects.

#### *Coordination between Commission departments*

67. For all grant applications, the Directorate-General for Regional Policy consults the other relevant Commission departments responsible for economic and financial affairs, industrial affairs, competition, transport, environment, energy, agriculture, fisheries, social affairs and the coordination of structural instruments.

Initial consultation takes place on the basis of the grant application, giving the departments consulted the opportunity to ask for additional information. At a subsequent stage, the departments are consulted on the basis of a draft Commission decision which requires their endorsement if it is to be adopted. As a result, no Commission decision relating to the ERDF is taken that is not consistent with the other Community policies.

#### *Consultation of the ERDF Committee*

68. The ERDF Committee is made up of Member States' representatives and is chaired by a representative of the Commission. Community programmes, national programmes of Community interest, projects costing 5 million ECU or more and measures to exploit the potential for internally generated development of the regions are submitted to it for its opinion.

The Committee is not, however, consulted on projects costing less than 5 million ECU, where it is the Commission that decides whether or not to grant ERDF assistance, informing the Committee after the event. This is an innovative feature of the new Regulation designed to simplify administrative procedures.

69. The Commission's management powers are, in theory, restricted by Article 40(3), which provides that the Council, acting by a qualified majority, may take a decision that differs from the Commission decision if the latter is not in accordance with the opinion of the ERDF Committee.

However, during the eleven years of the ERDF's operation, the Committee has not delivered a single negative opinion and, as a result, the Council has never had to interfere in the management of the ERDF. The selection and vetting of applications by the Directorate-General for Regional Policy, working in close association with the other Commission departments concerned, take the credit for this.

70. Apart from delivering opinions on draft decisions to be taken, the Committee may examine any other matter relating to the operation of the ERDF. In 1985, for instance, the Commission departments submitted to the Committee for discussion documents dealing with the following matters:

- deployment of the Community's financial instruments in support of investment projects in industry;
- the financing of advance factories/workshops;
- the introduction of new grant application forms;

- the method of assessing the Community interest of projects and programmes submitted to the ERDF;
- the joint financing of studies closely linked to ERDF operations.

These discussions are in addition to the work undertaken since the Fund's inception on the definition of grant criteria and the relevant case law.

### ***Reorganization of the Directorate-General for Regional Policy***

71. In line with what had been announced in Parliament in 1984, application of the new Regulation necessitated a reorganization of the Directorate-General for Regional Policy (DG XVI).

On 19 September, the Commission adopted a new organization chart for DG XVI. A new directorate was set up with responsibility for the preparation and assessment of operations. Although the new structure is now in place, the increase in staff numbers has, unfortunately, fallen short of needs. This is making it difficult to implement Community regional policy and will, in the immediate future, reduce the Commission departments' capacity for assessing the regional impact of Community policies, preparing programmes and assessing the Community interest of operations. This critical situation will worsen in 1986, following the accession of Spain and Portugal.

## **3.2 PROGRAMME FINANCING**

### **3.2.1 A major innovation**

72. With the changeover from the system of quotas to that of ranges, the gradual introduction of programme financing instead of project financing is a further major innovation introduced by the new Regulation.

Programmes may take the form of:

- Community programmes, which are undertaken on the Commission's initiative, adopted as regards their framework by the Council acting by qualified majority and drawn up in detail by the Member State concerned, in consultation with the Commission, which then approves them and contributes to their financing;
- national programmes of Community interest, which are undertaken on the initiative of the Member State concerned and adopted in agreement with the Commission.

In the interests of a rapid build-up of programme financing, using a significant proportion of ERDF resources, the aim set out in the Regulation, is to allocate 20% of Fund appropriations to programmes by the end of the third year following the entry into force of the Regulation, i.e. 1987.

73. The method of assessing the Community interest described above applies in a modified form to programmes.

In the case of Community programmes, there is a special assessment method. The criteria applicable under the assessment method described previously are already taken into consideration by the Commission in its proposals for framework regulations. Community programmes are eligible provided

they are consistent with the provisions of those regulations; in that way, they satisfy the Community interest and, as a result, are favourably assessed as a matter of course. The assessment of such programmes is concerned only with their specific characteristics, with special emphasis being placed on:

- the comprehensive nature of the panoply of measures laid down in the programme in accordance with the provisions of the relevant framework regulation;
- the consistency of the measures selected with the objectives set and with the types of assistance provided for, and the mutual consistency of the different measures;
- the attempt to quantify measures in terms of the sub-objectives laid down and the expected results;
- the administrative, budgetary and possibly institutional arrangements for ensuring implementation of the programme;
- the planned measures to inform the individuals and firms affected by the programme and to publicize ERDF assistance.

As for national programmes of Community interest, the assessment method also applies in modified form, the purpose being to take account of the essentially macroeconomic and forward-looking nature of the information to be supplied by Member States and of the practical impossibility in some cases of applying the profitability criterion.

The attention of Member States is drawn to the fact that programmes submitted must include not only the information listed in Article 12 but also the elements permitting their assessment (Article 11).

Lastly, in cases where a Member State and the Commission jointly establish priorities on the basis of regional development programmes and where the Member State complies with those priorities in its proposals for national programmes of Community interest, the most favourable assessment possible is made.

### ***3.2.2 Preparation of the first two Community programmes***

74. As specified in Article 7 of the Regulation, a Community programme means a series of consistent multiannual measures directly serving Community objectives and the implementation of Community policies. Its purpose is to help in solving serious problems affecting the socio-economic situation in one or more regions. It must provide a better link between the Community's objectives for the structural development or conversion of regions and the objectives of other Community policies. As a rule, a Community programme concerns the territory of two or more Member States, with the agreement of those States. Where appropriate, Community programmes may also relate to areas or regions other than the assisted areas designated by Member States under their regional aid systems.

The Council, acting on a proposal from the Commission and after consulting Parliament, determines by a qualified majority:

- the specific objectives;
- the areas or regions which may receive assistance from the ERDF or the Community criteria for determining the territorial scope;

- the nature and terms of assistance, which cover, in the first place, aid schemes for industrial, craft or service enterprises, infrastructure investment projects, and operations to exploit the potential for internally generated development;
- the level of Community participation, which may reach 55% of public expenditure (70% in the case of Portuguese regions).

These aspects constitute the framework of the programme. On this basis, the programme is drawn up by the competent authorities of the Member States concerned in consultation with the Commission, which adopts it after consulting the ERDF Committee. In managing the ERDF's resources, priority is given to Community programmes.

75. The Commission has, in the shape of Community programmes, obtained new machinery for dealing more effectively with the wide variety of problems it faces. Aware of the major contribution that regional measures formulated at Community level can make towards resolving the serious problems affecting the economic situation in certain regions, the Commission has made provision for the increasing use of Community programmes in its panoply of instruments. The Community nature of such programmes resides in the fact that their main features are determined on a proposal from the Commission (specific objectives, territorial scope, nature and terms of assistance, and level of Community participation). At the same time, their purpose is to provide a better link between the Community's regional development objectives and the objectives of other Community policies. Whereas the ERDF's specific Community measures were designed primarily to offset the adverse effects of other Community policies, Community programmes will concentrate more on enhancing in the less-favoured regions the benefits that may accrue from implementation of those policies.

During the year, the Commission carried out in-depth studies on the regional dimensions and repercussions of two Community policies: the policy on telecommunications and energy policy.

76. The telecommunications studies have shown that the least-favoured regions are lagging a long way behind the rest of the Community as regards both telecommunications equipment and the level of services on offer. Furthermore, with the location of new equipment and services determined by demand, the natural tendency is for them to be concentrated in the central regions, which are also the most dynamic in the Community. This works to the detriment of the less-developed outlying regions, where, as a result, individuals and existing businesses - and especially the basic economic fabric made up of small and medium-sized enterprises - not only may be deprived of the benefits of modern telecommunications techniques but may also see their economic prospects blighted, since there is no doubt that the availability of advanced telecommunications services is becoming a crucial factor in the location of productive investment.

The Community cannot tolerate such a trend. New technological developments, instead of being allowed to perpetuate existing economic structures, must be the means whereby the less-developed regions are able to participate in the quantum leap which the Community is currently making in the field of new technologies.

This approach is warranted, firstly by the experience that in advanced telecommunications services, the cost of certain operations is no longer a function of distance. For the first time in a specific field, the handicap of "higher cost" that invariably places firms producing certain goods and services in the outlying regions at a disadvantage may thus be removed. This approach is justified, secondly, by the fact that the overall economic benefit of advanced telecommunications services is often

greater than is indicated by official schedules of charges, a key factor in business profitability.

The fact remains, of course, that demand for goods and services in the less-developed regions is generally not as strong or is slower to materialize than in the most dynamic regions. For this reason, the role of regional policy is to initiate appropriate measures aimed at fostering exploitation of this new potential and, during a transitional period, to meet the extra cost of providing the infrastructures and services in question earlier than would otherwise be the case.

It is with this in mind that the Commission has prepared a Community programme concerning the development of certain less-favoured regions of the Community by improving access to advanced telecommunications services (STAR programme). Its proposal for a Regulation was sent to the Council at the beginning of 1986.

77. The studies on the regional dimensions of energy policy have shown that the most underdeveloped of the Community's regions are also those which have to contend with a generally unfavourable energy situation, because of the heavy dependence of the Member States concerned on imports, especially oil, for their energy needs, a large share of hydrocarbons in the generation of electricity and a decline in the energy content of gross domestic product that is less pronounced than the Community average. Similar difficulties are encountered on certain islands and in certain outlying regions.

These same regions possess an energy potential that has not yet been sufficiently harnessed, especially where the exploitation of local energy resources and the efficient use of energy are concerned. The failure to harness this potential is attributable in particular to financial difficulties. Developing indigenous energy potential can thus make a very valuable contribution in those regions towards diversifying energy supplies. While exploitation of this category of resources will be on a relatively limited scale, it will have a pronounced local and regional impact. This impact has three aspects: the energy produced is for the most part used locally; its exploitation has a high local labour content; and the technological spin-offs benefit the basic economic fabric. This is in contrast to the exploitation of certain energy sources of national importance whose regional economic impact is sometimes limited in terms of the means deployed.

On the basis of those studies, the Commission has drawn up a proposal for a Community programme concerning the development of certain less-favoured regions by exploiting indigenous energy potential (VALOREN programme). This proposal too was sent to the Council at the beginning of 1986.

### *3.2.3 The first national programmes of Community interest*

78. A national programme of Community interest is defined at national level and consists of a set of consistent multiannual measures corresponding to national objectives and serving Community objectives and policies. In particular, it assists the convergence of Member States' economies through the reduction of regional disparities. It translates into operational commitments the indications contained in regional development programmes. It may concern part of a region or one or more regions in one or more Member States. Those areas or regions are limited to those assisted areas designated by Member States under their regional aid systems.

The ERDF may help to finance, jointly or separately, infrastructure projects, aid schemes for the industrial, craft industry or service sector, and operations to exploit the potential for internally generated development.

The ERDF's contribution to the financing of national programmes is determined in the light of the socio-economic situation of the regions and the types of measure provided for in the programmes. It is 50% of the total public expenditure taken into account in the programmes. It may, however, rise to 55% for programmes of particular importance for the regions or areas covered.

Articles 10 to 14 of the ERDF Regulation define national programmes and their content and indicate the procedures to be applied:

- by Member States in drawing up the programmes;
- by the Commission in assessing them;
- by Member States and the Commission in drawing up programme contracts;
- by the Commission in adopting a programme after consulting the ERDF Committee;
- by Member States in preparing reports on programme implementation.

### *Grant applications*

79. In 1985, the Commission received seventeen applications ( ten from the United Kingdom and seven from France) for finance towards national programmes of Community interest.

The UK applications covered six programmes in Scotland and four in England. Most of them included a number of subprogrammes assisting economic development and redeployment in specific regions. Two of them were concerned exclusively with transport, one relating to road projects and the other to railway projects. Most of the programmes were to be carried out over a three-year period.

The French applications were concerned primarily with road infrastructure in Aquitaine and with six integrated development programmes.

80. When vetting the applications, the Commission took care to ensure that the programmes dealt with a group of problems through a combination of consistent multiannual measures. In order to assess the consistency of those measures, it had to check whether the objectives of each programme were clearly defined and, as far as possible, quantified. This was found not to be so in a number of cases, with the result that the mutual consistency of the different elements of the programmes was not proved. Furthermore, only a few of the applications appropriately demonstrated the "Community interest" of programmes. It was not evident in all cases either that the projected period for implementation was appropriate or realistic.

81. Following discussions with the United Kingdom authorities, some applications were re-submitted as ERDF project applications while, for others, additional information was supplied in response to observations by the Commission departments designed to permit a more thorough examination of the programmes.

82. In the case of the French application concerning Aquitaine, it proved impossible to put together a programme in 1985, and so some parts were singled out for project financing. As for the integrated development programmes, neither the form nor the content of the applications permitted a decision to be taken immediately; the Commission therefore approved some parts that were deemed to have priority.

The statistics relating to the applications are given in Tables 25 and 26 in the Annex.

### ***Decisions: the first three national programmes in the United Kingdom***

83. After examination in November 1985 by the ERDF Committee, the three national programmes of Community interest in the United Kingdom (Mersey Basin, City of Glasgow and the Shildon - Newton Aycliffe - Bishop Auckland area) were approved by the Commission on 12 December, with grants totalling 260 million ECU (see Table 6). While the grant decisions cover the entire period, the commitments relate only to the first tranche of the programmes.

84. When adopting the programmes, the Commission underscored the need for consistency in financing the measures envisaged and for monitoring of their implementation by coordination committees made up of representatives of the agencies responsible for the programmes at local, regional and national levels. The Commission will be represented on those committees.

#### ***Mersey basin programme***

85. This programme covers the first three-year period of a 25-year strategy for regenerating the Mersey Basin to be implemented by the North-West Water Authority (NWWA), local authorities and various other bodies. The area is at present struggling with extensive industrial dereliction and heavy water pollution. The programme tackles the physical and economic problems encountered along the watercourses of the Mersey Basin, which has a population of 5 300 000 and includes the Manchester and Liverpool conurbations. The condition of the river system is a major impediment to industrial investment. The programme is, therefore, aimed at cleansing the river system and includes the ancillary landbased measures necessary to allow industrial development to restart in the counties of Merseyside, Cheshire and Greater Manchester and in parts of Lancashire and Derbyshire.

Generally speaking, the programme's objective as regards the river itself is to prevent any further deterioration in the quality of the water and to reduce and, as far as possible, eliminate any major sources of pollution. Where the land-based measures are concerned, the objective is to tie certain projects to improvements in the quality of water at particular points and to encourage those who own the tracks of land concerned, the local authorities and other interested parties to avail themselves of existing facilities and programmes with a view to improving and developing the areas adjacent to the river. It is expected that over the period of application of the strategy, of which the programme forms only the first part, a large number of jobs will be created through the measures taken by the NWWA and through the ancillary land-based projects, including new leisure and recreation areas and the restoration of a healthy natural environment to help boost the region's tourist potential.

#### ***City of Glasgow programme***

86. This programme is concerned with the provision of infrastructure for the economic development of Glasgow (750 000 inhabitants). It reflects the priorities and objectives identified in the preparatory study conducted during 1984 into the feasibility of launching an integrated development operation that would result in the most effective deployment and coordination of UK and Community funds.

It is centred on the City of Glasgow but, because they have a major impact on economic activity in Glasgow itself, it does include some measures that extend beyond the city boundaries. The area is part of the Glasgow

travel-to-work area. The aim is to establish the necessary infrastructure and services to make Glasgow an attractive location once again for private investment.

To this end, the programme comprises eight subprogrammes relating in particular to road infrastructure, public transport, industrial development and vocational training. Not only new projects are involved but also projects to improve the existing antiquated infrastructure and the local environment and tourist potential.

The Commission has recognized the value of the programme and its special interest for the development of Glasgow by granting assistance at the exceptional rate of 55%.

#### ***Shildon - Newton Aycliffe - Bishop Auckland programme***

87. This programme covers initiatives to tackle the severe problems of unemployment in the Shildon - Newton Aycliffe - Bishop Auckland area of North-East England. It includes projects considered essential to the economic revival of the area. The projects are concentrated over the period 1984-89. Urgent action is required following the closure of the area's largest single employer, which has highlighted the economic and social difficulties now besetting the three towns.

The broad aim of the programme is to increase the quantity, quality and variety of job opportunities available to the local population by implementing infrastructure projects and notably by launching measures to exploit the area's indigenous potential (industrial incentives, support schemes for small firms, industrial promotion activities).

#### ***Parts of the french programmes***

88. In the case of France, the financing decisions concerned parts of the programmes submitted following studies in preparation for integrated operations in the regions of Lorraine, Nord/Pas-de-Calais, Auvergne, Limousin, Ariège and Tarn-Aveyron. Since no immediate decisions could be taken on the applications and in order not to penalize those regions, some priority parts of the programmes that could be assessed separately were adopted in 1985. They were concerned primarily with road, tourist and training infrastructures. The grants approved totalled 29 million ECU (see Table 6). The Commission expects to be able to approve programmes for the six regions in 1986.

**TABLE 6.**  
**COMMITMENTS FOR NATIONAL PROGRAMMES OF COMMUNITY INTEREST IN 1985**

ERDF: OPERATIONS

(Mio)

Special programmes	Total allo- cation		Period	Commitments	
	Nat. cur.	ECU		Nat. cur.	ECU
<b>UNITED KINGDOM</b>					
Mersey Basin(North West)	66.70	113.40	1984-1987	39.12	66.38
City of Glasgow(Scotl.)	68.20	115.90	1984-1987	16.27	27.61
Shildon-Newton Aycliffe- Bishop Auckland(North)	18.10	30.70	1984-1989	6.58	11.16
Total	153.00	260.00	-	61.97	105.15
<b>FRANCE (*)</b>					
Tarn-Aveyron (Midi-Pyrénées)	11.50	1.71	1985	11.50	1.71
Ariège(Midi-Pyrénées)	32.58	4.84	1985	32.58	4.84
Auvergne	21.43	3.18	1985	21.43	3.18
Limousin	42.40	6.30	1985	42.40	6.30
Lorraine	44.67	6.64	1985	44.67	6.64
Nord-Pas-de-Calais	41.44	6.16	1985	41.44	6.16
Total	194.02	28.83	-	194.02	28.83
EUR 10	-	288.83	-	-	133.98
(2) Parts of programmes.					

### 3.3 PROJECTS

89. Under the new Regulation, the ERDF is continuing to help finance two types of investment project costing more than 50 000 ECU:

- projects in the industrial, craft industry and service sectors
- infrastructure projects,

in assisted areas designated by Member States under their regional aid systems.

However, the new Regulation has introduced a number of significant changes whose impact will be discussed at different points below.

#### 3.3.1 Applications for 7 250 projects

90. In respect of the 1985 budget year, the Member States submitted to the Commission grant applications concerning 7 249 projects with the

amount of assistance requested totalling 4 966 million ECU (for the breakdown by Member State - see Tables 25 and 26 in the Annex).

This figure includes applications dating from before 1985 on which no decision had yet been taken and which were re-submitted by Member States to bring them into line with the new Regulation. They concern 1 437 projects representing assistance totalling 493 million ECU. Compared with 1984, but excluding the carry-over from previous applications, the amount of assistance requested rose by 53%. While the increase was very pronounced in the case of Italy, Greece and Ireland, the amount of assistance requested by Belgium, Denmark, Germany, Luxembourg, the Netherlands, France and the United Kingdom fell. In the case of France and the United Kingdom, the decline in the amount of assistance requested for projects was offset by applications submitted in respect of national programmes, since both countries requested a higher volume of total assistance than in 1984.

The increase in the volume of assistance requested is partly a result of the changeover from quota-based financing to range-based financing; this is entirely in line with the wish of the Commission, which, as a result, enjoys greater discretion in the selection of projects that most closely reflect the Community interest.

The breakdown of assistance by project category is as follows:

- infrastructure: 4 224 million ECU of assistance requested for 5 511 projects;
- industry, craft industry and services: 742 million ECU of aid requested for 1 738 projects.

91. There continue to be two main stages in the work of the Commission departments on grant applications: a first stage stretching from the last quarter of the previous year to the first quarter of the current year is devoted primarily to contacts with the Member States to prepare applications and obtain an overall view of the projects that might receive grants over the year; a second stage taking in the second and third quarters of the current year is, in practice, given over to examining most of the applications.

92. The new Regulation is more demanding as regards the information to be supplied in grant applications. At the end of 1985, its first year of application, the running-in period can now be said to be over, both for the Member States and the Commission. During the adjustment period, the Commission did everything necessary to help Member States resolve any temporary difficulties. Although some minor administrative problems have still to be overcome in a number of Member States, the quality of the information supplied to the Commission in the new grant applications has improved overall.

### **3.3.2 Project selection**

93. Of the 7 249 investment projects submitted by the Member States in 1985, 3 273, or just over 45%, were finally accepted on completion of the vetting procedure.

TABLE 7.  
OUTCOME OF EXAMINATION OF PROJECTS IN 1985

ERDF: OPERATIONS

(number of projects)

Member State	Submitted	Not accepted			Accepted
		Rejected	Held over*	Total	
B	226	4	205	209	17
DK	147	11	26	37	110
D	387	18	199	217	170
GR	289	2	91	93	196
F	902	23	308	331	571
IRL	160	15	21	36	124
I	3 677	186	2 080	2 266	1 411
L	-	-	-	-	-
NL	27	2	1	3	24
UK	1 434	89	695	784	650
EUR 10	7 249	350	3 626	3 976	3 273

\* of which a large number will also be rejected.

94. Of the 7 249 projects examined, 3 976 (55%) were not accepted by the Commission for the following reasons:

- 52 projects were withdrawn by Member States during the processing procedure;
- 92 projects either failed to fulfil the formal conditions laid down by the Fund Regulation (location in an assisted area, investment to cost more than 50 000 ECU, project not to be completed by the date on which the Commission receives the grant application) or did not respect certain Community procedures, e.g. with regard to public tendering;
- 166 projects were rejected either because they made no clear contribution to the development of the region in question and were not part of a regional development programme, or because the national aid schemes from which they benefited were incompatible with the Community's competition rules or because the nature of the investment did not conform to the Commission's guidelines;
- 40 projects were rejected because they related to sensitive industries (e.g. where there are risks of structural overcapacity);
- 1 466 projects gave rise to certain problems while being processed; some of them may receive ERDF assistance in 1986;
- 2 160 projects were not accepted because the processing procedure had not been completed by the end of the year.

Table 7 provides a breakdown by Member State of the number of investment projects submitted, not accepted and accepted.

### 3.3.3 Consultation of the ERDF Committee

95. Under the new ERDF Regulation, draft decisions relating to all projects costing 5 million ECU or more, are referred to the ERDF Committee

for its opinion, in accordance with the procedure laid down in Article 40 of the Regulation.

The prior opinion of the Regional Policy Committee need no longer be sought for major infrastructure projects, which, under the old Regulation, were defined as costing more than 10 million ECU.

96. At its three meetings in July, October and November, the ERDF Committee was consulted for an opinion on just over 10% of the investment projects accepted on completion of the stages of the examination procedure described above (336 out of 3 273). It examined 103 projects costing more than 15 million ECU and the 233 projects costing between 5 million ECU and 15 million ECU that were covered by grouped applications. Thanks to the new provisions of the Regulation, the Committee examined 60% fewer projects than in 1984, an appreciable reduction in its workload.

None of the projects referred to the Committee was rejected or failed to be the subject of an opinion. However, a number of delegations cast a negative vote or abstained from voting on 18 investment projects, although this did not lead to the Committee delivering a negative opinion.

#### ***3.3.4 New procedure for projects costing less than 5 million ECU***

97. Under the new simplified procedure described in paragraph 68, the Commission in 1985 accepted 2 937 projects falling into this category.

#### ***3.3.5 3 265 projects approved, with assistance amounting to 2 321 million ECU***

98. A total of 3 273 investment projects had been accepted by the end of the annual examination exercise. This includes 250 projects which had already been endorsed by the ERDF Committee in 1984 but for which a formal grant decision had to be deferred for budgetary reasons. Eight of the projects accepted could not be approved in 1985 because of inadequate budget resources.

Table 8.  
Commitments in 1985, by Member State and type of operation

ERDF: OPERATIONS										(Mio)
Member State	Industry, services and crafts		Infrastructure		Studies		National programmes of Community interest		Total	
	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU
B	238.83	5.32	845.20	18.84	11.21	0.25	-	-	1 095.24	24.41
DK	23.07	2.89	82.46	10.31	-	-	-	-	105.53	13.20
D	114.59	51.93	47.70	21.62	-	-	-	-	162.29	73.55
GR	-	-	53.61*	409.46	-	-	-	-	53.61*	409.46
F	193.66	28.78	1 697.61	252.27	-	-	194.02	28.83	2 085.29	309.88
IRL	27.26	38.17	82.10	114.94	-	-	-	-	109.36	153.11
I	292.92*	194.79	1 015.45*	675.30	1.42*	0.95	-	-	1 309.79*	871.04
L	-	-	-	-	-	-	-	-	-	-
NL	24.41	9.84	17.75	7.16	0.19	0.08	-	-	42.35	17.08
UK	50.84	86.26	231.71	393.18	0.44	0.75	61.97	105.15	344.96	585.34
COM	-	-	-	-	-	0.04	-	-	-	0.04
EUR 10	-	417.98	-	1 903.08	-	2.07	-	133.98	-	2 457.11

\* Thousand million.

Table 9.  
Commitments 1975-85, by Member State and type of operation

ERDF: OPERATIONS										(Mio)
Member State	Industry, services and crafts		Infrastructure		Studies		National Programmes of Community interest		Total	
	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU
B	1 584.29	36.30	4 249.71	97.38	98.21	1.99	-	-	5 932.21	135.67
DK	119.64	15.51	960.32	124.48	45.96	5.95	-	-	1 125.91	145.94
D	854.00	350.52	642.93	266.70	0.11	0.05	-	-	1 497.04	617.27
GR	2.81*	30.96	132.92*	1 464.71	0.02*	0.12	-	-	135.74*	1 495.79
F	2 221.78	348.03	10 123.45	1 585.80	41.17	6.45	194.02	28.83	12 580.42	1 969.11
IRL	168.46	242.03	434.36	624.05	0.43	0.62	-	-	603.25	866.70
I	819.50*	625.64	5 955.85*	4 546.97	27.70*	21.02	-	-	6 803.05*	5 193.63
L	-	-	508.35	11.63	-	-	-	-	508.35	11.63
NL	86.05	32.42	372.67	140.21	0.36	0.15	-	-	459.09	172.78
UK	474.64	800.11	1 474.65	2 485.85	4.29	7.24	61.97	105.15	2 015.55	3 398.35
COM	-	-	-	-	-	0.04	-	-	-	0.04
EUR 10	-	2 481.52	-	11 347.78	-	43.63	-	133.98	-	14 006.91

\* Thousand million.

in all, the Commission adopted in 1985 decisions granting assistance totalling 2 321 million ECU for 3 265 investment projects (see Tables 8 and 29). The decisions were divided into six allocations during the course of the year, of which three were specifically for projects costing less than 5 million ECU.

99. The number of projects assisted was down by a third compared with 1984 while the volume of assistance granted remained virtually unchanged. As a result, average ERDF aid per project was distinctly higher in 1985, showing an increase of one third. It stood at 711 000 ECU, equivalent to nearly half (46.6%) of the national public expenditure making up the basis for aid and to one quarter of the investment undertaken.

Four fifths of the projects approved were located in Italy, the United Kingdom and France (see Table 10).

TABLE 10.  
NUMBER OF PROJECTS BENEFITING FROM AID IN 1985

ERDF: OPERATIONS

Member State	Industry, services and crafts	Infrastructure	Total
B	2	15	17
DK	67	43	110
D	102	68	170
GR	-	196	196
F	229	336	565
IRL	32	92	124
I	120	1 290	1 410
L	-	-	-
NL	11	13	24
UK	142	507	649
EUR 10	705	2 560	3 265

100. The new ERDF Regulation no longer accords priority to the financing of large projects as opposed to small projects. Their definitions have, in any case, been modified, the dividing line between the two having been raised from 10 million ECU to 15 million ECU.

As in 1984, small projects received more than half (53%) of ERDF assistance.

### 3.3.6 The first Spanish and Portuguese applications

101. In 1985, the Commission received the first Spanish and Portuguese applications for assistance of 414 million ECU and 287 million ECU respectively. After vetting the applications, the Commission submitted 66 projects costing more than 5 million ECU each to the ERDF Committee, which endorsed all of them in November. As a result, the Commission was in a position to take the first grant decisions concerning Spain and Portugal as soon as they joined the Community in 1986.

### **3.3.7 82% of aid goes to infrastructure projects**

**102.** Infrastructure projects received 1 900 million ECU in 1985, i.e. 82% of ERDF assistance, a fall of three percentage points compared with 1984.

The new ERDF Regulation does not impose any ceiling on the proportion of operations accounted for by infrastructure financing. Previously, the ceiling was 70% of ERDF resources over a three-year period but could be exceeded if the Council took a decision to that effect, as happened in 1983.

#### ***A Higher average rate of contribution***

**103.** The average ERDF contribution per infrastructure project amounted to 740 000 ECU, or just under half of public expenditure and one third of the total investment costs.

The average contribution in relation to public expenditure (46%) was thirteen percentage points higher than in the previous year. This sharp increase was a direct result of the corresponding amendments to the old ERDF Regulation. The amount of the ERDF's contribution is now 50% of the total expenditure met by a public authority or equivalent body where the investment is less than 15 million ECU, and between 30% and of 50% in the case of investment projects costing 15 million ECU or more (Article 20(2)). In practice, the difference between small and large projects is not very significant since the average contribution is 47% and 45% respectively.

The new Regulation in addition introduced a higher rate since the contribution may rise to 55% in the case of projects of particular importance to the development of the region or area in which they are located. In 1985, the higher rate was applied in respect of 46 projects located primarily in Greece (15), France (14) and the United Kingdom (13). These projects received aid amounting to 199 million ECU, of which 58% went to those in Greece and 29% to those in France (representing one tenth of the aid for infrastructure projects). The largest project assisted at the higher rate in 1985 was the dam at Aaos Springs near Metsovo, Greece, which received a grant of 41 million ECU.

**104.** The increase in the average rate of contribution to infrastructure projects explains the fall in the number of projects assisted in 1985: 2 560, of which 58 large projects, compared with 3 339, of which 126 large projects, in 1984. The largest single grant made to a project in 1985 was 70 million ECU for telecommunications modernization in a number of regions in Greece. The average contribution to large projects was 16.1 million ECU, twice as high as in the previous year. Tables 27 and 29 in the Annex give a breakdown by Member State.

**105.** Under the new Regulation, aid may be granted exceptionally and subject to a ceiling equivalent to 4% of ERDF resources for all or part of infrastructure investment projects which, although not located in an eligible region or area, are situated in an adjoining area and represent an essential complement to the infrastructure in that eligible region or area. In such cases, aid from the ERDF covers only that part of the project necessary to the development of the region or area in question (Article 18(2)). A small number of projects, including the Clermont-Ferrand bypass in France, the research centre in Louvain, Belgium, and work at Manchester Airport in the United Kingdom, were assisted under that provision in 1985.

106. An innovation introduced by the new ERDF Regulation was to limit the financing of infrastructure investment projects by way of a negative list annexed to the Regulation. The list does not strictly exclude all the categories of infrastructure indicated since some of them, such as establishments of general education, and hospitals and related facilities, may be financed in regions with a severe shortage of such infrastructure. Similarly, some types of socio-cultural infrastructure may be assisted if they are linked to the promotion of tourism.

#### *Transport still in the lead*

107. As in 1984, three sectors absorbed four fifths of the aid granted to infrastructure projects - transport (46.3%), water engineering (20.3%) and energy (12.6%).

In the transport sector, roads and highway structures received over four fifths of aid, easily outdistancing port improvements and railway projects. The bulk of aid for transport infrastructure projects went to Italy and the United Kingdom.

In the water engineering sector, aid was provided primarily for water collection and distribution schemes, followed by sewer and sewage treatment schemes. Here too, most projects were located in Italy.

In the energy sector, aid was split between electricity distribution projects (primarily in Greece), electricity generation projects (mostly in the United Kingdom and France) and gas distribution projects; the large majority of which were located in Italy.

In fourth position come infrastructure projects in the socio-cultural and leisure fields, their share of aid having risen threefold compared with 1984. The projects were located mainly in Greece but also in the United Kingdom.

As for the other sectors, the proportion of aid allocated to telecommunications was lower (6.5%) than in 1984, with virtually all of it going to telephone and telex network projects situated mainly in Greece.

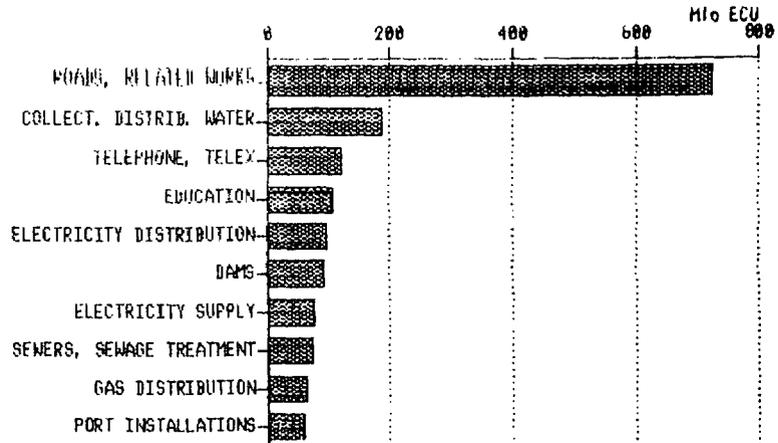
The proportion of aid allocated to infrastructure projects connected with productive activities again fell, by two percentage points, to 3.7%. The main beneficiaries here continued to be projects providing services and utilities for industrial estates, followed by research centres, whose share of aid rose. The projects were located mainly in Italy and the United Kingdom.

Small-scale improvement projects received half of the aid allocated to the environment sector, which saw its share (1.2%) fall slightly compared with 1984. Almost half of the projects were located in Italy.

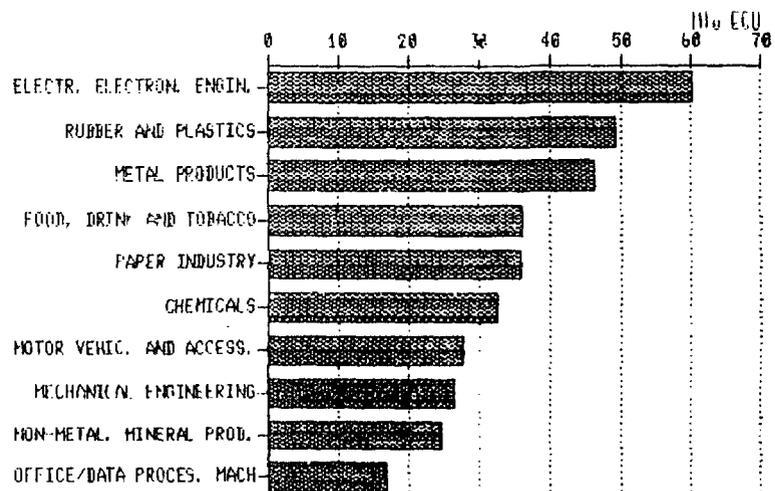
Table 33 in the Annex gives, for 1985, a detailed breakdown of the number of infrastructure projects, and of aid, by types of infrastructure, while Graph 2(a) shows the assistance given to the ten types of infrastructure receiving the most aid.

GRAPHIC 2.  
 AID GRANTED IN 1985 TO THE LEADING TEN TYPES OF INFRASTRUCTURE AND  
 TO THE LEADING TEN INDUSTRIAL SECTORS  
 ERDF, projects

a) Types of infrastructure



b) Industrial sectors



### **3.3.8 Increase in grants for productive investment**

#### **Scope for greater flexibility in encouraging productive investment**

108. Article 35 of the new Regulation stipulates that Member States, in submitting their applications, and the Commission, in administering the ERDF, are to endeavour to ensure that an appropriate proportion (if possible, 30%) of the ERDF's resources is allocated to the industrial, craft industry and service sectors. Under the old Regulation compliance with the 30% threshold was compulsory. Since differences exist between regions whose development is lagging behind and those facing problems of industrial conversion, this requirement could not be met in the past and its desirability has now been stressed instead. However, the difficulty can be overcome by appropriate use of the new opportunities afforded by provision of finance for aid schemes and towards measures to exploit indigenous development potential, and by the integrated approach.

109. Investment projects in the industrial, craft industry or service sector eligible for ERDF assistance must relate to economically sound activities intended to help create or maintain permanent jobs. The ERDF's contribution amounts to 50% of the aid granted to each project by the public authorities under a regional aid scheme. This rate is the same as under the old Regulation.

A number of requirements have been lifted under the new Regulation, thereby enabling ERDF operations in those sectors to be more flexible: the maximum amounts of Fund assistance per job created or maintained no longer apply and the threshold of 10 jobs to be created or maintained has been abandoned, in particular in order to promote micro-projects. In 1985, some headway was made in this respect with finance being provided for 34 such projects (5% of the total) located primarily in Denmark (30) but also in Italy (2) and the United Kingdom (2). Those projects are supposed to create 204 jobs in all, giving an average of six jobs per project.

110. In order to favour aid to investment by small and medium-sized enterprises in the industrial, craft industry and service sectors, Member States which so wish and the Commission will endeavour to set aside an appropriate proportion of the ERDF's total resources for assistance in the form of interest-rate subsidies on loans for such enterprises (third paragraph of Article 19(2)).

In practice, since they may choose between grants, which they receive themselves, and interest-rate subsidies, which are paid direct to enterprises, Member States prefer the former.

In addition, some governments have requested ERDF assistance in the form of a capitalized sum relating to interest-rate subsidies granted by them to firms for loans raised by the latter on the capital market.

111. During 1985, the Commission referred to the ERDF Committee for analysis a working paper on the application of the Community's financial instruments to investment projects in industry which sets out the guidelines for the vetting of such projects by the Commission departments.

#### **Increased aid for projects in the industrial, craft industry and service sectors**

112. In 1985, grants for projects in these sectors rose to 418 million ECU, or 17% of ERDF aid. This is three percentage points higher than in 1984 and represents a continuation of the increase in the proportion of aid going to such projects following a dip to 11% in 1983. This is an

altogether encouraging development even if the 1985 figure is still far removed from the 30% target set by the new Regulation.

As Graph 1(b) clearly shows, the share of such grants varied considerably from one country to another. Two Member States surpassed the 30% target: Germany with 71% and the Netherlands with 58%. Four other Member States were above the Community average (17%) but below the 30% target, Ireland with 25%, and Belgium, Italy and Denmark with 22%. Lastly, three Member States were below the Community average, the United Kingdom with 15%, France with 9% and Greece, which concentrated exclusively on infrastructure projects in 1985.

Map 2 gives the proportion of distribution of ERDF assistance to the industrial, craft industry and service sectors in 1985.

**113.** While the volume of aid for projects in these sectors in 1985 was 28% higher than in 1984, the number of projects financed fell by 30%, from 1 011 to 705.

The breakdown as between large and small projects was virtually the same as in 1984 although the formal dividing line between the two shifted, from 10 million ECU to 15 million ECU. Small projects, which numbered 660 in 1985, received 62% of aid for industrial projects compared with 57% in 1984.

Average ERDF aid per project was 593 000 ECU, equivalent to 48.7% (44.3% in 1984) of national aid and 11.7% of the investment cost (9.2% in 1984).

This represents an 83% increase, from 324 000 ECU to 593 000 ECU. The largest ERDF grant, 12 million ECU, went to a project in Germany expected to create 600 jobs.

**114.** It is envisaged that the 705 projects assisted will result directly in the creation of 39 150 new jobs and the maintenance of 17 850 other jobs, giving a total of 57 000 jobs, to which should be added an equivalent number of indirect jobs. In 1985, the share of jobs maintained (31%) was 10 percentage points higher than in 1984.

The 45 large projects are expected to create or maintain a total of 17.750 jobs while the corresponding number for the 660 small projects is 39 250. The proportion of jobs created or maintained by small projects remained virtually unchanged in 1985. The difference between the average aid for small projects and that for large projects narrowed significantly in 1985, the figures being 6 572 ECU and 9 015 ECU respectively.

Table 11 gives the size breakdown of directly productive investment projects.

TABLE 11.  
SIZE BREAKDOWN OF INDUSTRIAL, CRAFT INDUSTRY AND SERVICE PROJECTS IN  
1985

ERDF: OPERATIONS

	ERDF aid		National aid		Investment	
	per project	per job	per project	per job	per project	per job
	Mio ECU	ECU	Mio ECU	ECU	Mio ECU	ECU
Small projects: Investment <15 Mio Mio ECU	0.39	6 572	0.78	13 183	2.63	44 275
Large projects: Investment >15 Mio Mio ECU	3.56	9 015	7.57	19 192	40.62	102 987
Average	0.59	7 332	1.22	15 053	5.06	62 554

Average aid per job was 7 330 ECU, compared with 4 700 ECU in 1984, an increase of 56%. This reflects the fact that, although aid was higher than in 1984, the number of jobs assisted was down from 69 000 to 57 000, a fall of 17%. This may seem strange but there were a number of factors at play. First, the cost of creating or maintaining jobs with ERDF assistance, measured in terms of the ratio of total investment to the number of jobs concerned was 22% higher in 1985 than in 1984. If the cost of each job assisted had been the same as in 1984, with the same amount of investment, 13 000 extra jobs could have been created or maintained. Second, ERDF aid expressed as a proportion of total investment rose sharply in 1985 (27%), with the result that it cost more in 1985 than in 1984 to assist the same number of jobs. If the ERDF's contribution to the investment cost had averaged 9.2% as in 1984, instead of 11.7%, an extra 15 600 jobs could have been assisted.

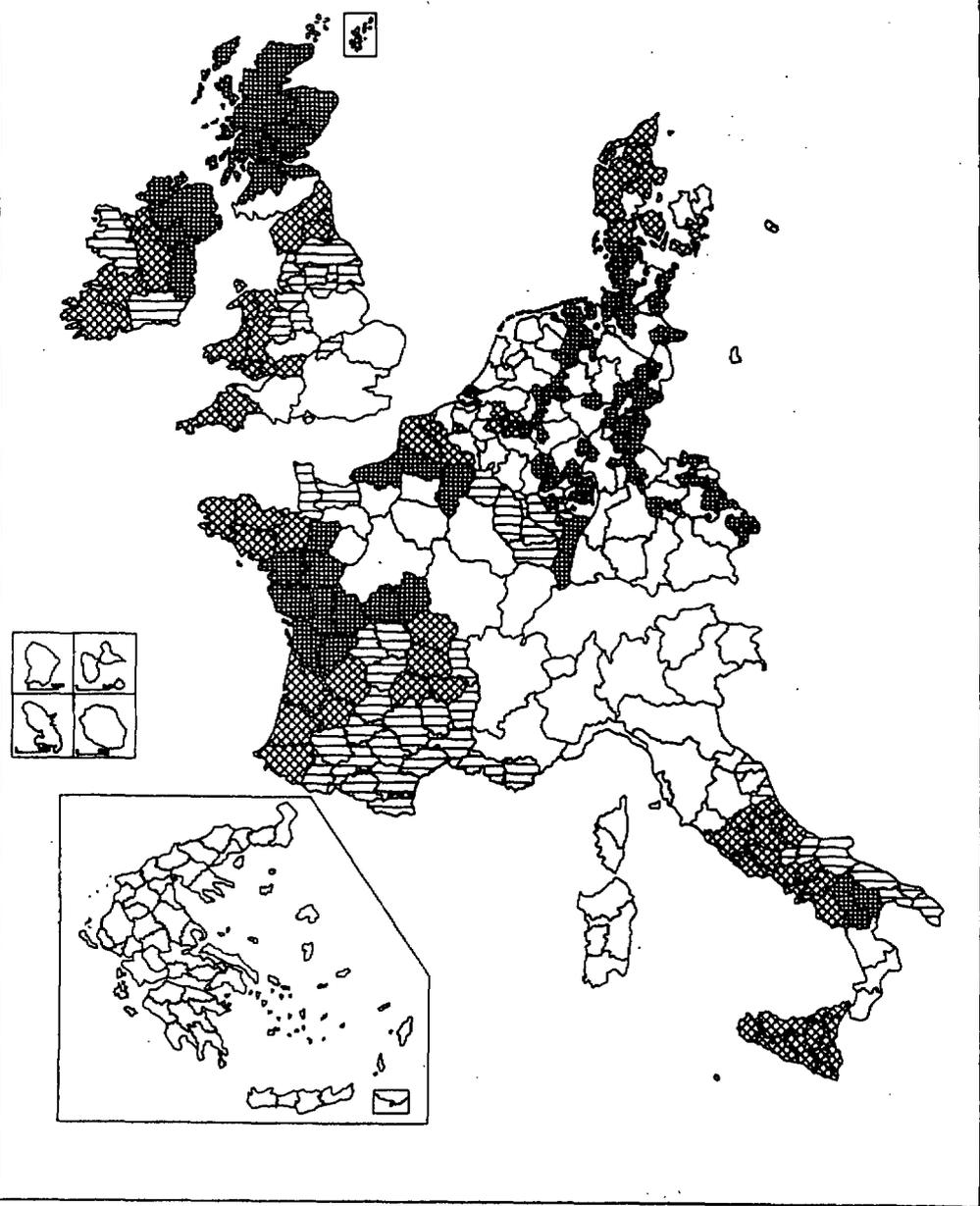
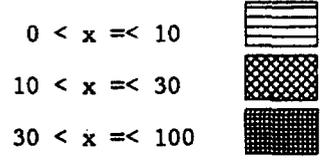
Lastly, there are the structural effects. The breakdown of aid per sector in 1985 was quite different from that in 1984. In particular, the energy sector received much more aid, 7.8 million ECU compared with 560 000 ECU. Yet, this is the sector in which the cost of creating or maintaining jobs is the highest, averaging 300 000 ECU per job. Providing more aid for highly capital-intensive sectors creates fewer jobs. However, the impact of these sectoral factors needs to be qualified since applying in 1985 the same breakdown of grants per sector as in 1984 yields only 700 extra jobs.

All in all, it is evident that these various factors have had a cumulative impact and that, if the average aid per job had been the same as in 1984, the same amount of aid would have made it possible to create or maintain 32 000 extra jobs.

There has also been a tendency to undertake industrial investment that is designed to boost the productivity of firms and that may, in some cases, lead to job losses.

In conclusion, it must be borne in mind here that all the information supplied by the Member States relates only to forecasts of the number of

MAP 2.  
 PROPORTION OF DISTRIBUTION OF ERDF ASSISTANCE TO INDUSTRY, CRAFT  
 INDUSTRY AND SERVICES IN 1985 (IN %)  
 ERDF, operations



jobs to be created or maintained and that those forecasts may be subject to a number of uncertainties.

Infrastructure investment projects also create jobs. Those financed in 1985 are reckoned to provide direct employment for 120 000 people for one year and indirect employment for at least as many people.

**115.** A classification average investment per job created or maintained provides some indication of the variation between sectors, which are dispersed very widely around an average of 62 600 ECU per job. The figure is over 3.2 million ECU per job in oil and gas production and 1.2 million ECU in mineral oil refining. The other industries with an above-average figure lag quite some way behind (248 000 ECU in the extractive industry, 200 000 ECU for financial auxiliaries, insurance and real estate, and 188 000 ECU in the motor vehicle industry). The lowest costs per job created or maintained are to be found in particular in the footwear and clothing industry (28 100 ECU) and the timber industry (34 300 ECU).

Taking the average for each main sector, the cost per job created or maintained by the ERDF is highest in the energy sector, followed by intermediate goods, capital goods, services and building.

### ***Capital goods still predominate***

**116.** As in 1984, 96% of ERDF assistance to the productive sector was concentrated in three areas of industrial activity: capital goods (45%), consumer goods (37%) and intermediate goods (14%).

Metalworking and instrument engineering, which come under the capital goods sector, accounted for nearly half the aid given to productive activities although their share was ten percentage points lower than in 1984. First place was again taken by electrical engineering and electronics. More than 10 800 jobs are expected to be created or maintained in this industry, which absorbed 14% of aid to productive activities. Next comes fabricated metal products followed by the motor vehicle industry, which registered a fall compared with 1984. In all, projects receiving aid in the capital goods sector should help to create or maintain some 27 950 jobs, i.e. half of the total number of jobs assisted.

The proportion of aid going to the other manufacturing industries, i.e. the consumer goods industries, was nine percentage points higher than in 1984. The same number of jobs was created and maintained as in 1984 (22 000). In this sector, the rubber and plastic processing industries received the most aid, ahead of the paper industry and the food and drink industry.

The share of aid going to the heavy industries, the extraction and processing of ores, and the chemical industry, otherwise known as the intermediate industries, remained unchanged from 1984, with 4 900 jobs expected to be created or maintained. The chemical and mineral products industries accounted for the bulk of aid and jobs in this sector.

Lastly, the service sector received a slightly smaller share of aid, although R&D recorded a substantial increase.

Table 36 in the Annex gives details of productive investments receiving ERDF aid in 1985, showing the number of projects, the amount of aid and the number of jobs created or maintained. Graph 2(b) gives the aid granted to the ten sectors receiving most assistance.

### **3.4 37 STUDIES LAUNCHED AT THE COST OF 2.07 MILLION ECU**

**117.** The new Regulation modified the rules governing studies in a number of significant respects. Two categories of study now exist:

- studies closely related to ERDF operations; these studies correspond to those provided for in Article 12 of the old Regulation;
- studies covering problems of special significance for the effective use of ERDF resources.

For the first category (Article 24(1)), two amendments were made to the existing arrangements. First, applications are no longer submitted solely by the Member State but may also be sent in by the local or regional authorities. However, ERDF grants are conditional on approval being given by the Member State concerned. Second, the ERDF's rate of contribution is set at 50% of the cost of each study and may rise to 70% for studies of exceptional interest.

The real innovation, however, is the creation of a second category of studies to be initiated by the Commission (Article 24(2)) with the cost being defrayed, where appropriate in full, by the ERDF. These studies may cover a fairly wide field ranging from ex-ante vetting of aid applications through methodological studies, the preparation of assistance programmes or the ex post appraisal of measures, to technical assistance for local and regional authorities in preparing measures to be submitted to the ERDF.

**118.** In 1985, seven Member States submitted or endorsed 101 grant applications for 19 million ECU (see Tables 25 and 26 in the Annex). There was therefore a need for strict selection before the decisions for the year could be taken.

Not all the 42 studies approved related to those applications. Some were the subject of applications submitted before 1985. To these 101 applications must be added three studies that were initiated by the Commission under Article 24(2).

Of those 42 studies, five had not been started by the end of the year, giving a total of 37 studies financed by the ERDF in 1985. Although this was very close to the number financed in 1984 (42), commitments showed a twelvefold decline. In quantitative terms, studies thus continue to receive a very small proportion of ERDF aid, accounting for only 0.1% of commitments in 1985. This difference in the amount of aid compared with 1984 is due primarily to the technical nature of a number of studies financed that year which, because of their size, had a very high unit cost, and to a very cautious and even restrictive attitude on the part of the Commission to the financing of studies.

**119.** In 1985, four Member States - Italy, the United Kingdom, the Netherlands and Belgium - received ERDF grants for 35 studies pursuant to Article 24(1) of the Regulation (see Table 12).

The studies break down as follows:

1. 2 in Belgium (0.25 million ECU) concerning:
  - an industrial redeployment strategy in the Centre-Borinage area (Wallonia);
  - job creation as a result of the development of small and medium-sized businesses in Limburg (Flanders);

2. 13 studies in Italy (0.95 million ECU) concerning:

- a planned water distribution network; a minerals park; conversion of a former civil hospital into a hotel-management school; construction of a sewerage system at Fetovia; reorganization of the Marina di Campo airport, on the island of Elba (Tuscany);
- a waste-processing plant at Taranto; establishment of a natural archaeological park at Mattinata; construction of tourist and agricultural villages at Otranto (Apulia);
- construction of a hotel-management school at Pula (Sardinia);
- an aid system for exploiting tourism, craft trades and industry at Paliano (Lazio);
- a plan for constructing a new funicular railway on Vesuvius (Campania);
- the feasibility of exploiting tourist potential at Termoli (Molise);
- construction of port facilities in the Mezzogiorno for sailing and fishing;

3. 2 studies in the Netherlands (0.08 million ECU) concerning:

- development of a sailing centre to the south of Emmen (Noord-Nederland);
- the feasibility of a traffic education circuit (De gouverneurstuin) and a car museum in Assen (Noord Nederland);

4. 18 studies in the United Kingdom (0.74 million ECU) concerning:

- the potential for tourist-based facilities in Barmouth; reclamation of a former toxic waste disposal tip as an industrial development site in Flint; the feasibility of a museum based on the mining history of Trehafod and Hopkinstown; development of tourism in and the commercial regeneration of Holywell; creation of a provisional shelter for wildfowl at Machynys; the scope for developing tourism in Rhymney Valley; and commercial development linked to the expansion of tourism in Montgomery (Wales);
- an economic plan based on the use of the regional resources of County Tyrone and a five-year plan for promoting the industrial development of Lisburn (Northern Ireland);
- development of tourism and business linked to existing recreational facilities in Kirkleatham (North);
- the economic appraisal of a bypass for Edinburgh and the construction of a bridge at Kyle of Lochalsh (Scotland);
- the feasibility of developing the Penzance port area (South West);
- construction of a dam and hydroelectric power station on the Mersey (North West);
- development of tourist potential in Humberside; the feasibility of a flood protection scheme in an industrial improvement area in Bradford; and the feasibility of providing a managed workshop complex in Bradford (Yorkshire/Humberside);
- the feasibility of a technology and business park in Cleveland (North).

Of these 35 studies, 10 are technical implementation studies linked to a specific project and involving the drawing up of plans and the preparation of any other technical aspect. The other 25 are either feasibility, market or similar studies or studies on the development of a particular area's economic potential.

The ERDF has met 50% of the cost of the studies with the exception of one in Flanders that has been financed at the rate of 70% since it prepares the ground for a specific Community measure to assist steel areas and

another in Italy that has been financed at a rate of 60% since it envisages the establishment, in a very disadvantaged area of Sardinia, of a Hotel-management school that will enable students to receive training locally without having to travel to the mainland.

120. Under Article 24(2) the Commission initiated two studies in 1985, one relating to a grant application from the United Kingdom and the other being a joint study (Greece and Ireland) on international cooperation between small and medium-sized firms to promote the economic development of the regions. The two studies, costing 43 000 ECU in all, are being fully financed by the Commission and have been undertaken with a view to making more effective use of the ERDF's resources.

TABLE 12.  
STUDIES FINANCED IN 1985 AND FROM 1980 TO 1985

ERDF: OPERATIONS		(Mio ECU)			
Member State	1985		1980-1985 (1)		
	Number	Amounts committed	Number	Amounts committed	Actual payments
B	2	0.25	8	1.99	0.65
DK	-	-	6	5.95	4.25
D	-	-	2	0.05	0.04
GR	-	-	4	0.12	0.10
F	-	-	2	6.45	0.63
IRL	-	-	3	0.62	0.65
I	13	0.95	33	21.02	6.14
L	-	-	-	-	-
NL	2	0.08	3	0.15	0.06
UK	19*	0.75	74*	7.24	2.44
COM	1	0.04	1	0.04	-
EUR 10	37	2.07	136	43.63	14.96
(1) Before 1980, only two studies had been financed in Ireland and Northern Ireland.					
* Including a study under Article 24(2).					

121. With regard to the state of progress of studies, eleven were completed in 1985, of which seven in the United Kingdom, two in Denmark, one in Greece and one in Italy, bringing the number of completed studies to 38.

In 1985, payments totalled 14.96 million ECU, equivalent to over one third of commitments, compared with one fifth at the end of 1984. Further improvement is necessary in 1985, and the Commission adopted stricter arrangements to speed up the take-up of appropriations committed. In particular, the Commission departments are in regular contact with the Member States concerned in an attempt to speed up work on studies on which unsatisfactory progress has been made. There are many reasons for the delays. For one thing, examination of the application by the Commission may hold up the launching of the study itself. Occasionally, however, the study has been completed but, since they have not yet finished paying for it, the national authorities are slow in submitting the payment application. Lastly, implementation of the study has more often than not simply fallen behind schedule, for a variety of reasons.

### 3.5 COMMITMENTS AND PAYMENTS IN RESPECT OF ERDF OPERATIONS (PROJECTS, PROGRAMMES, STUDIES)

#### 3.5.1 99.3% of commitment appropriations used in 1985

122. The funds available for commitment in 1985 to finance ERDF operations excluding specific Community measures were increased to 2 473.67 million ECU compared with 2 327.12 million ECU in 1984. This amount breaks down as follows:

TABLE 13.  
FUNDS AVAILABLE FOR COMMITMENT IN 1985

ERDF: OPERATIONS	(Mio ECU)
Appropriations entered in 1985 budget	2 174.90
Appropriations outstanding from 1984	4.92
Appropriations available from:	
- decommitments(*)	95.04
- changes in value of ECU	198.81
<b>Total appropriations available in 1985</b>	<b>2 473.67</b>
(*) Including 9.60 million ECU of decommitments available from the old Fund (Article 500) of the budget and transferred to the new Fund (Article 505).	

The breakdown of appropriations available from decommitments and changes in the value of the ECU is as follows:

TABLE 14.  
COMMITMENT APPROPRIATIONS AVAILABLE IN 1985, FROM DECOMMITMENTS AND  
CHANGES IN VALUE OF ECU BY MEMBER STATE

Member State	ERDF: OPERATIONS (Mio ECU)		
	Appropriations available from:		
	decommitments	changes in ECU rate	Total
B	0.66	-	0.66
DK	0.13	- 0.15	- 0.02
D	3.41	- 1.12	2.29
GR	-	76.57	76.57
F	13.03	- 9.23	3.80
IRL	16.73	- 0.72	16.01
I	29.22	156.27	185.49
L	0.12	-	0.12
NL	0.27	- 1.03	- 0.76
UK	31.47	- 21.78	9.69
EUR 10	95.04	198.81	293.85

123. The grant decisions taken in 1985 resulted in commitments totalling 2 457.11 million ECU (for breakdown, see Table 8).

124. During the first eleven years of ERDF operations, virtually all the appropriations available were committed. The difference between total appropriations available and total commitments leaves a balance of 16.56 million ECU only, which is the total cumulative balance since the Fund's inception. Table 15 provides a synopsis of the balance of commitment appropriations outstanding at each year-end since the Fund was set up. It shows that the available appropriations have been almost entirely used up since 1975.

TABLE 15.  
BALANCES OF COMMITMENT APPROPRIATIONS OUTSTANDING EACH YEAR-END FROM  
1975 TO 1985

ERDF: OPERATIONS		(Mio ECU)		
Year	Budget appropriations	Appropriations available for commitment (1)	Appropriations used up (2)	Balance outstanding at year-end and used up the following year
75/77	1 030.40(3)	1 047.23(3)	1 032.20(3)	15.03(3)
1978	581.00	599.84	556.36	43.48
1979	900.00	973.65	970.43	3.22
1980	1 106.75	1 169.64	1 137.79	31.85
1981	1 463.00	1 615.17	1 596.19	18.98
1982	1 669.00	1 817.69	1 812.13	5.56
1983	1 909.50	2 164.28	2 121.61	42.68
1984	2 025.00	2 327.12	2 322.20	4.92
1985	2 174.90	2 473.67	2 457.11	16.56

(1) Including appropriations carried over from the previous year and appropriations made available through decommitment and through adjustments to take account of fluctuations in the ECU rate in respect of commitments remaining payable from previous years.

(2) Commitments for the respective years adjusted to take account of fluctuations in the ECU rate.

(3) Budget appropriations: 1 300 million u.a., appropriations available for commitment: 1 312.33 million u.a., appropriations used up: 1 301.64 million u.a. This leaves a balance of 10.69 million u.a. converted into ECUs at the rate ruling in January 1978.

### 3.5.2 Payments

125. The payment appropriations initially entered in the 1985 budget amounted to 1 540 million ECU, an increase of 17.3% compared with 1984. Including 35.88 million ECU which had been carried over and 130 million ECU transferred from Chapter 51 of the budget (Specific Community measures), total payment appropriations available amounted to 1 705.88 million ECU (see Table 39 in the Annex).

126. Table 16 shows that payments actually made amounted to 1 590.65 million ECU. The increase over payments made the previous year was 20%. Payments actually made thus exceeded the 1 575.88 million ECU of payment appropriations initially available.

127. In actual fact, payment claims submitted by the Member States exceeded payment appropriations initially available by some 220 million ECU. Of that amount, some 130 million ECU were covered by payment claims processed by 31 December 1985, and in respect of which 14.77 million ECU were paid out, the remaining 90 million ECU being relating to claims that were either incomplete or that were submitted too late for them to be dealt with in 1985.

128. Overall, the ratio of total payments to commitments increased slightly at the end of 1985 to 56.9%, compared with 55.2% at the end of the previous year and 53.3% at the end of 1978. It remains fairly stable, having shown a maximum variation of some three percentage points between the highest ratio recorded at the end of 1980 (56.4%) and the lowest recorded in 1979 (53.2%). That overall payments represented only about one half of commitments stems inevitably from the Fund Regulation in force. When a decision to grant aid is taken, the total amount of the grant is committed immediately, whereas disbursement is staggered over several years in step with the progress of the investment projects financed and with the outlay by Member States. Moreover, ERDF payments are made only in response to specific claims by the Member States concerned.

Table 40 in the Annex provides a breakdown, for each Member State, of payments made in 1985 against the corresponding commitments made in previous years.

129. Advances made in respect of projects under Article 31 of the present Regulation amounted to only 50.6 million ECU in 1985, Ireland and France being the beneficiaries. The limited recourse to advances in 1985 was due essentially to the fact that nearly three quarters of commitments were made in December and, as a result, no further payments could be made out of them.

Since they were not approved by the Commission until the end of 1985, the first national programmes of Community interest did not give rise to any applications for advances during the year.

TABLE 16.  
PAYMENTS MADE IN 1985 AND COMMITMENTS STILL TO BE PAID AT THE END OF  
1985

ERDF: OPERATIONS

(Mio ECU)

Member State	Commitments 1975-1984 still to be paid at end of 1984 (1)	Commitments 1985	Payments		Payments as % of commitments		Commitments still to be paid at end of 1985
			1984	1985	75/84	75/85	
B	47.83	24.41	5.63	12.00	52.1	50.9	60.24
DK	25.02	13.20	28.10	7.69	77.6	75.8	30.53
D	153.94	73.55	43.92	59.19	69.2	70.6	168.30
GR	243.88	409.46	212.63	309.04	64.2	67.3	344.30
F	612.32	309.88	190.23	233.23	55.1	58.3	688.97
IRL	123.65	153.11	101.51	114.65	72.6	73.0	162.10
I	1 944.30	871.04	435.12	381.13	44.6	44.5	2 434.21
L	4.77	-	2.49	0.65	49.2	54.6	4.12
NL	78.51	17.08	14.74	15.31	50.1	53.9	80.28
UK	1 013.57	585.34	291.61	457.75	60.7	63.8	1 141.16
COM	-	0.04	-	-	-	-	0.04
EUR 10	4 247.79	2 457.11	1 325.98	1 590.65	55.2	56.9	5 114.25

(1) Amounts adjusted to take account of decommitments and adjustments for fluctuations in the ECU rate.

130. The second last column in Table 16 shows, for each Member State, the payments made from 1975 to 1985 as a percentage of total commitments made over the same period. The Member States still below the Community average are Italy, Belgium, the Netherlands and Luxembourg.

Table 41 in the Annex gives total ERDF payments to Member States in 1985 and in previous years.

131. Table 17 summarizes the settlement of payment appropriations since the ERDF was set up. Annual allocations of payment appropriations total 8 078 million ECU. At 31 December 1985, 7 963 million ECU had been accounted for by payments made since 1975, representing a rate of utilization of 98.6%.

TABLE 17.  
PAYMENT APPROPRIATIONS SINCE 1975

ERDF: OPERATIONS				(Mio ECU)
Year	Budget appropriations	Balance carried over	Payments made	Balance
	(1)	(2)	(3)	(1+2-3)
1975(1)	122.31	-	74.06	48.25
1976(1)	229.05	48.25	213.05	64.25
1977(1)	294.53	64.25	275.70	83.08 (1)
1978	525.00	83.08	254.89	353.19
1979	483.00	353.19	513.15	323.04
1980	392.38	323.04	726.70	4.72
	+ 16.00 (2)			
1981	799.20	4.72	791.41	15.85
	+ 3.34 (2)			
1982	1 015.00	15.85	950.67	97.96
	+ 17.78 (2)			
1983	1 180.00	97.96	1 246.60	31.36
1984	1 312.50	31.36	1 325.98	35.88
	+ 18.00 (2)			
1985	1 540.00	35.88	1 590.65	115.23
	+ 130.00 (2)			
<b>Total</b>	<b>8 078.09</b>		<b>7 962.86</b>	<b>115.23</b>

(1) Million of units of account (u.a.) converted into million ECU at the average rate for the year.  
(2) Transfer from specific Community measures (Chap. 51) to operations (Chap.50).

### 3.6 CONTROLS

132. Committed contributions are paid out upon presentation by the Member State concerned of statements certifying the public expenditure incurred (the basis for Fund assistance) and the existence of detailed supporting documents. The latter do not have to accompany payment claims. The conformity of the statements presented to the Commission with the supporting documents is verified on the occasion of on-the-spot checks carried out pursuant to Article 32 of the Regulation on a sample of projects aided by the ERDF.

On-the-spot checks also have the object of verifying the conformity of completed projects with the proposals as originally presented for ERDF aid and that of administrative practice with Community rules, particularly as regards public tendering. Establishing that the projects carried out conform with the operations for which ERDF assistance was provided also involves verifying the extent to which, in so far as they were indicated in grant applications, the socio-economic objectives of the projects financed have been met. While, in the case of infrastructure projects, such verification focuses on the level of use and the economic framework, it is more particularly concerned, in the case of industrial projects visited, with the number of jobs created or maintained compared with the forecasts given in grant applications.

During on-the-spot checks, which involve a visit to the firms concerned, the Commission inspectors, in order to ascertain the number of jobs created or maintained, examine appropriate documents, such as the firm's manpower records.

On-the-spot checks carried out by Commission staff in 1985 did not reveal any irregularity, i.e. any fraudulent operation enabling financial benefit to be obtained from the ERDF by way of an illegal procedure.

**133.** In 1985, the Court of Auditors of the European Communities was associated with two on-the-spot checks by the Commission.

**134.** In 1985, the Commission made on-the-spot checks of 168 projects, compared with 204 in 1984 and 200 in 1983, with the requirement to carry out checks being extended to special programmes assisted by the ERDF as specific Community measures (see Section 4.5). This brought the number of projects inspected on site since the Fund was established to 1 840. The projects inspected in 1985 accounted for ERDF assistance totalling some 88 million ECU and involved investment amounting to approximately 717 million ECU.

**135.** During the year, the Commission continued to use on-the-spot checks to examine, in association with the administering authorities, projects where payments had fallen behind schedule. The purpose was to discover the cause of such delays and to speed up the processing or closure of the files, either by final payment if the projects had been completed or by decommitting the appropriations allocated if they had not been carried out. In 1985, alongside checks proper, 547 dormant projects were inspected (as against 1.032 in 1984 and 823 in 1983). Following these inspections, 27 projects lost their grants (the appropriations being decommitted) while 67 were the subject of new payment claims and 184 the subject of a final claim to close the file.

**136.** Generally speaking, on-the-spot checks carried out during the year revealed occasional flaws in the information supplied by the Member States in grant applications and payment claims. They also brought to light some tardiness in informing the Commission of the completion of projects, delaying the closure of files.

**137.** In response to this situation, the Commission systematically continued and expanded in 1985 its general effort to speed up the closure of files.

The first phase of its action concerned files dating back to the first three-year period of the ERDF's existence that had not yet been closed. In 1985, the action was extended to files still pending from 1979 and previous years and to files from 1980 and 1981 that had not resulted in payment claims. It will be gradually extended to files still pending from subsequent years. As a result, unsettled commitments dating back to the period 1975-81 amounted to only 606 million ECU at 31 December 1985, as against 920 million ECU at the end of 1984, and represented only 14.3% of unsettled commitments at the end of 1985.

### **3.7 INFORMATION ON ERDF OPERATIONS**

**138.** Article 23 of the ERDF Regulation requires that Fund operations be publicized as follows.

- investors are to be informed that part of the aid granted to them has been provided by the Community;

- for infrastructure projects, Member States are to take all necessary steps to ensure that assistance from the Fund is given suitable publicity;
- the list of projects that have received assistance from the Fund is to be published every six months in the Official Journal of the European Communities.

The Commission and the Member States use a wide variety of means to implement these provisions, some of them suggested by the ERDF Committee.

Alongside the publicity measures explicitly provided for in the ERDF Regulation, the Commission continues to publicize its activities through the normal channels, e.g. press releases, press conferences and brochures. In particular, to mark the tenth anniversary of Community regional policy and of the ERDF, the Commission brought out a brochure intended for a wide readership "The European Community and its regions"; (see illustration No.2).

### *3.7.1 Press information in 1985: more detailed coverage*

139. After each block of grant decisions, the Commission issued a press package consisting of a general section concerning the whole allocation and a more detailed section setting out the aid granted to each country and listing all the projects concerned in the latest allocation. The general part is intended for newspapers accredited in Brussels, which are for the most part national papers, while the more detailed section concerning the Member States is of interest primarily to the regional and local press.

These publications have attracted greater interest not only from journalists but also from a wider audience (members of parliament, business consultants, national and regional authorities) since the project lists became more detailed.

### *3.7.2 Signboards*

140. The signboards which the Member States erect at the sites of some infrastructure projects are a very useful means of publicizing the ERDF's financial contribution since the notice draws attention directly to a visible practical structure.

The erection of such signboards was agreed by the Members of the ERDF Committee in 1975/76. It was decided that they should be put up for projects exceeding a given cost. Unfortunately, agreement was not reached on what the level of cost should be, with the result that the thresholds vary from one Member State to another. The Commission has urged the Member States to apply a common threshold. At the first ERDF Committee meeting in 1986, broad agreement was reached that signboards would be erected by all Member States for projects costing 1 million ECU or more.

The Commission is also planning to step up its efforts to ensure that signboards are actually erected for such projects. The figures for the number of signboards erected in 1985 are not yet available for all Member States. Since the Regional Fund was set up, signboards have been erected for some 3 000 projects. Illustrations of signboards are to be found at the end of this report.

Since 1985, the signboards have carried a European emblem, the letter E for "Europe" in gold on a blue square (see Illustration No.2). This emblem gets the message over to the public even more effectively than a notice and conveys to all Europeans the same image of the Community's presence.

In addition to the temporary signboards erected during implementation of a project, some Member States, notably the United Kingdom, affix permanent plaques to certain projects assisted by the ERDF.

### ***3.7.3 Publication in the Official Journal***

*141.* None of the list of projects covered by the six allocations for 1985 has as yet been published in the Official Journal. The Commission intended to provide in the Official Journal from 1985 onwards the same detailed information as that distributed to the press, so as to enhance the information value of publication. Since the Official Journal has to be published in all Community languages, translation of the detailed lists requires a substantial amount of extra work. The Commission is currently standardizing the format of translations.

### ***3.7.4 Letters to investors***

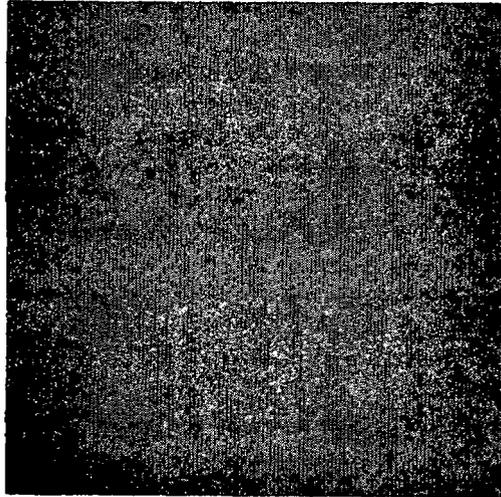
*142.* In order to inform investors that their project has received an ERDF grant, the Commission sends out letters notifying them that part of the public funds they have received comes from the Community. Since 1985, these letters, which are now standardized and computerized, have been sent out promptly after each allocation.

### ***3.7.5 Information on programmes***

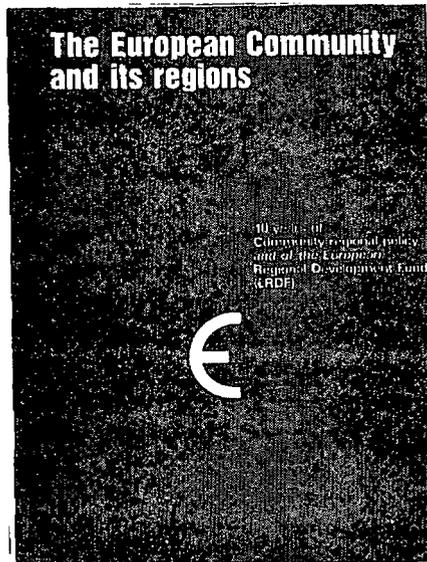
*143.* In this relatively new field of activity, the Commission issued press releases when the first national programmes of Community interest were adopted.

ILLUSTRATION  
EMBLEM AND BROCHURE

The emblem adopted by the Commission is a stylized E in gold on a dark-blue background.



Brochure to mark the tenth anniversary of Community regional policy and of the European Regional Development Fund.



## CHAPTER 4. SPECIFIC COMMUNITY REGIONAL DEVELOPMENT MEASURES

### 4.1 THE TWO SERIES OF SPECIFIC COMMUNITY MEASURES CONTINUE

**144.** Article 45 of the new ERDF Regulation provides that the specific Community measures referred to in Title III of the revised 1975 Regulation and instituted by the Council before the entry into force of the new Regulation are to continue, but that Article 4(3), which sets ranges for the use of ERDF resources, is not to apply to resources intended to cover budget commitments still to be entered into for the execution of such measures.

**145.** As provided for in Article 13 of the revised 1975 Regulation, specific Community regional development measures are to include measures "linked to Community policies and measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences".

These measures enable the Community to contribute, for a limited period, to resolving problems for which it bears special responsibility in specific regions proposed by the Commission on the basis of Community criteria. These are regions liable to be affected by the consequences of decisions and measures taken under other Community policies, especially outlying regions facing special problems due to their remoteness.

The measures are implemented in the form of special multiannual programmes submitted by Member States for approval by the Commission, after consultation with the ERDF Committee.

The programmes must form part of the regional development programmes of the countries concerned. In addition, they must contain information analysing the situation and needs related to the objectives pursued, specify the operations proposed and the timetable for carrying them out and, more generally, provide any information relevant to an assessment of their consistency with regional development objectives.

These programmes enable the ERDF to finance jointly with the Member States concerned such operations as market studies, the promotion of industrial innovation, management advisory services, and improving access for small and medium-sized undertakings (SMUs) to risk capital. These operations may be granted Community assistance of up to 70% of the cost, which means a substantial increase in the funds available for the operations carried out in Member States. Fund assistance may go to public authorities including local authorities, various organizations, firms or individuals.

On 7 October 1980 the Council adopted the first series of five Regulations<sup>19</sup> concerning these measures,, which seek to promote:

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<sup>19</sup> Regulations published in OJ L 271 of 15.10.1980.

- the development of certain Mediterranean regions (Mezzogiorno and South-West France) in the context of the enlargement of the Community to include Greece, Spain and Portugal - Council Regulation (EEC) No 2615/80;
- the creation of new activities in certain zones seriously affected by the restructuring of the steel industry in Belgium, Italy and the United Kingdom - Council Regulation (EEC) No 2616/80;
- the creation of new activities in certain zones seriously affected by the restructuring of the shipbuilding industry in the United Kingdom - Council Regulation (EEC) No 2617/80;
- an improvement in the security of energy supply in inland areas of the Mezzogiorno - Council Regulation (EEC) No 2618/80;
- an improvement in the economic and social situation of the border areas of Ireland and Northern Ireland - Council Regulation (EEC) No 2619/80;

These measures were backed by financial assistance totalling 220 million ECU in the period 1981-85.

Under the first five Regulations, eight special programmes were approved by the Commission, after consultation with the ERDF Committee, between June 1981 and July 1982, for assistance amounting to 216 million ECU. The ninth and last programme, which concerns the measures in the steel areas in Italy, has not yet been approved by the Commission.

**146.** On 18 January 1984 the Council adopted the second series of specific regional development measures, presented by the Commission in November 1982.

Financial assistance under this second series will amount to 724 million ECU over five years, more than three times the amount allocated to the first series. The measures apply additional resources and introduce new forms of action to strengthen some measures already in progress to solve regional problems arising from the third enlargement of the Community, restructuring in the steel and shipbuilding industries and energy supply difficulties. Their territorial scope has been extended to include Greece and a new measure has been introduced to deal with the regional effects of restructuring in the textile industry.

The areas covered by this second series of specific Community measures are in the following Member States<sup>20</sup> :

- enlargement measure: France, Italy - Council Regulation (EEC) no 214/84; Greece - Council Regulation (EEC) no 215/84;
- steel area measure: Belgium, France, Italy, Luxembourg, Germany, United Kingdom - Council Regulation (EEC) no 216/84;
- shipbuilding measure: Germany, United Kingdom - Council Regulation (EEC) no 217/84;
- energy supply measure: Italy, Greece - Council Regulation (EEC) no 218/84;
- textile area measure: Belgium, France, Ireland, Italy, Netherlands, United Kingdom - Council Regulation (EEC) no 219/84;

Some major improvements to the first series have been introduced with these measures. Investment aids may now include an additional grant paid

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<sup>20</sup> Regulations published in OJ L 27 of 31.1.1984.

entirely by the Community. Aid for business advisory services has been introduced, the aim being to institute more active management of aids from the public purse by exploring the potential for local economic initiatives.

The steel area measure will be linked more closely to the Community's policy for the steel industry. A first phase of the measure concerns areas which have suffered heavy job losses in the sector. A second phase is also applied in areas where the Member States' steel industry restructuring programmes, notified by the Member States as a result of the Commission's decision of August 1981, has major consequences. In 1985, the Commission took decisions regarding the steel areas in France, which will receive assistance under the second phase of this measure (see annexed bibliography).

#### **4.2 THE SECOND SERIES OF MEASURES LAUNCHED IN 1984 SUPPLEMENTED IN 1985**

**147.** On 14 December 1984 the Commission adopted four proposals for Regulations based on Article 13 of the ERDF Regulation in force at the time<sup>21</sup>. The proposals<sup>22</sup>, which were sent to the Council on 22 December, were intended to supplement the second series of measures adopted on 18 January 1984 by the Council and fulfilled the undertaking given by the Commission on that date.

However, on 1 January 1985, the new ERDF regulation replacing Regulation (EEC) No 724/75, came into force. Consequently, arrangements had to be made to enable the Council to act on these four proposals for supplementary measures, and to extend the time limit laid down in Article 45 of the Regulation so that the measures could be financed without application of the system of ranges. To this end, the Commission sent the Council a proposal for a Regulation on 29 May 1985 on setting up, in 1985, specific Community regional development measures, and amending Regulation (EEC) No 1787/84;

In response to Parliament's favourable opinion, delivered on 12 July 1985, on the four proposals for supplementary measures and its proposals for amendments, the Commission, acting in accordance with the second paragraph of Article 149 of the EEC Treaty, amended<sup>23</sup> the proposals made in December 1984.

**148.** The Council adopted the Commission's proposals<sup>24</sup> on 17 December 1985, as:

- Council Regulation (EEC) No 3634/85 making special provision to enable specific measures still to be adopted in 1985.
- Council Regulation (EEC) No 3635/85 extending the geographical scope of the existing measure in certain zones adversely affected by the restructuring of the shipbuilding industry to include the

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<sup>21</sup> (EEC) 724/75, OJ L 73 of 21.3.1975.

<sup>22</sup> OJ C 70 of 18.3.1985.

<sup>23</sup> OJ C 258 of 10.10.1985.

<sup>24</sup> OJ C 350 of 27.12.1985.

Arbeitsmarktregion of Bremen-Bremerhaven in Germany, assisted areas in the departments of Loire Atlantique and Var, including the canton of La Ciotat in the department of Bouches-du-Rhône in France, the provinces of Gorizia, Trieste and Palermo and the province of Genoa with the exception of the non-aided zone adjoining the province of Piacenza in Italy;

- Council Regulation (EEC) No 3636/85 extending the geographical scope of the existing measure in certain zones adversely affected by the restructuring of the textile and clothing industry to include the Arbeitsmarktregionen of Ahaus, Steinfurt and Fulda, and the assisted areas in the Arbeitsmarktregion of Bayreuth;
- Council Regulation (EEC) No 3637/85 extending the scope and the period of application of the specific measure in the border areas of Ireland and Northern Ireland: the geographical scope is extended to include County Sligo in Ireland and the whole of Northern Ireland except the urban areas of Belfast. New measures have been introduced: aids for investment by small businesses, improved access for small businesses to risk capital, the promotion of innovation and economic promotion services. The areas in Ireland are in addition covered by a package of measures to encourage the supply and use of natural gas;
- Council Regulation (EEC) No 3638/85 instituting a new specific regional development measure in certain zones affected by the implementation of the Community fisheries policy. The measure covers a number of areas in Denmark, the Arbeitsmarktregionen of Bremerhaven and Cuxhaven in Germany, the arrondissements of La Rochelle, Quimper and Lorient in France, and the travel-to-work areas of Blackpool, Hull and Grimsby in the United Kingdom. The ERDF will participate, within the framework of special programmes to be drawn up by the Member States, in a wide range of measures to create new economic activities: redevelopment of fishing ports, development studies, small business investment aids, economic promotion and consultation, common services, promotion of innovation and of tourism.

The Community's financial contribution to the measures over the five years they are to run has been put at 144 million ECU.

**149.** Altogether, the ERDF's planned contribution to specific Community measures over the period 1981-91 is 1 100 million ECU.

#### **4.3 APPROVAL OF THE SPECIAL PROGRAMMES**

**150.** Between 12 November and 19 December 1985 the Commission, after consulting the ERDF Committee, approved five special programmes involving a total of 39 million ECU as follows:

##### **Germany**

- Overcoming constraints on the development of new economic activities in the following areas:
  - labour market regions of Bochum, Dortmund and Duisburg in North Rhine-Westphalia (21.1 million ECU);
  - labour market regions of Braunschweig/Salzgitter and Osnabrück in Lower Saxony (7.35 million ECU);

- labour market regions of Amberg and Schwandorf in the Mitteloberpfalz, Bavaria (2.56 million ECU);
- Overcoming constraints on the development of new economic activities in the labour Market region of Lübeck in Schleswig-Holstein adversely affected by restructuring in the shipbuilding industry (3 million ECU).

#### **Netherlands**

- Overcoming constraints on the development of new economic activities in the "COROP-regions" of IJmuiden, Alkmaar and surroundings, and Kop van Noord-Holland, adversely affected by restructuring in the steel industry (5 million ECU).

The remainder of the funds set aside for this second series will be used to finance other special programmes yet to be approved by the Commission, in Italy, France, Belgium, Ireland and Luxembourg. The Commission received a number of applications for special programmes during 1985.

151. Altogether, by the end of 1985, the Commission had thus approved special programmes under specific Community measures involving a total ERDF contribution of 490 million ECU. This total is made up of 216 million ECU for the eight special programmes approved in 1981 and 1982 under the first series, 235 million ECU for the seven programmes approved under the second series in 1984 and 39 million ECU for the five programmes approved in 1985. A further 600 million ECU are thus still available for programmes yet to be approved.

#### **4.4 IMPLEMENTATION OF THE PROGRAMMES IN PROGRESS**

152. This section deals with the implementation of the special programmes approved by the Commission and describes the main results of those programmes by Member State concerned.

##### **Belgium**

###### **"Steel areas" measure**

153. This measure is intended to contribute to overcoming constraints on the development of new economic activities in certain areas adversely affected by restructuring in the steel industry. The programme submitted by Belgium and approved by the Commission in December 1981 covers the steel areas in the provinces of Luxembourg, Liège and Hainaut with the exception of the arrondissements of Ath and Tournai. Community assistance of 6 million ECU has been allocated.

The new arrangements for applying innovation in firms (particularly through technological innovation officers), introduced in 1984 by the Walloon Region, have proved effective. A systematic policy of identifying prospective entrepreneurs is now being pursued.

In accordance with Regulation (EEC) No 216/84, which amended the basic Regulation instituting this measure, the Belgian Government submitted in 1985 the amended programme which it proposes to implement and for which additional aid of 28 million ECU is planned. As this amended programme was not approved by the Commission during the year, no appropriations were committed in 1985. Since the end of 1982, commitments amount to 0.98 million ECU (i.e. 16% of the initial allocation) and all the sums committed have been paid out.

## **Germany:**

**154.** The prime aim of the two measures been undertaken in Germany - the "steel areas" and "shipbuilding areas" measures - is to make the regions concerned less dependent on a single industry, particularly through the setting up of SMUs. One of the principal means of doing this is to facilitate the re-use of abandoned production facilities by firms which put new products on the market applying new manufacturing processes.

### **"Steel areas" measure**

**155.** The special programme for the Saarland, which includes the adjacent assisted areas of Rhineland-Palatinate, was approved by the Commission in December 1984 and was allocated ERDF aid of 13 million ECU. Implementation of the programme began at the beginning of 1985, and the following operations were financed during the course of the year:

- the first phase of the conversion of two industrial sites and buildings. The cost of the work undertaken is approximately 3.6 million ECU;
- investment in SMUs totalling approximately 13.6 million ECU, in respect of which grants of 1.2 million ECU were made. This investment has led to the creation of more than 200 permanent jobs;
- the operating costs of three bodies engaged in the transfer of new technologies and innovation to SMUs.

Under the arrangements for the areas in which the programmes for restructuring the steel industry, transmitted by the Member States to the Commission, have a major impact on the regional employment situation, the Commission approved in November and December 1985 three special programmes, which have been allocated total aid of 31 million ECU.

Taking these four programmes together, commitments at the end of 1985 amounted to 10.4 million ECU (i.e. 24% of the overall allocation of 44 million ECU) and payments amounted to 24% of commitments.

### **"Shipbuilding areas" measure**

**158.** With problems worsening in the shipbuilding industry in Germany, this specific measure, which originally covered only a number of areas in the United Kingdom, has been extended by Regulation (EEC) No 217/84 to the "Arbeitsmarktregion" of Lübeck-Ostholstein in Schleswig-Holstein.

The special programme, which was approved by the Commission in November 1985, has been allocated ERDF aid of 3 million ECU. The first commitments amounted to 0.63 million ECU.

## **Greece**

### **"Enlargement" measure**

**157.** As the development of a number of Greek regions was also in danger of being adversely affected by the future enlargement of the Community to include Portugal and Spain, the specific Community "enlargement" measure has, since 1984, been extended to Greece (Regulation (EEC) No 215/84). The specific measure covers the Greek islands with the exception of Salamina and, as far as aid for industrial investment is concerned, Aiyina, Idhra and Spetses.

In December 1984 the Commission approved the five-year programme, which has been allocated Community assistance of 40 million ECU. By the end of

1984, commitments amounted to 5.5 million ECU (i.e. 14% of the total allocation) and payments represented 60% of the total expenditure planned for the first year. As a result of the technical and administrative difficulties which always occur during the first year of a programme's implementation, progress has so far been slow. No commitments or payments were made in 1985.

Of the five specific measures provided for in the programme, four were implemented in the first year of the programme being launched (April 1984 to April 1985). They cover the following fields:

- structural aid to SMUs in the areas covered by the programme;
- the promotion of rural tourism to assist the development of the islands;
- improvements to communications between the islands and mainland Greece and between the islands themselves;
- environmental projects.

**"Energy" measure**

158. As Greece has a substantial energy shortfall and is heavily dependent on oil imports, and as the cost of energy is particularly high in the Greek islands, the energy measure was extended in 1984 to include Greece (Regulation (EEC) No 218/84). The specific measure applies to the Greek islands with the exception of Salamina.

In December 1984 the Commission approved the special programme, Community aid of 20 million ECU being allocated to it. At the end of 1984, commitments stood at 1.3 million ECU (i.e. 6.3% of the total allocation) and payments represented 60% of the total expenditure planned for the first year (April 1984 to April 1985). No commitment or payment was made in 1985, since the same difficulties as those referred to in connection with the enlargement programme were encountered.

According to the annual progress report on the programme, transmitted to the Commission by the Greek authorities, a start was made on the majority of the planned measures during the first year of the programme's implementation. These measures relate to the integrated programme on the island of Naxos and to projects in the fields of wind, photovoltaic and geothermal energy on the islands of Milos and Mikonos. This last special measure includes the laying of a cable between the two islands.

**France**

**"Enlargement" measure**

159. This measure is intended to contribute to the development of the Aquitaine, Midi-Pyrénées and Languedoc-Roussillon regions by helping their economies to adapt to enlargement. In June 1981 the Commission approved a special programme, to which Community aid of 55 million ECU was allocated. Progress in implementing this programme slowed markedly in 1985. As the French authorities did not submit to the Commission the special programme amended to take account of the new Regulation (Regulation (EEC) No 214/84) until the end of 1985, this programme will not be approved by the Commission until 1986, which explains why no commitments were made in 1985. The position regarding commitments is therefore the same as for the period 1981-84: 38.4 million ECU have been committed (i.e. 70% of the total allocation of 55 million ECU) and 64% of the sums committed have been paid out.

Once the amended special programme has been approved by the Commission in 1986, this specific development measure, to which 72 million ECU have now been allocated, should be implemented more rapidly than in the past, since the major administrative and financial difficulties impeding its implementation in France would seem to have been overcome.

## *Ireland*

### *Measure relating to frontier areas of Ireland and Northern Ireland*

160. This measure is designed to improve the economic and social situation in the border areas of Ireland and Northern Ireland. Community aid of 16 million ECU has been allocated to this special programme, which was approved by the Commission in June 1981. The programme covers the counties of Donegal, Leitrim, Cavan, Monaghan and Louth.

Implementation of this measure accelerated a good deal in 1985, with commitments reaching 15.08 million ECU (i.e. 94% of the total allocation) and payments representing 80% of commitments.

In addition to tourist promotion ventures such as joint brochures covering Ireland and Northern Ireland and tourist information centres, aid was granted to infrastructure projects contributing to the development of tourism in the border areas concerned.

A prime example of this type of measure is the Glenveagh National Park in county Donegal, which comprises an extensive natural parkland area, a visitor centre and a restored castle. It attracts many visitors and has received aid totalling 2 million ECU.

## *Italy*

### *"Enlargement" measure*

161. This measure is intended to develop economic activities outside agriculture and to diversify employment opportunities in the Mezzogiorno with a view to overcoming the adverse effects of the Community's enlargement. The special programme for implementing this measure, submitted by Italy, was approved by the Commission in December 1981. It was allocated Community assistance of 65 million ECU.

By the end of 1984, 67 projects or ventures had been approved and ERDF aid totalling 33.8 million ECU had been granted, broken down as follows: 62% for SMUs, 10% for innovation, 8% for craft industries and 20% for rural tourism.

The private organizations which have primarily benefitted from ERDF aid are the union of cooperatives, the industrial associations and the associations of industrial and craft firms.

The public organizations to benefit have included the former Cassa per il Mezzogiorno, the regions and the provinces. By the end of 1985, 52% of the total appropriations allocated had been committed and payments representing 14% of commitments had been made. Owing to the delays in implementing the programme, its administration has been entrusted by the Minister for the Mezzogiorno to the IASM (Istituto per l'assistenza allo sviluppo del Mezzogiorno) in order to speed up its progress.

The amended special programme submitted by the Italian authorities under Regulation (EEC) No 214/84, which provides for Community aid to be doubled, will not be approved by the Commission until 1986. As a result, there were no commitments in 1985.

### **"Energy" measure**

**162.** This measure is designed to improve security of energy supplies in the mountainous areas of the Mezzogiorno. The special programme, which was approved by the Commission in June 1981, was granted Community assistance of 16 million ECU.

The commitments made by the ERDF amount to 5 million ECU (i.e. 31% of the total allocation). Payments stand at 30% of commitments. However, this budget situation does not reflect the real position regarding the programme's implementation, since the main organization involved in implementing the programme - ENEL (Ente nazionale energia elettrica) - has completed the parts of the programme for which it is responsible.

The Commission requested the amendment of the special programme, to which an additional 23 million ECU had been allocated, under Regulation (EEC) No 218/84. By the end of 1985, the Italian authorities had not yet submitted the amended programme to the Commission, with the result that no commitment was made during the course of the year.

### **Netherlands**

#### **"Textile and clothing areas" measure**

**163.** This specific measure was instituted in 1984 to help overcome constraints on the development of new economic activities in certain areas adversely affected by restructuring of the textile and clothing industry. In the Netherlands, this measure applies to the "Corop-regio" Twente and to the textile area of Helmond.

The special programme submitted by the Dutch authorities in respect of this measure was approved by the Commission in December 1984 and was allocated assistance of 7 million ECU. Actual implementation started at the beginning of 1985; by the end of 1985, a total of 15.2 million ECU had been committed (i.e. 18% of the total allocation) and 85% of the sums committed had been paid out.

**164.** In Twente, the main activities aided under this programme in 1985 were as follows:

- the commencement of conversion and cleaning-up work on three major industrial site/building projects covering a total area of some 16 ha. These projects will provide space for a considerable number of SMUs;
- the provision of a number of common services for SMUs;
- support for advisory services for SMUs: approximately 25 projects have been approved under this scheme;
- economic promotion activities.

In Helmond, there are two main categories of activity under the programme:

- "structures" projects, which aim to improve the industrial structures of the area by creating certain important facilities for the subsequent development of SMUs, for example:
  - encouragement of the transfer of innovation;
  - improvements to product quality,
  - creation of common services;

- carrying out of sectoral analyses of particular importance for the area;
- "individual" projects, which aim to develop SMUs by providing them with advisory services in the following fields:
  - management and organizational matters;
  - market potential;
  - innovation and product development;
  - financial feasibility studies.

In 1985 some twenty projects were approved under this section of the programme and twelve are still under discussion.

#### ***"Steel areas" measure***

165. The "steel areas" measure also applies to a number of areas in the Netherlands where implementation of the programmes for restructuring the steel industry, transmitted by the Member States to the Commission in August 1981, has a major impact on the regional employment situation.

The special programme, which was approved by the Commission in November 1985 and to which 5 million ECU were allocated, applies to the COROP-regios of IJmuiden, Alkmaar and its surrounding area and Kop van Noord-Holland. The first commitments, totalling 0.8 million ECU, were made at the end of 1985. The results of implementing this programme are not yet available. The programme provides for assistance to be granted to the following activities:

- conversion of industrial sites;
- advisory services for SMUs;
- establishment of common services;
- collection and dissemination of information concerning innovation;
- encouragement of innovation in SMUs;
- improved access to risk capital for SMUs;
- sectoral analyses.

#### ***United Kingdom***

166. 1985 saw the launch of a new measure to help textile areas, the extension of the measures for restructuring steel and shipbuilding areas and the continued implementation of the measure relating to the border areas of Ireland and Northern Ireland. Extension of these measures and preparation of the new measures were based on the experience gained from implementing the first series of measures; the United Kingdom's experience is particularly relevant in this regard.

#### ***"Steel areas" and "shipbuilding areas" measures***

167. In December 1984 the Commission approved the special programme for the steel areas, which had been amended in accordance with Regulation (EEC) No 216/84. Community aid to this programme was doubled to 66 million ECU. This measure, which already covered the Strathclyde region, the counties of Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent and

the employment office area of Corby, was extended to the following areas: parts of the travel-to-work area of Port Talbot which are situated in the county of Mid-Glamorgan, the travel-to-work area of Llanelli in the county of Dyfed, the county of Durham (including those parts of the travel-to-work area of Consett which are situated in the counties of Northumberland and Tyne and Wear); the county of Humberside (including those parts of the travel-to-work area of Scunthorpe which are situated in the county of Lincolnshire); the county of South Yorkshire, including the travel-to-work area of Sheffield; the travel-to-work area of Workington in the county of Cumbria.

At the end of 1985, commitments amounted to 23.4 million ECU (i.e. 35% of the total allocation) and payments to 82% of commitments.

**168.** In December 1984 the Commission also approved the special programme for the "shipbuilding areas" measure, which had been amended in accordance with Regulation (EEC) No 217/84 and for which Community aid had been doubled to 34 million ECU. This measure concerns the Strathclyde region, the counties of Cleveland and Tyne and Wear and the urban area of Belfast. At the end of 1985, commitments amounted to 15.2 million ECU (i.e. 45% of the total allocation) and payments to 59% of the amounts committed.

**169.** One of the most interesting experiences was the Better Business Services scheme launched in 1983 in the Scottish regions covered by regional development measures. This scheme, which has since been extended to other regions covered by new or extended specific measures, notably in the textile areas of England and Northern Ireland, aims to help firms to improve their management, marketing and financial expertise by concentrating on those aspects of a firm's performance which are not directly related to production. The scheme comprises nine different services, five of which can be given follow-up support geared to consolidating the strategies identified during the course of the first consultation phase. A total of 3 500 applications for aid were received during the first year of the scheme's operation. The service for which demand is greatest is that giving help with business administration, which has been particularly useful for start-up enterprises.

Examples of other services provided are:

- management control, which has paid particular dividends for those firms which have traded in a largely unchanged way for some years;
- the finance control service, which ranges from the examination of liquidity problems and levels, to the study of how a floatation can best be handled through the financial institutions to ensure maximum benefit for the firm;
- the sales and marketing service, which has demonstrated that properly defined marketing targets, whether directed at Community consumers or further afield, produce marked gains in net volume and profitability;
- the profit improvement service has helped firms to recognize the scope for capitalizing on unused resources of raw materials, markets and staff;
- the translation service has been used for producing marketing literature and difficult technical translations and is a valuable adjunct to the package of aid for exporting firms.

**170.** On the infrastructure side, the main thrust of the programme has been towards the conversion of disused buildings to provide small workshop

units and the conversion of derelict land into modern industrial/commercial estates.

For example, from 1982 to 1984, a total of 108 000 m<sup>2</sup> of floor space was provided and 290 hectares of industrial sites were cleared with ERDF aid amounting to 20 million ECU.

### ***"Textile areas" measure***

171. Acting on the basis of Regulation (EEC) No 219/84, which was adopted by the Council in January 1984, the United Kingdom authorities submitted a special programme which the Commission approved in December 1984. This measure covers Northern Ireland; the region of Tayside; the travel-to-work areas of Bradford, Dewsbury, Halifax, Huddersfield, Keighley and Todmorden in the county of West Yorkshire; the travel-to-work areas of Accrington, Blackburn, Burnley, Lancaster, Nelson and Rossendale in the county of Lancashire; the travel-to-work areas of Ashton-under-Lyme, Bolton, Bury, Leigh, Oldham, Rochdale and Wigan in the county of Greater Manchester. This programme was allocated Community assistance of 105 million ECU.

At the end of 1985, commitments amounted to 21 million ECU (i.e. 20% of the total allocation) and payments to 60% of commitments.

Under this measure, implementation of which began in the United Kingdom early in 1985, and through the extension of the Better Business Services scheme referred to above, substantial aid was granted for the conversion of many derelict textile mills undertaken by the local authorities in the United Kingdom. More than 8.5 million ECU were granted in 1985 for a series of conversions, site access projects and cleaning up the industrial environment in Greater Manchester, Lancashire, Yorkshire and Humberside. Substantial aid was also granted to Northern Ireland for this type of project.

### ***Measure relating to border areas of Ireland and Northern Ireland***

172. The special programme drawn up under this common measure with Ireland and approved by the Commission in June 1981 covers the council districts directly adjoining the border, that is Londonderry, Strabane, Omagh, Fermanagh, Dungannon, Armagh, Newry and Mourne. It was allocated ERDF aid of 8 million ECU.

Implementation of this measure accelerated markedly in 1985, with commitments reaching 5.4 million ECU (i.e. 68% of the overall allocation) and payments 87% of commitments.

In addition to the tourist promotion ventures such as joint brochures for Ireland and Northern Ireland and tourist information centres, aid has been allocated to infrastructure projects contributing to the development of tourism in the border areas concerned.

A prime example is the Marble Arch Caves in the Fermanagh District, which comprise natural underground caves and a water system recently opened to the public. This facility, which is set to become a tourist attraction of prime importance in this part of Northern Ireland, was granted total aid of 0.5 million ECU.

Table 18.  
Commitments and payments 1985 and 1981-1985

ERDF: SPECIFIC COMMUNITY MEASURES

((Mio ECU)

Special programmes	Total allocation	Commitments		Commitm./ tot.alloc. %	Payments		Payments/ Commitm. %
		1985	1981-1985		1985	1981-1985	
Belgium -Steel areas	6	-	0.98	16.3	0.32	0.98	100.0
Germany -Steel areas	44	9.46	10.36	23.6	2.47	2.47	23.8
-Shipbuilding areas	3	0.63	0.63	21.1	-	-	-
	47	10.09	10.99	23.4	2.47	2.47	22.5
Greece -Enlargement	40	-	5.49	13.7	-	3.29	60.0
-Energy	20	-	1.25	6.3	-	0.75	60.0
	60	-	6.74	11.2	-	4.04	60.0
France -Enlargement	55	-	38.38	69.8	-	24.65	64.2
Ireland -Border areas	16	3.36	15.08	94.2	3.57	12.04	79.8
Italy -Energy	16	-	5.03	31.4	-	1.51	30.0
-Enlargement	65	-	33.82	52.0	-	4.84	14.3
	81	-	38.85	48.0	-	6.35	16.3
Netherlands -Textile areas	7	1.03	1.26	18.0	1.07	1.07	85.0
-Steel areas	5	0.77	0.77	15.3	-	-	-
	12	1.80	2.03	16.9	1.07	1.07	52.7
United Kingdom -Border areas	8	1.76	5.41	67.7	2.25	4.71	87.0
-Steel areas	66	7.35	23.41	35.5	7.14	19.15	81.8
-Shipbuilding areas	34	3.01	15.16	44.6	3.94	8.87	58.5
-Textile areas	105	10.50	21.00	20.0	12.60	12.60	60.0
	213	22.62	64.98	30.5	25.93	45.33	69.8
<b>Total</b>	<b>490</b>	<b>37.87</b>	<b>178.01</b>	<b>36.3</b>	<b>33.36</b>	<b>96.93</b>	<b>54.5</b>

#### 4.5 COMMITMENTS AND PAYMENTS

173. Table 18 shows the situation regarding funds available and appropriations used at 31 December 1985 for all the special programmes approved by the Commission.

174. Commitments made in 1985 amounted to 38 million ECU, which brings total commitments for these measures since 1981 to 178 million ECU. This is equivalent to 36% of the allocations approved so far, which total 490 million ECU.

175. Payments in 1985 amounted to 33.4 million ECU, bringing total payments made so far to nearly 97 million ECU, equivalent to over half of commitments (54.4%).

Table 19 compares the appropriations available for commitment and the appropriations actually committed in 1985.

TABLE 19.  
AVAILABLE FUNDS AND COMMITMENTS 1985

ERDF: SPECIFIC COMMUNITY MEASURES	(Mio ECU)
Appropriations entered in 1985 budget	115.00
Appropriations outstanding from 1984	65.86
Total appropriations available in 1985	180.86
Appropriations committed	37.86
Appropriations outstanding from 1984 not used and cancelled	28.00
Balance outstanding at end of year	115.00

176. Although the ratio of payments to commitments improved in 1985 from 45.5% to 54.4%, the fairly low level of commitments during the year is disturbing: commitments were 40% down on 1984. Progress on programmes, as measured by the ratio of commitments to total allocations, increased by only five percentage points in 1985, from 31% in 1984. The most serious problems appear to have arisen in Italy, Greece, France and Belgium, where there were no commitments at all in 1985. However, programmes are continuing normally on the whole in Ireland, the United Kingdom, the Netherlands and Germany. Commission departments have kept in touch with the Member States concerned in an attempt to improve the situation.

#### 4.6 CONTROLS

177. In 1985, on-the-spot checks were carried out in respect of three of the eight special programmes of the first series of specific Community measures (United Kingdom - "Shipbuilding", Greece - "Energy", France - "Enlargement").

The checks had two main objectives. From an economic viewpoint they were concerned with conformity and, above all, effectiveness, i.e. the extent to which the objectives of the special programmes had been achieved and the contribution which the various measures were making to those objectives. At a technical and financial level, their purpose was to

verify on an overall basis, by type of operation and for a sample of individual projects, the figures certified by the Member State in question.

While the technical and financial checks did not establish any intentional fraud, it was found that excessively broad interpretation of the provisions by national authorities had sometimes led them to include projects that did not fulfil the conditions of eligibility; the necessary corrections are being made.

#### **4.7 INFORMATION ACTIVITY BY THE MEMBER STATES AND THE COMMISSION**

*178.* The Commission is more restricted in the information it can supply to the public on ERDF aid to programmes than on aid to individual projects, since only the Member States know all the details of the programmes and can thus provide the public with information about recipients. The United Kingdom does so regularly.

However, the Commission informs the press of the proposals it has made and the decisions it has taken. It issued press releases each time it adopted a special programme, and announced its decisions extending the geographical scope of certain specific Community measures.

## **CHAPTER 5. ERDF PARTICIPATION IN COMMUNITY INTEGRATED DEVELOPMENT OPERATIONS**

### **5.1 MAJOR DEVELOPMENTS**

**179.** The year 1985 saw the entry into force of the new Regulation, which includes provisions (Article 34) governing ERDF participation in Community integrated development operations.

Measures qualifying for ERDF financing that form part of an integrated development approach, such as integrated operations or programmes, may be accorded priority treatment in the management of the ERDF's resources.

The second important development in 1985 was the adoption by the Council of the Regulation introducing the integrated Mediterranean programmes (IMPs) on 23 July, following the agreement reached at the Brussels European Council in March 1985.

**180.** On 16 July 1985, the Commission sent the Council a communication on stronger Community structural measures to assist steel restructuring areas. After taking stock of the Community measures in progress, the Commission proposed in particular an integrated approach, including new measures, in the areas where the problems stemming from job losses in steel are the most serious.

**181.** For all the integrated approaches, the Commission has taken a number of organizational measures to improve the coordination of financial instruments. First of all, the Task Force has now become, with a larger staff, the Directorate-General for the Coordination of Structural Instruments. Secondly, the Commission has set up an open group of its Members to lead the effort and take the required appropriate decisions. It has also set up a single interdepartmental coordination group to give an opinion on all these matters.

The Directorate-General for Regional Policy has been reorganized and two divisions given specific responsibility for integrated measures, one dealing with preparation and the other with implementation.

### **5.2 INTEGRATED REGIONAL DEVELOPMENT OPERATIONS**

#### **5.2.1 A definition of integrated operations in the ERDF Regulation**

**182.** Following on from the guidelines adopted by the Commission in 1979 for encouraging integrated regional development operations, and from the report on ways of increasing the effectiveness of the Community's

structural Funds<sup>25</sup>, the new ERDF Regulation defines the concept of integrated operation.

An integrated development operation consists of a coherent set of public and private measures and investments, which have the following characteristics:

- they relate to a limited geographical area affected by particularly serious problems, involving, in particular, delayed development or industrial or urban decline and likely to affect the development of the region in question;
- the Community, through the joint use of various structural financial instruments, and the national and local authorities in Member States, contribute in a closely coordinated manner to their implementation.

The Member State concerned ensures concerted use of its own Community's financial resources, and close coordination between the various authorities involved in the execution of the integrated operation. The Commission likewise ensures concerted use of the Community's various structural financial resources.

An integrated operation therefore requires effective coordination in time and space between many partners, both public and private, with vertical integration of the various levels providing assistance (Community, national, regional and local) and horizontal integration of the various financial instruments. It also requires socio-economic integration of the project carried out, which must be mutually complementary and form a coherent whole. While this is difficult to achieve, the potential benefits are great, for such a well-ordered combined operation should have a synergic effect, i.e. it should produce greater results than would be obtained by carrying out the different measures separately, one after the other. In addition, these areas may be given priority access to the Community's various structural funds and financial instruments and qualify for the maximum rate of assistance.

### ***5.2.2 Two pilot schemes: Belfast and Naples***

#### **5.2.2.1 BELFAST**

##### ***The integrated operation in Belfast***

**183.** As foreshadowed in the tenth annual report on the European Regional Development Fund, a new programme for the Belfast integrated operation was presented to the Commission in February 1985. It covers a wide variety of measures to be taken in Belfast in the period to 1990, and indicates the various Community Funds, including the ERDF, that will be called upon to assist in its implementation. The new programme is designed to be more operational in nature, and is computerized for ease and flexibility of administration. It will be regularly updated, and the Commission's involvement in its implementation will be continuous.

The total cost of the projects covered by the programme is 1 250 million ECU, of which 50% is covered by current public expenditure plans. The

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<sup>25</sup> Increasing the effectiveness of the Community's structural Funds, Bulletin of the European Communities, Supplement 3/83.

remaining 50% of the projects are scheduled in order of priority and represent activities that the participating authorities consider relevant to carrying out the integrated operation.

Coordination of the implementation of the integrated operation is overseen by a high-level committee made up of politicians, local officials and a Commission representative. This coordinating body also draws on the help of the private sector and specialist advisers in the various sectors. It meets regularly to monitor the operation.

### ***Urban renewal in Belfast***

**184.** On 18 November 1985 the Commission approved aid of 34 million ECU to some 100 infrastructure projects considered important for the development and urban renewal of the Belfast area. This grant was the third and final tranche of aid made available under Council Regulation (EEC) No.1739/83 of 21 June 1983, which introduced an exceptional Community measure to promote urban renewal in Northern Ireland (Belfast).

Community aid under the Regulation provided a significant boost to public expenditure projects in the Belfast area by speeding up the execution of a substantial volume of urban renewal works, with beneficial effects on employment and on the many sectors of activity connected with these works.

Aid granted under the Regulation is over and above that granted from ERDF resources. Before the exceptional aid is granted, the Commission makes sure that it is additional to national expenditure.

#### **5.2.2.2 THE INTEGRATED OPERATION IN NAPLES**

**185.** Since the integrated operation in Naples was launched in 1980, the ERDF has promoted it and provided technical and financial assistance. During the first stage of the operation (1980-84) priority was given to major basic infrastructure, including transport, pollution control and water supplies. The total cost of the projects and measures forming the first basic operational package was 3 500 million ECU.

In 1985, the integrated operation in Naples continued satisfactorily. The Commission used the various financial instruments to continue supporting the effort of the authorities and bodies concerned, including the Ministry for the Mezzogiorno, the Region of Campania and the City of Naples.

In particular, the ERDF granted aid totalling 1 021 million ECU from 1980 to 1985. The bulk of the Community's financial contribution in 1985 was again provided by the ERDF.

**186.** Two new developments occurred in 1985:

- the aid programme for 1985-87 was drawn up;
- the technical working group was replaced by a new structure, set up by a ministerial order of the Minister for the Mezzogiorno after consulting the Member of the Commission responsible for Regional Policy, made up of a secretariat-general and a coordination committee.

The programme for 1985-87 involves five sets of measures:

- urban development (sanitation and water supplies);

- transport (roads, railways, port and airport);
- infrastructure for industry and crafts;
- productive activities (industry, crafts, tourism);
- vocational training and scientific research.

The total cost of the measures is 4 300 million ECU, with guaranteed funding for 62%. The remainder will have to be financed from national and Community resources.

It is estimated that if the programme is fully implemented, the number of jobs created could be equivalent to 134 000 man-years. As in the past, investment is concentrated in infrastructure. Moreover, a special effort will be made in favour of productive investment and scientific and technological infrastructure, whose relative share within the integrated operation is expanding.

187. Total ERDF aid for 1985 amounts to 230 million ECU, of which 101 million ECU was for projects implemented directly by the Region of Campania, and 82 million ECU for projects implemented directly by the City of Naples.

The most significant projects in 1985 were:

- five road projects, including the link between the ringroad and the Vomero district, to reduce traffic congestion between Naples and the municipalities lying to its north;
- equipment and research laboratories for the science faculty of the University of Naples;
- building a genetic engineering research centre.

### 5.2.3 Preparatory studies for integrated operations

188. Budget item 5410 enables the Commission, and in particular the Directorates-General for Regional Policy, Agriculture, and Employment and Social Affairs, to help finance the studies necessary for launching an integrated operation, in agreement with the Member States concerned.

The Community's financial contribution may amount to up to 75% of the total cost of the study, excluding the national authorities' own administrative expenditure.

The studies help in analysing the economic and social situation in a given area, drawing up an appropriate development strategy and proposing a multiannual programme of measures. The programme indicates priority measures, identifies the links between the various projects and the expected synergetic effects and sets out an indicative financing plan drawing on various sources, both national and Community. The studies have led to continuing dialogue between local, regional and national authorities and the various Commission departments.

189. In 1985 the Commission helped to finance studies concerning the following areas:

- in Belgium: the province of Limbourg

- in France: central Brittany
- in Italy: the Marches
- in the United Kingdom:
  - the three Welsh counties of Gwynedd, Powys and Dyfed
  - Bradford (Yorkshire and Humberside)
  - Belfast (Northern Ireland).

The purpose of all these studies is to work out a strategy to exploit the potential of the areas concerned, improve the socio-economic situation of their inhabitants and make optimum use of Community, national, regional and local resources.

Commitments for studies in 1985 amounted to 0.9 million ECU, while payments totalled 0.6 million ECU.

**190.** The studies concerning the Ariège in France, Pomezia in Italy and Clwyd and Merseyside in the United Kingdom, which began in 1983, were completed in 1985.

Some of the UK studies led to national programmes of Community interest, submitted to the ERDF.

In France, the studies have served as the basis for presenting the ERDF with proposals for integrated programmes. In the first stage, only certain parts relating to 1985 were accepted for assistance, in six areas: steel and mining districts of Nord-Pas-de-Calais, steel district of Lorraine, northern Massif central (Limousin and Auvergne), Ariège, and Est-Tarn Sud-Aveyron. Examination of these integrated programmes will be continued in 1986, in the framework of the new coordination structures set up by the Commission.

### **5.3 INTEGRATED DEVELOPMENT PROGRAMMES (IDP)**

**191.** The IDPs are concerned with development planning for an area or small region where natural handicaps and existing agricultural structures keep productivity low, and in which there is very little scope for alternative activities.

To overcome these difficulties, the idea is to establish programmes for promoting simultaneously the development of both agriculture and the non-agricultural sector, the existing situation and making use of the specific resources of the area.

With this aim, the basic IDP Regulations provide that the EAGGF Guidance Section, over and above its commitments under existing Directives and Regulations, is to make an additional financial contribution to fund "new" measures or to facilitate and speed up implementation of the measures already provided for. These operations must be supported by measures financed under the Community's other structural Funds: aid for training under the European Social Fund and ERDF measures to develop infrastructures and promote industrial activities, including aid for SMUs, craft industries and rural tourism.

Three integrated development programmes were adopted in 1981, for:

Chapter 5. ERDF participation in Community integrated development operations

- the Western Isles in the United Kingdom<sup>26</sup>
- the department of Lozère in France<sup>27</sup>
- the south-east of Belgium<sup>28</sup>

### **5.3.1 The Western Isles integrated development programme**

192. En 1985, the Western Isles received ERDF aid totalling 3.1 million ECU. Special mention should be made of the grants to assist two projects: coastal protection at Braighe (900 000 ECU) and the Garynahine-Breanish road link on the Isle of Lewis (1.1 million ECU). These projects received aid at the maximum rate of 55%, not only because they are part of an integrated development programme, but also because of their specific importance for the development of the region.

### **5.3.2 The Lozère integrated development programme**

193. Although the ERDF did finance various investments located in Lozère in 1985, the applications were not based on the integrated development programme.

### **5.3.3 The south-east Belgium integrated development programme**

194. The less-favoured agricultural areas of south-east Belgium have been eligible since January 1985 for assistance under an integrated development programme of which the non-agricultural part is financed by the European Social Fund and the ERDF. No application for ERDF assistance under this programme was submitted to the Commission in 1985.

## **5.4 INTRODUCTION OF THE INTEGRATED MEDITERRANEAN PROGRAMMES (IMPS)**

195. The Regulation on the integrated Mediterranean programmes was adopted after three years of preparation<sup>29</sup>.

On 17 April 1985, the Commission sent the Council a new proposal for a Regulation concerning IMPs, which superseded the proposal of 24 March 1983. Parliament gave its opinion on the new proposal, regretting that the resources allocated to the IMPs were insufficient to attain the stated objectives of overall development.

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<sup>26</sup> Council Regulation (EEC) No 1939/81 (Western Isles of Scotland) OJ L 197, 20.7.1981.

<sup>27</sup> Council Regulation (EEC) No 1940/81 (Lozère), OJ L 197, 20.7.81.

<sup>28</sup> Council Regulation (EEC) No 1914/81 (Belgium), OJ L 197, 20.7.1981.

<sup>29</sup> Council Regulation (EEC) No 2088/85 of 23 July 1985 concerning the integrated Mediterranean programmes, OJ L 197, 27.7.1985.

On 23 July, after a conciliation meeting with the European Parliament on the same day, the Council adopted the Regulation setting up the IMPs, which came into force on 1 August. The Regulation is largely in line with the Commission's second proposal, particularly as regards the Commission's responsibility for management, where extensive powers have been delegated to it.

196. The main features of the IMPs were laid down in the political agreement of the Brussels European Council on 29 and 30 March 1985.

The object of the IMPs is to improve the socio-economic structures of the southern regions of the Community, as constituted in 1985, particularly in Greece, in order to facilitate their adjustment to the new situation created by enlargement under the best possible conditions. This purpose is served by a Community contribution to the implementation of integrated Mediterranean programmes for a maximum period of seven years.

The regions and areas which are to benefit under the IMPs are:

- the whole of Greece,
- in France, the regions of Languedoc-Roussillon, Corsica, Provence-Alpes-Côte d'Azur, Aquitaine and Midi-Pyrénées and the departments of Drôme and Ardèche, with the exception of the conurbations of Marseille, Bordeaux and Toulouse, and with restrictions for the built-up coastal strip with all-year-round tourist activity;
- in Italy, the whole of the Mezzogiorno, the regions of Liguria, Tuscany, Umbria and Marches, the Appennines in Emilia-Romania and some lagoon areas on the northern Adriatic, with the exception of the conurbations of Rome, Naples, Palermo, Florence and Genoa, and with restrictions for certain built-up areas with all-year-round tourist activity.

The IMPs are multiannual operations which relate in particular to investments in the productive sector, the creation of infrastructures and better use of human resources. They concern the various spheres of economic activity: agriculture; fisheries; energy; crafts and manufacturing; building and public works; services, including tourism.

A detailed list of operations which contribute to meeting the objectives of the IMPs is annexed to the Regulation.

The financial aid for IMPs from the Community budget will take the form of:

- a contribution of 2 500 million ECU from the existing Funds (ERDF, European Social Fund, EAGGF Guidance Section);
- an additional budget allocation of 1 600 million ECU.

The IMPs submitted by Greece will qualify for an amount of 2 000 million ECU from both categories of budget resources.

It is estimated that over the seven-year period, the IMPs could receive EIB loans totalling 2 500 million ECU from own resources and from the resources of the New Community Instrument (NCI).

With regard to the budget allocations from the existing Funds, the Regulation stipulates that increases in real terms accruing to the Funds during the period concerned will help to finance the IMPs, but transfers

from the funds to other priority or less-prosperous regions will not be adversely affected.

To secure Community cofinancing the three recipient countries will have to submit IMPs to the Commission before the end of 1986.

The rate of Community assistance for IMPs operations may not exceed 70% of the total cost of the project, whatever the form such assistance (budget resources or loans) may take except in the case of Greece. The rate of Community budget assistance for France and Italy must not exceed the maxima applied under the rules of the Funds by more than ten points. In the case of operations not covered by Regulations governing the structural Funds, the IMP subsidy may not exceed the existing ceiling for the Regional Fund (55%). Amounts in excess of the maximum rates in force for the existing Funds must be financed from the additional budget allocation (the 1 600 million ECU).

The Commission will examine the IMPs. In determining the amount of Community assistance for IMPs note will be taken, first and foremost, of the actual needs of the various regions and their situation as regards economic and social development, priority being given to the least-favoured regions and those most affected by enlargement.

Account will also be taken of other criteria, in particular the effort made by the Member States measured in terms of its situation.

The decision-making procedure provides that the draft programme proposed by the Commission for each IMP will be submitted to an advisory committee made up of representatives of the Member States, which will deliver its opinion by a qualified majority vote.

**197.** During the second half of 1985, the Commission received a draft IMP for Crete, and preliminary draft IMPs for France's Mediterranean regions. These drafts have been considered at meetings between Commission departments and the relevant national and regional authorities. The draft proposals are evidence of the intention of the authorities responsible to use to the full the opportunities for financing IMPs from the ERDF.

The eligible measures that will be accepted, in particular measures to assist firms, especially small and medium-sized industrial, craft and tourism businesses, will probably be financed using the method of national programmes of Community interest.

**198.** Moreover, the Commission, in collaboration with the regions of the three Member States concerned, has pressed ahead with the implementation of pilot projects and studies so as to enable IMPs to be adopted for all the regions concerned by the end of 1986.

The Commission decided to make grants for 32 special operations, including six studies, totalling 6.8 million ECU, financed under budget item 550 which has been specifically created for this purpose; this amount is additional to aid from the existing structural Funds. In particular, the Commission has provided 1.3 million ECU towards a measure to train development promotion officers in France, Greece and Italy, to prepare for the introduction of IMPs.

## CHAPTER 6. LOCATION OF ERDF ASSISTANCE

### 6.1 THE EIGHT MOST ASSISTED REGIONS RECEIVED HALF OF THE GRANTS

199. The extent to which the principle of geographical concentration of ERDF assistance is put into practice can be seen from an analysis of the proportion of grants given to the Community regions which received most of the assistance. However, the analysis undertaken here does not include assistance provided under specific Community measures, which accounted for 1.5% of grants committed in 1985 and for 1.3% of the total in the period 1975-85.

Comparison of amounts committed by region, in absolute terms and in terms of aid per capita, may be distorted by the fact that varying proportions of the aid are allocated to multiregional projects. In the case of such projects, the breakdown of aid by region is not known. For example, the main multiregional projects financed by the ERDF are the projects to modernize telecommunications in Greece and the infrastructure projects for the distribution of natural gas in the Mezzogiorno in Italy. In 1985, projects of this type accounted for 4.1% of commitments, but 21% of commitments in the case of Greece. In the period 1975-85, the figure was 4.5%. In order to allocate to the regions covered by multiregional projects the share of the aid accruing to them, the amounts have been distributed in proportion to the population eligible under the ERDF<sup>30</sup>. The amounts given in the following paragraphs and in Tables 20 and 24 are therefore slightly higher than those given in Tables 22 and 23.

200. In 1985, half of the grants went to eight regions. Campania again headed the list with 376 million ECU, equivalent to 15% of ERDF assistance committed during the year.

The list of the ten most assisted regions (see Table 20) is not identical from one year to the next. Three regions - Basilicata, the West Midlands, the Peloponnese and central and western Greece - joined the list in 1985, while three others - Sicily, Yorkshire and Humberside and the North (United Kingdom) - dropped out.

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<sup>30</sup> For example, the modernization of the Oinoi-Larissa railway line in Greece received 11.2 million ECU in 1985. This has been divided between the two regions concerned as follows: 48% for central and eastern Greece and the islands (632 000 inhabitants) and 52% for Thessaly (696 000 inhabitants).

TABLE 20.  
THE TEN REGIONS RECEIVING THE BULK OF ERDF ASSISTANCE

ERDF: OPERATIONS

1985 (1)				1975-1985 (1)			
Region	Assistance Mio ECU	%	Assist p.cap. ECU	Region	Assistance Mio ECU	%	Assist p.cap. ECU
Campania	376.18	15.3	67	Campania	1 823.17	13.0	325
Basilicata	178.73	7.3	290	Ireland	866.70	6.0	247
Ireland	153.11	6.2	44	Scotland	863.14	6.2	247
Kentr.Dyt.				Sicilia	844.17	6.0	168
Makedon.	138.13	5.6	81	Kentr.Dyt.			
N. West (UK)	126.29	5.1	30	Makedon.	575.35	4.1	339
Scotland	117.81	4.8	34	Wales	569.10	4.1	221
Wales	96.57	3.9	37	Calabria	539.64	3.9	255
Pelop.Dyt.				N. West(UK)	532.42	3.8	129
St.Ellas	85.87	3.5	66	North	524.10	3.7	202
West Midlands	78.48	3.2	22	Puglia	487.76	3.5	123
Calabria	71.14	2.9	34				
Total	1 422.01	57.9		Total	7 625.55	54.4	
EUR 10	2 457.11	100.0		EUR 10	14 006.91	100.0	

(1) Including multiregional projects.

Over the period 1975-85, by contrast, the list was much less affected by cyclical movements, since the ten most assisted regions are the same as last year, with reference to the period 1975-84. There were merely a few changes of position, with Ireland, central and western Macedonia, Wales and the North West moving up, while Sicily, the North, Calabria and Apulia moved down one or two places.

**201.** The regions with priority status - the Mezzogiorno, Greece (except for Athens), Ireland, Northern Ireland and the French Overseas Departments - received 60% of grants in 1985, compared with 53.3% in 1984 (see Table 4). This six percentage point increase is substantial, particularly in view of the fact that Greenland stopped receiving ERDF assistance in 1985.

**202.** The ERDF assists only those Community regions which receive regional aid from their governments. Such aid is approved by the Commission in accordance with Articles 92 and 94 of the Treaty establishing the European Economic Community. In the case of the Netherlands, the ERDF-assisted areas are more restricted than the areas approved for national regional aid purposes.

**203.** Changes were made to ERDF-assisted areas in some Member States in 1985.

With regard to Belgium, the Commission decided not to change the provisions of its Decision of July 1982 on the Mouscron and Noord-Hageland areas. Consequently, the two areas have not been eligible for regional aid since 23 July 1985.

Because of Greenland's withdrawal from the Community, the areas eligible for assistance in Denmark were extended to include all the regionally assisted areas approved by the Commission and not just the priority areas.

With regard to the Netherlands, the Commission agreed to several changes in the IPR regional aid scheme, the main long-term effect of which is to reduce the population living in assisted areas by 235 000.

ERDF operations affect areas with a combined population of 107.8 million, equivalent to 39% of the Community's total population. As Table 21 shows, however, the relative importance of these aided regions varies widely from one Member State to another. They account for some 19% of the population in the Netherlands, from 24% to 41% in Denmark, Belgium, Germany, the United Kingdom, Italy and France, and as much as 66% in Greece. Ireland and Luxembourg are regarded as ERDF-assisted areas in their entirety.

TABLE 21.  
ERDF-ASSISTED AREAS: POPULATION AND AID PER CAPITA

ERDF: OPERATIONS

Member State	Population (1) (in millions)			Aid per capita in ERDF areas (ECU) (2)	
	total	eligible	as %	1985	1975-1985
B	9.9	3.3 *	33.1	7	42
DK	5.1	1.2 *	23.8	11	120
D	61.6	22.8	37.1	3	27
GR	9.7	6.4	65.5	64	235
F (3)	55.6	23.0	41.4	13	86
IRL	3.5	3.5	100.0	44	247
I	57.1	23.2	40.7	37	223
L	0.4	0.4	100.0	-	32
NL	14.4	2.7 *	18.7	6	64
UK	56.3	21.3	37.7	28	160
EUR 10	273.6	107.8	39.4	23	130

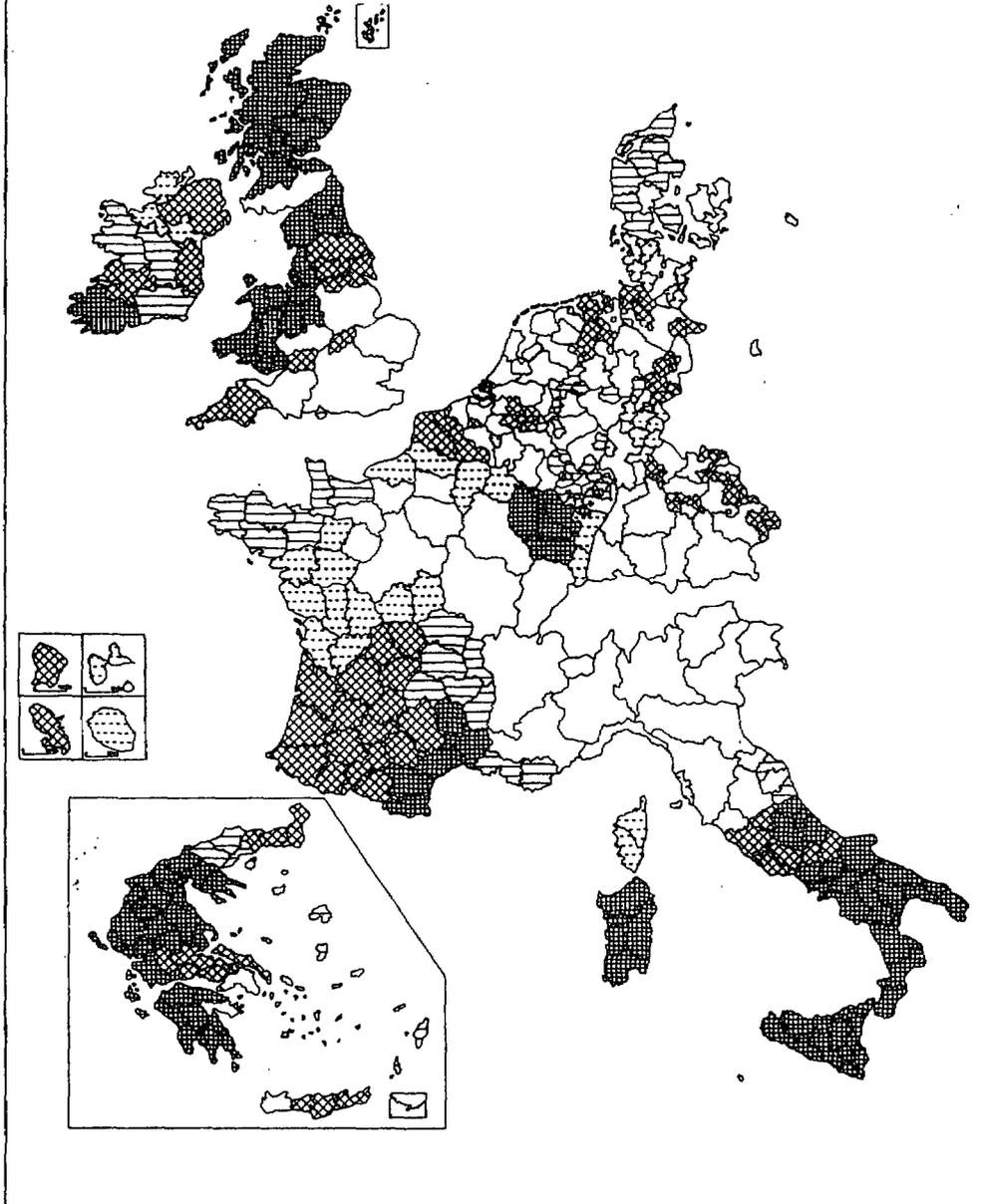
(1) From the available sources, the population figures relate to the years 1980-1985 inclusive.  
(2) Aid per capita based on the latest available figures for eligible population  
(3) Including Overseas Departments  
(\*) Eligible population figures: as from 1.08.85.

204. Aid calculated in per capita terms provides a better measure of the level of ERDF assistance in the regions and allows comparison between the regions leaving aside their population levels. The indicator is calculated by relating ERDF grants solely to the population of the areas eligible for Fund assistance in the region.

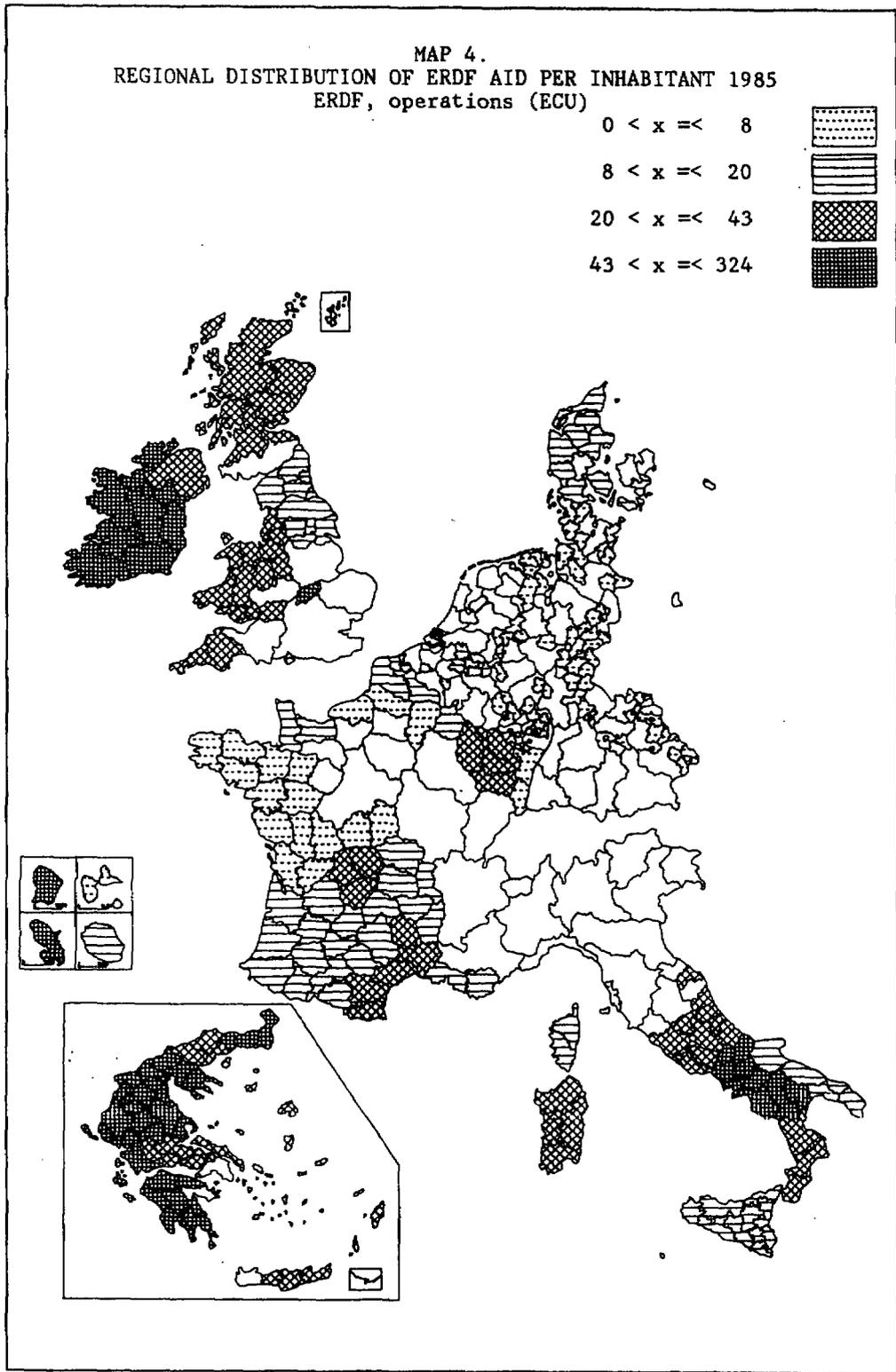
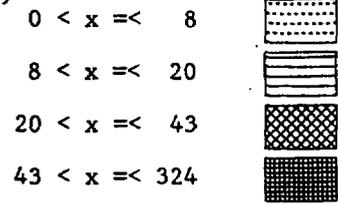
In 1985, the two leading regions were the East Midlands with 324 ECU per head of population and Basilicata, with 290 ECU. In the group of the ten most aided regions in 1985 according to this indicator, there are five Greek regions, three Italian, one French and one British. Ireland is in twelfth position, down two places from 1984.

MAP 3.  
 REGIONAL DISTRIBUTION OF ERDF AID IN 1985  
 ERDF, operations (million ECU)

- 0 < x ≤ 7
- 7 < x ≤ 15
- 15 < x ≤ 40
- 40 < x ≤ 376,18



MAP 4.  
 REGIONAL DISTRIBUTION OF ERDF AID PER INHABITANT 1985  
 ERDF, operations (ECU)



Of the ten regions receiving the most ERDF grants in absolute terms in 1985, only four, namely Basilicata, central and western Macedonia, the Peloponnese and central and western Greece appear in the group of the ten regions with the most aid per capita.

205. For a clearer overview of the ERDF's effort in each assisted region, its activities have been illustrated by two maps portraying the regional distribution of assistance in terms of total amounts and amounts per capita (maps 3 and 4).

Tables 23 and 24 provide all the data on the regional distribution of assistance by type of investment from 1975 to 1985 and per capita in 1985 and from 1975 to 1985.

## **6.2 LOCATION OF ASSISTANCE IN THE MEMBER STATES**

206. This section reviews ERDF assistance in each of the Community countries. Table 22 shows the grants made to assisted regions in 1985. After a brief analysis for each country, details of ERDF assistance are given for a selection of regions within that country which received assistance in 1985.

### **6.2.1 Belgium**

#### **1. Projects**

207. In 1985, 24.2 million ECU were granted to 17 projects; only two were for investments in productive activities.

Including these grants, Belgium received Community regional development aid totalling 136 million ECU in the period 1975-85. More than a quarter of this total went to industrial and service sector projects, 72% to infrastructure projects and 2% to studies closely linked to operations eligible for Fund assistance.

Through these grants, the Community has helped to create 6 812 new jobs and to maintain 102 threatened jobs.

Aid per capita in the ERDF-assisted areas was 7 ECU in 1985; in the period 1975-85 as a whole, it was 42 ECU.

#### **2. Programmes**

208. The districts of Aalst and Oudenaarde are covered by the specific Community measures to assist textile-producing areas. A programme implementing the measure was submitted to the Commission by the Belgian authorities. An implementing programme is to be submitted soon for the district of Monscron.

Part of the Wallonia region is eligible for the specific Community measures to assist the areas affected by restructuring of the steel industry. The Belgian Government has submitted the programme which it proposes to implement.

Since January 1985, the less-favoured agricultural areas in the south-east of Belgium have been receiving assistance under an integrated development programme, the non-agricultural component of which is

financed by the European Social Fund and the ERDF. No applications for ERDF assistance for the programme were submitted to the Commission in 1985.

### **3. Assistance by region**

#### ***Flanders***

**209.** In 1985, ERDF grants to Flanders totalled 24 million ECU, which was 99% of the total for Belgium as a whole. Of this grant aid, 22% went to industrial projects and 78% to infrastructure projects.

It is expected that the two industrial investment projects will create 260 new jobs in the electrical components (customized chips) and medicinal products industries.

Among the infrastructure projects, particular mention should be made of the setting up of the Interuniversity Microelectronics Centre IMEC in Leuven, at a cost of almost 56 million ECU. Although this investment project is not located in a regionally assisted area, it is receiving aid from the ERDF exceptionally, under Article 18(2), since it is an essential complement to the research infrastructure of the Limburg-Kempen area, which is adjacent to it. The integrated interuniversity centre will provide specific training for researchers and carry out basic and applied research work on request for firms. The Community grants, amounting to 9 million ECU, are being made on condition that, within 5 years, there will be established within the Limburg-Kempen area - as part of the activities of the interuniversity centre or in liaison with it - a unit whose task will be to carry out research and provide assistance in the micro-electronics field for firms mainly situated in the area.

The 13 other investment projects concern the modernization of five vocational training centres, the setting up of a business and service centre, the building of three transshipment stations, the construction of a plant for the initial sorting of household rubbish and the extension of recreation and tourist centres.

#### ***Wallonia***

**210.** The only investment project financed in 1985 in Wallonia was at Charleroi; its object was to develop a pilot centre for training in computer assisted design and manufacture for small and medium-sized businesses. It forms part of the backup measures for the 3E programme to redevelop the Charleroi steel-producing area; this programme will also receive financial assistance from the Community under the specific Community measure for the steel-producing areas. The Community grant amounted to 0.2 million ECU.

In the period 1975-85, Wallonia thus received 67 million ECU, 49.6% of the total for Belgium. Per capita assistance in the ERDF-assisted areas in Wallonia was 34 ECU in the period 1975-85.

### **6.2.2 Denmark**

**211.** In 1985, 110 projects received grants totalling 13.2 million ECU, 78% of which went to infrastructure projects and 22% to industrial projects. The industrial projects helped to create or maintain 970 jobs.

In the period 1975-85, a total of 139.4 million ECU was granted to 935 projects (89% for infrastructure projects and 11% for industrial projects) and 6 million ECU to six studies.

Compared with the period 1975-85, there was thus an increase in aid for industrial projects in 1985. This is essentially due to the withdrawal of Greenland from the European Community, since most of the grants to Greenland had been for infrastructure projects.

Following the withdrawal of Greenland, a larger amount of assistance went in 1985 to the rest of Denmark, which had received 10.8 million ECU in 1984 compared with 13.2 million ECU in 1985. A number of Danish regions which were previously not eligible for ERDF assistance thus obtained assisted-region status in 1985 and received a total of 2.9 million ECU. The areas in question comprise a number of districts in the counties of Aarhus, Ringkøbing, Viborg, Ribe, Storstrøm and Fyn.

North Jutland was the county which received the largest amount of ERDF assistance in 1985, followed by the county of Viborg.

The largest amounts going to infrastructure investment were for port development projects, while the industrial projects receiving the most assistance were in the wood and furniture industry.

Compared with previous years, infrastructure investment shifted to projects relating to information technology centres and special training to assist local firms in introducing and using new technologies.

### **6.2.3 Germany**

#### **1. Projects**

**212.** From 1975 to 1985, ERDF grants to Germany totalled 617 million ECU, the bulk of which (57%) went to industrial, craft and service activities.

In total, funds were provided for 748 infrastructure projects, two studies and 1 735 industrial projects. The industrial projects helped to create some 85 500 jobs and to maintain a further 24 000 (i.e. a total of 109 500).

**213.** In 1985, grants to Germany totalled over 73 million ECU. The bulk went to 102 industrial projects, the remainder going to 68 infrastructure projects and 2 studies. ERDF grants helped to create 5 500 new jobs and to safeguard 8 000 more.

Most of the grants made to industrial projects went to the motor vehicle industry, with 15.6 million ECU, followed by the chemicals and plastics industry.

In 1985 the regions receiving most ERDF assistance were Niedersachsen and Bavaria, with 30.5% and 25% respectively of the grants made, followed by North Rhine-Westphalia (13.9%) and Rhineland-Palatinate (10.9%).

The remainder was divided between Saarland, Hesse, Schleswig-Holstein and Bremen. In the latter two regions, most of the grants went to infrastructure projects such as the enlargement of industrial estates at Kaiserslautern or the construction of waste water treatment plants at Lübeck and Neunkirchen.

ERDF assistance per head of population in the assisted areas in 1985 was 3 ECU.

## **2. Programmes**

**214.** In 1985, the Commission approved four special programmes which will receive ERDF assistance under the specific Community measures.

Three of the special programmes are designed to help overcome constraints on the development of new economic activities in the employment areas affected by restructuring of the steel industry. The three special programmes, to which the ERDF is contributing 31 million ECU, concern the following regions:

- North Rhine-Westphalia: the labour market regions of Bochum, Dortmund and Duisburg;
- Niedersachsen: the labour market regions of Braunschweig/Salzgitter and Osnabrück;
- Bavaria: the labour market regions of Amberg and Schwandorf.

A fourth special programme to help overcome constraints on the development of new economic activities in the areas adversely affected by restructuring of the shipbuilding industry at Lübeck-Ostholstein in Schleswig-Holstein was approved by the Commission (3 million ECU in grants).

The ERDF's contribution to the financing of these multiannual programmes (1984-88) covers almost half of their total cost.

The four special programmes are designed to improve regional economic structures, mainly through the creation of small and medium-sized businesses and measures to help existing businesses adapt to new market conditions through new processes and products.

## **3. Assistance by region**

### ***Niedersachsen***

**215.** In 1985, Niedersachsen received one third of total grants, going to one third of the total number of projects. The 23 industrial projects received grants totalling 12.5 million ECU in the chemicals and plastics industry, mechanical engineering and electronics.

The remaining grants (some 10 million ECU) were allocated to 17 infrastructure projects, including a waste water treatment plant at Uslar, the Haus des Gastes at Wangerland and a project to extend a swimming pool in Neuharlingersill, with an energy-saving aspect. With a total of 120 million ECU having been allocated over the last 11 years, Niedersachsen ranks second amongst the ERDF-assisted Länder with 623 projects financed (52% of the finance being for industrial projects).

### ***Bavaria***

**216.** In 1985, 25 industrial projects and 11 infrastructure projects received grants totalling 18.4 million ECU. The projects included the extension of a car factory, a mechanical engineering investment project, a waste water treatment plant at Neukirchen and the construction of the Hafengebiet Deggenau in Lower Bavaria.

Bavaria was thus the region receiving most assistance from the ERDF in the period 1975-85, with a total of 395 projects receiving 136 million ECU (57% for infrastructure projects).

## 6.2.4 Greece

### 1. Projects

217. Fund assistance to Greece during the period 1981-85 (i.e. since its accession to the Community) totalled almost 1 500 million ECU. The ERDF thus helped to finance 1 116 infrastructure projects, which accounted for some 97.4% of total grants to Greece, and 103 projects in industry, services and craft industry, which received 39.2 million ECU.

The year 1985 was a particularly active one for ERDF assistance in Greece, with the amount of aid granted being well in excess of the annual amount assigned to it under the lower limit of its range. Moreover, the pattern of ERDF aid to Greece reflected the priority given to infrastructure projects over industrial projects, since all the projects receiving grants were infrastructure projects. The low rate of funding for industrial investment projects, which had been a feature of the period 1981-84, was thus maintained.

The infrastructure projects included ten large-scale projects each costing more than 15 million ECU. The projects related to the modernization of telecommunications in a number of regions, particularly Thessaly, improvements to the railway network (Oinoi-Larisa line), the construction of two hydroelectric dams on the rivers Aaos and Acheloos, the construction of a lignite-fired electricity-generating plant at Amindeon-Florina and the construction of a new power station for the National Electricity Cooperation (DEI) at Ptolemais.

As in previous years, a large proportion of the grants went to road projects, improving water supplies and sewerage (particularly in Thessaloniki), the construction of technical school buildings and facilities and the development of industrial estates (Xanthi).

Under the new Regulation, "social infrastructure" projects involving schools, nursery schools, health centres, hospitals and sports centres in tourist regions (Samos, Kos and Rhodos) received some of the ERDF grants to Greece for the first time.

In addition, the ERDF financed the purchase of three light planes, so as to help improve links with the Aegean Islands and Crete and increase their attractiveness for tourists.

Lastly, in addition to a large number of projects to improve the road network, the Fund helped to finance other types of transport infrastructure such as motor vehicle testing centres, harbours and modernization of the railway network in the Peloponnese.

The funds provided for the major projects carried out by the DEI in the prefecture of Kozani make central and western Macedonia once again the main beneficiary of ERDF aid, with 34% of the total. However, it should be emphasized once again that these projects have an interregional dimension and are designed to meet national needs, thus contributing to the development of the other regions of the country. This observation also applies to the region of Epirus, which received some 13% of total grants.

The multiregional projects, relating mainly to modernization of the Athens-Thessaloniki railway line (Oinoi-Larissa section) and modernization of the telecommunications network, received grants totalling 85.6 million ECU, equivalent to some 20.9% of the total for 1985.

In terms of assistance per head of population, the Epirus region ranked first with 119 ECU, followed by central and western Macedonia with 81 ECU.

## **2. Programmes**

In 1985, no commitment was made for the two specific regional development measures approved for Greece consisting of measures to help small and medium-sized businesses, tourism, transport and the environment in the Greek islands and measures on the use of new technology in the energy sector.

## **3. Assistance by region<sup>31</sup>**

### ***The Peloponnese and Western Mainland Greece***

**218.** In 1985, ERDF grants totalling 85.9 million ECU, equivalent to 21% of the grants made to Greece, went to 42 infrastructure projects.

The projects included the construction of a hydroelectric dam at Stratos-Acheloois, a major social infrastructure programme (with the construction of a hospital in Kefallinia), improved telecommunications, sewage systems and transport infrastructure (roads and motor vehicle testing centres).

Grants made to the region since 1981 total 227 million ECU or 175 ECU per head of population.

### ***Thessaly***

**219.** In 1985, the ERDF granted 45.6 million ECU to Thessaly (11.1% of total aid for Greece) to help finance 36 infrastructure projects. The projects included Hellenic Telecommunications Organization (OTE) projects to improve telecommunications in the region, the modernization of the railway network between Paleofarsala and Kalambaka, the construction of sewage systems and provision of water supplies in a large number of municipalities, improvements to transport infrastructure (roads, ports, motor vehicle testing centres) and an important social infrastructure programme.

ERDF grants to Thessaly in the period 1981-85 totalled 137 million ECU, equivalent to assistance of 197 ECU per head of population.

## **6.2.5 France**

### **1. Projects**

**220.** ERDF assistance to France in 1985 was substantial, amounting to 310 million ECU; a particularly noteworthy feature was that a very sizeable proportion of the grants, 103 million ECU, was intended to top up the financial resources of the regional and local authorities.

In 1984, the French Government decided to submit to the Commission a number of grant applications for which Fund assistance was requested in respect of the part of the investment projects borne by the regions, departments, municipalities and other public bodies. Prior to that date, grant applications submitted to the Commission by the French authorities

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<sup>31</sup> Including multiregional projects.

related exclusively to projects wholly financed by central government or to that part of the expenditure borne by central government where the project was financed by a number of public or quasi-public authorities. This measure, taken in 1984, is consistent with the spirit of the Regulation establishing the ERDF and allows a significant qualitative improvement in terms of the transparency and effectiveness of Community action.

In 1985, the volume of ERDF assistance actually going to supplement the financial resources of the regional and local authorities was thus twice as high as in 1984.

However, not all the French regions experiencing development problems are covered by this new approach. In its concern to concentrate effective measures by the ERDF in the regions with the most serious problems, the French Government has restricted the application of additionality to the following regions and areas:

- the industrial redevelopment regions, including one or more conversion centres;
- the regions directly affected by the accession of Spain and Portugal;
- the Overseas Departments.

The establishment of these priorities had a significant effect on the geographical distribution of grants in 1985. Brittany, which for many years had been the French region receiving the largest amount of ERDF assistance, now ranks only tenth. A look at the regional breakdown shows that in 1985 Lorraine was the main recipient of Community assistance with 49 million ECU. The other regions which received substantial proportions were Languedoc-Roussillon (42 million ECU), Nord-Pas-de-Calais (34 million ECU), Midi-Pyrénées (32 million ECU), Limousin (23 million ECU), Aquitaine (18 million ECU), Martinique (16 million ECU) and Guiana (16 million ECU).

Grants going to investment projects in industry, craft industry and services amounted to 29 million ECU, 9% of the total, well down on the corresponding figures for 1984.

The operations assisted related not only to the setting up of new firms and the extension of existing ones, but also to the takeover of establishments in difficulty and to restructuring and modernization schemes. The investment projects carried out covered most of the branches of industrial activity. The productive investment projects receiving ERDF assistance are expected to help create 9 595 new jobs and preserve 696 threatened jobs. These figures are also down on the corresponding figures for 1984.

Grants totalling 252 million ECU went to 336 infrastructure projects. The decisions taken in 1985 show that grants are now made only to investment projects representing a physical whole. Finance is thus made available for operations taken as a whole or for operations carried out in genuinely functional instalments having their own separate management and serving a real economic purpose in themselves. In this way, Community financial backing allows the regional and local authorities to speed up implementation of the investment projects in question.

In addition to a number of investment projects which will be described in the section on assistance by region, other infrastructure projects may be mentioned in the following regions:

- Nord-Pas-de-Calais: construction of a multimodal goods-handling platform at Boulogne-Sur-Mer (5 million ECU in grants);
- Limousin: construction of the central and southern sections of the Brive bypass (12 million ECU in grants);
- Languedoc-Roussillon: the setting up of an industrial village with common logistical services near to Montpellier (1 million ECU in grants);
- Rhône-Alpes: the setting up of a regional centre for automated production systems and an industrial estate at Saint-Etienne (4 million ECU in grants).

No studies under Article 24 were financed in 1985, infrastructure projects account for more than 90% of total Community grants for the year.

The total of 310 million ECU allocated to France includes 29 million ECU committed under six decisions covering parts of programmes. In 1985, the French authorities submitted to the Commission a number of applications relating to multiannual programme projects. One of them, presented by way of a national programme of Community interest, related to Aquitaine. The others form part of studies in preparation for integrated development operations in Ariège, part of Tarn-Aveyron, the northern part of the Auvergne, Limousin, the steel-producing area of Lorraine and the mining and steel-producing area of Nord/Pas-de-Calais.

As it was not possible to conclude a programme agreement rapidly on the applications submitted in their original form and with their original content, it was decided that in 1985 only a number of infrastructure projects would be approved for grant aid. The grant decisions were taken either on projects in the case of Aquitaine or on parts of programmes in the case of studies in preparation for integrated development operations.

In the period 1975-85 as a whole, ERDF grants for investment projects in French assisted areas totalled 1 969 million ECU. Leaving aside the investment projects included in parts of programmes, 4 748 investment projects were assisted. Almost half of these (44%) related to directly job-creating operations in industry or services. They should have helped to create 182 455 new jobs and to maintain 17 036 threatened jobs.

## **2. Programmes**

221. The specific Community regional development measure being carried out in the South West in connection with the enlargement of the Community seems to have run into certain administrative difficulties. According to information available to the Commission's departments, the French authorities have had to review the administrative process for implementing the programme so as to make it more efficient. The annual report should allow assessment of the new provisions introduced by the French authorities.

The programme adopted for the measure was notified to the Commission, as were a number of regional programmes submitted by way of measures to be taken in the regions affected by restructuring of the steel industry and restructuring of the textile and clothing industry.

Although a number of investment projects in Lozère were financed in 1985, the applications were not submitted on an integrated development programme basis.

### 3. Assistance by region

#### **Lorraine**

222. In 1985, Lorraine was the main recipient of Community assistance with 48.9 million ECU (42.2 million ECU for projects and 6.6 million ECU for parts of programmes).

The parts of programme adopted related to construction of a section of the A30 Havange-Knutange motorway (4 million ECU) and various road and supply projects in 18 steel and mining towns in the departments of Meurthe et Moselle, Moselle and Meuse.

With regard to project financing, five infrastructure projects received total grants of nearly 38 million ECU, which was 78% of the total for Lorraine. The bulk went to the three road projects described below.

Fund assistance in 1985 will allow the last of the major road projects programmed under the Lorraine steel plan to be carried out, namely:

- the Havange-Knutange motorway,
- the whole of the North-West bypass at Longwy, providing access to the European development area straddling the French, Belgian and Luxembourg frontiers (9 million ECU in grants),
- the Thionville motorway section linking up the Metz, Luxembourg and Longwy motorways (20 million ECU in grants).

The construction of a new lane in the Arches-Pouxieux section of National Route 87 will improve road access to the textile areas in the Vosges.

The other two infrastructure projects concern the redevelopment of derelict industrial land at Longwy and the setting-up of a tourist information centre at Bitche.

Lorraine is also the region in which the largest number of projects involving investment in productive activities received assistance, with 26 projects for the setting-up or extension of firms receiving Community grants totalling 4.5 million ECU. The largest project was carried out by the Société Mosellane de Mécanique, whose extension project at Thionville received 3 million ECU. The Company manufactures parts for motor vehicles. The ERDF grants made to the 26 projects will help to create 847 new jobs.

In the period 1975-85, Fund assistance totalling 124 million ECU went to 234 projects and parts of programmes.

These included 211 projects involving investment in productive activities, which received Community finance totalling nearly 49 million ECU. These industrial projects should have helped to create 23 885 new jobs and to maintain 1 395 threatened jobs.

ERDF aid per head of population in the assisted areas was 34 ECU in 1985; in the period 1975-1985 as a whole, it was 91 ECU.

#### **Overseas departments (Guiana, Guadeloupe, Martinique and Réunion)**

223. In 1985, the Overseas Departments received ERDF grants totalling 41.8 million ECU.

Despite the more favourable provisions in the new Regulation, no productive or service activity projects received any assistance in 1985. This increases the disproportion in the Overseas Departments between the

amounts going to infrastructure projects and those going to productive investment projects, which received only 3.6% of Community grants in the period 1975-85. Only Corsica had a lower figure, with 1.2%.

The main two infrastructure investment projects related to electricity-generating plants. The investment project in Martinique was for the construction of a conventional oil-fired station, while that in Guiana related to an experimental power station operating on gas derived from the gasification of wood (11 million ECU in grants). If the performance of this power station lives up to expectations, the process could be developed both in Guiana and in other regions with plentiful wood resources. The wood-shredding plant for feeding the power station received a grant in 1984.

Another important investment project receiving assistance in 1985 was the construction of a bridge in Réunion over the Rivière des Pluies, which, when in flood, has hitherto prevented direct communications between the airport and the towns and villages in the west of the island.

Aid per head of population in the period 1975-85 ranged between 244 ECU and 812 ECU in the Overseas Departments. These figures show that Community assistance was particularly high in these top priority regions.

## **6.2.6 Ireland**

### **1. Projects**

**224.** In 1985, Ireland received a total of 153 million ECU; three quarters of this amount went to infrastructure projects and one-quarter to industrial projects.

Since 1975, Ireland has therefore received some 867 million ECU from the Fund. The shares of infrastructure projects during the period was 72% and that of industrial projects 27%, the remaining 1% going to studies.

In per capita terms, ERDF aid in Ireland was 44 ECU in 1985, bringing the total since 1975 to 247 ECU, which is one of the highest figures in the Community.

In 1985, as in previous years, the bulk of the grants for infrastructure projects went to transport (44%): the 51 projects thus aided reflect the Irish Government's continuing commitment to improving the primary and secondary road network, whose deficiencies are seen as a handicap to the country's general economic development.

The next largest categories of aid for infrastructure projects were 37 water and sewerage schemes at various locations throughout the country (37%), followed by educational/social projects (18%). Of particular note within this last sector were grants of 10.8 million ECU for extensions to the Colleges of Technology at Bolton Street and Kevin Street, Dublin, and 10.3 million ECU for the National Institute of Higher Education, Limerick, for laboratories, workshops and general teaching space. These colleges will meet the Government's declared priority in providing courses conferring the skills needed in the new technology industries of a modernizing economy.

The emphasis on technology is likewise evident in the 32 industrial, craft and service projects assisted by the Fund in 1985. The bulk of the 38 million ECU allocated went to high-value-added, new-technology sectors such as computer components, electronics, fine chemicals and

pharmaceuticals and the like. As a result, some 4 800 new jobs were expected to be created.

## **2. Programmes**

225. Under the specific Community measure to improve the economic and social situation of the border areas of Ireland and Northern Ireland, Ireland received aid of 3.36 million ECU.

It is noteworthy that, although this particular programme was relatively slow to get under way, there has in recent years, and especially in 1985, been an encouraging increase in activity: the programme is now well advanced and scheduled to be completed close to its target date.

### **6.2.7 Italy**

#### **1. Projects**

226. In 1985, 1 410 projects received ERDF grants totalling 871 million ECU, 22.4% of which went to 120 industrial projects and 77.6% to 1 290 infrastructure projects.

Between 1975 and 1985, Italy received 5 194 million ECU in grants for 10 920 projects, equivalent to 37% of all ERDF grants over that period.

The main authorities which applied for ERDF grants were the following:

- the Istituto per gli interventi straordinari nel Mezzogiorno (formerly the Cassa per il Mezzogiorno) which, as in 1984, received ERDF grants for water engineering projects, research centres, roadworks, transport, the distribution of methane gas and industrial projects;
- the Ministry responsible for civil defence, which received ERDF grants for productive investment projects and for infrastructure projects to assist industrial areas in Basilicata and Campania affected by the earthquake in November 1980;
- the municipalities in the Mezzogiorno for roadworks, water engineering projects and the like;
- the regions, which as every year submitted applications in respect of projects carried out by local bodies such as the municipalities, provinces and mountain communities or projects directly carried out by the regional authorities, for example in Campania or Calabria.

ERDF grants allocated to industrial projects in 1985 were up on 1984. Nevertheless, the fact remains that the selection of investment projects on the basis of the eligibility of sectors excludes a significant number of projects for which grant applications have been submitted. The regions receiving most grants for industrial projects were Campania, with 73 projects, and Basilicata with 33; no industrial projects were approved for ERDF assistance in Calabria and Sardinia.

In 1985, Italy submitted 46 grant applications for studies. Thirteen studies were financed and are described in section 3.4.

As in previous years, the ERDF continued to assist priority infrastructure projects.

These included:

- a system for supplying water and mixing fresh water and sea water to meet water supply requirements in Apulia;
- a system of teaching and research laboratories attached to the science faculty of the University of Naples, providing support for the chemicals, biology and geominerology sectors;
- as in 1984, the natural gas distribution network was the major project for the Mezzogiorno in the energy sector.

## 2. Assistance by region<sup>32</sup>

227. In 1984, Campania and Sicily accounted for 61% of ERDF grants to Italy; in 1985, Campania and Basilicata accounted for nearly 64%.

### *Campania*

228. In 1985, grants to Campania amounted to 376 million ECU, 43.2% of total ERDF assistance for Italy.

This amount is the highest ever granted by the ERDF in a single year for projects in a single region: Campania received ERDF grants for 73 productive investment projects and 36 infrastructure projects.

As in 1984, most of the grants were made to projects coming under the Naples integrated operation.

The industrial projects which received Fund aid included five large-scale projects relating to foodstuffs, beverages, chocolate and chocolate-based products, sports footwear and a firm producing packaging for food products.

The infrastructure projects which received grants in 1985 included a number of road projects such as the Pianura-Soccavo-Via Pigna road, which forms part of the western expressway to the north of Naples; the road link between the Melito ring road and the distributor road giving access to the Aversa industrial area; the road link from the Casoria-Arzano-Frattamaggiore industrial area to the distributor road giving access to the industrial areas to the north of Caivano; the road link from Acerra to the Melito ring road; the Vomero road-rail interchange complex, which is a multifunctional facility to relieve traffic congestion in the area in which it is situated. Mention should also be made of the construction of a research and genetic engineering centre forming part of the special project for applied scientific research, and the construction, at Monte Sant'Angelo, of laboratories and facilities for the science faculty.

Lastly, a study on a projected cable car system on Mount Vesuvius was financed; the study was preceded in 1984 by a feasibility study, also financed by the ERDF.

### *Basilicata*

229. In 1985, Basilicata received 20.5% of Fund grants to Italy, with a total of 179 million ECU, of which 57 million ECU (31.8%) went to 33 industrial projects and 122 million ECU (68.2%) to 65 infrastructure projects.

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<sup>32</sup> Including multiregional project.

All the industrial projects were situated in the areas hit by the earthquake in November.1980 and included a large-scale project for the production of biscuits and crackers.

The infrastructure projects included the Moliterno-Ferrandina gas pipeline project, which will allow the distribution of methane gas to a number of localities in the Potenza and Matera provinces serving a population of more than 30 000, and the construction of two tunnels, one of 8 km and the other of 4.6 km, both forming part of the Basento-Bradano aquaduct scheme, which is essential for the industrial and agricultural development of the areas within Basilicata and, to a lesser extent, the Murgia area of Apulia.

Lastly, finance was provided for the agri-biological experimental centre at Bernalda, carried out by the Cassa per il Mezzogiorno as part of the Special Project for the development of scientific research in the Mezzogiorno.

### ***Calabria***

**230.** In 1985, grants to Calabria accounted for 8% of Fund grants to Italy.

A total of 71 million ECU was made available for 394 projects, all of which were infrastructure projects. These included a water engineering project for the laying of more than 74 km of water mains and the construction of 19 water reservoirs for 19 localities in the province of Reggio di Calabria and one project relating to water supplies for the town of Catanzaro. The other grants were for infrastructure projects carried out by the municipalities and the region.

### ***Sardinia***

**231.** In 1985, grants to Sardinia accounted for 5.8% of Fund grants to Italy.

A total of 50 million ECU was made available for 256 infrastructure projects.

The largest project financed was the construction of a 355 metre long dam on the river Olai. The reservoir formed by the dam will supplement the Govosal scheme reservoir, which is at present insufficient to meet the region's water supply requirements.

A feasibility study on a hotel school also received a grant from the ERDF.

### ***Sicily***

**232.** In 1985, grants to Sicily accounted for 5.4% of Fund grants to Italy.

A total of 46.6 million ECU was made available for 110 projects, with 11% going to two industrial projects, both relating to the manufacture of railway carriage equipment. The 107 other infrastructure projects included projects relating to the distribution of methane gas, the development of industrial estates and the completion of a solar energy research centre at Catania, carried out under the special project for the development of scientific research in the Mezzogiorno.

### ***Apulia***

**233.** In 1985, grants to Apulia accounted for 5% of Fund grants to Italy. A total of 44 million ECU was made available for 132 projects, with 4.9%

going to two industrial projects and the remaining 95.1% to infrastructure projects.

The two industrial projects related to a firm manufacturing caterpillar tracks for tractors and the modernization and extension of a waste water treatment system at a petroleum products refinery.

As in 1984, the main infrastructure projects, receiving grants of 6.7 million ECU, related to the Taranto-Maglie gas main, which will bring gas to the provinces of Taranto and Brindisi, serving a population of some 275 000.

### **Abruzzi**

234. In 1985, grants to the Abruzzi amounted to 4.7% of Fund grants to Italy, with 12 million ECU going to five industrial projects and 28 million ECU to 43 infrastructure projects.

The largest industrial projects included the setting up of a pharmaceuticals factory and a factory producing reflective glass for the building industry.

The largest infrastructure project financed was the construction of the second section of the Ruzzo aqueduct, which forms part of the Gran Sasso drinking water aqueduct scheme and will help to supply water to 34 municipalities in the provinces of Teramo and Ascoli Piceno.

### **Lazio**

235. In 1985, grants to Lazio accounted for 3.4% of Fund grants to Italy. A total of 29 million ECU was made available for 172 projects, with 18% going to three industrial projects and 82% to infrastructure projects.

The industrial projects included the setting up of a telecommunications research centre to develop transmission systems, postal mechanization, ground-based guidance and assistance for aircraft, provision of radio guidance for aircraft, public and private telephone exchanges, etc.

The largest of the 168 infrastructure projects related to the construction of a road through the Ceprano built-up area and industrial estate, with an 8.4 km section in the province of Frosinone.

## **6.2.8 Luxembourg**

236. The Luxembourg authorities did not submit any ERDF grant applications in 1985. However, they did submit the programme which they intend to implement under the specific Community measure on the steel-producing areas.

## **6.2.9 Netherlands**

### **1. Projects**

237. In the Netherlands, grants totalling 17 million ECU were made to 24 projects, with 58% going to industrial and service projects and only 42% to infrastructure projects.

In the period 1975-85, ERDF grants to areas in the Netherlands experiencing development problems totalled 173 million ECU, with 81% going to 81 infrastructure projects. The grants made to industrial projects during the period helped to create 2 621 new jobs and to maintain 685 threatened jobs.

In 1985, 11 industrial projects received grants totalling 10 million ECU. Apart from the setting up of a business centre and a recycling firm, the projects related to the extension of existing firms in the wholesale trade, metal working, printing, agri-foodstuffs and transport. The projects as a whole are expected to help create 1 543 new jobs.

## **2. Programmes**

238. The region of Twente in the province of Overijssel and the Helmond area in the province of North Brabant are covered by measures adopted under the specific Community measure to assist the regions affected by restructuring of the textile and clothing industry. The special programme submitted by the Dutch authorities, which was approved by the Commission in 1984, was implemented. However, the first activity report has not yet been presented to the Commission.

At the end of 1985, the Commission approved the assistance programme submitted by the Dutch authorities under the specific regional development measure for the COROP regions of IJmuiden, Alkmaar and its surrounding area and Kop van Noord Holland, which are all affected by restructuring of the steel industry.

## **3. Assistance by region**

### ***North of the country***

239. This region, which covers the provinces of Friesland, Groningen and Drenthe, received 9 million ECU in 1985: 61% of this total was allocated to 11 infrastructure projects. Except for a tourist centre in the Sexbierum windmill park, all the projects related to road or canal transport infrastructure projects.

These projects are aimed in particular at developing boating holidays and linking up industrial estates with the road network.

The four productive investment projects receiving grants relate to the extension of two printing works, a consumer products distribution and packaging centre and an agri-foodstuffs company. It is anticipated that these projects will help to create 153 new jobs.

In the period 1975-85, the north of the country received 117 million ECU in Community assistance, equivalent to 68% of total grants to the Netherlands. The bulk (85%) went to infrastructure projects.

ERDF assistance per head of population was 7 ECU in 1985 and 91 ECU in the period 1975-85.

### ***East of the country***

240. The assisted area also covers the part of the Overijssel province which is adjacent to the north of the country. Two infrastructure projects have been assisted since 1975, one of them being a transregional project involving the Drenthe and Overijssel provinces. Grants totalled 6 million ECU.

## ***Limburg***

**241.** In 1985, the South Limburg redevelopment area, which forms the southern part of the province of Limburg, received grants totalling 8 million ECU for seven industrial projects and two infrastructure projects.

The most significant productive investment project, in terms both of assistance (2.7 million ECU) and number of jobs created (1 200 jobs), was the construction of a business centre housing a trade mart, an exhibition hall and ancillary services (offices, hotel, business premises, restaurant facilities, etc.).

The two infrastructure projects, which received grants totalling 1.6 million ECU, related to roads and to the development of Maastricht airport.

In the period 1975-85, the South Limburg redevelopment area received a total of 50 million ECU or nearly 30% of the grants made to the Netherlands.

Fund assistance per head of population was 11 ECU in 1985 and 70 ECU in the period 1975-85.

## **6.2.10 United Kingdom**

**242.** The year 1985 was an eventful one for the United Kingdom. The first national programmes of Community interest approved by the Commission related to United Kingdom regions. The initial commitment (see Table 6) in respect of these programmes was 105 million ECU, bringing the grants made to the United Kingdom in 1985 to a total of 585 million ECU. The total aid granted to the United Kingdom since the inception of the Fund now amounts to some 3 400 million ECU.

### **1. Programmes**

**243.** The three United Kingdom national programmes of Community interest approved in 1985 were the Mersey Basin programme, the City of Glasgow programme and the Shildon - Bishop Auckland - Newton Aycliffe programme.

The programmes are described in section 3.2.3.

### **2. Projects**

**244.** In 1985, grants totalling 479 million ECU were made to projects in the United Kingdom. Infrastructure projects received 82% of the aid, industrial projects 17.9% and a small amount of aid went to studies.

As in previous years, by far the largest proportion (58%) of grants for infrastructure projects was for transport infrastructures, in particular road, airport, harbour and railway investments. The rest went to energy, water and sewerage systems, and educational, socio-cultural and leisure projects.

ERDF aid to industrial projects in the United Kingdom helped to create or maintain 18 630 jobs. The industrial sectors which benefited most were: electrical and electronic engineering (6 269 jobs), plastics and rubber (2 094 jobs), paper and packaging (1 779 jobs), mineral extraction (1 311 jobs) and mechanical engineering (1 216 jobs).

The regional distribution of ERDF project aid within the United Kingdom was as follows: Wales 20%, Scotland 18.8%, West Midlands 16.4%, North West 12.5%, Northern Ireland 8.2%, Yorkshire and Humberside 7.5%, North 6.5%, East Midlands 6.3% and South West 3.7%.

### **3. Assistance by region<sup>33</sup>**

#### **Wales**

245. In 1985, grants totalling 97 million ECU were made to Wales, with 85% of the grants going to infrastructure projects, 15% to industry and a small amount to studies. This brings the total amount of Fund aid granted to Wales since 1975 to 569 million ECU.

The grants to industry (totalling 14 million ECU) went to investment projects in the field of hydraulic bases, metallized board, ceramic products, packaging materials, health foods, carpets, etc., creating some 1 100 jobs.

The grants to infrastructure investment (totalling 82 million ECU) were made to a broad range of projects. The biggest single grant (15.6 million ECU) went to the A 48 Cross Hands-Llanddarog bypass, which will improve communications to West Wales for industrial and tourist traffic by removing bottlenecks which exist on the present route, thereby reducing delays to Euroroute traffic.

Another grant of 2.5 million ECU was made for the construction of a refuse baling plant in West Glamorgan (Swansea). This investment will minimize the social and environmental problems which arise from the landfill tipping of untreated waste. The project is also an integral part of the redevelopment of Swansea as a regional tourist centre.

#### **Scotland**

246. In 1985, in addition to the aid made available under the Glasgow programme mentioned above, support measure grants to projects in Scotland totalled 90 million ECU, with 61% going to investment in infrastructure and 39% to investment in industry. This brings the total amount of grants to Scotland in the period 1975-85 to 863 million ECU.

The 1985 ERDF allocation to industry covered a broad range of investment projects in the field of computers, electronic components, products derived from petrochemicals, mining and marine equipment and construction vehicles.

In the case of infrastructure projects, the ERDF granted 4.4 million ECU for the construction of the second phase of the Eastern Distributor road. As the principal traffic link to the Central Belt motorway network, it will help to promote economic development and is as such essential for the strategy of attracting high technology industries to the area. A grant of 1 million ECU was made to work on the reopening of the Bathgate Railway Line, which is part of the strategy to improve communications between Bathgate, Livingstone and Edinburgh and fits within the new long term promotional campaign to improve the image of the Bathgate area to potential investors.

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<sup>33</sup> Including multiregional projects.

### ***West Midlands***

**247.** The West Midlands, a newly designated assisted area in England, received a total of 78 million ECU in respect of 55 projects. This substantial injection of aid underlines the Commission's concern at the problems of rapid industrial decline in some of the Community's formerly prosperous regions.

Infrastructure projects accounted for 97% of this amount, the largest project in this category being the Birmingham Convention Centre, which received a grant of 22.2 million ECU in respect of the first phase of its development. The West Midlands is currently in a most unfavourable situation with a rapidly declining industrial base, and tourism is therefore important as a new basic industry. The Convention Centre is expected to make a significant contribution to the development and enhancement of the region's tourist potential. Other projects which received support included major roadworks such as the Small Heath bypass and the Buildwas to Woodside link road.

### ***North West***

**248.** In addition to the Mersey Basin programme mentioned above, the North West region received a total of 60 million ECU in respect of 59 projects. Examples of projects funded are: the Wigan Inner Ring Road (14 million ECU), the State Mill Adult Training Centre (0.8 million ECU) and Manchester International Airport (4.4 million ECU). Manchester Airport was financed under the provisions allowing ERDF aid to be provided for infrastructure projects which, although not physically situated in an assisted area for various reasons, are seen as an essential element of the infrastructure of an adjacent assisted area. The airport, being crucial to the development of the North West region in general, clearly fulfils this criterion.

### ***Northern Ireland***

**249.** The declining trend in ERDF allocations to Northern Ireland over past years was reversed in 1985 when a total of 39 million ECU was granted to projects in the Province. In all, 55% of this amount went to infrastructure projects and 45% to industrial projects. Northern Ireland submitted grant applications in respect of more projects (150) than any other region in the United Kingdom and achieved the highest ratio of industrial to infrastructure grants.

Projects grant-aided included various road, sewerage, electricity and harbour improvements as well as a number of tourism developments including an Outdoor Heritage Centre at Gortin and a Tourism Centre at Garrison. Belfast International Airport and Larne Harbour also received ERDF grants.

Grants for industrial projects went to Wilsanco Plastics Ltd. for the manufacture of plastic cups, beakers and trays and to Cooper Technical Components Ltd. in Fermanagh for the manufacture and processing of precision engineering components.

### ***Yorkshire and Humberside***

**250.** In Yorkshire and Humberside, grants totalling 36 million ECU were made to 43 projects. The Langsett Water Treatment Works received a grant of 3.9 million ECU to improve the quality of water supplied to Barnsley and Sheffield and to provide additional water resources to other areas of South Yorkshire, including many industrial and commercial users. Other grants included 0.2 million ECU to the Humberside Airport for a new aircraft apron.

## **North**

**251.** Apart from the national programme of Community interest approved for aid in the Shildon - Newton Aycliffe - Bishop Auckland area, the North received a total of 31 million ECU in respect of 66 projects. Infrastructure projects included the Maltby Grange Reservoir, which was granted 3.9 million ECU to improve the reliability of drinking water supplies to a major part of the Teesid urban area; the construction of the Dockside Spine Road in Middlesborough to provide improved access to the South Tees area and to existing and potential industrial sites in the area (1.4 million ECU); and the Amble Marina for tourism promotion.

Industrial projects included grants of 0.28 million ECU to satellite communications antenna systems and 2 million ECU to Stadium Ltd. in Hartlepool for the manufacture of plastic mouldings.

## **East Midlands**

**252.** The East Midlands received a total of 30 million ECU granted to nine projects. A large grant of 23.6 million ECU was made for the construction of a combined heat and power/refuse incineration plant at Corby. This plant will burn some 400 000 tonnes of refuse a year to provide steam for electricity generation and for use in local manufacturing processes and low cost heating. The resultant ash will be used in land reclamation work in Corby. The project constitutes an investment in an alternative to oil and is in line with the current Community priority for common national action to achieve energy saving and substitution.

## **South West**

**253.** In the South West region, a total of 18 million ECU was granted to 28 projects. A grant of 1.9 million ECU was made for the supply of mains electricity in the Isles of Scilly, where diesel generators had become expensive, inefficient and a disincentive to the expansion of the islands' economy and the tourist industry in particular. Aid amounting to 0.3 million ECU was granted to the Landmark Trust for the acquisition of a supply and passenger vessel to operate between the Island of Lundy and Brideford and Ilfracombe.

Table 22.  
Regional breakdown of commitments 1985

ERDF: OPERATIONS

Member State Region	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU
BELGIQUE/BELGIË	238.83	5.32	845.20	18.84	11.21	0.25	-	-	1 095.24	24.41
Vlaanderen	238.83	5.32	835.36	18.62	5.59	0.12	-	-	1 079.78	24.06
Wallonie	-	-	9.85	0.22	5.62	0.13	-	-	15.46	0.35
	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU
DANMARK	23.07	2.89	82.46	10.31	-	-	-	-	105.53	13.20
Øst for Storebælt	1.72	0.22	8.10	1.01	-	-	-	-	9.82	1.23
Vest for Storebælt	21.35	2.67	74.36	9.30	-	-	-	-	95.71	11.97
	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU
DEUTSCHLAND	114.59	51.93	47.70	21.62	-	-	-	-	162.29	73.55
Schleswig-Holstein	6.89	3.12	7.28	3.30	-	-	-	-	14.17	6.42
Bremen	-	-	2.17	0.98	-	-	-	-	2.17	0.98
Nordrhein-Westfalen	20.66	9.36	1.93	0.87	-	-	-	-	22.59	10.23
Hessen	5.41	2.45	1.22	0.55	-	-	-	-	6.63	3.00
Rheinland-Pfalz	13.85	6.27	3.87	1.75	-	-	-	-	17.72	8.02
Baden-Württemberg	-	-	-	-	-	-	-	-	-	-
Bayern	34.39	15.58	6.27	2.84	-	-	-	-	40.66	18.42
Saarland	5.74	2.60	2.95	1.34	-	-	-	-	8.70	3.94
Berlin	-	-	-	-	-	-	-	-	-	-
Niedersachsen	27.65	12.55	22.00	9.99	-	-	-	-	49.65	22.54
	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU
ELLAS	-	-	53.61	409.46	-	-	-	-	53.61	409.46
Ana. Ster. kai Nisoi	-	-	1.74	13.29	-	-	-	-	1.74	13.29
Kentr. Dyt. Makedonia	-	-	15.63	119.38	-	-	-	-	15.63	119.38
Pelop. Dyt. Ste. Ellas	-	-	9.37	71.57	-	-	-	-	9.37	71.57
Thessalia	-	-	4.19	32.00	-	-	-	-	4.19	32.00
Anatoliki Makedonia	-	-	1.11	8.48	-	-	-	-	1.11	8.48
Kriti	-	-	1.23	9.39	-	-	-	-	1.23	9.39
Ipiros	-	-	6.32	48.27	-	-	-	-	6.32	48.27
Thraki	-	-	1.73	13.21	-	-	-	-	1.73	13.21
Nisoi Anat. Agaiou	-	-	1.07	8.17	-	-	-	-	1.07	8.17
Multiregional	-	-	11.22	85.70	-	-	-	-	11.22	85.70

REGIONAL BREAKDOWN OF COMMITMENTS 1985  
(continued)

ERDF: OPERATIONS

Member State Region	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU
FRANCE	193.66	28.78	1 697.61	252.27	-	-	194.02	28.83	2 085.29	309.38
Haute-Normandie	0.60	0.09	-	-	-	-	-	-	0.60	0.09
Basse-Normandie	6.08	0.90	61.93	9.20	-	-	-	-	68.01	10.19
Picardie	3.67	0.55	-	-	-	-	-	-	3.67	0.55
Champagne-Ardenne	0.46	0.07	33.12	4.92	-	-	-	-	33.58	4.99
Centre	3.33	0.50	-	-	-	-	-	-	3.33	0.50
Nord-Pas-de-Calais	33.86	5.03	151.09	22.45	-	-	41.44	6.16	226.38	33.64
Bretagne	19.39	2.88	46.41	6.90	-	-	-	-	65.80	9.78
Pays-de-la-Loire	19.53	2.90	19.86	2.95	-	-	-	-	39.39	5.85
Poitou Charentes	13.39	1.99	30.07	4.47	-	-	-	-	43.46	6.46
Lorraine	30.90	4.59	253.35	37.65	-	-	44.67	6.64	328.92	48.98
Alsace	2.97	0.44	-	-	-	-	-	-	2.97	0.44
Limousin	3.76	0.56	106.67	15.85	-	-	42.40	6.30	152.83	22.71
Aquitaine	16.42	2.44	104.69	15.56	-	-	-	-	121.11	18.00
Midi-Pyrénées	10.39	1.54	157.65	23.42	-	-	44.08	6.55	212.12	31.51
Auvergne	11.31	1.68	43.08	6.40	-	-	21.43	3.18	75.82	11.26
Rhône-Alpes	5.69	0.85	53.67	7.98	-	-	-	-	59.36	8.83
Languedoc-Roussillon	10.72	1.59	271.76	40.38	-	-	-	-	282.47	41.97
Provence-Côte-d'Azur	1.21	0.18	53.70	7.98	-	-	-	-	54.91	8.16
Corse	-	-	29.50	4.38	-	-	-	-	29.50	4.38
Martinique	-	-	110.60	16.44	-	-	-	-	110.60	16.44
Guadeloupe	-	-	15.11	2.25	-	-	-	-	15.11	2.25
Guyane	-	-	108.60	16.14	-	-	-	-	108.60	16.14
Réunion	-	-	46.75	6.95	-	-	-	-	46.75	6.95
	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU
IRELAND	27.26	38.17	82.10	114.94	-	-	-	-	109.36	153.71
Donegal	0.52	0.73	-	-	-	-	-	-	0.52	0.73
North East	1.21	1.69	1.52	2.13	-	-	-	-	2.73	3.82
North West	0.47	0.66	3.33	4.66	-	-	-	-	3.80	5.32
West	0.02	0.03	6.88	9.63	-	-	-	-	6.90	9.66
Midlands	0.87	1.22	5.40	7.56	-	-	-	-	6.28	8.78
East	11.33	15.86	16.92	23.69	-	-	-	-	28.25	39.55
Mid West	5.89	8.25	15.84	22.18	-	-	-	-	21.74	30.43
South East	0.99	1.39	9.29	13.02	-	-	-	-	10.28	14.41
South West	5.95	8.34	22.91	32.07	-	-	-	-	28.86	40.41

REGIONAL BREAKDOWN OF COMMITMENTS 1985  
(continued)

Chapter 6. Location of ERDF assistance

ERDF: OPERATIONS

Member State Region	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU
ITALIA	292.92	194.79	1 015.45	675.30	1.42	0.95	-	-	1 309.79	871.04
Toscana	-	-	-	-	0.17	0.11	-	-	0.17	0.11
Marche	1.47	0.98	16.40	10.90	-	-	-	-	17.87	11.88
Lazio	7.73	5.14	35.00	23.28	0.07	0.05	-	-	42.80	28.47
Abruzzi	18.43	12.26	42.14	28.02	-	-	-	-	60.57	40.28
Molise	2.70	1.80	28.97	19.27	0.18	0.12	-	-	31.85	21.19
Campania	166.50	110.72	392.48	261.01	0.21	0.14	-	-	559.19	371.87
Puglia	3.23	2.15	57.79	38.42	0.45	0.30	-	-	61.48	40.87
Basilicata	85.24	56.68	182.82	121.58	-	-	-	-	268.06	178.26
Calabria	-	-	104.53	69.52	-	-	-	-	104.53	69.52
Sicilia	7.62	5.06	56.66	37.68	-	-	-	-	64.28	42.74
Sardegna	-	-	75.40	50.14	0.13	0.09	-	-	75.53	50.23
Multiregional	-	-	23.28	15.48	0.21	0.14	-	-	23.49	15.62
	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU
NEDERLAND	24.41	9.84	17.75	7.16	0.19	0.08	-	-	42.35	17.08
Noord-Nederland	8.58	3.46	13.74	5.50	0.19	0.08	-	-	22.51	9.20
Limburg	15.83	6.38	4.01	1.66	-	-	-	-	19.84	8.04
	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU
UNITED KINGDOM	50.84	86.26	231.71	393.18	0.44	0.75	61.97	105.15	344.96	585.34
North	2.53	4.29	15.99	27.12	0.03	0.05	6.58	11.16	25.13	42.62
Yorkshire Humberside	1.78	3.03	19.49	33.07	0.13	0.22	-	-	21.40	36.32
East Midlands	1.71	2.90	16.06	27.25	-	-	-	-	17.76	30.15
South West	1.51	2.56	8.89	15.09	0.04	0.07	-	-	10.44	17.72
West Midlands	1.51	2.56	44.73	75.90	0.01	0.02	-	-	46.25	78.48
North West	2.11	3.58	33.18	56.30	0.02	0.03	39.12	66.38	74.43	126.29
Wales	8.30	14.08	48.48	82.26	0.13	0.23	-	-	56.91	96.57
Scotland	20.96	35.56	32.14	54.54	0.06	0.10	16.27	27.61	69.43	117.81
Northern Ireland	10.43	17.70	12.76	21.65	0.02	0.03	-	-	23.21	39.38
		Mio ECU		Mio ECU		Mio ECU		Mio ECU		Mio ECU
Community	-	-	-	-	-	0.04	-	-	-	0.04
EUR 10		417.98		1 903.08		2.07		133.98		2 457.11

Table 23.  
Regional breakdown of commitments 1975-1985

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ERDF: OPERATIONS

Member State	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU	Mio BFR	Mio ECU
BELGIQUE/BELGIË	1 584.29	36.30	4 249.71	97.38	98.21	1.99	-	-	5 932.21	135.67
Vlaanderen	1 012.60	23.20	1 965.09	45.02	5.59	0.13	-	-	2 983.28	68.35
Wallonie	571.70	13.10	2 284.62	52.36	93.05	1.86	-	-	2 949.36	67.32
	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU	Mio DKR	Mio ECU
DANMARK	119.64	15.51	960.32	124.48	45.96	5.95	-	-	1 125.91	145.94
Grønland	2.47	0.32	723.61	93.80	45.96	5.95	-	-	772.04	100.07
Ost for Storebælt	4.92	0.64	29.08	3.77	-	-	-	-	33.99	4.40
Vest for Storebælt	112.25	14.55	207.63	26.91	-	-	-	-	319.88	41.47
	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU	Mio DM	Mio ECU
DEUTSCHLAND	854.00	350.52	642.93	266.70	0.11	0.05	-	-	1 497.04	617.27
Schleswig-Holstein	105.80	42.91	79.96	33.17	-	-	-	-	185.76	76.09
Bremen	2.44	0.99	3.79	1.57	-	-	-	-	6.23	2.55
Nordrhein-Westfalen	100.23	40.58	32.74	13.58	-	-	-	-	132.97	54.16
Hessen	59.57	24.71	33.15	13.75	-	-	-	-	92.71	38.46
Rheinland-Pfalz	87.06	36.11	16.17	6.71	-	-	-	-	103.23	42.82
Baden-Württemberg	28.01	11.62	18.33	7.60	-	-	-	-	46.34	19.22
Bayern	140.60	57.32	190.41	78.99	-	-	-	-	331.02	136.31
Saarland	149.98	68.21	35.55	14.75	0.08	0.04	-	-	185.61	83.00
Berlin	12.50	5.19	95.65	39.68	-	-	-	-	108.15	44.87
Niedersachsen	167.67	62.80	137.17	56.90	0.03	0.01	-	-	304.87	119.71
Multiregional	0.15	0.08	-	-	-	-	-	-	0.15	0.08
	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU	Mrd DRA	Mio ECU
ELLAS	2.81	30.96	132.92	1 464.71	0.02	0.12	-	-	135.74	1 495.79
Ana.Ster.Kai Nisoi	0.16	1.76	9.83	108.32	-	-	-	-	9.99	110.08
Kentr.Dyt.Makedonia	0.24	2.64	48.41	533.45	-	-	-	-	48.65	536.09
Pelop.Dyt.Ste.Ellias	0.24	2.64	18.50	203.86	-	-	-	-	18.74	206.50
Thessalia	0.24	2.64	9.77	107.66	-	-	-	-	10.01	110.30
Anatoliki Makedonia	0.15	1.65	3.89	42.87	-	-	-	-	4.04	44.52
Kriti	0.09	0.99	7.12	78.46	-	-	-	-	7.21	79.45
Ipiros	0.41	4.52	10.88	119.89	-	-	-	-	11.29	124.41
Thraki	0.57	6.37	4.83	53.22	-	-	-	-	5.40	59.59
Nisoi Anat.Agaiou	0.35	3.86	6.92	76.25	-	-	-	-	7.27	80.11
Multiregional	0.36	3.89	12.77	140.73	0.02	0.12	-	-	13.14	144.74

ERDF

REGIONAL BREAKDOWN OF COMMITMENTS 1975-1985  
(continued)

ERDF: OPERATIONS

Member State Region	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU	Mio FF	Mio ECU
FRANCE	2 221.78	348.03	10 123.45	1 585.80	41.17	6.45	194.02	28.83	12 580.42	1 969.11
Haute-Normandie	11.05	1.73	-	-	-	-	-	-	11.05	1.73
Basse-Normandie	51.44	8.06	181.87	28.49	-	-	-	-	233.31	36.55
Picardie	20.25	3.17	2.40	0.38	-	-	-	-	22.65	3.55
Champagne-Ardenne	45.81	7.18	58.27	9.13	-	-	-	-	104.08	16.31
Bourgogne	4.13	0.65	-	-	-	-	-	-	4.13	0.65
Centre	13.41	2.10	13.71	2.15	-	-	-	-	27.13	4.25
Nord-Pas-de-Calais	472.05	73.94	300.54	47.08	-	-	41.44	6.16	814.03	127.18
Bretagne	151.89	23.79	1 622.55	254.17	-	-	-	-	1 774.44	277.96
Pays-de-la-Loire	251.60	39.41	371.91	58.26	-	-	-	-	623.52	97.67
Poitou-Charentes	107.81	16.89	291.01	45.59	-	-	-	-	398.82	62.48
Lorraine	327.50	51.30	463.75	72.64	-	-	44.67	6.64	835.92	130.58
Alsace	39.87	6.25	5.02	0.79	-	-	-	-	44.89	7.04
Franche-Comté	0.48	0.08	-	-	-	-	-	-	0.48	0.08
Limousin	37.07	5.81	565.18	88.53	-	-	42.40	6.30	644.65	100.64
Aquitaine	162.12	25.40	579.54	90.78	-	-	-	-	741.66	116.18
Midi-Pyrénées	130.96	20.51	1 229.73	192.63	-	-	44.08	6.55	1 404.77	219.69
Auvergne	86.27	13.51	660.03	103.39	-	-	21.43	3.18	767.73	120.08
Rhône-Alpes	126.35	19.79	153.27	24.01	-	-	-	-	279.63	43.80
Languedoc-Roussillon	80.27	12.57	771.74	120.89	-	-	-	-	852.01	133.46
Provence-Côte-d'Azur	12.59	1.97	72.48	11.35	-	-	-	-	85.07	13.32
Corse	4.18	0.65	331.03	51.85	-	-	-	-	335.21	52.50
Martinique	20.43	3.20	612.53	95.95	-	-	-	-	632.96	99.15
Guadeloupe	23.40	3.67	521.42	81.68	-	-	-	-	544.83	85.35
Guyane	23.16	3.63	355.44	55.68	-	-	-	-	378.60	59.31
Réunion	17.68	2.77	743.79	116.51	41.17	6.45	-	-	802.64	125.73
Multiregional	-	-	216.24	33.87	-	-	-	-	216.24	33.87
	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU	Mio IRL	Mio ECU
IRELAND	168.46	242.03	434.36	624.05	0.43	0.62	-	-	603.25	866.70
Donegal	3.84	5.52	8.58	12.33	0.02	0.03	-	-	12.43	17.88
North West	8.69	12.49	6.65	9.55	0.01	0.01	-	-	15.35	22.05
North East	3.34	4.80	7.52	10.80	-	-	-	-	10.85	15.60
West	11.20	16.09	25.02	35.95	-	-	-	-	36.25	52.04
Midlands	9.26	13.30	14.95	21.48	-	-	-	-	24.21	34.78
East	51.45	73.92	64.26	92.32	-	-	-	-	115.70	166.24
Mid West	33.38	47.96	37.84	54.37	-	-	-	-	71.21	102.33
South East	13.30	19.10	24.29	34.90	-	-	-	-	37.60	54.00
South West	33.01	47.43	64.15	92.17	-	-	-	-	97.15	139.60
Multiregional	1.01	1.42	181.08	260.18	0.40	0.58	-	-	182.49	262.18

REGIONAL BREAKDOWN OF COMMITMENTS 1975-1985  
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ERDF: OPERATIONS

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Member State Region	Industry, services and crafts		Infrastructure		Studies		National programmes of Commun. interest		Total	
	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU	Mrd LIT	Mio ECU
ITALIA	819.50	625.64	5 955.85	4 546.97	27.70	21.02	-	-	6 803.05	5 193.63
Friuli-Ven. Giulia	-	-	93.36	71.28	-	-	-	-	93.36	71.28
Toscana	1.11	0.85	18.68	14.26	0.17	0.11	-	-	19.96	15.22
Marche	25.52	19.48	69.23	52.85	1.12	0.86	-	-	95.87	73.19
Lazio	103.08	78.70	188.25	143.72	0.07	0.05	-	-	291.40	222.47
Abruzzi	114.91	87.73	189.04	144.32	9.63	6.59	-	-	313.58	238.64
Molise	8.10	5.18	98.80	75.43	4.94	3.57	-	-	111.83	85.18
Campania	282.33	215.54	2 010.20	1 534.68	7.08	6.15	-	-	2 299.61	1 756.37
Puglia	99.91	76.28	397.77	303.68	0.45	0.30	-	-	498.13	380.26
Basilicata	100.30	76.57	396.02	302.34	-	-	-	-	496.31	378.91
Calabria	20.20	15.42	644.01	491.67	-	-	-	-	664.21	507.09
Sicilia	45.76	34.94	980.60	748.64	0.24	0.19	-	-	1 026.60	783.77
Sardegna	18.29	13.95	409.82	312.88	3.79	3.06	-	-	431.90	329.89
Multiregiona	-	-	460.08	351.22	0.21	0.14	-	-	460.29	351.36
	Mio LFR	Mio ECU	Mio LFR	Mio ECU	Mio LFR	Mio ECU	Mio LFR	Mio ECU	Mio LFR	Mio ECU
LUXEMBOURG(G. D.)	-	-	508.35	11.63	-	-	-	-	508.35	11.63
	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU	Mio HFL	Mio ECU
NEDERLAND	86.05	32.42	372.67	140.21	0.36	0.15	-	-	459.09	172.78
Noord-Nederland	44.73	16.85	265.03	99.65	0.36	0.15	-	-	310.12	116.65
Oost-Nederland	-	-	7.50	2.83	-	-	-	-	7.50	2.83
Limburg	41.32	15.57	92.64	34.90	-	-	-	-	133.96	50.47
Multiregiona	-	-	7.50	2.83	-	-	-	-	7.50	2.83
	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU	Mio UKL	Mio ECU
UNITED KINGDOM	474.64	800.11	1 474.65	2 485.85	4.29	7.24	61.97	105.15	2 015.55	3 398.35
North	80.56	135.80	223.36	376.52	0.36	0.62	6.58	11.15	310.87	524.10
Yorkshire Humber	12.66	21.34	141.53	238.58	0.40	0.68	-	-	154.59	260.60
East Midlands	5.09	8.58	29.86	50.34	0.55	0.93	-	-	35.50	59.85
South West	5.82	9.81	71.26	120.12	0.17	0.29	-	-	77.26	130.22
West Midlands	1.51	2.55	66.99	112.93	0.01	0.02	-	-	68.51	115.50
North West	46.84	78.96	191.96	323.59	0.16	0.29	39.12	66.38	278.08	469.22
Wales	62.31	105.04	251.52	423.99	0.78	1.33	-	-	314.61	530.36
Scotland	127.73	215.32	367.36	619.27	0.55	0.94	16.27	27.67	511.92	863.14
Northern Ireland	72.13	121.59	130.80	220.51	0.25	0.35	-	-	203.17	342.45
Multiregiona	60.00	101.12	-	-	1.06	1.79	-	-	61.06	102.91
		Mio ECU		Mio ECU		Mio ECU		Mio ECU		Mio ECU
Commun	-	-	-	-	-	0.04	-	-	-	0.04
EUR 10	-	2 487 52	-	11 347 78	-	43.63	-	133 97	-	14 006 91

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**TABLE 24.**  
**REGIONAL BREAKDOWN OF POPULATION AND PER CAPITA ASSISTANCE IN**  
**ERDF-ASSISTED AREAS**

ERDF: OPERATIONS

Member State	Population * x 1000		Aid per capita (ECU)***	
	total	eligible**	1985	1975/85
<b>BELGIQUE/BELGIË</b>				
Vlaanderen	5 670	1 299	18	53
Wallonie	3 207	1 964	0	34
<b>DANMARK</b>				
Øst for Storebælt	583	118	10	37
Vest for Storebælt	2 805	1 100	11	38
<b>DEUTSCHLAND</b>				
Schleswig-Holstein	2 605	2 226	3	35
Bremen	695	695	1	4
Nordrhein-Westfalen	17 044	5 555	2	10
Hessen	5 589	1 447	2	27
Rheinland-Pfalz	3 639	1 813	4	24
Baden-Württemberg	9 233	196	-	98
Bayern	10 899	3 327	6	41
Saarland	1 068	1 068	4	78
Berlin	1 899	1 899	-	24
Niedersachsen	7 246	4 603	5	26
<b>ELLAS</b>				
Ana. Ster. Kai Nisoi	3 996	632	43	211
Kentr.Dyt. Makedonia	1 696	1 696	81	339
Pelop.Dyt. Ste. Ellas	1 294	1 294	66	175
Thessalia	696	696	65	197
Anatoliki Makedonia	426	426	31	122
Kriti	502	502	32	176
Ipiros	446	446	119	298
Thraki	345	345	49	188
Nisoi Anat. Agaiou	340	340	38	253
* Depending on the sources available, the population figures relate to years 1980-85 inclusive.				
** Population in the ERDF-assisted areas.				
*** Per capita aid: includes multiregional projects and is calculated on the latest available figures for eligible population.				

REGIONAL BREAKDOWN OF POPULATION AND PER CAPITA ASSISTANCE IN  
ERDF-ASSISTED AREAS  
(continued)

ERDF: OPERATIONS

Member State	Population * x 1000		Aid per capita (ECU)***	
	total	eligible**	1985	1975/85
FRANCE				
Haute-Normandie	1 656	391	0	4
Basse-Normandie	1 351	969	10	38
Picardie	1 740	541	1	7
Champagne-Ardenne	1 346	354	14	46
Bourgogne	1 596	43	-	15
Centre	2 264	209	2	20
Nord-Pas-de-Calais	3 933	2 233	15	57
Bretagne	2 708	2 473	4	112
Pays de la Loire	2 930	2 198	3	44
Poitou-Charentes	1 568	1 568	4	40
Lorraine	2 320	1 429	34	91
Alsace	1 566	138	3	51
Franche-Comté	1 084	264	-	-
Limousin	737	737	31	137
Aquitaine	2 657	2 016	9	67
Midi-Pyrénées	2 325	1 784	18	132
Auvergne	1 333	1 022	11	117
Rhône-Alpes	5 016	890	10	49
Languedoc-Roussillon	1 927	1 666	25	80
Provence-Côte-d'Azur	3 965	618	13	22
Corse	240	240	18	219
Martinique	329	329	50	301
Guadeloupe	328	328	7	260
Guyane	73	73	221	812
Réunion	516	516	13	244
IRELAND	3 508	3 508	44	247
<p>* Depending on the sources available, the population figures relate to years 1980-85 inclusive.</p> <p>** Population in the ERDF-assisted areas.</p> <p>*** Per capita aid: includes multiregional projects and is calculated on the latest available figures for eligible population.</p>				

REGIONAL BREAKDOWN OF POPULATION AND PER CAPITA ASSISTANCE IN  
ERDF-ASSISTED AREAS  
(continued)

ERDF: OPERATIONS

Member State	Population * x 1000		Aid per capita (ECU)***	
	total	eligible**	1985	1975/85
<b>ITALIA</b>				
Friuli-Venezia Giulia	1 224	1 224	-	58
Toscana	3 581	30	4	507
Marche	1 421	279	43	275
Lazio	5 056	1 137	25	213
Abruzzi	1 244	1 244	33	210
Molise	332	332	65	269
Campania	5 607	5 607	67	325
Puglia	3 978	3 978	11	123
Basilicata	617	617	290	645
Calabria	2 116	2 116	34	255
Sicilia	5 051	5 051	9	168
Sardegna	1 628	1 628	31	203
<b>LUXEMBOURG</b>	<b>366</b>	<b>366</b>	<b>-</b>	<b>32</b>
<b>NEDERLAND</b>				
Noord Nederland	1 588	1 306	7	91
Oost Nederland	2 790	672	-	42
Limburg	1 086	720	11	70
<b>UNITED KINGDOM</b>				
North	3 117	2 589	16	202
Yorkshire/Humberside	4 917	2 592	14	101
East Midlands	3 852	93	324	644
South-West	4 381	662	26	198
West Midlands	5 187	3 611	22	32
North-West	6 459	4 139	30	129
Wales	2 814	2 575	37	221
Scotland	5 150	3 500	34	247
Northern Ireland	1 564	1 564	25	219
* Depending on the sources available, the population figures relate to years 1980-85 inclusive.				
** Population in the ERDF-assisted areas.				
*** Per capita aid: includes multiregional projects and is calculated on the latest available figures for eligible population.				

**APPENDIX A. STATISTICAL DATA 1985 AND 1975-1985**

Table 25.  
Assistance applied for in 1985

ERDF: OPERATIONS										(Mio)
Member State	Industry, services and crafts		Infrastructure		Studies		National programmes of Comm. interest(1)		Total	
	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU	Nat. cur.	ECU
B	238.83	5.33	3 266.89	72.90	20.73	0.46	-	-	3 526.45	78.69
DK	27.49	3.44	107.45	13.44	0.30	0.04	-	-	135.24	16.92
D	183.14	83.00	133.05	60.30	0.36	0.16	-	-	316.55	143.46
GR	-	-	72.99*	556.85	-	-	-	-	72.99*	556.85
F	219.84	32.67	2 628.61	390.62	1.86	0.27	715.33	106.30	3 565.59	529.86
IRL	27.59	38.63	132.18	185.07	-	-	-	-	159.77	223.71
I	597.67*	397.46	3 359.36*	2 234.03	12.65*	8.78	-	-	3 969.68*	2 640.27
L	-	-	-	-	-	-	-	-	-	-
NL	25.02	10.09	19.27	7.77	0.48	0.19	-	-	44.77	18.05
UK	101.16	171.65	414.22	702.87	5.24	9.09	248.94	422.41	769.68	1 306.02
COM	-	-	-	-	-	0.04	-	-	-	0.04
EUR 10	-	742.27	-	4 223.86	-	19.03	-	528.71	-	5 513.87

\* Thousand million.  
(1) The total includes a number of applications which were subsequently changed to projects, accounting for 55 million ECU.

Table 26.  
Number of projects, programmes and studies for which grant applications were submitted in 1985

## ERDF: OPERATIONS

Member State	Projects	Programmes	Studies	Total
B	226	-	4	230
DK	147	-	1	148
D	387	-	2	389
GR	289	-	-	289
F	902	7	3	912
IRL	160	-	-	160
I	3 677	-	46	3 723
L	-	-	-	-
NL	27	-	6	33
UK	1 434	10	41	1 485
Multi	-	-	1	1
EUR 10	7 249	17	104	7 370

Table 27.  
Number of projects assisted in 1985 (detail)

## ERDF: OPERATIONS

Member State	Industry, services and crafts			Infrastructure			Total		
	Large (1) projects	Small (2) projects	Total	Large (1) projects	Small (2) projects	Total	Large (1) projects	Small (2) projects	Total
B	2	-	2	1	14	15	3	14	17
DK	-	67	67	-	43	43	-	110	110
D	18	84	102	-	68	68	18	152	170
GR	-	-	-	10	186	196	10	186	196
F	4	225	229	11	325	336	15	550	565
IRL	5	27	32	2	90	92	7	117	12
I	8	112	120	20	1 270	1 290	28	1 382	1 410
L	-	-	-	-	-	-	-	-	-
NL	1	10	11	-	13	13	1	23	24
UK	7	135	142	14	493	507	21	628	649
EUR 10	45	660	705	58	2 502	2 560	103	3 162	3 265

(1) Large projects: projects costing 15 million ECU or more.  
(2) Small projects: projects costing less than 15 million ECU.

Table 28.  
Number of projects assisted 1975-1985

## ERDF: OPERATIONS

Member State	Industry, services and crafts			Infrastructure			Total		
	Large (1) projects	Small (1) projects	Total	Large (1) projects	Small (1) projects	Total	Large (1) projects	Small (1) projects	Total
B	12	72	84	2	423	425	14	495	509
DK	1	241	242	10	683	693	11	924	935
D	132	1 603	1 735	12	736	748	144	2 339	2 483
GR	1	102	103	59	1 057	1 116	60	1 159	1 219
F	80	1 974	2 054	150	2 544	2 694	230	4 518	4 748
IRL	43	319	362	77	620	697	120	939	1 059
I	32	1 595	1 627	218	9 075	9 293	250	10 670	10 920
L	-	-	-	-	26	26	-	26	26
NL	6	29	35	16	65	81	22	94	116
UK	126	870	996	231	5 797	6 028	357	6 667	7 024
EUR 10	433	6 805	7 238	775	21 026	21 801	1 208	27 831	29 039

(1) Since 1985, the dividing line between large and small projects has been 15 million ECU.  
From 1975 to 1984, it was 10 million ECU.

Table 29.  
Amounts committed for projects in 1985 (detail)

ERDF: OPERATIONS

(Mio ECU)

Member State	Industry, services and crafts			Infrastructure			Total		
	Large projects	Small projects	Total	Large projects	Small projects	Total	Large projects	Small projects	Total
B	5.3	-	5.3	9.0	9.9	18.9	14.4	9.8	24.2
DK	-	2.9	2.9	-	10.3	10.3	-	13.2	13.2
D	35.9	16.0	51.9	-	21.6	21.6	35.9	37.7	73.6
GR	-	-	-	269.1	139.9	409.0	269.1	139.9	409.0
F	5.1	23.6	28.8	104.3	148.0	252.3	109.5	171.6	281.1
IRL	26.4	11.7	38.2	16.7	99.0	115.7	43.1	110.7	153.8
I	54.7	140.1	194.8	402.9	272.4	675.3	457.6	412.5	870.1
L	-	-	-	-	-	-	-	-	-
NL	3.7	6.1	9.8	-	7.2	7.2	3.7	13.3	17.0
UK	28.8	57.5	86.3	133.2	260.0	393.2	162.0	317.5	479.4
EUR 10	160	258	418	935	968	1 903	1 095	1 226	2 321

Table 30.  
Amounts committed for projects 1975-1985

ERDF: OPERATIONS

(%)

Member State	Industry, services and crafts			Infrastructure			Total		
	Large projects	Small projects	Total	Large projects	Small projects	Total	Large projects	Small projects	Total
B	0.1	0.1	0.2	0.1	0.6	0.7	0.2	0.7	1.0
DK	-	0.1	0.1	0.2	0.7	0.9	0.2	0.8	1.0
D	1.2	1.4	2.6	0.5	1.4	1.9	1.7	2.8	4.5
GR	-	0.2	0.2	6.1	4.4	10.5	6.1	4.6	10.8
F	1.1	1.6	2.7	7.6	3.9	11.5	8.7	5.5	14.1
IRL	0.8	0.9	1.7	2.9	1.7	4.6	3.7	2.6	6.2
I	1.3	3.3	4.6	20.5	12.5	33.0	21.8	15.8	37.6
L	-	-	-	-	0.1	0.1	-	0.1	0.1
NL	0.1	0.1	0.2	0.6	0.5	1.1	0.7	0.6	1.2
UK	3.9	1.7	5.6	6.1	11.8	17.9	10.0	13.5	23.5
EUR 10	8.5	9.4	17.9	44.5	37.4	81.9	53.1	46.9	100.0

Table 31.  
Investment projects for which amounts were committed in 1985

ERDF: OPERATIONS

(Mio ECU)

Member State	Industry, services and crafts			Infrastructure			Total		
	Large projects	Small projects	Total	Large projects	Small projects	Total	Large projects	Small projects	Total
B	74.88	-	74.88	54.71	19.58	74.29	129.59	19.58	149.17
DK	-	41.11	41.11	-	25.38	25.38	-	66.49	66.49
D	1 047.58	346.98	1 394.56	-	82.43	82.43	1 047.58	429.41	1 476.99
GR	-	-	-	767.92	305.13	1 073.05	767.92	305.13	1 073.05
F	114.72	371.08	485.80	292.22	419.27	711.48	406.94	790.34	1 197.29
IRL	158.46	58.15	216.61	52.60	300.65	353.25	211.06	358.80	569.86
I	170.90	440.05	610.95	1 796.69	588.75	2 385.44	1 967.59	1 028.80	2 996.39
L	-	-	-	-	-	-	-	-	-
NL	41.98	49.00	90.98	-	24.15	24.15	41.98	73.14	115.13
UK	219.19	431.80	650.99	692.03	597.78	1 289.81	911.22	1 029.58	1 940.80
EUR 10	1 827.72	1 738.18	3 565.89	3 656.16	2 363.11	6 019.27	5 483.88	4 101.29	9 585.16

Table 32.  
Investments projects for which amounts were committed 1975-1985

ERDF: OPERATIONS

(Mio ECU)

Member State	Industry, services and crafts			Infrastructure			Total		
	Large investments	Small investments	Total	Large investments	Small investments	Total	Large investments	Small investments	Total
B	281.27	241.76	523.03	69.72	307.33	377.05	351.00	549.08	903.94
DK	10.92	196.47	207.38	128.60	299.87	428.47	139.52	496.33	657.16
D	4 529.04	4 288.28	8 817.33	410.81	708.90	1 119.71	4 939.85	4 997.18	9 937.13
GR	63.00	200.89	263.90	2 701.81	2 135.40	4 837.20	2 764.81	2 336.29	5 101.61
F	3 097.76	3 139.12	6 236.88	5 306.16	1 907.05	7 213.21	8 403.92	5 046.17	13 462.12
IRL	1 981.86	799.58	2 781.45	7 857.66	733.21	8 590.86	9 839.52	1 532.79	11 373.92
I	1 144.52	2 181.76	3 326.29	16 489.46	5 120.30	21 609.76	17 633.98	7 302.07	24 980.15
L	-	-	-	-	57.23	57.23	-	57.23	57.23
NL	198.44	134.55	332.98	398.63	231.14	629.77	597.07	365.69	962.89
UK	6 381.35	1 733.93	8 115.27	8 749.02	5 875.24	14 624.26	15 130.37	7 609.16	22 753.54
EUR 10	17 688.17	12 916.34	30 604.51	42 111.86	17 375.66	59 487.52	59 800.03	30 292.00	90 189.71

Table 33.  
Breakdown of amounts committed by type of infrastructure in 1985

FEDER: OPERATIONS

(Mio ECU)

Type of infrastructure	Large projects		Small projects		Total	
	Projects	Assistance	Projects	Assistance	Projects	Assistance
<b>1. LINKED TO PRODUCTIVE ACTIVITIES</b>	2	17.3	127	53.7	129	71.1
11 Sites for productive activities	-	-	110	45.7	110	45.7
12 Factory construction	-	-	2	0.6	2	0.6
13 Centres for applied research - studies - support	2	17.3	13	7.4	15	24.7
14 Commercial centres	-	-	1	-	1	-
10 Miscellaneous	-	-	1	0.1	1	0.1
<b>2. TRANSPORT</b>	22	332.9	1 275	547.7	1 297	880.6
21 Roads, related works	18	277.4	1 115	444.8	1 133	722.2
22 Railways	2	46.3	17	14.6	19	60.8
23 Sea port installations	1	4.9	108	56.1	109	61.0
24 Waterways	-	-	5	5.1	5	5.1
25 Airports	1	4.3	22	21.0	23	25.3
26 Urban transport systems	-	-	5	2.0	5	2.0
27 Other transport systems (funiculars, etc.)	-	-	3	4.3	3	4.3
<b>3. TELECOMMUNICATIONS</b>	3	85.2	250	38.6	253	123.8
31 Telephone, telex	3	85.2	248	37.9	251	123.1
33 Information networks	-	-	2	0.7	2	0.7
<b>4. ENERGY</b>	9	174.9	182	64.4	191	239.3
41 Electricity supply	4	65.8	17	10.5	21	76.3
42 Electricity distribution	2	78.6	106	20.3	108	98.9
44 Gas distribution networks	3	30.5	59	33.6	62	64.1
<b>5. WATER ENGINEERING</b>	16	238.9	507	147.3	523	386.1
51 Dams	4	86.4	3	6.4	7	92.8
52 Water collection/distribution	8	120.1	246	67.8	254	187.9
53 Irrigation systems	2	20.5	19	9.1	21	29.6
54 Sewers, sewage treatment plants	2	11.9	238	63.7	240	75.6
50 Miscellaneous	-	-	1	0.2	1	0.2
<b>6. ENVIRONMENT</b>	-	-	39	23.5	39	23.5
61 Coastal protection	-	-	9	3.8	9	3.8
62 Clearance works, hydrogeological protection	-	-	17	11.4	17	11.4
63 Protection and clearance of sites	-	-	3	0.3	3	0.3
64 Incinerators/recycling plants for garbage	-	-	10	8.0	10	8.0
<b>7. EDUCATION, SOCIOCULTURAL, SPORT/LEISURE</b>	6	86.1	122	93.0	128	179.1
71 Education	3	56.0	51	52.5	54	108.5
72/73 Social, medical/paramedical infrastructure	-	-	35	18.7	35	18.7
74 Cultural infrastructure	2	25.9	10	4.1	12	30.0
75 Sport and leisure centres	1	4.3	23	17.2	24	21.5
70 Miscellaneous	-	-	3	0.5	3	0.5
<b>Total</b>	<b>58</b>	<b>935</b>	<b>2 502</b>	<b>968</b>	<b>2 560</b>	<b>1 903</b>
<b>Total investment</b>	<b>3 656</b>		<b>2 363</b>		<b>6 019</b>	
<b>National aid</b>	<b>2 063</b>		<b>2 058</b>		<b>4 120</b>	

Table 34.  
Breakdown by country of commitments for infrastructure projects in 1985

ERDF: OPERATIONS								(Mio ECU)
Member State	Linked to productive activities	Transport	Telecommunications	Energy	Water engineering	Environment	Education, socio-cultural	Total
B	0.4	-	-	0.1	-	3.8	14.5	18.9
DK	3.7	4.5	0.4	-	0.1	-	1.5	10.3
D	6.8	5.2	-	0.1	8.3	-	1.2	21.6
GR	1.4	87.4	88.5	95.6	85.3	0.9	49.8	409.0
F	8.8	167.5	31.9	25.2	9.0	0.5	6.4	252.3
IRL	-	51.0	-	-	43.4	-	2.2	115.7
I	27.6	329.5	-	69.9	201.4	10.1	36.8	675.3
L	-	-	-	-	-	-	-	-
NL	-	5.2	-	-	-	-	2.0	7.2
UK	22.0	230.3	3.0	48.4	38.6	8.2	42.5	393.2
EUR 10	71	881	124	239	386	23	179	1 903

Table 35.  
Breakdown of commitments by type of infrastructure projects 1975-1985

ERDF: OPERATIONS						
Type of infrastructure	Large projects		Small projects		Total	
	Projects	Assistance in %	Projects	Assistance in %	Projects	Assistance in %
1. Linked to productive activities	83	4.4	2 880	4.6	2 963	9.0
2. Transport	325	18.7	8 733	18.5	9 058	37.3
3. Telecommunications	46	4.6	2 156	4.1	2 202	8.8
4. Energy	73	10.5	1 677	5.4	1 750	15.9
5. Water engineering	216	14.1	4 722	10.0	4 938	24.1
6. Environment	14	0.7	253	0.9	267	1.6
7. Education, sociocultural	18	1.2	605	2.1	623	3.3
Total	775	54.3	21 026	45.7	21 801	100.0
Total investment	42 112		17 376		59 488	
National aid	19 574		15 799		35 373	
Some of the figures in this table are estimates, but only where projects covered by global applications are concerned. The assistance is therefore expressed in percentages.						

Table 36.  
Breakdown of commitments for projects by industry, craft industry and service sector in 1985

1/8

ERDF: OPERATIONS (Mio ECU)									
Sector NACE Code	Large projects			Small projects			Total		
	Projects	Ass. st.	Jobs	Projects	Assist.	Jobs	Projects	Assist.	Jobs
1. ENERGY	-	6.7	12	4	1.1	150	5	7.8	162
11 Extraction briquetts, solid, fuels	-	-	-	1	0.1	25	1	0.1	25
13 Extraction of petrol. + natur. gas	1	6.7	12	-	-	-	1	6.7	12
14 Mineral oil refining	-	-	-	1	0.6	5	1	0.6	5
16 Prod. distrib. of elec., gas	-	-	-	2	0.4	120	2	0.4	120
2. EXTRACT. PROCESS. MINERALS, CHEMIST.	5	17.7	853	74	43.0	4 047	82	60.7	4 900
22 Product./prelim. processing metals	1	0.6	43	6	1.8	145	7	2.4	188
23 Extract. non metallifer. minerals	-	0.5	140	3	0.5	59	4	1.0	199
24 Manuf. non metallifer. miner. product.	-	-	-	37	24.7	2 114	37	24.7	2 114
25 Chemical industry	6	16.6	670	27	15.0	1 719	33	32.6	2 389
26 Man-made fibres industry	-	-	-	1	-	10	1	-	10
3. METAL MANUFACTURE, INSTR. ENGINEER.	16	71.0	10 044	251	115.1	17 890	267	186.4	27 934
31 Manufacture of metal articles	-	-	-	79	46.3	5 582	79	46.3	5 582
32 Mechanical engineering	2	9.1	1 538	52	17.3	2 554	54	26.4	4 092
33 Manuf. office/data process. machin.	2	9.0	590	11	8.0	1 678	13	17.0	2 266
34 Electrical engineering	9	36.6	7 046	64	23.5	3 815	73	60.1	10 861
35 Manuf. motor vehicul., parts/access.	3	16.6	870	22	11.1	2 006	25	27.7	2 876
36 Manuf. other means of transport	-	-	-	12	4.0	1 239	12	4.0	1 239
37 Instrument engineering	-	-	-	11	4.9	1 016	11	4.9	1 016
4. OTHER MANUFACTURING INDUSTRIES	19	60.6	5 638	314	92.5	16 341	333	153.2	21 979
41/42 Food, drink, tobacco industry	5	20.1	684	77	15.9	2 979	82	36.0	3 663
43 Textile industry	-	-	-	26	6.4	1 302	26	6.4	1 302
44 Leather/leather goods industry	-	-	-	1	-	25	1	-	25
45 Footwear/clothing industry	1	7.0	202	22	4.1	1 424	23	11.1	1 626
46 Timber/wooden furniture industry	1	1.4	192	66	9.2	2 051	67	10.6	2 243
47 Manuf. paper/prod., print., publish.	5	12.2	803	43	23.7	3 117	46	35.9	3 920
48 Processing of rubber and plastics	9	-	3 757	68	29.1	4 822	77	49.1	8 579
49 Other manufacturing industries	-	-	-	11	4.1	621	11	4.1	621
5. BUILDING AND CIVIL ENGINEERING	1	3.7	1 200	1	0.1	15	2	3.8	1 215
6. TO 9. SERVICES	-	-	-	16	6.2	815	16	6.2	815
61 Wholesale distribution	-	-	-	2	1.2	124	2	1.2	124
62 Scrap and waste materials	-	-	-	1	0.1	30	1	0.1	30
64/65 Retail distribution	-	-	-	3	0.1	100	3	0.1	100
67 Repair of cons. goods and vehs.	-	-	-	1	0.1	12	1	0.1	12
73 Inland water transport	-	-	-	1	0.5	35	1	0.5	35
76 Supporting services to transport	-	-	-	1	-	31	1	-	31
77 Travel agents, freight brokers	-	-	-	1	0.1	17	1	0.1	17
82 Insurance	-	-	-	1	0.4	156	1	0.4	156
83 Auxiliary to banking/insurance	-	-	-	2	0.4	43	2	0.4	43
94 Research and development	-	-	-	3	3.3	267	3	3.3	267
Total	45	160	17 747	660	258	39 238	705	418	57 005
Investment	1 828			1 738			3 666		
National aid	341			518			858		

ERDF

Table 37.  
Breakdown by country of commitments for projects by industry, craft industry and service sector in 1985

ERDF: OPERATIONS							(Mio ECU)
Member State	Energy	Mineral products and by-products, chemicals	Metal processing instrument engineering	Other manufacturing industries	Building and civil engineering	Services	Total
B	-	1.4	3.9	-	-	-	5.3
DK	-	0.1	1.2	1.6	-	-	2.9
D	-	6.5	29.8	15.2	-	0.5	51.9
GR	-	-	-	-	-	-	-
F	0.1	1.6	12.5	14.0	0.1	0.5	28.8
IRL	-	6.2	24.7	7.2	-	-	38.1
I	7.3	39.0	67.9	77.2	-	3.4	194.8
L	-	-	-	-	-	-	-
NL	-	0.2	2.0	2.6	3.7	1.4	9.8
UK	0.4	5.6	44.4	35.4	-	0.4	86.3
EUR 10	8	61	186	153	4	6	418

Table 38.  
Breakdown of commitments for projects by industry, craft industry and service sector 1975-1985

ERDF: OPERATIONS									
Sector NACE code	Large projects			Small projects			Total		
	Projects	Assist. in %	Jobs	Projects	Assist. in %	Jobs	Projects	Assist. in %	Jobs
1. Energy	7	3.2	8 123	23	0.3	1 734	30	3.5	9 857
2. Mineral products and by-products, chemicals	103	7.0	28 168	1 066	9.9	55 739	1 169	17.0	83 907
3. Metal processing, instrument engineering	209	28.2	170 710	2 762	23.0	237 761	2 971	51.2	408 471
4. Other manufacturing industries	106	8.7	31 077	2 700	17.8	161 531	2 806	26.5	192 608
5. Building and civil engineering	1	0.1	1 200	19	0.1	733	20	0.2	1 933
6. to 9. Services	7	0.2	2 309	235	1.4	12 244	242	1.6	14 553
Total	433	47.5	241 587	6 805	52.5	469 742	7 238	100.0	711 329
Total investment	17 688			12 916			30 605		
National aid	2 949			2 820			5 770		
Some of the figures in this table are estimates, but only where projects covered by global applications are concerned. The assistance is therefore expressed in percentages.									

Table 39.  
Budgetary situation 1985  
ERDF: OPERATIONS

## 1. Use of commitment appropriations

(Mio ECU)

Commitment appropriations available for 1985					Use in	Appropriations
Appropriations entered in 1985 budget	Appropriations outstanding from 1984	Appropriations made available by:		Total	1984	available at 31.12.85
		release of previous commitments	exch. rate fluctuations affecting amounts previously released		Commitments made	
2 174.90	4.92	95.04	198.81	2 473.67	2 457.11	16.56

## 2. Use of payment appropriations

(Mio ECU)

Payment appropriations available in 1985			Payments made in 1985			Payment appropriations not used at 31.12.1985	
Carry-over 1984 (1)	Appropriations for 1985	Total	Out of carry-over from 1984	Out of approp. for 1985	Total	Out of carry-over from 1984	Out of appropriations for 1985
35.88	1 670.00	1 705.88	35.88	1 554.77	1 590.65	-	115.23

## 3. Commitments made.

(Mio ECU)

Commitments 1975-1984 unpaid at 1.1.1985	Amounts released and adjustments from 1984	Commitments made in 1985			Unpaid commitments 1975-1984 + 1985 commitments	Commitments paid in 1985	Commitments still to be paid at 31.12.85
		Out of approp. outstanding from 1984	Out of approp. from 1984	Total			
4 247.79	293.85	4.92	2 452.19	2 457.11	6 704.90	1 590.65	5 114.25

(1) Including the transfer of 18.00 million ECU in payment appropriations from specific Community measures.

Table 40.  
Payments in 1985 made from 1975-1985 commitments

ERDF: OPERATIONS

(Mio)

Member State	Payments made in 1985 against commitments							Total payments 1985	
	1975-79 ECU	1980 ECU	1981 ECU	1982 ECU	1983 ECU	1984 ECU	1985 ECU	National currency	ECU
B	0.01	0.04	-	2.90	1.92	7.13	-	514.29	12.00
DK	-	-	0.12	0.06	1.76	5.75	-	58.98	7.69
D	0.36	3.35	0.21	4.41	2.73	48.13	-	125.43	59.19
GR	-	-	-	1.97	28.57	84.61	193.89	37.66*	309.04
F	2.97	4.23	8.45	23.46	107.80	70.75	15.57	1 523.83	233.23
IRL	1.32	-	0.43	1.40	6.77	43.14	62.46	81.93	114.66
I	13.53	4.34	11.51	61.72	175.47	114.56	-	543.08*	381.13
L	0.04	-	-	-	-	0.61	-	29.16	0.65
NL	0.45	0.85	5.28	0.81	7.32	0.60	-	38.52	15.31
UK	1.87	2.23	7.80	50.94	98.52	272.28	24.11	257.07	457.75
EUR 10	20.55	15.04	32.94	147.67	430.86	647.56	296.03	-	1 590.65

\* in thousand millions

Table 41.  
Payments 1975-1985

(Mio ECU)

Year	B	DK	D	GR	F	IRL	I	L	NL	UK	EUR 10
1975		1.64			15.63	5.21	34.20	0.25	3.29	13.85	74.06
1976	7.08	4.42	17.35		29.99	12.08	75.85	0.47	6.67	59.14	213.05
1977	3.46	6.14	34.40		45.40	14.09	92.82	0.13	3.64	75.62	275.70
1978	5.97	1.38	42.18		40.65	20.46	78.53	0.21	6.48	59.03	254.89
1979	3.10	9.13	46.03		103.61	32.89	143.73	0.30	8.65	165.73	513.10
1980	6.59	9.44	50.45		99.66	69.55	249.08	0.99	7.70	233.24	726.70
1981	9.17	10.69	36.19	122.00	62.16	79.32	210.16	0.96	5.66	255.10	791.41
1982	10.56	14.57	61.65	152.35	126.18	91.18	276.97	0.06	3.24	213.56	950.67
1983	7.03	16.70	45.05	214.59	214.56	91.57	344.50	0.02	18.12	294.46	1 246.60
1984	5.63	28.10	43.92	212.63	190.23	101.52	435.11	2.49	14.74	291.61	1 325.98
1985	12.00	7.69	59.19	309.04	233.23	114.66	381.13	0.65	15.31	457.75	1 590.65

## APPENDIX B. BIBLIOGRAPHY (1985 PUBLICATIONS)

### B.1 EUROPEAN REGIONAL DEVELOPMENT FUND

- Resolution on the results of the conciliation with the Council on the proposal from the Commission of the European Communities to the Council for a Regulation amending Regulation (EEC) No 724/75 establishing a European Regional Development Fund (OJ No C 72, 18.3.1985, p. 56)
- Resolution of the European Parliament on the Eight Annual Report (1982), and the Ninth Annual Report (1983), of the Commission of the European Communities on the European Regional Development Fund (ERDF) (OJ No C 141, 10.6.1985, p. 16)
- Opinion of the Economic and Social Committee on the Ninth Report from the Commission to the Council - European Regional Development Fund (OJ No C 169, 8.7.1985, p. 1)
- Proposal for a Council Regulation amending Regulation (EEC) No 1787/84 on the European Regional Development Fund (OJ No C 181, 19.7.1985, p. 7)
- ERDF in figures: 1984, 1975 - 1984 (CB-43-85-886-EN-C)
- Tenth Annual ERDF Report (1984) Published by the Office for Official Publications of the European Communities
- Opinion of the Economic and Social Committee on the proposal for a Council Regulation amending Regulation (EEC) No 1787/84 (OJ No C 303, 25.11.1985, p. 1)
- Annual report of the Court of Auditors concerning the financial year 1984 - regional aid expenditure (OJ No C 326, 16.12.1985, pp. 64-9 and 190-1)
- Resolution of the European Parliament on the Commission proposal amending Regulation (EEC) No 1787/84 on the European Regional Development Fund (OJ No C 345, 31.12.1985, p. 406)
- Council Regulation (EEC) No 3641/85 of 20 December 1985 amending Regulation (EEC) No 1787/84 on the European Regional Development Fund (OJ No L 350, 27.12.1985, p. 14)
- Proposal for a Council Regulation instituting a Community programme for the development of certain less-favoured regions of the Community by improving access to advanced telecommunications services (STAR programme) (OJ No C 356, 31.12.1985, p. 66)
- Proposal for a Council Regulation (EEC) instituting a Community programme for the development of certain less-favoured regions of the

Community by exploiting indigenous energy potential (Valoren programme)  
(OJ No C 358, 31.12.1985, p. 11)

## **B.2 SPECIFIC COMMUNITY REGIONAL DEVELOPMENT MEASURES**

Supplements to the second series of specific Community regional development measures

- Proposals for Council Regulations presented by the Commission to the Council on 21 December 1984
  - amending Regulation (EEC) No 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland
  - amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry
  - amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry
  - instituting a specific regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy (OJ No C 70, 18.3.1985)
- Proposal for a Council Regulation relating to the establishment of specific Community regional development measures in 1985 and amending Regulation (EEC) No 1787/84  
(OJ No C 143, 12.6.1985, p. 3)
- Resolution closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council  
(OJ No C 229, 9.9.1985, p. 135)
- Amendments to the Commission's proposals to the Council of 21 December 1984  
(OJ No C 258, 10.10.1985)
- Opinion of the Economic and Social Committee on the Commission's proposals to the Council  
(OJ No C 303, 25.11.1985)
- Council Regulations (EEC)  
(OJ No L 350, 27.12.1985)
  - No 3634/85 of 17 December 1985 on the establishment of specific Community regional development measures in 1985 and amending Regulation (EEC) No 1787/84

- No 3635/85 of 17 December 1985 amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry
- No 3636/85 of 17 December 1985 amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry
- No 3637/85 of 17 December 1985 amending Regulation (EEC) No 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland
- No 3638/85 of 17 December 1985 instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy

#### Commission Decisions

- Commission Decision of 11 June 1985 concerning the zones referred to in Article 2(3) of Regulation (EEC) No 2616/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry.  
This Decision concerns the steel-producing areas in France.  
(OJ No L 167, 27.6.1985, p. 49)

### **B.3 REGIONAL POLICY**

- The Community and its regions  
Ten years of Community regional policy and of the European Regional Development Fund (ERDF) Office for Official Publications of the European Communities, (CB-44-85-072-EN-C) July 1985
- Resolution of the European Parliament on second-generation regional development programmes  
(OJ No C 229, 9.9.1985, p. 138)
- Regional development programmes (second generation) - Belgium 1981-1985
- Regional development programmes (second generation) - Grand Duchy of Luxembourg 1981-1985
- Regional development programmes (second generation) - Netherlands 1982-1985

The above three programmes were published by the Office for Official Publications of the European Communities.

#### **B.4 INTEGRATED MEDITERRANEAN PROGRAMMES**

- Commission Decisions of 14 December 1984 amending Commission Decisions 84/70/EEC to 84/82/EEC instituting pilot actions in preparation for the integrated Mediterranean programmes (OJ No L 37, 8.2.1985, pp. 6, 11, 15, 20, 24, 28, 32, 36, 41, 46, 51 and 56)
- Resolutions of the European Parliament on the Integrated Mediterranean Programmes (OJ No C 72, 18.3.1985, p. 85 and OJ No C 94, 15.4.1985, p. 79)
- Resolution embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation instituting integrated Mediterranean programmes (COM(85) 180 final/2) (OJ No C 175, 15.7.1985, p. 259)
- Council Regulation (EEC) No 2088/85 of 23 July 1985 concerning the integrated Mediterranean programmes (OJ No L 197, 27.7.1985, p. 1)
- Opinion of the Economic and Social Committee on the proposal for a Regulation instituting integrated Mediterranean programmes (OJ No C 188, 29.7.1985, p. 15)

#### **B.5 INTEGRATED APPROACH**

Stronger Community structural measures to assist steel restructuring areas

Communication from the Commission to the Council (16 July 1985)

#### **B.6 REGIONAL AID**

- Commission Decision of 10 October 1984 on the French regional planning grant scheme ("Prime d'aménagement du territoire") (OJ No L 11, 12.1.1985, p. 28)
- Commission Decision of 31 July 1985 amending Decision 82/740/EEC on the designation of development areas pursuant to Article 11 of the Belgian Law of 30 December 1970 (OJ No L 341, 19.12.1985, p. 19).

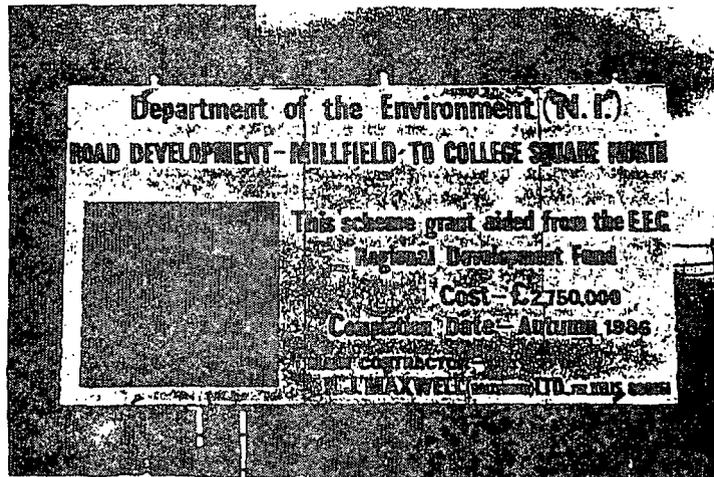
## APPENDIX C. SYMBOLS AND ABBREVIATIONS USED

BIC	Business and Innovation Centre
DOM	French overseas departments
EAGGF	European Agricultural Guidance and Guarantee Fund
ECSC	European Coal and Steel Community
EEC	European Economic Community
EIB	European Investment Bank
EMS	European Monetary System
ERDF	European Regional Development Fund
ESF	European Social Fund
GDP	Gross domestic product (at market prices)
IDP	Integrated development programme
IMP	Integrated Mediterranean programme
NACE	General industrial classification of economic activities within the European Communities
NCI	New Community Instrument
RPC	Regional Policy Committee
RDP	Regional development programme
SMUs	Small and medium-sized undertakings
B	Belgium
DK	Denmark
D	Germany
GR	Greece
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	Netherlands
UK	United Kingdom
EUR 10	All member countries of the European Communities
BFR	Belgian franc
DKR	Danish krone
DM	German mark
DR	Greek drachma
FF	French franc
IRL	Irish pound
LIT	Italian lira
LER	Luxembourg franc
HFL	Dutch guilder
UKL	Pound sterling
ECU	European Currency Unit
MUA	Million Units of Account
<	less than
>	more than
%	percentage
Mio	million
Mrd	'000 million



ILLUSTRATION 4.  
SIGNBOARDS

Road scheme in Millfield, Northern Ireland (UK)



Industrial estate at Ioninna, Epirus (GR)

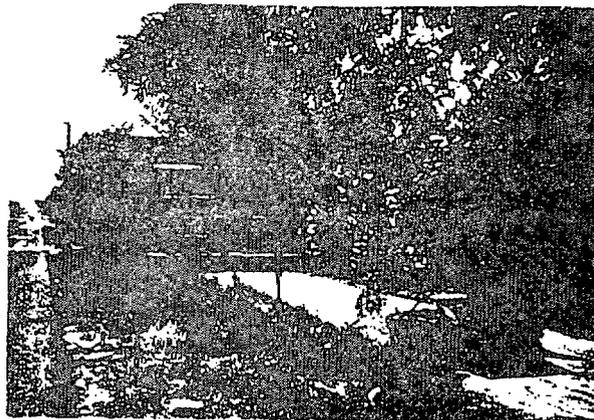
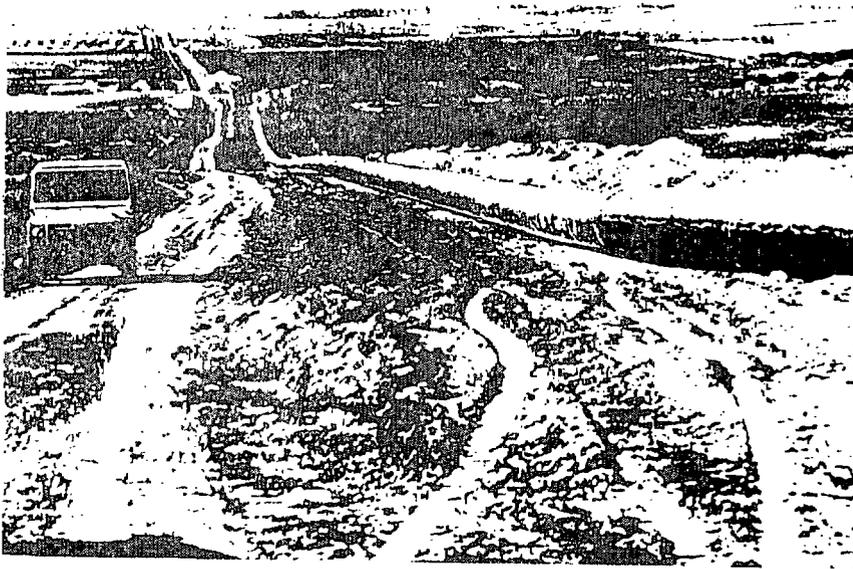


ILLUSTRATION 5.  
EXAMPLES OF PROJECTS FINANCED BY THE ERDF

Gas Pipeline for the transport of natural gas from Algeria to Italy  
(I)



Electricity generating station Kozani, West and Central Macedonia  
(GR)

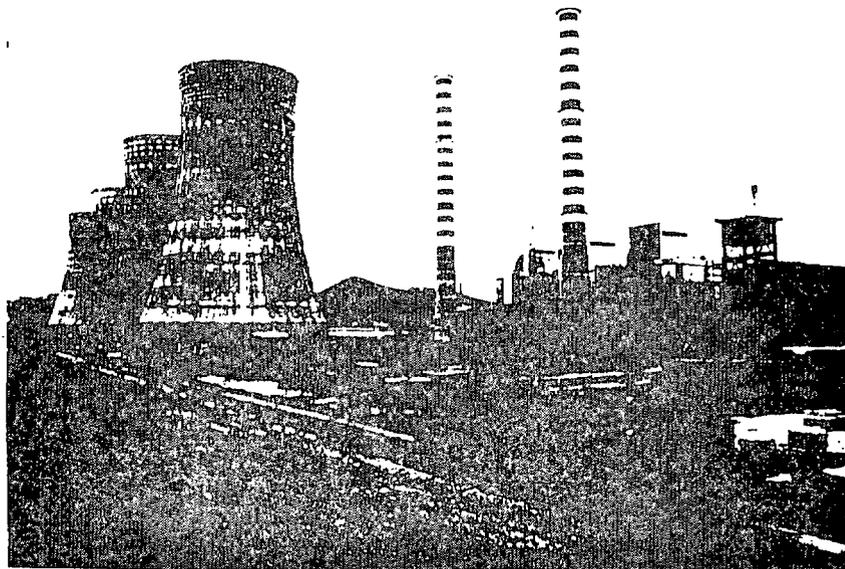


ILLUSTRATION 6.  
EXAMPLES OF PROJECTS FINANCED BY THE ERDF

"Marina de Spaanjerd" in Limbourg (B)



Tourist facilities in Glenveagh National Park (IRL)



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