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## Report

drawn up on behalf of the Committee on Budgetary Control

**on the budgetary control aspects of the European Social Fund**

**Rapporteur: Mr K. WETTIG**



On 15 December 1980 the European Parliament referred the motion for a resolution concerning annual reports on the Social Fund and the social situation (Doc. 1-632/80) tabled by Mrs SALISCH and others pursuant to Rule 25 of the Rules of Procedure to the Committee on Budgetary Control as the committee responsible and to the Committee on Social Affairs and Employment for an opinion (OJ No. C 346, 31.12.1980, p. 8).

On 14 July 1980 the Commission had forwarded the Eighth Report on the Activities of the European Social Fund, financial year 1979 (COM(80) 365/fin./2) to the European Parliament. This report was referred to the Committee on Budgetary Control as the committee responsible and to the Committee on Social Affairs and Employment and the Committee on Regional Policy and Regional Planning for an opinion.

The Committee on Budgetary Control appointed Mr WETTIG rapporteur at its meeting of 29 and 30 September 1980 and confirmed this at its meeting of 22 and 23 September 1981.

The committee considered the draft report at its meeting of 22 and 23 September 1981 and adopted the motion for a resolution by 7 votes to 1 with 2 abstentions.

Present: Mr Aigner, chairman; Mrs Boserup, vice-chairman; Mr Wettig, rapporteur; Mr Colla, Mr Gabert, Mr Kellett-Bowman, Mr Key, Mr Mart, Mr Notenboom and Mr Patterson (deputizing for Mr Price).

The Committee on Social Affairs and Employment has not delivered an opinion.

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The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the budgetary control aspects of the European Social Fund

The European Parliament,

- having regard to the reports on the development of the social situation in the Community in 1979 and 1980,
  - having regard to the guidelines for the management of the European Social Fund during 1979 - 1982 (COM(78) 178 final) and COM(79) 759 final,
  - having regard to the Eighth and Ninth Reports on the Activities of the European Social Fund, financial years 1979 and 1980 (COM(80) 365 final/1, COM(81) 343 final) and the supplement to the Commission's activity report entitled 'National reports on the activities of the European Social Fund in the Community countries' (COM(80) 365 final/3),
  - having regard to the Court of Auditors' annual report for the financial year 1979 on the Community's financial activities in the field of social affairs (OJ No C 342 of 31.12.1980),
  - having regard to the report of the Committee on Budgetary Control (Doc. 1-547/81),
  - having regard to the motion for a resolution on the annual reports on the Social Fund and the social situation (Doc. 1-632/80).
  - having regard to the fact that, in view of the high and steadily increasing number of unemployed, which placed a serious burden on the Community's social structure and economic interests, the meagre resources available to the European Social Fund must be managed all the more carefully in order to make them as effective as possible,
1. Notes that, in relation to the provisions in force, the related administrative procedures and the implementation and control of the measures, there are deficiencies which stand in the way of more effective use of Community resources;
  2. Notes with great concern that, in spite of the Member States' restraint in submitting applications, those considered as having priority exceeded the available resources by almost 200 million EUA in 1979 and 244 million EUA in 1980, i.e. by about 23% in each case;

3. Urgently requests the other arm of the budgetary authority to approve a substantial increase in resources for the European Social Fund in view of the need for a Community social policy;
4. Considers that, in order to achieve the most efficient use of resources, the Community's employment policy will have to be redirected as a matter of urgency to create jobs in the industries of the future, particularly in structurally weak regions, so as to tackle the causes rather than merely the symptoms of unemployment. The 'integrated regional promotion measures' would be particularly useful in this context, as they are more likely to yield lasting results;
5. Attaches importance to full account being taken of the work of the European Foundation for the Improvement of Living and Working Conditions and the studies of the European Centre for the Development of Vocational Training;
6. Regards more purposeful coordination of the various Community funds and the Community or national authorities, together with concentrated deployment of all the financial resources available for employment policy, be they Community, national, regional or private, as indispensable if the optimum use is to be made of resources;
7. Supports specific measures such as those to help women and young people, who are relatively hard-hit by unemployment, until there is a better structured Community plan for a genuine European social policy; at the same time regrets that, to some extent, the applications for funds are spread very unevenly and disproportionately among the individual Member States;
8. Welcomes exemplary measures, such as those for handicapped persons and migrant workers, which could prove a valuable stimulus for the Member States' social policy measures, but regrets that insufficient emphasis is given to the Community aspects of the measures;
9. Regrets the fact that, in spite of a substantial increase in the rate of use of funds, the level of payments from the 1979 appropriations to some countries, which are among the major recipients of aid, was totally inadequate but welcomes the improvement in 1980;
10. Calls therefore for closer cooperation between the Commission and the Member States in the matter of applications for refunds from the fund and the implementation of programmes so as to ensure that the system of payments by instalment and advance payments is fully utilized and that cancelled commitment appropriations can be redeployed more quickly;

11. Recommends that the Commission accelerate the approval procedures still further, since the sooner approval is given, the more efficiently the appropriations can be used;
12. Requests the Member States to respect the deadlines set by the Commission for the submission of reports on the results of measures taken in the framework of the Social Fund so that they can be presented to Parliament along with the relevant Commission report;
13. Notes that, in 1979, substantial commitment appropriations from previous years had to be cancelled in some cases, and regrets that the system for redeploying cancelled commitment appropriations is not yet operating satisfactorily; nevertheless welcomes the progress made in these areas in 1980;
14. Suggests therefore, that the Member States monitor the implementation of programmes in such a way as to ensure that the Commission departments are informed of unused commitment appropriations as soon as possible;  
  
Emphasizes the importance of Community disaster aid in promoting awareness of the Community and stresses the need for this aid to reach those affected directly and as quickly as possible;
15. Notes with regret that, in 1979, the appropriations set aside for this purpose were disbursed only after considerable delays and requests the Commission to ensure in future that Community aid for this purpose is granted only if certain conditions are met in advance, particularly as regards improved handling structures;
17. Considers any financial management policy for the Social Fund which results only in a redistribution of funds between Member States rather than in a real increase in spending on the social objectives concerned to be only a partial success;
18. Calls therefore for the legal and administrative basis for effective evaluation of the measures funded by the Community to be created as part of the review of the European Social Fund provisions to be undertaken in 1982;
19. Further urges that the results of the above evaluation be included in the Fund's annual activity report so that the effectiveness of the measures and their impact on employment can be assessed;
20. Deplores the monitoring procedures employed by the Commission to date, which, according to the Court of Auditors, have been inadequate in many cases, and expects radical improvements in this area;
21. Requests that detailed information on possible ways of improving the Member States' administrative systems, sums misspent and the remedial

measures taken and their results be given in the Commission's next report; also calls on the Commission to provide a more detailed analysis of the individual aspects of the European Social Fund so as to give Parliament a clearer picture of the difficulties encountered in managing the fund;

22. Expects the European Court of Auditors to complete its survey and analysis of the Member States' administrative systems as soon as possible, to reach agreement with the relevant Commission departments on the conclusions to be drawn, and to report fully on this matter to the European Parliament in its next annual report;
23. Instructs its President to forward this resolution and the committee's report to the Court of Auditors, the Council, the Commission and the governments of the Member States.



EXPLANATORY STATEMENT1. Introduction

The motion for a resolution concerning annual reports on the Social Fund and the social situation (Doc. 1-632/80) was referred on 15 December 1980 to the Committee on Budgetary Control as the committee responsible and to the Committee on Social Affairs and Employment for its opinion. As regards the activities of the Commission concerning the Social Fund in 1979 the Committee on Social Affairs and Employment maintains the position it adopted in its opinion for the Committee on Budgetary Control concerning the 1979 discharge (PE 72.234/fin.).

2. Task of the Committee on Budgetary Control

The task of the Committee on Budgetary Control cannot be merely to check the regularity and soundness of the Commission's financial management over a given period. Your rapporteur has, therefore, paid particular attention in this document to the lessons to be learned from the Commission's management and endeavoured to indicate certain possibilities for improvement to ensure that funds are managed still more effectively. Only in this way can the European Parliament credibly assert its claim to make a constructive contribution towards ensuring that more efficient use is made of European taxpayers' money in achieving desired goals.

3. Demands of the European Parliament

One of the ways in which Parliament endeavours to ensure that more effective use is made of the European Social Fund is by calling for this Community instrument to be used in combination with other political instruments, and, on the basis of the fundamental demand for greater social justice, by calling for aid to be implemented in accordance with the provisions and to the best possible effect.

In its resolution on the management of the Social Fund in 1977, the European Parliament called on the Commission to bring about greater rationalization of procedures and step up its efforts to assure coordination and greater transparency of Community funds and aid in order that more efficient use is made of them (paragraphs 23 and 24). This is particularly important since the upward trend in unemployment (particularly among women and young people) has continued beyond 1979 and is now, with a total figure of around 8.4 million unemployed, one of the Community's most serious problems.

The central question is the motion for a resolution concerning annual

reports on the Social Fund and the social situation (Doc. 1-632/80) is to what extent the Fund, and the way in which it is managed, was in 1979 an effective instrument of Community employment policy.

#### 4. Objectives of the ESF and major programmes

- (a) The original Social Fund was set up in accordance with Articles 123-128 of the EEC Treaty under Title III, 'Social Policy'. The Fund has no legal personality and no financial autonomy. It is administered by a department of the Commission. According to the EEC Treaty, its task is to improve employment opportunities for workers in the common market and to contribute thereby to raising the standard of living by rendering the employment of workers easier and by increasing their geographical and occupational mobility.

Pursuant to the regulation provided for in Article 127 of the EEC Treaty, the Fund shall, on application from a Member State, contribute in principle 50% of the cost involved, but only insofar as budgetary funds are available.

With the reform introduced by Council Decision No 71/66/EEC of 1 February 1971, more was done to increase the effective scope of aid from the Fund. Article 4 provides that the Council, acting on a proposal from the Commission, can determine areas in which it believes the Fund should intervene (e.g., migrant workers (Council Decision No 74/327), agricultural workers (Council Decision No 72/428), young persons seeking employment (Council Decision No 75/459)).

Article 5 provides for aid to less-favoured regions or branches of the economy which are particularly affected by technical progress. Pursuant to Council Regulation No 2396/71 of 8 November 1971, 60% of the aid granted from the Fund under Article 5 is to be reserved as a matter of priority for operations aimed at eliminating long-term structural unemployment. On this basis, the funds to be allocated to the ERDF regions amounted to 384m EUA while approximately 387m EUA was available in 1979 for regions, technical progress, groups of firms and handicapped persons (out of a total of 767.5m EUA).

The Council decision of 20 December 1977 once again amended and supplemented the provisions of the ESF to give greater importance to regional aspects and speed up administrative procedures.

Chapter 30 of the budget provides funds for three types of specific measures (migrant workers and their social situation, Article 128 of the EEC Treaty, vocational training and measures to promote exchanges of young workers).

(b) Social action programme of 21 January 1974

Following the recommendations of the Paris Summit in October 1972, the Council adopted on 21 January 1974 a resolution providing for

- achievement of full employment in the Community,
- improvement in living and working conditions,
- greater participation by both sides of industry in economic and social decisions in the Community and by employees in an undertaking.

The resources made available for this programme are limited. One of the measures taken was the foundation of the European Centre for the Development of Vocational Training in Berlin (Council Regulation No. 337/75 of 10 February 1975). Further measures were the pilot studies on better housing for handicapped workers and action to combat poverty, and aid to European trade union associations. Together with the remaining measures under Chapters 30, 35 and 59, these are the only operations of a Community nature in the area of Community social policy.

The social policy of the ECSC is to be dealt with in a separate report in connection with the discharge for 1979.

5. The budgetary framework of Community social policy

Funds are entered in the following chapters:

- |               |  |
|---------------|--|
| 1. in Title 5 | Chapters 50 - 53 (ESF)                             |
|               | Chapter 54   |
|               | Chapter 59 (disaster aid)                          |
| 2. in Title 3 | Chapter 30 (specific Community policies)           |
|               | Chapter 35 (protection of man and his environment) |

The Council has in the last nine years taken six decisions on the basis of the possibility granted to it in Article 4 of the Council decision of 1 February 1971, according to which it may, under certain circumstances, determine new areas in which the Fund should intervene. Since, however, expenditure under the Social Fund is non-compulsory, Parliament has been able to play an important role as regards the allocation of appropriations to the ESF - as was demonstrated most clearly during the 1981 budget procedure, in that it has extended the original role of the European Social Fund as simply an instrument for the distribution of aid, and elevated it to genuine Community status.

6. Allocation of funds to the social sector in recent years

(a) Initial appropriations (mEUA)

	1977	1978	1979	1980	1981
commitment appropriations	620.6	575.6	779.5	909.5	963
payment appropriations	190.2	560	550.5	403.9	620.4

(b) Total appropriations (mEUA)

(including carry-overs from the previous year and transfers = appropriations available)

commitment appropriations	620.6	577.8	835.5	1024.4
payment appropriations	190.3	610.6	850.6	1032.8

It can be seen from this table that over the last three years there has been a significant increase in the available commitment appropriations and that available payment appropriations have increased five-fold by comparison with 1977. It should be pointed out, however, that payment appropriations for the ESF in the 1979 budget accounted for only 3.7% of the total budget, whereas commitment appropriations accounted for 5.4%.

Total requests for aid in 1979 amounted to approximately 1,317m EUA, 60% more than the total funds available (in the previous year requests for aid exceeded funds available by 93%), and it should be pointed out that priority requests alone exceeded available funds by around 193m EUA (23%).

This is a clear indication that the appropriations allocated to the Fund are far too low in relation to the problems to be solved. In addition, Member States have clearly imposed voluntary restrictions on their requests in some areas (cf. Table 1 for developments in 1980).

Because of the insufficiency of appropriations available to the Fund, the areas and projects to be assisted were subject to rigorous selection on the basis of the Guidelines<sup>1</sup> for the Management of the European Social Fund for the period 1979 - 1981. The total volume of appropriations,

<sup>1</sup> The guidelines drawn up by the Commission pursuant to Article 3(a) of Regulation No 2936/71 ensure uniform application of the provisions governing the Fund. They take account of existing imbalances on the labour market. Priority is given to operations supported by a number of Community funds and to joint operations carried out by a number of Member States. The reduction imposed on amounts requested takes account of the unemployment situation and the gross national product of the country concerned.

which in 1979 was subject to the weighted reduction system, amounted to approximately 300 m EUA (for amounts refused, see Table 2).

The Commission improved the procedure for approving requests from the Member States from 1 January 1979 and decided on the applications in three series, the largest being in autumn 1979 (there were extensive carry-overs from December of the previous year since it had not been possible to use all the payment appropriations in that year).

7. Requests approved by the Commission in 1979 and utilization of appropriations

Decision of	Amount (m EUA)	Date of notification
15 June	154.07	9 July
19 October	631.64	28 November
20 December	11.29	24 January

Because there was a better distribution of the approval procedure over the whole year by comparison with the previous year, it was possible to improve considerably the flow of funds. Tables 3 and 4 annexed show in detail the results achieved as regards commitment and payment appropriations.

Of the total commitment appropriations available under Chapters 50 - 53, around 774.5m EUA or 94% of the appropriation, was committed; around 89% of the appropriation under Chapter 30 was committed. The volume of appropriations committed but not paid rose from 1,221m EUA to 1,341m EUA between January and December 1979; Table 5 shows the breakdown by Member State and sector of appropriations approved.

Payments effected in 1979 amounted to approximately 596m EUA, more than double the figure for the previous year (284m EUA). Around 72% of available payment appropriations were used, as compared with only 49% in 1978. The Commission was to a large extent able to catch up on the long delays which had occurred in previous years. However, it should be noted that the payments against commitments for the financial year were largely advance payments. There was, nonetheless, some improvement insofar as around 20% (157 m EUA) of payments effected in 1979 were for operations beginning within the year. The figure for 1978 was only 5%.

The total volume of payment appropriations available in 1979 was as follows:

- 233.1 m EUA carried forward from 1980
- 374.3 m EUA entered in the budget at the beginning of the year
- 326.4 m EUA entered in supplementary budget No 2/80
- 933.8 m EUA (cf. Table 6)

Of the funds made available in supplementary budget No 2/80, only 130.6 m EUA could be used, the remaining 196 m EUA had to be carried

forward to 1981. In all, payments amounting to 735.18 m EUA were made from the Social Fund, i.e., almost 80% of the total amount available for 1980 including supplementary budget No 2/80 (cf. Table 7). The initial budgetary allocation and the carry-over from 1979 were fully utilized by November 1980. The rate of utilization of payment appropriations therefore rose to 78.9% as compared with 32.2% in 1979. It should be pointed out that this result was achieved in spite of a 50% increase in the number of payment orders and decommitments. The balance of appropriations committed but not yet paid rose from 1,300 m EUA to 140,000 m EUA by the end of 1980. Commitments which could have been paid but were not claimed amounted to approximately 472 m EUA.

The volume of applications in 1980 amounted to 1,625 m EUA and exceeded total appropriations by 59%. It is to be assumed here too that the Member States placed restrictions on the number of applications submitted. The greatest volume of applications concerned young people (598 m EUA) and regions (596.5 m EUA). The shortage of funds was most acute in the areas of migrant workers and women, where applications were three times greater than the funds available. Aid approved in 1980 benefitted approximately 1.5 million people in the Community.

Decisions on the applications for aid were taken in May and October. Approximately 88% of aid was for operations concerning training, retraining and resettlement of workers. The remainder was allocated to schemes to create jobs for young people and employment programmes for workers in regions qualifying for aid from the Regional Development Fund.

Aid granted to the five absolute priority regions amounted to 334 m EUA, approximately one-third of total appropriations approved.

299.5 m EUA carried over from the previous year was virtually fully used in 1979 (approximately 99%). 81% of payment appropriations under Chapter 30 were utilized.

The utilization of payment appropriations varies considerably according to the sector concerned; for agriculture and textiles only approximately 51% of available appropriations were paid and in the case of measures to benefit women, only approximately 15.4% of appropriations were used. There was also little use (5.5%) made of the 25 m EUA which had been specifically transferred to Chapter 53 for employment for young people (cf. Table 4).

The following table shows by country the commitments entered into, the payments made and the percentage figures as compared with 1978:

Payments against commitments for the financial year by country  
(m EUA)

Country	Commitments for the financial year by country <sup>1</sup>	Payments made in 1979 against 1979 commitments	Payments made in 1979 against 1979 commitments (%)	Payments made in 1978 against 1978 commitments (%)
France	136,286	4,905	3.60	-
Belgium	17,737	0,292	1.65	-
Netherlands	19,586	7,286	37.20	-
FR of Germany	58,086	10,267	17.67	18.04
Italy	270,913	17,109	6.31	-
United Kingdom	197,645	84,425	42.72	2.71
Ireland	58,128	24,829	42.71	27.58
Denmark	14,925	8,396	56.25	16.42
Luxembourg	1,149	-	-	-
Total	774,455	157,509	20.34	4.92

<sup>1</sup> Source: Report of the Court of Auditors for 1979, p. 97.

It can be seen that there was a significant improvement in the flow of funds as compared with the previous year. However, several countries received only a small fraction of the appropriations committed to them. These countries together account for more than half of the total amount committed.

8. Resources of the ESF and utilization of appropriations in 1980

Including the carry-over of 112.4 m EUA, total commitment appropriations available in 1980 amounted to 1,021.92 m EUA, a 19.4% increase over the previous year. Approximately 99% of this total was committed (cf Table 5). Grants approved totalled 1,014.9 m EUA, a 31% increase over the previous year.

9. Implementation of the budget as regards the ESF and financial management problems

The purpose of the new provisions of 1 January 1978 is to hasten decisions on applications by the Commission in order that they are taken before or while the operations are being carried out and in order that the funds may be transferred more quickly. This is achieved by means of two advance payments of 30% each, payable as soon as the Member State announces that the operation has begun and halfway through its completion. This provides incentive for the Member States and enables the Commission to assure more rapid implementation.

Aside from the volume of applications, which far exceeds that of available appropriations and therefore complicates management of the Fund because of the necessary reductions and selection of programmes to be assisted, there are also the following general problems regarding financial management:

- (a) Better information concerning possibilities for assistance and application procedures could be provided for those entitled to benefit from the Fund in individual Member States.
- (b) Delays in the submission of applications for payment and provision of inadequate information have the undesirable effect of causing appropriations to be cancelled or necessitating carry-overs.
- (c) The accelerated system of cancelling commitments for re-use has made some initial progress insofar as it was possible to make commitments earlier than in previous years<sup>1</sup>. Commitments totalling 38.4 m EUA were cancelled in 1979, as compared with only 1.15 m EUA in the previous year. In the view of the Court of Auditors, however, the extension of the deadline for submitting outstanding requests for payment to 31 December 1979 has not yet achieved the desired result. The level of cancellations is relatively high and there are large balances remaining at the end of the year (cf. Table 9).

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<sup>1</sup> There was a further improvement in 1980, when refunds totalling 112.42 m EUA were available for re-use (cf. Table 8). The system of early notification still does not function satisfactorily, however. The Commission's report on this subject is awaited with interest.



The following table shows the amounts cancelled in 1979:

Cancellations during the financial year 1979

Country	Of commitments for 1979: appropriations made available	Of commitments for 1978: appropriations made available	Of commitments from previous financial years: appropriations lost
France	--	99 247.80	447 053.12
Belgium	74 309.30	2 407 739.79	525 558.76
Netherlands	--	182 236.33	76 006.29
F.R. of Germany	187 415.93	4 283 328.88	--
Italy	1 693 270.49	7 960 093.13	5 791 004.90
United Kingdom	3 489 360.45	11 407 911.37	1 907 177.31
Ireland	623 412.74	10 762 984.31	690 543.09
Denmark	--	1 261 661.70	--
Luxembourg	--	--	--
Total	6 067 768.91	38 365 203.31	9 437 343.47

Source: Report of the Court of Auditors for 1979, p.95

It can be seen that around 60% of the total amount, almost 5.8 m EUA, was cancelled by one Member State which is among the principal beneficiaries. The amounts cancelled by the other Member States may, of course, increase subsequently.

- (d) It was possible to achieve a relatively good result as regards payments against commitments for the financial year, principally because much greater use was made in 1979 of the advance payments procedure. This was also a result of the fact that decisions on commitments were taken earlier in the year. However, payments were still only effected against a little over half of the appropriations available for the 1979 financial year, i.e. 296 m EUA out of a total available of 530 m EUA. Table 10 shows the total payments made to the Member States by the end of 1979. The considerable improvement in the flow of funds is to be explained by the fact that during the second half of the year the Commission managed to persuade beneficiaries to submit their requests. This also shows that the desired result can be achieved if appropriate steps are taken.
- (e) Overall, it is clear that the Member States did not utilize advance payment facilities to anything like the maximum extent<sup>1</sup>. The Commission estimated the additional amount which could have been claimed by the

<sup>1</sup> There were further improvements in 1980. 41% of commitments entered into in 1980 were paid in the same year (as compared with 20% in 1979). The increased volume of payments in 1980 was, however, principally due to the increase in complementary and final payments.

Member States during 1979 at around 320 m EUA (including commitments prior to 1 January 1979). Progress can be achieved here by shortening the time taken to consult with the Social Fund Committee and notify the Member States of the Commission's decision, and by simply increasing the applications for payment from the Member States.

Payments in detail:

- All appropriations under Articles 500 and 505 (agriculture, textiles and measures for women) had to be carried forward to 1980 (38 m EUA). Only the appropriations carried forward from the previous year were paid.
- Of the 72 m EUA in commitment appropriations transferred to Article 530, 70.5 m EUA was committed, but only 1.361 m EUA of the 25 m EUA in payment appropriations entered for 1979 (5.4%) was used, with the result that 23.6 m EUA had to be carried forward to 1980.
- The table on page 17 shows the low percentage of payments made in 1979 against commitments for 1979. For certain countries which are among the largest beneficiaries of Community aid this percentage was between 2 and 6% (France, Belgium and Italy).
- There were large carry-overs under Chapter 30 (Articles 301, 302, 304 and 305), even though virtually all appropriations were committed in almost every area.
- 5 m EUA was transferred to Article 512 and had to be carried forward in full to 1980.
- The following table shows the considerable disparities in the operation of the system of advance payments and payments on account. Certain countries (Netherlands, Ireland, Italy and the United Kingdom) received more than two-thirds of the amounts due to them in advance payments, whereas other countries, such as France and Belgium, received less than one-sixth in advances.

Breakdown in percentage of payments by type and by country

Country	Advance (1)	Payment on account (2)	Accelerated payment on account (3)	Additional payment (4)	Final payment (5)	Total	Total aid in MEUA
France	17.63	33.80	1.61	1.98	44.98	100	93.52
Belgium	12.40	5.63	0.61	9.74	71.62	100	7.47
Netherlands	98.58	0.34	-	-	1.08	100	11.06
FR of Germany	57.68	1.45	-	3.45	37.42	100	61.34
Italy	76.72	10.96	-	1.78	10.54	100	156.05
United Kingdom	73.16	1.02	3.70	13.09	9.03	100	201.81
Ireland	81.40	9.72	0.24	0.53	8.11	100	38.66
Denmark	59.14	0.06	-	28.22	12.58	100	24.44
Luxembourg	25.43	23.24	-	19.84	31.49	100	0.25
Community average	63.41	9.41	1.53	6.90	18.75	100	594.60

- (1) Advance: Valid for the operations beginning after 1.1.1978. First advance of 30% at the start of the operation and second advance of 30% half-way through. Certification on the factual and accounting accuracy of the data by the Member State.
- (2) Payment of account: Operations completed before 1.1.1978. Payment on account of 85% of the amounts specified in the request on submission of a detailed statement of expenditure.
- (3) Accelerated payment on account: Transitional scheme for the operations completed before 1.1.1978, in force from 1.1.1978. Payment on account up to 85% of the amounts specified in the request. Certification of the factual and accounting accuracy of the data by the Member State. The requests must be submitted before 1.7.1978 for operations prior to 1977 and before 1.1.1979 for the 1977 operations.
- (4) Additional payment: Scheme in force from 1.1.1978. Balance of an instalment in the case of multiannual programmes. Upon submission of a statement of expenditure and a report. Certification of the factual and accounting accuracy of the data by the Member State.
- (5) Final payment:  
 - Scheme prior to 1978: upon submission of a statement of expenditure and supporting documents.  
 - Scheme in force from 1.1.1978: upon submission of a statement of expenditure and of a report. Certification of the factual and accounting accuracy of the data by the Member State.

Source: Report of the Court of Auditors for 1979, p.98.

- There was a deterioration in the rate of commitments under Chapter 30 by comparison with the previous year. 650,000 EUA was transferred from Chapter 100 to Article 302 (operations to promote exchanges of young workers) but only 21,500 EUA was paid (3%). In all, only around 63% (80% in the previous year) of the appropriations available under Chapter 30 were paid (although almost 100% were committed).

- There was also a slight deterioration as regards Chapter 35, where almost all appropriations were committed (7.8 m EUA but only 45% were paid. There were no payments under Article 356, even though the appropriations were fully committed.
- As regards the utilization of funds under Chapter 30 in general, out of a total (non-differentiated) amount of 14.6 m EUA (Chapters 30 and 35), around 53% of the commitments for the financial year were paid. The level of payments is particularly low (46%) in the area of the environment (Chapter 35), although there are many operations under way in a number of Member States, which ought to ensure full utilization of the funds. Only the appropriations carried over from the previous year were paid almost in full. With regard to differentiated appropriations, around 89% of the total of 11.8 m EUA in commitment appropriations was actually committed, and almost 82% of the 6.1 m EUA in payment appropriations was paid.
- With regard to aid for disaster victims, for which 5 m EUA was allocated to Chapter 59, it can be seen from the nature of the payments that the authorities of the Member States are not adequately prepared to receive this type of aid. The committee also attaches great importance to this point because Parliament was responsible for entering these funds. Out of the total amount for 1979, only 2.8 m EUA was utilized, 1.2 m EUA was carried forward and 1 m EUA was cancelled. Even if, as the Commission argues, estimation and use of these funds cannot be subject to the usual criteria, the Commission's conclusion that no inferences may be drawn from this rate of utilization as regards the budget does not seem acceptable when one considers the number of natural disasters in 1979 and the consequent need for aid: a tornado in the overseas departments, earthquakes and floods in Europe and the oil slick which affected the population of Brittany in March 1979. In its resolution on the report on the discharge for 1979 Parliament called for measures to be taken to ensure that the aid available for disaster victims reaches the populations concerned as soon as possible. In the case of the aid to Brittany, difficulties arose with regard to cooperation with the local authorities in ensuring that the financial aid was received quickly. The resultant delays also demonstrate the importance of administrative preparation and close cooperation between Commission departments and the recipient country in the event of a disaster.

## 10. Control difficulties

### (a) Control of effectiveness

In an area in which the responsibility for administration lies primarily with the Member States, control is particularly important and extremely difficult in view of the great variation in administrative structures.

Because a number of national and Community funds and sources of aid are often involved, any control of effectiveness, which must be carried out over the medium or long term if it is to be of any value, is extremely difficult, if not impossible. It is necessary, for example, to evaluate statistical data regarding the long-term effects of operations concerning employment or aid to certain sectors of industry. It should also be pointed out that the termination (Decision 71/66 of 1 February 1971) of the aid provided for in Article 125(2) of the EEC Treaty, which required proof of re-employment, has not made effectiveness easy to control.

As regards the general lack of a true Community policy, it must be recognized that the initiative for specific measures must come from the Member States or their regions and that the Community can be responsible only for finding a common legal and budgetary framework for measures affecting all the Member States or a majority of them and for administering the Fund in accordance with consistent guidelines.

However, there is another aspect to the European Social Fund and its utilization. While the activity of the Fund does not offer an example of a genuine Community policy, since it mostly concerns social measures taken by the Member States and assisted by the Community subject to certain conditions, the distribution of funds to individual countries through the administration of the ESF represents a certain solidarity among Member States insofar as there is a genuine transfer of resources, even if only limited in extent (see table below).

Individual contributions to the 1979 budget as compared with aid granted from the ESF, by Member State (commitment appropriations)

	Contribution to the budget		Aid granted from the ESF	
	m .EUA	%	m .EUA	%
Belgium	925.8	6.4	15.9	2.1
Denmark	337.4	2.3	14.7	1.9
FRG	4,242.2	29.5	52.9	6.8
France	2,723.5	19.0	134.8	17.4
Ireland	106.9	0.7	58.1	7.5
Italy	1,701.4	11.9	281.2	36.3
Luxembourg	18.8	0.1	1.0	0.1
Netherlands	1,290.2	9.0	19.3	2.5
United Kingdom	3,026.4	21.1	196.4	25.4
<b>Total</b>	<b>14,372.6</b>	<b>100.0</b>	<b>774.3</b>	<b>100.0</b>

On this basis the Fund could in the longterm, if larger resources were made available and if individual national measures were appropriately coordinated, contribute to greater convergence of the economies of the Member States of the European Community.

In view of the high level of unemployment, the Commission has given priority to two areas of intervention:

1. Training programmes in fields offering the best guarantee of employment, and
2. Training of skilled workers in regions with serious and persistent imbalances on the labour market, in order to attract investment.

In numerical terms, the result of the Fund's activity in 1979 was that around 1.36 million people benefited from the programme approved in that year, around a third more than in the previous year. The proportion of Fund aid allocated to operations in the five absolute priority regions - Greenland, French Overseas Departments, Ireland, Northern Ireland and the Mezzogiorno - was, at 37.8%, almost the

same as in the previous year. The average amount of aid per member of the working population in these five regions was around 33.96 EUA, as compared with 7.16 EUA for the Community as a whole. See Table 11 for the distribution of funds among the different beneficiaries.

The concentration of aid in the five absolute priority regions is explained by the high rate of intervention provided for in Council Regulations No. 2895/77 and by the importance attributed to these areas during the selection process. This concentration is in accordance with the policy of using the Fund as an instrument to help correct structural inadequacies in the less-developed regions of the Community. In addition, given the shortage of available funds and the wide area of application, it also prevents excessive fragmentation of assistance by supporting the action of the Regional Development Fund. Around 85% (approximately 660 m EUA) of the total funds therefore went to regions or areas which are also eligible for aid from the European Regional Development Fund.

(b) Control of the regularity and financial soundness of measures

Because the individual states are responsible for the implementation of operations, it is difficult to monitor financial management. Nonetheless, pursuant to Council Regulation No. 2396/71, the Commission, in close cooperation with the authorities of the Member States, is responsible for the control of the use of the funds granted. Pursuant to Council Regulation No. 858/72, the Member States must make available to the Commission all information necessary for the proper functioning of the Fund. There should also be provision for consistent monitoring by the Commission of at least these parts of national programmes which are supported by the ESF.

The guidelines and standard forms for requests for advances and payments are inadequate because there is no guarantee of continuous control until the aid reaches the recipient. This is also made clear in the Commission's reply to paragraph 6.21 of the report of the Court of Auditors.

The provisions which came into effect on 1 January 1978, according to which the final payment is made only after certification of the factual and accounting accuracy of the particulars given and on submission of a report by the Member State, instead of on submission of a statement of expenditure and supporting documents as in the past, have, to a certain extent, simplified administrative procedures. Emphasis is laid on the responsibility of the individual states in this area also. There is,

however, a greater need for on-the-spot checks now that supporting documents are no longer required.

Pursuant to Council Regulation No. 858/72 of 24 April 1972, the Commission has the possibility of carrying out on-the-spot investigations of the accounts for the programmes being financed. The Commission can also request the national authorities to carry out investigations. It should be pointed out that in its eighth report on the activities of the Fund the Commission makes no mention of the investigations carried out or their results. The next annual report should contain at least a general summary of the observations made.

Because of the shortage of staff, only 52 investigations were carried out in 1978 as compared with 82 in 1975.

As regards the on-the-spot investigations carried out by the Commission, the Court of Auditors points out certain shortcomings of the method used and, in individual cases, definite failings in the inspections carried out. Twenty-three visits in all were made by ESF officials, but in many cases the central concern was not with administrative systems and procedures, but rather the more factual matter of eligibility for aid. In addition, there were four on-the-spot investigations by the Commission's Financial Controller, but, in the view of the Court of Auditors, these were not systematically carried out. The Commission's negligence in providing information on this point, which is central to the management of the ESF, cannot be accepted in future, otherwise parliamentary supervision will become too difficult. It is Parliament's hope that the administrative unit<sup>1</sup> recently set up within the Commission will enable the Commission to give details of the results of inspections in the next annual report.

With regard to checks by the Court of Auditors, it was requested in the report on the discharge for 1977 that the Court should be permitted in future to carry out a detailed investigation of the selection, management and supervision of projects and to submit its remarks on the structure and implementation of investigations.

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<sup>1</sup> The Commission has now set up an administrative unit at directorate level to speed up payments and improve on-the-spot inspections. The unit is also responsible for planning inspection programmes and training. It would therefore seem that better provision has been made for the acquisition and assessment of information regarding the effectiveness of projects and national systems of reviewing and evaluating them, even though separate staffing of the departments issuing or authorizing payment and the monitoring bodies would be desirable.



In its report for this year, the Court of Auditors for the first time dealt with the problems of control in greater detail. It explains that it set up an initial programme of on-the-spot checks in order to find out what were the national management systems and procedures for all operations financed by the ESF in each of the Member States. It observed that the system of advances does not yet function perfectly since delays still occur, even though the object of the system is to eliminate such delays.

### C. Conclusions

- The resources of the ESF have been increased substantially in recent years and the rate of payments improved considerably in 1979 and 1980. The effect of inflation must be taken into account in determining the increase in real terms.
- However, it should be noted that, in view of persistent unemployment, the increasing number of people out of work, and the radical structural changes in many branches of industry, the resources available are far from adequate to provide an effective remedy and that the entire system is still somewhat patchy. The Fund's resources should therefore be increased substantially, otherwise an ever-rising number of applications for refunds will continue to be rejected. Effective measures now will relieve the burden on the Member States' social welfare budgets in the future.
- The success of the measures taken to date shows the urgent need to redirect ESF measures. This shift of emphasis must involve the setting of new priorities for the Fund and also the way it is managed. In other words, the success and effectiveness of the measures and programmes funded must be monitored.
- As regards the reappraisal of priorities, greater efforts should be made to reconcile two objectives:
  - . The criteria for deciding on assistance measures should be whether or not permanent jobs will be created in sectors with a future so as to tackle the causes of unemployment and not merely the symptoms. Full account should be taken of studies carried out in this area by the European Centre for the Development of Vocational Training in Berlin. It is debatable whether the system of weighted reductions based on GNP and the rate of unemployment is really a suitable means of attaining this objective.
  - . At the same time, greater emphasis should be placed on improving the balance between rich and poorer regions or sections of the population by means of larger transfers of resources to halt the increasing divergences. The concept of solidarity among the Member States must be the main motive for assistance.
- This change of direction must not exclude the possibility of special help for specific sections of the population, with more attention being paid to unemployment among the young.

- The Community's programme of pilot projects, which pave the way for later national initiatives, should also be extended. This will help to highlight the Community character of the measures so that, in future, the activities of the Social Fund are not restricted to refunds of national expenditure. An ideal area for this is that of migrant workers, which, as the Community expands, will generate a whole range of increasingly serious problems (economic, social and cultural integration), which should be solved at Community level.
- The Commission should be encouraged to be more flexible as regards proposals for new programmes, and the Council for its part should not delay unduly the approval of suitable programmes.

There is a need for better coordination of the various Community funds (Agricultural Guidance Fund, Regional Fund, etc.) and national funds to avoid overlapping and ensure the optimum use of resources.

- More integrated measures should be taken combining regional and social aspects. Projects such as those for Naples and Belfast are very promising. Measures for small and medium-sized firms which are less crisis-prone should not be forgotten.
- The Commission has taken a step in the right direction by cancelling at an early stage commitment appropriations that are no longer required in the Member States. It remains to be seen whether the sanctions introduced will prove sufficient.
- The fact that the Member States still do not make full use of the system of advance payments shows that the national administrative authorities are not yet sufficiently well-acquainted with the system or that it is not being used flexibly enough.
- Insufficient emphasis has been placed on monitoring problems under the existing budgetary management arrangements. The newly-created Commission working party will have to make radical improvements in this area.
- It would be interesting to know the contents of the working documents drawn up by the Commission on rationalizing procedures and the experiences it has had in applying them.
- The shortage of experts in a number of countries shows that there have been deficiencies in forward planning and forecasting.

RELATIONSHIP BETWEEN THE APPROPRIATIONS AND COMMITMENT

AND REQUESTS FOR AID FOR 1980

m ECU

Budget Nomenclature		APPROPRIATIONS AVAILABLE	AMOUNT REQUESTED	PERCENTAGE SURPLUS
5000	Agriculture )	35,06	38,87	10,9
5001	Textiles )			
5010	Young people - Training	281,12	465,71	65,7
5011	Young people - Employment	111,65	132,43	18,6
5020	Handicapped persons	0,08	-	-
5030	Migrant workers	38,03	163,00	328,6
5050	Women	21,14	70,83	235,1
50		487,08	870,84	78,8
5100	Regions )	454,61	623,84	37,2
5101	Groups of firms )			
5102	Technical progress )			
5110	Handicapped persons	77,18	127,04	64,6
5120	Industrial conversion	token entry	-	-
51		531,79	750,88	41,2
5200	Pilot schemes	3,05	3,83	25,6
50 - 52	TOTAL	1.021,92	1.625,55	59,1

Source: 9th Report on the activities of the ESF, financial year 1980  
(COM(81) 343 final, p.63)

AMOUNTS REQUESTED AND REFUSED IN 1979  
Breakdown by Member State

m ECU

MEMBER STATE	AMOUNTS REQUESTED	AMOUNTS APPROVED	AMOUNTS REFUSED				
			not admissible	not eligible	non-priority (1)	weighted reduction	TOTAL
BELGIUM	25.14	15.94	-	-	2.40	6.61	9.01
DENMARK	30.06	14.70	-	-	6.42	8.76	15.18
GERMANY	261.58	52.88	-	-	55.80	149.61	205.41
FRANCE	186.10	134.82	0.37	-	11.27	37.45	49.09
IRELAND	58.53	58.13	-	0.24	-	0.08	0.32
ITALY	316.58	281.23	-	-	22.66	12.68	35.34
LUXEMBOURG	1.06	1.00	-	-	-	0.06	0.06
NETHERLANDS	59.29	19.32	0.12	-	14.52	23.83	38.47
UNITED KINGDOM	378.13	196.43	-	13.87	93.53	60.49	167.89
<b>TOTAL</b>	<b>1,316.47</b>	<b>774.45</b>	<b>0.49</b>	<b>14.11</b>	<b>206.60</b>	<b>299.57</b>	<b>520.77</b>

(1) Amounts relating to applications classified at a priority level below those to which the weighted reduction is applied.

Source: 8th Report on the activities of the ESF, financial year 1979 (COM(30)365 final/2, p.79)

Utilization of commitment appropriations in 1979

(EUA)

Article	Heading	Initial appropriations	Transfers of appropriations	Appropriations remaining at 31. 12. 1978	Adjustments due to EUA variation (previous financial years)	Cancellations allowing re-use (1978)	Total appropriations available	Total appropriations committed	Appropriations committed as % of appropriations available	Appropriations remaining at 31. 12. 1979 (1)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3) + (4) + (5) + (6) + (7)	(9)	(10) = (9)/(8)	(11) = (8)-(9)
500	Agriculture and textiles	35 000 000	-9 000 000	569 042.02	757 361.57	5 805 245.61	33 131 649.20	26 074 751.78	78.70	7 056 897.42
501	Young people	230 000 000	—	130 041.84	2 644 255.63	12 084 014.09	244 858 311.56	230 991 611.88	94.34	13 866 699.68
502	Handicapped persons	—	—	—	151 714.99	—	151 714.99	—	0	151 714.99
503	Migrant workers	23 000 000	+9 000 000	3 265.28	-78 422.23	18 611.4	31 943 474.99	31 238 360.50	99.98	5 114.49
505	Women	18 000 000	—	311 434.77	152 730.36	82 400.33	18 546 570.46	18 484 139.02	99.66	62 431.44
	Chapter 50 — Total	306 000 000	—	1 013 783.91	3 627 640.32	17 990 296.97	328 631 721.20	307 488 863.18	93.57	21 142 858.02
510	Region	320 000 000	+1 390 000	38 383.99	7 098 783.31	15 647 554.13	354 174 725.53	333 394 980.24	94.13	20 779 745.29
511	Handicapped persons	61 000 000	-1 390 000	462 081.9	16 719.60	727 552.21	60 816 480.30	59 929 148.68	98.54	887 331.62
512	Industrial conversion	—	5 000 000	—	—	—	5 000 000.00	—	0	5 000 000.00
	Chapter 51 — Total	387 000 000	5 000 000	500 796.58	7 115 502.91	20 374 906.34	419 991 205.83	393 324 128.92	93.65	26 667 076.91
Ch. 53	Employment — young people	—	72 000 000	—	—	—	72 000 000	70 562 225.31	98.00	1 437 774.69
	Ch. 50 + 51 + 53 — Total	693 000 000	77 000 000	1 514 580.49	10 743 143.23	38 365 203.31	820 622 927.03	771 375 217.41	94.00	49 247 709.62
Ch. 52	Pilot schemes and preparatory studies	2 500 000	—	634 293.37	142.02	—	3 134 435.39	3 079 543.17	98.25	54 892.22
	Total	695 500 000	77 000 000	2 148 873.86	10 743 285.25	38 365 203.31	823 757 362.42	774 454 760.58	94.01	49 302 601.84
	%	84.43	9.35	0.26	1.30	4.66	100.00	94.01	—	5.99

(1) These appropriations were carried over to the financial year 1980. The appropriations remaining under Chapter 53 will be transferred to Item 5011 to cover aids for the employment of young people. The appropriations remaining under Article 502 lapse.

Table 3

Source: Report of the Court of Auditors for 1979, p. 104

Utilization of payment appropriations in 1979

(EUA)

Article	Heading	Initial appropriations	Transfers	Final appropriations	Appropriations carried over	Total available	Payments	Payments as % of total available	Remaining appropriations <sup>(1)</sup>
(1)	(2)	(3)	(4)	(5)=(3)+(4)	(6)	(7)=(5)+(6)	(8)	(9)=(8)/(7)	(10)=(7)-(8)
500	Agriculture and textiles	38 000 000	—	38 000 000	40 259 710.43	78 259 710.43	40 170 878.84	51.33	38 088 831.59
501	Young people	150 000 000	- 15 000 000	135 000 000	49 104 111.58	184 104 111.58	150 045 513.58	81.50	34 058 598.00
502	Handicapped persons	1 600 000	—	1 600 000	1 108 861.91	2 708 861.91	2 534 936.44	93.58	173 925.47
503	Migrant workers	15 400 000	+ 15 000 000	30 400 000	14 341 301.47	44 741 301.47	33 479 711.71	74.83	11 261 589.76
505	Women	10 000 000	—	10 000 000	2 500 000.00	12 500 000.00	1 921 953.06	15.38	10 578 046.94
	Chapter 50 — Total	215 000 000	—	215 000 000	107 313 985.39	322 313 985.39	228 152 993.63	70.79	94 160 991.76
510	Regions	245 000 000	—	245 000 000	175 633 911.35	420 633 931.35	321 787 229.61	76.51	98 846 701.74
511	Handicapped persons	40 000 000	—	40 000 000	15 650 465.89	55 650 465.89	43 103 261.36	77.81	12 347 204.53
512	Industrial conversion	—	2 500 000	2 500 000	—	2 500 000.00	—	0	2 500 000.00
	Chapter 51 — Total	285 000 000	2 500 000	287 500 000	191 284 397.24	478 784 397.24	365 090 490.97	76.25	113 693 906.27
Chap. 53	Young people	—	25 000 000	25 000 000	—	25 000 000.00	1 361 680.24	5.45	23 638 319.76
	Chapters 50 + 51 + 53 — Total	500 000 000	27 500 000	527 500 000	298 598 382.63	826 098 382.63	594 605 164.84	71.98	231 493 217.79
Chap. 52	Pilot schemes and preparatory studies	2 500 000	—	2 500 000	929 460.35	3 429 460.35	1 097 661.92	32.01	2 331 798.43
	Chapters 50 + 51 + 52 + 53 — Total	502 500 000	27 500 000	530 000 000	299 527 842.98	829 527 842.98	595 702 826.76	71.81	233 825 016.22

(1) Appropriations are carried over where they do not exceed the amount of the final appropriations; the surplus lapses.

Source: Report of the Court of Auditors for 1979, p. 107

Table 4

DESCRIPTION OF THE UTILISATION OF BUDGETARY RESOURCES FOR 1980

Utilisation of appropriations for commitment

m ECU

Budget Nomenclature		TOTAL AVAILABLE FOR 1980	COMMITMENTS MADE IN 1980	UTILISATION RATE (%)	APPROPS. FOR COMMITMENT AVAILABLE ON 31.12.1980
5000	Agriculture	35,06	34,22	97,6	0,84
5001	Textiles				
5010	Young people - training	281,12	281,09	99,9	0,03
5011	Young people - employment	111,65	111,64	99,9	0,01
5020	Handicapped persons	0,08	-	-	0,08
5030	Migrant workers	38,03	37,51	98,6	0,52
5050	Women	21,14	20,96	99,1	0,18
50		487,08	485,42	99,6	1,66
5100	Regions	454,61	449,39	98,8	5,22
5101	Groups of firms				
5102	Technical progress				
5110	Handicapped persons				
5120	Industrial conversion				
51		531,79	526,55	99,0	5,24
5200	Pilot schemes	3,05	2,96	96,9	0,09
50 - 52	TOTAL	1.021,92	1.014,93 (*1)	99,3	6,99

(\*1) Amount based on budgetary situation on 31.12.1980.

Source: 9th Report on the activities of the ESF, financial year 1980 (COM(81) 343 final, p. 59)



Appropriations for payment available in 1980

m ECU

Budget Nomenclature		Approps. entered in the 1980 budget	Automatic carry-overs	Transfer of approps. (+ or -)	Supplementary budget	TOTAL
5000	Agriculture	15,00	38,00	- 14,00	4,00	43,00
5001	Textiles					
5010	Young people - training	100,00	34,06	+ 35,75	52,80	222,61
5011	Young people - employment	35,70	23,64	- 21,00	28,40	66,74
5020	Handicapped persons	3,00	0,17	- 0,75	-	2,42
5030	Migrant workers	22,10	11,26	-	-	33,36
5050	Women	5,00	10,00	-	6,00	21,00
50		180,80	117,13	0,00	91,20	389,13
5100	Regions	167,50	98,85	- 14,00	217,00	469,35
5101	Groups of firms					
5102	Technical progress					
5110	Handicapped persons					
5120	Industrial conversion	-	2,50	- 2,50	-	-
51		192,50	113,70	0,00	234,20	540,40
5200	Pilot schemes	1,00	2,33	-	1,00	4,33
50 - 52	TOTAL	374,30	233,16	0,00	326,40	933,86

Source: 9th Report on the activities of the ESF, financial year 1980  
(COM(81) 343 final, p. 58)

Table 6

Utilisation of appropriations for payment in 1980

m ECU

Budget Nomenclature		Approps. available for 1980	Amounts paid in 1980	%	Appropriations cancelled	Approps. available on 31.12.1980
5000	Agriculture	43,00	41,29	96,02	-	1,71
5001	Textiles					
5010	Young people - Training	222,61	200,23	89,95	-	22,38
5011	Young people - Employment	66,74	45,16	67,67	-	21,58
5020	Handicapped persons	2,42	2,42	99,96	-	-
5030	Migrant workers	33,36	33,25	99,68	-	0,11
5050	Women	21,00	17,06	81,24	-	3,94
50		389,13	339,41	87,22	-	49,72
5100	Regions	469,2	324,93	69,23	-	144,42
5101	Groups of firms					
5102	Technical progress					
5110	Handicapped persons					
5120	Industrial conversion					
51		540,40	393,39	72,80	-	147,01
5200	Pilot schemes	4,33	2,38	54,97	-	1,95
50 - 52	TOTAL	933,86	735,18 (*1)	78,72	-	198,68

(\*1) Amount based on budgetary situation on 31.12.1980

Source: 9th Report on the activities of the ESF, financial year 1980  
(COM(81) 343 final, p.60)

Table 7

BUDGETARY RESOURCES AVAILABLE FOR 1980  
Appropriations for commitment available

m ECU

Budget Nomenclature		Approps. entered in the 1980 budget	Approps. carried over from 1979	Transfer of appropriations (+ or -)	TOTAL
5000	Agriculture	} 29,00	12,06	- 6,00	35,06
5001	Textiles				
5010	Young people - training	250,00	30,04	+ 1,08	281,12
5011	Young people - employment	102,00	4,73	- 1,08	111,65
5020	Handicapped persons	-	0,08	-	0,08
5030	Migrant workers	30,00	2,03	+ 6,00	38,03
5050	Women	20,00	1,14	-	21,14
50		437,00	50,08	0,00	487,08
5100	Regions	} 395,50	58,31	+ 0,80	454,61
5101	Groups of firms				
5102	Technical progress				
5110	Handicapped persons	74,00	3,98	- 0,80	77,18
5120 #	Industrial conversion	token entry	-	-	token entry
51		469,50	62,29	0,00	531,79
5200	Pilot schemes	3,00	0,05	-	3,05
50 - 52	TOTAL	909,50	112,42	0,00	1.021,92

Source: 9th Report on the activities of the ESF, financial year 1980  
(COM(81) 343 final, p.57)

Table 8

Payments, cancellations and EUA adjustments as a percentage of commitments remaining by country  
and financial year (continued)

EUA

	France	Belgium	Netherlands	FR of Germany	Italy	United Kingdom	Ireland	Denmark	Luxembourg	Total
Financial year 1977										
Balance 1. 1. 1979	105 332 093.67	2 044 123.59	3 962 356.72	53 040 522.24	57 579 292.26	82 895 133.79	17 327 543.83	13 823 104.15	8 692.49	336 012 862.74
Payments	26.82 %	0.95 %	0.47 %	48.95 %	31.74 %	59.57 %	32.32 %	74.75 %	98.77 %	41.02 %
Cancellations	0.03 %	—	0.36 %	—	0.01 %	0.39 %	1.08 %	—	—	0.17 %
EUA adjustments	0.49 %	1.22 %	0.33 %	+1.06 %	4.18 %	+3.38 %	+0.04 %	6.78 %	1.23 %	0.16 %
Balance 31. 12. 1979	76 532 369.65	1 999 673.10	3 916 085.56	27 640 617.71	36 890 728.83	35 986 725.22	11 547 283.06	2 553 260.73	—	197 066 743.80
Commitment authorizations 1978										
Balance 1. 1. 1979	18 267 086.62	2 201 906.53	175 143.99	10 360 736.13	18 534 666.33	4 295 302.18	1 999 295.92	39 990.92	318 779.74	56 192 908.36
Payments	10.35 %	—	—	4.17 %	15.58 %	9.60 %	8.43 %	57.78 %	—	10.36 %
Cancellations	—	—	—	—	6.62 %	2.76 %	2.13 %	—	—	2.47 %
EUA adjustments	0.43 %	1.23 %	0.34 %	+1.81 %	4.5 %	+3.06 %	+0.07 %	5.66 %	1.23 %	1.13 %
Balance 31. 12. 1979	16 292 112.25	2 174 892.52	174 556.71	10 116 348.65	13 577 808.91	31 960 002.59	1 785 647.53	14 617.65	314 868.80	48 350 755.48
Financial year 1978										
Balance 1. 1. 1979	86 986 110.90	12 729 049.41	9 953 237.50	50 436 680.35	226 904 290.34	109 342 603.40	32 179 038.37	11 909 785.26	341 720.09	540 782 515.62
Payments	7.37 %	49.04 %	36.36 %	31.80 %	40.99 %	51.34 %	17.20 %	45.08 %	18.81 %	35.58 %
Cancellations	0.11 %	18.92 %	1.83 %	8.49 %	3.51 %	10.43 %	33.45 %	10.59 %	—	7.09 %
EUA adjustments	0.47 %	0.96 %	0.73 %	+1.59 %	4.28 %	+4.17 %	+0.12 %	6.41 %	1.23 %	1.05 %
Balance 31. 12. 1979	80 066 287.96	3 956 769.75	6 079 131.47	30 918 144.95	116 220 810.37	46 357 193.52	15 917 217.30	4 514 973.75	273 256.11	304 303 785.18
Total										
Balance 1. 1. 1979	316 621 362.80	23 464 078.54	19 996 128.28	152 629 294.51	401 799 867.12	217 074 968.32	61 415 143.78	27 103 128.75	1 042 979.61	1 221 146 951.71
Payments	28.05 %	31.90 %	18.86 %	33.50 %	35.74 %	52.12 %	22.68 %	59.33 %	24.53 %	35.88 %
Cancellations	0.17 %	12.50 %	1.30 %	2.80 %	3.42 %	6.13 %	18.65 %	4.66 %	—	3.91 %
EUA adjustments	0.53 %	0.98 %	0.52 %	+1.40 %	4.25 %	+3.67 %	+0.08 %	6.65 %	0.93 %	0.88 %
Balance 31. 12. 1979	225 582 517.47	12 815 568.50	15 861 244.21	99 355 079.03	227 385 367.96	98 590 914.70	36 075 645.53	7 959 501.99	777 437.07	724 407 276.46

Source: Report of the Court of Auditors for 1979, p.106.

Payments made in 1979 by month and country

Month	France	Belgium	Netherlands	FR of Germany	Italy	United Kingdom	Ireland	Denmark	Luxembourg	Total	Percentage
January	2 319 368.40	38 884.29	—	3 264 456.62	6 543 514.35	5 997 132.67	669 136.16	—	—	18 832 492.49	3.16
February	15 181 730.41	1 202 291.58	152 733.85	8 298 841.61	13 252 830.92	4 803 987.40	6 092 005.37	—	132 414.20	49 116 835.34	8.25
March	1 091 676.85	30 170.61	—	—	1 678 904.76	6 650 404.36	229 572.69	35 640.46	—	9 716 369.73	1.63
April	1 547 957.66	—	—	—	2 566 983.58	785 096.99	34 994.33	17 459.37	—	4 952 491.93	0.83
May	4 478 421.37	—	—	11 304 380.48	10 351 357.33	505 373.68	1 212 164.41	—	—	27 851 697.27	4.68
June	4 321 963.64	432 840.68	42 295.72	1 455 703.48	10 731 572.04	950 005.96	1 497 047.15	2 826 502.32	32 008.87	22 289 939.86	3.74
July	3 450 672.03	9 580.54	1 514 434.86	1 002 039.07	5 565 044.55	35 587 560.58	114 576.60	278 966.46	—	49 542 875.09	8.32
August	2 390 502.33	2 180.08	—	9 363.87	11 650 777.80	688 538.94	3 400 151.79	154 118.34	—	28 376 293.17	4.76
September	13 643 829.00	28 726.31	1 605 370.69	6 172 305.33	3 256 342.50	23 262 806.56	4 957 341.52	2 755 920.99	—	55 682 643.50	9.35
October	29 579 710.89	2 533 695.77	179 327.68	16 347 306.95	9 272 936.59	44 723 621.94	2 002 227.51	6 612 537.91	—	111 251 365.24	18.68
November	840 057.61	418 667.25	42 427.01	4 048 842.88	9 529 471.50	10 346 388.41	1 796 741.18	3 161 223.35	64 682.79	30 248 511.98	5.07
December	14 856 970.29	3 079 730.33	5 501 180.97	9 494 167.79	71 939 905.89	67 645 778.39	6 663 425.36	8 633 400.66	26 751.48	187 841 311.16	31.53
Total	93 708 051.10	7 776 767.44	11 057 770.78	61 397 408.08	156 325 082.21	201 946 695.88	38 759 384.07	24 475 809.86	255 857.34	595 702 826.76	100
%	15.73	1.30	1.86	10.31	26.24	33.90	6.51	4.11	0.04	100	

Source: Report of the Court of Auditors for 1979, p. 108

Table 10

Table 11

Estimated number of Beneficiaries by Intervention Sector for 1977, 1978 and 1979			
Field of Intervention	Applications approved in 1977	Applications approved in 1978	Applications approved in 1979
PERSONS LEAVING AGRICULTURE	20,000	16,000	12,000
PERSONS WORKING IN THE TEXTILE AND CLOTHING INDUSTRY	19,300	13,500	15,500
MIGRANT WORKERS	233,250	234,000	288,500
YOUNG PEOPLE	495,000	300,000	450,000
WOMEN	---	12,000	16,000
HANDICAPPED	30,450	72,000	103,950
REGIONS	10,000	349,000	466,000
TECHNICAL PROGRESS	5,000	9,350	7,450
GROUPS OF FIRMS	1,450	500	850
TOTAL	1,005,450	1,006,350	1,360,250

Note: This table is based on the number of beneficiaries indicated by promoters; it does not distinguish between the duration of programmes approved.

Source: 8th Report on the activities of the ESF, financial year 1979 (COM/80) 365 final/2, p.86)

MOTION FOR A RESOLUTION (Doc. 1-632/80)

tabled by Mrs SALISCH, Mr DIDO, Mr PETERS, Mr OEHLER, Mr SARRE, Mr VAN MINNEN, Mr ALBERS, Mr BOYES and Mrs CLWYD  
on behalf of the Socialist Group  
pursuant to Rule 25 of the Rules of Procedure  
concerning annual reports of the Social Fund and the social situation

The European Parliament,

- whereas the European Social Fund is the main instrument of Community employment policy,
  - whereas unemployment in the Community is at crisis level,
  - whereas the Commission has recently published the Eighth Annual Report on the Social Fund for 1979<sup>1</sup>,
  - whereas the continuing economic crisis has seriously undermined progress and strained social development at both national and Community level,
  - whereas the Commission has recently published its annual report on the social situation<sup>2</sup>,
  - whereas it is the practice of the Parliament to draw up regular reports on the various annual reports emanating from the Commission on the economic situation, the Regional Fund etc., and it had been the practice to do so on the annual reports on the Social Fund and the social situation,
1. Believes that it is essential that a report be drawn up by the Committee on Social Affairs and Employment, on the most recent report of the Social Fund in order to assess its effectiveness, and to give its views thereon, and that this should become an established practice;
  2. Considers that it is also necessary that a report should be done on the Commission's annual report on the social situation, again on an annual basis;
  3. Calls on the Commission to speed up the publication of these annual reports, ensuring that they appear within the first quarter of the year following the one reported on;
  4. Calls on its President to forward this resolution to the Commission and the Council.

<sup>1</sup> COM(80) 365 final

<sup>2</sup> Doc. 1-128/80

