# **EUROPEAN PARLIAMENT**

# Working Documents

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**DOCUMENT 558/78** 

# Report

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

on the Third Annual Report (1977) of the Commission of the European Communities on the European Regional Development Fund

Rapporteur: Mr F.-L. DELMOTTE

1.2.1

By letter of 11 July 1978 the Commission of the European Communities submitted to the European Parliament, pursuant to Article 16 of Council Regulation EEC No. 724/75 of 18 March 1975 establishing a European Regional Development Fund, the Third Annual Report (1977) on the European Regional Development Fund.

By letter of 21 September 1978 the President of the European Parliament referred this report to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Committee on Budgets for its opinion.

On 22 September 1978 the Committee on Regional Policy, Regional Planning and Transport appointed Mr Delmotte rapporteur.

It considered the draft report at its meetings of 27 and 28 November and 19 and 20 December 1978.

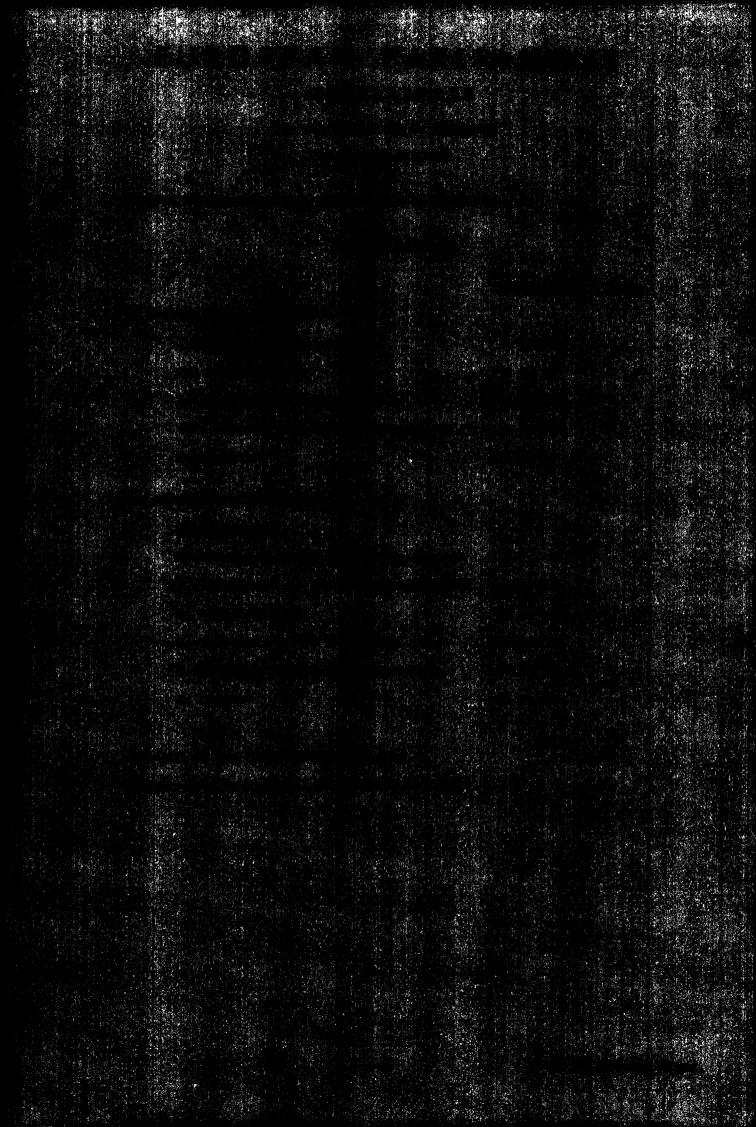
At its meeting of 19 December 1978 the committee adopted this report unanimously.

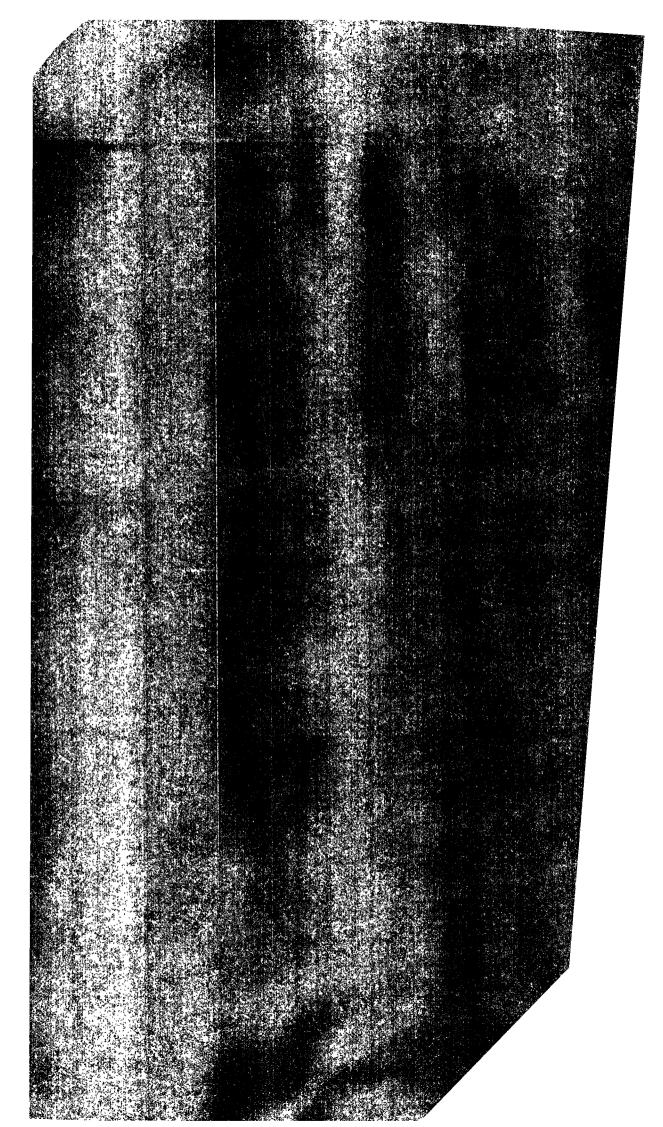
Present: Lord Bruce of Donington, chairman; Mr McDonald, vice-chairman; Mr Delmotte, rapporteur; Mr Albers, Mr Brugger, Mr Corrie, Mr Fuchs, Mr Jung, Mr Kavanagh, Mrs Kellett-Bowman, Mr Osborn and Mr Seefeld.

The opinion of the Committee on Budgets is attached.

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

#### MOTION FOR A RESOLUTION

on the Third Annual Report (1977) of the Commission of the European Communities on the European Regional Development Fund

# The European Parliament,

- having regard to the Third Annual Report (1977) on the European Regional Development Fund, submitted by the Commission of the European Communities pursuant to Article 16 of Council Regulation (EEC) No. 724/75 of 18 March 1975 establishing a European Regional Development Fund (COM(78) 310 final),
- having regard to the report of the Committee on Regional Policy, Regional Planning and Transport and the opinion of the Committee on Budgets (Doc. 558/78),
- referring to its previous opinions of 12 March  $1975^1$ , 21 April  $1977^2$ , and 13 October  $1977^3$  on the Fund Regulation and of 16 December  $1976^4$  and 17 January  $1978^5$  on the annual reports,
- Recalls that the European Regional Development Fund cannot function satisfactorily because of certain shortcomings, to which attention has already been drawn, in the Regulation establishing the Fund;
- Deeply regrets that a whole year passed before the Council took a final decision on the new regional policy guidelines, the revision of the Regional Fund and the creation of a non-quota section;
- 3. Recalls that the Regional Fund ought not to be confused with the Community's regional policy, of which it is merely one of the instruments and welcomes the fact that the Commission has allocated to one of its Members the specific task of coordinating all Community financial instruments used for structural purposes and created a permanent interdepartmental task force to carry out the necessary work;
- 4. Points out that a forward-looking common regional policy will have no chance of success unless it gradually becomes less a matter of financial compensation between Member States and is based on Community development criteria;

<sup>&</sup>lt;sup>1</sup> OJ No. C 76, 7.4.1975, p.19

<sup>&</sup>lt;sup>2</sup> OJ No. C 118, 16.5.1977, p.51

<sup>&</sup>lt;sup>3</sup> OJ No. C 266, 7.11.1977, p.35

<sup>&</sup>lt;sup>4</sup> OJ No. C 6, 10.1.1977, p.86

<sup>&</sup>lt;sup>5</sup> OJ No. C 36, 13.2.1978, p.11

- 5. Stresses the need to remedy staff shortages in the Directorate-General for Regional Policy which is responsible for allocating the increasing resources of the Fund and implementing the new projects necessary for the development of the Community's regional policy;
  - (a) amount of the endowment
- 6. Points out that the Fund endowment for 1977, which the Council cut by one half in 1974, was further substantially reduced in real terms as a result of inflation;
- 7. Emphasizes that the appropriation available has proved totally inadequate for the purpose of reducing growing disparities in development and contributing significantly to the campaign against unemployment in the Community in order to approach the common regional policy objective of reducing regional economic disparities;
  - (b) additionality
- 8. Feels that the effectiveness of the funds available, small by comparison with requirements, depends on respect for the principle of additionality with national expenditure in this field and that this must have a multiplying effect:
- 9. Deplores the fact that all the Member States have used aid granted from the Fund to industrial projects as partial repayment of national aid, whereas, under Article 4(2)(a) of the Fund Regulation, Community aid should supplement public aid, thus facilitating control and publicity;
- 10. Considers that there is no justification for partial repayment of national aid after the initial period of the Fund's operation, since only totally new projects should be submitted to the Commission;
- 11. Considers that Community aid ought to be paid direct to the public or private investor as a supplement to national aid, where appropriate within the limits set in the principles for coordinating regional aids; if the limits are exceeded, national aid may be reduced provided the difference is credited to other projects in the same regional development programme; thus, even if Community aid does not increase the total aid for a specific project it will still increase the total aid for the regional programme;
- 12. Considers that horizontal or overall additionality is needed as it is essential to ensure that national budgets show clearly that Community aid does not induce the Member States to reduce their total contributions to the regional policy; demands therefore that the amended Regulation quarantee that the amounts received from the Fund by the Member States are entered separately in national or regional budgets and are added to the national funds set aside for regional policy;

#### (c) information and publicity

- 13. Regrets the fact that the lack of additionality for individual industrial projects makes it more difficult to provide information and publicity on aid from the Fund;
- 14. Deplores the fact that in some Member States, information and publicity are practically non-existent, even in respect of aid to infrastructure projects, although the Community provides considerable aid to certain regions, such as Corsica, where it amounts to 34 u.a. per inhabitant;
- 15. Stresses that, in accordance with Articles 4 and 7 of the Regulation, applications for assistance from the Fund should provide information to enable the Commission to publish, in accordance with Article 14 and for each project or programme, whatever the amount involved, the identification and nature of the project, the amount of the investment, of national aid and of aid from the ERDF, any other sources of finance and the number of jobs created or maintained;

## (d) regional development programmes

- 16. Emphasizes that the programmes are essential to provide a framework for the Fund's activities and also to facilitate coordination between the other financial instruments and between national or Community policies with regional implications, and draws attention to the development of transfrontier programmes as a framework for the Fund's activities and to the importance of tourism to some regional development programmes;
- 17. Regrets the comments by the Commission , on the one hand, that these programmes 'mostly lack the detail needed to serve as a guide to the allocation of the Fund's resources or to coordinate them more closely with assistance from the other Community financial instruments', and, on the other hand, that 'the link between the investment project in question and the achievement of the aims of the programme' is not made clear;
- 18. Insists in particular on the need both to set and quantify the overall objectives of these regional development programmes, above all in terms of jobs, and to show a link between the project and the development measures proposed to achieve these objectives;
- 19. Insists also on the need both to establish the cost of the proposed development measures and to assess the total Community, national and other resources to be allocated to a specific regional development programme;

<sup>1</sup> Third Annual Report, point 122

## (e) control

- 20. Recommends that the Commission continue and intensify its technical and financial controls;
- 21. Considers that the absence of additionality for individual industrial projects and of global additionality in the national budgets, the inaccuracy of and lack of comparability between statistical data, the lack of information and publicity about the Fund's activities and the deficiencies in the regional development programmes prevent any serious economic analysis of the impact of Community aid;
- 22. Instructs its President to forward this resolution and its committee's report to the Council and Commission of the European Communities.

#### EXPLANATORY STATEMENT

#### INTRODUCTION

# <u>Deficiencies</u> in the basic Regulation establishing the European Regional Development Fund

1. 1977 marked the end of the three year 'running-in' period for the European Regional Development Fund, which was established in March 1975.

The Commission drew a number of conclusions from the <u>experience</u> gained during this period and they form the basis of the proposed amendments to the Fund Regulation which it submitted to the Council in June  $1977^2$ .

2. It should, however, be pointed out that, even without this experience, the European Parliament had emphasized a <u>number of deficiencies</u> in the basic Regulation which were likely to affect the operation of the Fund.

Before the adoption of the regulation establishing a European Regional Development Fund (ERDF), the European Parliament urged in particular that Community aid should complement national aid. In its resolution of 12 March 1975 on the amended proposals for a regulation establishing an ERDF<sup>3</sup>, the European Parliament demanded that 'assistance from the Fund should not lead the Member States to reduce their national aid, which the Community aid should complement' (paragraph 6).

It was not until three years later that the Commission incorporated this point in its proposal for a regulation amending the Regional Fund<sup>2</sup>.

In the same resolution of 12 March 1975 the European Parliament also called for a <u>broad interpretation</u> of the concept of infrastructure, and emphasized that it was:

'in favour of assistance which is not solely limited to infrastructure installations directly connected with economic development' (paragraph 10).

<sup>&</sup>lt;sup>1</sup>OJ No. L 73, 21.3.1975

<sup>&</sup>lt;sup>2</sup>OJ No. C 161, 9.7.1977

<sup>&</sup>lt;sup>3</sup>OJ No. C 76, 7.4.1975

In its proposed amendments to the Fund Regulation the Commission also endorsed the European Parliament's position with regard to the definition of infrastructures eligible for assistance from the Fund.

Moreover, in March 1975 Parliament felt'that proper results can only be obtained by launching <u>development programmes</u>' (paragraph 15). However, these programmes have been compulsory only since 1 January 1978.

3. These are three examples of deficiencies noted by the European Parliament during consideration of the proposal for a regulation establishing the ERDF. They show that the Fund could not operate satisfactorily during the period 1975 to 1977, since the basic Regulation was itself unsatisfactory.

The European Parliament also pointed out in March 1975:

'that the provisions proposed are based on diverse national policies and still only amount to a policy of assistance to national regional policies' (paragraph 18) and emphasized:

'the <u>reservations</u> it has on the new regional policy proposals'.

4. To improve the operation of the ERDF, the European Parliament proposed to the Commission, in a report on aspects of the Community's regional policy to be developed in the future (Doc. 35/77)<sup>1</sup>, a number of <u>quidelines</u> to be considered when the Fund Regulation was reviewed.

The Commission incorporated most of these proposals in its <u>Communication</u> to the Council concerning guidelines for Community regional policy (Doc. 183/77)<sup>2</sup>.

In October 1977 the European Parliament delivered a favourable opinion on this communication but the Council subsequently reduced the scope of some of the Commission's proposals.

5. Hence the European Parliament has repeatedly criticized the <u>principles</u> on which the ERDF operates. It also delivered unfavourable opinions on the <u>day-to-day management</u> of the ERDF when it considered the two annual reports on the Fund for 1975<sup>4</sup> and 1976<sup>5</sup>.

<sup>&</sup>lt;sup>1</sup>OJ No. C 118, 16.5.1977, Delmotte Report

<sup>&</sup>lt;sup>2</sup>OJ No. C 161, 9.7.1977

<sup>&</sup>lt;sup>3</sup>Doc. 307/77 - OJ No. C 266, 7.11.1977, Noé Report

<sup>&</sup>lt;sup>4</sup>Doc. 440/76 - OJ No. C 6, 10.1.1977, Delmotte Report

<sup>&</sup>lt;sup>5</sup>Doc. 452/77 - OJ No. C 36, 13.10.78, Johnston Report

- 6. These two opinions emphasize certain aspects of the operation of the ERDF and of Community regional policy:
- the inadequacy of the <u>endowment</u> and erosion of its <u>real value</u> as a result of inflation,
- the need to <u>concentrate</u> assistance from the Fund and to define <u>priorities</u> on the basis of Community criteria,
- the need to coordinate all financial instruments having a regional impact,
- the vital role of regional development programmes,
- the complementary role of assistance from the Fund,
- the importance of publicity and information on aid provided by the Fund,
- the importance of aid to help infrastructures and tourism,
- the importance of the verification and control procedures.
- 7. The European Parliament pointed out that the operation of the ERDF was <u>unsatisfactory</u> on all these points. The responsibility for this lies not with the Commission, which sees to the implementation of the ERDF, but with the serious <u>deficiences in the texts</u> adopted by the Council in March 1975.

The Council then substantially amended the Commission's original proposals of July 1973 in a manner completely contrary to the opinion of the European Parliament 2.

So as not to delay the establishment of the ERDF, the European Parliament accepted the proposed regulation on condition that its opinion should be taken into consideration when the Regulation was reviewed; this was to be done before 1 January 1978.

The text to be adopted by the Council does take account of some criticisms made by the European Parliament as long ago as 1973 and repeated in 1975 and 1977, but there are further <u>omissions</u> in the new non-quota section. Greater account should be taken of the European Parliament's opinion on this matter during the re-examination of the Regulation, due to take place before 1 January 1981.

<sup>&</sup>lt;sup>1</sup>OJ No. C 86, 16.10.73

<sup>&</sup>lt;sup>2</sup>OJ No. C 108, 10.12.1973, Delmotte Report

8. The opinion of the European Parliament on the Third Annual Report on the ERDF<sup>1</sup> can therefore be extremely brief, since all the criticisms of the Fund's operation have already been made before; the fact is that its operation should be based on new principles.

It is important to emphasize the following points:

- the amount of the Fund's endowment,
- the additionality of grants from the Fund,
- information and publicity on such grants,
- development programmes,
- control.

<sup>1</sup> COM(78) 310 final

### A. - The amount of the Fund's endowment

9. Point 12 of the Third Annual Report on the ERDF states:

'At regional level, the outcome of the divergent trends since 1974 was that product per head remained well below the Community average in all regions of the United Kingdom, Ireland and Italy. Since then, the situation has not improved and it can be assumed that the economic trend in 1977 has barely altered the scale of existing regional imbalances'.

Under point 19, the Commission considers that:

'divergencies between national economies and the imbalances which persist between regions continue to hinder progress towards <u>economic integration</u>'.

These points have already been amplified in the opinions of the Committee on Regional Policy, Regional Planning and Transport on the revival of economic and monetary union and on the draft general budget of the European Communities for the financial year 1979.

10. In 1973 the European Parliament proposed a minimum initial endowment of 2,250 m u.a. for the period 1974-1976 (including 1,000 m u.a. for 1976).

In its Regulation the Council fixed the endowment at 1,300 m u.a. for the period 1975-1977. The appropriation of 500 m u.a. for 1977 was therefore already considered grossly inadequate when the Fund was set up.

11. As a result of <u>inflation</u>, this appropriation has proved totally ineffective in helping to reduce disparities in development and making a significant contribution to the campaign against unemployment in the Community.

Under point 117 of its report the Commission states that:

'The resources available to the Fund in 1977 (500 million u.a.) had clearly <u>declined in their real value</u>, since they were fixed in December 1974 and not subsequently corrected to take account of the very high rates of inflation which struck the economies of all European countries - and in particular those which face the most severe regional problems and absorb three-quarters of all Fund aid'.

12. It should be emphasized that <u>all the ERDF appropriations</u> were in fact <u>committed</u> during the period 1975-1977.

 $<sup>^{1}</sup>$  Damseaux opinion of 2 June 1978 for the Committee on Economic and Monetary Affairs PE 53.661/fin.

<sup>&</sup>lt;sup>2</sup>Kellett-Bowman opinion of 25 August 1978 for the Committee on Budgets PE 54.542/fi

A table given under point 38 of the report shows that 'all Member States have virtually used up their quota, with the exception of Germany which has an unused balance of 10.5 million u.a. (12.7% of quota)'.

Hence of the 1,300 m u.a. available, 1,289.31 m u.a. have been committed, or 99.2% of the total (taking account of Germany's unused balance).

13. The Commission's report gives a statement of <u>payments</u> for the period under consideration. The table reproduced under point 63 shows that 740.508 m u.a. were paid between 1975 and 1977, i.e. 57% of the authorized commitments.

These payments were less than the total payment appropriations entered in the budget (850 m u.a.).

It should be pointed out that the total amount of payment appropriations is linked to the total amount of commitment appropriations. Appropriations committed in one financial year involve payments spread over several years, depending on the duration of the programmes.

The important point is that the commitment appropriations should be used. However, the Commission states under point 66 that 'the rate of Fund payments reflects to a large extent the speed at which demands for payment are presented by the authorities in the Member States'.

The <u>timetable of payments</u> therefore varies from one financial year to another and is difficult to fix in advance.

Reference to previous years is the only way of fixing in the budget the approximate amount of payment appropriations.

#### B. - Additionality

14. Whatever the size of the ERDF allocation, its effectiveness <u>depends</u> on respect for the principle of additionality. Community aid should have a multiplying effect. In its resolution of 12 March 1975<sup>1</sup>, the European Parliament had already insisted: 'that assistance from the Fund should not lead the Member States to reduce their national aid which the Community aid should <u>complement</u>' (paragraph 6).

In a resolution of 20 April 1977<sup>2</sup> the European Parliament felt that: 'the Community contribution is justified only if it <u>complements</u> national aid and has a multiplying effect' (paragraph 39).

There should therefore be a means of establishing to what extent Community aid <u>complements</u> aid granted by the Member States and prevents any reduction in the national regional development effort.

The problem arises in particular when Community aid is used to <u>repay</u> national aid and the individual investor receives no more than he did under the national aid system.

15. Point 118 of the Annual Report states: 'The Commission continues to insist on the principle that Fund aid is additional to national and regional development efforts. It is politically as well as economically important that this principle be respected as far as both infrastructure and industrial projects are concerned'.

However, point 37 states that: '... <u>no Member State</u> used the option provided for in the regulation of transferring Fund aid to industrial investors. For these projects all Member States treated Fund assistance as partial repayment of national aid. The Member States report that in both cases Fund assistance has enabled a greater number of projects to be financed than would otherwise have been possible'.

On the other hand 'assistance granted for infrastructure projects (also point 37) was in most cases paid over to regional and local authorities, if these were responsible for the investments involved'.

16. While the principle of additionality does not always seem to be well established in the case of aid to <u>infrastructure projects</u>, it is completely impossible to control in the case of aid for <u>industrial investments</u>.

<sup>&</sup>lt;sup>1</sup>OJ No. C 76, 7.4.1975

<sup>&</sup>lt;sup>2</sup>OJ No. C 118, 16.5.1977

Community aid for such investments should in practice <u>complement</u> the aid granted by the national authorities for <u>each project</u>. However, the last part of Article 4(2)(a) of the Fund Regulation allows the Member States to retain Community aid as a partial repayment of national aid:

This situation was understandable when the Fund was first set up in 1975. The fund did not become fully operational until the end of the year and the repayment of 'advances' made by the Member States was therefore acceptable. Now the ERDF should finance totally new projects only and assistance from the Fund should therefore not be used to repay but to complement national aid for each project in the form of a direct payment to the public or private investor, where appropriate within the limits set in the principles for coordinating regional aids. If this limit is exceeded, the national aid may be reduced provided the difference is credited to other projects in the same regional development programme.

17. However, the Commission has made it clear that it is not aiming for additionality for <u>each individual project</u> (or vertical additionality), and this attitude is sanctioned by the last part of Article 4(2)(a) of the Fund Regulation, which states: 'The contribution from the Fund may ... <u>either supplement</u> aid granted to the relevant investment by public authorities or remain credited to those authorities and considered as a <u>partial</u> repayment of such aid'.

The Commission's aim is to achieve additionality with regard to the total amount of aid granted (or horizontal additionality) as stipulated in the eleventh recital of the Fund Regulation: 'the Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts'.

In other words, assistance from the Fund should enable the Member States to <u>finance more projects</u> than would have been possible using only national resources. The problem of additionality is therefore shifted to <u>national</u> <u>budget</u> level, where the task of control is more complex.

18. <u>Italy</u> is a good example. In its <u>national accounts</u> Italy has established a distinction between national aid and Community aid. The latter has been concentrated on a single major area, the Mezzogiorno. Additional projects rendered feasible by Community aid, are <u>indicated</u> clearly.

However, not all the Member States have been able to devise a satisfactory way of showing how the resources from the Fund have been used.

This prompted the oral question with debate (No. 0-64/78) and the motion for a resolution tabled by Mr Fuchs, on behalf of the Christian-Democratic Group, on 12 October 1978. The motion for a resolution was referred to the Committee on Regional Policy, Regional Planning and Transport.

 $<sup>^{1}</sup>$ Doc. 344/78

 $<sup>^{2}</sup>$ Doc. 380/78

19. In its <u>re-examination of the Regulation</u> establishing the ERDF the Commission sought to introduce the concept of <u>overall</u> or horizontal <u>control</u> of the complementary nature of the Fund.

The new Article 18 proposed by the Commission states that:

- '1. Member States shall adopt all measures necessary to indicate distinctly, according to the special characteristics of their relevant national systems, more particularly of their <u>national budgets</u> and of the budgets of public bodies, all monies received from the Fund.
- 2. At the request of the Commission, Member States shall provide <u>information</u> on the allocation of the amounts received from the Fund; this shall be sufficient to confirm the <u>complementary</u> character of the Fund'.

Points 22 and 23 of the relevant explanatory statement indicate that this control is necessary when the complementary character of the aid is not evident for each investment. The wording of this new Article 18, whereby the amounts received from the ERDF should appear in the national budgets, should therefore satisfy Mr Fuchs.

20. In its guidelines relating to the Commission's proposals the Council <u>deleted</u> from Article 19(2) the need for the Member States to provide information enabling the complementary character of Community aid to be assessed.

The Council agrees only to a reference being made in a recital to this information on the complementary character of aid from the Fund; however, Article 19(1) would enable a check to be kept on <a href="mailto:global">global</a> additionality within the context of the national budgets.

21. Under the system of global (or horizontal) additionality the Commission grants aid from the Fund to projects which it has previously considered, but aid may be transferred to another project which has not been considered by the Community bodies. This system could jeopardize the Commission's powers of decision and control.

The European Parliament considered global additionality to be <u>necessary</u> but <u>inadequate</u>, and it proposed that until the concept of additionality for each project is applied by the Member States, that of <u>additionality for each programme</u> should be adopted.

<sup>&</sup>lt;sup>1</sup>OJ No. C 161 of 9.7.1977

In its resolution of April 1977 the European Parliament felt 'that the principle of global or horizontal additionality observed by the Commission is necessary but inadequate since it may curtail the right of assessment and control of the Commission for certain individual projects; as these projects have to be incorporated in programmes, it suggests that the Commission should also use the principle of additionality for each programme and considers that, as a condition for making further grants, the State concerned should prove, at the end of each programme, that the principle of additionality has been observed' (paragraph 40) 1.

22. The last part of point 27 of the <u>Communication</u> from the Commission to the Council of 3 June 1977<sup>2</sup> states that: 'Member States will specify the use of resources received from the Regional Fund, but it is at the level of these programmes that the complementary nature of Community action and that of the Member States <u>will be ensured</u>, thus guaranteeing a speeding up of the overall regional development effort.

If the principle of additionality for each project is not applied, it would be logical to introduce that of additionality for <u>each programme</u> during the forthcoming revision of the ERDF Regulation.

A condition should be added to the end of Article 4(2)(a) for cases where Community aid to a particular investment project is not actually used for that project: 'provided that it complements aid granted by the public authorities for other investments in the same regional programme'.

23. As from  $\underline{1}$  January  $\underline{1978}$  aid has been granted only to projects forming part of a development programme.

The Commission is therefore required to assess the <u>consistency and</u> rationality of these programmes and of the projects they comprise.

In the absence of additionality for each project, additionality for each development programme should enable funds to be transferred between projects within these programmes. However, the concept of Community aid logically requires additionality for each project since this aid is intended to complement national aid in the form of direct payments to the public or private investor, where appropriate within the limits set in the principles for coordinating regional aids.

<sup>&</sup>lt;sup>1</sup>OJ No. C 118, 16.5.1977

 $<sup>^{2}</sup>$ Doc. 183/77

#### C. - Information and publicity on ERDF aid

24. In order to check whether the principle of <u>additionality for each</u> programme or project is being observed, information is required on the utilization of Community aid in the various Member States.

Likewise, any increase in the Fund's resources is acceptable only if both investors and public opinion are informed about the utilization of Community funds.

Such publicity is important to show public opinion that the European Community has become a reality and that it intervenes to help the least well off in their work and general living conditions.

- 25. Point 110 of the Annual Report states that:
- '... the statistical summaries do not as yet enable the Commission to check the <u>results</u> obtained for each region in the previous year, as required by the Fund regulation. For that purpose the Commission would need comparable statistical data, for each region eligible for Fund assistance, on the <u>investments</u> aided by the Fund, on <u>resources</u> committed and on <u>jobs</u> created or maintained for each of the main industrial sectors'.

Hence the Commission does not have enough information to  $\underline{\text{assess}}$  'the real  $\underline{\text{impact}}$  on regional development of the policies carried out'.

26. It should, however, be pointed out that certain regions receive considerable assistance from the Fund. The table given under point 44 of the Commission's report, shows the total assistance, broken down into regions. The Mezzogiorno was the largest beneficiary, with 423.9lm u.a., followed by the North of England with 108.55m u.a. and Ireland with 83.76m u.a. (for the period 1975-77).

Within the Mezzogiorno, <u>Campagna</u> received most aid (103.09m u.a.), followed by Sardinia (83.46m u.a.) and Sicily (81.57m u.a.).

The information on the amount of aid per head of population is more interesting. The order is as follows:

- Greenland	265.45	υ.a.	per head	of	population
- Sardinia	54.02	u.a.	н	11	11
- Northern Ireland	37.98	u.a.	н	11	11
- North of England	34.72	u.a.	11	11	11
- Corsica	34.07	u.a.	11		11
- Ireland	26.79	u.a.	11	н	ti ~
- Abruzzi	25.02	u.a.	п	"	11
Mezzogiorno as a whole	21.67	u.a.	H	11	н

- 27. Point 58 of the report states that: 'Regional Fund aid to Corsica (7.5 million u.a. in 1975-77, or 3.9% of total contributions to France) seems to have been relatively high. The region also benefitted from nearly one million u.a. received from the Guidance Section of the Agricultural Fund over the same three years'.
- 28. A delegation from the Committee on Regional Policy, Regional Planning and Transport carried out a fact-finding visit to Corsica and Sardinia from 21 to 26 November 1977.

The Commission has published in the Official Journal a list of projects in Corsica which have been granted Community aid. These are infrastructure projects for water supplies, road works and airport facilities.

All the local and regional authorities consulted by the delegation stated that they were <u>unaware of the existence of Community aid</u> for certain projects in Corsica; they were also <u>unable to identify</u> the projects on the basis of the lists published in the Official Journal, since the locality is not indicated.

However, the delegation found that in Sardinia, infrastructure projects financed by the ERDF were signposted at the side of the road.

29. Mr Delmotte put to the Commission Written Question No. 614/75 on the very subject of information on the operations of the ERDF<sup>2</sup>.

One of the Directors-General of the Commission had stated that a 'conspiracy of silence' surrounded certain operations of the Fund; the Commission replied at the beginning of 1976 that it: '... can assure the Honourable Member that the provisions of Article 14 (1) of Council Regulation (EEC) No. 724/75 of 18 March 1975 establishing a European Regional Development Fund will be fully implemented ... the Commission has received full cooperation from the Member States' 3.

Nearly two years later the Corsican regional authorities are unaware of the details of Community Aid (locality, amount, etc.).

<sup>1</sup> OJ No. C 267, 12.11.1976
OJ No. C 166, 13.7.1977

<sup>&</sup>lt;sup>2</sup> OJ No. C 80, 5.4.1976

Article 14 is quite explicit on the matter of publicising Community Aid; paragraph 1 states that: 'the investors concerned shall be informed by agreement with the Member States in question that part of the aid granted to them has been provided by the Community. For infrastructure projects, the Member States, by agreement with the Commission, shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity'.

30. The Regulation establishing the Fund lays down the type of investments eligible for Aid (Article 4(1)), but it also stipulates the maximum amount of Community Aid as a percentage of the investment cost and a percentage of the amount of national aid. There is also a limit on the amount of aid per job created or maintained (for non-infrastructure investments, Article 4(2) (a)).

The Commission is also required to take account of 'other contributions made by Community Institutions or by the European Investment Bank' (Article 5(1) (e)).

When submitting <u>applications</u> to the Commission for assistance from the Fund, Member States are required to provide all this information.

(Article 7: total amount of the investment, aid expected from the public authorities, amount requested from the Community, possible effect on employment).

In respect of investments of 10m u.a. or more, applications are presented separately, whereas for investments of less than 10m u.a., applications are presented globally and grouped by region at the beginning of each quarter year (with a distinction between infrastructure and other investments (Article 7(2)). Checks must be made to ensure that programmes of 10m u.a. or more are not split up to avoid the obligation of separate submission. It must also be ensured that the grouping together of regions does not destroy all the value of the global presentation of projects of less than 10m u.a. for each region.

31. In order to make an accurate assessment of the proper use of Community Funds, certain information is to be published.

Article 14(2) states that: 'the list of projects which have received contributions from the Fund shall be published every 6 months in the Official Journal of the European Communities'.

In several resolutions the European Parliament has requested the Commission to provide the <u>information needed for aid from the Fund to be granted</u> to an investment project (in accordance with Articles 4 and 7 of the Fund Regulations).

For each project of programme, whatever the amount involved and for each economically significant region the Commission should be able to provide:

- the identification and nature of the project;
- the total amount of the investment;

Resolution of 21.4.1977, paragraph 26, OJ No. C 118, 16.5.1977 Resolution of 13.10.1977, paragraph 14, OJ No. C 266, 7.11.1977

- the amount of national aid;
- the amount of aid from the ERDF;
- the amount of any other sources of finance;
- the number of posts created or maintained.
- The Commission continues to publish in the Official Journal regional lists of projects which have received aid from the ERDF, but these lists do not always indicate the locality of the project and do not provide any economic data (financing, jobs, etc.).

The Commission also provides information in press releases on the total amount of aid from the ERDF to each region and on the number of projects involved.

These press releases do not provide any information on the locality of the projects, the total cost of the investment, the amount of national aid, the number of jobs created or maintained and the amount of Fund aid to each project or programme.

This is a serious ommission on the part of the Commission.

In this connection it is relevant to quote the Commission's answer to Written Question No. 645/75 by Mr Herbert of 19 December 1975 on regional fund aid.

To the question (point 4) 'for each of these projects will the Commission supply the following information:

... (h) the effect on employment'

the Commission answered:

'(h) it is not the Commission's practice to release these details'.

This answer requires no comment given that it is public funds which are involved and that one of the conditions for allocating aid is that jobs should be created or maintained.

<sup>&</sup>lt;sup>1</sup> OJ No. C 80, 5.4.1976

#### D. - Regional Development Programme

34. The <u>inadequacy of the regional programmes</u> received by the Commission in 1977 presents a further serious problem.

These programmes, which have been compulsory since 1 January 1978, are intended to provide a <u>framework</u> for ERDF aid. However, we feel that above all they are vital for the <u>coordination</u> of the various financial instruments used by the Community and the Member States and for the coordination of regional and other policies with regional implications.

The European Parliament has always emphasized the importance of regional development programmes as a way of <u>concentrating</u> the available resources on priority objectives and enabling a <u>check</u> to be kept on the proper use of Community funds.

35. In point 271 of the Eleventh General Report on the Activities of the European Communities in 1977, the Commission states that 'the programmes are not yet fully operational as guides to the allocation of the ERDF's resources'.

The Commission also notes that: 'Member States were having some difficulties in achieving full compliance with the Common Outline for regional development programmes. Generally speaking, problems arose in <u>quantifying objectives</u> ... and in <u>costing measures</u>'.

- 36. On the basis of these comments, on 14 April 1978 Mr Damseaux and Mr Durand put to the Commission, on behalf of the Liberal and Democratic Group, an oral question with debate on regional development programmes in an attempt to define the guidelines needed to bring about a progressive improvement in the shape and content of these programmes.
- 37. The Commission stated that there were problems in quantifying objectives.

The second chapter of the outline for regional development programmes<sup>2</sup>, dealing with development objectives, states:

'This chapter ... should go beyond a simple indication of broad aims'.

The objectives must be: 'as far as possible, <u>quantified</u>, at least in so far as certain basic elements are concerned'.

<sup>1</sup> Doc. 25/78

<sup>&</sup>lt;sup>2</sup> OJ No. C 69, 24.3.1976

38. Among the essential elements to be defined, the outline mentions 'the level of employment and, where possible, the number of jobs to be created or maintained'.

It is essential to quantify this objective because Article 5 of the ERDF Regulation stipulates that: 'the Fund's assistance shall be decided ... according to ... the direct or indirect effect of the investment on employment'.

Since <u>high levels of unemployment</u> are one of the major problems besetting our economies, it must be emphasized to the Commission that the quantifying of employment objectives should feature prominently in the regional development programmes.

Moreover, in its report on the ERDF the Commission does admit that 'a serious assessment of the impact on employment must in any event be based on regional development programmes' (end of point 34).

39. The Commission also notes in the Eleventh General Report that 'generally speaking, problems arose ... in <u>costing measures</u>'.

However, it is essential that a correlation be established between the development <u>objectives</u>, the development <u>measures</u> envisaged in order to attain the objectives indicated, and the <u>financial resources</u> needed to implement these measures.

If the measures cannot be costed, it is difficult to determine the total Community resources to be allocated to a specific regional development programme.

The development programmes should therefore include an <u>estimate of</u>
the ERDF resources to be allocated to the region in question over the
next few years.

40. Chapter 4 of the outline for regional development programmes, which deals with financial resources, states that they should be broken down into sources and type of expenditure.

With regard to  $\underline{\text{sources}}$  of financing, the outline distinguishes between Community, national and other sources.

With regard to type of expenditure, it distinguishes between outlays to finance infrastructure and aids to private investment; in both cases, expenditure qualifying for an ERDF contribution should be clearly indicated in the regional development programmes.

41. Finally, it should be pointed out that these development programmes apply to the regions and that consideration should therefore be given to the geographical size of the regional units to be covered by such programmes.

For example, the Commission should cease to regard the Republic of Ireland as a single region for the purpose of submitting development programmes, since this in effect amounts to merely examining the national programme. There are obviously considerable social and economic differences between the West and East of Ireland, and this 'region' is too large for a comprehensive and cohesive development programme to be implemented.

42. Under point 122 of its report on the ERDF the Commission states that the regional development programmes and annual information statements 'mostly lack the detail needed to serve as a guide to the allocation of the Fund's resources or to coordinate them more closely with assistance from the other Community financial instruments'.

The Commission also feels that requests for aid from the Fund should 'show more clearly the <u>link</u> between the investment project in question and the achievement of the aims of the programme for the region in which it is located'.

The need to improve the development programmes must therefore be impressed upon the Commission.

#### E. - Control

43. The European Parliament has the right to exercise control over the efficient utilization of the Community's financial resources. However, it is prevented from doing so by the lack of <u>additionality</u> for each project and of detailed <u>information</u> on the projects receiving aid. The deficiencies of the regional <u>programmes</u> and lack of accurate statistical data also stand in the way of any serious <u>economic</u> analysis of the impact of Community aid.

Both the budgetary powers and the powers of control of the European Parliament are increasing and it should therefore be increasingly strict with regard to the provision of information on ERDF contributions.

44. The Commission carried out a number of <u>technical and financial</u> checks to ensure 'proper implementation of the projects aided by the Fund' (point 67 of the report).

'Over the three-year period 1975 to 1977, about 9.3% of all projects were subject to on-the-spot checks' (point 71).

'No irregularities were discovered in the course of the checks undertaken during 1977' (point 72).

45. When taken in conjunction with the <u>lack of information and statistical</u> <u>data</u> and above all the deficiencies of the regional development programmes, which, moreover, were not yet obligatory in 1977, these technical and financial checks do not provide a basis for assessing the <u>economic</u> <u>effectiveness</u> of ERDF aid.

#### OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr R. RYAN

On 21 November 1978, the Committee on Budgets appointed Mr Ryan draftsman.

It considered the draft opinion at its meetings of 29/30 November 1978 and 4/5 December 1978 and adopted it unanimously at the latter meeting.

Present: Mr Lange, chairman; Mr Cointat, vice-chairman; Mr Ryan, draftsman; the Earl of Bessborough, Lord Bruce of Donington, Mrs Dahlerup, Mr Fruh, Mr Inchauspé, Mr Ripamonti, Mr Shaw and Mr Spinelli.

#### Introduction

- 1. The European Regional Development Fund had an endowment of 1,300 million u.a. for the three years 1975 77. Of this amount, a total of 1,289 million u.a. was committed during the three years in question.
- 2. The third annual report on the Regional Fund states that, in all, 4,748 projects were approved and a breakdown of these is shown in appendix 1. According to the Commission, 35 per cent of the assistance granted over the three years concerned industrial and service sector projects which resulted in creating or maintaining 185,000<sup>2</sup> jobs; it may be that this estimate of jobs saved or created is on the optimistic side. Whilst the projects involved may have contributed to these savings in jobs or to the creation of new jobs, it is extremely difficult to quantify the precise impact of Fund outlay. The Committee on Budgets considers that, in selecting projects for assistance, regard should be had to the welfare of the community as a whole, including the impact on existing income sources for women.

#### Pace of making payments

3. As the following table shows, actual payments made have fallen appreciably short of payment appropriations available in each of the past three years. However, estimation has improved over the years and the percentage of unspent payment appropriations in 1977 was far lower than that for 1975. This trend was understandable in the opening years of the operation of a new mechanism.

11 T D 111 •			
	(1)	(2)	(3)
	Payment Appropriations	Actual payments	(2) as percentage of (1)
	m.u.a.	m.u.a.	m.u.a.
1975	150	90.67	60.48
1976	300	277.33	92.44
1977	400	372.51	93.13
Total 1975/77	850	740.51	87.12
	<del></del>		<del></del>

(Source: paragraph 65 of COM(78)310 final)

#### Varying pattern in different member States

4. For the three years 1975/77, there was an uneven pattern of payments as between member States, as the following table shows:

COM(78) 310 final

The figures for the three years were: 1975 - 60,000; 1976 - 55,000; 1977 - 70,000.

1975/1977 Payments as percentage of	commitm	ents
(Source: Table 7, paragraph 63, COM(7	8) 310	final)
Denmark	67	
United Kingdom	62	
Italy	59	
Luxembourg	58	
Ireland	56	
Federal Republic of Germany	53	
Netherlands	51	
France	47	
Belgium	46	
Community average	57	

5. The third Annual Report points out that payments are made in step with the corresponding expenditure in member States. Therefore, the rate of Fund payments reflects, both the speed at which demands for payment are presented by the authorities in the member States, and the rate of completion of approved projects. Demands are cleared by the Commission within a few weeks of their receipt - except in cases where supplementary information is not made available rapidly.

#### Importance of coordinating regional development activity

- 6. In the past, the Committee on Budgets has attached considerable importance to the need for a comprehensive approach to the combining of Community instruments so that there could be a better coordinated approach to the solution of the Community's regional and structural problems. This case was put forward in the opinion on the first Annual Report (1975) on the Regional Fund. The need to have such coordination of these instruments
  - the European Regional Development Fund;
  - the European Social Fund;
  - the Guidance section of the EAGGF;
  - EIB loans; and
- certain provisions of the ECSC budget and loans was reiterated by the Committee on Budgets in its opinion on the second Annual Report on the Regional Fund (1976).
- 7. Therefore, the Committee on Budgets noted with satisfaction the statement by the Commission at Chapter 1, paragraph 4, confirming that one of its members has been given the specific task of coordinating Community financial structural instruments.

 $<sup>^{1}</sup>$ Doc. 440/76/Annex, paragraphs 14 - 16

 $<sup>^{2}</sup>$ Doc. 452/77, page 28, paragraphs 23 - 26

#### The overall economic background

8. As the Commission points out 1, the general economic background to 1977 regional development efforts was unfavourable. Overall, the rate of growth was slow in the Community, the volume of fixed investment showed a rise of only just over 1%, unemployment increased - with a particularly difficult situation in regard to female unemployed - and industrial production fared poorly. The Committee on Budgets does not consider that this disappointing background justifies the inadequate action so far taken to correct the imbalances between the less favoured areas of the Community and the better off regions.

## Widening gap between the regions

9. As the following table shows, the gap between the various member states of the Community has widened steadily over the years. (The graph at page 67 of the third annual report clearly illustrated that the trend was even more pronounced over the longer-term period 1960-1978.) This drift apart is likely to have serious consequences for the overall well-being of the Community if it is not checked: indeed, as Parliament has pointed out on many occasions, movement towards economic and monetary union will necessitate, as a prerequisite, a very substantial transfer of resources within the Community.

Index of GDP in EUA per head at current prices

	137 4	140.5
<u> 1970</u>	1974	<u>1978</u>

Germany	124.4	137.4	140.5
Denmark	128.5	134.3	137.4
Belgium	106.5	120.5	133.7
Netherlands	98.8	115.2	125.9
Luxembourg	127.3	137.0	124.2
France	112.9	113.4	113.2
United Kingdom	89.1	76.3	75.0
Italy	70.3	61.7	55.8
Ireland	53.8	48.6	50.5

(Base: EEC = 100)

The inadequacy of the contribution of the Regional Fund towards transfer of resources within the Community is evidenced by the figures in Appendix 2.

Chapter 11 of the report

### Relevant points from the MacDougall report

- 10. The Committee on Budgets feels that it is appropriate, at this point, to focus attention on the key findings of the MacDougallreport (1) which was drawn up by a group of independent economists asked by the Commission to examine the future role of public finance at the Community level in the general context of European economic integration. The report considers that it is in the area of structural, cyclical, employment and regional policies that there is the main need for substantial expenditure at Community level. It gave priority placing to "more Community participation than at present in regional policy aids" and stated that "this could involve, for example, the use of specific purpose matching grants (the Community providing a share of the total cost)...."
- 11. The report recognises that a sharp expansion of the Community budget would be likely to ensue "Allowing for the transfer of expenditure from national to Community level, the Community budget might rise from 0.7% to around 2-2½%". This conclusion, which is in accord with the view of Parliament, warrants being cited here because (i) the need for a better endowed Regional Fund is becoming ever more evident, (ii) the report in question has been before the Commission since April 1977 and so far the Commission has not yet adopted a position on it and (iii) of the failure of the Commission to put forward substantial Regional Fund proposals in the context of the 1979 preliminary draft budget.

# Lack of a sense of urgency within the Commission in regard to the Regional Fund

12. The European Council, on 5/6 December 1977, came out in favour of a sum of 1850 million EUA for the Regional Fund for the years 1978/80 to be broken down as follows:

	commitments	in	EUA
1978	580		
1979	620		
1980	650		

<sup>(1)</sup>Economic and Financial Series 1977 - Al3

- 13. Parliament was most unhappy about these figures and, when adopting the 1978 budget in the December 1977 session, added 1 million EUA for the 1978 financial year. In taking this decision, Parliament was undoubtedly influenced by the statement of the then President-in-office of the Council, Mr Eyskens, who said (1)
  - ".... for the two subsequent years, 1979 and 1980, despite the European Council's decision of principle, contacts, negotiations and amendments will always be possible. I have already said on another occasion that I do not consider it illogical for the 1979 and 1980 instalments of 620 and 650 million respectively, as decided by the European Council, to be concentrated on a shorter period. That seems to me to be a working assumption which will require further discussion from 1978 onwards".
- 14. In its general introduction to the 1979 preliminary draft budget, the Commission stated (2) that "in accordance with the European Council's decision" it had "entered 620 million EUA of appropriations for commitment in the preliminary draft budget for 1979". It went on to state that it thinks "that this amount (which is a political fact of life in the present circumstances) will only allow the ERDF to contribute very modestly to solving the Community's regional problems".
- 15. The failure of the Commission to take a more positive approach to appropriations for the ERDF and to follow the possibility outlined by Mr Eyskens on 13 December 1977 made it easier for the Council to adhere to an inadequate level of appropriations in this area. As stated by the Council,

"By way of commitment appropriations, the Council entered the 620 MEUA proposed by the Commission which take over the amount laid down for 1979 by the European Council meeting on 5/6 December 1977 (3)".

The gravity of the matter is in no way mitigated by the Commission's recognition of the modest contribution that the sum can make - rather the contrary; hence the issue warrants ventilation at this juncture.

<sup>(1)</sup> Debates of the European Parliament, 13 December 1977 O.J.224, December 1977 page 56.

<sup>(2)</sup> Volume 7A, page 51

 $<sup>^{(3)}</sup>$ Volume 7 of the draft budget 1979, page 44.

#### Control and auditing

16. The Committee on Budgets attaches considerable importance to ensuring that investments which are the subject of Fund aid are carefully checked. Provision is made in the Fund regulation for such verification and, for convenient reference, the table (1) showing the number of projects inspected since the establishment of the Fund is set out below:

On	the	spot	checks	hv	Member	State

	Industry		Inf	rastruc	Total		
	1975	1976	1977	<b>197</b> 5	1976	1977	
Belgium	_	2	_	_	8	_	10
Denmark	-	6	_	_	17	2	25
France	-	6	13	_	7	7	33
Germany	-	1	6	i –	5	6	18
Ireland	5	4	3	4	10	6	32
Italy	4	3 '	12	5	7	19	50
Luxembourg	-	-	_	-	1	_	1
Netherlands	-	_	_	_	3	_	3
United Kingdom	-	1	14	26	6	31	78
TOTAL	9	23	48	35	64	71	
IOIAL		80			170		250

17. No irregularities were discovered in the course of these checks. However, the Commission complains that its officials were not allowed to visit certain industrial projects in France. It is unacceptable that one Member State should not allow inspection visits which are envisaged under Community law and which are a feature of verification work in the other eight Member States.

18. The report indicated that the mechanisms for the transfer of monies between different public sector organisations in Ireland and Italy made it difficult for the Commission officials to define qualifying expenditure. The Committee on Budgets satisfied itself, having questioned the Commission, that the difficulties were of a technical nature arising out of matching standardised Community procedures to national accounting systems. In Germany, some discrepancies in public expenditure figures were discovered. These were attributed to changes in estimates as work progressed and to the complicated nature of the relations between the Bund and the Länder. Therefore, on the control side, the only remaining problem is France.

<sup>1)</sup> Source: paragraph 70 of the Third Report COM(78) 310

#### Publicity

19. Considerable importance is attached by the Committee on Budgets to budgetary transparency in the widest sense; this includes keeping the general public - taxpayers and beneficiaries - fully informed of Community expenditures. Where the Regional Fund is concerned, this entails the use of press releases and publicity hoardings. Therefore, the Committee on Budgets welcomes the comment, in paragraph lll of the Commission's report, regarding the wider distribution of information. Nevertheless, it is regrettable that the Commission should be obliged to state that information available to it on hoardings should be incomplete.

#### Statistical summaries

- 20. The Committee on Budgets deplores the fact that the Commission is obliged to state that the statistical summaries sent to it do not, as yet, enable it to check the results obtained in each region in the preceding year. Specifically, the Commission stated that it would need
  - ... "comparable statistical data, for each region eligible for Fund assistance, on the investments aided by the Fund, on resources committed and on jobs created or maintained for each of the main industrial sectors. For infrastructure, it would need data on the volume of approved investment per major category. Then for a follow-up policy, it would be necessary to know the amount of investment undertaken and expenditure incurred, and the number of jobs actually created. It is possible that the collection of this kind of information still presents statistical or other problems for some national administrations. However a basic statistical summary of this nature is indispensable for assessing the real impact on regional development of the policies carried out."
- 21. Because the Committee on Budgets believes that special regard must be had to ensuring that value is had from money spent, the desired improvements in the preparation and the presentation of these statistical summaries should be effected as a matter of urgency. Additionality
- 22. The Committee on Budgets stresses the significance of the additionality aspect: that is, that the Regional Fund contribution should represent a clear addition to the amount of total national resources available for regional development. It will continue to be difficult to confirm that this criterion is being adhered to, so long as most of the Fund payments must be made in arrears under the existing rather cumbersome and technical procedures.

#### Conclusions

- 23. The Committee on Budgets invites the Regional Policy, Regional Planning and Transport Committee to consider including the following points in its Motion for a Resolution:
- notes the improvement in the pattern of payments according as experience with the working of the Regional Fund grew, thus making closer budgetary estimation possible;
- welcomes the evidence of improved coordination of regional development instruments as evidenced in the third report;
- believes that, in relation to each project assisted out of the Regional Fund, the public should be fully informed of the Community involvement;
- deplores the fact that it is clear that the gap between the less favoured and the more fortunate areas of the Community is widening and that this is, in part, attributable to the inadequate pace of the transfer of resources within the Community and by way of the Community budget;
- regrets that the Commission, while recognising the feebleness of the Regional Fund, did not see its way to proposing a substantial increase in the 1979 preliminary draft budget;
- urges that continuing close attention be paid to the auditing of the Regional Fund;
- strongly deplores the failure of one member State to cooperate with the Commission in carrying out inspection visits;
- insists that the principle of additionality should be adhered to insofar as outlay from the Regional Fund is concerned;
- protests at the inadequacy of the statistical summaries and at the lateness of their submission particularly as these would make it more readily possible to judge the effectiveness of the Community outlay in the regional sphere and demands that the situation be improved as soon as possible;
- observes the complexity of the Regional Fund and the cumbersome nature of its procedures and urges the Commission to continue to seek for greater transparency;
- attaches importance to the acceleration of the making of payments out of the Fund which will be easier to effect under the new provisions;
- considers that it would be helpful if future annual reports when outlining the principal reasons why no decisions were taken on projects would also furnish the number and value of projects in each category.

# TYPES OF INVESTMENT FINANCED BY THE REGIONAL FUND

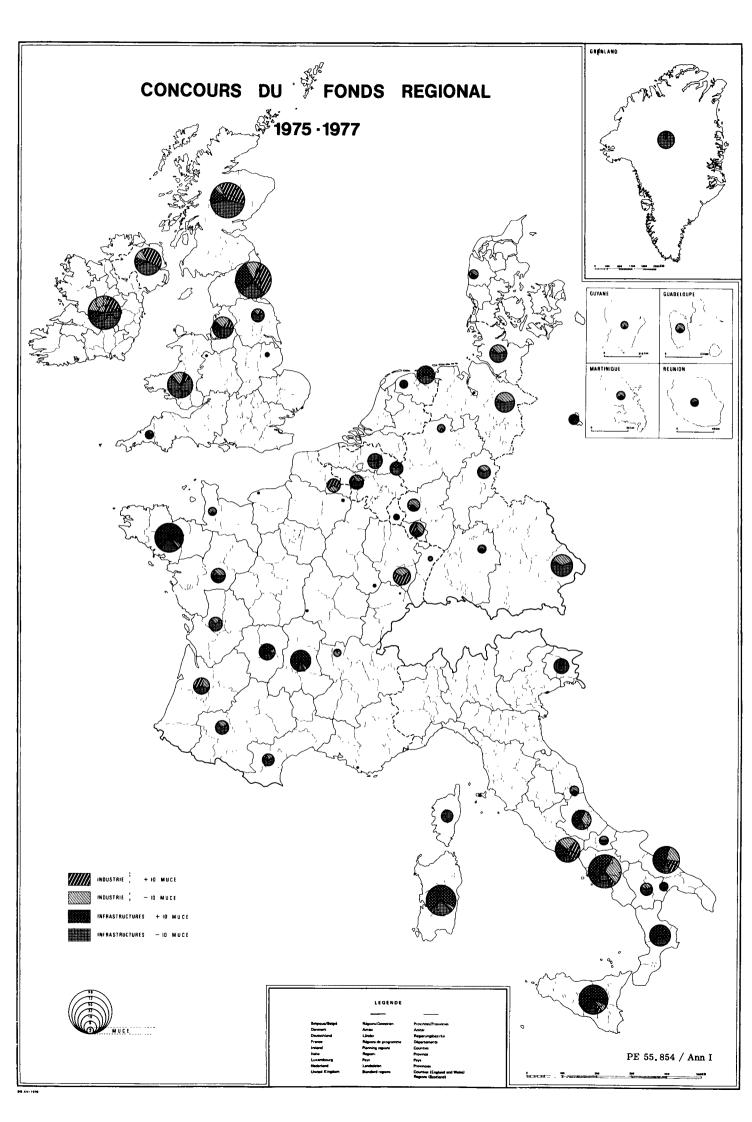
# <u> 1975 - 1977</u>

Industry and <u>Services</u>	Total amount of investment (m.u.a.)	Amount of national aids concerned (m.u.a.)	Number of projects
Projects of 10 m.u.a. or more	3,266.20	607.33	85
Projects under 10 m.u.a.	2,767.60 6,033.80	606.25 1,213.58	1,519 1,604
Infrastructure			
Projects of 10 m.u.a. or more	3,654.89	2,264,79	85
Projects under 10 m.u.a.	1,771.08	1,342.65	2,250
Projects in hill farming areas  GRAND TOTAL		218.90 3,826.34 5,039.92	809 3,144 4,748

## (1) <u>GDP</u>

(1)	GDP		
		000 MEUA	
	United Kingdom	213.84	
	Italy	171.82	
	Ireland	8.23	
(2)	Gross Domestic Fixed capital for	rmation (without	stocks)
		000 MEUA	
	United Kingdom	38.40	
	Italy	33.96	
	Ireland	2.03	
(3)	1977 ERDF Commitments		
		<u>MEUA</u>	
	United Kingdom	45.91	
•	Italy	192.18	
	Ireland	30.32	
(4)	(3) as percentage of (1)		
	United Kingdom	0.02	
	Italy	0.11	
	Ireland	0.37	
(5)	(3) as percentage of (2)		
	United Kingdom	0.12	
	Italy	0.56	
	Ireland	1.49	

Source: Statistics supplied by the Commission of the European Communities.



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