

Opinion on the proposal for a Council Regulation laying down provisions for implementing Council Regulation (EEC) No 2052/88 as regards the European Regional Development Fund

(88/C 337/14)

On 8 August 1988, the Council decided to consult the Economic and Social Committee, under Articles 123, 130 E and 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The section for regional development and town and country planning, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 October 1988 (rapporteur: Mr Amato; co-rapporteur: Mr Serra-Caracciolo).

At its 259th plenary session (meeting of 27 October 1988), the Economic and Social Committee unanimously adopted the following Opinion.

1. Foreword

The proposed Regulation contains no reference to the role to be played by regional policy in consolidating economic and social cohesion to comply with guidelines laid down in Article 130 A of the European Single Act.

The Committee's Opinion⁽¹⁾ on the framework Regulation confirmed that the Community's regional policy should cover:

- the running of structural activities in the abovementioned regions,
- the coordination of all Community policies with a regional impact [beginning with the common agricultural policy (CAP) and the policy for completion of the internal market],
- the coordination of Member States' regional policies,
- the coordination of national aids.

The above Opinion therefore called on the Commission to propose the legislation and procedures needed to enable Community regional policy to carry out this task. The European Parliament had made a similar request.

The Committee considers that such legislation should have been adopted in conjunction with the reform of the structural funds to make this reform more complete.

Such provisions should be urgently proposed by the Commission, which is falling behind in the implementation of Article 130 A of the Single Act (economic and social cohesion).

2. General comments

2.1. The Committee endorses the Commission's proposals for boosting the effectiveness and efficiency of aid from the European Regional Development Fund (ERDF). These proposals also seem consistent both with the aims specified in Regulation (EEC) No 2052/88 and the desired complementarity and coordination of aid.

2.2. However, the Committee observes that a number of changes need to be made to the proposed Regulation to bring it closer into line with the Fund's aims and role.

2.3. The broadest possible consensus and the active support of key social and economic groups are a *sine qua non* for the success of operations, and not merely a procedural complication. Provision should therefore be made for the participation and regular consultation of these groups at the various levels and at all stages (planning, implementation, assessment). At Community level, the socio-economic groups should be represented on the advisory committee for objectives 1 and 2 to be set up under Article 17 of Regulation (EEC) No 2052/88.

3. Scope of assistance and priorities (Article 1)

3.1. The criteria governing ERDF aid should be spelled out in greater detail. Absolute priority should be given to the intensive, rapid creation of new jobs, particularly in areas of high unemployment. Specifications to this effect should be included in points a, b and c of Article 1⁽²⁾.

3.2. Investment in firms should give priority to schemes which have the greatest impact on employment, and which aim to modernize production.

⁽¹⁾ OJ No C 356, 31. 12. 1987, p. 13.

3.3. Infrastructure financing in regions designated under objective 1, should place emphasis on activities designed to create 'external economies' (telematics and telecommunications networks, research centres, regional planning, etc.). However, it should not rule out projects which further social development, the quality of life, environmental conservation, or the enhancement of sites of historic, artistic or cultural interest. In certain circumstances, these are pre-requisites for economic development. As a general rule, infrastructure financing should create enough jobs, in the short term, to produce a significant drop in unemployment in the regions covered by objective 1.

3.4. It should be specified that infrastructure for areas in industrial decline (objective 2) can be built in order to create new economic activities outside the 'derelict industrial sites' themselves, provided that they are within the areas covered by objective 2.

3.5. As regards the development of indigenous potential, further clarification is needed of ERDF assistance in the setting-up and operation of organizations and corporations to stimulate economic development, promote business and innovation, and make economic use (in particular by means of tourism) of historic, artistic or cultural assets.

4. Regional plans (Article 2)

4.1. The regional plans covering objective 1 should, as a rule, relate to a single region at NUTS level II. Provision should also be made for plans encompassing regions in different Member States. These plans could be promoted via a joint initiative from the regional authorities concerned (or other bodies designated by the Member States) or via a Commission initiative, drawing on the pilot schemes mentioned in Article 10 of the proposed Regulation.

4.2. Plans relating to objective 2 should specify the link between operations planned in the zone in industrial decline (NUTS III) and overall development of the region (NUTS II). Consequently, a plan should be drawn up for each region (NUTS II), possibly grouping together the various zones concerned.

4.3. The plans (in the case of both objectives 1 and 2) should cover a period ranging from 3 to 5 years.

5. Operational programmes (Article 3)

5.1. This Article should specify that ERDF aid should give priority to integrated programmes. By its

very nature, the ERDF can achieve optimum impact with an integrated approach.

5.2. All operational programmes should be run on the basis of programme contracts.

5.3. The European Parliament and the Economic and Social Committee should be consulted on programmes carried out on the Commission's initiative to comply with existing practice and thereby facilitate broader consultation of key socio-economic groups.

5.4. The Committee repeats its recommendation that the operational programmes carried out on the Commission's initiative should include a specific programme for upland areas.

6. Part-financing of aid schemes (Article 4)

6.1. National aid arrangements often fail to give sufficiently clear definitions of objectives and priorities regarding sectors, employment potential or the quality of investment. The Commission should require the definition of such objectives and priorities, of which Article 4 makes no mention.

6.2. The Committee agrees that decisions on how incentives are to be apportioned must take account of firms' locational disadvantages. For this reason, priority should be given to less-favoured upland and island areas.

7. Major projects (Article 5)

7.1. Applications for assistance to major projects should include information and data to help assess the 'social profitability' of the actual investment (also in the case of investment in firms), starting with its impact on employment and innovation. The implementing arrangements should (as in the case of operational programmes) take the form of a 'programme contract' (between the Commission, the Member State, the regional and local authorities, and the public organizations or enterprises concerned).

8. Global grants (Article 6)

8.1. The term 'organizations' should be understood in the widest sense, including bodies of differing legal status—such as semi-public companies. At all events, these organizations must be recognized by the relevant regional authorities (or other authorities designated by the Member States).

8.2. The involvement of key socio-economic groups in local development programmes funded by global grants is a *sine qua non* at all levels (planning,

implementation and assessment). These groups should therefore be consulted on the procedures referred to in Article 6(2). Such procedures should also be agreed to by the regions concerned.

9. Technical assistance and preparatory measures (Article 7)

9.1. Technical assistance activities relating to the formulation and implementation of programmes should receive 100% funding, when the Commission receives applications from a national, regional or local authority, especially if particularly disadvantaged areas are involved.

10. Regional policy guidelines (Article 8)

10.1. More attention should be paid to the importance and role of the regional policy guidelines which should govern the choices to be made in the Community support frameworks, and guide the coordination of all policies which have a regional impact (see Foreword).

10.2. Such guidelines should therefore be referred to the European Parliament and the Economic and Social Committee for an Opinion.

10.3. As regards the development strategies referred to in Article 8(3), the Committee would stress the importance of upland areas, not least in order to re-establish a territorial balance within individual regions.

11. Reports and statistics (Article 8)

11.1. The Commission's commitment to base the Report on updated and comparable statistics should be supported by an effort to ensure that all the statistics used to establish socio-economic indicators are completely reliable.

12. Regional partnership (Article 9)

12.1. Procedures should be laid down for close collaboration between the Commission, the Member State concerned and the regional authorities (or other authorities designated by the Member State), both at the preparatory stage and when measures are implemented and assessed. Among other things, this is required by Regulation (EEC) No 2052/88.

Done at Brussels, 27 October 1988.

The Chairman
of the Economic and Social Committee
Alberto MASPRONE
