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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 1787/84
of 19 June 1984
on the European Regional Development Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposals from the Commission [1],

Having regard to the opinion of the European Parliament [2],

Having regard to the opinion of the Economic and Social Committee [3],

Whereas Council Regulation (EEC) No 724/75 [4], as last amended by Regulation (EEC) No 3325/80 [5], established a European Regional Development Fund, hereinafter referred to as ERDF, designed to correct the main regional imbalances in the Community;

Whereas Article 22 of the said Regulation provided that the Council, on a proposal from the Commission, should re-examine this Regulation before 1 January 1982;

Whereas in the light of that examination a revision of Regulation (EEC) No 724/75 should be undertaken and consequently that Regulation should be replaced;

Whereas the coordination of Community policies with each other and the coordination of Community regional policy guidelines and priorities with national regional policies contributes to the achievement of a higher degree of convergence of the economies of Member States and to a more balanced distribution of economic activities within Community territory;

Whereas the regional policies of the Member States which are intended to reduce the economic disparities between their regions also contribute to these objectives;

Whereas the purpose of the ERDF is to contribute to the correction of the principal regional imbalances within the Community through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions;

Whereas it seems necessary that use of the ERDF's resources as a whole should fall within certain ranges, consisting of upper and lower limits for each Member State;

Whereas to improve the impact of ERDF assistance it is necessary to ensure, on a trial basis, that part of the Fund's resources are used in the form of programmes, including Community programmes;

Whereas it is desirable that the ERDF should be able to contribute to greater exploitation of the potential for internally generated development of regions;

Whereas, with a view to ensuring that its assistance has a greater impact, the present rates of ERDF participation must be raised and simplified;

Whereas an accelerated procedure for payments by the ERDF may facilitate the successful conduct of operations assisted by the ERDF; whereas to this end it is appropriate to provide for the possibility of advance payments under certain conditions;

Whereas it is appropriate to encourage integrated approaches to development, for example in the form of integrated operations or programmes;

Whereas the Treaty has not provided the necessary specific powers,

HAS ADOPTED THIS REGULATION:

(1) OJ No C 336, 23. 12. 1981, p. 60 and OJ No C 360, 31. 12. 1983, p. 1.
(2) OJ No C 127, 14. 5. 1984, p. 236.
(3) OJ No C 140, 28. 5. 1984, p. 17.
(4) OJ No L 73, 21. 3. 1975, p. 1.
(5) OJ No L 349, 23. 12. 1980, p. 10.

TITLE I

ON COORDINATION OF REGIONAL POLICIES

Article 1

1. In order to contribute to the achievement of a higher degree of convergence of the economies of Member States and to ensure a more balanced distribution of economic activities within the territory of the Community, coordination, in accordance with the procedure laid down in Article 2, shall be instituted between:

— Community policies with each other, to the extent that they affect regional development, taking account of the aims of each of those policies,

— Community regional policy guidelines and priorities with national regional policies.

2. The object of the coordination shall be to avoid inconsistencies between the policies referred to in paragraph 1.

This coordination must also take account of the regional impact of Community and national economic and sectoral policies. The Commission shall ensure that the resources of the ERDF and the Community's other financial instruments, to the extent that they affect regional development, are used consistently.

3. In the case of regions located near internal Community frontiers, the Member States concerned shall endeavour to pursue, within the framework of their bilateral relations, transfrontier coordination of regional development by the means and at the levels which they jointly consider appropriate, and in this context to support cooperation between the regional and local bodies involved.

Article 2

1. The periodic report, regional development programmes, analysis of regional impact and the ERDF shall contribute to the carrying out of the tasks provided for in this Regulation.

Furthermore, coordination by the Commission, in accordance with the Treaty, of general regional aid schemes shall be an essential feature.

2. After consulting the Regional Policy Committee the Commission shall prepare a periodic report an the situation and socio-economic changes in the regions of the Community. To this end, Member States shall provide the Commission with the relevant information, enabling it to make an analysis of regions or sub-regions which are as far as possible comparable.

The periodic report, prepared as a rule at two-and-a-half year intervals, with every other report coinciding if possible with the examination of the medium-term economic policy programmes, shall be examined by the Council after consultation of the European Parliament and the Economic and Social Committee.

On the basis of this report, the Commission shall, if necessary, submit proposals for Community regional policy guidelines and priorities.

3. (a) Member States shall communicate regional development programmes to the Commission, and any amendments to them in the case of regions and areas receiving aid eligible for assistance from the ERDF. Such programmes shall be prepared in accordance with the joint outline drawn up by the Regional Policy Committee [1] and taking into account the Commission recommendation of 23 May 1979 [2].

If other regions or areas are the subject of national regional policy measures the Member States shall also communicate to the Commission the corresponding programmes or other documents, which should in any case indicate the priorities, the objectives and the financial and operational means for development of the region.

The regional development programmes shall be indicative in character and shall specify the objectives and the operational means for development of the region. The regional authorities concerned shall be involved as far as possible in their preparation. When communicating these programmes to the Commission, Member States shall, as far as possible, send it information for the whole of their territory concerning the essential public measures that are likely to influence the regional balance, including expenditure in each region under their infrastructure budgets.

The regional development programmes and other documents communicated to the Commission under this paragraph shall be examined, with regard to their consistency with the Community's programmes and objectives, by the Commission and the Regional Policy Committee, which shall submit an opinion on them to the Commission.

(1) OJ No C 49, 24. 3. 1976, p. 2.
(2) OJ No C 143, 12. 6. 1979, p. 9.

The latter shall, where necessary, send the appropriate recommendations to Member States.

(b) Every two and a half years, and for the first time at the end of 1985, Member States shall send the Commission a report on the implementation of the regional development programmes together with the documents and programmes mentioned in (a), specifying in particular, where possible, the rate of utilization of the main infrastructure installations completed.

Before 1 July each year the Member States shall send the Commission in respect of each region assisted and for the preceding year:

— quantified information on the results of measures carried out in the regions in terms of investment and jobs,

— details of the financial means employed, from both national and Community sources, distinguishing, where applicable, those provided by the ERDF from those provided by the Community's other financial instruments.

4. The Commission shall carry out an analysis of the regional impact of Community economic and sectoral policies in which it shall examine the main common policies and essential measures which it proposes to the Council. It shall inform the latter and the European Parliament of the way in which account is taken of the results of this analysis.

TITLE II

GENERAL PROVISIONS RELATING TO THE ERDF

Article 3

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

Article 4

1. The allocation for the ERDF shall be determined annually in the general budget of the European Communities.

2. The budget shall indicate for the relevant year under the ERDF heading:

(a) commitment appropriations;

(b) payment appropriations.

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

3. The ERDF's resources shall be used on the basis of ranges of which the lower and upper limits are shown below.

(%)

Member State	Lower limit	Upper limit
Belgium	0,90	1,20
Denmark	0,51	0,67
Germany	3,76	4,81
Greece	12,35	15,74
France	11,05	14,74
Ireland	5,64	6,83
Italy	31,94	42,59
Luxembourg	0,06	0,08
Netherlands	1,00	1,34
United Kingdom	21,42	28,56

4. These upper and lower limits shall apply for periods of three years.

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

5. In the case of that portion of the ERDF's resources falling between the lower and upper limits shown in paragraph 3, allocation of resources shall depend on the implementation of the priorities and criteria laid down in this Regulation.

TITLE III

RELATING TO PROVISIONS OF ERDF OPERATIONS

Article 5

The ERDF shall participate in the financing of:

— Community programmes,

— national programmes of Community interest,

— projects,

— studies.

Article 6

On a trial basis, each Member State whose upper range limit is higher than 1,5 shall ensure that an appropriate number of applications for aid are submitted in the form of a programme or programmes, so that the Commission may as far as possible guarantee that the share of ERDF aid allocated to programme financing, including Community programmes, is gradually increased to reach at least 20 % of the appropriations allocated by the ERDF at the end of the third year.

CHAPTER I

PROVISIONS RELATING TO PROGRAMME FINANCING

Section 1

Community programmes

Article 7

1. A Community programme means a series of consistent multiannual measures directly serving Community objectives and the implementation of Community policies. Its purpose shall be to help in solving serious problems affecting the socio-economic situation in one or more regions. It must provide a better link between the Community's objectives for the structural development or conversion of regions and the objectives of other Community policies.

2. A Community programme shall as a rule concern the territory of more than one Member State, with the agreement of the latter.

3. Member States shall communicate to the Commission information on regional problems likely to be the subject of a Community programme.

4. Acting on a proposal from the Commission and after consulting the European Parliament, the Council shall adopt by a qualified majority:

— the specific objectives,

— the areas or regions which may receive assistance from the ERDF or the Community criteria for determining the territorial scope,

— the nature and terms of assistance which shall cover, in the first place, aid schemes for industry, craft industries or services, infrastructure investment, within the limits defined in the Annex, and operations to exploit the potential for internally generated development,

— the level of Community participation. Such participation, which may reach 55 % of all the public expenditure taken into account in the Community programme, shall be determined in the light of the socio-economic situation in the regions and the types of measure involved in those programmes.

These aspects shall constitute the framework of the programme.

5. On the basis of the framework described in paragraph 4, a programme shall be drawn up by the competent authorities of the Member State or States concerned in consultation with the Commission. It shall be adopted in the manner provided for in Articles 13 and 40.

6. In managing the ERDF's resources, a priority shall be given to Community programmes.

Article 8

Community programmes shall include at least the following:

(a) the objectives, as defined by the Council, and the expected results, as far as possible in quantified form;

(b) the nature of the operations involving the ERDF;

(c) the areas and regions receiving assistance from the ERDF;

(d) the forward plan for financing the programme, indicating clearly the various national and Community sources;

(e) the categories of beneficiaries of ERDF aid;

(f) the financing arrangements;

(g) the arrangements for publicizing ERDF aid, the purpose being to make potential beneficiaries and trade and industry aware of the opportunities offered by the programme and of the role played by the Community;

(h) any related measures which are essential for implementing the programmes.

Article 9

1. In using ERDF resources intended for the financing of Community programmes, account shall be taken of the relative severity of regional imbalances in the Community.

2. The Community programmes may not have as their object the internal reorganization of declining sectors but may, by participating in the establishment of new economic activities, promote the creation of alternative employment in regions or areas in a difficult situation.

3. Community programmes may also, where appropriate, relate to areas or regions other than those referred to in Articles 11 (3) and 17 (3), with the agreement of the Member State concerned, for the solution of problems forming the subject of Community action, to the extent that the Member State concerned has also given assistance or does so at the same time.

Section 2

National programmes of Community interest

Article 10

1. A national programme of Community interest shall be defined at national level and shall consist of a set of consistent multiannual measures corresponding to national objectives and serving Community objectives and policies. In particular it shall assist the convergence of Member States' economies through the reduction of regional disparities. It shall translate into operational commitments the indications contained in regional development programmes. It may concern part of a region or one or more regions, in one or more Member States.

2. In the case of ERDF assistance, such measures may concern, jointly or separately, infrastructure investment, aid schemes for industry, craft industries and services and operations to exploit the potential for internally generated development.

Article 11

1. National programmes of Community interest shall be undertaken on the initiative of Member States. The Member State concerned shall first draw up the programme in collaboration with the authorities or bodies concerned, within the limits laid down by national legislation, and then submit it to the Commission.

2. The Commission shall assess programmes on the basis of their consistency with regional development programmes and their contribution to the attainment of the Community's objectives and priorities, and primarily those in the regional field.

This assessment shall take particular account of:

(a) the relative severity of the economic imbalance affecting the areas or regions in which the programme is being carried out;

(b) the direct or indirect effect of the programme on employment;

(c) mobilization of the indigenous potential of the areas or regions concerned;

(d) the contribution to the development of the areas or regions concerned and to the strengthening of their economic bases;

(e) the situation in the economic sectors concerned and the profitability of the investments;

(f) the frontier, island or peripheral character of the areas or regions concerned;

(g) the effects on the natural resources of the areas or regions concerned;

(h) the integrated use in appropriate cases of any other Community structural financial instruments. Other Community assistance shall thus be coordinated with ERDF assistance in such a way as to promote convergent measures in a given region in order to guarantee, in particular, consistency between regional policy and other Community policies.

3. Regions and areas which the ERDF may assist through national programmes of Community interest shall be limited to those aided areas established by Member States in applying their systems of regional aids.

4. When administering the ERDF, a priority shall be given to investment in national priority areas.

5. If the Commission considers that the draft programme submitted can receive assistance from the

ERDF, it shall inform the Member State concerned, adding its observations. If necessary, the Commission and the Member State concerned shall finalize the programme by common consent. The programme shall be adopted as laid down in Articles 13 and 40.

6. The ERDF's contribution to the financing of national programmes of Community interest shall be determined in the light of the socio-economic situation in the regions and the types of measure referred to in the programmes. It shall be 50 % of the total public expenditure taken into account in the programmes.

However, this rate may amount to 55 % for programmes of particular importance for the regions or areas in which they are located.

Article 12

1. National programmes of Community interest shall include the following:

(a) an indication of the regions or areas concerned;

(b) the expected objectives and results, as far as possible in quantified form;

(c) the nature of the measures, including any related measures which are essential for implementing the programme;

(d) the operations and assistance planned and a timetable of their execution or implementation;

(e) a forward financing plan for the programme, indicating clearly the various sources of national and Community finance;

(f) the designation of the authorities or agencies responsible for carrying out the various parts of the programme;

(g) the arrangements for publicizing the ERDF assistance, the purpose being to make potential beneficiaries and trade and industry aware of the opportunities offered by the programme and of the role played by the Community;

(h) — in the case of infrastructure investment programmes, a description of the most significant projects,

— in the case of the co-financing of aid schemes, the priorities and criteria for selecting investment projects,

— in the case of operations to exploit the potential for internally generated development, a description of the operations as referred to in Article 15.

2. Where national programmes of Community interest **relate to:**

— infrastructure investment projects, Article 18 shall apply,

— investment projects in industry, craft industries and services, Article 19 shall apply.

Section 3

Provisions common to the programmes

Article 13

1. A **programme** which has become the subject of an agreement between the Commission and the Member State or **States concerned and has been adopted** by the Commission after consultation of the ERDF Committee in accordance with the procedure laid down in Article 40 shall constitute a 'programme agreement'.

2. Decisions on the grant of ERDF assistance for programme financing shall be published in the *Official Journal of the European Communities*.

Article 14

Every two years from the entry into force of the Regulation the Member State concerned shall submit to the Commission a report showing the progress made in carrying out each programme during the period concerned and making reference to the information required under Articles 8 and 12. This report must enable the Commission to satisfy itself as to the execution of the programmes, to take note of their effects, as far as possible **in quantified form, and,** where necessary, to determine whether the operations are being carried out in a consistent manner, as between one operation and another. The report shall be communicated to the ERDF Committee.

On this basis, the Commission shall submit a report to the European Parliament and to the Council in accordance with the conditions set out in Article 46.

In the event of a programme being substantially amended while being carried out, the procedure provided for in Article 40 shall apply.

Upon completion of each programme, the Commission shall inform the ERDF Committee of the results achieved.

CHAPTER II

MEASURES TO EXPLOIT THE POTENTIAL FOR INTERNALLY GENERATED DEVELOPMENT OF REGIONS

Article 15

1. For the purposes of greater exploitation of the potential for internally generated development of regions, the ERDF may contribute to the financing of consistent sets of measures for assisting undertakings, primarily small and medium-sized undertakings, in industry, craft industries and tourism in order to:

— provide these undertakings with facilities enabling them to expand their activities and to obtain access to new technology,

— facilitate their access to the capital market.

These measures shall involve in particular:

(a) aid towards carrying out enquiries enabling a better indication to be obtained of the opportunities for internally generated regional development assisted by the ERDF;

(b) aid for the establishment and operation of local and regional applied research organizations whose object is to further internally generated regional development;

and, in the case of small and medium-sized undertakings only,

(c) financing the transfer of technology through operating aids for organizations compiling and disseminating information on product and technological innovations and for feasibility studies and projects enabling such innovations to be applied in undertakings;

(d) aid for sectoral studies making possible a better appreciation of opportunities for access to national, Community and external markets and to the means of disseminating information on the results of such studies;

(e) aid towards increasing the efficiency of undertakings by making it easier for them to obtain advice on management and organizational matters; this aid shall cover the expenditure of undertakings relating to services provided by consultancy firms or organizations;

(f) starting-up aid facilitating the establishment of services common to several undertakings and covering part of the operating expenditure of the common services;

(g) aid towards improving the exploitation of regional potential for tourism, covering part of the operating expenses of organizations concerned in the promotion and coordinated management of accommodation;

(h) measures to promote the establishment and expansion of these undertakings by providing them with easier access to the capital market.

2. Within the limits laid down by national legislation, the ERDF may also make a contribution to public expenditure on the planning, technical preparation and implementation of operations in respect of which a Member State has applied for ERDF aid.

3. The ERDF may make contributions, pursuant to this Article, both in the framework of programmes and in the form of a consistent set of projects.

Article 16

1. The ERDF's contribution to the projects referred to in Article 15 may not exceed 50 to 55 % of the public financing per project or set of projects covered by the same decision to grant assistance. The contribution for each study or enquiry may not exceed 100 000 ECU.

2. The ERDF's contribution to the financing of the measures referred to in Article 15 may not exceed 10 % of the minimum appropriations allocated to each Member State per three-year period.

This limit shall not apply to those Member States whose upper limit of the range referred to in Article 4 (3) does not exceed 2 %.

3. The ERDF's contribution shall be decided on by the Commission in accordance with the procedure laid down in Article 40.

4. Aid as referred to in Article 15 which is for the same recipient and the same project may not last longer than three years.

CHAPTER III

PROVISIONS RELATING TO PROJECT FINANCING

Article 17

1. The ERDF may contribute to the financing of investment projects costing more than 50 000 ECU each, in industry, in the crafts or services sector or in infrastructure, on the conditions laid down in this Chapter.

2. To benefit from ERDF assistance, investment projects must fall within the framework of regional development programmes the implementation of which is such as to contribute to the correction of the main regional imbalances within the Community which may prejudice the proper functioning of the common market and the convergence of the Member States' economies, with a view, in particular, to the attainment of economic and monetary union.

3. Regions and areas which may be assisted by the ERDF through projects shall be limited to those aided areas established by Member States in applying their systems of regional aids. In administering the ERDF, a priority shall be given to investment projects located in national priority areas.

Article 18

1. Infrastructure investment projects which may be assisted by the ERDF shall be those the cost of which is borne wholly or partly by public authorities or by any other organization responsible, in the same way as a public authority, for carrying out infrastructure projects.

The financing of instrastructure investment project shall relate, within the limits defined in the Annex to infrastructure projects which will contribute to the development of the region or area in which they are located.

2. Exceptionally, and after consultation of the ERDF Committee in accordance with the procedure provided for in Article 40, aid from the ERDF may be granted for all or part of infrastructure investment projects which, although not located in an eligible region or area, are situated in an area adjacent to such a region or area and are an essential complement to its infrastructure. The ERDF's aid shall cover only that part of the project which is necessary to the development of the region or area in question. The amount of the resources allocated for finance of the investment projects referred to in this paragraph may not exceed 4 % of the ERDF's resources.

Article 19

1. Investment projects in industry or the craft or service sector which may be assisted by the ERDF must relate to economically sound activities which are intended to help create or maintain permanent jobs.

Where the aim is to preserve jobs, the investments must fall within the framework of a conversion or restructuring plan ensuring that the establishment concerned is competitive. Priority shall, however, be given to operations in the case of which the maintenance of existing jobs is accompanied by the creation of new jobs.

2. Official aid to be taken into consideration in determining ERDF assistance shall be grants or subsidies, interest-rate subsidies, or their equivalent where loans at reduced rates of interest are concerned, and any other form of investment aid provided that it is quantifiable at the time when the application for assistance is submitted. Such aid may be linked to the amount of investment or to the number of jobs created.

Such aid may include aid granted in respect of an investment project and linked to the transfer of plant and workers. The aid equivalent shall be calculated in accordance with an implementing regulation adopted pursuant to the procedure set out in Article 40. Aid granted in the form of rent reductions or exemptions in respect of buildings, including equipment, may also be taken into account provided the same calculation is possible.

In order to favour aid to investment by small and medium-sized undertakings in industry or the craft or service sector, Member States which so wish and the Commission shall endeavour to set aside an appropriate proportion of the ERDF's total endowment for assistance in the form of interest-rate subsidies on loans for small and medium-sized undertakings.

3. Activities in the service sector qualifying for assistance shall be those concerning tourism or those having a choice of location. Such activities must have an impact on the development of the region and on the level of employment. Tourist activities must contribute to the development of tourism in the region or area in question.

Article 20

1. In the case of investment projects in industry and the craft and service sectors, the amount of the ERDF's contribution shall be 50 % of the aid granted to each project by the public authorities under a regional-aid scheme.

2. In the case of infrastructure investment projects, the amount of the ERDF's contribution shall be 50 % of the total expenditure being met by a public authority or equivalent body where the investment is less than 15 million ECU and between 30 % and a maximum of 50 % in the case of investment projects costing 15 million ECU or more.

However, these rates may rise to 55 % in the case of projects of particular importance to the development of the region or area in which they are located.

Article 21

1. ERDF assistance shall be decided on by the Commission according to the relative severity of the economic imbalance affecting the region where the investment project is carried out and the direct or indirect effect of the project on employment. The Commission shall examine, in particular, the consistency of the project with all the measures taken by the relevant Member State to assist the region concerned, as shown by the information supplied by Member States pursuant to Article 2, taking special account of:

(a) the project contribution to the economic development of the region;

(b) consistency with the Community's programmes or objectives;

(c) the situation in the economic sector concerned and the profitability of the project;

(d) the frontier character of the project when it is in a region adjacent to one or more other Member States;

(e) specific problems due to the island, landlocked or peripheral character of the area in which the project is located;

(f) the effects of the investment on the region's natural resources;

(g) other assistance granted by Community institutions or the European Investment Bank either to the same project or to other projects within the same region. Thus, other Community assistance shall be coordinated with ERDF assistance in such a way as to promote convergent measures within a given region and to guarantee, in particular, consistency between regional policy and other Community policies.

2. In the case of investment projects costing 5 million ECU or more, ERDF assistance shall be decided on by the Commission in accordance with the procedure provided for in Article 40.

In the case of investment projects costing less than 5 million ECU, the Commission shall decide on ERDF assistance and shall inform the ERDF Committee thereof.

Decisions refusing assistance shall be adopted by the Commission in accordance with the procedure laid down in Article 40.

Article 22

1. Applications for ERDF assistance shall be submitted to the Commission by Member States, together with such information as will enable the Commission to assess the merit of the investments in the light of Articles 2 and 21.

2. In the case of investments of less than 15 million ECU, Member States shall submit grouped applications at the beginning of each quarter. These applications shall be submitted on a region-by-region basis, a distinction being made between investments in industry, the crafts or the services sector and investments in infrastructure.

These applications shall indicate:

(a) in respect of investments in industry, the crafts or the services sector, the names of the undertakings concerned, their sector of activity, and the location of each investment and its nature (setting up, extension, relocation, conversion or restructuring of an establishment), the total amount of investment involved and the part taken into account in the application for aid, the predicted overall effect on employment (creation or maintenance), the proposed time-scale for implementation, aids granted on the basis of which ERDF assistance is applied for, the amount of assistance applied for and the planned schedule of payments;

(b) in respect of investments in infrastructure, the names of the responsible authorities, the location of each investment and its nature, its contribution to the development of the region, the predicted total expenditure and in particular the expenditure to be borne by public authorities and also expenditure taken into account in the application for aid, the planned schedule of payments, the total amount of ERDF assistance applied for and the proposed timescale for implementation.

3. In the case of investments of 15 million ECU or more, applications shall be submitted separately and shall include the following information:

(a) in respect of investments in industry, the crafts or the services sector, the name of the undertaking, the sector of activity, the nature of the investment, its location, the effect on employment, the proposed time-scale for implementation, the total amount of any grants, interest-rate subsidies or loans at reduced rates of interest, any other form of aid granted or provided for by the public authorities and the financing plan, any other Community aids applied for or provided for and the portion of these aids taken into consideration in the application for assistance, the total investment and the portion taken into consideration in the application for assistance, the planned schedule for payment of aids and the results of an appropriate profitability assessment.

The Member State shall specify in its application the total amount of assistance which, in its opinion, should be granted to the undertaking and the contribution it is seeking from the Community;

(b) in respect of investments in infrastructure, the responsible authority, the nature of the investment, its locations, its contribution to the development of the region, its cost, its financing plan, the expenditure to be borne by the public authorities and also expenditure taken into account in the application for aid, the proposed time-scale for implementation, the amount of ERDF assistance applied for and other Community aid applied for or provided for, the planned schedule of payments and the results of an appropriate socio-economic cost-benefit assessment.

4. ERDF assistance shall be decided on by the Commission:

(a) on an aggregated basis for applications covered by paragraph 2;

(b) on a case-by-case basis for applications covered by paragraph 3.

Article 23

1. The investors concerned shall be informed by the Commission, in agreement with the Member States in question, that part of the aid granted to them has been provided by the Community.

2. In the case of infrastructure projects, Member States, in agreement with the Commission, shall take all necessary steps to ensure that ERDF assistance is given suitable publicity.

3. The list of projects that have received ERDF assistance shall be published every six months in the *Official Journal of the European Communities*.

CHAPTER IV

STUDIES

Article 24

1. The ERDF, at the request of or in agreement with the Member State or Member States concerned, shall contribute to the financing of studies which are closely related to its operations.

ERDF assistance shall be 50 % of the cost of each study. It may reach up to 70 % of this cost where studies are of exceptional interest.

2. The ERDF may defray all or part of the cost of studies covering problems of special significance for the effective use of ERDF resources.

Within the limit of 0,3 % of the ERDF's annual endowment, the Commission shall decide on ERDF assistance and shall inform the ERDF Committee of the studies carried out.

Above this limit and up to 0,5 % of the annual endowment, ERDF assistance shall be decided on by the Commission in accordance with the procedure laid down in Article 40.

3. The Commission shall inform the ERDF Committee of the results of the studies which have received ERDF assistance.

TITLE IV

COMMITMENTS, PAYMENTS AND CHECKS

CHAPTER I

PROGRAMMES

Article 25

1. The budget commitments for the financing of a programme shall be effected, within the limits of budget balances, in annual instalments. The first instalment shall be committed as soon as the assistance decision has been adopted by the Commission. The commitment of subsequent annual instalments shall depend on the progress made with the programme.

2. Expenditure incurred or planned by the authorities or other bodies concerned as from the 12th month preceding the date of receipt by the Commission of the application shall be eligible for ERDF assistance.

Article 26

1. Claims for assistance from the ERDF shall be submitted to the Commission by Member States together with a certificate confirming the fact of the operations and the existence of detailed supporting documents and shall contain the following information:

— nature of the operations covered by the payment claim,

— amount and nature of the expenditure incurred in respect of the various operations during the period covered by the claim,

— confirmation that the operations described in the payment claim were started as provided for in the programme.

2. For a period of three years following the last payment in connection with the programme, the Member State shall keep available for the Commission all the supporting documents regarding programme expenditure or certified copies thereof. The Commission may on a random basis examine in detail individual projects carried out under the programme.

3. The Commission shall make the payments to the Member State or a body designated for this purpose by the Member State.

CHAPTER II

MEASURES TO EXPLOIT THE POTENTIAL FOR INTERNALLY GENERATED DEVELOPMENT OF REGIONS

Article 27

1. Payment claims shall be submitted to the Commission by Member States, accompanied by a certificate from the latter confirming the fact of the operations and the existence of detailed supporting documents, and shall contain the following information:

— nature of the operations covered by the payment claim,

— amount and nature of the expenditure incurred in respect of the various operations during the period covered by the claim,

— confirmation that the operations described in the payment claim were started as provided for in the programme.

2. The Commission shall make the payments to the Member State or public authorities, bodies or undertakings designated by the Member State for this purpose.

3. The aggregate of national aid and the aid referred to in Article 15 (1), may not exceed 80 % of the expenditure incurred by the undertakings concerned.

4. For a period of three years following the final payment in connection with the programme, the Member State shall keep available for the Commission all the supporting documents regarding programme expenditure or certified copies thereof. The Commission may, on a random basis, examine in detail individual projects carried out under the programme.

CHAPTER III

INVESTMENT PROJECTS

Article 28

1. The amount of ERDF assistance, defined where applicable, by calculating the aid equivalent pursuant to an implementing Regulation adopted in accordance with the procedure referred to in Article 40, shall be paid upon presentation by the Member State of quarterly statements certifying expenditure and the existence of detailed supporting documents, and containing the following information:

(a) for interim payment claims:

— the name of the undertaking concerned or, in the case of infrastructure projects, the name of the responsible authority,

— the location of the investment,

— total public expenditure incurred after the date referred to in Article 29 and that part of the amount for which payment is applied for,

— the amount of the payment requested from the ERDF,

— a forecast of future payment claims;

(b) for final payment claims, all the information referred to at (a), with the exception of the last indent, together with:

— the amount actually invested and confirmation that the investment made conforms with the initial project,

— the date of completion of the investment,

— the number of jobs created or maintained by investments in industry, the crafts and the services sector,

— the amounts of public expenditure,

— the socio-economic effects of the measures undertaken which may be assessed at this stage.

2. Where expenditure provided for in the decisions referred to in Article 22 consists of aid granted in the form of interest-rate subsidies or loans at reduced rates of interest, the amount of ERDF contribution in respect of such aids that is still due when the investments are

completed shall be paid in a single transaction on presentation of the certificate attesting to the completion of the investments.

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

4. Member States shall designate the authorities or bodies empowered to issue the certificates referred to in this Article. The Commission shall make the payments to the Member State or a body designated by the Member State for this purpose.

Article 29

The Commission shall take into consideration for ERDF assistance payments made by the Member States as from the 12th month before the date on which it receives the request for assistance, in respect of investments not completed by the latter date.

CHAPTER IV

ADVANCES

Article 30

1. In the case of measures referred to in Title III, Chapters I and II, advances may be granted, at the request of the Member State, for each annual instalment according to the progress made with the operations, the corresponding national expenditure and within the limits of budget balances.

2. As from the start of carrying out the operations, a maximum advance of 40 % of ERDF assistance relating to the first annual instalment may be made by the Commission. Where the Member State certifies that half of this first instalment has been disbursed, and that the whole programme is progressing at a satisfactory rate, a second advance may be made by the Commission. The two instalments may not exceed 80 % of the total committed.

As from the start of the following annual instalment, advances may be made under the conditions laid down in the previous subparagraph and in paragraph 1.

3. The balance of each annual instalment shall be paid, as and when payments are made, at the request of the Member State where the latter certifies, in accordance with the procedures referred to in Article 26 (1), that the corresponding operations covered by the instalment in question may be deemed to have been completed, and on submission of a statement of the public expenditure incurred.

Article 31

1. In the case of projects referred to in Title III, Chapter III, advances may be granted at the request of the Member State according to the progress of the operations, the corresponding national expenditure, and budget availabilities.

2. As from the start of the project, a maximum advance of 40 % of ERDF assistance may be made by the Commission. Where the Member State certifies that half of this first instalment has been disbursed, a second advance may be made by the Commission. The two instalments may not exceed 80 % of the total assistance which has been decided on.

3. The balance shall be paid as and when payments are made, at the request of the Member State, where the latter certifies, in accordance with the procedure referred to in Article 28 (1), that the corresponding operations may be deemed to have been completed, and on submission of a statement of the public expenditure incurred.

CHAPTER V

MONITORING OPERATIONS

Article 32

1. Where a measure which has been granted ERDF assistance has not been carried out as planned, or if the conditions imposed by the provisions which govern the measure are not fulfilled, ERDF assistance may be reduced or cancelled, if the Commission so decides after consulting the ERDF Committee.

Member States shall repay to the Commission the amount of ERDF assistance received in all cases where national aid used as the basis for calculating the amount of ERDF assistance has been repaid to the Member State concerned by the investor.

2. Member States shall make available to the Commission all the information necessary to ensure the effective operation of the ERDF and shall take all steps to facilitate such monitoring as the Commission may deem useful for ERDF management purposes, including

on-the-spot checks. They shall notify the Commission of the cases referred to in the first subparagraph of paragraph 1.

3. Without prejudice to checks carried out by Member States in accordance with national laws, regulations or administrative provisions and without prejudice to Article 206 of the Treaty or to any inspection arranged on the basis of Article 209 (c) of the Treaty, on-the-spot checks or enquiries in respect of operations financed by the ERDF shall, at the request of the Commission and with the agreement of the Member States, be carried out by the competent authorities of the Member State accompanied by officials of the Commission. The Commission shall determine the time limits for the performance of the checks and shall inform the Member State concerned thereof in advance in order to obtain all the assistance necessary.

4. The purpose of such on-the-spot checks and enquiries in respect of operations financed by the ERDF shall be to verify:

(a) the conformity of administrative practices with Community rules;

(b) the existence of supporting documents and their conformity with the operations financed by the ERDF;

(c) the conditions under which operations financed by the ERDF are executed and monitored;

(d) the conformity of the projects carried out with the operations financed by the ERDF;

(e) for completed projects, the socio-economic effects of the operations financed by the ERDF.

5. The Commission may suspend payment of assistance in respect of a particular operation if a check reveals irregularities or a substantial change affecting the nature or conditions of the operation for which the Commission's approval has not been sought.

6. By way of derogation from Article 6 (2) of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities [1], if a measure granted ERDF assistance has not been completed or has been carried out in such a manner that payment of only part of the ERDF assistance granted in respect of that project is justified, the remaining portion of ERDF assistance shall be allocated to another measure located in eligible regions of the same Member State under the conditions laid down in this Regulation.

Where an operation has not been the object of any payment for four years and where no explanation for the delay has been received from the Member State concerned within a period fixed by the Commission, that operation shall be considered not to have been executed and that part of the Fund's assistance shall be reallocated, as specified in the preceding subparagraph.

Any sums which have been paid in error shall be repaid to the Community by the Member State concerned or, where applicable, by the body to which the ERDF assistance has been paid, within 12 months of the date on which the relevant decision was notified, subject to the application of the first subparagraph.

Article 33

Within three years of completion of the measures financed by the ERDF, Member States shall, as far as possible, inform the Commission of the following:

— in the case of investments of more than 8 million ECU in industry, the crafts or the services sector, the number of jobs actually created or maintained and for other investments in the same sectors, an estimate of the number of jobs,

— in the case of infrastructure investments of more than 15 million ECU, an assessment of the rate of utilization of the infrastructures.

TITLE V

FINAL PROVISIONS

CHAPTER I

ERDF PARTICIPATION IN COMMUNITY INTEGRATED DEVELOPMENT OPERATIONS

Article 34

1. In the management of the ERDF's resources, investments and measures referred to in Title III which form part of an integrated development approach, for example, in the form of integrated operations or programmes, may be accorded a priority treatment.

2. An integrated development operation shall comprise a coherent set of public and private measures and investments which have the following characteristics:

[1] OJ No L 356, 31. 12. 1977, p. 1.

(a) they relate to a limited geographical area affected by particularly serious problems involving, in particular, delayed development or industrial or urban decline and likely to affect the development of the region in question;

(b) the Community, through the joint use of various structural financial instruments, and the national and local authorities in Member States contribute in a closely coordinated manner to their implementation.

3. The Member State concerned shall ensure concerted use of Community and national financial resources and close coordination between the various public authorities involved in the execution of the integrated operation.

4. The Commission shall likewise ensure concerted use of the Community's various structural financial resources.

CHAPTER II

OTHER PROVISIONS

Article 35

The Member States, in submitting their applications, and the Commission, in administering the ERDF, shall endeavour to ensure that an appropriate proportion (if possible, 30 %) of the Fund's resources is allocated to investments in industry, the crafts and the services sector.

Article 36

Assistance from the ERDF may, in accordance with a prior decision of the Member State concerned communicated at the same time as the request for assistance, either supplement aid granted to the relevant investment by the public authorities or remain in the hands of those authorities as a partial reimbursement of such aid.

Article 37

In administering the ERDF, a priority shall be given to the investments covered by Article 3 (2) of Council Directive 75/268/EEC of 28 April 1975 on mountain and hill farming and farming in certain less-favoured areas [1] to the extent that the less-favoured area in question corresponds to or is located within one of the regions or areas covered by Articles 7 (4), 11 (3) and 17 (3) of this Regulation.

[1] OJ No L 128, 19. 5. 1975, p. 1.

Article 38

Expenditure may benefit from ERDF assistance under only one of Articles 7, 11, 15 or 17.

Article 39

An ERDF Committee, hereinafter referred to as 'the Committee', is hereby established. It shall be composed of representatives of the Member States and chaired by a representative of the Commission.

Article 40

1. Where the procedure laid down in this Article is to be followed, the chairman shall refer the matter to the Committee, either on his own initiative or at the request of the repesentative of a Member State.

2. The representative of the Commission shall submit a draft of the measures to be adopted. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by a majority of 45 votes, the votes of the Member States being weighted as provided for in Article 148 (2) of the Treaty. The chairman shall not vote.

3. The Commission shall adopt measures which shall apply immediately. However, if the measures are not in accordance with the opinion of the Committee they shall forthwith be communicated by the Commission to the Council. In that event the Commission may defer application of the measures which it has adopted for not more than two months from the date of such communication. The Council, acting by a qualified majority, may take a different decision within two months.

Article 41

The Committee may consider any other matter relating to the ERDF's operation referred to it by its chairman, either on his own initiative or at the request of the representative of a Member State.

Article 42

The necessary measures for implementing this Regulation shall be adopted in accordance with the procedure laid down in Article 40.

Article 43

1. Member States shall take the necessary steps to ensure that the amounts received from the ERDF are clearly identified, in a form consonant with the particular characteristics of the national budget systems.

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

Article 44

Assistance from the ERDF shall not distort the conditions of competition in a manner incompatible with the principles contained in the relevant provisions of the Treaty as elaborated upon in the principles for the coordination of the general regional-aid schemes. In particular, this Regulation shall not prejudice the application of Articles 92, 93 and 94 of the Treaty, particularly as regards establishing and modifying the areas aided by national regional-aid schemes.

Article 45

Article 4 (3) does not apply to resources intended to cover budget commitments still to be entered into for the execution of the specific Community measures referred to in Title III of Regulation (EEC) No 724/75 instituted by the Council before the entry into force of this Regulation.

Article 46

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

2. The report shall cover in particular the financial management of the ERDF and the conclusions drawn by the Commission from the monitoring carried out in respect of the ERDF's operations.

Article 47

On a proposal from the Commission, the Council shall review this Regulation within five years from its entry into force.

Article 48

Regulation (EEC) No 724/75 is hereby repealed, subject to the application of Article 45 of this Regulation.

Article 49

This Regulation shall enter into force on 1 January 1985.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 19 June 1984.

For the Council

The President

C. CHEYSSON

ANNEX

LIST OF CATEGORIES OF INFRASTRUCTURE WHICH THE FUND MAY NOT ASSIST

The ERDF shall participate in the financing of infrastructure investments, with the exception of those falling into the following categories:

1. Establishments of general education, except in regions with a severe shortage of such establishments, and connected sports and cultural facilities. This definition does not cover establishments of specialized technical education or vocational training, even at university level.

2. Hospitals and related facilities, except in regions with a severe shortage of such facilities.

3. Old people's and nursing homes.

4. Fire stations, day nurseries, child-minding facilities and similar social-welfare facilities not directly linked to industrial-estate facilities or to the creation or maintenance of employment.

5. Public-administration buildings.

6. Coastal-protection and soil-conservation infrastructures with an exclusively agricultural bias, re-afforestation and prevention of forest fires, in so far as such infrastructures can be financed under the EAGGF Guidance Section.

7. That proportion of public expenditure incurred in land acquisition not directly linked to productive investment or investment in infrastructure.

8. Leisure time and sports facilities, parks, public libraries, museums, theatres, cultural and conference centres, cultural heritage, not linked to the promotion of tourism.

9. Building and renovation of housing.