

Annex I

MATCH FUNDING

Introduction

1. EU assistance is mainly provided by the following four funds, all of which are available to the UK:
2. The European Regional Development Fund (ERDF) plans to promote development and provide economic and social conversion to those regions which are either lagging behind or are facing structural difficulties.
3. The European Social Fund (ESF) aims to implement the European employment strategy by providing financial support for training and job creation measures.
4. The European Guidance and Guarantee Section of the Agricultural Funds (EAGGF) is designed primarily to improve and support the competitiveness of agriculture and to retain population in the countryside by diversification of land use, including tourism and investment in rural infrastructure.
5. The Financial Instrument for Fisheries Guidance (FIFG) which aims to achieve a sustainable balance in exploiting fisheries resources; to modernise the fishing industry and to revitalise areas dependent on fishing.

UK Areas 2000-2006

6. The Structural Funds programmes for the period 2000-2006, plan to attain the following three priority Objectives:
7. Objective 1 promotes development in regions which have less than 75% of average EU per capita GDP. The UK regions which qualify for Objective 1 status are:
 - Cornwall
 - South Yorkshire
 - West Wales and the Valleys
 - Merseyside
8. Northern Ireland and the Scottish Highlands and Islands benefit from transitional programmes, (as both of these regions had qualified for Objective 1 status in the period 1994-1999).

9. Objective 2 supports the economic and social conversion of areas facing structural problems. The Government has published a list of those areas which have been accorded Objective 2 status. There are a number of areas within the UK that benefit from transitional programmes, having been granted Objective 2 & 5b status in the previous period.
10. Objective 3 applies to education, training and employment issues. It is available to all regions, other those covered by Objective 1.
11. Additionally, there are four Community Initiatives that are directed at specific problems. Although the funds involved are much smaller than those allocated to the main Objectives, they are all available to the UK:
12. Interreg III is designed to encourage cross-border and trans-national co-operation in Community Member States.
13. Urban promotes sustainable urban development and city regeneration.
14. Equal intends to combat inequalities and discrimination in the labour market.
15. Leader + focuses on problems effecting rural areas.
16. In addition to the foregoing, there is a Peace programme which is available only to Northern Ireland.

Regional programming

17. All of these programmes are developed at local level by way of regional partnerships. It is likely that these organisations will have an excellent knowledge of, and commitment to, their own area. Thus, they are well positioned to identify projects which will make a positive impact on the region.
18. A regional partnership is typically comprised of representatives of local authorities, local and regional development organisations, education institutions, Chambers of Commerce, voluntary organisations and similar bodies. In England, the Regional Government Offices have a vital role in the management of the programmes. The Government Regional Director chairs the Programme Monitoring Committee with the Government Office providing much of the Secretariat. The PMC will also appraise applications for

funding which have been considered by the Secretariat according to criteria laid down in a Single Programme Document (SPD) agreed with the European Commission. The PMC and the Secretariat will also monitor and evaluate individual projects as well as the whole programme.

19. The Regional Development Agencies (RDAs) in England have been closely involved in drawing up the Objective 1 programmes and ensuring that the programmes are consistent with the RDAs regional economic strategies.
20. From January 1, 2001, the RDAs will take a more prominent role in dealings with the European Commission, and will expand their role in co-ordinating and representing the views of the partnerships, as well as being part of the team which negotiates new programmes with the Commission.

Match Funding

21. The European Structural Funds meet a proportion of the cost of any project: the remainder has to be found from national resources. It should be noted that EU grants do not replace national funds allocated for spending programmes. The Regulations allow for grant rates of EU funding of up with upper limits of 75% for Objective 1 and 50% for Objective 2. Using a grant rate of 75% as an example, if 600m euros were allocated to an Objective 1 region, its programme would total 800m euros, provided that 200m euros were obtained from national resources, (referred to as "match funding"), which can be either public or private sector.
22. Central Government, RDAs and local authorities all have substantial existing forms of support that can be used as match funding. Further information on funding in a particular region, and on application processes, is available through Government Offices and Regional Development Agencies. In order to be eligible for such support, any project must meet both the criteria set out in the SPD as well as the appropriate scheme. Also, the European Investment Bank can make loans, which can count as match funding. In addition, the voluntary and private sector may make contributions, (including contributions in kind, see paragraph 12).
23. Identifying appropriate match funding is the responsibility of the grant applicant. This is considered to be important in ensuring local ownership and commitment and helping integration of regional priorities and strategies.

However, the Government Offices can provide the initial links between the partnership and potential sources of public match funding.

24. When drawing up programmes, the regional partnerships will identify the potential sources of match funding. The Secretariat has the knowledge and expertise to refer potential partners to the appropriate local and central government sources of match funding. (To assist the Secretariat, the DTI produced a match-funding document in October 2000). There is more information on the dti's website on www.dti.gov.uk/europe/mf2.htm

25. Match funding in kind is also acceptable. An example would be when staff is provided to monitor and evaluate potential projects. In addition, volunteers can also be accepted as an in kind resource for match funding. These volunteers could be local people who offer their services free of charge. (When contributions in kind are part of the funding package the maximum grant payable cannot exceed the total cash spent on the project.) In all cases of match funding in kind, the costs must be directly attributable to the project and be capable of independent assessment and auditing.