

# Quick guide

## European Union match funding

September 2010

### 1: What is match funding?

European Union funding can generally provide only a proportion of the total costs of any project or activity being supported. The balance between European Union support and the total needed to deliver the project must be obtained from elsewhere. Such support is known as match funding.

Match funding is usually the responsibility of the applicant and in most cases must be identified and secured before European funding is awarded. European funding programmes require all match funding to be fully evidenced.

### 2: What are the main types of match funding?

There are two types of match funding:

1. **Actual:** generally refers to a cash contribution towards a project part-funded by the European Union; and
2. **In-Kind:** generally refers to services or products provided towards the delivery of a project. These incur a measurable cost to the supplier, and such costs are counted as in-kind match funding. Examples include the running costs of a property provided for use by project staff, or the costs of administrative services provided to the project by a third party. Subject to certain conditions, unpaid volunteer work may also be eligible as in-kind match funding.<sup>1</sup>

Both types of match funding are further divided into two categories, comprising:

1. **Public:** funding obtained from registered charities, or organisations that receive fifty per cent or more of their income from government sources; and
2. **Private:** funding obtained from commercial organisations.

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<sup>1</sup> WEFO: [In – kind match funding](#) [accessed on 5 July 2010]

### 3: How much match funding is needed for the structural funds?

A number of programmes within Wales (see European Structural Funds QuickGuide) draw funding from the two European Structural funds, namely the **European Regional Development Fund (ERDF)** and the **European Social Fund (ESF)**. The percentages of eligible project costs provided by these funds are known as intervention rates. These vary between programmes, and by individual priorities within programmes. In 2009, intervention rates were increased to take account of the impact of the recession. The following tables present overall programme figures (as amended in 2009).<sup>2</sup>

#### 3.1: Convergence programme (West Wales and the Valleys)

Table 1: Convergence funding profile – European Regional Development Fund (ERDF)

European funding (€ m)	Match funding (€ m)		Total funding (€ m)	Funding as a percentage of total		
	Public	Private		ERDF	Public Match	Private Match
€1,250.4	€727.8	€197.4	€2,175.6	57%	33%	9%

Source: [WEFO ERDF Convergence Operational Programme](#) - page 190

Table 2: Convergence funding profile – European Social Fund (ESF)

European funding (€ m)	Match funding (€ m)		Total funding (€ m)	Funding as a percentage of total		
	Public	Private		ESF	Public Match	Private Match
€833.6	€379.1	€82.4	€1,295.1	64%	29%	6%

Source: [WEFO ESF Convergence Operational Programme](#) - page 219

#### 3.2: Regional competitiveness and employment programme (East Wales)

Table 3: Competitiveness funding profile – European Regional Development Fund (ERDF)

European funding (€ m)	Match funding (€ m)		Total funding (€ m)	Funding as a percentage of total		
	Public	Private		ERDF	Public Match	Private Match
€72.5	€69.1	€18.4	€160.0	45%	43%	11%

Source: [WEFO ERDF Regional Competitiveness and Employment Operational Programme](#) - page 146

Table 4: Competitiveness funding profile – European Social Fund (ESF)

European funding (€ m)	Match funding (€ m)		Total funding (€ m)	Funding as a percentage of total		
	Public	Private		ESF	Public Match	Private Match
€63.6	€78.5	€16.2	€158.3	40%	50%	10%

Source: [WEFO ESF Regional Competitiveness and Employment Operational Programme](#) - page 174

<sup>2</sup> Note that the percentages may not total 100 per cent due to rounding.

### 3.3: European Territorial Co-operation programmes (eligible areas vary by programme)

Wales is eligible to take part in four programmes, which fund projects involving organisations from two or more Member States. Projects aim to strengthen co-operation between designated regions across urban, rural and coastal themes. A funding profile for Wales is not available as any benefits will depend on the number and size of successful bids.

**Table 5: European Territorial Co-operation programmes – funding profile for eligible regions in the EU**

	European funding (€ m)	Match funding (€ m)	Total funding (€ m)	Funding as a percentage of total	
	ERDF	Public		ERDF	Public Match
Cross - Border co-operation: Ireland/Wales	€52.7	€17.6	€70.3	75%	25%
Transnational co-operation: North West Europe	€355.4	€341.2	€696.6	51%	49%
Transnational co-operation: Atlantic Area	€104.1	€54.7	€158.8	66%	34%
Interreg 4C	€321.3	€83.8	€405.1	79%	21%

Sources: WEFO [Ireland/Wales Cross Border Operational Programme](#) - page 95; [North-West Europe Transnational Operational Programme](#) - page 108; [Atlantic Area Operational Programme](#) - page 70; [Inter-regional Operational Programme](#) - page 71

## 4: What is the expenditure profile of the Rural Development Plan?

The Rural Development Plan is part funded by the European Agricultural Fund for Rural Development (EAFRD) and applies to Wales as a whole.

**Table 6: Rural Development Plan – Indicative expenditure profile**

Axis	European funding (€ m)	Public expenditure (€ m)	Total public expenditure (€ m)	Funding as a percentage of total public expenditure	
	EAFRD			EAFRD (1)	Public
1 Improving the competitiveness of farming and forestry	€69.0	€53.0	€121.9	57%	43%
2 Environment and countryside	€225.7	€495.9	€721.6	31%	69%
3 Improving quality of life and diversification of the countryside	€52.8	€41.1	€93.9	56%	44%
4 Local development initiatives	€25.6	€21.0	€46.6	55%	45%
Technical Assistance	€3.7	€3.7	€7.4	50%	50%
<b>Total</b>	<b>€376.7</b>	<b>€614.6</b>	<b>€991.4</b>	<b>38%</b>	<b>62%</b>

(1) These are combined EAFRD intervention rates for Wales as a whole. Intervention rates are higher in convergence regions, and lower in non-convergence regions.

Source: Welsh Government. Rural Development Plan for Wales 2007 – 2013 - page 72

In addition to the expenditure detailed in table 6, the Rural Development Plan for Wales also outlines projected private sector expenditure of some €354 million. The bulk of this expenditure is expected to be incurred in Axis 1 (€83.4 million) and Axis 2 (€264.2 million).<sup>3</sup>

<sup>3</sup> Welsh Government: Rural Development Plan for Wales 2007 – 2013. page 73

## 5: Is match funding needed for other European funding programmes?

Support from a range of other European funding programmes is potentially available to organisations based in Wales. These include the [Seventh Framework Research Programme \(FP7\)](#), the [Competitiveness and Innovation Programme](#) and [Life+](#).

Applicants to these programmes are generally required to provide match funding, although the level and type of match funding vary depending on the programmes.

## 6: What are the main sources of match funding?

There is a very wide range of potential match funding sources. These include the Welsh Government, local authorities, other public sector organisations, charities and the private sector. However, the Welsh Government has established the following funds:

- **Targeted Match Fund:** A £350 million fund to support projects applying for structural fund support. <sup>4</sup> It is a fund of last resort, meaning that applicants are required to demonstrate that all efforts have been made to secure match funding from other sources before an application is made. There is no formal allocation between the different programmes and their priorities, although certain priorities have been ranked as being more likely to attract support.<sup>5</sup>
- **European Social Fund Priority 4 Convergence Match Fund:** The fund provides a total of up to £1 million in each financial year to projects applying to the European Social Fund Convergence Priority 4 (modernising and improving the quality of public services). The maximum level of funding available to each applicant is 25 per cent of total eligible project costs. <sup>6</sup>

## 7: Further Information

For further information on aspects of European Union match funding please contact **Leon Goberman** ([Leon.Goberman@wales.gov.uk](mailto:Leon.Goberman@wales.gov.uk)), Members' Research Service.

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<sup>4</sup> WEFO: [Targeted Match Fund](#) [accessed on 5 July 2010]

<sup>5</sup> WEFO: [Themed prioritisation for access to the Targeted Match Fund \(Convergence and Regional Competitiveness and Employment\)](#); [Themed prioritisation for access to the Targeted Match Fund \(European Territorial Co-operation\)](#) [accessed on 5 July 2010]

<sup>6</sup> WEFO: [ESF Convergence Priority 4 match fund](#) [accessed on 5 July 2010]