



EU Match Funding 2000-06

Match funding is the national co-financing, from the public or private sectors, of European Union (EU) Structural Funds. Projects can not be totally funded with Structural Fund money – EU grant regimes stipulate that the grant recipient provides a proportion of the costs of the project. The EU will normally contribute between 45% and 75% towards the total cost of a project. The balance must be raised by the project sponsor and is known as match funding.

1 Grant Rates

The proportion of EU Structural Funds allocated to a project is the minimum amount that allows the project to proceed. The precise amount that the Funds will contribute to a particular project depends on several factors, including the type of activity and where it takes place. This proportion is calculated as a percentage of the project costs and is known as the grant rate. The table below shows the maximum average grant rates of each of the funds which Wales is eligible to receive during the 2000-2006 financial perspective. It should be noted that the EU does not always fund projects at the level of the maximum grant rate. Certain types of projects within Objective 1 are eligible for higher grant rates, up to 75% of the total project costs¹.

Table 1: Average grant rates of EU funding programmes available in Wales 2000-2006

Programme	Average Grant Rate (%)
Objective 1	47
Objective 2	40
Objective 3	42
EQUAL	50
Interreg IIIa	73
Leader+	47
URBAN II	50

Source: Auditor General for Wales Report, 2002²

Appropriate match funding must be secured before an application for Structural Funds can be considered. It is the responsibility of the grant applicant to secure their own match funding, which may come from the applicants' own resources, or from other national sources of funding, namely the public, private or voluntary sectors.

2 Public and Private Sector Match Funding

Wales has been allocated a total of €2.223 billion by the European Union for the 2000-2006 funding period. With match funding from a variety of public, private and voluntary sources, the funds are worth €4.759 billion in total in Wales.

- **Public Match Funders** – are organisations that receive over 50% of their core funding from public finances. For match funding purposes, voluntary, lottery funded bodies and registered charities are considered as public sector bodies.
- **Private Match Funders** – are any businesses or organisation falling outside the definition of public status. These include, for example, limited companies, co operatives, partnerships and self-employed people.

¹ http://www.wefo.wales.gov.uk/resource/Obj1_PC_FinancialTabs_IndicativeAllocationMeasure3335.pdf

² Auditor General for Wales report, *European Union Structural Funds: Maximising the Benefits for Wales*. Available at: http://www.wao.gov.uk/assets/englishdocuments/European_Union_Structural_Funds_agw_2002.pdf



3 Sources of Match Funding

The Department of Trade and Industry (DTI)³ and the Welsh European Funding Office (WEFO)⁴ provide extensive lists of potential match funding sources. In addition to these, the Assembly Government has created match funding pots within the economic development budget for projects that cannot obtain it from elsewhere.

Both the First Minister and the Finance Minister have stated their intention not to allow worthwhile projects to fail because of a lack of match funding⁵. The Assembly Government's match funding pots should, however, be regarded as 'pots of last resort' that can only be accessed when no other resources are available to the project applicant.

The following table shows match funding plans in the Assembly's Budget Expenditure Lines (BELs) that have been identified by Assembly Government officials as being specifically for matching European Structural Fund monies in Wales. These are the identified 'pots of last resort'.

Table 2. Budgeted Match Funding Sources, 2000-2006

£ thousands

BEL	Year of Budget						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Pathway to Prosperity	10,397	23,000	18,000	19,000	19,000	19,000	19,000
Finance Wales	-- 1	3,350	4,546	4,099	4,099	4,099	6,400
Euro Facilitators	-- 1	500	500	500	500	500	500
Local Authority Projects	33,485	23,725	33,588	33,588	33,588	33,588	33,588
Voluntary Sector ²	2,515	3,275	4,665	?	?	?	?
Food Processing and Marketing	1,652	3,594	3,524	3,456	3,456	3,456	3,456
Farm Adaptation	500	3,465	3,398	3,332	3,332	3,332	3,332
Leader+	-- 1	1,000	1,000	1,000	1,000	1,750	1,750
Overall Totals	48,549	61,909	69,221	64,975	64,975	65,725	68,026

Source: Welsh Assembly Government

Notes ¹ Leader+, Finance Wales and Euro Facilitators were not established in 2000-01

² ? Indicates the relevant BEL is not listed in the budget documentation

³ Potential match funding sources available on the DTI website at:

<http://www.dti.gov.uk/europe/mf1.htm>

⁴ <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=280>

⁵ First Minister, National Assembly for Wales Plenary Debate, 2 December 2003

<http://assembly.rop/ROP/Plenary%20Session/2003%20Plenary%20Sessions/December%202003/rop031202fv7.htm>

Enquiry no: 06/1917/BW

Date: 10 August 2006



4 Types of Match Funding

Match funding can come in two forms, **actual** match funding and **in-kind** match funding. Actual match funding is normally understood to mean cash payments and, other than depreciation charges, describes a cash contribution from an organisation. In-kind match funding is where an organisation or individual provides a service or product, but the actual cost of the service does not appear in the accounts of the applicant. Examples of in-kind match funding include:

- time spent by the match funder's staff while they are working on the project;
- rent for premises payable by the match funder;
- administration costs undertaken by a third party;
- volunteers' time.

Unpaid volunteer work is eligible as match funding in-kind subject to certain conditions. The value of volunteer time is based on the theoretical cost of the tasks performed by the volunteer for that project and not the current earnings of an individual in their paid employment. For staff costs to be used as match funding they must be accurately recorded and supported by time-sheets showing the actual amount of time individual staff members have spent on the project.



Members' Research Service – QuickGuide Gwasanaeth Ymchwil yr Aelodau – HysbysHwylus



Further Information:

For further information on the topics below, double click on the links.

Auditor General for Wales Report [European Union Structural Funds: Maximising the Benefits for Wales](#)

Department of Trade and Industry [Match Funding for European Structural Funds in England](#)

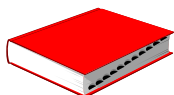
Welsh European Funding Office [Introduction to Match Funding](#)

[Members' Research Service Publications](#) (links to papers produced by Members' Research Service)



More QuickGuides

[Full list of QuickGuides available from the Members' Research Service](#)



[Glossary of terms](#)