

ECONOMIC DEVELOPMENT COMMITTEE

Date:13 October 1999

Venue:Committee Room 2, National Assembly Building

Title:European Structural Funds: Financial Tables

Purpose

1 EDC-08-99 (p.1) explains the relationship between European, UK Government and match funding and provides a financial breakdown of forecast payments for 2000-01 as between current and new EU programmes.

2.This paper explains the structure of the financial tables to be included as part of the Objective 1 Single Programming Document..

Allocations between Priorities

3.The submission to the European Commission requires a judgement to be made on how the total EU funds available for Objective 1 might most effectively be allocated to each of the Priority areas, taking into account the substantially greater level of funding now available to Wales.

4.The allocations proposed in this paper reflect views expressed in the European Task Force and in responses to the public consultation that substantial funding should be made available for business development, for communities and for human resource development. The provision for infrastructure under Priority 2 also takes into account the broader range of possibilities within the scope of Objective 1 compared to earlier Objective 2 and 5b programmes.

5.Taking these factors into account, the summary below shows how expenditure of EU funds under all current EU programmes over the period 1994-99 in Wales compares with those now proposed for Objective 1:

£million Priority	All Current Programmes	Obj. 1	Extra
1. Business	313	490	177
2. Infrastructure	74	245	171
3. Communities	70	127	57
4. Employability	158	276	118
5. Natural Resources	25	78	53

EU Grant Rates

6. Across the programme, the maximum permitted EU grant for particular activities will be decided in the forthcoming discussions with the European Commission (the Regulations presently only indicate a maximum of a 40% grant for infrastructure and a 75% grant for community development). The working assumptions in the tables are that grant rates would be as follows:

Business Development	50%
Infrastructure	40%
Community Development	75%
Human Resource Development	55%
Natural Resources	55%

Match Funding

7. The rate of EU grant decided for particular activities will in turn dictate the level of match funding which would need to be provided from the public and private sectors in Wales.

8. EDC-08-99 (p.1) explains the current difference of view between the UK and the European Commission on the treatment of private sector contributions to the programme. To illustrate this:

Annex A: gives an allocation of EU funding to each of the 5 Priorities

for the total programme period and, on the above assumptions

about the percentage of EU grant payable, the potential consequential

level of match funding that might be involved.

The table reflects the UK position whereby public and private

sector match funding are interchangeable.

Annex B: This is similar to Annex A but reflects the Commission's preferred

course whereby EU grants are matched wholly by the public

sector. The private sector input is additional to this.

9. A wide range of public, private and voluntary bodies have been traditionally involved in European programmes and contributed match-funding. The following is a summary of the position under the existing Industrial South Wales Programme (1997-99) and the Rural Wales Programme (1994-99).

£m.	ISW	Rural Wales
Total Programme Wales	295	351
EU Funds	106	116
Public Match	118	140
Private Match	71	95

Single Programming Document

10. The SPD document to be submitted to Brussels will need to include comprehensive information on the financial framework proposed for the programme. The series of tables at Annex C are the drafts suggested for this purpose. These are based on:

- the allocation of EU funds to priorities as described above;
- the programme commitments profile to which Wales is required to work;
- assumptions on the likely timescale for projects emerging under the different Priorities;
- assumed rates of grant for each Priority;
- the treatment of private sector "match funding" as interchangeable with that

of the public sector in line with the general UK approach.

EUROPEAN AFFAIRS DIVISION

ANNEX A

<u>Priority</u>	<u>SFs</u>	<u>Grant Rate</u> %	<u>Probable Match</u> <u>Public</u>	<u>Private Contribution</u>	<u>TOTAL £m</u>	
P1. Business Competitiveness	490	(50)	390	100	980	

P2. Competitive Environment	245	(40)	187	180	612	
P3. Community Regeneration	127	(75)	42	--	169	
P4. Employability	276	(55)	211	15	502	
P5. Sustainable & Natural Resources	78	(55)	49	14	142	
TOTAL	1,216	(51)	879	309	2,404	

ANNEX B

<u>Priority</u>	<u>SFs</u>	<u>Grant Rate</u> %	<u>Probable Match</u> <u>Public</u>	<u>Private Contribution</u>	<u>TOTAL £m</u>	
P1. Business Competitiveness	490	(50)	446	100	1036	
P2. Competitive Environment	245	(40)	310	180	735	

P3. Community Regeneration	127	(75)	42	--	169	
P4. Employability	276	(55)	226	15	517	
P5. Sustainable & Natural Resources	78	(55)	64	10	152	
TOTAL	1,216	(51)	1,088	305	2,609	

Annex C

Objective 1 Single Programming Document Financial Plans 2000-2006

The financial allocations relating to expenditure co-financed by the Structural Funds are shown below in the following tables (tables sent to the Assembly are stated in pounds sterling; those forwarded to the Commission will be presented in euros at an exchange rate of £1:1.53 euro).

3.1 Financial Table by Priority.

3.2 Financial Table by year.

3.3 Financial Table by priority and Structural Fund. An individual table is given for each year. **Annual figures represent only commitments made in that year, not spending.**

The tables assume that grant rates will be as follows:

Priority 1 Business Competitiveness	50%
Priority 2 A Competitive Environment	40%
Priority 3 Community Regeneration	75%

Priority 4 Human Resource Development	55%
Priority 5 Sustainable use of Natural resources	55%

Table 3.1

€mn

Priority/Year	Total cost	Total	Public								Private	Cohesion Fund	Other financial instruments (to be specified)	EIB loans	
			Community Participation					National public							
			Total	ERDF	ESF	EAGGF	FIFG	Total	Central	Local					other to be specified
Priority 1 - Business Competitiveness	980.4	880	490.2	370	120.2			390				100			
Priority 2 - Competitive Environment	612.5	432	245	245				187				180			
Priority 3 - Community Regeneration	169.25	169.25	127	88	39			43							
Priority 4 - Promoting Employability and the Development of a Learning Society	502	487	276	25	251			211				15			
Priority 5 - Promoting the sustainable use of natural resources	142	128	78			68	10	49				14			
Technical Assistance	9.6	9.6	4.8	4.8				4.8							
TOTAL	2416	2,106	1,221	733	410	68	10	885				309			

Table 3.2

£millions

YEAR	Total cost	Public Expenditure							
		Total public	European Union					National contribution	Private contribution
			Total	ERDF	ESF	EAGGF	FIFG		
2000	389.8	338	187	123	55	8	1	152.8	52
2001	372	316	184	112.6	60	10	1.4	132	56
2002	367.7	310.7	180	107.5	60	11	1.5	130.7	57
2003	351.7	297	177	107.4	57.1	11	1.5	120.7	54
2004	299.7	261	157	84	61.5	10	1.5	104.7	38
2005	319.3	289.5	169	97.8	60.6	9	1.6	120.1	30
2006	315.8	293.8	167	100.5	56	9	1.5	127	22
TOTAL	2416	2,106	1,222	733	410.2	68	10	885	309

Table 3.3

£ millions

2000	Total cost	Public Expenditure							
		Total public	European Union					National contribution	Private contribution
			Total	ERDF	ESF	EAGGF	FIFG		
PRIORITY									
1. Business Competitiveness	97.3	83.8	48.65	38.65	10			34.65	14
Total ERDF related				38.65					
Total ESF related					10				
Total EAGGF related									
Total FIFG related									
2. Competitive Environment	175	141	70	70				71	34
Total ERDF related				70					
Total ESF related									
Total EAGGF related									
Total FIFG related									
3. Community Regeneration	18.6	18.6	14	9	5			4.6	
Total ERDF related				9					
Total ESF related					5				
Total EAGGF related									
Total FIFG related									
4. Promoting Employability and the Development of the Learning Sector	81.8	79.8	45	5	40			34.8	2
Total ERDF related				5					
Total ESF related					40				
Total EAGGF related									
Total FIFG related									
5. Promoting the sustainable use of natural resources	16.4	14.4	9			9	1	4.6	2
Total ERDF related									
Total ESF related									
Total EAGGF related						9			
Total FIFG related							1		
6. Technical Assistance	0.7	0.7	0.35	0.35				0.35	
Total ERDF related									
Total ESF related									
Total EAGGF related									
Total FIFG related									
PROGRAMME TOTAL	389.8	337.8	187	123	55	8	1	150.8	52

Total EAGGF related						10			
Total FIGG related							1.5		
6. Technical Assistance	1.4	1.4	0.7	0.7				0.7	
Total ERDF related									
Total ESF related									
Total EAGGF related									
Total FIGG related									
PROGRAMME TOTAL	299.7	261.7	157	84	61.5	10	1.5	104.7	38

£ millions

2005	Total cost	Public Expenditure							
		Total public	European Union					National contribution	Private contribution
			Total	ERDF	ESF	EAGGF	FIFG		
PRIORITY									
1. Business Competitiveness	159.4	146.4	79.7	61.1	18.6			66.7	13
Total ERDF related				61.1					
Total ESF related					18.6				
Total EAGGF related									
Total FIFG related									
2. Competitive Environment	37.5	24.5	15	15				9.5	13
Total ERDF related				15					
Total ESF related									
Total EAGGF related									
Total FIFG related									
3. Community Regeneration	36	36	27	19	8			9	
Total ERDF related				19					
Total ESF related					8				
Total EAGGF related									
Total FIFG related									
4. Promoting Employability and the Development of a Learning Society	65.5	63.5	36	2	34			27.5	2
Total ERDF related				2					
Total ESF related					34				
Total EAGGF related									
Total FIFG related									
5. Promoting the sustainable use of natural resources	19.3	17.3	10.6				9	1.6	2

5. Promoting the sustainable use of natural resources	19	17	10.5			9	1.5	6.5	2
Total ERDF related									
Total ESF related						9			
Total EAGGF related							1.5		
Total FIG related									
6. Technical Assistance	1.4	1.4	0.7	0.7				0.7	
Total ERDF related									
Total ESF related									
Total EAGGF related									
Total FIG related									
PROGRAMME TOTAL	315.75	293.75	167	100.5	56	9	1.5	126.75	22