

# 6 February 2002 Cabinet Report

## European Union Appendix 1

This document provides background information on European Funding as outlined in the Cabinet report.

### **1.0 The EU Project: Common Elements**

#### **1.2 Transnational Projects**

Many EU programmes are established to help Member States share good practice and learn about different approaches to tackling shared problems eg unemployment, industrial pollution etc. This rationale is developed in many programmes by requiring them to be “transnational” ie projects must involve partners from different member states in order to ensure collaboration and dissemination of information.

#### **1.3 Matched Funding**

In order to demonstrate “additionality”, Member States are usually required to make a contribution to the cost of their EU funded project in the form of cash or in kind. This “matched” or “partnership” funding has varying intervention rates, but is usually around 50% to 60% of the total cost of the project for local authority projects. This is the amount which applicants must raise in order to make an application.

#### **1.4 Payment in Arrears**

European programme funding is always paid in arrears, in stages, and final payments can be anything up to 18 months after the project has finished. Therefore, cash flow and matching funds need to be considered carefully.

#### **1.5 Competition and Actual Benefits**

In general, non Structural Fund funding programmes are open to all Member States and so seemingly huge programme budgets start to shrink when divided between 15 Member States. The maximum grant may be as little as £12,000 per annum per project which raises issues about officer time spent, value for money and actual gain.

#### **1.6 Monitoring and Evaluation**

Unfortunately, in the quest to achieve transparent and effective outcomes, and demonstrate financial probity, the European Commission and the programme managing authorities in each Member State, generate vast bureaucratic regimes to monitor programmes. Both the Commission and the Member States will carry out in depth assessments of all aspects of the programmes from publicity to audit trails. The complexities of these

requirements have been known to cause projects collapse or cause project promoters to question the actual benefit to themselves or their beneficiaries.

## 1.7 Geographical Eligibility

While some programmes are clearly targeted at particular regions of Europe and the rest of the world such as those countries of Central Europe seeking EU membership (the PHARE programme) or the MEDA programme which is aimed at assisting reforms of social and economic structures in non-member Mediterranean countries, some programmes are not. Within regions and even county areas there can be great differences in eligibility, particularly with the Structural Funds.

## 2.0 The Structural Funds

2.1 The aim of the Structural Funds is to enhance economic and social cohesion and to improve the structural imbalances across the EU, by supporting projects which create investment and jobs, improve infrastructure, and enhance economic and social development. Structural Funding is the EU's most significant funding mechanism accounting for around a third of the total EU budget.

2.2 There are four main Structural Funds: ERDF (European Regional Development Fund), ESF (European Social Fund), FIFG (Financial Instrument for Fisheries Guidance) and the EAGGF (European Agriculture Guidance and Guarantee Fund).

2.3 As well as the main Structural Funds, there are a number of Community Initiatives, namely Interreg III, Urban II, Equal and Leader+; Eastbourne is eligible to apply for both INTERREG III and Equal.

2.4 To ensure Structural Funding achieves its aims the different Funds are targeted towards 3 different priority-based Objectives. These Objectives are defined geographically and/or thematically.

### 2.5 Objective 1

These are defined areas whose development is lagging behind. The four main Structural Funds can be applied for under Objective 1.

· In the UK, the Objective 1 regions are: South Yorkshire, West Wales and the Valleys, Cornwall and Isles of Scilly and Merseyside.

### 2.6 Objective 2

These are defined areas undergoing economic and social conversion (industrial restructuring areas, declining rural areas, urban areas experiencing difficulties, areas in crisis dependent on fisheries). ERDF and ESF can be applied for under Objective 2.

· In the UK, 24% of the national population is covered by Objective 2, including Hastings and Thanet in Kent.

### 2.7 Objective 3

Objective 3 concerns support for the adaptation and modernisation of policies and systems of education, training and employment. ESF (see below) can be applied for under Objective 3.

- The entire population of the EU outside Objective 1 areas is covered by Objective 3.

### **3.0 The European Regional Development Fund (ERDF)**

The European Regional Development Fund (ERDF) co-finances multiannual programmes to assist regional development. Between 2000 and 2006, these programmes will support:

- The development of the most disadvantaged regions (Objective 1)
- The conversion of regions facing structural difficulties (Objective 2)
- Interregional cooperation (Interreg III) (relevant to East Sussex, see below);
- The sustainable development of urban areas in crisis (Urban II)
- The development of innovative strategies to support regional competitiveness (innovative actions)

### **4.0 The European Social Fund (ESF)**

The European Social Fund (ESF) aims to support Member State labour market policy and develop human resources, through 5 main areas:

- Developing actions to combat and prevent long term unemployment, support those entering the job market;
- Promoting social inclusion and equal opportunities
- Developing education and training and promoting lifelong learning.
- Promoting a skilled and adaptable workforce, fostering innovation in work organisation, support entrepreneurship and job creation, and boosting human potential in research, science and technology.
- Improving the participation of women in the labour market.

## **5.0 Interreg III – Transregional Co-operation**

This Community Initiative aims to strengthen social and economic interregional cohesion within the EU by promoting transnational and interregional co-operation. Interreg III Strand A is relevant to East Sussex, as it supports cross-border co-operation and is specifically concerned with promoting urban and coastal developments; encouraging entrepreneurship; integrating the labour market; sharing human resources and facilities; protection of the environment; improving transport; developing co-operating in legal and administrative spheres; and increasing human and institutional potential.

## **6.0 Urban II**

6.1 Urban is a Community Initiative programme with specific objectives for renovating buildings; local employment initiatives, improved education and training; environmentally friendly public transport; more efficient energy management systems and developing the potential of information systems.

6.2 Between 50 and 70 towns across the EU are eligible for the Urban initiative and they must fulfil at least three of the following criteria: high long term unemployment; low rate of economic activity; high level of poverty and exclusion; the need for structural adjustment due to economic and social difficulties; high proportion of immigrant, ethnic minorities or refugees; low level of education, major gaps in terms of

qualifications and a high rate of pupil failure; high level of criminality and delinquency; unstable demographic development; particularly poor environmental conditions.

## **7.0 EQUAL**

The EQUAL programme aims to test new methods of combating all forms of discrimination and inequality in the labour market for those in work and those seeking work in transnational co-operation. Equal has nine themes in the following areas: employability; entrepreneurship; adaptability; equal opportunities for women and men and asylum seekers. Equal is built around “development partnerships” based on location or sector.

## **8.0 LEADER+**

Leader+ aims to encourage rural groups and bodies to develop the longer-term potential of their area through high-quality, original and sustainable projects. Suitable projects demonstrate integrated, high quality, original strategies for sustainable development. Parts of Wealden are eligible for funding.

## **9.0 East Sussex Structural Fund Opportunities – Who Is Eligible?**

<b>LA Area</b>	<b>ESF</b>	<b>ERDF</b>	<b>INTERREG</b>	<b>LEADER+</b>	<b>EQUAL</b>	<b>URBAN</b>
<b>Eastbourne BC</b>	4	6	4	6	4	6
<b>Hastings BC</b>	4	4	4	6	4	6
<b>Rother DC</b>	4	6	4	6	4	6
<b>Wealden DC</b>	4	6	4	4	4	6
<b>Brighton &amp; Hove</b>	4	6	4	6	4	4