

European Structural and Investment Funds 2014-2020

1. Introduction

This information sheet provides an introduction to the next round of European Structural and Investment Funds 2014-2020.

EU funds represent around £300m a year of investment, covering a wide range of investments in people, businesses, infrastructure, and urban and rural development. To put this in context, the Welsh Government budget for 2012-13 is just over £15 billion.

However whilst European Structural Funds are only a small part of the bigger picture of the Welsh budget, they remain a significant source of funding for the third sector. Research undertaken by WCVA has estimated that £304 million (total project cost) was handled by third sector organisations in the 2007-2013 Programmes¹. This represents 9.4 percent of the £3,711.2 million total approved total project cost, and includes funding from public sector led projects that were procured in the third sector. Of this £161.4 million was from EU grant.

2. Third sector involvement with the 2007-2013 Structural Funds Programmes

Third sector organisations have engaged with European Structural Funds 2007-2013 as lead project sponsors i.e. direct applicants to the Welsh European Funding Office (WEFO), joint sponsors and contract delivery agents:

- £98m of EU funding has been committed to 45 projects led by the third sector
- Approx £63.5m in EU grants/contracts has been allocated to third sector organisations through projects led by the public sector
- Approx £140.5m of contracts have been awarded to 421 third sector organisations

3. Developments to date

In 2011 WEFO undertook a 'reflection exercise' to gain the views of stakeholders on lessons learned from the 2007-2013 Structural Funds Programmes in Wales. In 2012 Dr Grahame Guilford was commissioned to carry out an independent review of implementation arrangements (the 'Guilford Review'), which made [twelve recommendations for the 2014-2020 programmes](#) (pp. 8-12), including the creation of an Economic Prioritisation Framework (EPF) to better target the investments.

The formal public consultation on the investment priorities for the Structural Funds and [Rural Development Plan](#), 'Wales and Europe: Partnership for Jobs and Growth', took place in January to April 2013. An analysis of the responses can be found [here](#).

¹ Based on data supplied by the Welsh European Funding Office (WEFO), from their database of projects in August 2013.

[Second drafts of the Operational Programmes for West Wales & the Valleys](#) and [East Wales](#) were published in December 2013, and WEFO is now in negotiation with the European Commission to finalise the programmes. A short draft summary of the European Regional Development (ERDF) and European Social Fund (ESF) Structural Funds Programmes in Wales can be found [here](#).

Jane Hutt AM, the Welsh Government's Minister for Finance, has Chaired a multi-stakeholder [European Programmes Partnership Forum](#) since 2012, and WEFO has engaged external stakeholders, including WCVA, through a range of work stream groups in the design of the new programmes.

The [Wales Programme Monitoring Committee \(PMC\) for European Structural and Investment Funds 2014-2020](#) will be responsible for monitoring the effective delivery of the programmes for the European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD), and will consider how the funds work together to achieve maximum impact. 27 Members have been appointed and they include Joy Kent (Chwarae Teg), Derek Walker (Wales Co-operative Centre) and Phil Fiander (WCVA).

4. What are European Structural and Investment Funds?

The European Structural and Investment Funds (ESIF) comprise of the European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). Parts of Wales will be eligible for these funds during 2014-2020.

5. How much funding will Wales receive for 2014-2020?

All 28 Member States of the European Union qualify for different levels of European Structural & Investment Funds, which aim to promote economic growth and social cohesion. For the period 2014-2020 West Wales and the Valleys (WW&V) has qualified again as a 'lesser developed' region and will benefit from the highest level of EU grant aid of approximately £1.4bn for the third successive programme within the region. East Wales will continue to be classified as a 'more developed' region and will receive a threefold increase on its allocation for the 2007-2013 programme, from £97m to approximately £300m.

Parts of Wales will also qualify for funding through the [Rural Development Plan \(RDP\)](#) and the [Fisheries Fund](#).

6. New themes for 2014-2020

There are a new set of themes that underpin the 2014-2020 programmes:

- [Europe 2020](#) is the EU's overarching strategic aim for smart, sustainable and inclusive growth. This is underpinned by [specific targets](#) around employment rates, qualifications, poverty reduction etc that all EU Member States will be monitored against. The Structural Funds are seen as a key funding mechanism for Member States to work towards achieving the targets.
- **Integration, concentration and simplification** - the European Commission (EC) has created a new regulatory framework which is designed to make it easier for the four EU funds (ERDF, ESF, RDP and Fisheries) to be **integrated** more closely to deliver

a better impact; prior to this the funds have been developed separately by different departments within the Commission. Given the small scale of European Structural Funds in the context of the whole Welsh budget, the funds should be **concentrated** on core priorities to achieve a better impact. The EC has also made proposals to **simplify** the administration of projects e.g. simplified costs (flat rate apportionment, unit costs etc), which are designed to reduce the scope of audit; and document retention requirements will also be reduced significantly.

- **Welsh Government strategic direction:** the Welsh Government has set out clear objectives through the Welsh Programme for Government, with a focus on job creation and tackling poverty. Structural Funds should be used to add value to existing investments.
- **An economic prioritisation framework (EPF)** has been developed to help guide the use of EU funds over the 2014-2020 programming period. It provides a summary of different investments being made across Wales. Projects seeking EU funding support should describe how they will establish complementarity with and add value to these wider investments, as well as having a clear understanding of how the proposal will deliver against the Operational Programmes. See WEFO's [draft EPF briefing paper](#). There are *seven thematic economic opportunities* (energy; food security and farming; resource efficiency and environmental goods and services; exploitation of ICT assets and opportunities of the digital market place; advanced manufacturing; life sciences and health; tourism, recreation and leisure) and *three regional economic opportunities* for North Wales, Central and South West and South East Wales. The draft EPF can be found [here](#).
- **Ring fenced funding:** in order to ensure Member States focus Structural Funds investments on the key priorities, the EC has ring-fenced funding in West Wales & the Valleys for tackling poverty and social exclusion (20% of the ESF Programme in WW&V); and SME competitiveness; research and innovation and energy efficiency and renewable energy (40% of the ERDF Programme in WW&V).
- **Governance and the UK Partnership Agreement** - The EC now requires Member States to have a Partnership Agreement in place for the European Structural & Investment Funds, which sets out what the Programmes are aiming to achieve and why, and puts in place Programme level indicators for the Member State. There is a [Welsh Chapter of the UK Partnership Agreement](#).

7. Draft Priorities for Funding

The draft Operational Programmes set out the socio-economic challenges in Wales, the rationale for investment, the Priorities for funding and the Programme level outputs, results and impacts (collectively known as 'indicators'). The Operational Programmes are the contract between WEFO and the European Commission, setting out what the Programmes must deliver.

The draft Priorities and themes are:

West Wales and the Valleys (WW&V - '*lesser developed*' areas: Blaenau Gwent, Bridgend, Caerphilly, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Merthyr Tydfil, Neath Port Talbot, Pembrokeshire, Rhondda Cynon Taff, Swansea, Torfaen)

European Regional Development Fund (ERDF)

ERDF Priority 1:	Research and innovation
Theme 1A:	Research capacity and capability
Theme 1B:	Innovation (including commercialisation)
ERDF Priority 2:	SME Competitiveness
Theme 2A:	Access to finance
Theme 2B:	Business support
ERDF Priority 3:	Renewable energy and energy efficiency
Theme 3A:	Enabling renewable energy schemes
Theme 3B:	Energy efficiency in housing
ERDF Priority 4:	Increasing the commercial attractiveness of places
Theme 4A:	Connectivity
Theme 4B:	Sustainable urban development

European Social Fund (ESF)

ESF Priority 1:	Tackling poverty through sustainable employment
Theme 1A:	Helping people into work
Theme 1B:	Inclusion and engagement in the labour market
Theme 1C:	Helping people stay and progress in work
ESF Priority 2:	Skills for growth
Theme 2A:	Adaptability, growth and progression
Theme 2B:	Skills for research and innovation
Theme 2C:	Leadership and management
Theme 2D:	Gender equality
ESF Priority 3:	Youth unemployment attainment
Theme 3A:	Youth employment
Theme 3B:	Youth attainment and engagement
Theme 3C:	Early years

East Wales (*'more developed'* areas: Cardiff, Flintshire, Monmouthshire, Newport, Powys, Vale of Glamorgan, Wrexham)

European Regional Development Fund (ERDF)

ERDF Priority 1:	Research and innovation
Theme 1A:	Research capacity and capability
Theme 1B:	Innovation (including commercialisation)
ERDF Priority 2:	SME Competitiveness
Theme 2A:	Access to finance
Theme 2B:	Business support
ERDF Priority 3:	Renewable energy and energy efficiency
Theme 3A:	Enabling renewable energy schemes
Theme 3B:	Energy efficiency in housing
ERDF Priority 4:	Increasing the commercial attractiveness of places

Theme 4A: Connectivity

European Social Fund (ESF)

ESF Priority 1: Tackling poverty through sustainable employment
Theme 1B: Inclusion and engagement in the labour market

ESF Priority 2: Skills for growth
Theme 2A: Adaptability, growth and progression
Theme 2D: Gender equality

ESF Priority 3: Youth unemployment attainment
Theme 3A: Youth employment
Theme 3B: Youth attainment and engagement

8. Applying for funding

As part of WEFO's preparations for implementation, organisations interested in leading on the delivery of projects can begin to discuss their project proposals or outlines with WEFO's thematic teams by contacting the WEFO Helpline (0845 010 3355) or emailing: enquiries-wefo@wales.gov.uk. See WEFO's [Q&A document for potential project sponsors](#)

Once a project idea has been registered with WEFO, the potential applicant will be assigned to a Project Development Officer (PDO), who will undertake a structured dialogue with the applicant focusing around strategic fit, delivery, finance and compliance. A decision will then be taken as to whether the applicant should proceed to develop a full business plan based around the nine selection and prioritisation criteria. WEFO has published [initial guidance on the 2014-2020 project appraisal process](#).

9. Who to contact for assistance

Third sector organisations seeking to participate in the delivery of the 2014-2020 European Structural and Investment Funds are advised to discuss their approach with WCVA's third sector European team (3-SET) by e-mailing 3SET@wcva.org.uk or contacting WCVA's Helpdesk on 0800 2888 329.

10. Next steps

Early 2014 European Commission to approve Operational Programmes
Mid 2014 Possible start of new Structural Fund Programmes in Wales

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