

**Enterprise and Business Scrutiny Committee  
22 September 2011**

**EBC(4)-02-11 Paper 2**

**Evidence from the Deputy Minister for Agriculture, Fisheries, Food and European Programmes**

**INTRODUCTION**

1. I welcome the opportunity to set out my vision and priorities for European Programmes. I have already given evidence to the Environment and Sustainability Committee on the Agriculture, Food and Fisheries elements of my portfolio.
2. Having all European Programmes under a single portfolio provides me with a unique opportunity to increase synergies and coordination between these various funding streams and to use them more holistically, as part of a whole Government approach, to support sustainable growth and jobs.
3. European programmes will be closely aligned with the priorities of the Welsh Government in the context of the Europe 2020 strategy for smart, sustainable and inclusive growth.
4. I have also set out at Annex A the progress made on the relevant recommendations on Structural Funds programmes from the Enterprise and Learning Committee's very helpful legacy report.

**VISION FOR EUROPEAN PROGRAMMES**

5. To ensure our European Programmes are amongst the most successful in the EU in shaping the conditions for smart, sustainable and inclusive economic growth.

**MISSION**

6. To work with our partners in the private, public and third sectors across Wales to make best use of European Funds, by supporting strategic and innovative investments in our infrastructure, businesses, communities and people.

**PRIORITIES**

7. My priorities demand a balance between focussing on the delivery of existing EU programmes and preparing the ground for the efficient and effective delivery of EU programmes in Wales from 2014:

- (a) Ensure that current European Programmes are effectively implemented and deliver sustainable benefits for people, businesses and communities across Wales, in line with EU and Welsh Government policies;
- (b) Make a compelling case for Wales in discussions on the future of Cohesion and CAP policies at UK and EU levels, seeking to secure an outcome which fairly reflects our needs and provides the basis for shaping and strengthening an environment in Wales in which sustainable growth and jobs can be secured;
- (c) Work with our partners to develop European Programmes for the 2014–2020 period which will help contribute to a strong environment for growth and quality sustainable jobs, reflecting our shared ambitions for economic success;
- (d) Simplify and streamline the implementation of European Programmes, including by achieving stronger integration across EU funding streams and encouraging innovative approaches;
- (e) Maximise the take up of European funding opportunities by organisations across Wales, including in the private sector, and work with our partners to develop more sustainable funding solutions; and
- (f) Promote Wales as a region of excellence and innovation in the way European funds are deployed and share best practice with countries and regions across the EU.

## **KEY ISSUES OF STRATEGIC IMPORTANCE**

8. The successful delivery of the current suite of EU programmes in Wales remains a key priority. These programmes have made an important contribution to helping us through some very difficult economic times.
9. We have now committed 81% of the Structural Funds programme budget to approved projects (over £1.5 billion of EU grant). These projects have already assisted 230,000 participants, of which over 68,000 have been supported to gain qualifications and some 28,500 helped into work. In addition, 5,700 businesses have been assisted, helping to create over 8,000 (gross) jobs and 1,750 new enterprises. We have also achieved all of the EC's (N+2) expenditure targets for 2011.
10. The current economic context, including volatility of exchange rates, remains challenging but I am committed to ensuring these programmes continue to support Welsh people, businesses and communities through these difficulties and at the same time lay the foundations for sustainable growth and jobs for the future.

11. Strategic decisions will also need to be made to help direct and shape the development of any new programmes. I will be discussing these issues with partners across Wales over the coming months with the aim of reaching a clear view on the direction of these programmes. Key issues for consideration include:
- (a) Identifying the **core priorities** for funding support under future EU programmes, including the need to make choices and to concentrate resources to maximise impact;
  - (b) The extent of geographical and spatial targeting, considering how the needs and opportunities of **urban and rural areas** can best be supported and how we might exploit the benefits of city-region approaches;
  - (c) Identifying the best ways of contributing towards the goals of **smart, sustainable and inclusive growth**, including use of innovative financial investment instruments;
  - (d) Considering the balance and scope for **integration** of the various EU funds in Wales whilst maximising the impact of these investments; and
  - (e) Reviewing **delivery approaches** with the aim of facilitating easier access to funds, while still ensuring high quality projects.
12. Once the broad direction for future EU programmes has been agreed, we will look to work with our partners on the detail of programmes. This will include consideration of the lessons learned from both the 2007–2013 and earlier programmes and the scope for simplifying and streamlining implementation arrangements and removing barriers to participation.

## **NEXT STEPS**

- **October 2011:** First draft regulations governing the Structural Funds and the CAP published by the European Commission
- **November 2011 – December 2011:** “Reflection exercise” inviting early views from partners on the strategic direction future EU programmes should take
- **Early 2012:** Set out the Government’s planned vision and direction for future EU programmes in Wales
- **Early 2012 – Autumn 2012:** Development of programmes with partners
- **Autumn 2012:** Public consultation on future EU programmes

- **Spring 2013 – Autumn 2013:** Submission to European Commission and negotiation of programming documents
- **2014:** Launch and delivery of EU programmes 2014–2020 in Wales

13. During this period we will work to ensure the Wales' voice is heard, building on our long standing relationships with the European Commission and other EU institutions and through attendance at Council of Ministers meetings as appropriate.

14. I will continue to work closely with our Welsh MEPs and with the UK Government, through the Joint Ministerial Council on Europe to pursue Welsh interests at all levels of the debate. We will continue to argue for simpler, fairer and more proportionate rules for the next round of programmes and for flexibility in the way we can use the funds to maximise the opportunities for sustainable growth and jobs in Wales.

15. I am also reviewing the Welsh Government's own internal structures and arrangements for partnership engagement to ensure that we employ a more integrated approach to the development of Post-2013 programmes.

## ANNEX A: Response to the recommendations of the Enterprise and Learning Committee legacy report

I am conscious of the valuable contribution to the debate made by the Enterprise and Learning Committee of the previous Assembly, and set out below the current actions against the legacy report recommendations relating to EU Programmes.

<p><b>Recommendation 15.</b> Progress with implementing the current Structural Funds Programmes should continue to be a subject for scrutiny in the Fourth Assembly. The relevant committee should request regular updates from the Welsh Government and should seek to investigate intra-regional differences and anomalies, as well as scrutiny of Wales's performance compared with other UK regions and the EU as a whole.</p>	<p>I will be happy to update the Committee on the progress of the Structural Fund Programmes. We are committed to transparency in the development and delivery of the programmes in Wales.</p> <p>Also, as part of its review of evidence to feed into the development of the new Structural Fund programmes the Welsh Government will be looking at lessons learned and best practice across the EU.</p>
<p><b>Recommendation 16.</b> There is still a risk of both double-counting and under-counting project outcomes or successes, which might affect an individual's progress, and which should continue to be monitored in the Fourth Assembly. The Welsh Assembly Government is aware of these issues but should ensure data collection systems avoid such problems, including promoting local agreements where different project interventions overlap.</p>	<p>WEFO is satisfied that its participant level data collection system allows it to identify where an individual has participated in more than one project and to track the journey undertaken by participants as they progress from unemployment / inactivity to employment. A similar system is in place for ERDF where WEFO collects information relating to businesses supported.</p> <p>WEFO also advises projects on best practices to avoid double counting of outcomes between projects.</p>
<p><b>Recommendation 17.</b> In addition, the Welsh Government should be encouraged to develop a fuller data set to monitor progress, beyond simply Gross Value Added (GVA).</p>	<p>The Welsh Government uses a variety of tracking indicators which provide the overall context for assessing the progress of West Wales and the Valleys. These include high level economic data, labour market data, innovation, skills, enterprise as well as data on social cohesion.</p>

<p><b>Recommendation 18.</b> The impact of public sector funding cuts on the availability of match funding for Structural Funds projects should be closely monitored and, if necessary, contingency plans put in place.</p>	<p>This is very much part of WEFO's ongoing management of implementation risks.</p> <p>Revised EU intervention rates were agreed with the European Commission in 2009 which allow greater flexibility to mitigate potential match funding pressures.</p> <p>The All Wales Programme Monitoring Committee has asked to be kept informed of the impact of the CSR on match funding and discussed an update paper at its March 2011 meeting: (<a href="http://wefo.wales.gov.uk/programmes/allwalespmc/pmcmarch2011/?lang=en">wefo.wales.gov.uk/programmes/allwalespmc/pmcmarch2011/?lang=en</a>)</p>
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<p><b>Recommendation 19.</b> WEFO should be challenged to work in partnership with all the projects in the 2007-13 Programmes on the design of sustainable solutions for the communities and individuals affected when those projects come to an end.</p>	<p>All projects are required to address the future sustainability of their activities as part of the business planning process and/or to develop appropriate exit strategies. Many existing projects will continue to deliver activities under the current programmes into 2015. Financial instruments such as JEREMIE and JESSICA will facilitate the recycling of funds beyond the current programme period.</p> <p>The sustainable impact of investments is a key consideration in project selection and investments such as those in training and up-skilling people, renewable energy and sustainable transport will deliver long-term benefits.</p>
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