

## **Enterprise and Business Committee 20 March 2014**

### **EU Funding Opportunities 2014-2020**

#### **Evidence Paper**

#### **Introduction**

1. This paper provides an overview of EU funding opportunities available during the period 2014 – 2020 through European Territorial Co-operation (ETC) Programmes and through programmes which are managed directly by the European Commission, including Connecting Europe, COSME, Creative Europe Erasmus+, EaSI and LIFE. It does not cover the European Structural and Investment programmes or the CAP. Nor does it cover Horizon 2020 which has been the subject of a separate enquiry by the Committee.
2. The Welsh Government seeks to maximise engagement with all EU funded programmes as a means of supporting sustainable economic growth and jobs. Collectively these programmes make an important contribution to our economic development goals by supporting small businesses, increasing skills, promoting innovation and improving connectivity. In addition, ETC programmes help us to work in partnership with and learn from other regions in better understanding and addressing common economic, environmental and social challenges.
3. Together these ETC and directly managed programmes will invest over €57bn across the EU during the 2014 and 2020 funding period. The opportunities presented are considered in this paper, with more detailed information on the financial aspects presented in Annexes A and B.

#### **ETC Programmes in Wales**

##### **2007-2013 Programmes**

4. Current ETC Programmes are investing around €1.4 billion, including €885m ERDF across the EU. This includes cross border, transnational and interregional programmes.
5. Wales has been involved in five programmes during the 2007-2013 funding period;
  - Ireland Wales (Cross-border)
  - Atlantic Area (Transnational)
  - North-West Europe (Transnational)

- Interreg IVC (Interregional)
  - URBACT (Interregional)
6. Welsh partners are engaged in 89 ETC projects worth some €146m in ERDF grant, of which €41.5m directly benefits Welsh partners. A summary is attached as Annex A.
  7. Examples of project activity supported by these programmes includes SME clustering, knowledge transfer in the marine economy, environmental conservation and risk prevention, climate change adaptation, sustainable urban development networks, development of renewable energies and community and social enterprise exchange.

### **2014-2020 Programmes**

8. Following our agreement with the Irish Government in November 2013, WEFO, acting on behalf of the Welsh Government, will assume the role of Managing Authority (MA) for the 2014-2020 Ireland/Wales programme. Preparation of the Operational Programme is now underway in partnership with the Irish Government and our partners in the Southern and Eastern Regional Assembly. Given the maritime nature of the boundary between Ireland and Wales, there will be a strong focus on the Irish Sea – managing, protecting and maximising the economic potential of this shared resource. The programme will also promote business competitiveness and innovation in both countries.
9. We are also working with the UK Government (Department for Communities and Local Government) and the other Devolved Administrations through the UK ETC Board to maximise our interests in the successor 2014-2020 ETC programmes. My officials are drawing on the expertise of an ETC Workstream in Wales and working closely with other EU Member States and regions to influence the architecture, content and delivery of the 2014-2020 programmes through direct engagement on the various Programme planning groups set up to plan and prepare the Atlantic Area, North-West Europe and EU28 Interreg Europe programmes. A reflection exercise was also undertaken in Winter 2011-12 providing stakeholders with an early opportunity to comment on the strategic direction and future investment priorities for the 2014 -2020 Structural Fund Programmes, including the ETC Programmes.
10. The Welsh Government expects all ETC programmes to have a stronger economic focus. The priority is jobs and growth, achieving maximum impact by building on and complementing other EU funding mechanisms, and drawing benefits from co-operation with other EU regions.

11. Public consultations on the Ireland/Wales cross-border and transnational programmes will take place throughout Spring and Summer 2014. The Interreg Europe (EU 28 programme) has been open for public consultation from 10 January until 21 March 2014.<sup>1</sup> All programmes will be submitted to the European Commission by mid September 2014.

### **Financial allocation for the 2014-2020 programmes**

12. The UK has received an allocation of circa €600m (excluding a pre-determined amount for the Northern Ireland/Ireland PEACE programme) in ERDF (at 2011 prices) for allocation to the ETC programmes in which it will engage in 2014-2020. This is an increase of circa €38m from 2007-2013.<sup>2</sup>
13. The amount for each programme is being negotiated at UK level and a final decision is expected imminently. It is anticipated that the allocations for each of the programme categories will remain broadly on a par with the 2007-2013 programme period.

### **Other EU funding programmes**

14. The European programmes delivered through “direct management” encompass a wide range of funding streams. The programmes aim to further the interests of the EU or contribute to the implementation of EU programmes or policies and many require transnational partnership or co-operation. In contrast to the EU programmes delivered through “shared management” such as the Structural Funds and CAP Programmes, the programmes are not generally targeted at specific regions but are open to competition from across the EU. It is therefore imperative that organisations in Wales are able to exploit the full potential of these opportunities.
15. The programmes of particular relevance to Wales are Connecting Europe, COSME, Creative Europe Erasmus+, EaSI and LIFE.
16. Coupled with the significant opportunities under the Horizon 2020 programme, the programmes can make a vital contribution to our economic development goals by supporting small businesses, promoting innovation and improving transport links.
  - The *Connecting Europe* has a significant €33bn budget to support the development of trans-European networks in the field of energy, telecommunications and transport. Much of the budget is targeted at

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<sup>1</sup> The consultation can be found on the following website. <http://www.interreg4c.eu/interreg-europe/public-consultation/>

<sup>2</sup> Based on figures from the UK Government Department for Business, Innovation and Skills.

improving infrastructure in Cohesion countries but Network Rail has been successful in the past in accessing €11 million for its Great Western Electrification project and Wales has benefited from a pan-European Intelligent Transport System for roads. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.

- The €2bn *COSME* programme includes actions to improve access to finance for SMEs, and access to markets. The Enterprise Europe Network in Wales is delivered by BIC Innovation and Swansea University. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.
- *Creative Europe*, a €1.5bn programme to encourage the cultural and creative sectors to make the most of the Single Market and reach audiences in other countries. Welsh companies have secured €2.5m from the 2007-13 MEDIA programme which will now form part of the Creative Europe programme for 2014-2020. The Economy, Science and Transport Department has the policy lead on this programme within the Welsh Government.

17. Welsh students have benefited significantly from the EU's education and skills programmes.

- The *ERASMUS+* 2014-2020 €15bn programme includes actions to support the learning mobility of individuals and co-operation for innovation and exchange of good practices. The Department for Education and Skills has the policy lead on this programme within the Welsh Government and plays an active role in an Advisory Group advising on ways of maximising take-up of the funds in Wales.
- *EaSI* is a new €815m programme which helps to improve employment and social policies, assists with worker mobility and includes a Microfinance Facility. The Department for Education and Skills has the policy lead on this programme within the Welsh Government.

18. There is also significant scope to support the protection of Wales' natural resources. The new *LIFE* programme (€3.5bn) supports resource efficiency, nature, biodiversity and climate change mitigation and adaption measures. Wales has benefited from a number of projects, delivered by Natural Resources Wales under the predecessor programme to restore the Anglesey and Llŷn Fens (€2.7m grant) and restoration of Natura 2000 in Wales (€655k grant). The Department for Natural Resources and Food has the policy lead on this programme within the Welsh Government.

## Support mechanisms to access funding

19. The EU's EUROPA website<sup>3</sup> contains comprehensive information on EU Programmes including the directly managed programmes. The EU also utilises a number of partner organisations to facilitate the sharing of information and advice on applications for funding. In Wales they include the **Enterprise Europe Network which** helps organisations develop by providing advice and support for innovation and transnational technology development, and the Europe Direct Information Centres. Many Welsh organisations, such as Local Authorities and Higher Education Institutions, also employ European Officers to facilitate access to EU funds.
20. The Welsh Government has an interest in ensuring that Welsh organisations and individuals benefit fully from these funds. The Welsh Government's website includes signposting to the primary sources of funding programmes and as well as the actions described above, the Department for Economy Science and Transport hosts the MEDIA Antenna Desk for Wales.

## **ETC Strategy**

21. In the 2011 report by the European and External Affairs Committee's on 'Welsh participation in EU research, innovation and life-long learning programmes' the following recommendation was made in relation to ETC:

'Recommendation 9: The Welsh Government to review its Territorial Cooperation Strategy and explore the scope for partnerships on funded projects, especially with those cities and regions for which there are existing working arrangements, including through Memoranda of Understanding and Twinning.'

The Territorial Co-operation strategy is due to be reviewed and revised following the publication of a Territorial Co-operation Scoping study for the period 2007-2013. The scoping study was commissioned by WEFO to help inform development of the new ETC programmes and will be published in the next couple of months. An updated ETC strategy will take account of Scoping Study findings which are already being used to inform the development of the 2014-2020 suite of ETC programmes.

## **EU Funding in Welsh Government Budgets**

22. Each department plans its own projects for which they hope to receive EU support. In planning any given financial year, much of that support will have been secured already, as many projects run over several years. For 2014/15 Welsh Government departments will be planning for their own expenditure to be complemented by EU funds from both the 2007 – 2013 round and from the new 2014 – 2020 round (both the funds under administration by Managing Authorities in Wales and those managed directly by the Commission).

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<sup>3</sup> [www.europa.eu](http://www.europa.eu)

23. Under the regulations, projects can continue to spend into 2015 and a number of Welsh Government projects are approved to do so. This allows a period of overlap with the new programmes, so departments are working up proposals now for key operations in the next round with a view to having them approved during 2014. This will help to maintain certainty and continuity of delivery where activities in the new round are close to those being delivered at present

## Annex A

### ETC Programmes in Wales 2007-2013

	Total Programme Value / €	Total Programme ERDF Value / €	No. Approved Projects with Welsh partners	Total project costs / €	Total ERDF Grant / €	Total Welsh Costs / €	Total Welsh ERDF / €
<b>Ireland Wales Cross-border</b>	70,260,394	52,695,295	41	68,336,179	49,023,050	37,096,481	26,315,406
<b>Atlantic Area Transnational</b>	158,798,190	104,051,233	17	38,315,275	24,904,879	7,220,265	4,620,350
<b>North West Europe Transnational</b>	696,668,854	355,443,293	16	110,774,391	55,065,224	17,166,091	8,583,045
<b>Interreg VC Interregional</b>	405,094,936	321,321,762	13	23,357,799	18,364,756	2,774,582	2,080,936
<b>URBACT Interregional</b>	68,890,739	53,319,170	2	651,410	482,797	12,500	10,000
	<b>1,399,713,113</b>	<b>886,830,753</b>	<b>89</b>	<b>241,435,054</b>	<b>147,840,706</b>	<b>64,269,919</b>	<b>41,609,737</b>

## Annex B

### Other EU Programmes

EU budget (current prices)	Objectives	Application process/ support
<b>Connecting Europe</b>		
<p>€33.3bn in total</p> <p>€1.1bn for digital</p> <p>€26.3bn for transport (€11.3bn ring-fenced for Cohesion countries) (80-85% for core network, 10-15% for innovative finance and 5% for Comprehensive network)</p> <p>€5.9bn for energy</p>	<p>Supporting the development of trans-European networks in the field of energy, telecommunications and transport.</p>	<p><b>The Innovation and Networks Executive Agency (INEA) announces work programmes and then calls for annual and multi annual proposals.</b></p> <p><a href="http://inea.ec.europa.eu/en/home">http://inea.ec.europa.eu/en/home</a></p>
COSME		

<p>€2.298 billion in total</p> <p>€1.4 billion for loans and venture capital</p>	<p>1) access to finance for SMEs, though a) loan guarantee facility and b) equity facility</p> <p>2) access to markets, inside the Union but also at global level (facilitated by the Enterprise Europe Network),</p> <p>3) framework conditions for businesses through improved policy , and</p> <p>4) entrepreneurship and entrepreneurial culture – exchange of good practices</p>	<p>SMEs can gain information on participating intermediaries through a finance portal</p> <p><a href="http://access2eufinance.ec.europa.eu">http://access2eufinance.ec.europa.eu</a></p> <p>Enterprise Europe Network Wales is run by BIC Innovation Ltd and Swansea University</p> <p><a href="http://www.enterpriseeurope.wales.org.uk/wlx/">http://www.enterpriseeurope.wales.org.uk/wlx/</a></p>
<p>CREATIVE EUROPE</p>		
<p>€1.463bn</p>	<p>To encourage the cultural and creative sectors to make the most of the Single Market and reach audiences in other countries. Has two sub-programmes</p> <p>1) Culture, supporting performing and visual arts, heritage</p> <p>2) MEDIA, providing funding for the cinema and audio-visual sector.</p>	<p>The European Commission's Education, Audiovisual &amp; Culture Executive Agency calls for proposals.</p> <p>Assistance is available from the MEDIA Antenna Desk based within EST.</p> <p><a href="http://www.mediadeskuk.eu">www.mediadeskuk.eu</a></p> <p>And British Council for the Culture sub-programme</p> <p><a href="http://www.culturefund.eu/">http://www.culturefund.eu/</a></p>
<p>EaSI</p>		

<p>€815m</p> <p>61% for Progress</p> <p>18% for EURES</p> <p>21% for Microfinance and Social Entrepreneurship</p>	<p>Three elements:</p> <p>Progress (Programme for Employment and Social Solidarity) helps to improve policies in employment, social inclusion and poverty protection, and working conditions</p> <p>EURES (European Employment Services) and</p> <p>Progress Microfinance Facility and Social Entrepreneurship.</p>	<p>Progress calls for tenders or proposals (DWP are national contacts)</p> <p>EURES calls for tenders or proposals</p> <p>Unemployed can access microfinance through approved providers. Currently none cover Wales.</p>
<p>ERASMUS+</p>		
<p>€14.775bn</p>	<p>1) Learning mobility of individuals</p> <p>2) Cooperation for innovation and exchange of good practices</p> <p>3) Support for policy reform</p> <p>Contribute towards:</p> <ul style="list-style-type: none"> <li>• Raising higher education attainment from 32% to 40%</li> <li>• Reducing the share of early school leavers from 14% to less than 10%</li> </ul>	<p>National Agencies (British Council and Ecorys in the UK) facilitate the coordinated management and calls for applications for 85% of the funding available.</p> <p><a href="http://www.erasmusplus.org.uk/">http://www.erasmusplus.org.uk/</a></p> <p>The European Commission's Education, Audiovisual &amp; Culture Executive Agency calls for proposals for the remaining 15%.</p>
<p>LIFE</p>		

<p>€3.457bn</p>	<p>Has two sub-programmes</p> <p>1) environment, covering: environment and resource efficiency; nature and biodiversity; and environmental governance and information;</p> <p>2) Climate Action, covering: climate change mitigation; climate change adaptation; and climate governance and information.</p>	<p>BetaEurope acts as a UK National Contact Point service for LIFE+ on behalf of Defra and the Food Standards Agency.</p>
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