

Written evidence: Dr Hywel Ceri Jones, Former EU Funding Ambassador

I fear that if Brexit is confirmed, it will deliver a massive body blow to Wales across the spectrum of the policy agenda facing Wales and all our partners throughout Wales. To equip itself with dedicated expertise and capacity, I consider it is absolutely vital for the Assembly to ensure that the Government installs a strong central strategic unit. This should serve as a centrepiece of its machinery, to ensure it has the intersectoral capacity, combined with experience and expertise on EU relations and the range of EU policies and programmes, to drive a much more effective plan of action if Wales is to compensate for the withdrawal of the policies underlying the wide range of EU funding streams which have benefitted Wales over the past years, and also to set out a coherent programme of work and plan of delivery to take Wales forward.

In this context, I intended to draw the attention of the committee to the relevance to its brief of the analysis and recommendations set out in the report which as EU Ambassadors we presented to the Welsh Government in March 2016. This report which I attach was based on 2 years of extensive consultations within Wales, with Scotland and other regions, and in BX. We took carefully into account the concerns which partners in Wales all voiced forcibly to us about the need to reinforce the internal interdepartmental machinery within Welsh Government and create a much more joined up, coherent and transparent capacity to tackle the opportunities and challenges which lie ahead. Partners throughout Wales would welcome evidence of a such a strong lead and a focal point of reference to which they could refer as well as clarity and better communication externally (as well as internally) of its prioritisation process which the central strategic unit could facilitate.

I hope that with the Chairman's agreement you can distribute the report to all members of the committee and treat it as a valuable baseline input to the reflexions of your committee. I am sure that this would also be appreciated by the range of different partners in Wales who are hugely concerned about the Brexit 'meltdown' and uncertainties across the range of policies affecting them. They were very supportive of the report's recommendations as was the commissioning Minister at that time, Mrs Jane Hutt.

I wish at this point to add 4 other inter-related observations.

1. Since the UK will have continued as a Member State since June 2016 until any final deal is signed up to with the EU for departure, Wales has continued to benefit from the range of EU policy funding streams and may well do so for a 'transition' period should that be necessary and confirmed in any final agreement with the EU. I recommend therefore that your Committee requests a full report on the use and policy impact of the funding enjoyed by Wales since 2016 as an up-to-date baseline to enable you to do justice to your terms of reference. It will be important that this covers all policy funding streams, and does not confine itself to the EU's Structural Funds as has been one of the obvious weaknesses in the past in Wales.

2. The EU has now set out its policy and financial perspectives for the next programming period from 2020 to 2027. This long term planning text will of course be taken up by the new European Commission and new European Parliament once they are in place in 2019. These perspectives set out the priorities for the next phase of EU development, including some important reforms and changes of policy emphasis for the future.

It is important that the new central strategic unit (CSU) which I advocated earlier is tasked to analyse these forward perspectives so as to alert the Welsh Government to the implications for Wales and to the actions which need to be taken as a matter of urgency whether or not Brexit is decided.

Investment in such a CSU is necessary because Brexit poses an existential threat to the economy and society in Wales. The Welsh Government needs an even stronger capacity than at present to assess the continuing implications of Brexit across the policy spectrum. Investment in such a vital strategic underpinning would also help plug the gap which has been evident in the Assembly since its founding, namely the lack of a corporate sense of government in which departments are much more integrated into a whole government approach to the design and delivery of policy.

There is as we know huge public concern about securing the right to continue to participate in EU programmes, most especially Horizon Research and Erasmus+. The Welsh Government has already indicated the importance it attaches to these two programmes as vital to Welsh interests. There are however a number of other EU programmes which matter to interest groups in the UK and in Wales. I annex the list of programmes which will all require careful analysis to identify priorities for continuing UK and Welsh access and participation.

If the UK and the EU do agree a 'special, deep and comprehensive partnership' with the EU, as the Prime Minister says she wishes, the implications of such a partnership agreement for Wales will be of paramount importance both in policy and financial terms. This will require much closer cooperation between Whitehall and Cardiff than has been the case hitherto to determine the full range of implications for the devolved assemblies... The implications of the UK being treated in future as a 'third country' will require especially thorough examination and Welsh Government needs to be fully involved to ensure its specific priority needs are met and included in any UK wide formulation.

Furthermore, even if there is no agreement, it will be important for Wales to understand the policy and financial context in which our former partners in the other Member States will be working. This will be crucial to follow up the expressed determination of the Welsh Government to pursue continuing close relations with other European regions and partners, building on past experience and the brokerage activity of Wales House in Brussels.

Continuing investment in Wales House in Brussels, with a talented team of officials, is vital to ensure that Welsh Government is constantly well informed and well connected with the staff and machinery of EU institutions, as well as with delegations representing the other Member States and many regions.

3. As a member of the Welsh Government's European Advisory Group, I am aware of its concern with its preparedness for Brexit which we had the opportunity to discuss at our last meeting of the Group recently. The weakness of the present intergovernmental machinery is a matter of continuing concern. The Assembly needs to give urgent full backing to the attempts of Welsh Government to secure much stronger, more structured engagement with the UK Government and its different departments, and in particular to unlock the sharing of information via the Department for Exiting the EU.

4. Since public attention is now focussing more and more on the significance of securing a 'meaningful vote' in the House of Commons, I consider it as absolutely essential that the Welsh Assembly's overall position on the drafts emerging from the negotiations should be presented to Parliament at Westminster in time for it to be seized of the Welsh position prior to the holding of the 'meaningful vote'. This will surely be the case for Scotland! The final assessment of the Welsh Government and Assembly should take fully into account the invaluable work conducted over the past 2 years in the Assembly's External Affairs Committee and combined with the results of the work of this Finance Committee, as well as take into account the extensive work done by the Cabinet Secretary for Finance and the European Advisory Group which he chairs. In that way too, the Welsh Government and the Welsh Assembly will be in a strong position to communicate to and engage with the public in Wales, and more widely throughout the United Kingdom, setting out the well-considered and distinctive response of Wales to the draft agreement/s and to the overall definition of our futures as citizens in the Union of the UK. This would provide much needed evidence of a maturing and healthy devolution process in Wales.

Hywel Ceri Jones

EU Budget 2021-2027 – List of Sectoral Programme Proposals

Horizon Europe

https://ec.europa.eu/commission/news/eu-budget-2018-jun-07-0_en

Erasmus Plus

http://europa.eu/rapid/press-release_IP-18-3948_en.htm

Cohesion Policy (including European Territorial Cooperation)

http://europa.eu/rapid/press-release_IP-18-3885_en.htm

ESF+ (includes Health)

http://europa.eu/rapid/press-release_IP-18-3923_en.htm

Creative Europe

http://europa.eu/rapid/press-release_IP-18-3950_en.htm

Digital Europe (new programme)

http://europa.eu/rapid/press-release_IP-18-4043_en.htm

Life Plus

http://europa.eu/rapid/press-release_IP-18-4002_en.htm

Single Market Programme (replaces COSME)

https://ec.europa.eu/commission/news/eu-budget-2018-jun-07_en

Invest EU – loans and guarantees (includes former EFSI programme)

http://europa.eu/rapid/press-release_IP-18-4008_en.htm

Connecting Europe Facility

http://europa.eu/rapid/press-release_IP-18-4029_en.htm

Space Programme

http://europa.eu/rapid/press-release_IP-18-4022_en.htm

Justice, Rights and Values fund (equality and human rights, citizenship, preventing violence)

http://europa.eu/rapid/press-release_IP-18-3950_en.htm

Customs Programme (supporting Customs Union)

https://ec.europa.eu/commission/news/eu-budget-2018-jun-08_en

[Youth employment initiative](#)

<http://ec.europa.eu/social/main.jsp?catId=1176&langId=en>

Common Agricultural Policy

https://ec.europa.eu/commission/news/eu-budget-common-agricultural-policy-after-2020-2018-jun-01_en

Common Fisheries Policy

http://europa.eu/rapid/press-release_IP-18-3978_en.htm

[European Regional Development Fund](#)

http://ec.europa.eu/regional_policy/en/funding/erdf/



Europe Matters to Wales: EU Policy and Funding Opportunities for Wales 2014-2020

Final Report and Recommendations to the Minister for
Finance and Government Business

EU Funding Ambassadors

Dr Grahame Guilford

Dr Hywel Ceri Jones CMG

Gaynor Richards MBE

March 2016

Table of Contents	Page
1. Introduction	2
2. Executive Summary of Recommendations	3
3. Context	4
4. Approach and Method of Work	5
5. Opportunities in Selected Thematic Areas	7
➤ Economic and Business Development	8
➤ Investment in Education, Training and Youth	12
➤ Post 16 Education and Training	14
➤ ‘Europeanisation’ and ‘Internationalisation’ of Universities in Wales	15
➤ Combatting Poverty and Social Exclusion	18
➤ European Territorial Cooperation Programmes	20
6. Conclusions	21
7. Recommendations	25
8. Future of Ambassadorial Role and Acknowledgements	31
 Appendices	
A. EU Funding Ambassadors - Terms of Reference	33
B. Summary of Responses to the Interim Report – by Sector	35
C. Approaches Used by Other Regions – Scotland	46
D. Approach adopted by the Welsh Government Health Department	47
E. EU Policy and Funding Programmes of Potential Interest to Wales (2014-2020)	49
F. Directly Managed EU Programme Interventions and Successes	52

1. Introduction

- 1.1. In December 2014 we were appointed by the Minister for Finance and Government Business, as EU Funding Ambassadors, with the remit to provide independent advice against our Terms of Reference (Appendix A), which called upon us to:
 - Identify and promote integration and advise on how best to maximise synergies with other EU and domestic funding streams and links with the Economic Prioritisation Framework;
 - Gather intelligence, from within our respective networks and beyond, to inform our report;
 - Offer Ministers perspectives on how Wales could be more successful in maximising EU funding under these programmes and how opportunities can be made more accessible;
 - Promote opportunities and encourage participation across all sectors;
 - Advise on how Wales can maximise opportunities under the new ETC programmes, including building collaboration with international partners.
- 1.2. Our appointments were made on a voluntary, unpaid basis and, crucially, were designed to allow us to take an independent perspective. We have had the opportunity to draw extensively on discussions with a wide range of stakeholders in Wales and Europe as well as on our own experience, networks and backgrounds. Our remit ends with the forthcoming National Assembly for Wales elections in May 2016. This final report is now presented to the Minister of Finance and Business and through her to the Welsh Government and the National Assembly of Wales for further examination and consideration of the recommendations set out in it.
- 1.3. We published an interim report in December 2015 which was circulated widely by the Minister within Welsh Government, to the Assembly, and to all partners. A range of important comments and suggestions have been received from partner organisations in Wales, in all cases welcoming our initial recommendations and calling for the Welsh Government to move along the lines we recommended. A summary of these reactions is included at Appendix B, and the full reports are being made available to the European Policy Group for more detailed examination. This final report contains the conclusions from our work and sets out our recommendations to the incoming Welsh Government for the remaining 4 -5 year period of the current round of EU policy funding.
- 1.4. We recognise the importance of the current debate in the UK in relation to the question of continued membership of the EU. We are aware that the

First Minister and Leaders of all political parties raised concerns about the timing of the Referendum so close to the Assembly elections and are also aware that the question of membership of the EU will feature strongly in the lead up to these elections. We have worked on the premise that the UK will decide to remain within a reformed and reforming EU and that a future Welsh Government will wish to maintain a productive and mutually beneficial relationship with the EU. In view of the enormous significance of this decision to Wales and to the UK, we encourage the Welsh Government to consider making available a factual report of the relationship between Wales and the EU, in particular in relation to the range of EU Policies and Programmes, with their different funding streams, which impact (and have impacted) on Wales. In this way the Welsh public would be better placed to take an informed view of the question posed in the Referendum and the implications of the UK remaining or leaving the EU.

- 1.5. Our report looks forward. We have therefore addressed our conclusions and recommendations towards ways of working in the future in terms of the machinery the Welsh Government needs to put in place and which we believe could work to the benefit of Wales. We believe that rapid examination of our recommendations could help the Welsh Government to take some steps in the remaining weeks to strengthen its capacity to handle and deliver the inter-departmental challenges ahead.

2. Executive Summary of Recommendations

- 2.1 Wales is an excellent example of a Country that should have a wide ranging, mutually beneficial relationship with the European Union. There are clear overlaps of policy and politics and obvious economic, educational and social drivers. There is a strong political commitment at the highest levels of Welsh Government to the existence of such a relationship. Despite that, we have observed in our work that the engagement of Wales with the European Union, outside the area of EU Structural Funds and the Common Agricultural Policy, does not appear to have the depth, strategic content and coherence that one would expect through comparison with other similar regions. A large part of our activity, therefore, has been devoted to examining the opportunities to address this and has resulted in us making 7 key recommendations as listed below. These recommendations are more fully developed and explained in section 7 of this report.

1. A review and restatement of the Welsh Government's EU strategy, incorporating a European Prioritisation Framework which would set out

clearly a limited number of key strategic areas as the highest priorities for Welsh Government targeting and support in the period up to 2020.

2. The confirmation by the new post-election Welsh Government of the European Policy Group, comprising members at the most senior levels of Government, chaired by the Minister designated with responsibility for EU policy funding.
3. Further development of the new European network group and its expansion to include a wider range of stakeholders.
4. The establishment of a support team to underpin the work of the European Policy Group, drawing together expertise from key policy officials, WEFO and Welsh Government staff in Brussels.
5. Strengthening the role of the Welsh Government office in Brussels as the key focus of tactical implementation, a key source of intelligence to inform strategic prioritisation, and empowered to drive follow up action in pursuit of Welsh Government priorities.
6. Consideration of the future management arrangements required to strengthen the overall coordination of the range of EU Policy funding streams available to Wales.
7. Welsh Government should continue to communicate widely good examples to illustrate the impact, potential or actual, of Welsh/European ventures and the difference they can and do make to Wales.

3. Context

- 3.1 We present this report at a time of considerable uncertainty. The November 2015 UK Government Spending Review resulted in significant downward pressure on the resources available to the Welsh Government through which it is able to take forward its priority objective, in particular, its economic and social policy aspirations. The forthcoming referendum on membership of the EU is also raising crucial questions which will affect the future of Wales.
- 3.2 There is a strong commitment within the present Welsh Government to the importance of a constructive and mutually beneficial relationship with the European Union. It has advocated repeatedly the strategic importance of continued membership of the EU by the UK. This is seen as vital to the future of Wales and its place in the world. The close fit and “coherence” of EU and Welsh Government strategies (as evidenced in the provisions of the EU’s 2020 strategy and the Welsh Government’s ‘Wales in the EU (2012)’ and ‘Wales in the World (2015)’ policy statements) provides an important

opportunity to exploit EU policies and their associated funding streams to add value and impact to the Welsh Government's own strategies and delivery through to 2020.

- 3.3 Wales has been a recipient of EU policy funding since the creation of the National Assembly for Wales in 1999 and West Wales and the Valleys continues to be classified by the EU as a 'less developed region'. Wales, West Wales and the Valleys in particular, therefore remains eligible for maximum levels of EU Cohesion and Structural policy investment for at least the next 4 years.
- 3.4 Historically, Wales has tended to focus public attention mainly on the EU's Cohesion Policy and its Structural Funds and on the Common Agricultural Policy (CAP). However, the Commission's Europe 2020 strategy and the EU's financial provisions (2014-2020) offer a much wider range of opportunities, across the policy spectrum. Having benefited from successive EU programmes, we have seen that some organisations in Wales already possess expertise in accessing and deploying these core EU funds, with expertise spread across a broad range of sectors and institutions. Wales also has some experience in accessing the range of other EU programmes and funding streams although, recognising that these programmes are centrally managed by the European Commission, Welsh experience and expertise is more limited and WEFO itself has not been responsible for most of them.
- 3.5 Nevertheless, Wales' strategic needs remain challenging. Strong leadership is required from the Welsh Government, the National Assembly and all Welsh partners to achieve the turn-around required in the Welsh economy. There is a need to boost skills, productivity and wages, to boost investment in innovation and research coupled with a special need for more research scientists in Wales, to create more 'intelligent' SME's and to promote the acquisition of high level skills so as to drive the economy and generate many more quality jobs. At the same time, a real concern remains throughout Wales about the extent of social exclusion, unacceptable levels of poverty and lack of basic skills, especially amongst young people.

4. Approach and Method of Work

- 4.1 We have concentrated our effort over the past year on three aims:
- Giving further momentum to the Welsh Government's efforts to raise awareness of, and engagement with, the range and potential of EU

policies, partnership opportunities and funding streams of interest to Wales;

- Encouraging increased participation and active cooperation with and between the different partners and stakeholders (public, private and third sectors and higher and further education institutions) in Wales and also encouraging them to exploit synergies of EU and domestic policy and funding so as to make a visible difference to policy and practice in Wales; and
- Identifying specific opportunities to be pursued on the basis of a more collaborative way of working set within a more strategic all-Wales framework, drawing together Welsh Government and the different partners and stakeholders in a “Team-Wales” effort to pursue the highest priority opportunities for Wales.

4.2 To inform our work, we have conducted an extensive programme of discussions and attended and facilitated events, at both domestic and EU level. This has included a series of discussions with Welsh Government Ministers and officials, the WLGA, the WCVA, the CBI, IoD and the FSB, and the Higher and Further Education sectors, together with various other partners and stakeholders involved in the deployment and/or delivery of European Policy Funding. This has also involved us in promoting and/or participating in Conferences in a number of policy fields, most notably: the WEFO Horizon 2020 Annual Event in February 2015; the WCVA Third Sector conference “Europe Matters to Wales” last May; the joint Welsh Government, WLGA and Welsh Higher Education Brussels Conference on European Territorial Cooperation Conference on 2 October; the Wales Forum on Europe Conference on Internationalising HE on 11 November; the European collaboration and funding for Health and Wellbeing in Wales Conference in February 2016; two events on Europe and the cultural sector in November 2015 and February 2016 and an Erasmus+ workshop also in February 2016.

4.3 In pursuit of the recommendations set out in our interim report, a special all Wales event is being held in March 2016 to review the effectiveness of the Welsh strategy to combat poverty and social exclusion, organised jointly by the WCVA and the Welsh Government. A parallel event is envisaged for young people with a view to promoting synergies between the use of the European Social Fund and the Erasmus + to focus on the strategy to strengthen provisions in Wales for post-16 education and training opportunities for young people.

- 4.4 Discussions we held with the European Commission were designed to provide a thorough understanding of how the EU decision-making system operates. We focussed on learning about best- practice examples from which Wales could learn lessons to improve its own performance. We met with a wide range of European Commission senior officials, and with representatives of other European regions to examine how they manage their EU engagement. These regional discussions focussed in particular on Scotland, Northern Ireland, Flanders and Skane (the region of South West Sweden including Malmo); regions selected in part because of their pre-existing links with Wales, but primarily because they are regularly cited as regions which are seen to engage constructively and successfully with the EU. An analysis of the approach developed by Scotland is attached as Appendix C to this report.
- 4.5 We held discussions with Welsh Government staff and with the National Assembly, Welsh Local Government Association and Welsh Higher Education staff based in the Wales House office in Brussels so as to enable us to understand how Wales currently engages with the European Commission and EU programmes and to enable us to compare and contrast Wales' experience and approaches with those adopted by other regions.

5. Opportunities in Selected Thematic Areas

- 5.1 In this section of our report we set out the key findings from our work and where and how we consider these could offer opportunities for Wales. They are not the result of a rigorous piece of research, but rather presented as a set of examples and opportunities which we believe have broader applicability in terms of a constructive approach across the policy spectrum. The main areas of focus in the conclusions and recommendations in this report are around what we believe is the short term need to establish enhanced prioritisation, management and resource allocation processes in Wales as a pre requisite to further consideration of key opportunities. Nevertheless, we felt it was worth gathering the information in this section together in the hope that it might provide a useful starting point for those considerations in due course
- 5.2 As was the case for our interim report, we have not been able to examine all areas of policy which have a European Policy/Funding dimension to them. We fully recognise that the wider coverage is necessary.
- 5.3 We therefore deliberately focused on the following thematic areas as they also provide examples of the need for creative synergy building:

- a) Economic and Business Development
- b) Investment in Education, Training and Youth
- c) Post 16 Education and Training
- d) Europeanisation and Internationalisation of Universities in Wales.
- e) Combatting Poverty and Social Exclusion
- f) European Territorial Cooperation Programmes

5.4 In each of these areas we have commented on opportunities which could be more effectively pursued through improved coordination between key stakeholders in Wales, encouraging greater synergy between the EU Policy Funding streams in support of Welsh policy. Maximum benefit to Wales will come only when the impact of deliberately interrelating these policy areas is considered and encouraged, building the necessary synergies which will contribute to greater effectiveness. As such, there are a number of themes which recur across all thematic areas.

Economic and Business Development

5.5 The importance of European economic development policies and funding to Wales is abundantly clear, in particular through application of the EU Structural and Cohesion Policies which have helped to contribute to a more sustainable Welsh economy. Against the background of increasing global competitiveness, Wales needs to continue to improve the competitive position of its business sector and exploit opportunities linked to new products, services and markets. Use of the EU's Structural Funds alone will not drive the change required. In our discussions with Commission officials, it became clear that the focus in the European Commission is now on how traditional grant schemes can integrate with debt financing, financial instruments and regulatory measures to leverage increased impact. This must go hand in hand with well organised and transparent engagement of the public, private and third sectors, to ensure effective, joined-up delivery of initiatives and projects and demonstrate the added policy and financial value of EU support in a visible way.

5.6 The Commission is also seeking to encourage and support further trans-national and trans-regional cooperation as a means of developing strategic economic capability throughout Europe. In this context, we were able to examine ways in which other European regions seek to access Territorial Cooperation (Interreg) and Horizon 2020 funding. This review focused primarily on the Life Sciences and Healthcare sectors of the Welsh

economy, but we consider that the principles and approaches we observed would be applicable in other sectors.

- 5.7 Two key points emerge when the approach of other regions in these areas is examined. Firstly, consideration of the potential of these programme opportunities at a high, generic level is of little value. They are very competitive programmes. Success comes from detailed study of individual funding calls within each programme, followed by construction of consortia and partnerships specifically designed to provide the combination of strengths and competencies that the specific call requires. The role of 'on the ground' activity through officials in Brussels is critically important in this context to engage in the relevant networks and thus identify and engage with promising partnerships. Secondly, the construction of consortia, for Horizon 2020 calls for example, tends to follow a three stage process: identifying an appropriate call, building a local partnership and then adding the international dimension through European networking. Within Life Sciences and Health, plans are in hand in Wales to trial this approach in the near future and to open up consideration of the applicability in other sectors e.g. manufacturing.
- 5.8 For these initiatives to succeed, we stress the importance of suitably experienced Welsh Government staff based in Brussels to understand fully the purpose of new and emerging policy funding streams, their potential relevance to Wales and the routes through which they might be best developed. Investments made via ERDF, the EIB and the National Research Networks (NRNs) are a springboard to facilitate participation in Horizon 2020 and build the capacity for successful bidding.
- 5.9 As a result of the above considerations in the Commission, there is a strong focus on encouraging regions to think in terms of how they can use existing strengths, existing capability and existing investments, particularly from EU Structural Funds in the case of Wales, as a basis for the creation of hubs which will stimulate economic and social development. These hubs could be sectorally or regionally based or both but crucially should be a source of the critical mass necessary to stimulate growth. Consideration could then be given to how other elements of the regional or sectoral economy could be included to contribute to an increased capability that could lead to further investment through sources such as Horizon 2020, EIB, EFSI or commercial funding. There are examples of such hubs in nascent form already in Wales such as the Science and Innovation campus at Swansea University, the Bangor University Science Park, the Anglesey Energy Island programme, the Institute for Compound Semi Conductor, the two City region projects, the South East Wales Metro and the Academic and Health Authority collaborations in South West Wales. The Aberystwyth Innovation

and Enterprise Campus and the Cardiff University Brain Research Imaging Centre (CUBRIC) have also recently been supported with EU Structural Funds. These are examples of current activities that could be used as building blocks to contribute to a future more strategic approach to Europe.

- 5.10 We consider that it is important for the Welsh Government to continue to engage actively with the private sector in Horizon 2020 and to focus on partnership building between all sectors to obtain genuine added value especially for SMEs. In this perspective, opportunities exist to bring together the three sides of the knowledge triangle (i.e. higher education, research and business innovation) through participation in the European Institute of Innovation and Technology's programme of Knowledge and Innovation Communities (KICs). There is clearly scope for stronger Welsh participation in the coming period.
- 5.11 In this context we have noted the establishment of a specific Horizon 2020 unit located within WEFO to sit alongside its Structural Fund Research and Development branch. This is a valuable first step towards the broader operational capability we recommend in this report. This new unit was designed to address access issues and to build synergies across the ERDF/Horizon 2020 funding streams. While it is still relatively early days this has already produced some positive results, with €35m already allocated to Welsh projects. Equally positive has been the success in promoting synergies in the use of EU funds, with a number of capacity building ERDF projects approved together with complementary Horizon 2020 and ERDF investments.
- 5.12 A current example of the potential way in which the use of regulatory powers complement other economic development efforts is the work on a scheme called International Projects of Common European Interest (IPCEI). This initiative seeks to identify areas of strategic capability which are of sufficient importance to Europe that efforts should be made to retain key capability, for example in manufacturing, through transnational collaboration. From a Welsh perspective, we believe the area of compound semi-conductors is an area that could benefit from this scheme.

The European Fund for Strategic Investments (EFSI)

- 5.13 The use of the EU's financial instruments is being seen as increasingly important as a driver of growth and employment in the EU. The European Fund for Strategic Investments (EFSI), initiated by President Juncker, is the most high profile current example, and involves a much more strategic and operational role for the European Investment Bank (EIB). Despite its name, it is essential to realise that it is not a "fund", it is a structured product designed to extend the risk envelope of projects in which the European

Investment Bank might participate and thereby facilitate increased participation by the commercial investment sector. This mechanism can support major (> €50m) projects in Member States which themselves must meet standard commercial 'investability' criteria. We believe that the EFSI therefore offers significant opportunities for Wales, across many fields, including: infrastructure; research and innovation; education; health; energy and SME financing.

- 5.14 The Minister for Finance and Business has very actively sought to exploit this new financial instrument and has been responsible for ensuring Welsh bids feature in the EFSI pipeline. We note that the Minister and her officials continue to engage proactively with the European Commission, the European Investment Bank and with HM Treasury and Cabinet Office at UK level (through the Cross-Government Group on EFSI). It is important that this potential continues to be fully explored by (the incoming) Welsh Government and other stakeholders in Wales, building on the excellent experience of successful Welsh initiatives to date notably the Swansea University Second campus.
- 5.15 Initiatives such as the Vanguard Initiative for new growth through Smart Specialisation and the Four Motors region development are further examples in which the Commission is encouraging and facilitating an increased level of trans-regional collaboration so as to create greater critical mass. We welcome the news that Wales will now participate in the Vanguard initiative. Although these initiatives do not always have direct funding associated with them in their early stages, they are intended to draw stakeholders together and encourage joint project development which may then lead to funding opportunities. We believe it would be advantageous if Wales were to participate very actively in both these initiatives. A review of the pipeline of submissions to EFSI and the progress of Welsh bids to it should be presented to the incoming Welsh Government for immediate review.
- 5.16 Another example of the Commission's current thinking is Smart Specialisation Frameworks. This involves encouragement of 'regions' such as Wales, with Smart Specialisation strategies, to think innovatively about how projects supported through EU Structural Funds could also be used as a basis for Horizon 2020 bids, or for applications for EIB funding or even as part of EFSI projects. There are two key areas in which the Commission would like to see these approaches utilised. The first is the increasing interest in promoting "Smart Cities" and the second is to address the issue of the ageing population and, particularly, the challenge of helping individuals to maintain an active and healthy profile as they grow older. These areas and approaches offer significant opportunities for Wales as we

have capability and a good reputation already exists through, for example, the City Region developments in Wales and the extensive work underway in Wales on integration of health and social care.

Investment in Education, Training and Youth

School Development

- 5.17 We encourage the Welsh Government to continue to draw attention to the potential of the new Erasmus+ programme in support of school development with a view to promoting bids which can have a catalytic and systemic effect within Wales. We noted the growing concern in schools to promote the internationalisation of the curriculum and of pupil experience in Wales. Erasmus+ offers opportunities to support school reform in this perspective as well as providing incentives to promote organised school exchanges. The impressive success of the schools initiative based at Cardiff City Council (International School Linking) provides a valuable basis to encourage parallel initiatives in other parts of Wales.
- 5.18 Working through the present regional consortia, which also involve Directors of Education in all Welsh local authorities, we consider that the Welsh Government should continue to stress the importance of developing internationalisation of curricula and pupil experience in our schools. There is scope thereby to contribute to implementation of the Donaldson¹ recommendations in terms of promoting citizenship education and thereby also implementation of Welsh Government policy.
- 5.19 Participation in some of the European platforms and networks for educational cooperation to identify and share good practice would be also of value and needs to be actively pursued by the Welsh Government and its education partners. Consideration is now being given within the Welsh Government to following up the conclusions from the workshop we held in February 2016, jointly with the British Council, on Erasmus+ to give a new momentum of the initiation of quality bids from Wales in preparation for the 2017-2020 increased budget available from the EU to the programme. We noted in this regard the large number of initiatives proposed and successful in Scotland, strongly supported by the Scottish Government. There are lessons to be learnt from Scottish experience in this regard.
- 5.20 The drive for internationalisation of the school curricula in Wales should involve a determined effort to exploit Erasmus+ opportunities to support the Welsh Government's plans to improve the quality of foreign language

¹ Successful Futures: An independent review of Curriculum and Assessment Arrangements in Wales. Professor Graham Donaldson CB, February 2015

teaching provisions in Wales. A further impetus to participation in Erasmus+ by all Welsh universities and further education institutions will have important implications for foreign language teaching, both in respect of the content of joint inter-university programmes of study and the inward and outward mobility of students to and from Wales. A special report on this aspect is being fed into the work of the Modern Foreign Language Steering Group recently established by the Minister for Education and Skills.

- 5.21 We therefore advocated the need for further joint exploration of these possibilities, with the support of the British Council, and with the active engagement of Welsh universities and colleges. Some of the school centres of excellence could in principle be supported through the Erasmus+ programme as focal points for the training and development of foreign language teaching. Similarly Erasmus+ funding could be explored in support of the mentoring scheme established with Universities whereby under graduates spend time with learners in the school system.
- 5.22 We consider that an up to date all-Wales review of foreign language teaching provisions by the incoming Welsh Government would be helpful to ensure that there is a continuing momentum behind its Global Futures initiative and for Wales to build on its very special position as a bilingual and bi-cultural nation, exploiting its distinctive assets.
- 5.23 As well as the immediate need and opportunity to scale up Welsh involvement in Erasmus+, there could also be scope to exploit the full potential of the new European Fund for Strategic Investment (EFSI), announced in 2015 by European Commission President Juncker, which can provide fresh investment in education as a central pillar of economic and social development (see earlier in paragraph 5.13)
- 5.24 In 2015, we noted that 1 in 5 European adults struggle with basic reading and writing skills. 1 in 4 is unable to use a computer, write a letter or send an e-mail. Investment in education is widely recommended throughout the EU as a necessary safety net against social exclusion. The situation in this respect in Wales is also considered to be a matter of concern and a priority of Welsh Government. Consideration of long-term remedial solutions is therefore of vital importance, and also a crucial factor in the Wales-wide effort to combat rising levels of poverty and social exclusion.
- 5.25 We have noted that the EFSI can support private-public partnerships and benefit education in a number of ways; building and modernising school buildings, by rolling out broadband, by promoting research and projects that bring together universities and companies. In 2014, for example, the EIB invested 4.8 billion euros in education, including projects supporting primary

schools in France and kindergartens in Belgium. From 2000 to 2014 EIB investment was around 31 billion euros.

- 5.26 The EFSI gives an opportunity for Wales to develop smart projects which create fresh and innovative investment in education. The complementary possibilities between EFSI and the EU Structural Policies and Funds could be combined with exploitation of the Erasmus+ programme in the overall EU strategy to drive educational reform and better practice across Europe. Erasmus + opportunities to build strategic partnerships to review European wide experience of reforms in education, training and youth policies need to be promoted actively by the Welsh Government. In Wales we need to spell out and exploit these synergies to reinforce our own strategic efforts and seek to make a significant impact.

Post 16 Education and Training

- 5.27 We understand that the Welsh Government is actively reviewing its strategy for post 16 education and training policies and provisions in Wales. The EU's Cohesion Policy, including its Structural Funds, has benefitted Wales substantially since 2000. It is clear that by 2020 we will need to demonstrate to the Welsh public the difference that this continuing investment has made to Wales and for Welsh people, most recently for example the substantial ESF support to the Welsh apprenticeship scheme. We share the concern of Welsh Government to clarify and streamline the choice of tracks which young people are able to follow in their increasingly difficult transition from education to the world of work. Whether through apprenticeship schemes, further vocational education and training, introduction to work experience and entrepreneurial projects, or pathways to higher education, the crucial point for us in Wales as elsewhere in Europe is to build a system which enables the individual to make progress and, if he or she wishes, move between the available tracks with the necessary recognition and credit to build his or her own career pathway.
- 5.28 The revised thrust of the Erasmus+ programme, with its significant vocational education and youth volunteering strands should now be seen as complementing the provisions of the ESF. It provides a new opportunity to explore the specific added value of EU policy funding in respect of the main lines of the developing Welsh Government Strategy for young people to transform their possibilities in our two-speed labour market. The workshop we organised, jointly with the Welsh Government and the British Council, on 22 February 2016 highlighted these opportunities and we hope will lead to new bids in 2016 onwards.
- 5.29 Greater and much more visible parity of treatment between those on technical/vocational tracks and those pursuing a more academic future is

crucial, though this has been widely recognised for over a century with little result. The EU policy funding streams can and do support such a rebalancing. There is therefore scope to review and promote from a Welsh perspective, the complementary provisions of ESF and Erasmus+ in this regard. We have sought to encourage more active exploration of these possibilities particularly in synergy with ESF planning and in communicating stories of good practice which combine ESF and Erasmus+ funding.

5.30 Moreover, the EU's Youth Guarantee Scheme, ensuring that unemployed young people receive offers of employment, apprenticeship, traineeship or continuing education, is another example of the EU wide concern to combat continuing widespread youth unemployment across Europe. This fits well with the Welsh Government's Youth Engagement and Progression Framework which is providing a structure to help local authorities to embed the principles of the framework in their work and thus produce a systemic effect to respond to the needs of young people at grassroots level. An update assessment of the value to Wales of engagement in this EU wide scheme should be fed into the Welsh Government's planning of its post 16 youth strategy building on the promising work already in train in Wales.

5.31 For these reasons too, we recommended to Ministers that a special event be arranged in early 2016 to focus on the thrust of the developing Welsh strategy and to pinpoint the synergies between Welsh Government funding and the different streams of EU policy funding in this regard. Special regard should be paid in this context to the potential funding available for youth work and youth volunteering which could contribute to confidence building and empowerment of young people. This would also then enable the new incoming Welsh Government to look forward to 2020, assess progress made and determine the key areas requiring more connected funding backup to deliver its strategy.

'Europeanisation' and 'Internationalisation' of Universities in Wales

5.32 The EU has an ambitious agenda for modernising and internationalising universities and higher education institutions throughout Europe. The Welsh Government shares this objective as an important and central factor in its own agenda for the development of Wales. Welsh universities have echoed to us their strong commitment to this strategy, and the very central role they play in Wales in promoting this agenda to the economic and social benefit of Wales.

5.33 While taking account of the interaction and synergies between the EU funding programmes and Welsh Government initiatives, we recognise that it is also vitally important to ensure there is full advantage taken of UK funding programmes, in particular, to ensure that Wales is securing its

share of the programmes operated by Research Councils UK (RCUK). This is a significant source of funding for research for Welsh universities and the RCUK, combined with European funding and WG funding, need to form an integrated funding package to ensure that Welsh universities are able to compete both nationally and internationally.

- 5.34 The EU's Erasmus programme has played a significant role in promoting this strategic agenda throughout Europe, and indeed more widely. A centrepiece of the EU 2020 strategy, the Erasmus+ Programme involves support for the creation of cross national strategic partnerships and knowledge alliances, both of which in turn encourage innovation and entrepreneurship, and the mobilisation of universities to work with each other and with the world of industry and commerce. The extensive participation of universities throughout Europe which have signed the European Charter for Higher Education has instigated new and clearer agreements between institutions and partners.
- 5.35 Joint initiatives via Erasmus+ benefit from capacity-building funding and initiatives can help drive policy reform in this field. Welsh Universities have participated in the Erasmus programme since its launch in 1985. The huge expansion in the Commission's 2014-2020 budget for the Erasmus+ programme, especially for the years 2017-2020, and the strategic priority accorded to it by the EU provides a new opportunity for the Welsh Government and universities to take stock and review their participation in the programme. This stocktaking could provide a clearer all-Wales view of the strategic value of investment in internationalisation so as to enhance the attractiveness of Wales and Welsh universities on the world stage. There is a need for more evidence from all higher education institutions in Wales of the strategic arrangements they make in this regard and its impact within Wales.
- 5.36 We are pleased that as a result of one of our early recommendations a conference was held in Cardiff last November 2015, drawing together Welsh higher education with Welsh Government to focus together on their combined strategies to promote internationalisation of study and teaching. Both the Minister for Education and Skills and the Minister for Finance and Government Business participated actively in the conference, indicating their strong support, which they have reiterated in response to our recommendations in our interim report.
- 5.37 Such internationalisation of teaching and study is of course also strongly linked to by the EU's strategic support for investment in research, innovation and technological development. Knowledge alliances for both teaching and research on an inter-university basis boost cooperation and

add considerable value to the student experience and the curriculum vitae of students when they seek jobs in the increasing globalised market. The anticipated further growth in the numbers of Erasmus graduates from 3.5 million in 2015 to 5.5 million by 2020 indicates the global outreach of the programme, as well as providing clear evidence of the overall employability success rate of former Erasmus students in securing good jobs in the labour market. Student and staff mobility has expanded massively throughout Europe as a result of the Erasmus programme, made possible by the institutional commitments of individual universities to recognise the experience abroad in their degrees or qualifications. The growth of joint degrees, joint Masters degrees more recently, and credit transfer arrangements has further contributed to the impact of the Erasmus programme.

- 5.38 The Erasmus brand is already well recognised throughout Europe and, with the success of Erasmus Mundus, in other regions of the world too. For this reason, we have advocated hooking the new Global Wales initiative promoted by Welsh Government, in collaboration with Universities Wales, to the Erasmus brand so as to add to the reputation and brand image of Wales and Welsh universities in the world. The plans for Global Wales and its initial selection of regions in the world to target for special cooperation could also be taken into account in this perspective.
- 5.39 The key to long term success is clearly for universities in Wales to embed this commitment to internationalisation in their mission and governance, with strong leadership to set themselves flexible but specific targets to make the quantum leap forward in their success ratings. There is much to build on our good experience in Wales, but there is still scope for more strategic investment by all our higher and further education institutions. For this reason, we have recommended that the following 4 steps would be helpful:
- (i) Like the Scottish Government, the Welsh Government could explicitly spell out to the Welsh public its own interest and support for the pursuit of strategic inter-university alliances by Welsh institutions, and encourage them to scale up participation in Erasmus+, noting in particular the significant additional funding available for the programme over the next 2/3 years.
 - (ii) We recommend that the Welsh Government invites the universities and other higher education institutions to present to it an annual report of their initiatives and the impact of their European and International partnerships, so that it is in a position to have an all-Wales appreciation of these developments and may assess if further incentives are required in the system, as has been the case in Scotland. We

understand that a mechanism already exists for such reporting through institutional submissions of Strategic Planning and Engagement Documents (SPEDs) to HEFCW. Universities have indicated their willingness to build on this arrangement with more comprehensive information. We believe that it is important to make the Welsh public much more aware and therefore more supportive of the strengths we have in Wales in our university and higher education sector, and their potential contribution to the economic, social and cultural development of Wales.

- (iii) We also recommend that the Welsh Government could take steps to further encourage and support initiatives taken by Further Education colleges to participate in Erasmus+, highlighting those schemes (notably the successful EU funded initiative based at Merthyr College) which also involve close collaboration with industry and commerce both within Wales and abroad. Some good examples of such initiatives already exist and we recommend that the Welsh Government should intensify its collaboration with ColegauCymru and other partners, building on the conclusions of the recent workshop held in Cardiff on Erasmus+ with a view to encouraging further quality bids to the programme over the next 2/3 years.
- (iv) Careful consideration could be given to linking the location of Welsh inter-university (especially Erasmus) programmes and the Welsh Government's own strategic interest in building cooperation with some specific partner regions in Europe. The Cardiff – Leuven and the Swansea – Grenoble partnerships provide excellent examples which could be hooked into wider Welsh efforts to cooperate with Flanders and the Rhone–Alpes Regions. Indeed, there is scope for the Welsh Government to review once again the opportunity to participate as a strong partner of choice in the 4 Motor Regions (Rhone,- Alpes, Lombardy, Catalonia and Baden-Württemberg). This could be given a considerable boost by joint proactive planning between Welsh Government and Welsh universities and a renewal of exploratory discussions with the other regions.

Combatting Poverty and Social Exclusion

- 5.40 The noxious cocktail of multiple deprivation, joblessness and social exclusion currently afflicts most corners of Europe and has proved especially damaging in this continuing period of recession. The fight against growth levels of poverty and social exclusion in the EU has led to changes in the EU Regulations for the period 2014-2020. In particular, the European Social Fund (ESF), is now obliged to set aside at least 20% of its funding to combat poverty. Also for the first time, the ESF can make provision to support investment in early childhood development, an

essential component of any comprehensive attack on poverty as Welsh Government has done with the Parents, Childcare and Employment (PaCE) project.

- 5.41 We have discussed these issues with the WLGA (and its 4 European Regional Engagement Teams) and with the representatives of the third sector and WCVA and we recognise the wealth of experience and commitment existing in Wales to help drive and implement the Welsh Government's attack on poverty levels. We recognise too the concern expressed in the private sector to contribute their own social responsibility efforts into the overall efforts throughout Wales that need to be made to help make a real difference.
- 5.42 The conference we organised jointly with the WCVA last year (para 4.2) focused attention on these issues. We identified a real opportunity which combines the experience and efforts of the third and private sectors with that of local authorities. The reinforcement of social partnerships is of critical importance if we are to reach those most in need at the grass root level in both our urban and rural areas.
- 5.43 We have therefore planned a conference in March 2016, with the support and participation of the Minister for Communities and Tackling Poverty, to take stock of the all Wales anti-poverty strategy and to assess the effectiveness and potential for combining EU and Welsh policies and funding to make a real difference. This has involved commissioning contributions to take account of both the EU Cohesion Policy and the EU Rural Development Programme (including Leader) and their present and planned actions.
- 5.44 Wales has the second highest rate of child poverty after London in the whole of the UK. Forty percent of the children in poverty in Wales live in workless households. The Welsh Government recognises the importance of investment in early childhood development. This is the crucial foundation period for a start to lifelong learning and the opening up of the life-chances of the individual. We have noted the work of the Alliance for Investing in Children UK of which Wales is a member through Children in Wales which participates in a wider joint action led by the EU Alliance for Investing in Children coalition. Their joint action plan aims "to ensure effective implementation of the European Commission's recommendation – investing in children, breaking the cycle of disadvantage by facilitating stakeholder cooperation at EU and national level and support effective advocacy and communication activities". This recommendation provides helpful guidance to all EU member states on how to tackle child poverty and promote the well-being of children. There is much to learn from this comparative

experience especially to mitigate the risk of policy and social exclusion for disadvantaged families with dependent children.

- 5.45 The EU and Welsh strategic objectives both require and promote action on this point as a priority objective, with the European Social Fund (ESF) in particular including provisions for the first time for support in this field. A special report on action to date should be fed into the overall review of the anti-poverty strategy in Wales.
- 5.46 Last year we also identified that there is scope to exploit the EU's Employment and Social Innovation Fund (EaSI), which sits alongside the ESF. We have taken steps to encourage Welsh bids for the next phase of EaSI funding. Furthermore, WEFO has been invited to present its assessment of and plans for the use of the ESF in respect of the 20% provision in the ESF Regulation to the March conference we describe above.
- 5.47 We urged already in our interim report that the Welsh Government's commitment to implement the Andrews report² on Poverty and Culture should be taken fully into account. In this perspective we recommend that the 6 pioneer areas designated by Welsh Government to implement the findings of the Andrews report should be carefully considered for the next phase of ESF funding and could be seen as a strong example of targeting EU policy funding on a specific Welsh Government priority.
- 5.48 Following our consultations in Brussels last year, we were concerned that Wales no longer participated in the European Anti-Poverty network which shares good policy ideas and practice across the EU and acts as a sounding board for the development of EU policy initiatives on this crucial subject. We are consulting further to encourage the designation of an appropriate Welsh partner, also taking into account the positive experience of the Scotland Anti-Poverty Alliance. Discussions to this end will be held in the framework of the Anti-Poverty Conference which will take place in March and we hope that this will lead to strong and renewed connections with experience and good practice elsewhere in Europe.

European Territorial Cooperation Programmes

- 5.49 While it is early days in implementation of the 2014-2020 ETC programmes we have noted some positive action by WEFO to promote these important programmes in Wales and to encourage collaboration and partnership working. Synergies with other funding streams are also important and we

² "Culture and Poverty" - Baroness Kay Andrews, March 2014.

comment on the ways that other European regions have approached this in paras 5.6 and 5.7.

5.50 The Ireland/Wales programme is now well established and has produced some good results. However, the other ETC programmes also offer considerable opportunities for Wales and it is important to build on the momentum built up in 2007-13 by placing further emphasis on those during the 2014-2020 programming period. This is particularly the case for the Atlantic Area programme where marine and maritime links will be a feature of the programme and for the larger North-West Europe programme which targets transnational economic development and enables a leader/follower approach aimed at reducing disparities between the various regions. As with other programmes, there is a requirement for a thematic approach to the promotion of opportunities for ETC.

5.51 We welcome the early engagement of the FE and HE sectors and by local government in the Ireland/Wales programme in particular but more needs to be done over the coming months to engage with other sectoral interests. It will be equally important to turn the undoubted interest in the ETC programmes into quality collaborative proposals with clear aims and objectives. This is even more important going forward with the increased focus on results in the 2014-2020 programmes. It will therefore be important for bids to demonstrate a clear need for ETC intervention together with a genuine transnational requirement. WEFO clearly has an important role to play in addressing this challenge and will need to work with the UK Government to ensure greater levels of engagement and consistency by UK contact points.

5.52 Policy networks are required to identify priorities and to explore the obvious Maritime opportunities under the ETC programmes if the programmes are to be successful. Peer learning is also an area to exploit. We strongly endorse the need to engage with the local authority Regional Engagement Teams and to create a link with UK Contact Points to impart information and to ensure that regional priorities in Wales are widely understood. In developing international partnerships it is also important to utilise those regions where Wales already has established connections e.g. the 4 Motor Regions.

6. Conclusions

6.1 The close fit of Welsh Government Strategy and policies with the EU 2020 Strategy and its various funding streams, and also between the EU funding streams themselves, makes it essential to exploit all the opportunities

available to Wales. The increasing pressures on funding and uncertain medium term financial prospects reinforce the need for Wales to exploit imaginatively the variety of EU policy funding streams to best effect.

- 6.2 All the partners throughout Wales with whom we have held consultations have stressed strongly to us that the successful development of synergies between the EU and Welsh policies and funding streams requires a more joined up approach across Government, as well as well organised, and structured collaboration with the different partners in Wales, ensuring the active engagement of the public, private and third sectors and the Higher Education and Further Education community. This point has been further emphasised in their responses to our interim report.
- 6.3 Encouragingly, we have already found a widespread determination to identify and exploit a much wider range of opportunities for EU policy funding support than has previously been the case. Most departments in Welsh Government seem to be aware, though to differing degrees, of the relevance and potential of EU policy and funding streams in their work. However, we have also observed that this determination and awareness needs to be translated more consistently into a well and widely understood operational priority for European engagement and exploitation of European opportunities.
- 6.4 Where this priority has been recognised, we have seen that some policy departments have achieved encouraging initial results in identifying possible synergies of policy and funding that could advance the objectives of their department.
- 6.5 As an example under the portfolio of the Deputy Minister for Culture, Sport and Tourism, we noted that there was already an organisational and staffing commitment in the Creative Industries Department to dedicate attention to the opportunities available from the EU Creative Europe Programme. This dedicated unit has taken steps to make cultural organisations in Wales aware of other EU programmes which can enrich cultural activity in Wales. The wider EU programme possibilities for support for culture and for the cultural industries in Wales are now recognised, together with the need to exploit synergies between them, and we understand that these will be pursued in future through the main policy department.
- 6.6 The most promising exemplar we identified in Welsh Government, to which we draw attention, is the Health Department which applies a number of principles in its internal organisation which we recommend for wider

application in the Welsh administration. We set out in Appendix D information about the approach adopted by the Health Department.

- 6.7 The above examples are, however, operating within individual departments. Early in our remit we also identified that synergies could be enhanced by more regular dialogue between Welsh Government Departments in relation to their European responsibilities. To this end we encouraged the development of an inter-departmental European ‘network’, involving officials with specific European responsibilities within their portfolios. The network, which has met several times, has already undertaken a mapping exercise to identify the expertise and support arrangements that exist in Wales and has produced an information grid on EU policy initiatives and associated funding streams that we are publishing alongside this report (www.wefo.wales.gov.uk). The grid has been constructed in order to facilitate regular updating to reflect the latest calls for proposals and to show progress in accessing these programmes. The various programmes of potential interest to Wales that are contained in it are listed at Appendix E.
- 6.8 With the help of the European network we have also assembled a preliminary picture of existing activity and successes under these programmes. This is set out at Appendix F. This will require further updating on a regular basis.
- 6.9 A key part of our work has been to consider the ways in which Wales currently seeks to maximise synergies between EU and Welsh Government policies and compare them with relevant European exemplars. In this respect, one of the key messages we have received from our discussions with stakeholders is that within Wales we have a good basis of expertise, enthusiasm and experience in relation to EU policy funding. This translates into significant levels of activity and has delivered a number of successful outcomes. However, other than in the case of specific areas such as Cohesion and Agricultural policy funding, the partners in Wales consider that the level of strategic focus and coherence necessary to deliver the maximum long term benefit to Wales needs to be enhanced.
- 6.10 Other European regions which we studied appear to have more mature mechanisms for translating high level political support into the identification of their strategic priorities and for then following up on EU funding opportunities through effective coordination. We found a consensus amongst these regions that a significant, proactive physical presence in Brussels is an important and necessary investment for success. Networking and constructive engagement with the other economic, social, educational, research and cultural development organisations in Europe is

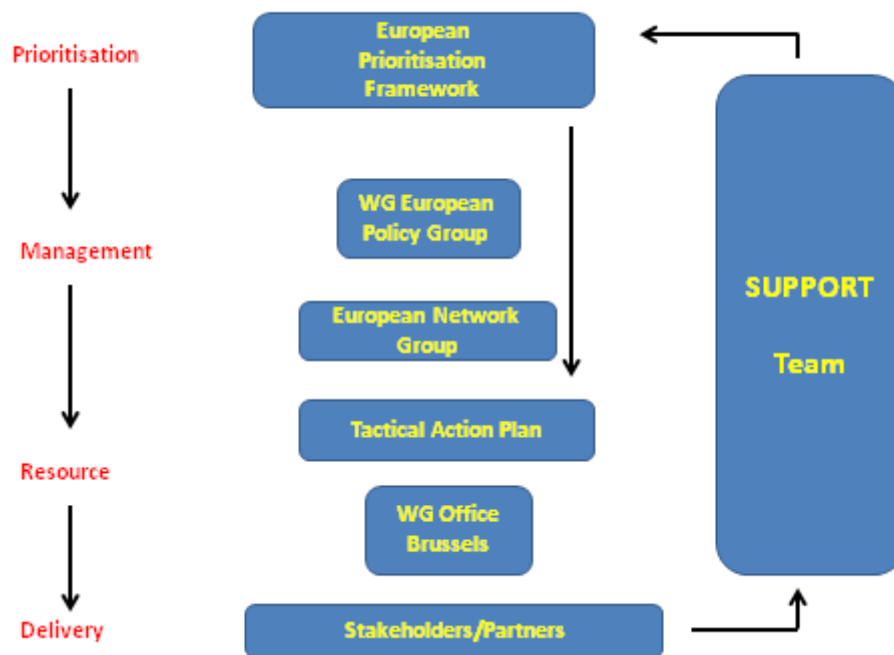
seen as a necessary way to galvanise and achieve good results and to build partnerships which could make successful bids. A predominant focus on short term returns and numerical target setting was not seen as the most effective way forward.

- 6.11 Importantly, the deployment of proactive networking through appropriately qualified and motivated staff in Brussels is considered by these regions to be significantly more effective, in terms of return on investment, rather than simply signposting activities carried out in the home region. We recognise that both are required. The Brussels-based offices of the regions we examined were well resourced and had clear authority and priority remits from their home region. This empowers them to select and focus their activities, in Brussels, on pursuing priority objectives, and to make relevant commitments to further action and to engage with partners. This also enables them to receive backing for the involvement of specialist support from within their home Government structures e.g. for temporary secondments or special staff visits to reinforce their work so as to participate in European Networks as necessary.
- 6.12 The Welsh Government office in Brussels is already well placed to play a greater, pivotal, role in effecting the more joined-up approach required. It is strategically located and well equipped with facilities for the holding of meetings and networking events. It forms part of a wider community of “regional” offices in Brussels, and enjoys especially close relations with the offices of Scotland and Northern Ireland. However, we consider that it could and should form a key part of a more strategic approach by Wales if it were empowered through an appropriate prioritisation and operational framework set by Welsh Government.
- 6.13 This office also contains the representation in Brussels of the Welsh Higher Education sector (WHEB) and the WLGA. Both organisations, in their responses to our interim report, have highlighted the potential benefits for collaboration that this co-location could deliver if it was set within a more coherent prioritisation and operational framework.
- 6.14 We consider that the role of WEFO in supporting Welsh European Policy funding would benefit from a fresh re-examination in the light of the overall recommendations of our report, in particular reconsideration of WEFO’s operational relationship with the Welsh Governments policy departments. We recognise the accumulated expertise over the years within WEFO of managing Structural and Cohesion policy funding is an important asset. More recently responsibility was given to WEFO to provide management support for the development of the EU Horizon 2020 programme.

- 6.15 In particular we recommend that the operational interface between WEFO and Welsh Government policy departments be reviewed and strengthened. The need to reinforce handling of EU policy funding within the different policy departments of the Welsh Government administration to develop the linkages between them and WEFO is recognised. With this in view we consider it is now necessary to clarify and define new bridges of policy understanding, implementation and communications between these policy departments and WEFO. This question should be referred for the necessary detailed examination to the European Policy Group. The valuable role currently played by WEFO as secretariat to the European network group also offers a good way of reinforcing such linkages and of ensuring the flow of relevant intelligence within and from the network.
- 6.16 Even where successful outcomes of European funding are being achieved, we consider that there is scope to maximise the opportunities to communicate those successes and their further policy potential both within Government and to key stakeholders and the wider community. What is needed in our view is a strengthened communications effort that draws together across Welsh Government and WEFO the combined impact of the range of projects and interventions at regional or sectoral levels.

7. Recommendations

- 7.1 In formulating our recommendations to Welsh Government, the two key conclusions that emerge from our analysis are as follows:
- (i) Wales requires a priority driven, strategically focused and clearly integrated management and delivery structure so as to derive maximum benefit from the synergies between Welsh Government and EU policy priorities and to capitalise on the high level political support within Welsh Government for European engagement.
 - (ii) There are useful exemplars in other European regions from which Wales can learn in order to design and build a management and delivery structure that responds to Welsh needs.
- 7.2 We therefore present below a series of recommendations for consideration by Welsh Government to address this challenge. It would clearly be for a new Administration to determine the precise organisational arrangements to introduce. We have described the key principles we feel should apply, the key elements that a future operational mechanism should contain and offered one example of how this might be implemented. The key elements are shown graphically below.



7.3 The 3 key principles are:

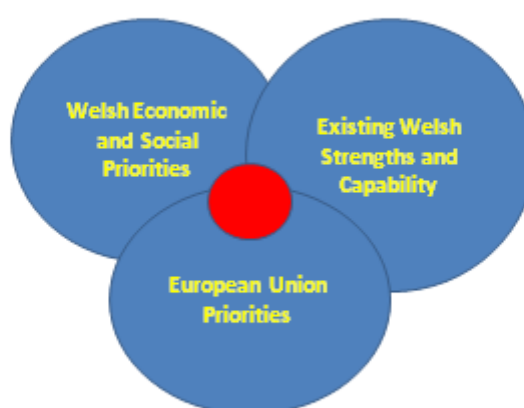
- **Prioritisation.** The identification of the key strategic priorities that are of importance to Wales with the associated creation of the intelligence gathering and analysis capability necessary to make the appropriate recommendations and selections.
- **Management.** The creation of the management structures within Welsh Government that will endorse the key priorities and facilitate mobilisation of the appropriate resource within Welsh Government itself and from the wider community of partners in Wales.
- **Resources.** The ability to mobilise the appropriate levels of resource and expertise within Wales and through Wales House in order to deliver the agreed priority outcomes required.

7.4 We recommend:

1. **A review and restatement of the Welsh Government's EU strategy, incorporating a European Prioritisation Framework which would set out clearly a limited number of key strategic areas as the highest priorities for Welsh Government targeting and support in the period up to 2020.**
 - We consider that a restatement of the Welsh Government's EU Strategy from 2016-2020 is necessary so as to set out the main lines of development for Wales to improve its economic and social performance over the coming period.

- Such a strategic restatement should incorporate a European Prioritisation Framework which would enable the Welsh administration and its partners in Wales to focus on the most crucial priorities in this next period.
- This framework should be determined by considering carefully the fit between Welsh policy priorities, existing strengths and capability within Wales, and the European Union's 2020 strategy and priorities as shown below.

Wales in Europe – Prioritisation



- The prioritisation process should be defined across the span of Welsh Government strategy to provide a clear and unambiguous focus for pursuing and exploiting EU policy funding opportunities. The clarity of this policy commitment and priority setting could then be reflected in the mechanisms employed by the relevant policy departments in the Welsh administration to target those EU policies and their funding which impact on their portfolios. In this way it would serve to enhance the Welsh Government's own strategy of development and action plans.
- While it will be for the next Government to determine the priority areas on which to focus, our work and discussions indicate that there are likely to be significant opportunities in areas such as Smart Cities, Life Science and Healthcare, the impact of an ageing population and disaffection amongst young people, particularly where this might be addressed by early years interventions. Wales has strengths, and therefore much to contribute, in these areas

which are clearly amongst the most important to the European Commission currently.

- The need for prioritisation at a strategic level also derives from the sheer scale and range of Europe (more than 20 high level policy, programme and funding areas each with multiple sub divisions). Only by a rigorous process of prioritising those areas with maximum potential for benefit to Wales can the level of resource that Wales is able to bring to bear have any realistic chance of success.
- Such a European Prioritisation Framework should aim to identify key thematic areas which would provide a strategic priority context over the period up to 2020. This reflects the timescales necessary, in our view, for successful European engagement. It should be reviewed systematically and periodically by Welsh Government in the light of that medium term context.
- A key element in the establishment of the framework will be the intelligence and analysis that underpins it. The support team referred to below would have responsibility for providing much of this through engagement with stakeholder groups and networks within Wales and Brussels

2. The confirmation by the new post-election Welsh Government of the European Policy Group, comprising members at the most senior levels of Government, chaired by the Minister designated with responsibility for EU policy funding with a remit to:

- Provide, through senior Government leadership, the visible expression of the Government's political commitment to a well coordinated implementation of Welsh Government strategy and a determination to exploit all synergies possible between Welsh and EU policy funding opportunities.
- Establish, promulgate and implement the European Prioritisation Framework to cover the remaining period of implementation of the EU 2020 Strategy.
- Promote the necessary cooperation between departments within Welsh Government to promote joined-up delivery of the chosen priorities and the coordinated exploitation of EU and Welsh Government funding to this end.
- Ensure seamless coordination and communication between policy departments in Welsh Government, external partners and Welsh Government staff in Brussels to demonstrate an all Wales team effort in pursuit of the chosen priorities.

- Arrange regular contacts with senior representatives of the public, private and third sectors and Higher and Further Education to review collaboration and determine ways of working together more effectively.
- Consider in particular how private sector engagement in EU policies and programmes can be increased. This will be particularly important in the context of the development of City Regions in Wales.
- Adequately resource the support team and draw on its input, and that of other partners, to help implement the European Prioritisation Framework.
- Establish and endorse a short term tactical action plan to coordinate resource planning and to empower appropriate activity in and via Wales House. This should include proposals for secondments from Welsh Government to the European Commission.
- Arrange for scrutiny of the effectiveness and impact of the implementation and delivery arrangements set out in the European Prioritisation Framework.

3. Further development of the new European network group and its expansion to include a wider range of stakeholders.

- Its remit should be to promote and facilitate greater awareness and engagement in, and across, the range of EU policies and programmes including the maintenance and updating of the EU funding grid. This European network group should receive direction from and report to the European Policy Group.
- The current European network, drawn from Welsh Government departments, should in the future also involve the participation of appropriate representatives from the private sector, higher and further education, WLGA and the third sector so as to promote an all-Wales team effort so as to pursue potential opportunities for Wales.

4. The establishment of a support team to underpin the work of the European Policy Group, drawing together expertise from key policy officials, WEFO and Welsh Government staff in Brussels

- This team would have a strong footprint within both Wales and the Welsh Government team in Brussels.

- Its role would be to engage with key partners both in Wales and in Wales House in Brussels in order to establish the intelligence that would underpin the European Prioritisation Framework and establish the tactical action plan that would empower the necessary follow up activity in Brussels
- In this way, the European Policy Group should be equipped to reinforce the work of the selected policy departments to pursue the designated priorities. It could also identify the needs of promoters to be provided with technical assistance in the preparation of quality bids.

5. Strengthening the role of the Welsh Government office in Brussels as the key focus of tactical implementation, a key source of intelligence to inform strategic prioritisation, and empowered to drive follow up action in pursuit of Welsh Government priorities.

- As well as Welsh Government staff, Wales House already contains representation from the Welsh Higher Education sector (WHEB) and the WLGA. Both Government and partners' resource and expertise could be supported by short term project secondments as required and as defined by the European Policy Group.
- The aim should be to develop a team of suitably skilled and experienced staff to enable the office to play and facilitate a more proactive role in effecting the more joined up Team Wales approach required.

6. Consideration of the future management arrangements required to strengthen the overall coordination of the range of EU Policy funding streams available to Wales.

- We consider that it is important for the incoming Welsh Government to have a fresh comprehensive understanding of the organisational arrangements in place to implement its EU Strategy and the accompanying European Prioritisation Framework in the perspective of the EU 2020 Strategy.
- This review should take into account the observations made with regard to WEFO in paras 6.14 and 6.15 above and in particular the role that WEFO could play in facilitating implementation in the period up to 2020.

7. Welsh Government should continue to communicate widely good examples to illustrate the impact, potential or actual, of Welsh/European ventures and the difference they can and do make to Wales.

- One of the essential keys to more effective communication about the significance of EU policy funding to Wales will be for the Welsh Government, especially Ministers, and its partners to take every opportunity to spell out to the public the added value of the EU contribution to Wales in both policy and financial terms. This would also contribute substantially to ensuring a mature and well-informed public discussion within Wales on the benefits of the EU.
- In the immediate future steps should be taken to develop further the communication arrangements which contain information ‘and good stories’ from across Welsh Government Departments about the combined impact of EU/Welsh interventions at regional, local and sectoral levels in Wales.

8. Future of Ambassadorial Role and Acknowledgements

- 8.1 The primary responsibility of our original remit as EU Funding Ambassadors has been discharged by the production of this report. We have taken the opportunity over the past year to encourage colleagues within Welsh Government and partner organisations in Wales to engage more actively in pursuit of a more joined up approach, promoting the necessary synergies between the programming and funding arrangements in Wales.
- 8.2 We do not consider that there is at present a case to support a continuing role for Ambassadors with our current remit. As and when the present and future Welsh Government decides whether or not to implement all or part of our report’s recommendations, it would be appropriate at that stage for the Welsh Government to consider the case to set up an independent review capacity. The main precondition for successful involvement of any such independent review arrangement would be to have the assurance that it is fully supported by the Welsh Government, firmly anchored with the Minister responsible for EU Affairs, and supportive of the scrutiny role of Welsh Government. Such an independent review should of course be organised to ensure full access from the outset to the European Policy Group and its work. Selection of individual/s to play such an independent assessment role could usefully be determined in the light of the areas of expertise which are required to examine the priority thematic areas decided by Welsh Government.
- 8.3 We would like to acknowledge the strong support we have received from Minister Jane Hutt from the outset of our remit. She has taken an important lead within Welsh Government in encouraging effective use of all EU Policy Funding opportunities available to Wales. She has also set an excellent example by showcasing good stories of successful and promising projects

of significance to Wales. We thank her for her constant encouragement in our work and in particular for respecting and valuing our independence.

- 8.4 Finally, we also wish to acknowledge the commitment and collaboration of Paul Smith and his colleagues from WEFO who have acted efficiently and supportively as secretariat for our work as Ambassadors. We wish also to thank Nia Lewis from Welsh Government in Brussels whose advice and contacts in the European Commission and with the different European networks and platforms have been of great help to us in fulfilling our remit.

EU Funding Ambassadors - Terms of Reference

Background

Recent reports of the Constitutional and Legislative Affairs Committee (“Wales’ role in the EU decision-making process” - March 2014) and the Enterprise and Business Committee (“EU funding opportunities 2014-2020” - July 2014) identified the need to engage in and promote further the EU’s directly managed programmes in Wales. In considering these recommendations the Minister for Finance and Government Business has agreed that a small panel (3 members drawn from the public, private and third sectors) of EU Funding Ambassadors (Ambassadors) be established.

Terms of Reference

The Ambassadors will draw on their personal experience and work within their respective sectors to promote and maximise opportunities presented by the European Union’s directly managed funding programmes for 2014-2020. They will also advise Ministers over engagement issues more generally with a view to increasing the profile of EU funds within Wales.

They will:

- Identify and promote integration and advise on how best to maximise synergies with other EU and domestic funding streams and links with the Economic Prioritisation Framework;
- Gather intelligence, from within their respective networks and beyond, to inform their dialogue with Ministers around relevant EU funding opportunities;
- Offer Ministers perspectives on how Wales can be more successful in maximising EU funding under these programmes and how opportunities can be made more accessible;
- Promote opportunities and encourage participation across all sectors;
- Advise on how Wales can maximise opportunities under the new ETC programmes, including building collaboration with international partners.

In advising on these matters, Ambassadors will need to consider existing expertise and capacity building needs, communications, publicity and co-ordination arrangements and how best to overcome barriers to engagement.

Links with Programme Monitoring Committees

The Ambassadors will work with the two Programming Monitoring Committees in Wales, which have formal legal responsibility for the European Structural and Investment Funds in Wales for 2014-2020 (i.e. the European Regional Development Fund, European Social Fund, European Agricultural Fund for Rural Development

and the European Maritime and Fisheries Fund) and for the Ireland – Wales programme 2014-2020 respectively, in order to identify and promote integration and maximise synergies across the funding streams.

Meetings

Much of the Ambassadors' work will be undertaken through networking within their sectors. Advisory meetings will take place with the Minister for Finance and Government Business on a quarterly basis.

The first of these meetings will take place in November 2014 and it is anticipated that the panel will remain in existence for 18–24 months or to such time as the Minister and the panel consider that the work has been concluded.

Ad hoc papers will be prepared by the Secretariat as necessary to help facilitate the work of the panel. The Secretariat will also prepare a short summary of each meeting.

Summary of Responses to the Interim Report – by Sector

HE/FE Sector

We have received endorsements of our interim report and of our proposals from Universities Wales, the Higher Education Funding Council for Wales (HEFCW) and ColegauCymru. We have been pleased to work with the HE sector during our time as EU Funding Ambassadors and have been extremely grateful for their proactive engagement and in particular for the positive involvement in the Internationalising HE conference that we promoted in November 2015.

Universities Wales supports all of our recommendations and acknowledges, in particular, our sentiments that Welsh and EU policies should be aligned and, where appropriate, synergies between funding streams at regional, national and European level should be exploited for greater impact. They also welcome our acknowledgement over the central role that universities play in delivering EU policies and accessing EU funding in Wales.

Universities Wales acknowledges the strategic importance of the Horizon 2020 programme to Welsh universities in continuing to grow research capacity. They therefore support the need for a strategic approach from Welsh Government and for it to facilitate and enable stakeholders to engage with EU policies and funding programmes on a 'Team Wales' basis pointing to their own engagement on the Ser Cymru programme and in setting up the National Research Networks.

They also welcome the establishment of WEFO's Horizon 2020 unit and the SCoRE Cymru initiative but are yet to be convinced that its creation has led to an increase in grant support for Wales. We collectively consider that more needs to be done to encourage greater opportunities for SMEs to engage with competitive EU programmes and to enable universities to work with a wider range of industrial partners thereby enhancing the current activity of the Enterprise Europe Network.

Universities Wales support our views that investments made via ERDF, the EIB and the National Research Networks can be a spring board to facilitate increased participation in Horizon 2020. They also emphasise the importance of taking full advantage of UK funding programmes and in particular the programmes operated by Research Councils UK.

They welcome the emphasis placed on the importance of an effective presence in Brussels but wish to see greater cooperation and coordination of activities between the Welsh Government staff and Welsh Higher Education Brussels. They point to the need for a clear set of policy priorities from Government to assist this and to avoid duplication of activity. They also believe that there is room for improvement in developing an 'all Wales House' approach to planning activities in Brussels together

with a more open attitude towards sharing information based on clear objectives. We would strongly encourage this to be addressed as a matter of urgency.

Universities Wales supports the positive approach by Welsh Government towards joining the Vanguard initiative and would welcome a coordinated approach with Welsh universities in order to engage with partners and on some of the initiatives.

While there has been some Welsh successes under the Knowledge Innovation Communities initiative there are still reservations over its overall success and resource commitments required of main partners continue to be a barrier to participation. Universities Wales would be keen to explore opportunities identified under the European Fund for Strategic Investments with Welsh Government but currently see it providing limited opportunities for universities beyond traditional EIB lending.

They support the references to strategic European/International partnerships and point to successes between Cardiff University and the University of Leuven on Health and Low Carbon and between Swansea and Grenoble on collaborative research.

Universities Wales welcomes the opportunities under Erasmus+ for international engagement and partnerships and is content to discuss the need to expand existing annual reporting arrangements to HEFCW to further reflect international initiatives and partnerships.

Universities Wales welcome the proposal for European Departmental Committee and would be pleased to provide regular input to ensure that proposed actions are aligned with the strategies of the universities and Welsh Higher Education Brussels (WHEB). They recommend that priorities set by this group are fed through to Whitehall departments and to the National Contact Points for Horizon 2020.

They also support the need for the establishment of a clear set of policy priorities and call for an open communication channel between Government and universities, together with WHEB, to ensure collaboration in delivering on these areas.

Universities Wales also supports the need for good communication and would be keen to work with Welsh Government to promote good examples of successes from Welsh universities.

HEFCW also offers wide support for our recommendations and achievements to date welcoming in particular the creation of the interdepartmental network group and associated funding grid. As with Universities Wales, it also welcomes our recommendation for the clear articulation of the Welsh Government's strategic priorities on EU engagement, and the role of Government in facilitating access to EU funding opportunities within a 'Team Wales' approach. Also, like Universities Wales, it would welcome the opportunity to engage with and provide input into our proposed European Interdepartmental Committee.

HEFCW endorses our emphasis on the need for investment in research and innovation and high level skills to drive the economy and the need for more research scientists in Wales. It also acknowledges the need to exploit imaginatively the variety of EU policy and funding streams to best effect and of maximising synergies with domestic funding. It points to Welsh university successes under Horizon 2020, Erasmus+ and the European Structural and Investment Funds and future project proposals.

It welcomes the emphasis on R&I capacity building and WEFO's efforts on promoting complementary actions involving Structural Funds and Horizon 2020 and stresses the need for the swift approval of projects so that the longer term benefits can be realised. It also welcomes the SCoRE Cymru initiative and calls for WEFO's Horizon 2020 unit to share successful Welsh and EU Horizon 2020 project data which could provide helpful insights to help facilitate more partnership and grant capture.

HEFCW acknowledges the link between Erasmus+ and the Global Wales initiative and indicates that it will explore with its Global Wales partners how recent successes can be built upon.

ColegauCymru, agrees with the proposition that across all funds, Wales should seek to take a targeted approach to maximizing the benefit of the EU funding programs. ColegauCymru's current focus is to explore partnerships with institutions within other regions of Europe which share the priorities of smart specialization and to introduce work based learners in key sectors to an experience of working abroad.

ColegauCymru has a full time International Coordinator to submit centralised Erasmus+ applications on behalf of the FE colleges in Wales for apprentice and full time vocational learner mobility with participants undertaking work placements in Europe.

The role of a centralized coordinator allows colleges to benefit from a joined up' approach to European and International working. It supports a network of European Officers and International Managers working across all colleges and adds capacity to the sector through developing and drawing on the experience of those working in Wales and across Europe. It has a network of European contacts within mobility departments in regional governments (Catalunya, Basque Country, Balearics, Baden-Wurttemberg, Germany) as well as with individual staff in vocational colleges in Europe allowing it to also act as a central point of contact for European partners looking for Welsh partners disseminating and acting on project ideas that are sent via the Wales Brussels office to Wales.

ColegauCymru therefore supports any initiative to explore further the role of a centralised resource to build capacity within the different sectors in order to increase the drawdown of Erasmus+ funding into Wales. This allows the targeting of support to those areas or beneficiaries who are least likely to apply, let alone find

success in their applications. It would also allow work to be carried out to secure synergies between ESF programmes operated by FE colleges and work based learning providers.

They welcome the need to move beyond the use of established funding regimes such as the Structural Funds in order to embed the opportunity for all learners to experience, at first hand, the nature of work and learning beyond Wales and agree that experience in accessing funds, and more importantly, securing the benefit of programmes such as Erasmus+ is currently more limited.

They see the benefits of the integration of learning opportunities within the EU in their role as the National Contact Point (NCP) in Wales for the European Qualifications Framework (EQF), European Credit System for Vocational Education and Training (ECVET) and European Quality Assurance in Vocational Education and Training (EQAVET). These EU tools promote the transparency, portability and transferability of qualifications across Europe. The recognition of the learning acquired during mobility periods in Europe is one of the key themes of the Erasmus+ programme. ColegauCymru is therefore in a prime position to continue to extend and broaden its activity in relation to Erasmus+.

ColegauCymru has explored options for addressing gaps in representation in Wales House in Brussels and has decided to build on its current relationship with the Head of Economic Development Policy as the immediate costs of basing an FE representative in Wales House cannot be funded. The Chief Executive of ColegauCymru and International Coordinator will travel to Brussels at the end of February 2016 to make progress with this commitment.

ColegauCymru represents the FE colleges at the UK National Agency's Country Advisory Group (Wales) for Erasmus+ and suggests that with assistance, there is scope to widen the focus of this group to explore synergies across EU funding, more strategic partnerships and cross sectoral applications for Erasmus+ funding.

ColegauCymru is eager to be actively involved in discussions, events and a meeting related to wider EU funding opportunities and is available to meet with Welsh Government officials to ensure that the FE sector in Wales continues to maximize its draw down of EU funding.

ColegauCymru is aware of the university led Global Wales initiative and has had informal positive discussions with Universities Wales, Welsh Government and British Council Wales to include other organisations that promote Wales as a study destination to international students under the same banner. Global Wales provides an excellent opportunity for collaborative working across the education sectors in Wales and ColegauCymru would welcome the opportunity to discuss this further with the relevant organisations.

The British Council, which is part of the Erasmus+ National Agency, and the National Agency itself have also written to us following its joint hosting, with Welsh Government, of the Erasmus+ workshop promoted by us on 22 February.

The British Council acknowledges that the take-up of the Erasmus+ programme in Wales across most sectors is below what might be expected by Wales' share of the UK population. Increasing take-up and helping stakeholders align Erasmus+ funded projects with the strategic and policy priorities of the Welsh Government (including other funding streams) is a priority for them in 2016.

They suggest that the availability of a central (usual human) resource such as the advice, brokerage and technical back-up provided by ColegauCymru in the VET sector and the pre and post award support provided by Cardiff Council's International School Linking service, is the key to strong engagement. In order to lift participation levels in Wales, and to help build capacity to ensure good engagement over the remainder of the programme, they therefore propose that Welsh Government should offer some modest and time-limited investment to support further central resources of this nature. They also suggest that Welsh Government might also explore the suitability of using targets in terms of organisations participating in the programme.

The British Council suggests that by promoting Erasmus+ systematically through existing Government structures (principally the regional education consortia, but also through initiatives like Global Futures and Pioneer schools) the Welsh Government can help educate stakeholders to align their priorities with Wales-wide priorities and ensure that any increase in participation is focussed and aligned with Government priorities. For example they suggest that there is considerable scope to use mobility and international partnerships to access international learning opportunities and best practice examples in areas that are complementary to overall government priorities.

The UK Erasmus+ National Agency welcomes the interim report and concurs with the views of the British Council. It makes the following additional observations:

- Welcomes the focus on Erasmus+ under Education, Training and Youth and point out that they have begun to explore how the programme's visibility can be raised across Wales (in mid and north Wales in particular), with support from Welsh Government. The programme will benefit from continued support of this kind.
- In order to maximise the impact of the programme across Wales, they would welcome collaboration with the management bodies and personnel of other EU programmes, in order to enhance their ability to reach out to the relevant target groups and existing networks effectively. They would particularly welcome making active links with the ESF programme management team at the Welsh Government.
- They strongly support the points made regarding more effective harnessing of the programme to support Welsh Government policy.

- They concur with the comments made regarding the value of a review of participation in the Erasmus+ programme by Welsh universities, in conjunction with clear reference to the benefits of involvement in the programme by Welsh Government. Current levels of participation by higher education institutions are unbalanced, and a comprehensive review might begin to remedy this.

Local Government

We have had a number of very constructive meetings with the WLGA and the Regional Engagement Teams and we are hugely supportive of the excellent work that they are engaged in, including their links with the Regional Partnership Boards, to strive towards a more integrated and strategic delivery model. We also welcome the presence of the WLGA in Brussels and the proactive working relationship that exists in Wales House and beyond.

The WLGA has expressed support for all of our initial recommendations and is keen to work with all key partners to take these forward.

It strongly supports the need for a proper mechanism for engaging on EU policies and funding programmes across all key partners and stakeholders and has welcomed our recommendations in this area including our initiative to establish the interdepartmental network and accompanying funding grid. We would support its view that membership of the network should ultimately be extended to other partners and stakeholders (including the WLGA) to ensure a joined up approach.

The WLGA also welcomes our recommendation that the Welsh Government should focus its European engagement on key policy priorities reflecting strategies set out in key documents such as Programme for Government. It emphasises the importance of this reflecting a whole-Government approach coordinated and facilitated at the highest level involving senior officials from all Departments and reporting to Welsh Government Ministers. The WLGA highlights priorities and opportunities in the areas of tackling poverty, youth unemployment, Green Growth and Sustainability agenda, including the Wellbeing of Future Generations Act.

We strongly support their view that this more focused approach should be reflected in the new European Strategy for Wales and that it should be subject to consultation with key partners and stakeholders and supported by the development of a joint Action Plan and Work Programme.

We welcome the WLGA's pro-active role in supporting Wales' four members of the Committee of the Regions (CoR) and their efforts to build upon this to showcase good practice from Wales and to learn from similar nations and regions. They acknowledge existing Welsh Government engagement but wish to see this extended further by, for example, more of their Cardiff and Brussels based officials undertaking the 'expert' support from a Welsh policy perspective and getting involved in joint

initiatives such as some of the specific awards and conferences organised by the CoR.

The WLGA would welcome more dialogue and joint working with key partners and organisations based in Wales and in Wales House in Brussels regarding exploring opportunities to utilise their network and partnership arrangements. They also see more joint working between the Wales based European Networks, such as the Local Government Welsh European Officers Group, the Networks of HE & FE European Officers and practitioners and the Third Sector European Forum as the key to realising the more collective, innovative and pro-active approach to engage in knowledge and capacity sharing to assist Welsh organisations to access enhanced EU funding outcomes.

The WLGA agree with our view that the Welsh Government European Office in Brussels is well placed to play a greater, pivotal role in effecting the more joined-up approach required in order for Wales to maximise opportunities from all EU Funding Programmes and Initiatives. They would welcome a more pro-active approach to seeking opportunities based on the Scottish model and for it to work more closely with its partners in Wales House, and Wales' MEPs. This can be achieved through regular partnership meetings, a series of high level focused themed policy events with the aim of showcasing good practice from Wales, networking and relationship building with similar nations and regions.

The WCVA have referred us to the recent (January 2016) "Report to the National Assembly for Wales on the activities of the Welsh representatives on the EU Committee of the Regions". This includes a number of recommendations and conclusions, largely echoing our own, and which we and the WLGA strongly support:

- *"The National Assembly for Wales and Welsh Government organise an annual EU conference to review engagement in the EU and to identify priorities for the following year. This event would bring together the Welsh MEPs, Assembly Chairs, relevant Ministers, CoR representatives and Welsh stakeholders".*
- *"The Welsh Government publish a revised EU strategy in line with the recommendations of the CLA Committee and Enterprise and Business Committee's reports adopted in 2014. This EU strategy should include a media / communications action plan aimed at strengthening the communication and coverage of how Wales engages in the EU".*
- *"The National Assembly for Wales adopts a resolution before the end of the current Assembly and at the beginning of the fifth Assembly stating its support for continued UK (and Welsh) membership of the EU".*

Private Sector

We have met with the CBI and FSB in Wales and have received a formal written response from the Institute of Directors Wales (IoD).

The IoD welcomes our list of considerations and proposals but emphasises that they should be properly addressed, engaging all parts of the country, all sectors of the economy, and private, third sector and public alike. They indicate that it would be good to see a comparably robust piece of work undertaken on the opportunities within the UK for joint working on common issues. That should include central government and English local government, as well as the other devolved administrations.

They consider that the interim report holds a great deal of promise for a more effective model going forward and that it would be important to ensure that action was taken to implement the recommendations.

They strongly support the view that greater awareness of the many programmes and initiatives that flow from Europe, and better coordination, not only within the public sector, but also with private enterprise and the third sector, would help to maximise the benefits that can flow from the right sort of public investment.

They emphasise the importance of good communications across all sectors in exploiting the opportunities to use these European funding streams more effectively. That has the potential, not only to apply that money to the best effect, but also to demonstrate, in a practical way, the gains to be made from engaging positively with our European partners across the public and private sectors.

The IoD agree with the strategic needs we have identified for Wales surrounding the need to boost skills and wages, the need for more intelligent SMEs etc. However, to ensure that the right skills are being identified, they emphasise that it is essential that the business voice is heard.

They also point out that the lessons learned from full engagement with the farming sector should be applied more widely across the private sector. If the wider suite of funds are to be fully utilised, then the sectoral approach adopted by the Welsh Government should be revisited to improve the engagement of businesses beyond the arguably narrow base now in place.

They agree strongly with most of the views we have expressed relating to Economic and Business Development in our interim report and especially with our view that the level of engagement in Brussels and across Europe needs strengthening. They point to the challenges of building links between officials and those with business experience, in Europe or more widely and would welcome the opportunity to discuss how they can help. They also point to the considerable experience that the private sector can offer in respect of regulatory powers.

They emphasise that basic skills, which today must include skills appropriate for an on-line world, are a real challenge in recruitment and retention. It seems fertile ground for improving the integration of European and Welsh programmes and fully engaging the businesses which suffer from the lack of a skilled employment pool, but which could, with the right government support, be part of the solution.

In terms of the role of managerial and directorial skills in building an economy they emphasise IoD's key function of strengthening and enhancing the quality of the directing role and its closely associated governance function and its role as a leading provider of director qualifications in the UK and more widely. They also point out that in a part of the UK where the public sector is dominant, those crucial skills should be the subject of constant improvement. Equally, they should be in the third sector. IoD Wales would welcome the opportunity to play its part in strengthening these skills, not only in the more formal learning process, but through the softer but equally important opportunities for exchange of experiences and knowledge that can flow from events designed to bring together practitioners from across the board.

They point out that in order to address poverty at the most basic level, we need a nation of users and consumers of our products and services. That means good and rising levels of disposable income. Economic poverty leads to poverty of ambition, which itself leads to the poor levels of employability.

They point to opportunities in the tidal lagoon industry, where Wales could lead the world. If European funding streams for addressing, say, fuel poverty, could be integrated with the innovation aspect and the sustainability component, as well as the leisure and marine parts, then this industry, where Wales already has a live prospect in place, could be transformative for the economy and Welsh society. It does however require better coordinating efforts with Whitehall and Westminster. The success in bringing Aston Martin to Wales shows what can be done with co-operative working. By contrast, the challenges facing Tata and the whole Welsh steel industry shows how much more needs to be done by all parties to sustain that which is already here.

Third Sector

We have been greatly impressed by the commitment and enthusiasm shown by the WCVA to engage the third sector in European programme opportunities. They in turn have welcomed the Government's efforts to raise the profile and engagement of the broader range of EU policy funding options and have been very supportive of our work and of our proposed actions.

The WCVA list the third sector challenges for accessing the wider range of European funds as:

- The need for access to clear, concise and timely information about funding opportunities and call for proposals in a one-stop-shop format;
- The availability of match funding for transnational exchanges;
- Finding partners for projects;
- Funding bid development such as travel and accommodation costs to visit potential partners;
- The risks associated with Lead Partner responsibility means that this isn't a viable option for third sector. Also associated problems in finding lead

partners that understand and are sympathetic to third sector requirements (e.g. need for advance payments).

- Inability to meet the requirements to use mechanisms to 'mainstream' learning and developments that result from a partnership exchange into policy and practice in Wales.

WCVA is working with partners to help address these challenges and we would support these by encouraging:

- WEFO to be as flexible as possible in the use of Technical Assistance to allow the European (3-SET) team to provide information and guidance to third sector organisations on the broader suite of EU funding options (as an exist strategy from ESI Funds) working in collaboration with the UK Contact Points to bring their expertise and services to assist the third sector in Wales and to broker third sector engagement with potential lead partners.
- The Welsh Government Officials in Brussels to provide practical support to assist networking opportunities and to find transnational partners.
- The establishment of a Welsh Anti Poverty Network affiliated to the European Anti Poverty Network.
- The extension of the Welsh Government Internal Network Group to include external partners (as also called for by the WLGA).

Ministerial

We have been hugely encouraged, and are extremely grateful for the positive Ministerial support that we have received over the past year. We would in particular like to thank the Minister for Communities and Tackling Poverty, the Minister for Education and Skills, the Deputy Minister for Skills and Technology and the Deputy Minister for Culture, Sport and Tourism for their direct engagement with us and in the participation of events that we have advocated and promoted during our time as EU Funding Ambassadors.

We are also pleased at the positive responses that the Minister for Finance and Government Business has received from Ministerial colleagues both to our appointments and to the recommendations and proposals set out in our interim report.

In particular, we are pleased at the commitment and work that the Minister for Communities and Tackling Poverty is undertaking in terms of increasing the skills of the early years workforce and in early childhood development as part of the wider tackling poverty agenda through the use of Structural Funds. We are also pleased at her endorsement of our recommendations around combatting poverty and social exclusion and for her commitment to attend the joint Welsh Government/WCVA event we have planned on 17 March to look at a range of EU opportunities that could further support action in this area.

As outlined elsewhere in this report, we are also highly impressed with the work that the Minister for Health, and his officials, is undertaking in engaging on the European and international stage to help advance work under his portfolio. We were pleased to participate in the event on European Funding and Collaboration for Health and Wellbeing that his officials staged in February.

Finally, we are hugely indebted to the extremely positive engagement, support and enthusiasm afforded to us by the officials of the Minister for Education and Skills and also by the Minister and Deputy Minister themselves. Their commitment and participation in the very successful Internationalising HE conference that we promoted last November was invaluable. We also welcome and appreciate their efforts in promoting the wider opportunities available under the Erasmus+ programme through a workshop in February and for their cooperation in hosting a proposed Post 16 Strategy conference later in the year.

We are also pleased at the Ministers' commitment to commission a report on Modern Foreign Language teaching and its links to Erasmus+ participation and to request annual reports on University participation as recommended in our interim report.

Other

We have also received endorsements to our proposals from Derek Vaughan MEP, The Head of the European Commission in Wales and from the National Assembly for Wales.

Full copies of all responses will be made available to the EU Policy Group.

Approaches Used by Other Regions – Scotland

We had the opportunity, in our work, to consider the Brussels operations of other UK regions (Scotland, Northern Ireland) as well as other European regions. The principles of their operations seem broadly similar but we have examined the Scottish operation in most detail and this is described below.

The Scottish system is based around 3 pillars:

1. A clear, politically supported and articulated, view that Europe is important to the future of Scotland. This is then visibly delivered through active engagement by Ministers and officials;
2. Translation of this vision into a prioritisation framework which clearly defines the specific areas that are important to Scotland; and
3. Resultant empowerment of the Scottish Government in Brussels to make Scotland the “partner of choice” for other European regions in those areas.

These are supported by four operational approaches:

- A recognition that arm’s length review of EU policies and documents is a necessary, but not sufficient, condition for success and that it must be supplemented by local relationship building and regular contact in order to fully understand the context and background.
- An appropriate mix of short and long term targets which recognises that, in Europe, networking and relationship building is a valuable activity in its own right.
- Regular contact between Brussels and Scotland around key priority areas that classifies short term activity into “proactive”, “reactive” or “inactive”. This ensures the Brussels office can then prioritise its own activities appropriately and determine what it can achieve locally and when that needs to be supplemented by external support.
- Use of appropriate resource and an appropriate mix of local and “homebased” resource. A recognition also that this is not simply a numbers game (although the Scottish Government office in Brussels is very well resourced in numbers terms) but is also about the right experience and skills and an acknowledgement that, in the Brussels environment, appropriate interpersonal skills are a key requirement.

Approach adopted by the Welsh Government Health Department

During the course of our work, we have observed in the Department of Health in Welsh Government, application of a number of the principles we have recommended in this report. This is encapsulated well in the following extract from an internal Department report:

Achieving success in European programmes is much more than a single funding bid or short term project. It requires strategic commitment, persistence, open-mindedness and team work. It is an on-going process involving a continuum of activities from 'moulding opportunities' at local, national and European level (i.e. shaping decisions about new calls, mobilising stakeholders, influencing upcoming policies and priorities, recognising and promoting local strengths) through improving capacity, knowledge, understanding and skills (incl. management, administration and finance); building confidence, capacity and partnerships; project development and application, and finally effective delivery of international collaborative projects.

The Department has applied the principles we have referred to in this report in the following way:

Prioritisation – Areas for priority attention have been selected on the basis of overlap between existing areas of strength in Wales and EU commission priorities. So, for example, building on the recognition that Wales has already achieved in the area of active and healthy ageing through the award of 3 star reference site status under the European Innovation Platform in this area.

Focus – There has been recognition that activity needs to be focussed around Brussels and a deliberate decision to focus that activity around a small number of European networks and regions chosen as ones likely to be supportive of developments in the priority areas. So, for example, membership of the European regional health Authorities network (EUREGHA) and links with the Health Authorities in Flanders have been pursued.

Resource – A dedicated resource has been applied to this work over an extended period (>12 months) and this will continue into 2016/17. The person working in this area has extensive previous experience of working in the European environment and in Brussels in particular.

Early results from the work so far are encouraging but, as the quotation above emphasises, this type of activity requires consistent effort over the medium term in order to achieve strategic impact. We also believe that implementation of our recommendations would enable this type of individual departmental effort to be more effectively linked to the rest of Welsh Government and external stakeholders. For example, discussions are already under way between the Health Department and

the Life Science sector within the Economy Department on working together to bring businesses within Life Sciences into joint partnerships and consortia to assist in funding bids. We believe this activity would be even more effective if it received the type of high level endorsement and support we have described in this report.

EU Policy and Funding Programmes of Potential Interest to Wales (2014-2020)

	<i>EU Budget (€m)</i>
– Asylum, Migration and Integration Fund	3,100
– Civil Protection Mechanism	368
– Connecting Europe Facility	33,300
– Copernicus	4,000
– COSME	2,200
– Creative Europe	1,400
– Customs, Taxation and Fight against Fraud	908
– Development Co-operation Instrument	19,600
– Employment and Social Innovation (EaSI)	919
– Erasmus+	14,700
– EU Aid Volunteers	147
– European Energy Efficiency Fund (EEEF)	265
– Europe for Citizens	185
– European Fund for Strategic Investments (EFSI)	21,000
– Food and Feed	1,800
– Galileo	7,000
– Horizon 2020	79,000
– LIFE	3,400
– Rights, Equality and Citizenship	439
– Third health programme – Health for Growth	449
– Urban Innovative Actions	370
Total	194,550

European Territorial Co-operation Programmes (2014-2020)

	<i>EU Budget (€m)</i>
– Atlantic Area Programme 2014-2020	140
– ESPON 2020	41
– Interreg Europe 2014-2020	359
– North-West Europe (NWE) Programme 2014-2020	396
– Ireland/Wales Cross-border Programme 2014-2020	79
– URBACT III	74
Total	1,089

European Structural and Investment Fund programmes in Wales (2014-2020)

	<i>EU Budget (€m)</i>
– European Agricultural Fund for Rural Development	655
– European Maritime and Fisheries Fund 2014-2020	19
– European Regional Development Fund (ERDF)	1,406
– European Social Fund (ESF)	1,005
Total	3,085

Other Directly Managed EU Funding Programmes (2014-2020)

	<i>EU Budget (€m)</i>
– Consumer Programme	188
– EU Nuclear Decommissioning	553
– European Globalisation and Adjustment Fund (EGF)	150
– European Instrument for Democracy and Human Rights	1.332
– European Neighbourhood Instrument	15.432
– European Partnership Instrument	954
– European Solidarity Fund (natural disasters)	500*
– Humanitarian Aid	6,621
– Instrument for Nuclear Safety Cooperation (INSC)	225

*Up to a maximum €500 million annually

Directly Managed EU Programme Interventions and Successes

This Appendix contains details of recent Welsh performance in accessing the main EU's directly managed funding programmes.

1. Horizon 2020

Performance in Wales is monitored by WEFO's Horizon 2020 Unit with details published in its Annual Reports. Headline figures from the 2015 report are set out below.

Overall Performance

It is still early in the programme period to confirm statistical trends but it is clear that Horizon 2020, as expected, is more competitive than its predecessor Framework Programme 7 (FP7). This reflects the fact that many areas of the programme are heavily oversubscribed, including new initiatives such as the SME Instrument.

Considering the stiff competition, performance by Welsh organisations is encouraging in many areas. Formal statistics are available for the end of October 2015 and show that Wales has succeeded in attracting €35,107,081 from the Horizon 2020 programme³. Wales has had over 64 participations in over 60 projects involving 540 collaborations across Europe.

In comparison with the UK, which is one of the leading countries in Horizon 2020, Wales has 2.46% of the amount of funding going to UK organisations and 2.09% of the number of UK participations. At the end of FP7, Wales achieved 2.07% of the UK funding and 2.51% of the participations.

Performance by theme

The Excellent Science pillar of Horizon 2020 is bringing in by far the most funding so far; Wales has attracted over €10 million from the European Research Council and over €16 million through Marie Skłodowska-Curie Actions.

The Industrial Leadership pillar accounted for €3.2 million and the Societal Challenges pillar for €4.1 million.

Performance of the Higher Education sector

The Higher Education sector remains key to the performance of Wales. Welsh Universities are responsible for 69% of the participations and 59% of the funding in

³ European Commission figures do not include funding for Welsh bases with headquarters elsewhere or funds with intermediary bodies such as Risk Finance, Eurostars, ERANETS or some EIT initiatives.

Wales, although this is lower than FP7 when the sector achieved 70% of the Welsh participations and 81% of the funding. In the UK, Universities are responsible for 58% of the participations and 63% of the funding so far in Horizon 2020.

Success rates can be misleading as the volume of applications plays a part but the Welsh Higher Education success rate is relatively low at 10% at the moment. The UK Higher Education success rate is 14%.

Performance of the private sector

There have been 15 confirmed private sector participations worth €3.7m. This means the private sector accounts for 23% of participations and 11% of funding in Wales which is similar to FP7 performance. The UK has a similar level of private sector participations (26%) but the funding level is higher at 21%.

The private sector success rate in Wales is 13%. This is the same as the private sector success rate for all countries.

Regional comparison

Regional comparison is fraught with difficulty due to limited data, particularly at this stage of the programme, and the structural differences between regional research and innovation ecosystems. On some indicators, for example Horizon 2020 funding per person, Wales appears to be performing better than several regions (e.g. Galicia in Spain), similar to others (e.g. Northern Ireland) and behind some (e.g. the Basque Country).

2. Erasmus+

Final call data for 2015 has yet to be published but from that already available, 40 Welsh projects were awarded funding of some €6.5m (5.8% of the UK total against our population share of 4.8%). This represents an improvement on 2014 (€5.1m/4.7%). This included 13 projects (worth €3.4m) from the HE sector, 8 projects (worth €1.5m) from Vocational Education and Training and 11 projects (worth €855k) from Youth.

Wales' percentage of successful applications in 2015 was the highest of the home nations at 60.6%. Welsh performance in 2014 and 2015 compared to the rest of the UK is shown at Figure 1 below.

Some examples of successful Erasmus projects in 2015 include:

- Cardiff City Council – Inspiring Outdoor Learning – A Vision for Schools in South Wales - €97,200
- Cardiff Metropolitan University – Partnership with Brazil, China, Egypt, India, Indonesia, Lebanon & Morocco - €252,240. Swansea University in partnership with China, New Zealand & USA - €176,120
- Swansea University in partnership with China, New Zealand & USA - €176,120

- Coleg Cambria – Mobility and Cultural Awareness for VET Learners - €322,810
- Colleges Wales – Pan Wales FE Staff & Vocational Learner Mobility (2 projects) - €239,949
- Welsh Football Trust (FAW) – Using Mobility to enhance Apprentice Success in Wales - €150,823

3. Creative Europe

Culture

Six projects involving Welsh partners received support under the 2007-13 Cultural programme as listed below. Unfortunately grant award data is not available but as these are cooperative projects awards would be split between the different partners.

2007-2013

- 2013 Wales Literature Exchange - 'Schwob: A European Gateway to the best unknown books'.
- 2013 – Aberystwyth University: 'Literature Across Frontiers'.
- 2013 – Sinfonia Cymru: Emerging Classical Talent in the EU.
- 2013 Volcano: One Land Many Faces.
- 2013 Ffotogallery: European Prospects.
- 2013 Coreo Cymru: Dance Roads Open Process.

2014-2020

Two projects have so far been successful under the 2014-20 programme receiving grant of some €240,000.

- 2014 Welsh National Opera: 'The Opera Platform' (part of a cooperation project between 10 countries): €86,000
- 2015 Aberystwyth University's Mercator Institute for Media Languages and Culture – 'Literary Europe Live': €155,000

Media

Welsh companies received funding of some €2,554,000 under the MEDIA 2007-2013 Programme. The projects involved were:

Scheme	Year	Company	Project Title	Location	Amount Awarded (€)
Initial Training	2010	Skillset Media Academy Wales	TransMedia Lab	Newport	69,942
	2011	Skillset Media Academy Wales	Transform@Lab	Cardiff	70,000
	2012	Skillset Media Academy	TranformatLab	Cardiff	83,129
	2013	Skillset Media Academy	TranformatLab	Cardiff	92,902
Network of Cinemas	2007	Chapter Arts Centre	Europa Cinemas	Cardiff	10,250
	2008	Chapter Arts Centre	Europa Cinemas	Cardiff	10,590
	2009	Chapter Arts Centre	Europa Cinemas	Cardiff	14,759
	2010	Chapter Arts Centre	Europa Cinemas	Cardiff	9,146
	2011	Chapter Arts Centre	Europa Cinemas	Cardiff	9,146
Single Project	2007	Calon	PS15	Cardiff	50,000
	2007	Ffilmiau'r Nant Cyf	The Devil's Horn	Menai Bridge	30,000
	2007	Teledu Apollo Cyf	Eliffant	Cardiff	40,000
	2007	Truth Department	Gone to Spain	Cardiff	30,000
	2007	Element Productions	Europe's Big Walk: The Pilgrimage Route from Canterbury to Rome	Cardiff	46,497
	2007	Modern Television	Road of Bones	Cardiff	40,000
	2009	Vision Thing Communications	String Theory – The Sound of Good and Evil	Cardiff	24,999
	2009	Dinamo Productions	The Wordles	Treforest	53,771
	2010	Fragrant Films	Runt	Cardiff	24,950
	2010	Red & Black Films	Cyrano	Cardiff	24,980
	2011	Baby Lamb	Red	Cardiff	24,957
	2012	Fiction Factory		Cardiff	45,000

Slate Funding	2007	Griffilms	Slate Funding 1 – Animation	Caernarfon	80,000
	2011	Machine Productions	Various	Treforest	165,022
	2012	Dinamo		Treforest	150,000
Interactive Projects	2009	Dave Edwards Entertainment Media	Arty's 'Make & Do Combat'	Llanelli	86,014
	2011	Rondo	Lost in Infinity	Cardiff	150,000
	2012	Dinamo	Abadas – pop up book		50,000
TV Broadcasting	2008	Mike Young Productions	Chloe's Closet	Bridgend	300,000
	2008		Igam Ogam	Cardiff	268,000
	2012	Calon Fiction Factory	Hinterland		500,000
Total					2,554,054

2014-2020

Sixteen applications from Welsh projects have been submitted under the 2014-2020 programme. Three have currently been successful securing funding of some €660,000 as shown below:

- Chapter Arts Centre €12,500
- The Bronco Case (involving Chapter Arts) €150,000
- Fiction Factory (Hinterland) €500,000

4. Connecting Europe

In 2014 five bids were submitted from Wales (see Figure 2). This included bids from Welsh Government for 4 road schemes (M4, Eastern Bay Link, A40 and A55) and one from Network Rail for funding towards electrification of the South Wales main line.

Only the Network Rail project was successful securing some €4m. It should however be noted that Wales will also benefit from a successful UK bid for an Integrated Transport Systems project for roads.

A decision on a joint application between Milford Haven and Waterford ports for a study to research maintenance dredging methods in 2015 is still awaited.

The Connecting Europe fund criteria is strict, reflecting the relatively modest nature of the amount available (compared to infrastructure costs) and the wholly competitive nature of the bidding. Therefore comparing the number of applications from Wales with the other domestic countries and the success rate is not straightforward as, to

make sense, it very much depends on understanding the nature of individual projects and how they correspond with the criteria.

5. COSME

COSME provides support for Enterprise Europe Network in Wales which is undertaking valuable work in assisting Welsh businesses identify European and domestic funding opportunities.

A number of companies have received support across the UK but unfortunately no regional data currently exists to identify Welsh successes.

6. Employment and Social Innovation (EaSI) fund

Wales, or the UK as a whole, has not accessed any funding under EaSI.

However, some progress has been made in 2015 in that Welsh Government officials are now proactively engaged in discussions with the Department for Work and Pensions over Welsh Government policy priorities and to ensure that they are notified of all calls for funding. Discussions have also taken place with representatives from the third sector and local government, in addition to policy leads within the Welsh Government, over the potential funding source with a view to circulating details of future calls and encouraging relevant applications. Officials are also looking to establish closer links directly with the European Commission.

7. European Investment Bank/European Fund for Strategic Investments

Over the past twenty years, the Bank has invested more than €1.6bn in Welsh-specific projects across a range of sectors, both public and private, including water, aviation, the motor industry, and housing stock. This includes £60m for the Swansea Second Campus in 2012.

More recent successes include:

2013

- a £160 million loan to Wales & West Water to upgrade and expand the gas distribution networks in its area of operations.

2014

- A £110 million loan to the Pennon Group PLC to construct, operate and maintain a combined heat and power (CHP) plant in Cardiff.
- a loan to fund the construction of a £30 million facility in support of the R&D programme of Norgine – a pharmaceutical company with research facilities at Hengoed.
- A £45 million loan to Bangor University to construct new teaching, research and supporting facilities at the university.

2015

- a £60m investment in the Swansea University Innovation Campus.
- a £230 million loan to Welsh Water which will help fund its extensive capital expenditure programme so that it can maintain and improve its services.
- a £51 million loan towards the construction of a transmission link to the second largest wind farm in the world, Gwynt y Mor – located in Liverpool Bay, 8 miles off the north Wales coast.

European Fund for Strategic Investment

The fund was announced in November 2014. Welsh Government has identified ten potential Welsh projects on the UK indicative investment pipeline which were presented to the European Commission at the end of last year. This included the South East Wales Metro, the Swansea Tidal Lagoon and Anglesey Energy Island. Of these, the Metro was also identified on the Commission's own list of potential projects.

8. LIFE

Statistics on Welsh projects are not readily available since these are generally recorded on a UK basis. In many instances, projects include actions across the UK and sometimes in other parts of Europe – this makes it very difficult to assess the amount of funding secured for Welsh actions.

A search of the European Commission LIFE database does however identify 9 projects involving Welsh partners that have received support since 2007 (see Figure 3). Seven of these projects (receiving total support of some €12m) are under the 2007-13 programme and 2 (involving total support of €4m) under the 2014-2020 programme. It is estimated that the total spend in Wales related to these projects is in the region of €6m.

There are also a number of other UK related projects that will involve some activity, and therefore potential benefits, in Wales but where there is no official Welsh partner.

At a UK level, in the first 3 years of the 2014-2020 programme, there have been 26 successful projects from a total of 70 applications (37%).

9. European Territorial Cooperation (ETC) Programmes

ETC Programmes in Wales 2007-12013

Overall, the ETC Programmes 2007-2013 invested around €1.4 billion including €885m ERDF across the EU. In Wales, partners were engaged in five main ETC Programmes actively participating in 94 co-operation projects. The total value of these projects was some €154m in ERDF, of which €43m of ERDF investment has been brought into Wales.

The table at Figure 4 provides a breakdown of projects and financial uptake in Wales under the 2007-2013 programmes. Wales has generally performed well against the

rest of the UK and has been one of the best performing regions of the EU on the North-West Europe programme.

Wales will be involved in the following ETC programmes 2014-2020:

- Ireland Wales Co-operation Programme;
- Atlantic Area Programme;
- North-West Europe Programme;
- INTERREG Europe;
- URBACT;
- ESPON; and
- INTERACT

Ireland Wales cross-border programme 2014-2020

Interest levels in the open call Programme are very high, particularly from the HE and local government sectors at this juncture with 41 proposals in the open call system, 16 of which are in business planning. The first formal approval is expected in March 2016.

Transnational and inter-regional co-operation

Atlantic Area (€185m programme covering all of Wales and Ireland, western coastal regions of the UK, France, Spain and Portugal, featuring Priorities focusing on Innovation, resource efficiency, resilience to risks (natural/climate/human) and enhancing bio-diversity and natural and cultural assets).

The programme was formally approved in November 2015 and work is progressing to negotiate and solidify implementation procedures in time for a first call in May/June 2016.

North-West Europe (€648m programme covering all of Wales and the UK, Ireland, Belgium, Luxembourg and areas of France, Germany, the Netherlands and featuring Priorities focusing on Innovation, low carbon and resource materials efficiency).

This is the more advanced of the two transnational programmes in which Wales engages. First call applications were made last year with the first approvals likely to emerge during spring 2016. Early interest from Welsh partners across the FE and third sectors include potential engagement in 8 operations at various stages of development.

Wales has performed very well in terms of ERDF grant per population during 2007-2013. Wales sits at 9th among all the EU regions in the participating Member States, ahead of all other UK regions, and 7th in all N W E, discounting Luxembourg (very low residential population) and Brussels (picks up all the funding going to pan-European Partners with HQs registered in Brussels).

Inter-regional programmes

Decisions on first call INTERREG Europe (€426m EU 28 programme focusing on R&D and innovation, SME competitiveness, low carbon and environment and resource efficiency) applications will be made in Spring 2016.

URBACT, ESPON and INTERACT

These are still at early stages of development. WEFO's ETC Unit are keeping Welsh partners advised on developments.

Figure 1

2014 - Erasmus+ UK Programme UK Call Rounds 1, 2 and 3 – Number of Successful Applications

Field	England		Northern Ireland		Scotland		Wales		UK	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Higher Education	130	76.0	10	5.8	23	13.5	8	4.7	171	100.0
Vocational Education & Training	110	72.8	13	8.6	18	11.9	10	6.6	151	100.0
Schools	231	62.6	15	4.1	117	31.7	6	1.6	369	100.0
Adult Education	231	76.9	3	11.5	2	7.7	1	3.8	26	100.0
Youth	20	79.5	27	10.5	11	4.3	15	5.8	258	100.0
Total successful applications	696	71.4	68	7.0	171	17.5	40	4.1	975	100.0
Total number of applications	1,385		138		286		88		1,626	
Success Rate (%)	50.3		49.3		59.8		45.5		51.4	

2014 - Erasmus+ UK Programme UK Call Rounds 1, 2 and 3 – Allocation

Field	England		Northern Ireland		Scotland		Wales		UK	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Higher Education	42,834,844	77.9	2,009,320	3.6	7,214,229	13.1	2,993,060	5.4	54,991,453	100.0
Vocational Education & Training	18,560,567	77.1	1,839,063	7.7	2,437,241	10.1	1,230,842	5.1	24,067,713	100.0
Schools	11,205,056	77.3	1,183,238	8.2	1,476,629	10.2	625,196	4.3	14,490,119	100.0
Adult Education	3,485,374	75.3	408,042	8.8	724,920	15.7	9,650	0.2	4,627,986	100.0
Youth	8,524,253	84.2	897,222	8.9	363,171	3.6	335,521	3.3	10,120,167	100.0
Total	84,610,094	78.1	6,336,885	5.9	12,216,190	11.3	5,134,269	4.7	108,297,437	100.0

Figure 1

2015 - Erasmus+ UK Programme UK Call Rounds 1 and 2 – Number of Successful Applications*

Field	England		Northern Ireland		Scotland		Wales		UK	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Higher Education	140	71.1	11	5.6	33	16.8	13	6.6	197	100.0
Vocational Education & Training	129	75.9	12	7.1	21	12.4	8	4.7	170	100.0
Schools	164	62.8	9	3.4	83	31.8	5	1.9	261	100.0
Adult Education	22	75.9	2	6.9	2	6.9	3	10.3	29	100.0
Youth	151	79.9	15	7.9	12	6.3	11	5.8	189	100.0
Total successful applications	606	71.6	49	5.8	151	17.8	40	4.7	846	100.0
Total number of applications	1,190		103		267		66		1,626	
Success Rate (%)	50.9		47.6		56.6		60.6		52.0	

* Final Call data yet to be published

Figure 1

2015 - Erasmus+ UK Programme UK Call Rounds 1 and 2 – Allocation*

Field	England		Northern Ireland		Scotland		Wales		UK	
	Amount (€)	%age	Amount (€)	%age	Amount (€)	%age	Amount (€)	%age	Amount (€)	%age
Higher Education	40,399,871	73.1	2,265,392	4.1	9,197,586	16.6	3,384,220	6.1	55,247,069	100.0
Vocational Education & Training	24,372,162	81.2	1,936,932	6.5	2,150,942	7.2	1,544,576	5.1	30,004,612	100.0
Schools	12,456,214	86.0	566,604	3.9	804,698	5.6	648,049	4.5	14,475,565	100.0
Adult Education	3,455,468	84.1	336,884	8.2	266,195	6.5	52,145	1.3	4,110,692	100.0
Youth	6,720,310	76.4	703,866	8.0	514,472	5.9	854,980	9.7	8,793,628	100.0
Total (€)	87,404,025	77.6	5,809,678	5.2	12,933,893	11.5	6,483,970	5.8	112,631,566	100.0

* Final Call data yet to be published.

Figure 2

Trans European Transport Network (TEN-T) Programme and Connecting Europe Facility (CEF) transport infrastructure funding programmes

Field	England		Northern Ireland		Scotland		Wales		UK-wide ⁴	
	Number Submitted (successful)	Success (%)	Number Submitted (successful)	Success (%)	Number Submitted (successful)	Success (%)	Number Submitted (successful)	Success (%)	Number Submitted (successful)	Success (%)
TEN-T 2013	8(8)	100%	1(1)	100%	1(1)	100%	0	0%	5(5)	100%
CEF 2014	33(19)	57%	5(2)	40%	6(0)	0%	5(1)	20%	9(6)	67%
CEF 2015 (outcome not known)	8		4		1		1		24	
Total	63%		50%		20%		20%		75%	

The figures include applications from the private sector (such as ports, airports and logistics companies) and public sector (such as National Governments, Network Rail and Local Authorities) and those involving more than one Member State. The 2015 call for funding closed on 16th February, the outcome will be known in July. Given the constraints on the calls for funding, the high level of oversubscription and the need to demonstrate EU added value, a direct comparison of the outcomes is not easy. The ability to generate projects that are mature, meet the specific criteria and delivery timescales and are ready at the time the call for funding is launched can be challenging.

⁴ The figure for UK applications includes those where there is a direct financial contribution to all UK Regions (such as joint ITS deployment projects) and those where there is potential for a wider UK benefit (such as deployment of Single European Sky technology, or research into the deployment of lower carbon fuels and use of the European Train Management System (ERTMS))

LIFE projects benefiting Wales

Project Name	Lead Partner	Other Partners	Dates	Project Costs	LIFE contribution	Spend in Wales
LIFE Programme 2007-2013						
Nature Sub-Programme						
Anglesey and Llyn Fens – Restoring Alkaline and Calcareous Fens within the Corsydd Mon a Llyn SACs in Wales (LIFE 07 NAT UK 000948)	CCW	Dwr Cymru, Environment Agency Wales	February 2009 – December 2013	£5.1m	€2,678,560	€1,330,276
ISAC 08 – Irfon SAC Project (LIFE 08 NAT/UK/000201)	Wye and Usk Foundation	Environment Agency Wales, UK Association of Rivers Trusts	January 2010 – December 2013	€1,626,458	€813,229	€1,626,458
Pearls in Peril (LIFE11 NAT/UK/000383)	Scottish Natural Heritage	EN, CCW (NRW), EA, UK River and Fisheries Trusts of Scotland, UK West Cumbria Rivers Trust Ltd, Forest Enterprise Scotland	September 2012 – September 2016	€4,617,398	€2,293,990	€847,000
Development of a programme for the management and restoration of Natura 2000 in Wales (LIFE 11 NAT/UK/385)	CCW (now NRW)		September 2012 - December 2014	£1.0m	€0.5m	€1.0m
Little Terns - Improving the conservation status of	RSPB	Several across UK but including	September 2013 –	€3,287,140	€1,643,570	c€200,000

Figure 3

Project Name	Lead Partner	Other Partners	Dates	Project Costs	LIFE contribution	Spend in Wales
the little tern in the UK through targeted action at the most important colonies (LIFE12 NAT/UK/000869)		Denbighshire County Council	August 2018			
					€7,929,349	Total Nature c€5m
Environment Sub-programme						
EDOC – Electronic Duty of Care (LIFE 09 ENV/UK/000023)	EA	Welsh Assembly Government, Chartered Institute of Waste Management, Waste and Resources Action Programme, Critical Resources Ltd, NI Environment Agency	January 2011 – December 2014	€4,176,500	€2,088,250	No data
Smarter Regulation of Waste in Europe (LIFE13 ENV/UK/000549)	Scottish Environmental Protection Agency	Natural Resources Wales (NRW), Institute Bruxellois pour la gestion de l'environnement, Association of cities and regions for recycling and sustainable resource management	June 2014 – May 2019	€4,325,101	€2,146,825	€ 142,754
					€4,235,075	Total Env c€200,000
LIFE Programme 2014-2020						
Nature sub-programme						
SciuriousLIFE - Sciuriosity - Evolving IAS grey squirrel management techniques in the UK.	Royal Society of Wildlife Trusts	Varous Wildlife Trust, Forest Research, Red Squirrels Trust Wales, University of	Nov 2015 – Dec 2019	2,699,565	1,619,741	As Anglesey and Gwynedd are major areas within project, assume at least €1m

Figure 3

Project Name	Lead Partner	Other Partners	Dates	Project Costs	LIFE contribution	Spend in Wales
(LIFE14 NAT/UK/000467)		Newcastle upon Tyne				
Roseate Tern - Improving the conservation prospects of the priority species roseate tern throughout its range in the UK and Ireland (LIFE14 NAT/UK/000394)	RSPB	BirdWatch Ireland, North Wales Wildlife Trust	Oct 15 – Sep 2020	3,229,020	2,421,765	No sites in Wales are included although a Welsh partner is involved. Presume very little money directly into Wales.
					€4,041,506	Total Nature c€1m

ETC Programmes in Wales 2007- 2013

The table below provides a breakdown of projects and financial uptake under the 2007-2013 programmes.

	Total Programme value €	EU Value €	No of approved projects with Welsh Partners €	Total Project Cost €	EU Grant €	Total Welsh Costs €	Total Welsh EU Grant €
Ireland Wales	70,260,394	52,695,295	41	70,483,113	50,630,291	38,338,152	27,243,904
Atlantic Area	158,798,190	104,051,233	21	43,080,815	28,002,477	7,969,828	5,107,567
North West Europe	696,668,854	355,443,293	17	113,702,735	56,529,395	17,424,259	8,712,129
IVC	405,094,936	321,321,762	13	23,357,799	18,364,756	2,774,582	2,080,936
Urbact	68,890,736	53,319,170	2	651,410	482,797	12,500	10,000

