



European Structural and Investment Funds 2014-2020

1. INTRODUCTION

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

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

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

2. THIRD SECTOR INVOLVEMENT WITH THE 2007-2013 STRUCTURAL FUNDS PROGRAMMES

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

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

3. DEVELOPMENTS TO DATE

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

During January to April 2013 the Welsh Government consulted on the draft Operational Programmes for the Structural Funds 2014-2020, which set out the socio-economic analysis and priorities and themes for funding.

The Operational Programmes, which govern how the funds will be spent in Wales, were approved by the European Commission in January 2015. A short summary of the European Regional Development (ERDF) and European Social Fund (ESF) Structural Funds Programmes for [West Wales & the Valleys](#) and [East Wales](#) can be found on the Welsh European Funding Office (WEFO) [website](#)

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

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

4. WHAT ARE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS?

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

5. HOW MUCH FUNDING WILL WALES RECEIVE FOR 2014-2020?

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

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

6. NEW THEMES FOR 2014-2020

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

- [Europe 2020](#) is the EU's overarching strategic aim for smart, sustainable and inclusive growth. This is underpinned by [specific targets](#) around employment rates,

qualifications, poverty reduction etc that all EU Member States will be monitored against. The Structural Funds are seen as a key funding mechanism for Member States to work towards achieving the targets.

- **Integration, concentration and simplification** – the European Commission has created a new regulatory framework which is designed to make it easier for the four EU funds (ERDF, ESF, RDP and Fisheries) to be **integrated** more closely to deliver a better impact; prior to this the funds have been developed separately by different departments within the Commission. Given the small scale of European Structural Funds in the context of the whole Welsh budget, the funds should be **concentrated** on core priorities to achieve a better impact. The EC has also made proposals to **simplify** the administration of projects e.g. simplified costs (flat rate apportionment, unit costs etc), which are designed to reduce the scope of audit; and document retention requirements will also be reduced significantly.
- **Welsh Government strategic direction:** the Welsh Government has set out clear objectives through the Welsh Programme for Government, with a focus on job creation and tackling poverty. Structural Funds should be used to add value to existing investments.
- **An [economic prioritisation framework \(EPF\)](#) has been developed** to help guide the use of EU funds over the 2014–2020 programming period. It provides a summary of different investments being made across Wales. Projects seeking EU funding support should describe how they will establish complementarity with and add value to these wider investments, as well as having a clear understanding of how the proposal will deliver against the Operational Programmes. See WEFO’s [EPF briefing paper](#). There are **seven thematic economic opportunities** (energy; food and farming; climate change and resource efficiency; exploitation of ICT assets and opportunities of the digital market place; advanced manufacturing; life sciences and health; tourism, recreation and leisure) and **three regional economic opportunities** for North Wales, Mid and South West and South East Wales. Do you think we should add a line on Backbone projects?
- **Ring fenced funding:** in order to ensure Member States focus Structural Funds investments on the key priorities, the European Commission has ring-fenced funding in West Wales & the Valleys for tackling poverty and social exclusion (20% of the ESF Programme in WW&V); and SME competitiveness; research and innovation and energy efficiency and renewable energy (40% of the ERDF Programme in WW&V).
- **Governance and the UK Partnership Agreement** – The European Commission now requires Member States to have a Partnership Agreement in place for the European Structural & Investment Funds, which sets out what the Programmes are aiming to achieve and why, and puts in place Programme level indicators for the Member State. There is a [Welsh Chapter of the UK Partnership Agreement](#).

7. PRIORITIES FOR FUNDING

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

The Priorities and under-pinning Specific Objectives (SO) are:

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

European Regional Development Fund (ERDF)

ERDF Priority 1: Research and innovation

Specific Objective 1.1: To increase the success of Welsh research institutions in attracting competitive and private research funding.

Specific Objective 1.2: To increase the successful translation of research and innovation processes into new and improved commercial products, processes and services, in particular through improved technology transfer from HEIs.

ERDF Priority 2: SME Competitiveness

Specific Objective 2.1: To increase the amount of finance available to SMEs for both business start-up and for business expansion.

Specific Objective 2.2: To increase the number of SME start-ups through the provision of information, advice and guidance and support for entrepreneurship.

Specific Objective 2.3: To increase the take-up and exploitation of NGA networks and ICT infrastructure by SMEs.

Specific Objective 2.4: To increase the growth of those SMEs with growth potential, in particular through accessing new markets (both domestic and international).

Specific Objective 2.5: To address market failures in the availability of finance, in particular risk capital, for Welsh SMEs to undertake innovation and commercialise R&D.

ERDF Priority 3: Renewable energy and energy efficiency

Specific Objective 3.1: Increase the number of wave and tidal energy devices being tested in Welsh waters and off the Welsh coast, including multi-device array deployments, thereby establishing Wales as a centre for marine energy production.

Specific Objective 3.2: To increase the number of small scale renewable energy schemes established.

Specific Objective 3.3: To increase the energy efficiency of the existing Welsh housing stock, particularly in areas of fuel poverty.

ERDF Priority 4: Connectivity and urban development

Specific Objective 4.1: To address issues of peripherally and improve private investment in local areas through improvements to the functioning of the Trans-European Transport Network (TEN-T).

Specific Objective 4.2: To increase urban and labour mobility to and from key urban and employment centres.

Specific Objective 4.3: To contribute to Digital Agenda for Europe targets in Wales for 100% access to next generation broadband (30Mbps and above) and 50% access to 100Mbps.

Specific Objective 4.4: To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy.

European Social Fund (ESF)

ESF Priority 1: Tackling poverty through sustainable employment

Specific Objective 1: To increase the employability of those closest to the labour market at most risk of poverty.

Specific Objective 2: To increase the employability of Economically Inactive and Long Term Unemployed people aged 25 and over, who have complex barriers to employment.

Specific Objective 3: To reduce underemployment or absence rates for employed individuals with work limiting health conditions and/or other barriers to sustainable engagement with the labour market.

ESF Priority 2: Skills for growth

Specific Objective 1: To increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.

Specific Objective 2: To increase the number of people in the workforce with technical and job specific skills at an intermediate and higher level.

Specific Objective 3: To increase the number of people with graduate degrees or equivalent undertaking research and innovation activities with enterprise.

Specific Objective 4: To improve the position of women in the workforce.

ESF Priority 3: Youth employment and attainment

Specific Objective 1: To reduce the number of 16-24 year olds who are Not in Employment Education or Training (NEET).

Specific Objective 2: To reduce the number of those at risk of becoming NEET, amongst 11-24 year olds.

Specific Objective 3: To increase the take up of and attainment levels in STEM subjects amongst 11-19 year olds.

Specific Objective 4: To increase the skills of the Early Years and Childcare workforce.

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

European Regional Development Fund (ERDF)

ERDF Priority 1: Research and innovation

Specific Objective 1.1: Increase competitive and private research funding.

Specific Objective 1.2: Translate research and innovation into new and improved commercial products, processes and services.

ERDF Priority 2: SME Competitiveness

Specific Objective 2.1: Increase availability of finance to SMEs.

Specific Objective 2.2: Increase the number of SME start-ups.

Specific Objective 2.3: Increase the take-up and exploitation of NGA networks and ICT infrastructure by SMEs.

Specific Objective 2.4: Increase growth of SMEs with potential.

Specific Objective 2.5: Increase availability of finance for RD&I, in particular risk capital, for Welsh SMEs.

ERDF Priority 3: Renewable energy and energy efficiency

Specific Objective 3.1: Increase the number of small scale renewable energy schemes established.

Specific Objective 3.2: Increase the energy efficiency of the existing Welsh housing stock, particularly in areas of fuel poverty.

ERDF Priority 4: Connectivity

Specific Objective 4.1: Increase urban and labour mobility to and from key urban and employment centres.

Specific Objective 4.2: Contribute to EU targets for 100% access to broadband (30Mbps and above) and 50% access to 100Mbps.

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Specific Objective 2: To reduce the number of those at risk of becoming NEET amongst 11-24 year olds.

8. Applying for funding directly to WEFO

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

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

This direct approach will only be suitable for certain types of third sector organisations and a discussion at an early stage with WCVA's 3-SET team is strongly recommended.

9. WHO TO CONTACT FOR ASSISTANCE

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

