



Helping Wales' third sector access European funds  
Wrthi'n helpu'r trydydd sector yng Nghymru i gael mynediad



# EU Cohesion Policy 2014-2020: legislative proposals

## Background

On 5 October 2011 the European Commission adopted a draft legislative package which will frame EU Structural Funds in Wales for the period 2014-2020. These legislative proposals, if approved by the Council of Ministers and European Parliament at the end of 2012, are the framework in which Member States and Managing Authorities (in Wales, the Welsh European Funding Office) must work within when preparing the Partnership Contracts and Operational Programmes, which will govern how the funds are spent within each region. Similarly, draft regulations for the Common Agricultural Policy (CAP) for 2014-2020 have been published.

For the first time the Structural Funds legislative package harmonises the rules for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), with the aim of simplification and ensuring that the funds strengthen their mutual impacts.

The legislative package presents a menu of options from which each national or regional government must select the most appropriate interventions to meet the economic development needs of the region.

This briefing provides an overview of the legislative package, highlighting elements of importance for third sector organisations in Wales.

## Qualification criteria

There remain three categories of support for regions across the 27 EU Member States:

- Less developed regions - <75% of EU average gross domestic product (GDP)
- Transition regions - 75-90% EU average GDP
- More developed regions - . 90% EU average GDP

Using the data currently available, West Wales & the Valleys will remain as a 'less developed' region and qualify for the highest level of grant aid; and East Wales will be classed as a 'transition region' or a 'more developed region'. The status of each region is subject to confirmation when the GDP statistics are published in 2012.

## Overarching themes

- Common provisions for all funds including a Common Strategic Framework, Partnership Contract, eligibility rules and community led local development.
- Possibility for national and regional level multi-fund programmes combining ERDF and ESF.

- Promoting greater use of loans ('financial instruments')
- Co-financing rate (match funding) ceilings:
  - 75-85% for the less developed and outermost regions (West Wales & the Valleys)
  - 50% in more developed regions (East Wales)
- Common rules for all funds: ERDF, ESF, EAFRD, EMFF
- Streamlined delivery system
  - Harmonised rules on eligibility and durability
  - Greater use of simplified costs e.g. flat rate apportionment methodology
  - Linking payments with results
  - e-Cohesion
  - Proportionate approach to control

## **European Social Fund (ESF)**

ESF will concentrate on four 'thematic objectives', each of which has 'investment priorities'. Member States must allocate 20% of its ESF allocation to 'Promoting social inclusion and combating poverty' and 60% to up to four of the ESF investment priorities.

**The thematic objectives and investment priorities are;**

- 1. Promoting employment and supporting labour mobility through:**
  - a) Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility;
  - b) Sustainable integration of young people not in employment, education or training (NEET) into the labour market;
  - c) Self-employment, entrepreneurship and business creation;
  - d) Equality between men and women and reconciliation between work and private life;
  - e) Adaptation of workers, enterprises and entrepreneurs to change;
  - f) Active and healthy ageing;
  - g) Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility.
  
- 2. Investing in education, skills and life-long learning through:**
  - a) Reducing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education;
  - b) Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels;
  - c) Enhancing access to lifelong learning, upgrading the skills and competences of the workforce and increasing the labour market relevance of education and training systems.
  
- 3. Promoting social inclusion and combating poverty through:**
  - a) Active inclusion;
  - b) Integration of marginalised communities such as the Roma;
  - c) Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
  - d) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest;
  - e) Promoting the social economy and social enterprises;
  - f) Community-led local development strategies.

#### **4. Enhancing institutional capacity and efficient public administration through:**

- a) Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance;
- b) Capacity building for stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level.

#### **Involvement of partners**

The proposals highlight the importance of ensuring the involvement of the social partners and other stakeholders, in particular non-governmental organisations (NGOs i.e. third sector organisations), in the implementation of Operational Programmes, possibly through a global grants approach. Global grants describes a mechanism whereby appropriate intermediaries, including local authorities, regional development bodies or non-government organisations, are entrusted with the implementation and management of part of the Structural Funds programmes.

To encourage adequate participation of the social partners in actions supported by the ESF, managing authorities must ensure that an appropriate amount of ESF resource is allocated to capacity-building activities, in the form of training, networking measures and strengthening of social dialogue, and to activities jointly undertaken by the social partners.

To encourage adequate participation of and access by NGOs to actions supported by the ESF, notably in the fields of social inclusion, gender equality and equal opportunities, managing authorities must ensure that an appropriate amount of ESF resources is allocated to capacity-building for NGOs.

#### **Social innovation**

Support for social innovation is crucial to making policies more responsive to social change and to encourage and support innovative social enterprises. In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF.

The Commission shall facilitate capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating good practices and methodologies.

#### **Financial instruments**

Member States and regions should be encouraged to leverage the ESF through financial instruments (i.e. loans) in order to support for example students, job creation, mobility of workers, social inclusion and social entrepreneurship.

## **European Regional Development Fund (ERDF)**

ERDF investment will be concentrated on energy efficiency & renewable energy, research & innovation, competitiveness of SMEs. From their ERDF allocations Member States and regions will have to invest a specific percentage into these identified priorities;

- 80% if a more developed or transition region (EW)
- 50% if a less developed region (WW&V)

### **Scope of ERDF support**

The ERDF will support these thematic objectives:

1. Productive investment, which contributes to creating and safeguarding sustainable jobs, through direct aid to investment in small and medium-sized enterprises (SMEs);
2. Investments in infrastructure providing basic services to citizens in the areas of energy, environment, transport, and information and communication technologies (ICT);
3. Investments in social, health and educational infrastructure;
4. Development of endogenous potential by supporting regional and local development;
5. Technical assistance.

### **Investment priorities**

Within the thematic objectives the ERDF shall support the following investment priorities:

1. strengthening research, technological development and innovation;
2. enhancing access to and use and quality of ICT;
3. enhancing the competitiveness of SMEs;
4. supporting the shift towards a low-carbon economy in all sectors;
5. promoting climate change adaptation, risk prevention and management:
  - a. supporting dedicated investment for adaptation to climate change;
6. protecting the environment and promoting resource efficiency;
  - a. protecting, promoting and developing cultural heritage;
  - b. protecting biodiversity, soil protection and promoting ecosystem;
7. promoting sustainable transport and removing bottlenecks in key network infrastructures;
  - a. developing environment-friendly and low-carbon transport systems and promoting sustainable urban mobility;
8. promoting employment and supporting labour mobility;
9. promoting social inclusion and combating poverty;
  - a. investing in health and social infrastructure;
  - b. support for physical and economic regeneration of deprived urban and rural communities;
  - c. communities;
  - d. support for social enterprises;
10. investing in education, skills and lifelong learning by developing education and training infrastructure;
11. enhancing institutional capacity and an efficient public administration by strengthening of institutional capacity and the efficiency of public administrations and public services.

### **Sustainable Urban Development**

The proposed legislative package provides for an increased focus on sustainable urban development. The increased focus is to be achieved through the earmarking of a minimum of 5% of ERDF resources for sustainable urban development, the establishment of an urban development platform to promote capacity building and exchange of experience, and

the adoption of a list of cities where integrated actions for sustainable urban development will be implemented.

## **What do the legislative proposals mean for the third sector in Wales?**

The legislative proposals are promising for the third sector in Wales, and we welcome in particular:

- the inclusion of community led local development as an overarching theme;
- the possibility to combine ERDF and ESF for multi-fund projects;
- the specific mention of the need to promote the involvement of the third sector, by ensuring that an appropriate amount of ESF resources are allocated to capacity-building for the sector;
- the high priority and funding allocation (minimum 20% of ESF, as well as an ERDF optional investment priority) to 'promoting social inclusion and combating poverty'; and
- the intention to use loans as well as grants, to lever in additional, sustainable investment. However questions remain about the logistics and practicalities of increasing the number of loans to the sector.

The draft legislative proposals will now be subject to negotiation between Member States and the European Commission, before the package is finalised in 2012. At this stage in the process, WCVA's main concern is the proposals to focus investment in urban areas and the extent to which it is appropriate for this to happen in Wales. It is critical to ensure a balanced investment across the regions, making best use of the funds available for eligible areas e.g. ERDF, ESF and EAFRD. This requires integrated planning at the highest level, combined with 'proofing' at spatial level to ensure projects are meeting identified needs.

## **Next steps**

WCVA's third sector European team (3-SET) is involved in planning for the new Structural Funds programmes through WEFO's EU Programmes and Partnership Forum, which will advise Welsh Government Ministers on the strategic direction. 3-SET is also involved in a range of other groups and networks that will feed into the process of development.

WCVA will keep the third sector abreast of developments on the new programmes through the monthly *Funding News* bulletin, as well as the third sector European forum (3-SEF). Regional information and consultation events will be held in April 2012 and subsequently as the programmes develop.

Please contact [3SET@wcva.org.uk](mailto:3SET@wcva.org.uk) or telephone WCVA's Helpdesk on 0800 2888 329 with any questions or comments about the Structural Funds programmes in Wales.

## **Timetable**


Nov 2011- Jan 2012	WEFO consult with stakeholders through a 'reflection exercise'
Nov 2011 - end 2012	Welsh Government sets out high level vision and priorities, based on input from stakeholders
Mid-late 2012	WEFO develops Operational Programmes in partnership with stakeholders. Public consultation planned for autumn 2012.
2013	Early stage project development
2014	Commence programme delivery

## Further information:

[EU Cohesion Policy 2014-2020: legislative proposals](#)

[Legal proposals for the Common Agricultural Policy \(CAP\) after 2013](#)

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