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Clerk of the Finance Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF  
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14 February 2012

Dear Sir or Madam

## **CALL FOR EVIDENCE THE EFFECTIVENESS OF EUROPEAN STRUCTURAL FUNDING IN WALES**

The Countryside Council for Wales is the Government's statutory advisor on sustaining natural beauty, wildlife and the opportunity for outdoor enjoyment in Wales and its inshore waters.

CCW champions the environment and landscapes of Wales and its coastal waters as sources of natural and cultural riches, as a foundation for economic and social activity, and as a place for leisure and learning opportunities. We aim to make the environment a valued part of everyone's life in Wales.

CCW has been involved with European Structural Funds over many years and welcomes the opportunity to respond to this call for evidence on the 2007-2013 funding period. Our response will be focused on the Convergence Programme which is the fund with which we are most familiar.

Whilst this inquiry will focus on impact, effectiveness against objectives and value for money from the past round, we would hope that our comments could also be of some use in developing the Programmes for the next round of European Funding.

Our responses to your question are as follows:

- 1. To what extent do you consider the Convergence and Regional Competitiveness and Employment Programmes in Wales for the 2007-13 period, to have achieved- or to be achieving- their intended objectives?*

The main objective of the Convergence Programme is to increase the Gross Domestic Product of the area and until post-Programme evaluations have been carried out it will

not be possible to assess success. Achievement of commitment and expenditure targets are easily measurable and reports suggest that these are being met but such targets are not necessarily relevant to the long term economic outcomes of the Programme.

The overall aim of the Convergence programme is “To make West Wales and the Valleys a vibrant, entrepreneurial region at the cutting edge of sustainable development.”<sup>1</sup> The ERDF Convergence Programme linked EU policies with national policies for jobs and growth, particularly ‘Wales: A Vibrant Economy’, the Welsh Government’s economic development strategy. The strategy identified the complementary relationship between economic, social and environmental policies and was supported by the ‘Environmental Strategy for Wales’.

However, CCW feels that the Programme content does not fully recognise the economic opportunities offered by the natural environment. Projects aimed at enhancing or maintaining the natural environment in order to restore or enhance the provision of ecosystem goods and services (water, air, flood control, carbon storage) are not eligible. The Programme recognises a relatively limited interpretation of the economic potential of the natural environment, for example physical infrastructure such as trails and marinas, and recreation and tourism activity enhancements.

The Common Strategic Framework to be developed by the UK to deliver the next round of European Funding offers the opportunity for Wales to receive funding for headline Welsh Government programmes, including Sustaining a Living Wales.

2. *Do you consider the various projects funded by European Structural funds in Wales to be delivering value for money?*

Wales has missed an opportunity in not incorporating activities relating to Natura 2000 in its programme. The SURF Nature project, funded by the EU Interreg IVc Programme using ERDF funds, has shown how European Commission guidance on integration of nature across all funding streams has been implemented in other member states. Wales has failed to implement this integrated approach under which funding could have legitimately been utilised to support obligations under EU environmental law. In this sense, Wales may have failed to achieve best and added value from the available funds.

3. *Do you have any concerns around the use of the Targeted Match Fund? Do you have any concerns around the use of Welsh Government departmental expenditure, as match funding? What impact do you believe public sector cuts have had (and may have) on the availability of public sector match funding?*

The TMF processes would be enhanced if a set of criteria were developed that clarified exactly what a project had to demonstrate in order to qualify for receipt of TMF. There should be a set of objective, publicly available criteria against which each bid can be scored. At present, no such criteria are publicly available and as such, the objectivity of the selection process is questionable. We are not suggesting that there is deliberate partiality in the TMF assessment process but the development of explicit, published criteria is an essential prerequisite of clear, robust and transparent prioritisation and decision making.

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<sup>1</sup> West Wales and the Valleys Convergence Operational Programme European Regional Development Fund, 2007-2013

4. *How effectively do you believe the Welsh European Funding Office (WEFO) have monitored and evaluated the impact of projects?*

We believe that the monitoring & evaluation approach that WEFO have developed for the Convergence Programme in Wales is a big step forward from previous Programmes and should be commended. It provides a good basis for the evaluation of key outcomes.

We would encourage future funds to monitor positive biodiversity impacts and work on sites with European designations such as Natura 2000 and Ramsar sites. The cross cutting theme of environmental sustainability does not allow sufficient monitoring of such impacts or the resultant outcomes.

5. *Do you have any concerns regarding the sustainability beyond 2013 of the activities and outputs delivered through projects financed during the current round of Structural Funds?*

No comment.

6. *What is your own experience of accessing European Structural Funding?*

CCW is currently managing 2 large strategic projects under Priority 4.3 of the Convergence Programme – namely Communities And Nature (CAN) and Wales Coastal Path.

The WEFO process on inviting Expression of Interests, and then if approved, issuing invitation to prepare full Business Plans, is a big improvement over the application process in place in Objective 1 and previous programmes. The structure of the Business Plans required by WEFO is sufficiently flexible to set out a template of what is required whilst giving the scope to elaborate on the specifics of each project.

In addition, the development of the 'WEFO Project Management' role is a significant success of the post-2006 programmes in Wales. This officer is of a suitably high grade to be able to make decisions and guide the development business plans and the same officer also oversees the management of project implementation after approval.

We would recommend that the above innovations be retained in the post-2013 programmes.

Whilst WEFO's initial overemphasis on procurement as a means of accessing EU funding in the 2006-13 Convergence programme caused major problems in the early stage of the programme, this has largely been remedied by WEFO's current guidance paper "*Sponsorship and Delivery Models guidance*" (produced in October 2010)<sup>2</sup>.

We would recommend that the next programme retain the approach contained in that paper. This will avoid unnecessary effort and delay in trying to devise new administrative processes for accessing funds. The next round will possibly be the last major input of EU funds into Wales and it is therefore vital that we avoid the long delays experienced at the start of the 2006 programmes when new implementation and delivery systems were introduced.

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<sup>2</sup> <http://wefo.wales.gov.uk/applyingforfunding/submitting/guidance/sponsorship/?lang=en>

Notwithstanding the above, we have some comments which arise from the implementation of our strategic projects. Our experience of working with local authorities (when they have applied to one of our strategic projects) is that many of their officials find the work involved in demonstrating financial compliance with EU regulations and WEFO procedures to be daunting - for example, the EU requirement that defrayment of expenditure has to be demonstrated. This has led to long discussions and delays in these organisations implementing their projects.

We suggest that many of these problems could be avoided in future programmes if WEFO were to produce guidance notes specifically for local authorities. Such guidance should take into account the financial systems operated by local authorities and be agreed at a Wales level for all local authorities. WLGA could be asked to sign up to such guidance in advance and be encouraged to disseminate it throughout its sector.

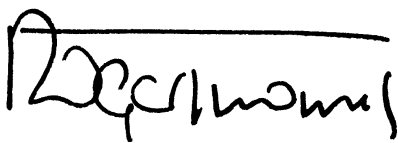
7. *Is the private sector in Wales sufficiently engaged in accessing European Structural Funding?*

The focus on open procurement that WEFO has developed for the Convergence Programme ensures that the private sector is both aware of opportunities and able to put forward tenders to undertake works.

8. *In 2009, WEFO negotiated an increase in programme intervention rates with the European Commission for the two ERDF and the ESF Convergence Programmes. In its July 2010 report, the Enterprise and Learning Committee noted that the South West Regional Development Agency had negotiated higher intervention rates with the European Commission. Is Wales making the most effective use of increased programme intervention rates?*

No comment.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Roger Thomas', written over a horizontal line.

**Roger Thomas**  
**Chief Executive**