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Welsh European Funding Office

European Structural Fund Programmes 2014-2020

A Summary of the ERDF and ESF Structural Fund Programmes in Wales

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Introduction

This summary document presents an overview of the new Structural Fund programmes for Wales. It is intended to provide an introduction to how the European Structural Funds will support transformational investments across Wales over the 2014-2020 period funding. As a summary, it **should not be viewed as a substitute for the four individual Operational Programmes** and is therefore not sufficient, in itself, to guide the development of a proposal for EU funding support. The objective is to provide an overview of the new funding opportunities and a guide to accessing relevant sections of the Operational Programmes where full details are provided. These documents are available at www.wefo.wales.gov.uk.

Organisations seeking funding should contact WEFO to discuss their project ideas at an early stage and certainly before entering into any detailed project development activity. It should be noted that having a strategic fit with one or other of the Operational Programmes is only one aspect of the selection criteria and is not a guarantee, in itself, that a proposal can be funded. WEFO must seek to fund a portfolio of investments that complement one another and which, collectively, can achieve the overall objectives and results agreed with the European Commission.

Purpose

The 2014-2020 European Regional Development Fund (ERDF) and European Social Fund (ESF) Structural Fund programmes, together with the European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund, form what are collectively known as the European Strategic Investment (ESI) Funds in Wales. The ERDF and ESF are known as the Structural Funds and are the focus of this summary document.

The 2014-2020 Welsh ESI Programmes embrace balanced sustainable development as a central organising principle and will support the Welsh Government's overall aim of improving the lives of people in Wales as set out in the Programme for Government:

“healthy people living productive lives in a more prosperous and innovative economy; safer and more cohesive communities, with lower levels of poverty and greater equality; a resilient environment with more sustainable use of our natural resources and a society with a vital sense of its own culture and heritage.”¹

The Welsh chapter of the UK Partnership Agreement <https://www.gov.uk/government/publications/european-structural-and-investment-funds-uk-partnership-agreement> sets out our strategy for the combined use of the ESI funds, through a coordinated suite of investment programmes, with a vision of **“a confident, ambitious and entrepreneurial Wales, prospering from sustainable economic growth.”**

¹ <http://wales.gov.uk/about/Programmeforgov/about?lang=en>

Our strategy is based on the findings of a detailed Socio Economic Analysis and this, together with the views of our partners, has helped to identify needs, challenges and opportunities across Wales. This analysis provides a robust evidence base and rationale for the chosen investment priorities.

Programming Approach

The 2014-2020 ERDF and ESF Programmes will help to create an environment which will support and underpin economic growth and jobs. We are clear that future EU programme resources will need to be more concentrated if they are to have a greater transformative effect on Wales' economic and labour market prospects, but to have this effect they cannot act alone. Structural Funds must take full advantage of the emerging opportunities in the Welsh economy and help to create the right environment for larger scale investments, including by the private and voluntary sectors, to maximise the potential for success.

The ERDF and ESF programmes are structured around a number of Specific Objectives which provide the focus for investment. Each Specific Objective identifies the socio-economic need and the specific changes to be achieved through Structural Funds investment. Each Specific Objective also identifies the results to be achieved and all proposals will be expected to make a measurable contribution to these results. Projects or Operations should identify the best way to deliver the desired results and should then design actions around this. Delivering outputs and ensuring financial propriety are also important, but the potential to deliver measurable results will be key to presenting a convincing case for investment.

An Economic Prioritisation Framework (EPF)

<http://wefo.wales.gov.uk/applyingforfunding/funding2014-2020/epf/?lang=en> will be used to drive synergy between the ERDF and ESF programmes and wider investments in the Welsh economy. The EPF aims to capture the wider investments which are of relevance to these funds. Using this Framework, all ERDF and ESF investments will be expected to add value to those wider investments, avoiding duplication and building on existing assets.

Cross Cutting Themes

The aim of the Cross Cutting Themes (CCTs) is to improve the quality and the legacy from each operation supported by the Structural Funds and to add value to the programmes as a whole. They will require action in multiple fields and will be embedded within the design and delivery of all operations. There are three CCTs:

- Equal Opportunities (promotion of equality between men and women and non-discrimination);
- Sustainable Development; and
- Tackling Poverty and Social Exclusion.

The first two of these CCTs are mandatory under EU regulations. Tackling Poverty and Social Exclusion has been included as an additional CCT in line with the key commitments of the Welsh Government set out within its Tackling Poverty Action

Plan. Actions to tackle directly poverty, disadvantage and social exclusion will primarily be taken forward through the ESF programmes, with specific actions expected to target unemployment, worklessness and barriers to accessing sustainable employment. Complementary actions will also be delivered through the ERDF programmes, such as improving connectivity to ensure people, skills and jobs are joined up, or by supporting local employment growth.

Use of Financial Figures and Precedence of Operational Programmes

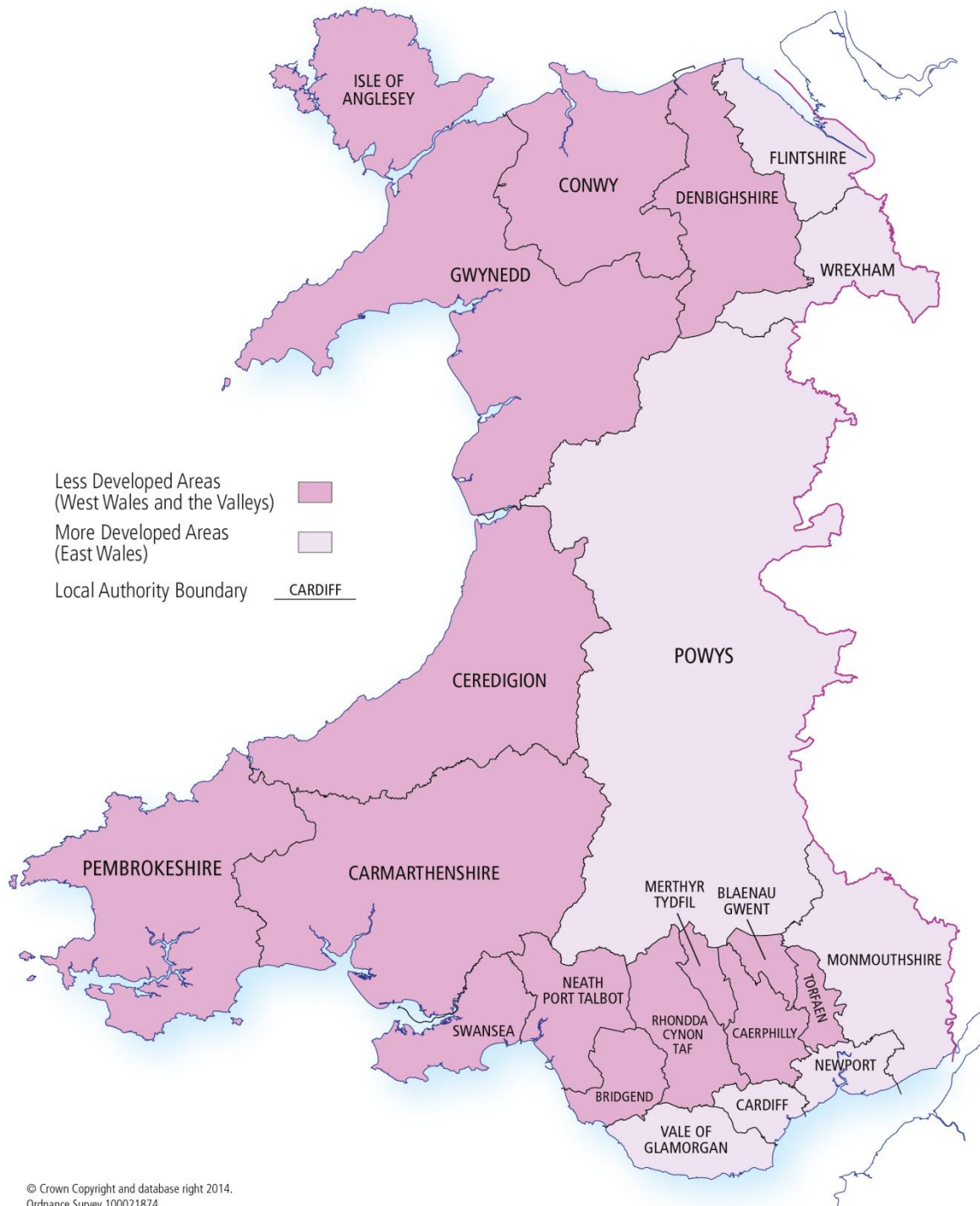
All funding is agreed with the European Commission in Euros, with financial tables in the Partnership Agreement and each Operational Programmes therefore expressed in that currency. However, for the purposes of this summary and to make it more accessible for the reader, approximate Sterling figures have been used in this document. These Sterling figures are based on WEFO's current planning rate².

It should be noted that any movement in exchange rates will alter the overall value of the programmes together with the level of EU funding available for each Specific Objective. The values provided in the programme summary tables relate to the EU funds only and do not include the required co-financing or match funding. When this is included, the total programme investment is expected to be around £3bn over the 2014 – 2020 funding period.

The Operational Programme documents are our legal contracts with the European Commission and therefore take precedence over any summary or supporting documents. No responsibility can be accepted for any reliance placed on information in this summary document alone – the Operational Programme should be the main reference document for any related activity.

² As of December 2014 this is €1.25 / £1

European Structural Fund Programme Regions in Wales for 2014-2020



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Summary of Structural Funds Programmes and Priorities

Fund	Priority	Changes sought
ERDF	(1) Research and innovation	<ul style="list-style-type: none"> • Increase research funding (private and competitive) attracted to Wales' research institutions. • Increase commercialisation of RD&I by Welsh businesses within the programme area.
	(2) SME competitiveness	<ul style="list-style-type: none"> • Address market failures in the provision of loan and equity finance to SMEs, including risk capital. • Increase number and survival of SMEs, particularly high growth SMEs (including Social Enterprises). • Increase employment growth in SMEs with growth potential by addressing barriers at key stages of growth. • Increase the take-up and exploitation of Superfast and Ultrafast Broadband by SMEs in Wales.
	(3) Renewable Energy & Energy Efficiency	<ul style="list-style-type: none"> • Increasing the number of commercially viable small scale renewable energy schemes. • Contribute to development of marine energy sector. • Improve energy efficiency in those households facing the highest levels of fuel poverty.
	(4) Connectivity and Urban Development	<ul style="list-style-type: none"> • Improve connectivity by addressing specific congestion bottlenecks affecting the A40 and A55. • Improving access to key urban and employment centres by public transport. • Completion of Superfast ICT broadband networks. • Increases in local employment through carefully targeted urban infrastructure investments.
ESF	(1) Tackling Poverty through Sustainable Employment	<ul style="list-style-type: none"> • Increasing social inclusion through sustainable employment. • Increasing the employability of those closest to the labour market who are most at risk of poverty and exclusion (WWV only). • Increasing the employability of economically inactive and long term unemployed people who have complex barriers to employment. • Reduction in underemployment or absence rates for employed individuals with work limiting health conditions and/or other barriers to sustainable engagement with the labour market (WWV only).
	(2) Skills for Growth	<ul style="list-style-type: none"> • Increasing the skills levels of those in the employed workforce with no or low skills. • Increasing the number of people in the workforce with technical and job specific skills at an intermediate and higher level. • Increasing the number of people undertaking research and innovation activities with enterprise (WWV only) • Improving the position of women in the workforce.
	(3) Youth Employment and Attainment	<ul style="list-style-type: none"> • Increase in youth employment and employability of young people. • Reduction of young people who are Not in Education, Employment or Training (NEET) or who are at risk of becoming NEET. • Increase in the take up of and attainment levels in STEM subjects amongst 11-19 year olds (WWV only). • Increase in the skills of the Early Years and Childcare workforce (WWV only).

ERDF Financial Tables

Priority	ERDF Funds	Match-funding (minimum)	Indicative match funding requirements		Total funding	Intervention rate
			Public match funding	Private match funding		
	£	£	£	£	£	%

ERDF West Wales and the Valleys

(1)	239,454,065	122,313,672	93,242,754	29,070,918	361,767,737	66.19%
(2)	166,394,723	100,220,761	46,813,940	53,406,821	266,615,484	62.41%
(3)	136,658,790	60,170,809	44,844,613	15,326,196	196,829,599	69.43%
(4)	401,044,614	209,745,234	158,957,145	50,788,089	610,789,847	65.66%
Technical Assistance	19,256,167	6,549,471	6,549,471	0	25,805,638	74.62%
TOTAL	962,808,359	498,999,946	350,407,922	148,592,024	1,461,808,306	65.86%

ERDF East Wales

	£	£	£	£	£	%
(1)	71,281,253	71,281,253	41,735,174	29,546,079	142,562,506	50.00%
(2)	31,896,377	31,896,377	19,871,443	12,024,934	63,792,754	50.00%
(3)	17,920,313	17,920,313	14,155,255	3,765,058	35,840,626	50.00%
(4)	38,298,865	38,298,865	29,025,109	9,273,756	76,597,730	50.00%
Technical Assistance	3,252,996	3,252,996	3,252,996	0	6,505,992	50.00%
TOTAL	162,649,803	162,649,803	108,039,977	54,609,826	325,299,606	50.00%

ESF Financial Tables

Priority	ESF Funds	Match-funding (minimum)	Indicative match funding requirements		Total funding	Intervention rate
			Public match funding	Private match funding		
	£	£	£	£	£	%

ESF West Wales and the Valleys

(1)	156,771,550	41,763,650	34,243,802	7,519,848	198,535,200	78.96%
(2)	276,492,211	107,630,190	73,865,273	33,764,917	384,122,401	71.98%
(3)	195,771,033	67,503,622	62,103,200	5,400,422	263,274,654	74.36%
Technical Assistance	12,837,445	4,426,467	4,426,467	0	17,263,912	74.36%
TOTAL	641,872,238	221,323,929	174,638,742	46,685,186	863,196,167	74.36%

ESF East Wales

	£	£	£	£	£	
(1)	35,027,991	35,027,991	27,321,600	7,706,391	70,055,982	50.00%
(2)	76,387,124	81,383,185	47,330,938	34,052,246	157,770,309	48.42%
(3)	47,981,692	47,981,692	35,986,400	11,995,292	95,963,384	50.00%
Technical Assistance	3,252,996	3,252,996	3,252,996	0	6,505,992	50.00%
TOTAL	162,649,803	167,645,864	113,891,934	53,753,930	330,295,667	49.24%

SUMMARY TABLES: ERDF

ERDF Priority 1: Research and Innovation			WW&V: ERDF allocation £239,454,065	EW: ERDF allocation £71,281,253
Areas	Specific Objective / Allocation	Results / Targets	Target Groups	Targeting Principles
All Wales	<p>SO(1.1) To increase the success of Welsh research institutions in attracting competitive and private research funding.</p> <p>- WW&V = £95,781,626</p> <p>- EW = £26,900,836</p>	<ul style="list-style-type: none"> • Increase the research Income of Higher Education Institutions (HEIs): <ul style="list-style-type: none"> ➤ WW&V target: 10-15% annual increase ➤ EW Target: 6% annual increase <p><i>[Projects will also need to consider longer term impact on Business Expenditure on Research and Development (BERD)]</i></p>	<ul style="list-style-type: none"> - Higher Education Institutions - Other institutions and private sector businesses investing in Research and Development 	<ul style="list-style-type: none"> • Must be aligned to <i>Science for Wales</i> (and <i>Innovation Wales</i>) as part of demonstrating smart specialisation. • Consider links to National Research Networks and Sêr Cymru teams. • Identify international links / partnerships, including potential transnational activity. • Investments must demonstrate internationally recognised and world-class research excellence. • Must have a clear route to accessing / attracting competitive and private research funding. • Particularly encourage opportunities for industrial collaboration and involvement (in particular where private investment can be levered), • Links to other programmes also a key component - as a minimum ESF and H2020.

ERDF Priority 1: Research and Innovation			WW&V: ERDF allocation £239,454,065	EW: ERDF allocation £71,281,253
Areas	Specific Objective / Allocation	Results / Targets	Target Groups	Targeting Principles
All Wales	<p>SO(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</p> <ul style="list-style-type: none"> - WW&V = £143,672,439 - EW = £44,380,417 	<ul style="list-style-type: none"> • (%) Average share of total turnover from product innovation, and novel innovation: new to market, new to business and significantly improved (UKIS): ➤ Target (all Wales): Increase from 22% to 23-24% 	<ul style="list-style-type: none"> - Businesses located in the programme area able to contribute to the result indicator 	<ul style="list-style-type: none"> • Must be aligned with <i>Innovation Wales</i> (and <i>Science for Wales</i>) as part of demonstrating smart specialisation. • To deliver the result indicator, investments should focus on the launch and commercialisation of new products, processes and services by Welsh businesses. • Benefits need to be captured in Wales and be reflected in turnover of Welsh businesses. • Identify international links / partnerships, including potential transnational activity. • Collaboration opportunities should consider potential for industrial-led collaboration and involvement, rather than solely related to HEIs. <p>Links to other programmes should be considered - as a minimum ESF and H2020.</p>

ERDF Priority 2: SME Competitiveness			WW&V: ERDF allocation £166,394,723	EW: ERDF allocation £31,896,377
Areas	Specific Objective / Allocation	Results / Targets	Target Group	Targeting Principles
All Wales	SO(2.1) To increase the amount of finance available to SMEs for both business start-up and for business expansion - WW&V = £54,854,613 - EW = £8,621,299	<ul style="list-style-type: none"> • Annual amount invested in Venture Capital and Expansion Capital (British Venture Capital Association data): ➤ <i>WW&V target: increase from £18m to £26-£27m a year</i> ➤ <i>EW Target: increase from £18m to £19-£20m a year</i> 	<ul style="list-style-type: none"> - SMEs in programme area unable to access other forms of repayable finance (e.g. commercially available). <p><i>[Includes a ring-fenced allocation under SO(2.5) for finance for innovative SMEs to undertake innovation and commercialise R&D]</i></p>	<ul style="list-style-type: none"> • Alignment with Welsh Government targeting approaches (e.g. support for economically important and growth sectors, including those that have exhibited high growth in the past). • Expectation of use of repayable finance. Financial support will primarily be focussed on providing debt, equity and mezzanine finance. • Should be directly linked to other forms of business support (as part of package of tailored support) in order to get the greatest impact from investments.
	SO(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 - WW&V = £15,899,136 - EW = £2,606,591	<ul style="list-style-type: none"> • Annual Early stage equity investment (British Venture Capital Association data): ➤ <i>WW&V target: increase from £9m to £12-£16m a year</i> ➤ <i>EW Target: increase from £9m to £9.5-£10m a year</i> 		

ERDF Priority 2: SME Competitiveness			WW&V: ERDF allocation £166,394,723	EW: ERDF allocation £31,896,377
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO(2.2) To increase the number of SME start-ups through the provision of information, advice and guidance and support for entrepreneurship - WW&V = £13,713,654 - EW = £3,294,842	<ul style="list-style-type: none"> • Count of birth of new enterprises (ONS): <ul style="list-style-type: none"> ➤ WW&V target: 8% increase in annual birth rate ➤ EW Target: 5% increase in annual birth rate 	- New SMEs in the programme area.	<ul style="list-style-type: none"> • Alignment with Welsh Government targeting approaches. • Procurement to enable businesses to advise other businesses. • Tailored support / approaches for different target groups (e.g. Social Enterprises). • Identification and targeting of high growth potential. • Create links with ESF and other funding sources (e.g. ESF addressing barriers to entrepreneurship).

ERDF Priority 2: SME Competitiveness			WW&V: ERDF allocation £166,394,723	EW: ERDF allocation £31,896,377
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	<p>SO(2.3) To increase the take-up and exploitation of NGA networks and ICT infrastructure by SMEs</p> <ul style="list-style-type: none"> - WW&V = £ 8,679,527 - EW = £ 1,303,295 	<ul style="list-style-type: none"> • SME use of fibre and cable broadband (Communications Market Report: Wales, Ofcom): ➤ Target (all Wales): increase from 22% SMEs (2014) to 27% 	<ul style="list-style-type: none"> - SMEs in the programme area not yet signed up to 30Mbps or greater internet connection. - SMEs with ability to access to 30Mbps and above internet connection (e.g. passed by Superfast Cymru). 	<ul style="list-style-type: none"> • Alignment with Welsh Government targeting approaches. • Consider tailored support / approaches for different target groups (e.g. Social Enterprises). • Identification and targeting of high growth potential – including signposting to growth support schemes where potential identified. • Create links with ESF and other funding sources (e.g. ESF skills or leadership and management).

ERDF Priority 2: SME Competitiveness			WW&V: ERDF allocation £166,394,723	EW: ERDF allocation £31,896,377
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	<p>SO(2.4) To increase the growth of those SMEs with growth potential, in particular through accessing new markets (both domestic and international)</p> <ul style="list-style-type: none"> - WW&V = £ 73,247,794 - EW = £ 16,070,349 	<ul style="list-style-type: none"> • Employment within small (10-49 employees) and medium (50-249) SMEs (Size Analysis of Welsh Businesses, Welsh Government): <ul style="list-style-type: none"> ➤ WW&V target: 9% increase ➤ EW Target: 5% increase 	<ul style="list-style-type: none"> - SMEs with high growth potential. 	<ul style="list-style-type: none"> • Targeting approach must identify criteria for identifying SMEs with high growth potential. • Illustrate how support will be tailored for different target groups (e.g. flexible intensive and tailor-made package of support for SMEs identified as having high growth potential). • Alignment with Welsh Government targeting approaches. • Use of procurement to enable businesses to advise other businesses. • Consideration SMEs with varying objectives and legal constitutions (e.g. Social Enterprises). • Identify links across projects and programmes, as a minimum to start-up support, access to finance, ICT take-up and exploitation, skills, and innovation support for businesses.

ERDF Priority 3: Renew. Energy & Energy Efficiency		WW&V: ERDF Allocation £136,658,790	EW: ERDF Allocation £17,920,313	
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	<p>SO(3.1) for East Wales and SO(3.2) for WW&V:</p> <p>To increase the number of small scale renewable energy schemes established</p> <ul style="list-style-type: none"> - WW&V = £18,704,750 - EW = £3,584,062 	<ul style="list-style-type: none"> • Number of sites in Wales generating electricity from renewable sources [excluding PV] (DUKES) ➤ Target (WW&V): additional 37 sites ➤ Target (EW): additional 3-6 sites 	<ul style="list-style-type: none"> - Community groups or social enterprises looking to set up a community / small scale energy schemes. - Other organisations with capacity to develop local / small scale energy schemes. 	<ul style="list-style-type: none"> • Must be complementarity to activity of the Energy Wales Programme. • Must demonstrate it is addressing specific market failure, not adding to a crowded funding mix. • Opportunities identified for close links and cooperation with similar funding programmes (e.g. UK, Welsh and Local schemes or specialist lenders).
West Wales and the Valleys Only	<p>SO(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</p> <ul style="list-style-type: none"> - WW&V = £80,342,755 	<ul style="list-style-type: none"> • MW installed capacity in wave and tidal (DUKES) ➤ Target: increase from 7MW to 20MW 	<ul style="list-style-type: none"> - Businesses and organisations involved in the marine energy industry and marine energy supply chain. 	<ul style="list-style-type: none"> • <i>Must complement the activity of the Energy Wales Programme.</i> • <i>Opportunities identified for co-investment with other funding programmes (e.g. UK, Welsh and Local schemes or specialist lenders).</i> • <i>Fit with developments and technological advances elsewhere in the UK, EU and globally.</i> • <i>Identify how Wales can realise maximise economic benefits in the long term (e.g. manufacturing, operation and maintenance)</i>

ERDF Priority 3: Renew. Energy & Energy Efficiency			WW&V: ERDF Allocation £136,658,790	EW: ERDF Allocation £17,920,313
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO(3.2) for East Wales and SO(3.3) for WW&V: Increase the energy efficiency of the existing Welsh housing stock, particularly in areas of fuel poverty <ul style="list-style-type: none"> - WW&V = £37,611,286 - EW = £14,336,250 	<ul style="list-style-type: none"> • Energy efficiency rating of households facing severe fuel poverty (Welsh Government) ➤ Target (all Wales): increase the energy performance by 2 ratings for 10% of all properties facing severe fuel poverty 	<ul style="list-style-type: none"> - Predominantly households facing severe fuel poverty (20% income on fuel). 	<ul style="list-style-type: none"> • Must fully take into account other initiatives in the market such as the UK Government's Green Deal Energy Company Obligation, as well as the scope to utilise repayable finance. • Targeting must demonstrate a focus on the most fuel poor households, whilst also considering economies of scale (e.g. where entire streets or communities can be covered). • Demonstrate how investments can achieve multiple benefits, including reductions in greenhouse gas emissions, business and employment opportunities for local labour, etc.

ERDF Priority 4: Connectivity			WW&V: ERDF Allocation £401,044,614	EW: ERDF Allocation £38,298,865
Areas	Specific Objective	Results	Target Group	Targeting Principles
West Wales and the Valleys only	<p>SO(4.1) To address issues of peripherality and improve private investment in local areas through improvements to the functioning of the Trans-European Transport Network (TEN-T)</p> <p>- WW&V = £85,109,814</p>	<ul style="list-style-type: none"> Average speed on selected TEN-T roads (Trafficmaster data) ➤ Target: 5-10% increase 	<ul style="list-style-type: none"> Targeting improvements for road users of A40 and A55. 	<ul style="list-style-type: none"> Must be targeted at delivering improvements on Westerly sections of A40 or A55 roads. Demonstrate how both peripherality and local economic impact are being addressed to help address regional disparities and underpin other ESI investments. Identify links with complementary investments to ensure the full economic benefits of investments are realised (e.g. skills or cluster development support). Identify links between employment centres and areas of low employment or poor accessibility, considering nearby areas of deprivation. Consideration of regeneration outcomes (maximising opportunities for economic, social and environmental outcomes) and design of schemes for the benefit of the local economy, including incorporation of climate change mitigation and encouraging sustainable transport.

ERDF Priority 4: Connectivity			WW&V: ERDF Allocation £401,044,614	EW: ERDF Allocation £38,298,865
Areas	Specific Objective	Results	Target Group	Targeting Principles
	<p>SO(4.2) for WW&V:</p> <p>To increase urban and labour mobility to and from key urban and employment centres</p> <p>- WW&V = £137,715,170</p> <p>SO(4.1) for East Wales:</p> <p>To increase urban and labour mobility to and from key urban and employment centres</p> <p>- EW = £ 28,879,092</p>	<p>Indicator for <u>West Wales and the Valleys</u>:</p> <ul style="list-style-type: none"> The proportion of people aged 16 and over within 15, 30, and 45 minute travel time thresholds of A 'Key Centre' between 7am and 9am on a Tuesday by public transport (GIS data) <p>➤ Target: increase numbers of people within 0-15 and 0-30 minutes by 5-10% in each time band</p> <hr/> <p>Indicator for <u>East Wales</u>:</p> <ul style="list-style-type: none"> Total passengers using public transport between key urban links (GIS data) <p>➤ Target: 10% increase on selected route</p>	<ul style="list-style-type: none"> Investments will target sustainable forms of public transport. Targeting will need to prioritise urban areas that are less well connected to public transport. Focus expected in urban and peri-urban areas more than 30 minutes from a 'key centre'. 	<ul style="list-style-type: none"> To meet target for investments in WW&V will need to target public transport improvements to urban areas with poor public transport links. Demonstrate consideration of multi-modal public transport links, including connection times. Include estimates of emission reductions. Consistency with Regional and National Transport Plans, regional economic strategies, and prioritisation in the Wales Infrastructure Investment Plan (WIIP). Demonstrate complementarity to other EU investments as part of integrated package of investment in an area. Links between employment centres and areas of low employment or poor accessibility, considering areas of deprivation. Consider regeneration outcomes and design of schemes for the benefit of the local economy.

ERDF Priority 4: Connectivity			WW&V: ERDF Allocation £401,044,614	EW: ERDF Allocation £38,298,865
Areas	Specific Objective	Results	Target Group	Targeting Principles
	<p>SO(4.2) for East Wales and SO(4.3) for WW&V:</p> <p>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</p> <ul style="list-style-type: none"> - WW&V = £44,554,907 - EW = £9,419,773 	<ul style="list-style-type: none"> • (%) Proportion of premises that are in postcodes served by NGA networks (Ofcom) <p>➤ Target: to increase by 7 percentage points</p>	<ul style="list-style-type: none"> - Expected to be of benefit to both businesses and householders (though take-up and exploitation measures under Priority 2 are limited to SMEs). 	<ul style="list-style-type: none"> • Illustrate market failures and only address “white areas” determined through an Open Market Review. • Ensure minimum speeds of up to at least 30Mbps and demonstrating (where possible) efforts to future-proof investments. • Demonstrate how both demand stimulation and digital literacy is being considered in any infrastructure investments, in particular links to SME Competitiveness Priority and ESF. • State Aid and competition rules should be considered at the earliest opportunity.

ERDF Priority 4: Connectivity			WW&V: ERDF Allocation £401,044,614	EW: ERDF Allocation £38,298,865
Areas	Specific Objective	Results	Target Group	Targeting Principles
West Wales and the Valleys only	<p>SO(4.4) To increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy</p> <p>- WW&V = £133,664,722</p>	<ul style="list-style-type: none"> • Claimant Count rate in Travel to Work Areas (StatsWales) ➤ Target: average decrease in claimant count of 8% in areas targeted 	<ul style="list-style-type: none"> - Private sector should be a key target beneficiary, as likely job creators - Unemployed people seeking work within the Travel to Work Area should also be targeted to ensure they are able to take up new opportunities 	<p><i>Investments will either be part of a Financial Instrument with an independent market assessment (e.g. urban development fund) or:</i></p> <ul style="list-style-type: none"> • <i>Be focussed on urban areas where there are clear opportunities for employment growth.</i> • <i>Demonstrate new jobs will be directly created and identify how they will be targeted at those in local areas currently seeking employment.</i> • <i>Demonstrate how potential barriers for local unemployed people accessing new jobs are being addressed (e.g. transport).</i> • <i>Involve regional partnerships (and relevant Welsh Government Departments) in identifying and prioritising regionally significant proposals.</i> • <i>Align with an existing regional / urban economic strategy, developed in partnership.</i> • <i>Demonstrate a clear prioritisation of a specific regional growth opportunity.</i> • <i>Consider a wide range of funding (e.g. Private or Welsh Government match, such as Vibrant and Viable Places funds).</i> • <i>Demonstrate links to existing and planned investments (e.g. ESF employability and skills).</i>

SUMMARY TABLES: ESF

ESF Priority 1: Tackling Poverty through Sustainable Employment			WW&V: ESF Allocation £156,771,550	EW: ESF Allocation £35,027,991
Areas	Specific Objective	Results	Target Group	Targeting Principles
West Wales and the Valleys only	WW&V only SO1: To increase the employability of those closest to the labour market at most risk of poverty. - WW&V = £36,907,654	Number of target group: - Gaining a qualification - Entering into employment - In employment 6 months after intervention	<ul style="list-style-type: none"> - Short term unemployed participants with low skills or a work limiting health condition or disability. - Individuals impacted by redundancy (those under formal notice of redundancy and those made redundant within the past 3 months). 	<ul style="list-style-type: none"> • Access to sustainable employment as the central underlying principle. • Utilising Labour Market Indicators (LMI) to ensure employment and skills supply meets demand. • Integrated with wider strategies to address worklessness, poverty and support disadvantaged communities.

ESF Priority 1: Tackling Poverty through Sustainable Employment			WW&V: ESF Allocation £156,771,550	EW: ESF Allocation £35,027,991
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO2 for WW&V and SO1 for EW: To increase the employability of Economically Inactive and Long Term Unemployed people aged 25 and over, who have complex barriers to employment. - WW&V = £96,242,998 - EW = £35,027,991	Number of target group: - Entering employment, - Gaining a qualification or work relevant certification - Completing work experience placement or volunteering opportunity. - In employment 6 months after intervention. Number of economically inactive participants engaged in job search upon leaving.	<ul style="list-style-type: none"> - Economically inactive participants who are not in education or training and who have low or no skills; a work limiting health condition or disability; care or childcare responsibilities; are over 54; or are from a jobless household (inc BME in EW). - Long-term unemployed participants who have low or no skills; a work limiting health condition or disability; are from a BME group; or from a jobless household. 	<ul style="list-style-type: none"> • Access to sustainable employment as the central underlying principle. • Integrated and personalised provision. • Reactive and responsive solutions to labour market fluctuations; utilising LMI to ensure employment supply meets employment demand. • Integrated with wider strategies to address worklessness, poverty and support disadvantaged communities, complementing and adding value to mainstream UK labour market programmes.

ESF Priority 1: Tackling Poverty through Sustainable Employment			WW&V: ESF Allocation £156,771,550	EW: ESF Allocation £35,027,991
Areas	Specific Objective	Results	Target Group	Targeting Principles
West Wales and the Valleys only	<p>WW&V only SO3: To reduce under-employment or absence rates for employed individuals with work limiting health conditions and / or other barriers to sustainable engagement with the labour market.</p> <p>- WW&V = £23,620,898</p>	<p>Employed or self employed participants with work limiting health condition or disability returning to work after a period of absence.</p> <p>Number of the target group with an improved labour market situation upon leaving such as increased hours, permanent contract.</p> <p>Number of supported enterprises having adopted or improved equality and diversity strategies and monitoring systems.</p>	<ul style="list-style-type: none"> - Employed, including self employed participants with work limiting health condition or disability. - Underemployed participants (underemployment is defined as the underutilisation of the productive capacity of employed persons). 	<ul style="list-style-type: none"> • Interventions will work with enterprises in the development of Workplace health programmes.

ESF Priority 2: Skills for Growth			WW&V: ESF Allocation £276,492,211	EW: ESF Allocation £76,387,124
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO1 for WW&V and SO1 for EW: To increase the skills levels, including work relevant skills, of those in the workforce with no or low skills. - WW&V = £133,295,430 - EW = £49,960,598	Number of employed or self employed participants with no formal qualifications gaining an essential skill or technical or job specific qualification. Number of employed or self employed participants with up to and including a lower secondary education gaining an essential skills or technical or job specific qualification at lower secondary level.	<ul style="list-style-type: none"> - Employed, including self employed participants with no formal qualifications. - Employed, including self employed participants with qualifications up to and including a lower secondary education. 	<ul style="list-style-type: none"> • Actions should be demand led, flexible and responsive to labour market fluctuations, utilising LMI to identify key skills needs. • Investment in skills and qualifications should look to progress individuals where possible, to a higher level of qualification, with the longer term goal being progression to intermediate level or above on the National Qualification Framework (NQF). • Actions should incentivise appropriate employer or participant contributions.

ESF Priority 2: Skills for Growth			WW&V: ESF Allocation £276,492,211	EW: ESF Allocation £76,387,124
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO2 for WW&V and SO2 for EW: To increase the number of people in the workforce with technical and job specific skills at an intermediate and higher level. - WW&V = £83,213,821 - EW = £22,482,269	Number of employed or self- employed participants with lower secondary education gaining a technical or job specific vocational qualification at upper secondary level or above. Number of employed or self employed participants with upper secondary education or above gaining a technical or job specific vocational qualification at or above upper secondary level.	<ul style="list-style-type: none"> - Employed, including self employed participants whose highest qualification is at lower secondary level. - Employed, including self employed participants whose highest qualification is at higher secondary level and above. 	<ul style="list-style-type: none"> • Actions should be demand led, flexible and responsive to labour market fluctuations, utilising LMI to identify key skills needs. • Actions should incentivise appropriate employer or participant contributions.

ESF Priority 2: Skills for Growth				WW&V: ESF Allocation £276,492,211	EW: ESF Allocation £76,387,124
Areas	Specific Objective	Results	Target Group	Targeting Principles	
West Wales and the Valleys only	WW&V only SO3: To increase the number of people with graduate degrees or equivalent undertaking research and innovation activities with enterprise - WW&V = £42,844,972	Number of participants with a graduate degree or equivalent gaining a Masters or Doctoral qualification. Number of participants with graduate degree or equivalent gaining employment.	<ul style="list-style-type: none"> - Participants with a graduate degree or equivalent. - Enterprises who collaborate with learning providers in research and innovation activities. 	<ul style="list-style-type: none"> • Actions to be aligned to the Grand Challenge areas of “Life Sciences and Health”; “Advanced Engineering and Materials”; “Low Carbon, Energy and Environment”; and “ICT and the Digital Economy” • Actions driven by the private sector in collaboration with learning providers. • Utilising LMI to identify key skills needs. • Consideration of the need to stimulate employer demand for skills and incentivise appropriate employer or participant contributions. 	

ESF Priority 2: Skills for Growth			WW&V: ESF Allocation £276,492,211	EW: ESF Allocation £76,387,124
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO4 for WW&V and SO3 for EW: To improve the position of women in the workforce. - WW&V = £17,137,989 - EW = £3,944,258	Number of participants gaining a qualification upon leaving. Number of employed or self- employed females with an improved labour market situation. Supported enterprises having adopted or improved equality and diversity strategies and monitoring systems.	<ul style="list-style-type: none"> - Employed or self employed females - Micro, Small and Medium sized enterprises 	<ul style="list-style-type: none"> • Investment in skills and qualifications should look to progress individuals where possible, to intermediate level or above on the National Qualification Framework (NQF). • Demonstrate actions are demand led, flexible and responsive to labour market fluctuations, utilising LMI to identify key skills needs.

ESF Priority 3: Youth Employment Attainment (Youth Employment in East Wales)			WW&V: ESF Allocation £195,771,033	EW: ESF Allocation £47,981,692
Areas	Specific Objective	Results	Target Group	Targeting Principles
All Wales	SO1 for WW&V and SO1 for EW: To reduce the number of 16-24 year olds who are Not in Education, Employment or Training (NEET) - WW&V = £107,674,068 - EW = £35,986,269	Number of NEET participants (16 - 24 years of age): - Gaining qualifications upon leaving. - In education/ training upon leaving. - Entering employment upon leaving.	Young people of working age (from 16 up to and including age 24) who are Not in Education, Employment or Training (NEET).	<ul style="list-style-type: none"> Align with growth activity and ensure that young people are engaged in appropriate education and training utilising LMI to meet employment growth and employer demand. Align to the Welsh Government's Youth Engagement and Progression Framework.
All Wales	SO2 for WW&V and SO2 for EW: To reduce the number of those at risk of becoming NEET, amongst 11-24 year olds. - WW&V = £68,308,413 - EW = £11,995,423	Number of participants at risk of becoming NEET (11-24): - Gaining qualifications upon leaving. - In education or training upon leaving. - At reduced risk of becoming NEET upon leaving.	Young people between the ages of 11-24 at risk of becoming NEET.	<ul style="list-style-type: none"> Utilising LMI, to match future aspirations with opportunities. Integrate with youth employment actions to support progression at key transition. Align with the Welsh Government's Youth Engagement and Progression Framework.

ESF Priority 3: Youth Employment Attainment (Youth Employment in East Wales)			WW&V: ESF Allocation £195,771,033	EW: ESF Allocation £47,981,692
Areas	Specific Objective	Results	Target Group	Targeting Principles
West Wales and the Valleys only	WW&V only SO3: To increase the take up of and attainment levels in STEM subjects amongst 11-19 year olds. - WW&V = £10,000,000	Number of young people 11-19: - receiving training in Science, Technology, Engineering and Maths (STEM), - who continue to study a Science, Technology, Engineering and Maths subject post 16.	Young people between the ages of 11-19 (focus primarily on girls).	<ul style="list-style-type: none"> Utilising LMI, to match STEM training to economic opportunities. Early and sustained interventions with strong employer engagement.
West Wales and the Valleys only	WW&V SO4: To increase the skills of the Early Years and Childcare workforce. - WW&V = £9,788,552	Number of employed or self employed individuals from the Early Years and Childcare sector gaining qualifications.	Employed or self employed individuals from the Early Years and Childcare workforce (to include participants from the public sector Early Years and Childcare workforce but not teachers).	<ul style="list-style-type: none"> Align with the Welsh Government's Early Years and Childcare Plan. All interventions must make effective links with wider strategies which address early years development and family based initiatives and contributing to wider programmes to tackle poverty and social inclusion.

The Guiding Principles for the selection of operations

In addition to the targeting principles outlined within the Intervention logic tables above, the following common principles will be relevant for project selection across all Programmes:

- An unequivocal focus on supporting sustainable jobs, employment and growth and operations which facilitate the role of the third sector and private sector;
- Interventions should seek to integrate economic, social and environmental outcomes, consistent with the central organising principle of sustainable development and contributing to the outcomes of the cross cutting themes;
- Opportunities to achieve greater leverage from the deployment of EU funds, particularly with the private and third sector; and also more collaborative investments where these can add value and achieve outcomes;
- Clear added value, when compared with other ways of supporting and delivering policy, based on sound evidence that demonstrates a clear contribution to sustainable jobs and growth;
- Evidence of opportunity will form the foundation of project design and delivery with investments building on existing and emerging expertise, with human capital delivering to the future needs of businesses;
- Prioritisation of key strategic projects, that underpin the Specific Objectives and which deliver significant outcomes, will be a core part of a portfolio management approach to programme delivery; and
- Clear exit strategies need to be in place at the outset which fully consider the role of the third sector and private sector, build social resilience and tackle poverty within communities, promote equality, and achieve legacy effects.

Projects will need to consider a range of targeting mechanisms to provide a focus for investment. The degree of targeting will vary according to the intervention. Targeting and prioritisation, where appropriate, should reflect:

- **growth sectors** (e.g. specifically the Welsh Government identified key sectors, Grand Challenge areas in Science for Wales and the emerging Innovation Strategy);
- areas of specific **geographical opportunity** (e.g. Enterprise Zones, any potential City region or other regional opportunity, Business Improvement District, Rural or Regeneration Area); and
- clear identification of **specific target groups**, their needs and how actions will address these needs at a national, regional or local level as appropriate.

Links between Key Funding programmes

We will use a portfolio approach to managing the investments from these programmes, promoting coordination across the European Structural and Investment (ESI) Funds, encouraging operations to co-ordinate activities with other funding streams (including programmes directly managed by the EU) and building portfolios of operations in areas of common interest. Planning and delivering more joined up actions can increase the impact of investment and potentially lever a greater degree of funding and results.

ESF investments in human capital will complement and combine with investments made by the wider ESI funds in order to facilitate the realisation of the overall aims and objectives of the ESI Funds in Wales. A strict approach to demarcation has been avoided for 2014-2020 to facilitate the joint development of schemes and operations. Therefore, where clear additionality to provision under the Rural Development Plan and the Fisheries and Maritime Fund is demonstrable, individuals involved in farming and fishing will be able to access ESF support.

The following tables outline areas where coordination and complementarity will be expected, but there are many other areas where this could happen.

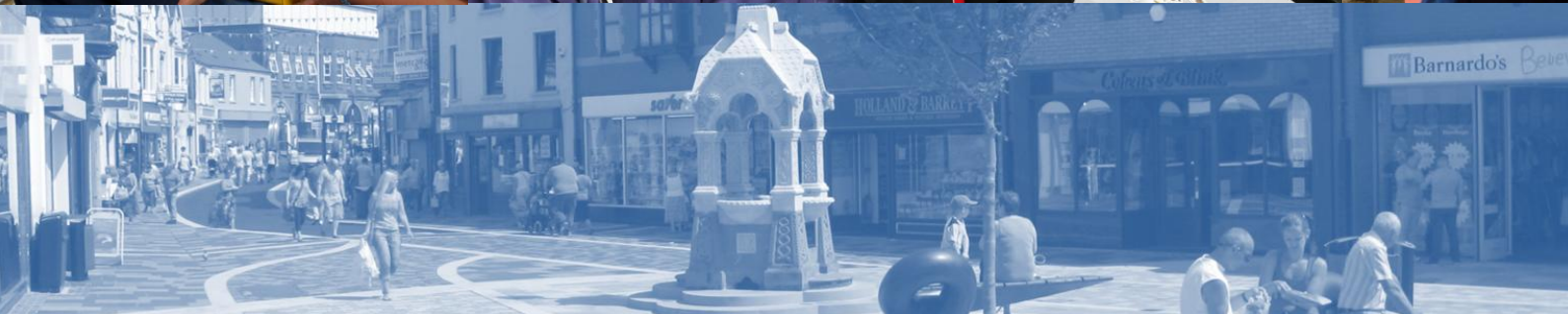
Links between the ERDF Priorities		ERDF			
		Research and Innovation (R&I)	SME Competitiveness (SME Comp)	Renewable Energy and Energy Efficiency (REEE)	Connectivity and Urban Development (UD)
ERDF	R&I	N/A	- Financial and growth SME support complements R&I support – esp. for key sectors.	- Technology transfer and RD&I in small scale energy, energy efficiency and marine investments.	- Conditions for private investment, including linking R&I with growth SMEs.
	SME Comp	- Innovation and commercialisation support coordinated with SME finance and growth support	N/A	- Marine energy sector can access SME support.	- Efforts to increase commercial viability of areas should be coordinated with SME support where possible.
	REEE	- Research capacity and commercialisation of RD&I should consider links to marine energy actions	- Potential for tailored SME support for marine or energy efficiency supply chain.	N/A	- Improved accessibility essential to support sustainable key spatial areas.
	Connectivity and UD	- Potential for related RD&I to influence delivery or targeting for connectivity or urban development (e.g. new building materials)	- Potential to consider SME provision, or delivery of existing local provision, in complementing connectivity or urban development improvements.	- Development of marine sector should consider accessibility issues to encourage further private investment and efficiency measures should consider spatial impacts.	N/A

Links between the ERDF and ESF		ERDF			
		Research and Innovation	SME Competitiveness	Renewable Energy and Energy Efficiency	Connectivity and Urban Development (UD)
ESF	Tackling Poverty through Sustainable Employment	N/A	<ul style="list-style-type: none"> - ERDF for SME growth should be coordinated with ESF to increase the supply of work-ready individuals and match workforce supply with employer demand. - ESF promoting entrepreneurship and self-employment to move out of poverty should complement ERDF supporting new SMEs. 	<ul style="list-style-type: none"> - ERDF investing in local areas could be complemented by ESF support. 	<ul style="list-style-type: none"> - ESF increasing the employability of individuals should be coordinated with ERDF seeking to create local employment opportunities.
	Skills for Growth	<ul style="list-style-type: none"> - Research capacity links to higher level skills, including complementary action and potential for joint funding - Innovation support for SMEs and commercialisation activity should consider links to ESF support for development of specialist / higher level skills 	<ul style="list-style-type: none"> - Tailored support for SMEs must also consider skills needs - Increasing the skills of the workforce and addressing specific skills gaps will underpin the growth of SMEs. 	<ul style="list-style-type: none"> - ESF skills investments could help realise the ERDF programme's objective to develop the marine and environmental good and services sectors. 	<ul style="list-style-type: none"> - Connectivity improvements should consider access to relevant work opportunities, complementing skills investments.
	Youth Employment and Attainment	<ul style="list-style-type: none"> - ERDF actions to increase research capacity, innovation and exploitation should coordinate with ESF to develop a future workforce equipped with the specialised and higher level skills 	<ul style="list-style-type: none"> - ERDF investments in entrepreneurship to be complemented and coordinated with ESF actions to equip young people with entrepreneurial skills. 	<ul style="list-style-type: none"> - ERDF support for key sectors can be complemented by ESF supporting a future workforce with demand led specialised and higher level skills. 	<ul style="list-style-type: none"> - ERDF investments in places should consider opportunities to coordinate with ESF to help young people to take advantage of local employment opportunities created.

Links between the ESF Priorities		ESF		
		Tackling Poverty through Sustainable Employment	Skills for Growth	Youth Employment and Attainment
ESF	Tackling Poverty through Sustainable Employment		<p>Gender equality and skills actions will complement actions to address barriers to sustainable employment.</p> <p>Skills development can support no/low skilled employees to progress and tackle in-work poverty. Opportunity to build on supporting access to employment once in employment.</p>	<p>Actions to address youth unemployment and disengagement to complement those to help address issues of poverty amongst young people.</p>
	Skills for Growth	<p>Addressing barriers to employability, workplace health issues, and labour mobility will complement gender equality actions.</p> <p>Providing skills for employed individuals post access to employment, continuing development of skills and tackling in-work poverty.</p>		<p>Linkages with apprenticeships for those 16-24yr olds who are work ready and for those pre 16 as potential future employment or career options.</p> <p>Potential for linked actions in WWV around Early Years and Childcare workforce and apprenticeships.</p>
	Youth Employment and Attainment	<p>Complementary actions to support workless households and whole family interventions amongst those most at risk of poverty and social exclusion.</p> <p>Linked activities which look to target underemployment due to care or childcare responsibilities.</p>	<p>Apprenticeships investments will link with interventions with young people as part of wider pathway into employment for those who are work ready.</p> <p>Labour market intelligence will help inform career options and areas of employment growth for young people to target.</p>	

Links between ESF and ERDF		ESF		
		Tackling Poverty through Sustainable Employment	Skills for Growth	Youth Employment and Attainment
ERDF	Research and Innovation		<p>Specialised and higher level skills will support the use of knowledge in the workplace, complementing ERDF innovation</p> <p>R&I skills investments will underpin actions to increase R&I capacity and commercialisation.</p>	ESF will ensure employers have a suitably qualified and higher skilled workforce for the future and that young people are able to progress through education and achieve the higher level skills required.
	SME Competitive-ness	<p>Linking entrepreneurial individuals with enterprise support to facilitate business start up as a route way out of poverty.</p> <p>Use labour market intelligence to link to areas of growth to ensure sustainable employment outcomes for participants.</p>	<p>Demand-led investments to address skills gaps and underpin the ability of SMEs to grow and to access new markets.</p> <p>Skills investments will complement SME support services being delivered by the ERDF programme.</p>	<p>ESF targeted to ensure that growing SMEs have a suitably qualified workforce for the future and that education, training and career advice meet employer demand.</p> <p>Opportunities to link entrepreneurial young people with enterprise support.</p>
	Renewable Energy and Energy Efficiency	Actions to tackle poverty will complement ERDF investments to reduce the number and percentage of households living in fuel poverty.	Actions to support the development of specialised and higher level skills will be crucial to realising the potential of ERDF investments in new innovative technologies.	Actions to address low uptake of STEM subjects will support the development of a future workforce with the specialised and higher level skills required to realise the potential of R&I investments.
	Connectivity and Urban Development	Actions to support individuals to become work-ready and to address barriers to accessing sustainable employment will complement ERDF investment to improve connectivity to opportunities.	For major skills investments to be of benefit to the programme area, complementary connectivity improvements may be necessary to ensure access to relevant work opportunities and encourage inward investment requiring skilled jobs.	Actions to support young people to become work-ready and to access the labour market will work in conjunction with ERDF interventions to improve physical connectivity to employment and training opportunities.

Links between ERDF / ESF and main EU directly managed funds		ERDF				ESF		
		Research and Innovation	SME Competitiveness	Renewable Energy and Energy Efficiency	Connectivity and Sustainable Urban Development	Skills for Growth	Tackling Poverty through Sustainable Employment	Youth Employment and Engagement
Main EU directly - managed funds	Horizon 2020 (incl. Marie Curie)	✓	✓	✓	✓		✓	✓
	Creative Europe		✓					
	COSME	✓	✓					
	Connecting Europe	✓		✓	✓			
	LIFE	✓			✓			
	Erasmus for All	✓				✓		✓
	Employment and Social Innovation		✓			✓	✓	✓
	European Globalisation Adjustment Fund						✓	



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