



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Materion Ewropeaidd ac Allanol  
The Committee on European and External Affairs**

**Dydd Mawrth, 13 Hydref 2009  
Tuesday, 13 October 2009**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Jeff Cuthbert	Llafur Labour
Michael German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

Thomas Bender	Cyfarwyddwr dros dro yn y Gyfarwyddiaeth Gyffredinol dros Gyflogaeth, Materion Cymdeithasol a Chyfle Cyfartal Temporary Director, Directorate-General for Employment, Social Affairs and Equal Opportunities
Ian Davy	Prif Swyddog, Gweithredu Gwirfoddol Merthyr Tudful Chief Officer, Voluntary Action Merthyr Tydfil
Mal Emerson	Rheolwr Datblygu, STRIDES (Hyfforddi i Ddatblygu Sgiliau Cyflogaeth), Sandfields Newydd Aberafon Development Manager, STRIDES (Training for Developing Employment Skills), New Sandfields Aberavon
Phil Fiander	Cyfarwyddwr Menter ac Adfywio, Cyngor Gweithredu Gwirfoddol Cymru Director of Enterprise and Regeneration, Wales Council for Voluntary Action
Alice Greenlees	Uwch Swyddog Polisi, Cyngor Gweithredu Gwirfoddol Cymru Senior Policy Officer, Wales Council for Voluntary Action
Brian Harvey	Ymchwilydd Cymdeithasol, Rhwydwaith Gwrthloddi Ewropeaidd (Iwerddon) Social Researcher, European Anti-poverty Network (Ireland)
Georges Kintzele	Pennaeth yr Uned sy'n gyfrifol am Raglenni Cronfa Gymdeithasol Ewrop yn y DU Head of Unit responsible for UK European Social Fund Programmes
Andy Klom	Swyddfa Comisiwn Ewrop yng Nghymru European Commission Office in Wales
Renate Schopf	Y Swyddog Desg sy'n gyfrifol am raglenni cronfa gymdeithasol Ewrop yng Nghymru Desk Officer responsible for the European social fund in Wales

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Jonathan Baxter	Gwasanaeth Ymchwil yr Aelodau Members' Research Service
Lara Date	Clerc Clerk
Gregg Jones	Pennaeth Swyddfa UE Cymru, Gwasanaeth Ymchwil yr Aelodau Head of Wales EU Office, Members' Research Service

Abigail Phillips

Dirprwy Glerc  
Deputy Clerk

*Dechreuodd y cyfarfod am 9.01 a.m.  
The meeting began at 9.01 a.m.*

### **Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions**

[1] **Sandy Mewies:** Good morning, everyone. I am ready to start the meeting now that we have established the video link. I welcome Members, officials and anyone who is in the public gallery. As you are aware, for video-conferencing, we will not be able to translate because there are technological difficulties involved. Just a reminder that—

[2] **Rhodri Glyn Thomas:** May I just make a point, please, Chair?

[3] **Sandy Mewies:** Yes.

[4] **Rhodri Glyn Thomas:** I accept what you are saying, but I think that it is a little sad that we are not able to use the Welsh language in a meeting with the commission in Brussels. Surely, with a multilingual body like the commission, this is exactly the situation where the Welsh language should be used, but I accept your point that it is technologically difficult.

[5] **Sandy Mewies:** That is a very good point. I will ask the clerk to circulate a note as to the reasons why that is so and whether it is being looked into, and anything can be done, for the future.

[6] I remind everyone to switch off their mobile phones and any other electronic devices because they will interfere with the broadcasting equipment. In the event of an emergency, an alarm will sound and the ushers will direct everyone to the nearest safe exit and assembly point.

[7] Nick Bourne has sent his apologies; he is not able to be with us today. I understand that Mike German is delayed in traffic but is on his way, so we expect to see him at any time.

[8] If there are any declarations of interest, Members can make them under Standing Order No. 31.6. I see that there are none.

[9] I welcome back Lara Date, who has recovered from her knee surgery and is now looking and walking much better. We are very glad to have her back in her role as clerk to the committee. Thanks to Steve George, Abigail Phillips and everyone else for all the work that they have done. We have lost the video link again, have we?

[10] I welcome Mike, who has just arrived. We have started, so that you know. Once we get the video link back, I will be going straight into the agenda items.

[11] **Mr Bender:** Sandy, we are back on now.

[12] **Sandy Mewies:** That is excellent.

9.04 a.m.

**Ymchwiliad Craffu: Dyfodol y Polisi Cydlyniant—Casglu Tystiolaeth drwy  
Gynhadledd Fideo**

## **Scrutiny Inquiry: Future of Cohesion Policy—Evidence Gathering by Video-conference**

[13] **Sandy Mewies:** This is the sixth evidence session of the committee's inquiry. We are taking evidence today from the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission. I welcome Mr Thomas Bender, the acting director. We all have the paper, which we will have read. The paper, annexes and covering letter are very comprehensive. I do not know if Georges Kintzele, head of unit, and Renate Schopf are there, but I welcome them if they are.

[14] With that, I ask the witnesses to make some brief introductory remarks. So, it is Mr Bender first, and Members will then ask questions. We have a wonderful picture now on the video link; everything is working okay.

[15] **Mr Bender:** Good morning, Chair and Members. It is a pleasure to be with you, although only via video, but that is better than nothing. It would have been nicer to be with you in Wales today. You will see to my left Georges Kintzele and to my right Renate Schopf, to whom you have referred. They will come in during the question-and-answer session, if you agree, and I will make a short introductory statement as you requested.

[16] We sent you a paper, but only recently and so please accept our apologies for the slight delay. The point that I think that we want to make in this paper is that we have had a European social fund for more than 50 years, which we have closely tied to the European Union policy priorities and objectives as expressed in the European employment strategy. We see not only in Wales, but across the union that the member states and the regions have made a big effort to align their national and regional programmes to the objectives and priorities of the European employment strategy. We think that it is already quite some achievement that we have a fund that is not only reaching out to about 10 million people in Europe every year, and helping 9 million to 10 million people every year, but does so by bringing down the policy objectives of the European Union to the member states and to the regions.

[17] The second point that we wanted to make in the paper is that while we are dealing with a structural instrument, the ESF is part of the structural funds family. We also see that we have a rather flexible instrument with ESF. Despite everything that is said sometimes about the inflexibility of European funding, I think that the crisis has shown that the instruments can be flexible if we all want that. I think that the commission has made quite some effort, supported by the council and the European Parliament, and you, indeed, have made quite some efforts in order to use the European social fund in a way that helps those mostly affected by the crisis, particularly in these dire times.

[18] I think that these two points demonstrate that we have a very useful instrument in our hands. It is not perfect, definitely not, and we may discuss how we could improve it in the future, but we have a good instrument in our hands, which is both a structural instrument looking at long-term reforms and a sort of short-term instrument that can be used.

[19] We argue in the paper that we can identify on those grounds three areas where the ESF does add what we call community added value and European added value to what you had. The first added value, as we see, is definitely one that we do more. This is, of course, true mainly in the more lagging regions and member states. We are simply doubling or tripling the member states' efforts when it comes to upskilling, when it comes to helping young people enter the labour market and when it comes to participation in life. We also do that in other regions where we add quite a lot of mass to national or regional activities.

[20] We would also argue that a community added value of the ESF lies in the fact that we

do things differently and sometimes better. The programming exercise, the long-term stability we provide through seven years' ESF programmes, the evaluation, and sometimes the audit discipline, has helped to improve public spending across the union. We see it in not only those member states that acceded to the union after May 2004, but in others that we have helped to improve the delivery of public policies, the budget discipline and the quality of public policies.

[21] I think that we do different things with the ESF and not only in regions that are not really lacking. Even where the money we provide is not essential, when you look at it from a net payer's perspective, for example, we see that member states do not do it if there is not a financial instrument like this. So, the added value is doing more, doing things better, but also doing it differently.

[22] I will conclude because I think that you want to discuss this with us rather than hearing a lecture from Brussels. However, I think that I have given are strong reasons for going with an instrument that is similar to the ESF in future.

9.10 a.m.

[23] You are aware that President Barroso has recently presented to the European Parliament his political guidelines for the next commission. As part of these political guidelines we are currently developing what we call an EU 2020 strategy. This strategy will be around employment and social cohesion, knowledge, climate change and dynamism of the European Union and its internal market. We will very closely, even more closely than today, tie the ESF interventions to this EU 2020 strategy. We believe, indeed, that we should do this across the European Union. Issues like unemployment, poverty and social inclusion, or upskilling and adapting the skills base of our populations and our citizens for the new needs of the right jobs and of green jobs is not a question of rich or poor regions, rich or poor countries. It is an issue that affects us all and we should support and help our citizens with an instrument like the ESF also in the future.

[24] We may have to look at the issue of how we can secure a sufficient budget for the critical mass of our interventions, and we need to look at whether our budget needs to be a bit more self-standing or autonomous, as it is today. The budget allocations are made far away from Brussels—at a regional and national level—and we may have to discuss whether what we are doing today is the most efficient way. What is more important, I think, is to secure, as we have today, a budget that is sufficiently big to make a difference on the ground.

[25] Lastly, we may have to look also at the scope of what we are doing. We have a very artificial, as some call it, division between the interventions of the various funds, whether it is rural development, the European regional development fund or the ESF. We may have to look at whether we should use ESF to invest in policy areas, as such, and not in specific eligible fields of our investment. Let me explain. Why do we support social inclusion by focusing on the soft measures but not by providing support to social infrastructure, which is necessary for successful social inclusion policies? These, and others, are, I think, avenues that we should discuss today with you, and we are very happy that you have invited us to give evidence today but also in the years to come up to the budget review of 2010-11. Thank you.

[26] **Jeff Cuthbert:** Thank you for what you have just said and, indeed, for the paper. I want to ask you briefly about how we ensure the spreading of information about schemes that work and how we can learn from other parts of Europe as well. You will be aware of—indeed, it is mentioned—the success of the ProAct and ReAct schemes and, particularly, it would seem from news reports over the weekend, that the ProAct scheme has led the way for the Welsh Assembly Government to rethink the way in which it supports business generally; in other words, to ensure that the issue of added skills or added value becomes the key thrust

of supporting businesses. As I understand it, that is as a result of the evidence that has come back from the implementation of the ProAct scheme.

[27] How is the commission going to ensure that examples of good practice like this are spread across the European Union so that everybody can learn from them? Likewise, in the other direction, how will projects that are working well in other member states be brought to our attention in a co-ordinated way, so that we can, in terms of keeping skill levels as high as possible, implement them in some way through our use of the structural funds, if they are relevant to us?

[28] **Mr Bender:** Shall I reply directly to the question, Chair?

[29] **Sandy Mewies:** Please do, yes.

[30] **Mr Bender:** Indeed, we have taken note of the ProAct and the ReAct schemes in Wales, because my colleagues came back immediately when they learned about them and we disseminated those practices within our multilateral groups with all the members. Let me start with this. We have, as you may know, written a communication on a shared commitment to employment. On 3 June we produced a summary of what the member states have done to react to the crisis in the field of employment. Schemes like the ones that you have mentioned are referred to in the communication and in the annex, in which we also explain how member states use ESF to react to the crisis. This, in fact, goes to a very wide public in Europe.

[31] Secondly, we have a process that we call a mutual learning process, which is part of our employment strategy operation, where we bring together experts from the member states, from the private and public sectors, and try to engage in mutual learning processes and peer reviews in order to establish what works, what does not work and what can be exported to other member states and other regions. When it comes, finally, to schemes like the ones that you mentioned, co-funded by ESF, we use the ESF committee and the technical working group and we organise conferences where good practice is exchanged. The Italian authorities, for example, invited all managing authorities to Rome in July 2009 to discuss and exchange ideas, and the French authorities, indeed, have invited colleagues from across Europe to Dijon in December to continue the exchange of information and the proliferation of good practice.

[32] We as a commission support these initiatives to what we call the mainstreaming of innovative practice and transnationality into our programmes. I understand that Wales is participating in these transnational activities as well, where we hope that good practice is spread and applied across Europe.

[33] **Rhodri Glyn Thomas:** I was very interested in what you were saying about using European funding in order to support the infrastructure, because that, in a sense, goes against what you were just saying and also against the Lisbon strategy, which is based on skills. Can you elaborate a little about what you were saying about the need to use the money to strengthen the infrastructure itself?

[34] **Mr Bender:** This is very much an issue that we saw when we were programming in the poorer member states, particularly those that joined the union after 2004. Despite the fact that we can use the ESF to improve and build up the systems in the area of education and training or in the social field, we are restricted, to a large extent, by the eligibility rules, which only allow us, by a 10 or 15 per cent margin, to provide infrastructure support in areas that are normally eligible for ERDF. However, at the same time, we see that a lot of our interventions can only be successful in the long run when soft investment is covered and combined with a more hard investment.

[35] I think that an avenue for future thinking—no decisions have been taken yet, I have to

say—will be to see how we can better combine, in the present programming period, the interlinkage between the various investments. Should we do it through policy co-ordination, and a co-ordination of the two or three operational programmes that are implemented on the ground at national or regional level, funded through the ERDF, the rural development fund and the ESF, or should we take a different look at the eligibility rules and see whether we should use a specific fund to provide support for a specific policy without distinguishing within the funds between soft and hard? This is the thinking. This is one of the avenues for thinking that is currently being developed.

[36] **Rhodri Glyn Thomas:** That is very interesting and I look forward to seeing how that develops in the thinking of the commission. Following on from that, you referred also to the green economy and the demands from countries, member states and regions, as more countries develop a greener economy. When we were in Brussels, we heard that the view from Europe was that you would make funding as flexible as possible to be able to respond immediately to the financial crisis facing member states and countries and regions.

9.20 a.m.

[37] Is there a contradiction there that, if that money is used to face the immediate challenge, the whole thinking behind the green economy, which has to be longer term, is being lost?

[38] **Mr Bender:** There are a couple of aspects to your question, and thanks, indeed, for it. On the one hand, yes, you have a point, because we are speaking about a limited amount of money for each individual programme. When there is an urgent funding need in the short run, it will impact on the funding possibilities in the longer run up until the end of the programming period. For that, the only solution we have is to discuss with member states, maybe in late 2010 or early 2011, whether the overall investment priorities chosen at the time when the programmes have been established are still relevant and should still be the same for the remainder of the funding period.

[39] On the other hand—and this is the other aspect—when you look at the papers that we have produced, we have tried to make the point that, when it comes to labour shedding due to the crisis, we should avoid a massive skill shedding and we should try to avoid people losing their jobs because there is a temporary crisis. We have, therefore, supported schemes such as short-term working schemes—which you also apply in Wales, as I understand—to keep people employed but to provide new skills to these workers at the same time so that they can have a fresh start once their companies and the economy picks up again, and develop into other activities in the industry.

[40] The third element of that is to say, ‘Yes, of course we need to urgently look at the skills we will need in, say, three, five or eight years’ time’. The production of skills is not a repair shop, as we all know. We cannot wait until somebody has become unemployed because their skills are no longer relevant. We need to anticipate these changes. We see two large sources of new labour ahead of us, but we see also that, in order to exploit these sources of labour, we need to produce new skills. These are, as you say, green skills, which do not only mean skills in the area of building and producing solar panels. It also includes skills in the construction sector, because you need to have people who can place these panels on the houses and install all the new insulation or heating systems that we have produced. This is also part of the green economy.

[41] The second big field is what we see as the white jobs and the white skills. We will have to expand on those as our society ages. A lot of skills and jobs will be needed and they will be available for those jobs provided that we work for them. We will have huge amounts of people working in health and long-term care in the future because people are living longer.



That is good, but they also need more support. With an ageing society we need to see how we bring people into the labour market to provide those skills.

[42] So, the future definitely is green skills and white skills and we need to plan for that now. We have the new skills for new jobs initiative running at EU level, together with yourselves and the member states, and we need to get our acts together today in order to be prepared in a couple of years' time.

[43] **Michael German:** I have two quite different questions, so I will ask one and then come back to the second one, if I may, Chair.

[44] I am interested in the current position in relation to the take-up of transnational programmes or the transnational element within the European social fund. Given the success of transfer of knowledge and understanding with the specific community initiative programmes in the previous round, do you think that this is an area that needs to be rethought? There is a school of thinking that says that if you identify a programme of money for transnational funding and you ring-fence it, then you will get better results than by putting it in with everything else. How successful has the transnational element been in this current round of the European social fund? What changes might you wish to make for 2013 onwards?

[45] **Mr Bender:** It is true that we have abandoned EQUAL, the community initiative which we had for the ESF for 2000 to 2006. We had others in the past, such as Adapt and the Employment Horizon project. We have abandoned it for one key reason—it was seen as a very cumbersome initiative that had, in comparison to the amounts that we could invest, quite high administrative costs both on the commission side and on the member-state side. It definitely had a lot of advantages and we tried to bring over the advantages into the current mainstream programmes of the ESF. According to the information that we have from the member states, about €3 billion is earmarked for transnational activities in the current programmes, out of the €75 billion that is globally available for the ESF, which compares with around €5 billion that we had earmarked for it.

[46] For the time being we see two things—although it is too early to have a final assessment. On the one hand, we see quite a lot of activity on the ground and quite a lot of ownership being taken by the managing authorities to carry forward transnational activities on their own but also with support from the community. We have made calls for proposals where managing authorities could bid in to establish transnational networks on specific schemes, for example, result-based management, access to finance, institutional capacity building or entrepreneurship. The interest has been extremely high at member-state level.

[47] On the other hand, we see that, as member states have partly taken away the administration supporting the transnational activity, the activities have, to a certain extent, slowed down. However, as I said, it is a bit too early to say whether this is the final result, because we have seen a slow start-up of the programmes and I think that, especially during the crisis, managing authorities, which are not always overstuffed, had to concentrate on the most urgent priorities in 2008 and 2009 and did not necessarily look at the transnational activities in the first instance. We see promising activities coming up and we are quite optimistic that they will lead to results.

[48] We are optimistic also because one of the reasons why EQUAL and other community initiatives had limited impact on the ground was that the administrations in charge of the community initiatives and the administrations in charge of the mainstream programmes had been separated—the mainstream programmes did not work the initiatives into the programmes. Therefore, the idea was to include transnational and innovative activities in the bigger programmes much more in order to have the same people working on both. We are optimistic, as I said, that this will lead to results. It will bring results in the future. We are, of

course, ready to reconsider our position if we see that, in 2011-12, it has not worked, but before discussing specific instruments we would prefer to establish the priorities and objectives of the future ESF first and then decide on the instruments, community initiatives, mainstream programmes and transnational programmes with which we can achieve the objectives on which we all agree.

[49] **Sandy Mewies:** Time is quite limited, as we have video-conference slots throughout this meeting. Mike, please keep your question brief and, Mr Bender, please keep the answer as brief as you can. Thank you.

[50] **Michael German:** I have a supplementary to the first question. When do you expect to know whether you had the impact you required from the transnational programmes? You mentioned 2011-12. It would be useful to know if that is roughly the right date.

[51] The second question is about the criteria that you would wish to choose for the allocation of ESF resources. Would you be looking at factors such as high unemployment, lack of social inclusion, poverty and so on? Will these be the criteria that you will be looking for post 2013?

[52] **Mr Bender:** On the first question, yes, I think that this is the time horizon that we would have—2011-12. We need some evaluation results to inform the next programming cycle and the next package of legislation.

[53] 9.30 a.m.

[54] On your second question, we did use the old Objective 3 criteria indicators, as you mentioned. Gross domestic product per head is definitely a key criterion to use because it will be difficult to justify much higher financial flows to richer countries or regions than to poorer countries. So, GDP will, I guess, remain a key indicator for future allocations. As has already been said today, we should at least factor in issues such as unemployment rates but also possibly issues such as skills or poverty levels.

[55] This is our vision. We have agreed, and will agree in future, some EU targets and objectives, which are quantified. We can use the policy indicators that we have developed to identify these targets to make decisions on funding allocations and then come to a result that would channel the money to where the problems are more globally than if it were based on GDP per head alone.

[56] **Sandy Mewies:** Thank you very much indeed. Thank you for all the information that we had in the papers, which was very useful indeed, and for talking to us this morning. You will get a draft transcript of what has been said today.

[57] **Mr Bender:** Thank you very much, Chair. I must thank my colleagues left and right who produced most of it, so I thank them. Thanks also to you for listening to us.

[58] **Sandy Mewies:** Thank you.

9.32 a.m.

### **Ymchwiliad Craffu: Dyfodol y Polisi Cydlyniant—Casglu Tystiolaeth Scrutiny Inquiry: Future of Cohesion Policy—Evidence Gathering**

[59] **Sandy Mewies:** I see that our visitors are here for the next item. Please make yourselves comfortable. I know that you know the ropes but, before you start, I will just say that we use the Welsh and English language here. You have your equipment before you, so it

would be a good idea to put it on now ready in case you need it. To use it as an induction loop, the channel is 0, or the interpretation is on channel 1. Please switch off all mobile phones, BlackBerrys and so on, as they interfere with the broadcasting equipment.

[60] This is an evidence-gathering session on the future of cohesion policy. We have with us Phil Fiander, director of enterprise and regeneration at the Wales Council for Voluntary Action, Alice Greenlees, senior policy officer for the Wales Council for Voluntary Action, Ian Davy, the chief officer of Voluntary Action Merthyr Tydfil, and Mal Emerson, from the New Sandfields project, which we have information on. Thank you very much indeed for giving us your papers. They have been read and they have been read with interest. Who will introduce the paper?

[61] **Mr Fiander:** Shall I introduce it?

[62] **Sandy Mewies:** If you will, and I will then get members to put their questions to you. We are slightly time limited because we are video-conferencing this morning. We have links that we hope will work throughout the meeting, but thanks very much for coming.

[63] **Mr Fiander:** Thanks for the introduction, Chair. I just want to talk briefly about the paper because you have already discussed some of the issues with the First Minister, the Welsh Local Government Association and everybody else. I have brought Mal and Ian along because it would be interesting for you to hear what the impact was of having no structural funds at the local level.

[64] From our paper, you can see that we support the continuation of a cohesion policy as opposed to renationalisation. We support the continuation of transnational funding, and we agree to the Team Wales approach in negotiating that process through. So, we are well behind you on all those sorts of arguments. We would seek to ensure that we are doing the preparation to make sure that we hit the ground running, because we need to make sure that we understand what works and what does not so that we can make decisions before 2013 to avoid any delay. We want to hit the ground running. If we are to go into tapered funding and transnational funding, it will be important to manage stakeholder involvement and expectation, and to be very clear on what we will and will not fund.

[65] We would also like to see a bit of a return to the global grants. We know that there is provision within the structural funds to do that but it was decided not to. We would like to do that because it would enable the targeting of specific groups a lot better than some of the current procurement rules allow.

[66] As I said, what I really wanted to do was bring in Mal and Ian because you probably hear me say things like this often enough, and I thought that it would be useful for you to hear a local view. So, I will hand over quickly to Mal.

[67] **Mr Emerson:** We can give experience of post 2013 to relate to where we are now. We run a project called STRIDES based in Sandfields, which is a highly deprived area of Port Talbot. The project came to an end in December 2008, so, in the crossover from European structural funds into convergence funding, we have lost a clear project requiring highly skilled staff. That is a major element in what happened. We bought the facilities and created a fantastic project, which is highly recognised. It is one of the leading community schools in Wales now, based in Sandfields Comprehensive School, but all that has been lost. We are on the verge of the fifth version of our business plan for convergence funding. That has been tailored to the procurement issues and so on, but it has been difficult to map the project out, linking in with the changes in strategy. Initially, the idea was to look at the project based on partnership working, then it moved onto procurement, and then all the issues related to procurement delayed everything. So, very little groundwork is being delivered through

convergence across Neath Port Talbot and further afield at the moment. It is all down to procurement issues, which have caused major problems for delivery, and major projects have been lost.

[68] We have developed a partnership and network across Neath Port Talbot, which has been absolutely superb, but a lot of that has been lost and has to be kick-started again with the partnerships of STRIDES, such as Workways, Want2Work, Genesis and so on. It has all been lost and it has to be kick-started again. That could be translated into a vast amount of people being helped from now until 2013, but when it stops all of a sudden, people look inward. They ask, 'Where do we go now?' and all the people in the community are asking, 'We have created all these partnerships, developed all these trusts, and now you have just pulled out and stopped it, so what happens now?' That can be translated, as I said, up to 2013.

[69] The other thing we wanted to mention is the loss of the skilled workforce in these projects—and not only us; we are just being used as an example. That workforce could be translated into many projects being delivered on the ground, but a lot of these people will have to go into more mainstream jobs and their expertise will be lost.

[70] There is a lack of continuity as regard trust in the community, going back to the job losses from Corus, or British Steel as it was in the 1980s. We have third or fourth generations of people who would rather be on benefits than get jobs. You break down the barriers, but then you raise them again, which breaks down the links and the trust.

[71] On procurement, very little is being delivered at the moment. Even with the bigger projects that have been authorised, such as the WCVA's engagement with Gateway, very little is being delivered. Given the time scales, nothing is being delivered on the national offender management service project and so on. Although these projects have been authorised, very little is being delivered. It takes three to six months to go through any procurement issues. You just have to wait and see whether anybody wins a tender. It is difficult to write tender bids. It is a new ball game for everybody, so that is another major issue.

[72] There do not seem to be any strategies or links between the Department for Work and Pensions and European funding. Major DWP contracts are coming in, but the link between the DWP and Europe does not seem to be working at all on the ground. So, that is another issue with the FED coming out.

[73] State aid causes problems because it is difficult to generate income within projects to create sustainability for the long term. That causes a problem so, come 2013, for example, projects cannot really income generate to make themselves sustainable. So, the state aid issues have been quite difficult to get around and to understand to work out how to income generate to make yourself sustainable in the long run. At the end of a project, you need a two-year overlap for them to get and remain sustainable. Statutory funding needs to be brought in much sooner so that contracts from the Department for Children, Education, and Lifelong Learning and Skills can be linked in to projects to allow their continuation.

[74] After the European funding, then, you need projects to be recognised in order to continue, but that needs to be worked in possibly a year or two beforehand rather than being left to the very end so that the skilled workforces are lost. To try then to generate income to continue just does not happen. As I said, that is our experience of where we are now, which can be instantly transferred to 2013, really.

[75] **Rhodri Glyn Thomas:** Mal, yr ydych wedi codi'r pwynt ynghylch yr hyn point about what will happen after 2013. Of course, it is only through coincidence that we fydd yn digwydd ar ôl 2013. Wrth gwrs, mae

dim ond drwy cyd-ddigwyddiad a gawsom arian strwythurol o Ewrop ar ôl 2007. Yr oedd yr arian i fod i ddod i ben yn 2006, ond, gan fod yr ystadegau Ewropeaidd wedi'u parhau i'n gosod ymhlith y gwledydd nad oedd yn cystadlu'n economaidd, yn anffodus, gawsom arian ychwanegol. Mae pawb yn gwybod bod yr arian yn dod i ben. Felly, pam nad oes cynllunio er mwyn sicrhau bod y prosiectau'n gynaliadwy wedi i'r arian dod i ben? Yr oeddech yn sôn am brosiectau a sgiliau yn cael eu colli. Oni ddylai fod y prosiectau, unwaith bod arian Ewrop yn dod i ben, yn hunan gynaliadwy ac yn gallu symud ymlaen heb y cymorth hwnnw?

received European structural funds after 2007. The funding was supposed to end in 2006, but, because European statistics continued to place us among countries that were not competing economically, unfortunately, we received additional funding. Everyone knows that the funding is coming to an end. Therefore, why is there not planning to ensure that the projects are sustainable after the funding comes to an end? You mentioned projects and skills being lost. Once the European funding ends, should these projects not be self-sustaining and able to progress without that assistance?

[76] **Mr Emerson:** Yes, I totally agree with that and that is what I am saying: projects should be allowed to generate income through their lifetime in order to become sustainable. You cannot expect projects to finish in January and then kick-start income generation in February without having a year's lead-up to become self-sustaining. The ways that most localised projects generate income are through social enterprise or by looking to contracts with DCELLS or the DWP. There are no other ways of sustaining these projects. It is very difficult if the funding for the project comes to an end in, say, January to kick-start income instantly in February. Where does the money come from? You need at least a year or two in hand to create a development programme to ensure sustainability.

[77] **Mr Fiander:** The problem also is that these projects tend to fill the gaps between mainstream programmes and what mainstream programmes are not delivering. Therefore, they rely on mainstream funding to pick them back up and very often that does not happen. They are needed, because a lot of the mainstream programmes are not hitting the client groups, but they are not picked up because the priorities of mainstream programmes are different from that, say, of Europe. The classic example is DWP at the moment and the stuff that is going on with DWP and the European structural funds. Trying to shoe-horn one into the other does not work and you then end up with sustainability problems.

[78] **Mr Davy:** May I come in?

[79] **Sandy Mewies:** You will have to keep it short or we will not be able to ask all our questions.

[80] **Mr Davy:** I can understand your concern and I expected you to ask that question. It happens everywhere so there must be a problem somewhere. In my area—I will be very brief—with the Aberfan and Merthyr Vale community project, there was the same problem. It was tackling youth unemployment, providing childcare, and those sorts of things. Objective 1 funding came to an end, there was no sign of convergence funding, and it lost 25 staff overnight, virtually, or over six months. So, that transition really needs to be looked at post 2013.

[81] On this issue about procurement, I do not see any evidence of community organisations winning local government contracts, the exception being Gateway, which is not quite up and running yet. So, there is a big issue there. The worry is that procurement is becoming a bit of a one-club game.

[82] **Mr Emerson:** If I can just come back—

[83] **Sandy Mewies:** I will just bring in the other questioners and then you can come back in if we have got time at the end. We have to finish promptly, because of the video-conference, and I would like all the questions to be asked.

[84] **Jeff Cuthbert:** Thank you very much for your papers and, indeed, what you have just said. I ought to declare an interest as chair of the programme monitoring committee for the structural funds.

[85] Clearly, I was concerned to hear what you had to say. It is not for me to talk about individual programmes; that is a matter for Wales European Funding Office. While I do not in any way question the validity of what you have said, I know that when I have gone to WEFO on behalf of a project in my constituency, issues have come back that have sometimes caused me to rethink what has gone wrong. Of course, as I think that you pointed out, it was known for some time that Objective 1 funding was coming to an end. There was a six-month extension for some projects, and then there was a different set of criteria coming in for convergence funding. So some projects would continue in one form or another, and some would not.

[86] Nevertheless, that does not detract from the effects on the ground, which we have to look at. My question is to the Wales Council for Voluntary Action in terms of the future. As you know, Phil, you are a very good friend of mine on the programme monitoring committee and regularly contribute to our discussions. It has been agreed that the PMC will have the additional responsibility in the future of considering the use of tapering-off funds, which there probably will be post 2013. Given that there are problems—I am not surprised to hear there are problems, but looking to the future—how do you as an umbrella organisation intend to try to learn lessons from those projects so that your feed-in to the future process is as coherent as it can be, representing the third sector as a whole? We heard the amazing revelations of the four MEPs over the weekend apparently saying, ‘We do not think we will qualify for full convergence funding post 2013’. That has been known for ages. Why on earth that broke over the weekend I do not have a clue, but there we are. Anyway, in terms of the future, could you respond to that?

[87] **Mr Fiander:** In terms of the future, as you know, we are running some convergence-funded programmes. One is the Gateway, which is aimed at trying to get small contracts out to small organisations, and we are about to award the contract to do the evaluation of that and that will be an ongoing evaluation. Rather than wait until the end of the programme, we will be evaluating that programme as we move along. Alongside that, we will be holding a range of policy events during the next year to 18 months to make sure that we are getting information out to the groups. We do eight or nine a year throughout Wales, so we will be holding events like that so we can start to get feedback, and start to explain the situation as we go along. We will also, in our role on the PMC and in various things that we do with WEFO, be looking at what does and what does not work and making our views known as we go along in saying, ‘We ought to be funding this’ or not. We will be sitting on all of the groups that will no doubt be set up to support that.

[88] **Sandy Mewies:** Jeff, I am having a meeting with the four MEPs shortly and I will be inviting members of the committee to come to the end of that meeting. If Members have questions to pose to them, they may want to do that then. Mike is next.

[89] **Michael German:** In your opening remarks, Phil, you made a comment—I do not know whether it was veiled or absolute comment—about the way in which the big project rule, which had been the theme of this current round, was not necessarily working because there were insufficient small projects. Perhaps you could tell us whether that is the case, and if it is a lesson that we need to learn for next time. You also advocate in your paper a Team Wales approach and welcome working with Assembly Government officials. Does that mean

you have not had any discussions with those officials? Have you not been able to get access to them? What level of negotiations are you already in on behalf of the voluntary sector for the next round?

[90] **Mr Fiander:** On the first part, Mike, we have not had a huge amount of discussion. My role on the PMC is where we have started to make those discussions happen but, apart from that, there has not been a huge amount of discussion at Assembly Government or WLGA level or at other levels at the moment. I think that people are still trying to get their heads around the current programme, in fairness, and it is only now that people are starting to look at that.

[91] I do think that there is an issue with procurement and the multiple layers involved. You have a project sponsor, it subcontracts to the local authority, which then subcontracts and, as a result, you are now not seeing a lot of the small community projects that perhaps came through under Objective 1, which is why we would go back to the potentially global grants work, where you can target specific types of activity to suit the needs of the programme. I am not saying that you should fund every community project, but you can be very clear about what you want and set up a global grant scheme. In a sense, that is why we have developed the Gateway. That is really what the Gateway is, but it has taken us 10 to 11 months to work our way through the procurement regulations

[92] **Michael German:** So, what has changed? That is the question.

9.50 a.m.

[93] **Mr Fiander:** We could set up a grant scheme a lot quicker than we could procure a grant scheme. We could have set up the gateway as a grant scheme within four months.

[94] **Michael German:** How long has it taken?

[95] **Mr Fiander:** It has taken 12 months because of procurement regulations. That is the simple thing. I think that the problem relates to the fact that everyone assumed that there were lots of procurement experts out there, but there is not. What we are all doing—

[96] **Michael German:** Are those Welsh procurement regulations?

[97] **Mr Fiander:** Yes, and we are all trying to feed our way through the process and it does take time.

[98] **Sandy Mewies:** Rhodri, you want to come back, do you not?

[99] **Rhodri Glyn Thomas:** Mae gennyf gwestiwn sy'n dilyn o'r rhai cynt ac o'r hyn a ddywedodd Phil wrth ymateb. Fe gyfeiriwch yn eich papur at y problemau sy'n codi gyda biwrocraiaeth o safbwynt manteisio ar arian Ewropeaidd yn benodol. Yr ydych chi'n sôn am bolisi caffael Llywodraeth Cynulliad Cymru fel problem biwrocraidaidd hefyd. Sut mae hynny'n creu problemau i chi ac a ydyw, mewn gwirionedd, yn eich atal rhag gwneud defnydd llawn o'r arian sydd ar gael?

**Rhodri Glyn Thomas:** Following on from those questions and what Phil said in response, you refer in your paper to the problems that arise with bureaucracy regarding taking advantage of European funding specifically. You talked about the Welsh Assembly Government procurement policy as a bureaucratic problem, too. How does that create problems for you and does it, in fact, prevent you from making full use of the funding available?

[100] **Mr Fiander:** It does not prevent us making full use of the funding available, but everything takes that much longer because you are being over cautious. For example, I was

talking to a Welsh European Funding Office official yesterday about procurement. The official talked about how the European Commission came over and looked at a project in north Wales. The commissioner came back and said, 'It is a wonderful project. We should be publicising this all the way through. This is what we want to hear'. However, his closing remark as he left the room was, 'There may be a technical hitch around the procurement and we may want to claim all the money back'. So, what that does is breed an uncertainty in trying to do things so, therefore, you are over cautious in what you are doing. That creates added bureaucracy and added controls to make sure that you do not end up with that situation. The project is perfectly good but, because of a technical difficulty around procurement, it is just a potential project—and that was the closing remark of a commissioner. So, you will understand why this whole area breeds that type of concern.

[101] **Michael German:** To be clear, are these procurement rules Welsh rules or commission rules?

[102] **Mr Fiander:** They are the European procurement rules because we have to procure according to the European procurement rules, and all countries in Europe are governed by those rules. I understand why we went down the procurement road, and that is well rehearsed, but the problem is that I do not think that we had the expertise in Wales to fully understand the regulations. It was assumed that we did because all the local authorities had procurement officers, but when we procure for European projects, they are different.

[103] **Rhodri Glyn Thomas:** Everyone in the UK says that the UK gold-plates the regulations from Europe, but are you suggesting that the problems arise from Europe rather than from the way in which we interpret the criteria?

[104] **Mr Fiander:** I think that it is a mixture. I think that there is an interpretation, but the interpretation comes as a result of the over-cautiousness in not wanting to pay the money back.

[105] **Rhodri Glyn Thomas:** From your experience, do other countries do it in a different way? Are other countries more flexible?

[106] **Mr Fiander:** There is this rumour, but if we are being told that these are the rules, I wonder how they can manage it. I come across people who say, 'Well, Spain does it this way' or, 'Greece does it this way', but I have never yet seen an example of this. So, I cannot really say whether or not that is the case.

[107] **Sandy Mewies:** Is it anecdotal?

[108] **Mr Fiander:** Yes.

[109] **Sandy Mewies:** We have two minutes.

[110] **Michael German:** Would it be helpful if Phil were to provide the committee with a note on the procurement rules that are causing a problem?

[111] **Sandy Mewies:** I was going to say exactly the same thing. Could you give us some evidence where you know there have been problems with procurement? It would be most useful to us.

[112] **Jeff Cuthbert:** I have a point that is similar to the point that Mike made. It is a shame that we did not have these two sessions the other way around, because we could have raised some of these points with the commissioner that we have just finished the video-conference with. My point is about this issue of the technical problem. I am not expecting you to say



anything now, but can you indicate in your note what the technical problem that the EU official identified is so that we can take it up with whomever, or is there someone who can tell us what it is so that we can pursue it?

[113] **Mr Fiander:** I can give you a name. I can talk to you, Jeff, but I would not want to name the official here.

[114] **Sandy Mewies:** Will you just provide a note on what you can do to the clerk? It does not have to name names, but it would be interesting to know what the issue was.

[115] **Mr Emerson:** One thing I want to bring up is the recognition of Welsh Assembly Government and the Department for Work and Pensions of the traditional expertise of the voluntary projects that are the first-step engagement of these hard-to-reach economically inactive people. It is very difficult to get contracts for that. You can get contracts for X, Y and Z, if you like, where people go directly into work, because the money is there for that, but the first engagement of A, B and C is the hardest bit, which is not recognised. That is the difficulty of sustainability. The contracts that come out are for X, Y and Z to get people into work. The majority of voluntary sector projects deal with the engagement of people and progressing them to X, Y and Z, and that needs to be recognised through these projects by statutory bodies to ensure their sustainability.

[116] **Sandy Mewies:** Thank you, Mal. You put your case very well indeed. I will draw this session to a close now. We will take a short break.

*Gohiriwyd y cyfarfod rhwng 9.56 a.m. a 10.04 a.m.  
The meeting adjourned between 9.56 a.m. and 10.04 a.m.*

**Ymchwiliad Craffu: Dyfodol y Polisi Cydlyniant—Casglu Tystiolaeth drwy  
Gynhadledd Fideo  
Scrutiny Inquiry: Future of Cohesion Policy—Evidence Gathering by Video-  
conference**

[117] **Sandy Mewies:** Thank you for returning so promptly, colleagues. We are going to move on now to the next video-conference on the future of cohesion policy. We are going to be talking to Brian Harvey, social researcher of the European Anti-poverty Network in Ireland. Brian, can you hear me okay?

[118] **Mr Harvey:** Yes, I can. Hello and good morning.

[119] **Sandy Mewies:** Hello, and welcome to committee. Thank you for the work that you have already done. Members have seen your paper. Can you give a brief introduction? I will then be opening this session for members to ask questions.

[120] **Mr Harvey:** Certainly. I am the research consultant for the European Anti-poverty Network in Brussels. It was established in about 1991 in an attempt to bring together all the various national networks concerned with poverty throughout the European Union. It is funded through the Progress programme. It works through different networks and organisations in all the member states. Our main focus has been on promoting policies against poverty throughout the European Union, ranging from the Lisbon strategy—in the future the post-Lisbon strategy—the European Union's employment strategy and so on.

[121] One of the main fields of work of the European Anti-poverty Network is cohesion policy and the structural funds, because we believe that the structural funds have very considerable potential to promote social inclusion across the European Union. We have

encouraged what we call social inclusion non-governmental organisations to be involved not only in delivering social inclusion projects through the structural funds throughout Europe, but also to engage in the policy-making process so that the structural funds themselves are more enlightened in pursuing policies against poverty.

[122] **Michael German:** One of the issues that we raised with the Directorate-General for Employment, Social Affairs and Equal Opportunities this morning was the issue of transnational funding. In your paper you refer to good practice from one programming period being carried forward to the next and you give the Equal programme as an example. It would appear that the commission's understanding of what is happening with the mainstreaming of transnational work has not yet fully taken place, and that it does not expect it to take place until 2010, 2011 or 2012. Where do you draw your evidence from that the lasting benefits of the Equal programme have not been carried forward and that there ought to be some change when it comes to the next round? Can you give a bit more detail of what you would consider to be those lasting benefits?

[123] **Mr Harvey:** In the last round of the structural funds, the Equal programme funded about 2,200 projects across the union. It dealt with issues of inequality and poverty. It funded numerous small, grass-roots NGOs to carry out very valuable and useful work against poverty and against inequality. It followed a bottom-up approach. It believed in empowering the communities in which it worked and it had a strong policy dimension of trying to improve national policies within member states.

[124] Regrettably, that has not happened since then. Indeed, in the original regulation for the current round of the structural funds, Equal was not even mentioned. The European Anti-poverty Network argued that the principles of Equal should be carried forward into the new round, and that was accepted in principle. The problem is that very few countries have actually done this—very few countries have run transnational programmes. France is one example that involves NGOs in anti-poverty work. Many countries, we know from members in the different member states, simply have not done anything at all post-Equal, nor is there any sign of them doing so. This will mean that most of the benefits arising from Equal in setting down good-standard anti-poverty practice at local level will be lost.

[125] We warned the European institutions about this danger five years ago. Regrettably, our warnings have not been heeded and only a few member states, like France, have acted on this. The commission does not appear to be taking seriously our complaints that there has been inaction and, so far as we are aware, has done nothing to challenge those member states that have not followed the Equal programme with any kind of follow-up. The commission says that it might be mainstreaming in 2011-12, but I would ask why did this not happen in 2007 when the new programme came in. It could have happened then and should have happened then.

[126] **Michael German:** What the commission said was that it was going to evaluate what transnational actions had taken place in the current round in 2011-12. It was not that it was going to reconsider, but, obviously, that evaluation would lead to what might happen in 2013. The reason that it gave was that the high cost of administration of Equal and the bureaucracy involved in it was so burdensome that it had to abandon it. Would you agree with that, or would you say that there were other ways around it?

[127] **Mr Harvey:** This is the first time that I have heard this argument presented and, indeed, the commission's own evaluations of Equal speak glowingly of its achievement, its value and its low cost. So, this is an argument that I have not heard before. We have not heard that Equal was a costly or expensive programme, and this would strike me as retrospective justification for inaction.

10.10 a.m.

[128] **Rhodri Glyn Thomas:** You refer in your paper to the need to devise indicators so that we can evaluate how structural funds are promoting inclusion. Can you elaborate on that? Did you have indicators in mind? How would they be incorporated into programmes?

[129] **Mr Harvey:** One of the main weaknesses of the structural funds at the moment is the poor system of monitoring, evaluation and indicators. I would invite you not just to believe me but Fabrizio Barca, who wrote the recent Barca report. He drew attention to this as being a very serious weakness in the structural funds programmes. When we ask ourselves how we can you prove that structural funds have promoted social inclusion, it is actually very difficult, despite the vast amounts of money that undoubtedly go into the structural funds, to prove that there have been such positive outcomes.

[130] In the European Anti-poverty Network, we work very hard on trying to get indicators that will show that the structural funds are promoting inclusion. We are thinking of indicators such as geographical indicators, for example—are structural funds focused in those areas that are truly known to be the poorest? Even at micro level, are they focused within the poorer parts of our cities, for example, and of our rural areas? When we are thinking about the target groups, do we know who participates in structural funds programmes and particularly ESF programmes? Are they the poorest people? We then look at the issue of progression. As a result of participation in ESF programmes, do people go on to improve their life circumstances? Do they go on to get new employment? Is that employment of good quality? Where are they a year or two years later? Then we work on further indicators—is there evidence of improved situations for those groups that are known to be at greatest risk of poverty throughout the European Union, such as unemployed people, single parents and so on?

[131] One problem is that many NGOs are not involved in the monitoring committees and they are not involved in the way in which evaluations are established. Many evaluations do not test for social inclusion, although they could and they should. So, we believe that the monitoring process—the indicator process—needs to be professionalised. It needs to be made much more competent than it is, and it needs to have a much stronger social dimension. We believe that one of the best ways to do that is to include social inclusion NGOs in the decision-making process at all levels, which means that they should be on the monitoring committees and on the evaluation committees and part of the process that sets down the terms of reference for these things.

[132] So, we have a lot of ideas about indicators and how they should work. In some countries they do, but the process is far too limited. Regrettably, the commission itself will not apply sufficient pressure to make things work an awful lot better.

[133] **Rhodri Glyn Thomas:** Is the EAPN active in Wales and, if it is, which organisations are you working with?

[134] **Mr Harvey:** The EAPN is a network that functions, effectively, throughout the UK. This is a feature of the fact that EAPN works according to 27 different member organisations, so it is up to countries that have a very strong regional dimension, such as the UK, to organise that themselves. I am conscious that EAPN in the UK furnishes representation that comes from across Wales, Northern Ireland, Scotland and England, and there has been abundant representation of people from the different regions of the UK at EAPN meetings. I am not intimately familiar, though, with the participation of EAPN Wales in EAPN UK. I am sorry, I cannot answer that question, because my work has essentially been at the European level and I have not been involved in great detail in the activities of the member groups within the individual member states. Obviously, I know them quite well at a personal level.

[135] **Jeff Cuthbert:** Rhodri has asked my main question about links with Wales, but I want to develop a point or two. Just before we began this video-conference we had evidence from the Wales Council for Voluntary Action. Do you have links through them with groups within Wales in procuring or delivering European structural fund projects?

[136] I was interested in what you said about indicators, especially in relation to progression and people going on to employment having learned new skills, which for me is the main way of tackling poverty—getting people working. Do you have a view on how we in Wales are focusing the bulk of our structural funds moneys in line with the Lisbon agenda on jobs and skills, keeping people in work through schemes such as ProAct and ReAct, and trying to get them back into work if they are made redundant? Do you feel that our sense of direction is right?

[137] My final point is about cascading information. How do you ensure, through your organisation, that you catch all the examples of good practice across the European Union, and, indeed, examples of not so good practice, and pass that information on to organisations that you work with so that good experiences are learned and developed and problems are identified and, perhaps, not repeated? How do you work in that way?

[138] **Mr Harvey:** I will try to answer each of those questions in turn. First of all, I am familiar with the work of the Wales Council for Voluntary Action. I know, and I am well aware of, how it has promoted knowledge of the structural funds and the European Union generally within Wales. I have been very impressed with the way in which it has done that and has encouraged smaller NGOs to be involved in the structural funds.

[139] Despite my criticism of the lack of involvement of NGOs in the structural funds in some countries, Britain is considered to be a European leader in its involvement of NGOs in the structural funds, particularly in the European social fund, with significant proportions of the ESF delivered by NGOs. This is not the case in many other European countries, so Britain has been very much a leader on this. I would encourage you to maintain the high level of NGO involvement in the structural funds and in the ESF.

[140] On the actual priorities of the structural funds, much of EAPN's concern has been around those who are furthest from the labour market. A criticism that we have of ESF funding is that it focuses too much on groups that are easiest to reach, on which the highest returns can be generated soonest, and we are thinking of those who are much poorer and who are much more difficult to involve in labour market programmes. We are thinking particularly of, for example, single parents, people living in some of the remoter rural areas, people living in extreme poverty and intergenerational poverty in the urban areas. Here we believe that NGOs have a particularly important role to play because they are much closer to the situation on the ground than most government agencies and they tend to be trusted much more than some government agencies, for numerous different reasons—good and bad.

[141] That is why we would say that the more you can try to involve NGOs in working with those who are furthest from the labour market, the better. That is where we feel the most attention should be given in the active labour market programmes and so on.

[142] To reply to your third question about how we ensure that examples of good practice are shared, one of the things that we have noticed over the years is the extraordinary fracture between the end of one programming period and the beginning of another. We have long experienced, towards the end of a programming period, drawing up of what we consider to be the lessons arising in the area of social inclusion, presenting them to the commission and also to national Governments saying, 'This is what we think is being learned in the different member states', only for the national Governments to go off and redesign a new round of the

structural funds without listening to that. There is no system in place and no structure for the new programme designers in the new round to sit down and look systematically at what we have learned from the past seven years. They do not seem to do that. We see operational programmes and national strategic reference frameworks that, essentially, repeat all the mistakes of the previous seven years and they are written, one suspects, by cutting and pasting from a word processor document that has been lying idle for the previous seven years and has to be got out again because the time for the next round has come around. There is no systematic passing on of the knowledge.

[143] One factor that contributes to that is the lack of sufficient presence of NGOs in the monitoring committees and in the new programme design committees. In EAPN we work very closely with national member organisations that try to get involved in programme design from the earliest possible stage, and now that we are looking towards 2013 we have said to our member organisations, 'Now is the time, not next year or the year after. Now is the time to start signalling to your national Governments, to your ministries of finance or whatever they are called, that you want to get involved in that process'.

10.20 a.m.

[144] There should be a good process of consultation. It should be transparent. It should have clear windows of who can contribute what, where and when, and everyone should have the opportunity to see the different drafts as they evolve. Consultation should be by multiple methods, which include by the type of discussion that we are having, by hearings, by written contribution, by town hall style meetings, through the internet and so on. You need multiple different types of consultation involving many groups at many different levels. We are at the forefront in arguing that groups concerned with social inclusion should be a part of that process but we know that groups involved with environment, gender discrimination and so on must also be a part of that extensive, open-ended, structured, democratic and accountable process of consultation. In addition, non-governmental organisations must be involved in the design teams. We have examples from some countries of where NGOs have been involved in the design of operational programmes. Poland is a good example. We would like to see the NGOs involved throughout the process but certainly early on, because that is when the key decisions are reached, the priorities are set down, and the target groups are identified.

[145] **Rhodri Glyn Thomas:** You have been fairly critical of the lack of development in the work that you undertake within the European programmes. In a sense, is that not also a criticism of yourselves and of the influence that you have had over the years? How exactly do you operate in the European context, and how effective do you think you have been?

[146] **Mr Harvey:** That is a very good question. We operate in three ways. First, we make our views known to the European Commission because that is where the new programmes at European level are drafted. We work closely with Members of the European Parliament and we receive a sympathetic audience from them. They press many of the amendments. To give you a small example, in the last round of the structural funds regulations debate, the MEPs pressed for global grants and for a facility to be available in every member state. They pressed for a strong statement of the partnership principle, which you now see partly in article 11 of the regulations. So, much of the pressure comes from the MEPs and we believe that we play a part in influencing them towards that position.

[147] Our national members, whether the European Anti-poverty Network in the UK or in any other country, endeavour to work with their national Governments and their departments and their regional governments on improving the level of structural funds that they foresee coming to their region in the next seven years. So, we work through those three different main arenas: the European Commission, the European Parliament, and the Council of Ministers in turn. That is how I imagine we see ourselves doing so in the future.

[148] We are conscious, however—and I do draw attention to this in my paper—that there is a more basic problem. The logic model, as it were, of cohesion policy, argues that the problem of inequality in Europe is about poorer places, but we argue that it is about poorer people. So, we have a development model that is based on poor places and on very substantial investment in regional funding, but most of that goes into quite hard infrastructure. That is a very strong development model that has been there for many years. I think that that is challenged in numerous ways by the Barca report. However, we are a very small organisation, up against a very strong development model, dealing with very powerful institutions, which, in fairness, must arbitrate between the many different groups that go to them.

[149] If you are questioning whether we have been effective in our process of influence, that is a good question. We have been partially successful in some areas, but we have been unsuccessful in many others. We would love to be more effective in what we do at the European level and at national level, and we would value any advice that you can give us on that, we really would.

[150] **Jeff Cuthbert:** This question flows from Rhodri Glyn's, and I suppose that what I am asking is whether you agree with what I am about to say. One issue raised as a criticism of Objective 1 is that there was a lack of a coherent exit strategy. Everybody knew that it was coming to an end and that European funding, by its very nature, is temporary, but insufficient attention was paid to what would happen when that funding came to an end. Would a scheme be modified so as to access convergence funding, would it come to a logical end, or would it become sustainable in some other way? Do you think that that is a fair criticism? If so, is not everybody implicated in that? I can say at least that we are determined not to repeat that with convergence, and that the review of an exit strategy will be a part of the constant review and evaluation process. So, when that comes to an end, at the end of 2013—or 2015 with the N+2 targets—there will be a proper exit strategy.

[151] We heard examples from the Wales Council for Voluntary Action earlier of some organisations that could not carry on with the good work that they had done under Objective 1, which is a little surprising because everybody knew that it was coming to an end. Do you think that an exit strategy is important and would you want to emphasise it?

[152] **Mr Harvey:** I do think that it is important, but I also think that the logic of an exit strategy from a region that has improved its circumstances over the previous programme period is fairly inescapable, and one cannot hang on to Objective 1 regions indefinitely simply for the sake of it. There is a much greater challenge for NGOs on the one hand and for people like you as parliamentarians on the other to work with national or regional governments to make sure that that transition is a lot easier and that the learning is passed on. It throws the onus back onto the people working at the local level to make sure that there is an effective strategy in arguing with their own regional or national governments or whatever else it is. Clearly, they will be in a new situation in which the European Commission's role is diminished, so they cannot argue with it as much as they could otherwise. They really have to sort this out between themselves at the national level. We encourage the EAPN member organisations to do that and we try to help them.

[153] **Michael German:** To go back to a point that I was making earlier, another question that I asked of the commission was whether it was looking at devising criteria for the allocation of the European social fund post 2013, based on such measures as unemployment, poverty and social inclusion. The answer to that was 'yes'. You have talked about looking at performance indicators within this round of funding, which is not too dissimilar when we are looking forward to the next stage. Much more specifically, what do you want to see in the regulations that emerge post 2013 for the allocation of funding in relation to poverty and social inclusion?

[154] **Mr Harvey:** We want to see numerous things, really. First, we want a strong role for what is called ‘civil society’ or NGO organisations. We want that to be stated strongly in the regulations and we want to see it stated strongly that NGOs and civil society organisations have the opportunity to participate in the design, delivery, evaluation and monitoring of structural fund programmes. That is the first point.

[155] Secondly, we would like to see delivery methods that facilitate the involvement of social inclusion NGOs. We regard the system of global grants that is used in Britain, but not in many other European countries, as a very good one that should be used extensively, because it enables intermediary organisations that, in turn, enable social inclusion funding to be delivered as close as possible to the local situation.

[156] **Michael German:** What is the definition of a global grant, in your view? Can you just define it for me, please?

[157] **Mr Harvey:** A global grant is defined in the regulations. It is a grant specifically given to an intermediary organisation, which could be a consortium, an NGO, a foundation, or an institute, to deliver a particular programme to a particular group in a particular area. It is given sole responsibility for that under the highest standards of accountability, by the way, but the intermediary body must include people familiar with the circumstances of those whom the grants are intended to benefit. That is used a lot throughout the UK and it is a good system—a very good system. We would like to see global grants reinforced within the next round.

10.30 a.m.

[158] We would also like to see a system that provides effective poverty-proofing for the allocation of structural fund moneys. The test applied, not just to the European social fund but also to the European regional development fund, is whether programmes will benefit those on the lowest incomes and those who are known to be poor. For example, in transport programmes, what is the balance between public and private transport? In tourism programmes, what is the balance between hard tourism and soft tourism? In environmental programmes, what is the balance between projects that benefit poor areas or larger areas? In urban development, what is the balance between programmes that benefit poor estates with intergenerational poverty as distinct from improvements in city centre commercial districts, and so on and so forth? We insist that there be a proper system of poverty-proofing to test who will be the beneficiaries of these programmes and to ensure that that balance is shifted very strongly in favour of those who are poorest and most deprived.

[159] Then, as I said, we want there to be proper systems of evaluation and monitoring, with NGOs involved in them, and with indicators for social inclusion. It is quite extraordinary that in some operational programmes currently running there are no tests for social inclusion whatsoever. Other countries, in contrast, have quite good tests for social inclusion, but some have none at all and those programmes should never have been approved by the commission, but they were. So, we need all those kinds of tests built in.

[160] Then, finally, we need evaluations that test for social inclusion so that, at the end of the day, we are able to ensure that that learning is picked up and is transmitted to the designers of the next round of the structural funds, a point made by your colleague a moment ago.

[161] **Sandy Mewies:** Okay, thank you very much. Thank you, colleagues. Thank you very much indeed, Mr Harvey. I think that you have raised some very important issues today, in fact, some of which had been mentioned before, but you put them very much into context. We

will be sending you a draft transcript of the evidence and, indeed, we will keep you informed as to the conclusions that we reach. Thank you very much indeed for today.

[162] **Mr Harvey:** Thank you. I wish you good luck and success in your deliberations.

[163] **Sandy Mewies:** We will take a short break.

*Gohiriwyd y cyfarfod rhwng 10.33 a.m. ac 10.35 a.m.  
The meeting adjourned between 10.33 a.m. and 10.35 a.m.*

**Ymchwiliad Craffu: Blwyddyn Ewropeaidd Trechu Tlodi ac Allgáu  
Cymdeithasol 2010—Papur Cwmpasu—drwy Gynhadledd Fideo  
Scrutiny Inquiry: European Year for Combating Poverty and Social Exclusion  
2010—Scoping Paper—by Video-conference**

[164] **Mr Klom:** [*Inaudible.*]—City Hall, together with Cardiff Council, CILT Cymru, and a number of other smaller contributors like British Council, Careers Wales, Oxfam, Christian Aid, on that particular theme of the European year against poverty and social exclusion. The focus of that event will be very much on high school children. We did a similar event on another theme this year for 300 of them. We are aiming at 600 for the next event, very much linking up to the Welsh curriculum, and the topic of Wales, Europe and the world, and then the theme will be the European year against poverty and social exclusion.

[165] Among all the contributors to that event, with different sessions for the high school students, we will be providing a session on the European input there where we hope to get colleagues from both the Directorate-General for Employment, Social Affairs and Equal Opportunities and ECHO over here to share their experiences on addressing poverty issues in Europe and beyond. So, for members to note, that is on 9 February 2010.

[166] **Sandy Mewies:** Thank you. That is very useful. I welcome Jonathan Baxter from the Members' Research Service, who is going to answer any questions that we need to ask him, and Gregg Jones. We have had information about the scoping paper. We need to consider and agree the terms of reference for the inquiry, which are in section 8. We need to consider the list of suggested witnesses and agree the priority for taking evidence from witnesses, given that we have limited meeting slots, and that is in section 9. Gregg, did you want to say a few things to start?

[167] **Mr Jones:** I think that the paper is quite self-explanatory, so there is not really anything that I would add at this stage.

[168] **Michael German:** Just on the potential witnesses, we have a large range of stakeholders here in Wales that we have not picked up, apart from the European Anti-poverty Network. In the interval between the last meeting and this one, Andy was telling us that there are competing NGOs working in Brussels. I do not know whether that is in this sector alone, or whether there would be any benefit in also talking to other regions or other people who have declared an interest in promoting this as an event, and whether or not there might be a regional base from which we might be able to take evidence from about what it is up to.

[169] **Mr Jones:** I think that could be very interesting, particularly in terms of looking at sharing best practice and seeing how other regions, other member states, approach this particular European year. There is also a subtext in terms of the approach to European years generally. I think that would be very valuable. I suppose the question is whether that can fit into what may be a one or two-session inquiry, but that is for the committee to decide. I think that there is certainly value in seeing how other people do things.



[170] **Michael German:** It is a question for colleagues here, of course, as to whether this is going to be part of our visit to Brussels, which is now a few months away. If that were the case, we could take a bit more evidence, then, could we not, on a range of different things. We are only three months away from that, are we not?

[171] **Sandy Mewies:** We are. Go on, Jonathan.

[172] **Mr Baxter:** I was just going to say that there is a regional funding element to this, so that would tie in with what you are suggesting.

[173] **Sandy Mewies:** We will have to look at the timing issues, because we have some proposals for that meeting anyway, but it sounds like a good idea and it may be that we can do that. I do not know where it fits into the timetable now. It could be the start or the end, I am not sure. Perhaps we could incorporate at least part of the inquiry into our Brussels visit.

10.40 a.m.

[174] **Michael German:** We can mix the two inquiries together.

[175] **Sandy Mewies:** Yes, I am sure that we can do that. As Gregg has said, there will be timing issues. You will know that the House of Commons has held an inquiry into proposals for this year, and I have asked for a short summary of its conclusion. There is something in the Members' research paper to be circulated individually to Members so that they know exactly what was said. You do not have the papers, Jeff, so perhaps we will circulate those individually to members. Are there any other comments? I see not. Are you happy with the terms of reference and the key issues to be addressed in section 8, with the addition of Mike's suggestion obviously?

[176] **Michael German:** Perhaps the last sentence ought to say, 'And lessons learned about, and good practice on, how you handle European years of this sort when they come up'. There may be best practice that we can pick up for the future.

[177] **Sandy Mewies:** I am sure we can word that in a certain way and circulate it to Members. As regards the list of potential witnesses, I am hoping that we will have contacted the Anti Poverty Network Cymru by then.

[178] **Rhodri Glyn Thomas:** Does it exist?

[179] **Sandy Mewies:** I think so. I understood that it did, so we hope that it does. Of course, if Members have some ideas after this meeting, please send them as soon as possible to the clerk and we will look at incorporating them. As I say, it is going to be a short and sharp inquiry, I would think.

[180] We have Andy at the European level, and we have the MEPs and the European Anti-poverty Network. Mr Harvey was very good, was he not?

[181] **Rhodri Glyn Thomas:** He did not hold back, did he?

[182] **Sandy Mewies:** So, we have some ideas there. Gregg, do you have anything to add? Are you happy with that?

[183] **Mr Jones:** I think so. We did have one question, when we looked at the Welsh Assembly Government, about which Minister we should invite. Would it be the First Minister in terms of the European agenda or, looking at it specifically in relation to the poverty and

social inclusion agenda, I would guess that that would make it Brian Gibbons. That was the only question we were not entirely clear on.

[184] **Sandy Mewies:** We could invite more than one, could we not? We can look at inviting more than one.

[185] **Michael German:** The testing question surely would be to ask the Welsh Assembly Government who has responsibility for promoting the European year for combating poverty and social exclusion.

[186] **Sandy Mewies:** We could invite two. Leave that one with us, Gregg. You are right that it is an interesting point. Members are agreed on that. Andy, did you want to add anything else?

[187] **Mr Klom:** I am not sure whether I have already mentioned it, but the UK-level co-ordination will be held by the Department for Work and Pensions, and it is at the UK level trying to gather or co-ordinate the different organisations and authorities involved.

[188] **Sandy Mewies:** It will be interesting to find out who is co-ordinating from here with the DWP, would it not? With that, I think that we have agreed what we needed to agree. Thank you, Gregg, very much for being here. Thank you, Jonathan, for the paper, which was very good.

[189] We have a paper to note, so I ask that Members note the minutes of the last meeting.

[190] This meeting is now closed. The committee will meet again on Tuesday, 3 November 2009.

*Daeth y cyfarfod i ben am 10.44 a.m.  
The meeting ended at 10.44 a.m.*