

## Y Pwyllgor Menter a Busnes

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Lleoliad:  
Ystafell Bwyllgora 3 – y Senedd

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Dyddiad:  
Dydd Iau, 24 Ionawr 2013

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Amser:  
13:15

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



I gael rhagor o wybodaeth, cysylltwch â:

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### Agenda

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Cyfarfod cyn y prif gyfarfod (13.15 – 13.30)

#### 1. Cyflwyniad, ymddiheuriadau a dirprwyon

#### 2. Sesiwn ddiweddarau: Cronfeydd Strwythurol Ewropeaidd (13:30 – 14:00)

Yr Athro Danuta Maria Hübner ASE, Cadeirydd, y Pwyllgor ar Ddatblygu Rhanbarthol

#### 3. Y wybodaeth ddiweddaraf am Gronfeydd Strwythurol Ewropeaidd gan y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd (14.00 – 15.00) (Tudalennau 1 – 18)

Alun Davies, Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd

Damien O'Brien, Prif Weithredwr, WEFO

Rob Halford, Pennaeth Cynllunio a Strategaeth

Ôl-drafodaeth (15.00 – 15.10)

## **Enterprise and Business Committee 24 January 2013**

### **Update from the Deputy Minister for Agriculture, Food, Fisheries and European Programmes on EU Structural Funds 2014-2020**

#### **Evidence Paper**

#### **Introduction**

1. This paper provides evidence to the Committee on the development of EU Structural Funds programmes for 2014-2020.
2. Negotiations over the legislative proposals continue between the EU institutions and Member States, whilst the Multi-Annual Financial Framework (MFF) negotiations which will set the financial framework for the 2014 – 2020 programme period, has yet to be agreed by Member States. We have continued to engage positively and pro-actively with the UK Government and EU institutions to seek clarifications and improvements to the legislative proposals, in particular to increase flexibility, promote simplification and improve harmonisation across the Structural, Rural and Fisheries funds.
3. Against this backdrop, detailed development of the 2014-2020 EU programmes in Wales has continued on the basis of the European Commission's legislative proposals which were issued in October 2011. We have developed our proposals in full partnership with stakeholders and policy experts from across Welsh Government departments and the wider public, private and third sectors. Development of the programmes has now reached an advanced stage and our 'Wales and the EU: Partnership for Jobs and Growth' public consultation got underway on 14<sup>th</sup> January.

#### **Current Status of Negotiations**

4. Negotiations over the European Commission's legislative proposals have continued since the publication of the proposals in October 2011, led by the Poland, Denmark and Cyprus Presidencies of the EU. Ireland took over the presidency on 1 January 2013.
5. In November 2012, partial general agreement was reached on all negotiating blocks (with the exception of those linked to the MFF), creating a mandate for negotiation with the European Parliament. Negotiation has now moved into a new phase of trilogues between Council, Parliament and the Commission and the first preliminary agreement, on strategic programming matters (covering the Partnership Agreement, content of Operational Programmes and partnership principles), was reached on 19 December 2012.
6. The UK Government Department for Business, Innovation and Skills represents the UK at working group meetings on the negotiations, and the

Welsh Government has been proactive in ensuring its views are represented by BIS through official-level discussions on a weekly basis.

7. I also keep in touch regularly with the UK Minister for Europe and have participated in key meetings of the EU General Affairs Council where Cohesion Policy has been discussed. I have regular discussions with our Welsh MEPs, who will be particularly influential in this next phase of negotiations with the European Parliament, and have met with MEPs from elsewhere in Europe, who sit on relevant Parliament committees, to discuss Wales' position on the legislative proposals.
8. Discussions with the UK Government also continue in relation to the UK's Partnership Agreement (formerly referred to as "Partnership Contract") for the future EU programmes. The Partnership Agreement will set out how the UK's programmes will, collectively, contribute to achieving the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth, and how the various EU funding streams will be used together to do so. Wales, Scotland and Northern Ireland will be drafting their own individual national chapters for this agreement, reflecting the different development needs and priorities within the devolved administrations.
9. A key milestone in developing the Partnership Agreement was reached when the European Commission recently launched (on 6<sup>th</sup> December 2012) its position paper on the UK's development needs and priorities for investment. In this paper, the Commission outlined Labour Market & Social Inclusion, Research & Innovation, SME Competitiveness and Renewable Energy and Resource Efficiency as key areas on which the UK should focus across its EU funded programmes.

### **Multi-Annual Finance Framework Discussions – impact on Welsh Allocation**

10. In developing our programmes, we have been working on the basis that Wales will qualify for Structural Funds in the same way as for the current programmes, based on GDP compared to the EU27 average (EU28 following the accession of Croatia in July 2013). On this basis, West Wales and the Valleys would be likely to qualify for the highest level of Structural Funds support (Less Developed status), and East Wales for the lowest level (More Developed status).
11. There has been uncertainty over the amount of future investment that is likely to be available in Wales. Despite the special European Council meeting on the MFF on 22-23 November 2012, important differences of opinion remain on a number of key issues, especially the overall size of the budget and the fairness of the distribution between Member States. We understand that a further meeting is being planned by the Irish Presidency for February 2013.
12. The UK Government's aim is to achieve, at least, a real-terms freeze in the overall EU budget, with reductions in support to the wealthier Member

States, where its ultimate aim is to eliminate Structural Funds altogether. The Welsh Government view remains that Structural Funds should be available to the poorest regions, irrespective of Member State's GDP, that some form of 'transitional' funding should be made available to regions growing out of Convergence funding, and that the budget needs to be adequate and appropriate to deliver the Europe 2020 priorities.

13. We understand that budget proposals put forward by the President of the European Council would result in a reduction in the overall Structural Funds budget. Estimates for the potential financial allocation to Wales on the basis of this budget proposal should be treated with a great deal of caution as they are not directly comparable to current programme allocations, as they rely on different data, and the budget proposals are not sufficiently detailed to derive an exact calculation.
14. Having said this, early estimates suggest that the proposal put forward by the President of the European Council – if adopted – would result in a reduction in the Structural Funds allocation to West Wales and the Valleys of several hundred million pounds when compared with current levels of investment. The East Wales allocation is more difficult to anticipate, as it is subject to negotiation with the UK Government. We know, however, that the East Wales allocation will, as now, be much less than for West Wales and the Valleys.
15. I continue to work closely with my UK Ministerial colleagues, and represent Wales at the Joint Ministerial Committee on Europe so that Wales' specific needs are recognised by the UK in its negotiations over the MFF and that any budget reductions do not disadvantage less developed regions in Europe.
16. It is clear that there is pressure on both EU and domestic budgets and so it is critical that we plan to invest our resources in a much more focused and targeted way, identifying key strategic projects that will enable us to hit the ground running, and this is reflected in our programme proposals.

### **Development of 2014-2020 Programme Proposals**

17. On 8<sup>th</sup> January 2013 I made a Statement to the Assembly outlining proposals for the EU Structural Fund and Rural programmes. We are now seeking the views of partners and stakeholders across Wales through our public consultation: 'Wales and the EU: Partnership for Jobs and Growth'
18. Development of the new programmes has been underpinned by partnership engagement with Welsh Government departments and the wider public, private and third sectors. This has been supported through a European Programmes Partnership Forum, Ministerial Advisory Group and expert Workstreams which have helped in developing the detailed programme contents, and continue to shape the detail of how programmes will be delivered.

19. A “Reflection Exercise” on the future programmes took place between December 2011 and January 2012 and has informed the strategic direction of the programmes. As I outlined in my Statement to the Assembly on 8<sup>th</sup> May 2012, this exercise provided the framework for the detailed development of the programme proposals which are currently out for consultation.

### **Synergies with Horizon 2020, Smart Specialisation, Innovation Strategy**

20. The Welsh Government continue to input into the UK Government’s Horizon 2020 steering group and the sub-group established to consider synergies between Horizon 2020 and Structural Funds.
21. Detailed proposals for a new innovation strategy for Wales are also under consideration, with an announcement anticipated in the first quarter of 2013. The strategy, together with Science for Wales, form Wales’ Smart Specialisation Strategy and meet the precondition for Structural Funds support in the area of research, technological development and innovation.
22. Wales has a unique position of being part of the highly successful UK Research and Innovation system but is also a recipient of considerable European Structural Funds. This provides us with an opportunity to build a ‘stairway to excellence’ and challenge recipients of Structural Funds to demonstrate how they will be more successful in winning future H2020 funding.

### **Finance Committee report into the effectiveness of the current Structural Funds implementation.**

23. I note the Finance Committee’s Inquiry and report into the effectiveness of the Structural Fund programmes 2007-13 and I will be responding formally to the Committee’s recommendations shortly.
24. I welcome the Committee’s recognition that *‘key targets and requirements determined by Europe for the use of (Structural) Funds are being met’* and that *‘Wales has put in place effective systems for monitoring and distributing funds received from Europe, to a wide range of both national and local projects that made a critical difference to people’s lives’*.

### **Guilford Review of Implementation Arrangements**

25. My statement to the Assembly on 8<sup>th</sup> January updated members on the progress of Dr Grahame Guildford’s review into the effectiveness of the current Structural Funds implementation. Dr Guildford’s final report and recommendations will be published in March 2013.
26. The Terms of Reference for the Guilford Review on the effectiveness of the current Structural Funds implementation also includes consideration of the Finance Committee’s Inquiry Report and recommendations. Over the

coming weeks, Dr Guilford will be undertaking further research and discussions with stakeholders..

### **Update on Enterprise & Business Committee Recommendations**

27. An update on progress towards the Committee's recommendations in their February 2012 report on Draft legislative proposals for EU Structural Funds 2014-2020 was provided to the Committee in September 2012. A further update on each recommendation is provided in **Annex 1**.

## Annex 1 – Update on Committee Enquiry Recommendations

Recommendation	Response (March 2012)	Update (January 2013)
<p>1. We therefore congratulate the European Commission on its draft proposals and urge the Welsh Government to support and defend them from substantial amendment following negotiation at EU level – although subject to the issues we raise in paragraphs 8 to 25 below.</p>	<p><b>Accept</b></p> <p>The Welsh Government has welcomed the draft proposals several times, most recently in providing evidence to the Committee. They present a number of opportunities and challenges for Wales and have provided a good starting point for negotiations. Whilst looking to defend the substance of the regulations the Welsh Government will continue to press for greater simplification, integration and flexibility across all funds and programmes.</p>	<p>Negotiations have reached partial general agreement on all blocks of the legislative proposals, forming the mandate for further negotiations with the European Parliament in early 2013, although several elements are subject to further negotiation upon agreement of the Multi-Annual Financial Framework. The Welsh Government has contributed to the UK negotiating position on the proposals, in particular leading the drive for increased harmonisation across the regulations between the different EU funds.</p>
<p>2. We urge the Welsh Government to formulate, in collaboration with the higher education and business sectors, an innovation strategy for Wales that identifies how the Welsh economy can be transformed through prioritising investment in</p>	<p><b>Accept</b></p> <p>The Welsh Government's drive to strengthen policy and integration of research, innovation and science capacity and excellence across Wales has led to the appointment of Chief Scientific Advisor for Wales and the launch this month of Science for Wales, the Welsh Government's strategic agenda</p>	<p>Detailed proposals for a new innovation strategy have been prepared with the close involvement of major stakeholders including Higher Education and business. These will shortly be put before Ministers.</p>

<p>skills, research and technological development, including renewable technologies, and how these investments can generate vibrant local supply chains to support them. We also recommend that the strategy should be peer reviewed and benchmarked against international best practice.</p>	<p>for science.</p> <p>An innovation strategy is already being planned to complement Science for Wales and the Welsh Government will encourage the involvement of higher education and business sectors in its development. An initial call for evidence is expected to be launched in April and a consultation document expected later this year.</p> <p>The existence of a regional Smart Specialisation Strategy is a precondition for Structural Funds support in the area of research, technological development and innovation. The Welsh Government will ensure that the Science for Wales and the complementary Innovation Strategy will meet these conditions. Consideration will be given to peer review and bench marking of a Wales Innovation Strategy.</p>	<p>The Welsh Government has joined the EC Smart Specialisation Platform and has applied for peer review of the strategy. This has been scheduled by the platform for the first available opportunity, which is in March 2013.</p>
<p>3. We recommend that the Welsh Government should align its priorities for the next round on EU Structural Funds with those in the EU's Horizon 2020 strategy to build greater capacity within higher education research and development priorities, and to attract research "stars" to Wales.</p>	<p><b>Accept</b></p> <p>The Welsh Government has recognised the need to align research and innovation activity in the 2014-2020 EU Structural Funds programmes more closely with Horizon 2020. Structural funds will be able to help address barriers to accessing Horizon 2020 and other competitive funds, in particular through building capacity and creating networks. The Welsh Government will also look to learn</p>	<p>This has been reflected in the draft documents for the new Structural Fund programmes, which are currently subject to a full public consultation.</p>



	<p>lessons from successful capacity building activities under the 2007-2013 programmes, such as the Low Carbon Research Institute (LCRI) which is now successfully accessing Framework 7 funding.</p> <p>The major research priorities identified in Horizon 2020 broadly align to existing and emerging research priorities in Wales, and also reflect industrial sectors which are generating increased investment and job creation, and therefore where focused investment has the potential for economic benefit as well as more sustainable living. Structural Funds programmes would be expected to fully reflect Welsh Government policies in each priority area, but it would not be appropriate to commit to specific activities, such as research “stars”, at this stage in the development process.</p>	
<p>4. We further recommend that the Welsh Government should contribute to the negotiations on the Horizon 2020 proposals to help secure maximum benefits for Wales.</p>	<p><b>Accept</b></p> <p>The Welsh Government is fully engaging with the UK Government in support of its negotiations on the EU’s Horizon 2020 proposals.</p>	<p>The Welsh Government inputs into the UK Government’s Horizon 2020 steering group and the sub-group established to consider synergies between Horizon 2020 and Structural Funds.</p>
<p>5. We urge the Welsh Government to defend the European Commission’s proposed categorisation of regions; the</p>	<p><b>Accept</b></p> <p>The Welsh Government first set out this position when the former First Minister opened the debate at</p>	<p>Discussions over the Multi-Annual Financial Framework are ongoing; proposals discussed at the November 2012 special European</p>

<p>availability of Structural Funds for the poorest regions, irrespective of Member States' Gross Domestic Product; the availability of transitional funding for regions growing out of Convergence funding; and sufficient budget to deliver the Europe 2020 priorities.</p>	<p>the Fourth Cohesion Forum in Brussels in 2007. The Welsh Government has worked hard within the UK and across Europe to ensure this message was regularly reiterated in the debate and is pleased to see it fully reflected in the draft regulations. The Welsh Government will continue to work with MEPs and other allies to defend these priorities; however, we recognise there is still a fight to win in terms of securing equivalent levels of funding, per capita, to support those categories of regions.</p>	<p>Council meeting would, if adopted, result in a reduced allocation to West Wales and the Valleys compared to the current programme period. The next Multi-Annual Financial Framework discussion at European Council is likely to be in February / March 2013.</p>
<p>6. We recommend that the Welsh Government should develop, in consultation with its partners, a specific Welsh chapter to the UK's Partnership Contract with the European Commission that sets out the priorities and needs of Wales.</p>	<p><b>Accept</b></p> <p>The Welsh Government's evidence to the inquiry set out the view that the Partnership Contract would need to reflect the realities of devolution, and respect the Devolved Administrations' differences in policy and approach to delivering Europe 2020.</p> <p>The Welsh Government understands that, barring significant changes to the regulations, both the European Commission and the UK Government recognise the need for such demarcation within the UK Partnership Contract. It is fully expected that each of the Devolved Administrations and England will have separate chapters or sections within the Partnership Contract.</p> <p>Wales does not exist in isolation, however, and the Welsh Government is committed to working</p>	<p>Development of the Partnership Agreement continues in conjunction with colleagues in the UK Government, Scottish Government and Northern Ireland Executive. It is confirmed that the devolved administrations will have separate chapters.</p> <p>The European Commission issued in December 2012 a position paper on the priorities and challenges for the UK. This paper sets the context for development of the Partnership Agreement and highlights Labour Market &amp; Social Inclusion, Research &amp; Innovation, SME Competitiveness, Renewable</p>

	<p>constructively with the UK Government and the other Devolved Administrations so that the Partnership Contract is more than just four separate contracts, but offers a coherent and joined-up description of how we can collectively deliver the shared goals set out in Europe 2020.</p>	<p>Energy and Resource Efficiency as key areas for focus. These are themes which are broadly in line with Wales' draft programme proposals which are currently under consultation.</p>
<p>7. We recommend that the Welsh Government should seek clarification on whether macro-economic conditionalities will apply to the UK, and if they do, should seek to change the proposals to remove the potential future threat that Wales could lose funding as a result of failure at UK level to comply with those macroeconomic conditionalities.</p>	<p><b>Accept</b></p> <p>The Welsh Government has been opposing macro-economic conditionalities since they were first proposed by the European Commission. We were disappointed to see them set out in the structural funds regulations, but note that they are driven by wider discussions on Economic Governance following the economic crisis and problems in the Euro-area. The Welsh Government is not clear how macro-economic conditions would improve performance of regional programmes, and note that there is a risk that they could penalise those regions and Member States that need structural funds the most. We are working with the UK government in opposition of the proposed macro-economic conditions, who are confident the UK will be exempt in any case.</p> <p>Should it appear at any stage that macro-economic conditions will apply to the UK, the Welsh Government will seek immediate discussions with the UK Government to mitigate any potential effect</p>	<p>Negotiations on the application of macro-economic conditionalities fall within the remit of the Multi-Annual Financial Framework discussions (part of the 'negotiating box' that includes financial allocations and funding formula).</p> <p>The Welsh (and UK) Government reject the imposition of such macro-economic conditions and sanctions, particularly given that the UK is outside of the Eurozone - and therefore not subject to the same economic governance framework as Eurozone countries.</p> <p>The draft legislation still includes provisions for the EC to apply macro-economic conditionalities in appropriate circumstances. We will therefore continue to push for</p>

	of any such conditions on Wales.	greater certainty that the UK will be excluded from these measures.
8. We recommend that the Welsh Government should seek clarification on the Commission's expectations for a performance framework that would enable project sponsors and managing authorities to measure and evaluate outcomes as opposed to outputs. We also support the call from the Welsh higher education sector that the performance framework should include indicators that can measure impacts and outcomes such as research capacity and innovation.	<p><b>Accept</b></p> <p>The Welsh Government continues to be a strong advocate of a robust performance framework. The Welsh performance framework already includes indicators that measure results for each project. Projects are also required to undertake an evaluation which will look to identify and capture outcomes and impact. The Welsh Government will be looking to further strengthen monitoring and evaluation for 2014-2020, with an emphasis on measuring results, outcomes and impact. This will include a review of indicators across all priority areas, including for research capacity and innovation.</p>	This continues to be considered in development of the new programme proposals.
9. We recommend that the Welsh Government should seek clarification on the potential impact of the proposed performance reserve mechanism.	<p><b>Accept</b></p> <p>The Welsh Government has opposed proposals for the re-introduction of a performance reserve since the proposal was first suggested; noting in particular the broadly accepted failure of a similar mechanism during 2000-2006. The regulations do not offer any reassurance that this reserve would not encourage programmes that lack ambition and innovation and</p>	The 5% performance reserve is one of a number of legislative elements linked to the Multi-Annual Financial Framework, and therefore has been set aside for consideration by Council after the MFF agreement. The Welsh Government will continue to work with the UK Government and

	<p>that prioritise easy wins over tackling difficult problems.</p> <p>The impact on financial management and planning is clear, as five percent of the entire funding allocation would be withheld until at least 2019. The short time remaining for spending that five percent is likely to lead to a focus on spending it rather than on delivering outcomes.</p> <p>The Welsh Government will continue to work with the UK Government and MEPs to make the case for the removal of proposals for the compulsory inclusion of a performance reserve, while at the same time championing a strengthened performance framework that places an emphasis on delivering outcomes and results. Should the reserve remain, we will be seeking reassurances and amendments to mitigate the negative impacts a reserve mechanism can create.</p>	<p>MEPs in making the case for removing these proposals.</p>
<p>10. We recommend that the Welsh Government should carry out a thorough impact assessment of the European Commission's proposals for thematic concentration thresholds to see how these would affect spending levels in Wales.</p>	<p><b>Accept in principle</b></p> <p>The Welsh Government is supportive of the principle of thematic concentration, but feels this should be a concentration of each region's choosing rather than a pre-determined list. The Welsh Government's approach to negotiations is to seek maximum flexibility in programming choices to allow the driver for the 2014-2020 programmes to be our</p>	<p>The budget allocation which will be available to Wales' programmes is yet to be confirmed.</p> <p>We have adopted concentration of resources as a key principle for the future programmes to ensure that the programmes will have a</p>

	<p>distinctive Welsh policies and Programme for Government. It should also be noted that negotiations are ongoing and proposals may alter significantly from the original drafts.</p> <p>An initial analysis of the regulations indicates that they would allow a broadly similar policy focus to current programmes. If the proposed thematic concentration were applied to current programmes only the ERDF Convergence programme would be materially affected, requiring a greater degree of thematic concentration. As the regulations stand, this could potentially mean a narrower range of activities being supported, with funds being re-allocated to a combination of Research and innovation, SME competitiveness and / or Low-Carbon investments in renewable energy and energy efficiency.</p> <p>The Welsh Government will continue to assess the likely impact of all Commission proposals as negotiations progress and we get more certainty on the likely budgetary allocations and the direction of travel on the elements of thematic concentration.</p>	<p>transformative effect on Wales' economy. In developing draft proposals for the future Structural Fund programmes, the Commission's requirements for thematic concentration have been considered and reflected in the proposed programme content.</p>
<p>11. We recommend that the Welsh Government should seek clarification on how integration would work in terms of the application of different intervention</p>	<p><b>Accept</b></p> <p>The Welsh Government notes the Commission's emphasis on better integration of the Structural Funds (ESF, ERDF, Cohesion Fund) with the rural</p>	<p>We have continued to raise these issues with the Commission and MEPs.</p> <p>Together with a wider delegation</p>

<p>rates between the different funds for actions supported.</p>	<p>(EAFRD) and fisheries (EMFF) funds through a Common Strategic Framework. The Welsh Government strongly supports any measures that will enable greater integration of the funds. The Common Strategic Framework, if done well, could be an important instrument to facilitate opportunities across funds and help to simplify access to that funding. The Welsh Government has already created a new European Programmes Directorate which will look to capitalise on the opportunities that greater integration presents.</p> <p>The Welsh Government is working closely with the UK Government and MEPs to try and improve integration across the various regulations, aiming to increase commonality and simplify processes. Intervention rates are one of a number of areas where there remain significant differences. The Welsh Government is seeking clarification on how integration in this and other areas will work in practice and making suggestions for improvement where we can (for example through the integration of the Commission's audit processes).</p>	<p>of UK Officials, we met with senior Commission Officials in October 2012 to explain the importance and urgency of addressing inconsistencies and barriers to joining-up delivery of CSF funds.</p>
<p>12. We recommend that the Welsh Government should negotiate for maximum flexibility in terms of the definition of "urban areas" and for managing authorities, rather than Member</p>	<p><b>Accept</b></p> <p>The European Commission has indicated there are no restrictions set out in the regulations for definitions of "urban areas" or cities for sustainable urban development. We also understand that it will</p>	<p>We look forward to discussions with the UK Government over the months ahead to address how the UK Partnership Agreement will define the principles for identifying urban areas and measure</p>

<p>States, to direct how and where the five per cent of funding for sustainable urban development will be spent.</p>	<p>be for the Member State to decide on a preferred approach to meeting the five percent minimum allocation for sustainable urban development in cities.</p> <p>The Welsh Government fully expects to contribute to the five percent target and to work with the UK Government and other Devolved Administrations to meet that target collectively.</p> <p>Our first priority will be to ensure that Wales can determine how it intends to meet its share of the UK target, and that funding to do so comes from our own allocation (rather than a centralised or top-sliced UK pot). Given the very different approaches to urban development across the UK, and most importantly the devolved nature of the policy objectives, we do not consider it viable to adopt a centralised UK-wide approach.</p> <p>Secondly, we will need to have discussions with the UK Government to try and come to an agreement for any definitions that could apply in a UK context. Should a UK definition not prove negotiable we will seek to include specific definitions for Wales in the Partnership Contract.</p>	<p>investments towards the 5% target.</p>
<p>13. We recommend that the Welsh Government should seek to maximise the potential and</p>	<p><b>Accept</b></p> <p>The Welsh Government has been pressing for</p>	<p>The Welsh Government has continued to press for flexibility in the regulations which could</p>



flexibility of Structural Funding to benefit capital infrastructure projects in Wales.	flexibility across the regulations to allow a broad range of investments, in capital infrastructure, including investments in 'smart' sustainable infrastructure (e.g. R&D facilities, learning infrastructure, energy and sustainable transport).	support delivery of capital infrastructure projects in Wales. This flexible approach is adopted in programme proposals which are currently subject to consultation, and will be discussed in detail with the European Commission later in 2013.
14. In order that Welsh concerns and needs are addressed during the coming months of negotiations, we recommend that the Welsh Government should continue to be involved in key discussions at the UK level.	<p><b>Accept</b></p> <p>The Welsh Government continues to work closely with the UK Government, including at a Ministerial level through the Joint Ministerial Council on Europe, to pursue Welsh interests. The Welsh Government is committed to working constructively with the UK Government in agreeing negotiating positions and priorities.</p>	The Deputy Minister for Agriculture, Food, Fisheries and EU programmes continues to engage with Ministerial colleagues from the UK government and devolved administrations. Most recently, he has represented Wales' views at the Joint Ministerial Council on Europe in discussions surrounding the Multi-Annual Financial Framework. Welsh Government officials continue to engage on a regular basis with officials in the UK Government and devolved administrations over the detail of the Commission's legislative proposals, and in developing the UK's Partnership Agreement.

<p>15. We also endorse the actions of the Deputy Minister for Agriculture, Fisheries, Food and European Programmes in ensuring that Wales's voice is represented in the European Parliament and at the General Affairs European Council.</p>	<p><b>Accept</b></p> <p>The Welsh Government welcomes the Enterprise and Business Committee's acknowledgement of the efforts of the Deputy Minister for Agriculture, Fisheries, Food and European Programmes in ensuring that Wales's voice is represented in Europe.</p>	<p>The Deputy Minister for Agriculture, Food, Fisheries and European Programmes continues to proactively engage in EU-level discussions including, most recently, participation in the EU General Affairs Council (20 November 2012).</p>
<p>16. Further, we fully support a team Wales approach to discussions and negotiations at UK and EU levels that fully engages the higher education, private and voluntary sectors.</p>	<p><b>Accept</b></p> <p>The Welsh Government is fully committed to engaging with its external stakeholders - including those in the higher education, private and the Third Sector - in the development of post-2013 European programmes.</p>	<p>The Welsh Government continues to engage a wide range of stakeholders and experts in the development of post-2013 European Programmes, through strategic partnerships and workstreams. 14<sup>th</sup> January 2013 saw the launch of the public consultation: 'Wales and the EU: Partnership for Jobs and Growth' on future EU Structural Funds and Rural Development programme in Wales.</p>
<p>17. We recommend that the Welsh Government should, in partnership with the UK Government, investigate funding for electrification of the Swansea to Cardiff rail line through the</p>	<p><b>Accept in Principle</b></p> <p>The Welsh Government is making the case to the UK Government for electrification of the Swansea to Cardiff rail line, to complement the planned electrification of the rail link from London to Cardiff.</p>	<p>Following strong representations by the Welsh Government, plans for the electrification of the Great Western Main Line to Swansea and the Valley Lines were announced by the Secretary of</p>

<p>Connecting Europe Facility.</p>	<p>Investment in rail infrastructure is non-devolved and remains the responsibility of the UK Government.</p> <p>The Connecting Europe Facility (CEF) is a proposal by the European Commission to replace the existing funding programmes for Trans European Networks. A new regulation on the Trans European Transport Network is proposed, which would differentiate a core network from the existing – comprehensive - network. CEF funding would predominantly be focussed on the core network. Under current Commission proposals the core rail network would end in Cardiff. The Welsh Government is continuing to press the case for Milford Haven to be recognised as a core port, which would strengthen the case for extending the core rail network.,</p> <p>Support from the Connecting Europe Facility will be explored as a financing option for a range of infrastructure priorities. It should be noted that this funding route falls outside the scope of Structural Funds, is centrally administered by the European Commission and allocated on a competitive and limited basis through strict and relatively narrow criteria. Any bids for investment will need to be prioritised against those criteria.</p>	<p>State for Transport for the investment period 2014-2019. European funding is therefore not required for the project.</p> <p>The Welsh Government is also considering other priorities across Wales that could be suitable for Connecting Europe Facility support.</p>
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