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Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a  
Rhaglenni Ewropeaidd  
Deputy Minister for Agriculture, Food, Fisheries and  
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Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Nick Ramsay AM  
Chair of the Enterprise and  
Business Committee  
Cardiff Bay  
CF99 1NA

27<sup>th</sup> February 2012

*Dear Nick,*

#### **EUROPEAN STRUCTURAL FUNDS PROGRAMMES: PRIVATE SECTOR ENGAGEMENT**

I am writing to you as Chair of the Enterprise and Business Committee to clarify a comment made at a meeting of the Committee on 22 September 2011.

During the evidence-taking session on European Structural Funds at that meeting I outlined my belief that 'Wales is second from top of the European countries in working with the private sector. Only the Netherlands has a better record than us.....'

This view was based on longstanding feedback provided by the European Commission (EC) to the Welsh European Funding Office (WEFO) which had been communicated verbally to me about Wales' historic performance of the amount of private sector match funding for the programmes. This has been the long-held view of government and has been quoted in evidence in the past, for example, a paper to the European and External Affairs Committee in March 2006 noted 'only the UK and Netherlands have levered in private match funding to any great extent...'

Since that meeting I have asked WEFO to undertake a number of in-depth studies of the place of the private sector and the role played by that sector in the management and delivery of European programmes. Members of the Committee will note the publication of a paper on private sector involvement in the European programmes in the coming few weeks.

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*Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)*

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In terms of understanding the current position, clearly, the position is continually changing, as certified expenditure continues to be confirmed by Member States to the EC and as closure work for the 2000–2006 programming period is yet to be finalised by the EC. Reporting practices among Member States also vary widely, as do definitions of 'private' match funding. For example, the EC has confirmed that under EC Regulations, Member States have the option to express the ERDF contribution either as a percentage of the total eligible cost or the total public cost.

Given the above, it is difficult to provide the Committee with evidence to underpin and support the remarks made to the Committee in September. I was therefore very anxious to write to the Committee with this clarification at the earliest opportunity to ensure that no Member is inadvertently misled by this comment.

I can assure the Committee, however, that the private sector is benefiting significantly from the European Structural Fund programmes 2007–2013. To date, we have invested £740m (EU funds £350m) to support businesses, with schemes such as JEREMIE having already invested £82m to 385 SMEs. Overall, EU projects have reported to date, the assistance of 7,600 businesses and the creation of over 2,150 businesses. In addition, private sector organisations have won 900 procurement contracts worth £380m to help deliver the activities of EU projects.

As part of the development arrangements for the prospective European programmes 2014–2020 in Wales, we will also be working very closely with the private sector, which is already strongly represented on the European Programmes Partnership Forum and our Programme Monitoring Committees. Furthermore, as I indicated above I will be publishing a specific consultation document which seeks to increase private sector involvement in the delivery of any future tranche of European programmes.

I would wish to repeat my view that business will drive the growth of the Welsh economy and we are keen to build on the progress made so far in engaging the private sector, both as beneficiaries of investments and in the delivery of the programmes.

A handwritten signature in dark ink, appearing to read 'Yn eidd' followed by a stylized 'Alun'.

**Alun Davies AC / AM**

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