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# European Structural Funds Indicators Study – Ireland-Wales European Territorial Co-operation Programme Report



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Views expressed in this report are those of the researcher and not  
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## Glossary

Acronym/Key word	Definition
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI	European Structural and Investment
ETC	European Territorial Co-operation
EW	East Wales
HEI	Higher Education Institution
SME	Small and Medium-sized Enterprises
S.O.	Specific Objective
R&D	Research and Development
RD&I	Research, Development and Innovation
RET	Regional Engagement Team
WEFO	Welsh European Funding Office
WWV	West Wales and the Valleys

## **1. Introduction**

- 1.1 Wavehill was appointed by the Welsh European Funding Office (WEFO) to undertake a study of the progress made against key Welsh European Programme indicators and identify reasons behind any indicators which are currently behind target or at risk of not meeting targets by the conclusion of the programme.
- 1.2 The indicators in scope for the review included indicators across five programmes:
- East Wales European Regional Development Fund 2014-20
  - West Wales and the Valleys European Regional Development Fund 2014-20
  - East Wales European Social Fund 2014-20
  - West Wales and the Valleys European Social Fund 2014-20
  - Ireland-Wales European Territorial Co-operation Programme 2014-20.
- 1.3 The study consisted of the following main tasks:
- Desk based analysis of background documents, including operational programmes and rationale documents setting out how original indicator targets were quantified
  - Desk based analysis of spend, indicator targets, commitments to date against these targets and achievement against indicator profiles. This work reviewed achievement to date, as well as achievement up to March 2020 – in order to allow analysis of changing trends in indicator achievement since the outbreak of the COVID-19 pandemic
  - Interviews with stakeholders involved in management and administration of the programme, policy leads within Welsh Government and project delivery leads, to gain a deeper understanding of the reasons behind the performance of the indicators in scope for this study
  - Additional contextual analysis to draw out wider evidence surrounding reasons for variance against performance indicators under the programme
  - Synthesising findings, sharing and testing these findings with delivery partners in WEFO and production of reports.

- 1.4 This report covers the findings relating to the European Territorial Co-operation Programme.

### **Content of the Report**

- 1.5 The remainder of the report consists of the following:
- Section 2 sets out the methodology used in the study
  - Sections 3 to 4 set out the findings of the analysis across the two Specific Objectives of the programme within scope for this study
  - Section 5 provides a series of conclusions from the study.

## **2. Methodology**

- 2.1 The sections below provide a high-level overview of the main quantitative and qualitative fieldwork methodologies used to gather evidence that has been synthesised to draw out the findings presented in this study. In addition, research tools are included in Annex A.

### **Desk based analysis of background documents**

- 2.2 The review of background documents for the study primarily included a review of:
- Ireland-Wales European Territorial Co-operation Fund 2014-20 Operational Programme
  - Target Setting Methodology papers for the programme
  - Annual Implementation Reports for the programme.

### **Desk based analysis of spend, indicator targets, commitments and achievements**

- 2.3 This was undertaken at the outset of the programme using data up to the end of June 2021, then updated again in early 2022 for data up to the end of December 2021.
- 2.4 The analysis reviewed progress against the indicators in scope (which focused on those at risk of not meeting targets), as well as wider indicators within each Specific Objective, to help contextual understanding of achievements. It also reviewed commitments and achievements against targets/profiles up to March 2020, in order to allow for analysis of changing trends in indicator achievement since the outbreak of the COVID-19 pandemic.

### **Interviews with stakeholders**

- 2.5 This included interviews with stakeholders involved in management and administration of the programme, policy leads within Welsh Government and project delivery leads, to gain a deeper understanding of the reasons behind the performance of the indicators in scope for this study. Consultees were provided by client leads within the Welsh European Funding Office and selected to provide a range of perspectives across each Specific Objective area of the programme (only those within which indicators in-scope for the study sat). This was designed to

ensure insights gained from those involved in policy, programme management and project delivery.

- 2.6 A full set of consultees and topic guides used in the fieldwork is included in Annex A.

### **Additional contextual analysis**

- 2.7 Where relevant, additional contextual analysis was undertaken with a view to test and verify key findings emerging from the fieldwork, which would help to explain performance of the indicators in scope for the study. This included:

- Analysis of secondary data sources, such as through the Office for National Statistics
- Further review of project level evaluation evidence
- Review of wider academic or other literature around relevant socio-economic trends.



### **3. Findings from ETC Specific Objective 1 – Increase Intensity of Knowledge Transfer Collaborations**

#### **Overview of Specific Objective**

- 3.1 The aim for Specific Objective 1 as set out in Ireland Wales Co-operation Programme 2014-2020 was 'To increase the intensity of knowledge transfer collaborations involving research organisations and SMEs in line with the shared priorities of the smart specialisation strategies' (S3).
- 3.2 Example activities for this specific objective included the following:
- Transfer of knowledge between academia (higher and further education and research institutions) and SMEs, and supply chains in between, to support business innovation in line with the shared priorities of the smart specialisation strategies and improve innovation
  - Piloting of initiatives to test innovative products, processes or services, based on Key Enabling Technologies and the S3, in areas with commercial potential including cross-border research and pilot projects to demonstrate practical application and transferability to business and wider communities
  - Cross-border demonstration, testing, and marketing of new products, services, processes and systems, based on Key Enabling Technologies and the S3 i.e. enabling development of new products, processes or services, including those with commercialisation potential
  - Creation of cross-border innovation clusters or networks including creating a platform for HEI, third sector, businesses and public sector agencies to collaborate and co-ordinate their activities on a cross-border basis to meet the needs of the Programme area – for example a portal based on the Irish Sea
  - Joint cross-border design of innovative solutions which could include piloting, testing or finding ways to overcome barriers to innovation particularly those faced by SMEs and Social Enterprises including barriers faced by underrepresented groups and populations which are isolated, excluded or at risk of exclusion
  - Co-operation platforms which develop the concept of the citizen scientist (i.e. community involvement) working innovatively with HEIs and other research organisations thus enabling community enterprises to learn from academia, innovate and increase investment

- Linking academia and SMEs to develop and transfer models of best practice to assist internationalisation and competitiveness of SMEs, and trade developed using cross-border partnerships.

**Table 3.1: Output and Outcome Indicators for SO1**

Outputs	Outcomes
Number of enterprises receiving support	Employment increase in supported enterprises
Number of enterprises receiving non-financial support	Private investment matching public support in innovation or R&D projects
Number of enterprises cooperating with research institutions	Number of enterprises supported to introduce new to the market products
Number of enterprises participating in cross-border, transnational or interregional research projects Table 3.1: Output and Outcome Indicators for SO1	Number of enterprises supported to introduce new to the firm products
Number of research institutions participating in cross-border, transnational or interregional research projects	
Number of new or enhanced cross-border innovation networks	
Number of pilot projects completed	

Note: Highlighted cells used to show the indicators in scope for this study

### Target Setting Approach

3.3 The targets for indicators SO1 were based on the following in the original target setting paper:

- Number of enterprises cooperating with research institutions – ‘It is anticipated this number will be considerably lower than that of the enterprises receiving support given the EC definition states ‘cooperation should last at least for the duration of the project’
- Number of pilot projects completed – ‘Whilst it is anticipated this will be an important part of this Priority Axis, it is not the focus and as such it is only anticipated just under a quarter of projects will involve a pilot project’
- Number of enterprises receiving support – ‘In the 2007-2013 programme for every €24 401 ERDF spent an SME was assisted. This figure has been used to set this target’

- Employment Increase in supported enterprises – ‘In the 2007-2013 programme for every €161 523 ERDF spent a gross job was created. However, a significant proportion of these were internal project jobs rather than permanent jobs. As such a target of 35 was deemed appropriate’.
- Number of enterprises supported to introduce new to the market products - ‘In the 2007-2013 programme for every €47 026 ERDF spent a new product or process was developed. However, this indicator was the number of new products or processes produced rather than the number of enterprises supported to introduce new to the market products. It has also been calculated on new to the beneficiary products /processes rather than new to the market products and the indicator for the 2014-2020 will only count products and not processes. Given, the increased difficulty of producing new to market rather than new to firm products, the target has been set accordingly.
- Number of new or enhanced cross-border innovation networks – ‘There is no equivalent indicator for this in the 2007-2013 programme. It is anticipated at least one new or enhanced cross-border network will be created per project participating in this activity’

**Table 3.2: Progress of ETC SO 1 Indicators which are at Risk of not Achieving Targets**

Outputs / Outcomes	Target	% Of Target Committed	Outputs Profiled to date	% Of Spend/Profiled Outputs Achieved to date
Spend (£m)	31.7	105%	N/A	59%
Number of research institutions participating in cross-border, transnational or interregional research projects	45	62%	18	100%
Number of enterprises receiving support	1,200	62%	425	100%
Number of enterprises receiving non-financial support	1,200	62%	425	100%
Number of enterprises supported to introduce new to the firm products	600	32%	111	78%

**Table 3.3: Progress of SO1 Indicators at Risk and Summary of Explanatory Factors**

	Summary of Progress	Explanatory Factors
Commitments	<ul style="list-style-type: none"> <li>Substantial under-commitment across output indicators on enterprises supported, enterprises receiving non-financial support, and research institutions participating (62 per cent of target committed for all three)</li> <li>Substantial under-commitment for number of enterprises supported to introduce new to the firm products outcome</li> </ul>	<ul style="list-style-type: none"> <li>The nature of support that has come forward through the programme has been more intensive (and more costly per output) than originally anticipated. Although leading to fewer supported enterprise and research institutions participating outputs, other key economic outcomes from this SO, including employment increase, new-to-market products and private investment are all very close to achieving targets or have exceeded them already</li> <li>Regarding new to firm product outcome targets, the original aspiration was for one in every two businesses supported to deliver against this outcome. In practice, the lower committed numbers of businesses supported has reduced down commitments against this and delivery partners were only able to commit to around one in four supported businesses to go on to achieve this outcome</li> </ul>
Output Achievement	<ul style="list-style-type: none"> <li>Achievement against profile target is 100 per cent to date across all output indicators</li> </ul>	<ul style="list-style-type: none"> <li>Although indicators are all showing as 100% achievement against profile to date, this largely reflects that these outputs have been reprofiled to reflect lagging performance.</li> <li>Programme was behind in achievements against profile target before the outbreak of the COVID-19 pandemic, however the impact of the pandemic causing disruption to businesses (due to moving to remote working, restrictions on international travel impacting on collaborative working, and staff being furloughed) and the reduced business confidence to engage with RD&amp;I support have all constrained progress with achieving outputs under this SO</li> </ul>
Outcome Achievement	<ul style="list-style-type: none"> <li>Achievement levels for new to firm products outcome is currently below profile targets (78 per cent of profile to date target achieved)</li> </ul>	<ul style="list-style-type: none"> <li>Project was behind in achievements against profile target before the outbreak of the COVID-19 pandemic, however the impact of the pandemic on business confidence to invest in RD&amp;I and new product development has further constrained progress in achievements against this outcome</li> </ul>

## **Expected Future Performance**

- 3.4 It is currently anticipated that the three outputs indicators covered here will all fall short of target levels and are unlikely to even achieve within tolerance levels<sup>1</sup> of targets.
- 3.5 Similarly the new to firm products target is expected to fall short even of the tolerance levels of targets.

## **Wider Evidence**

### *Benchmarking new to firm product target*

- 3.6 The overall allocation of funding to this specific objective was around £31.7m, with an aim to support 1,200 SMEs. Comparing these figures directly suggests average investment per SME of around £26,000. Following this support, the target was for 50 per cent of SMEs (600) to produce new to the firm products.
- 3.7 The Wales ERDF programmes in East Wales and West Wales & Valleys under Specific Objective 1.2 utilise the same indicators, and therefore provide a helpful benchmark. Figures from this programme are as follows:
- In WWV, there is an allocation of £167m, and a total of 2,380 SME supported targets. This translates to support per SME around £70,000. There is then a target for around 30 per cent of these (725) to produce new to the firm products.
  - In EW, there is an allocation of £57m, and a total of 990 SME supported targets. This translates to support per SME around £56,000. There is then a target for around 25 per cent of these (250) to produce new to the firm products.
- 3.8 In both cases, despite more intensive support on average per SME supported, there is a significantly lower expectation around the proportion of supported businesses producing new to the firm products. These benchmarks indicate that the targets set for the ETC programme around new to the firm products may have been over-ambitious.

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<sup>1</sup> [Tolerance levels for achievement of performance framework targets are assumed to be at least 85% of the target being achieved by the end of the programme, in line with European Commission guidance.](#)

*Research highlighting the impacts of COVID/Brexit on SME appetite to invest in RD&I*

- 3.9 Prior to the pandemic, the percentage of innovation-active firms in Wales was already down to 46.5 per cent in the period 2014-2016, in comparison to 50.8 per cent in the period 2012-2014<sup>2</sup>.
- 3.10 The pandemic appears to have exacerbated this, investment in innovation tending to fall sharply in times of crisis, driven by internal financial resources or slack and varying market incentives. UK-based innovative firms surveyed in early 2021 as part of the ERC's longitudinal survey of innovating firms were marginally more optimistic about the outlook than they were in Autumn 2020, but were still experiencing significant challenges constraining their capacity to engage in innovation and complete projects on time. Collaboration between firms and most types of partners had fallen and the majority still classified their R&D capacity as "disrupted".<sup>3</sup>
- 3.11 In Ireland, results from the 2019-2020 Business Expenditure on Research and Development survey<sup>4</sup> show that enterprises in Ireland (SMEs accounting for 89.7% of enterprises engaged in R&D) had increased spending on Research and Development activities by 17.5 per cent in 2019, compared with expenditure in 2017.
- 3.12 According to a survey on the impact of Brexit on Irish SMEs, pausing or cancelling investment was one of the most common steps taken mitigate both Brexit and Covid-19 uncertainty<sup>5</sup>. Higher overall rates of innovation and innovation spending in 2020 compared with 2018 (in-house R&D expenditure went up by just over 100 per cent) are attributed to new innovations, mainly by large enterprises (73 per cent of total expenditure) in response to the pandemic<sup>6</sup>

**Conclusions on the Indicators at Risk**

- 3.13 The three outputs and one outcome covered in this section are all expected to fall short of target levels, and even short of the tolerance margins for these targets. For the outputs this primarily reflects the differing nature of support delivered which has

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<sup>2</sup>Roper, S. & Turner, J. (2020), 507

<sup>3</sup> Albonico, Mladenov & Sharma (2020), 4

<sup>4</sup> Central Statistics Office of Ireland (a)

<sup>5</sup> Central Statistics Office of Ireland (b)

<sup>6</sup> Central Statistics Office of Ireland (c)

been more intensive and costly per output, but other outcome indicators show the main economic outcomes have still been delivered (employment increase, investment, new to market products).

- 3.14 The new to firm product outcome had an ambitious translation rate (aim for one in two businesses supported to achieve the outcome) which was constrained both by lower numbers of businesses supported and a climate with lower business confidence to invest in RD&I and new product development.
- 3.15 None of these indicators are performance framework targets, but it would nevertheless be valuable to capture the learning about what has been achieved and what target levels might have been more realistic to support future programme planning. This evidence may be needed in providing a wider narrative to the European Commission around delivery under this SO at the closure of the programme.

## **4. Findings from ETC Specific Objective 3 – Realise Potential of Natural and Cultural Assets in Increasing Visitor Numbers**

### **Overview of Specific Objective**

- 4.1 The aim for Specific Objective 3 as set out in Ireland Wales Co-operation Programme 2014-2020 was 'To sustainably realise the potential of natural and cultural assets in increasing visitor numbers to coastal communities in the Programme area'.
- 4.2 Example activities for this specific objective included the following:
- Cross-border promotion and development of business opportunities which take full advantage of the sustainable management of natural and cultural resources, such as niche tourist attractions, including coastal and cultural attractions and maritime heritage sites – including cross-border marketing approaches; and the implementation of cross-border events and communication measures to increase interest
  - Joint design, implementation and development of cross-border maritime tourism development strategies and initiatives based on the sea and heritage assets – such as support for tourism at sea and maritime heritage
  - To promote opportunities for joint eco-tourism, in particular sustainably using natural and cultural assets for tourism initiatives in coastal areas
  - Joint branding and marketing of our natural and cultural assets to create opportunities for increasing visitors to coastal communities and attractions including promotion of marine leisure e.g. yachting, cruising, canoeing, and other water-based activities
  - Utilising the coastal and sea-based environment as an enabler to promote healthy living through outdoor activity
  - Supporting cross border entrepreneurial activity involving SMEs and micro-enterprises active in promoting maritime leisure, heritage and traditional, cultural and creative industries located along the coast
  - Enhancing the coastal and marine environment to make the area a more attractive place to visit. This may include activities such as maintaining the blue flag status of beaches, engaging and creating capacity in communities in the conservation of their natural and cultural heritage and ideas in innovative community, environmental and economic development; support for the



- development and promotion of joint environmental enhancement activities; and cross-border partnerships between research stakeholders and the community
- Joint design of job enhancing innovative solutions for coastal communities' regeneration based on cultural and natural heritage tourism – where common problems are faced, or opportunities are available on both sides of the Irish Sea.

**Table 4.2: Output and Outcome Indicators for SO3**

Outputs	Outcomes
Number of pilot projects completed	Employment increase in supported enterprises
Number of new tourism networks promoting cultural, natural or heritage assets	
Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism	

Note: Highlighted cells used to show the indicators in scope for this study

- 4.3 Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism is a performance framework indicator for the Ireland-Wales Cooperation Programme.

### Target Setting Approach

- 4.4 The targets for indicators SO3 were based on the following in the original target setting paper:
- Number of new cross-border partnerships cooperating around cultural and natural heritage – 'All operations should contribute to this indicator and so there should be a minimum of 1 new cross-border partnership created per operation'
  - Number of communities participating in cross-border cooperation around natural and cultural heritage – 'Given the types of actions outlined in the CP and the experience of the 2007-2013 programme, it is envisaged operations involving communities will account for a third of the projects in this priority'
  - Number of pilot projects completed – 'A Pilot project is defined as a small scale preliminary study conducted to evaluate feasibility, time, cost, adverse events,

and effect size (statistical variability) in an attempt to predict an appropriate sample size and improve upon the study design prior to performance of a full-scale project'

- Employment Increase in supported enterprises – 'Within Priority 2 of the 2007-2013 programme for every €52 1143 spent a job was created. However, a significant proportion of these were internal project jobs rather than permanent jobs. As such a target of 10 was deemed appropriate'.

**Table 4.2: Progress of ETC Specific Objective 3 Indicators which are at Risk of not Achieving Targets**

Outputs / Outcomes	Target	% Of Target Committed	Outputs Profiled to date	% Of Spend / Profiled Outputs Achieved to date
Spend (£m)	15	68%	N/A	19%
Number of new tourism networks promoting cultural, natural or heritage assets	12	117%	2	100%
Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism	20	170%	14	79%
Number of pilot projects completed	2	0%	-	0%
Employment increase in supported enterprises	10	80%	2	0%

**Table 4.3: Progress of SO3 Indicators at Risk and Summary of Explanatory Factors**

	Summary of Progress	Explanatory Factors
Commitments	<ul style="list-style-type: none"> <li>The 'new tourism networks' and 'coastal communities participating' outputs are both over-committed against targets</li> <li>There is 0 per cent commitment against the 'pilot projects' output</li> <li>Eighty per cent of the employment increase outcome has been committed</li> <li>Some of the under-commitment in this SO also reflects under-commitment of spend (only 68 per cent committed to date)</li> </ul>	<ul style="list-style-type: none"> <li>Overall commitments against these indicators are good, however remaining allocated spend in this SO needs to be focused on increasing commitment against pilot projects and employment increase to 100 per cent or above</li> </ul>
Output Achievement	<ul style="list-style-type: none"> <li>The new tourism networks output has achieved 100 per cent of the profile to date, while the 'coastal communities participating' output has achieved 79 per cent of profile to date</li> </ul>	<ul style="list-style-type: none"> <li>Despite the significant impacts of the outbreak of the COVID-19 pandemic on the visitor economy sector (which caused enormous reductions in international tourism), the programme has been successful in finding creative approaches to continuing to deliver support to sector businesses and stakeholders, meaning output achievement is close to or on track for the main output indicators</li> <li>There has nevertheless been a lag in achieving outputs as a result of sector disruption, so although on track against profile, both the 'new tourism networks' and 'coastal communities participating' outputs remain at less than 60 per cent of total targets achieved</li> </ul>
Outcome Achievement	<ul style="list-style-type: none"> <li>Zero per cent of the employment increase outcome profile to date has been achieved</li> </ul>	<ul style="list-style-type: none"> <li>The lag in output achievement has constrained translation of outputs to the employment increase outcome. More importantly however the significant impacts of the COVID-19 outbreak on the tourism sector have meant that businesses in this sector have been highly unlikely to be recruiting new employees over the last two years</li> </ul>

## **Expected Future Performance**

- 4.5 With the tourism sector beginning to re-emerge, stakeholders anticipate achievement against outputs will continue to grow. It is also anticipated that remaining under-spend in this SO will be allocated to enable pilot projects target to be delivered. It is anticipated all of these targets will meet or get to within tolerance levels of their targets.
- 4.6 Regarding the employment increase outcome, this is more difficult to predict at this stage, as there have been no outcomes achieved to date, however the fact that the target number is low and that the sector is re-emerging suggests that these targets could be achievable.

## **Wider Evidence**

### *Evidence on tourism and projections over the next 12-18 months*

- 4.7 According to the latest Wales Tourism Barometer report (published April 2022)<sup>7</sup>, the majority (74 per cent) of Welsh tourism businesses, across all sectors and regions, say they are confident about running the business profitably in 2022, although answers tend to be 'fairly confident' (47 per cent) rather than 'very confident' (27 per cent). Visitor volumes are generally expected to be good, either because bookings have already come in or last-minute bookings are expected. According to the report, the worst of the pandemic, and its impact on everyday life, is considered to be behind the sector and there is much more optimism about tourism than in the previous two years. This optimism is, however, offset by the significant rise in operating costs, meaning that many businesses could be busy this year without making a significant profit.
- 4.8 According to Fáilte Ireland's Tourism Barometer, the most commonly cited causes for concern this year are rising energy costs (82%) and operating costs besides energy (78%). The third most commonly cited concern was the war in Ukraine<sup>8</sup>.
- 4.9 In Ireland, overseas bookings are still well below pre-Covid levels in every accommodation sector, with businesses reporting that the last-minute booking trend in 2022 means that the summer is still quite hard to predict (ibid). Only 7 per cent,

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<sup>7</sup> Lydall (2022)

<sup>8</sup> Fáilte Ireland, Tourism Barometer (2022)

however, said there was nothing to be positive about, the pandemic subsiding being the most commonly cited reason to be positive.

- 4.10 The cost of fuel is a particular concern regarding the ability of consumers to afford to travel to Wales and Ireland, and for activity operators and attractions for whom vehicles are a core part of their offering. Opinions vary on how the war in Ukraine will impact tourism, some business owners reporting that enquiries are dying down since it began, while others expect the war to discourage some UK and Irish holidaymakers from travelling abroad.

### **Conclusions on the Indicators at Risk**

- 4.11 The substantial impacts of COVID-19 on the travel and tourism sector have significantly constrained and changed the way activity under this SO has been delivered, and has contributed to under-commitment and relatively low spending in this SO. While progress has still been made and is likely to grow as the sector re-emerges over the next year, achievement levels are currently low and there remains a risk of under-performance across all of these indicators.
- 4.12 The number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism is a performance framework indicator for the Ireland-Wales Cooperation Programme and as such it is important to retain a strong focus on achievement of this indicator. It is currently over-committed and has already achieved 55 per cent of output targets, and stakeholders remain confident this should be achieved, at least within tolerance levels. Nevertheless, it will continue to be important to closely monitor progress against this over the coming months, with any indication that performance is slipping further behind potentially triggering a need to explore re-negotiation with the European Commission around this indicator, on the basis of the more challenging context facing the tourism sector.

## 5. Conclusions

5.1 This section draws together a summary of the conclusions set out for each of the ETC indicators in scope for this study.

Indicator	Conclusions
<b>Specific Objective 1 – Increase Intensity of Knowledge Transfer Collaborations</b>	
Number of research institutions participating in cross-border, transnational or interregional research projects	<ul style="list-style-type: none"> <li>• <u>High risk of these output indicator not being achieved</u>, although not performance framework targets.</li> <li>• Primarily reflects the nature of support delivered which has been more intensive and costly per output. Despite this, wider outcomes show the main economic outcomes have still been delivered (employment increase, investment, new to market products) – just concentrated in a smaller number of beneficiaries.</li> </ul>
Number of enterprises receiving support	
Number of enterprises receiving non-financial support	
Number of enterprises supported to introduce new to the firm products	<ul style="list-style-type: none"> <li>• <u>High risk of this outcome indicator not being achieved</u>, although not a performance framework target.</li> <li>• Key reasons were the translation rate from outputs was over-ambitious (much higher than that used in the ERDF programmes) as well as the lower number of outputs, noted above.</li> </ul>
<b>Specific Objective 3 – Realise Potential of Natural and Cultural Assets in Increasing Visitor Numbers</b>	
Number of new tourism networks promoting cultural, natural or heritage assets	<ul style="list-style-type: none"> <li>• <u>Anticipated that the target will be achieved</u>. This is not a performance framework target.</li> </ul>
Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism	<ul style="list-style-type: none"> <li>• <u>Medium risk</u> – stakeholders expect the target to be met, at least to within tolerance levels, however this will require continued close monitoring, and there could be a case to renegotiate this target. <u>This is a performance framework target</u>.</li> </ul>

Indicator	Conclusions
Number of pilot projects completed	<ul style="list-style-type: none"> <li>• <u>Anticipated that the target will be achieved</u>, at least to within tolerance levels. This is not a performance framework target.</li> </ul>
Employment increase in supported enterprises	<ul style="list-style-type: none"> <li>• <u>Medium risk</u> – stakeholders expect the target to be met, at least to within tolerance levels, however this will require continued close monitoring. This is not a performance framework target.</li> </ul>

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## Annex A

The sections below set out:

- A list of consultees engaged as part of the consultation fieldwork for this study
- Copies of three topic guides used for different stakeholders in the study.

### Consultees

Name	Stakeholder Type
Mike Pollard	Welsh Government
Linda Weaver	Welsh Government
Kevin Fernquest	ETC Project Lead
Rhian Phillips and Tracy Davies	ETC Project Lead
Lisa Jones	ETC Project Lead
Barbara Burchell	ETC Project Lead

## Topic Guide A: WEFO and Policy Teams

### ERDF and ESF Indicator Review Study – WEFO / Policy Team Consultation Topic Guide

#### Questions

#### Introduction

Could you start by giving an overview of your role and the European Programme investment priority and Specific Objective areas you work most closely with.

*[Direct Questions to the Specific Objective Areas of greatest relevance. Aim to cover a maximum of 4 Specific Objective areas within one consultation]*

#### **Refer to Sections A and B of the SO Specific Information – Indicators in Scope for Analysis, and Programme Commitments**

1. Have there been changes in policy / strategy since the outset of the programme which have:
  - a. materially altered the type of projects that partners wanted to fund under this Specific Objective?
  - b. contributed to under-commitment against the indicators outlined above?
2. Are there certain project types where there were no or fewer than expected funding applications, that has led to under-commitment against the indicators outlined above?

#### **Refer to Section C of the SO Specific Information – Output and Outcome Delivery**

3. To what extent has there been disruption to project delivery for projects within this Specific Objective area, relating to COVID-19 or other factors, and what has the effect of this been e.g.:
  - a. Made some activities no longer possible
  - b. Slowed down delivery
  - c. Led to higher costs for activities
4. To what extent has there been lower demand for project activities from potential beneficiaries than expected, and if so, is this related to:
  - a. economic climate
  - b. changes made to project delivery e.g. moving to online delivery
  - c. changes to the wider market offer e.g. competitor projects
5. Are there any larger scale projects with delivery challenges that are disproportionately affecting performance against these indicators?

6. Have changes in socio-economic conditions affected what beneficiaries do, or opportunities available after receiving support through this Specific Objective?
  - a. To what extent has this affected outcome target achievement?
  - b. Is outcome achievement lower overall, or are outcomes just taking longer to materialise?

***Refer to Section D of the SO Specific Information – Original Assumptions for Target Setting***

7. Are there issues with how these indicators are defined?
  - a. Are these indicators less relevant now for this Specific Objective?
  - b. Have there been any issues with projects collecting the required evidence for output or outcome indicators under this Specific Objective?
8. Does the rationale for setting these targets still hold?
  - a. Have any deliverables proved more costly to deliver than originally anticipated, leading to under-commitment?
  - b. Has the translation from outputs to outcomes been weaker than expected due to wider socio-economic conditions?
  - c. What other factors make this rationale for target setting less appropriate now?
9. Do you feel the projects funded under this Specific Objective differ significantly from the projects from the previous programme which were used to help set indicator targets?
  - a. If so, in what way?
  - b. Do you see this as a factor which may help to explain any risks of under-performance against indicators under this Specific Objective?
10. Are there any other factors not covered here which you believe are relevant in understanding any risks of under-performance against indicator targets?
11. Do you believe there are future factors over the next two years, not already discussed, which could affect performance of the indicators under this Specific Objective?
  - a. If so, please outline what these are and how you think they might affect future delivery and achievements
12. What changes do you believe may be needed to these indicators and targets – including addition / removal of possible indicators or re-quantification of targets?
  - a. What is the basis for this?
  - b. Is there any wider data / evidence you are aware of that supports this suggestion?

## ETC Specific Objective 1: Increase Intensity of Knowledge Transfer Collaborations

Section A - Indicators in scope for this review relating to the Specific Objective:

- Number of enterprises supported to introduce new to the firm products
- Number of research institutions participating in cross-border, transnational or interregional research projects
- Number of enterprises receiving support
- Number of enterprises receiving non-financial support

Section B - Programme Commitments:

- **Indicative funding** is at 105% committed
- **Number of enterprises supported to introduce new to the firm products** is at 32% committed
- **Number of research institutions participating in cross-border, transnational or interregional research projects** is at 62% committed
- **Number of enterprises receiving support** is at 62% committed
- **Number of enterprises receiving non-financial support** is at 62% committed

Section C - Project Output and Outcome Delivery:

- **Number of enterprises supported to introduce new to the firm products** - profile to date target is at 69% achieved
- **Number of research institutions participating in cross-border, transnational or interregional research projects** - profile to date target is at 70% achieved
- **Number of enterprises receiving support** - profile to date target is at 71% achieved
- **Number of enterprises receiving non-financial support** - profile to date target is at 71% achieved

Section D - Original Assumptions for Target Setting

- No information provided on target setting methodology.

### **ETC Specific Objective 3: Realise Potential of Natural and Cultural Assets in Increasing Visitor Numbers**

Section A - Indicators in scope for this review relating to the Specific Objective:

- Number of pilot projects completed
- Number of new tourism networks promoting cultural, natural or heritage assets
- Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism
- Employment increase in supported enterprises

Section B - Programme Commitments:

- **Indicative funding** is at 68% committed
- **Employment increase in supported enterprises** is at 80% committed
- **Number of new tourism networks promoting cultural, natural or heritage assets** has been fully committed
- **Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism** has been fully committed
- **Number of pilot projects completed** is at 0% committed

Section C - Project Output and Outcome Delivery:

- **Employment increase in supported enterprises** - profile to date target has not been achieved at all (0%)
- **Number of new tourism networks promoting cultural, natural or heritage assets** - profile to date target has been fully achieved
- **Number of coastal communities participating in cross-border cooperation around cultural, natural or heritage tourism** - profile to date target has been 79% achieved
- **Number of pilot projects completed** - profile to date target has not been achieved at all (0%)

Section D - Original Assumptions for Target Setting

- No information provided on target setting methodology.

## Topic Guide B: Project Deliverer

# ERDF and ESF Indicator Review Study – Project Lead Consultation Topic Guide

## Questions

### Introduction

1. Could you start by giving an overview of what the project is delivering and your role in this.
2. Overall, to what extent is this project on track with delivery against its output and outcome indicators?
  - a. Which indicators, if any, are behind target?
  - b. Have you needed to renegotiate targets, or will you need to do so?
  - c. For any that are behind target, to what extent do you believe you will be able to catch-up on achievement against these?
3. To what extent has there been disruption to project delivery, relating to COVID-19 or other factors, and what has the effect of this been e.g.:
  - a. Made some activities no longer possible?
  - b. Slowed down delivery?
  - c. Led to higher costs for activities?
  - d. Other effects (if so, please state)?
4. To what extent has there been lower demand than expected for the activities delivered by the project, from potential beneficiaries, and if so, is this related to:
  - a. Economic climate?
  - b. Changes made to project delivery e.g. moving to online delivery?
  - c. Changes to the wider market offer e.g. competitor projects?
  - d. Other factors (if so, please state)?
5. Have changes in socio-economic conditions affected what beneficiaries do, or opportunities available after receiving support through this project?
  - a. To what extent has this affected outcome target achievement?
  - b. Is outcome achievement lower overall, or are outcomes just taking longer to materialise?
6. Are there issues with how any of the indicators are defined?
  - a. Are any of the indicators less relevant now for this project?
  - b. Have there been any issues with collecting the required evidence for output or outcome indicators under this project?

7. Does the rationale for the scale of these targets still hold?
  - a. Have any deliverables proved more costly to deliver than originally anticipated, leading to under-achievement?
  - b. Has the translation from outputs to outcomes been weaker than expected due to wider socio-economic conditions?
8. Are there any other factors not covered here which you believe are relevant in understanding any risks of under-performance against the project's indicator targets?
9. Do you believe there are future factors over the next two years, not already discussed, which could affect performance of the indicators under this project?
  - a. If so, please outline what these are and how you think they might affect future delivery and achievements

## Topic Guide C: Regional Engagement Team

### ERDF and ESF Indicator Review Study – RET Consultation Topic Guide Questions

#### Introduction

1. Could you start by giving an overview of your role with the European Structural and Investment (ESI) Fund Programmes and how long you have been working in this area.
2. Across the different Specific Objective areas of the programme, do you feel there have been any changes in policy / strategy since the outset of the programme which have altered the type of projects partners are seeking funding for, or affected commitment levels in that area?
  - a. In answering, please state which Specific Objective areas of the ERDF, ESF or ETC programme your answers refer to (full list at the end of the topic guide).
3. Are there certain project types where there were no or fewer than expected funding applications, that has led to under-commitment in any of the Specific Objective areas?
4. To what extent has there been disruption to project delivery, relating to COVID-19 or other factors, and what has the effect of this been in terms of timings, costs or feasibility of delivery?
  - a. In answering, please state which Specific Objective areas of the ERDF, ESF or ETC programme your answers refer to (full list at the end of the topic guide).
5. To what extent has there been lower demand than expected for the activities provided by funded projects, from potential beneficiaries?
  - a. If so, in which Specific Objective areas?
  - b. What do you believe were the factors addressing this, such as:
    - i. economic climate
    - ii. changes made to project delivery e.g. moving to online delivery
    - iii. changes to the wider market offer e.g. competitor projects
6. Are there issues with how any of the programme indicators are defined?
  - a. Are any indicators less relevant now for the Specific Objectives they are linked to?
  - b. Have there been any issues with projects collecting the required evidence for output or outcome indicators that you are aware of?
7. Are there any other factors which you believe are relevant in understanding any risks of under-performance against indicator targets across any of the ESI Fund programmes?



8. Do you believe there are future factors over the next two years, not already discussed, which could affect performance of the indicators under the ESI Fund programmes?
- a. If so, please outline what these are and how you think they might affect future delivery and achievements

### Summary of Specific Objectives in Scope for this Study

(Note: Numbering refers to the West Wales and the Valleys Programmes. Numbering for the East Wales Programmes are slightly different)

<b>ERDF</b> <ul style="list-style-type: none"> <li>• 1.1 – Research Capacity</li> <li>• 1.2 – Commercialisation</li> <li>• 2.1 – Access to Finance</li> <li>• 2.2 – Start-ups</li> <li>• 2.3 – ICT Take-up and Exploitation</li> <li>• 2.4 – Employment Growth in SMEs</li> <li>• 2.5 – Risk Capital Finance</li> <li>• 3.1 – Marine Energy</li> <li>• 3.2 – Community Energy</li> <li>• 3.3 – Energy Efficiency in Housing</li> <li>• 4.2 – Public Transport</li> <li>• 4.4 – Strategic Sites</li> </ul>	<b>ESF</b> <ul style="list-style-type: none"> <li>• 1.1 – Helping People into Work</li> <li>• 1.2 Inclusion and Engagement in Labour Market</li> <li>• 1.3 – Helping People Stay in Work</li> <li>• 2.1 – Basic Skills</li> <li>• 2.2 – Adaptability and Progression</li> <li>• 2.3 – Research and Innovation</li> <li>• 3.1 – Youth Unemployment</li> <li>• 3.2 – Youth Attainment and Engagement</li> <li>• 3.3 – STEM</li> <li>• 3.4 – Early Years</li> <li>• 5 – Collaboration and Innovation in Public Services</li> </ul>
<b>ETC</b> <ul style="list-style-type: none"> <li>• 1 – Increase Intensity of Knowledge Transfer Collaborations</li> <li>• 3 – Realise Potential of Natural and Cultural Assets in Increasing Visitor Numbers</li> </ul>	