

## Newsletter 22: 13<sup>th</sup> July 2007

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This is part of a fortnightly series of newsletters that will help explain the process and progression towards the Convergence Programmes for Cornwall and the Isles of Scilly. The newsletters will contain the most up to date information about Convergence as it evolves over the coming months. Updated information will appear in bold blue type.

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Dear Colleague

### RESEARCH & DEVELOPMENT AND INNOVATION

The EU invests less in R&D than its competitors

The analysis under-pinning the Lisbon Strategy – the overall UK and European goal for a more modern and competitive economy that supports both business growth and jobs – shows that the EU invests less of its economy in research and development than its main competitors such as the United States. But in order to compete in an increasingly global economy we must deliver high quality, innovative, increasingly environmentally friendly products and services - this is all reliant on research & development and innovation.

But local productivity advantages are increasingly important

At the 'Beyond Best Practice' Conference held in Cornwall last week which was attended by 44 delegates from 19 countries, Commissioner Danuta Hübner said,

*"Globalisation is increasing the importance of localised productivity advantages...competitiveness is increasingly driven by the availability and concentration of local resources such as research institutions, innovative businesses and skills - and the way they interact with one another."*

R&D investment needs to be enhanced

As with other regions in Europe with under-performing economies, investment in research and development in Cornwall and the Isles of Scilly needs to be enhanced, as does its translation through the innovation process into businesses and successful commercialisation.

Convergence is an opportunity to accelerate activities in key areas

The Convergence European Regional Development Fund (ERDF) Programme provides the opportunity and the investment for Cornwall and the Isles of Scilly to accelerate its activities in these key areas that will increasingly underpin the whole of the economy. Convergence gives Cornwall and the Isles of Scilly the ability to invest in:

- Boosting its research base, particularly in environmentally friendly design, across all sectors and environmental and renewable energy



goods and services.

- Growing business-based research and development capacity and helping share the risk in the early stages of innovation.
- Developing research and technology platforms such as the Wave Hub, to help drive both R&D and business activity.

**Including linking higher education, research and business**

**And, equally importantly, it provides an opportunity to build bridges between higher education, research and business to exploit all possible business and productivity gains through business development such as appropriate venture capital.**

**Carleen Kelemen  
Director  
Objective One Partnership Office**

#### **UPDATE FROM THE MANAGING AUTHORITY**

**First formal feedback from European Commission**

**Following submission of the Convergence European Regional Development Fund (ERDF) Operational Programme in May, we have now received the first formal feedback from the European Commission. A letter from the Commission confirms that, "Generally the Convergence Programme for Cornwall and the Isles of Scilly is well developed with a programme strategy corresponding to the SWOT [Strengths, Weaknesses, Opportunities and Threats] analysis and closely aligned with Community policy guidance."**

**Negotiations to begin on 18 July 2007**

**We welcome the Commission's response which includes a number of constructive comments on all aspects of the Operational Programme. An Operational Programme Task and Finish Group is now considering these comments in detail on behalf of the shadow Programme Monitoring Committee and will agree a position on which to enter negotiations with the Commission. The first negotiating meeting will take place in Brussels on 18 July and the Operational Programme will then be updated to take account of issues covered during the negotiations. We expect to submit a revised version of the Operational Programme to the Commission later in the summer and we still anticipate it will be signed off in the autumn.**

**Preparations continue to ensure the Programme starts promptly**

**Meanwhile, pre-commissioning work on major aspects of the Programme is moving forwards to identifying potential investments that will deliver improvements in business innovation, productivity and competitiveness. Alongside that, we are continuing to work with partners to ensure we have the right governance structures in place to be able to hit the ground running once the Operational Programme is in place. Which links back to the negotiations - we will provide an update on the outcome of the first negotiating meeting with the Commission through this newsletter.**

**Phil McVey  
Head of European Programmes  
South West Regional Development Agency**

## WHAT WE KNOW ABOUT CONVERGENCE

<b>Convergence ERDF Operational Programme submitted</b>	The Convergence European Regional Development Fund (ERDF) Operational Programme, which outlines future ERDF investment in Cornwall and the Isles of Scilly, has been accepted by the European Commission. Negotiations begin in July and are expected to end in the autumn, allowing the Programme to 'go live'. The Operational Programme can be found at <a href="http://www.objectiveone.com">www.objectiveone.com</a> under 'Towards Convergence'.												
<b>Convergence ERDF consultation</b>	A report on last year's ERDF Convergence Operational Programme consultation will be published in due course. Further information can be found at <a href="http://www.southwestrda.org.uk/what-we-do/policy/consultations.shtm">www.southwestrda.org.uk/what-we-do/policy/consultations.shtm</a> .												
<b>Management arrangements for Convergence ERDF</b>	The South West Regional Development Agency will carry out Managing Authority tasks for the ERDF Convergence Programme. A 'shadow' Programme Monitoring Committee (PMC) and 'shadow' Partnership Delivery Board (PDB) have been established.												
<b>Commissioning</b>	To achieve a smaller number of more strategic investments, some will be commissioned. The commissioning process is being developed by the Partnership Delivery Board and the Programme Monitoring Committee.												
<b>Match Funding</b>	Public sector match funding for the ERDF Convergence Programme is expected to come from a combination of local, regional and national sources.												
<b>ESF Operational Programme negotiations</b>	The European Social Fund (ESF) Operational Programme for England 2007-2013 was submitted to the European Commission in May and is expected to be agreed by the autumn. It can be downloaded from <a href="http://www.esf.gov.uk">www.esf.gov.uk</a> .												
<b>ESF consultation &amp; Government response</b>	The Government's response to the consultation on the England ESF Programme (held 30/10/06 – 22/1/07) summarises stakeholders' responses, the Government's position and modifications made to the draft Operational Programme in light of stakeholders' views. It can be found at <a href="http://www.esf.gov.uk">www.esf.gov.uk</a> .												
<b>Convergence ESF Framework</b>	The final European Social Fund (ESF) Framework for Cornwall and the Isles of Scilly can be found at <a href="http://www.swrsp.org.uk">www.swrsp.org.uk</a> .												
<b>Co-financing for ESF</b>	Co-Financing Organisations' Plans will need to be submitted to Government Office for the South West by the end of September for approval by October.												
<b>Management arrangements for Convergence ESF</b>	The Managing Authority for the ESF Programme in England will be the European Social Fund Division (ESFD) of the Department for Work and Pensions. Most of the delivery of the national Programme will take place at regional level though regional EFS Frameworks and committees. Cornwall and the Isles of Scilly will have its own Framework and committee.												
<b>European investment in the Convergence Programmes</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">£</th> <th style="width: 35%; text-align: center;">€</th> </tr> </thead> <tbody> <tr> <td>ERDF</td> <td style="text-align: center;">c. £311.4 m</td> <td style="text-align: center;">c. €458 m</td> </tr> <tr> <td>ESF</td> <td style="text-align: center;">c. £133.3 m</td> <td style="text-align: center;">c. €196 m</td> </tr> <tr> <td><b>Total investment</b></td> <td style="text-align: center;"><b>c. £444.7 m</b></td> <td style="text-align: center;"><b>c. €654 m</b></td> </tr> </tbody> </table>		£	€	ERDF	c. £311.4 m	c. €458 m	ESF	c. £133.3 m	c. €196 m	<b>Total investment</b>	<b>c. £444.7 m</b>	<b>c. €654 m</b>
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	There is a 70:30 split between ERDF and ESF funding. In Objective One 75% was allocated to ERDF and 25% to ESF.												
<b>The Objective One Programme</b>	The Objective One Programme ran until 31 December 2006 and will be followed by Convergence Programmes for the period 2007-2013. Their purpose will be to												

speed up the economic development of Cornwall and the Isles of Scilly.

Differences between Convergence and Objective One	<ul style="list-style-type: none"><li>• Convergence will consist only of ERDF and the ESF.</li><li>• The rural and fisheries funds will become part of mainstream UK programmes with ring-fenced allocations for Cornwall and the Isles of Scilly.</li></ul>
NSRF published	The Convergence Programmes are underpinned by the National Strategic Reference Framework (NSRF) which outlines broad priorities, management arrangements and funding allocations for ERDF and ESF Programmes 2007-2013. It can be found at: <a href="http://www.dti.gov.uk/consultations/page28796.html">www.dti.gov.uk/consultations/page28796.html</a> .
The role of Strategy and Action	Strategy and Action – the overarching economic regeneration strategy for Cornwall and the Isles of Scilly - informs the ERDF and ESF Convergence Programmes, which will not be able to do everything in Strategy and Action, but will be able to invest in some of it.
Rural Programme	The draft Rural Development Programme for England (RDPE), outlining European Agricultural Fund for Rural Development (EAFRD) investment 2007 to 2013, has been submitted to the European Commission for negotiation. It can be found at <a href="http://www.defra.gov.uk/erdp/rdp07_13/index.htm">www.defra.gov.uk/erdp/rdp07_13/index.htm</a> .
Fisheries Programme	Work is underway in the Marine Fisheries Agency (MFA) to develop a European Fisheries Fund (EFF) Operational Programme which will be subject to consultation in summer 2007 before approval by the EU. A ‘Convergence’ allocation will guarantee a level of funding for Cornwall and the Isles of Scilly.
Further information	The European Cohesion Policy Update covers all Programmes: <a href="http://www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm">www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm</a> .  Rural Programme: <a href="http://www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm">www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm</a> and <a href="http://www.defra.gov.uk">www.defra.gov.uk</a> under Rural Affairs.
The Lisbon Agenda	European and UK economic regeneration policy is increasingly being driven by the Lisbon Agenda where the EU set itself the goal of becoming the most competitive and dynamic knowledge based economy in the world, in response to intensified competition.
Lisbon targets	The Convergence Programmes will need to clearly show how they are contributing to the Lisbon Agenda – this will mean a significant increase in emphasis on business competitiveness and productivity, innovation and a more knowledge based economy. The draft Operational Programme submitted to the European Commission suggests a target of c. 80% of the Convergence Programmes to meet the objectives of the Lisbon Agenda.

#### WHAT WE DON'T KNOW ABOUT CONVERGENCE

What activities will be eligible for funding?	Detailed priorities for Cornwall and the Isles of Scilly are contained in the ERDF and ESF Operational Programmes, which are in the final stages of development and negotiation with the European Commission.
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More detailed information about Convergence, links to key organisations and websites can be found in the ‘Towards Convergence’ section of the Objective One website [www.objectiveone.com](http://www.objectiveone.com)