

EMFF Operational Update

1. This paper provides an update to the JPMC on the Scottish element of the European Maritime and Fisheries Fund (EMFF). The EMFF is programmed at a UK level with a discreet Scottish allocation from the UK funding. Annex B provides the details of the programme
2. The focus of programming is delivery against the 6 Union Priorities and in line with the UK financial plan, indicators, and objectives. Annex A provides progress on 6 EMFF Union Priorities which are;
 - UP1 - Promoting environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based fisheries.
 - UP2 - Fostering environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based aquaculture.
 - UP3 - Fostering the implementation of the Common Fisheries Policy (NB this expenditure falls to Marine Scotland for Stock data and compliance activity)
 - UP4 - Increasing employment and territorial cohesion
 - UP5 - Fostering marketing and processing
 - UP6 - Fostering the implementation of the Integrated Maritime Policy.
3. A further rounds of awards is due to take place later this year and early next, however heavy commitments have already taken place on Sea fisheries funding – UP1 with the other UP's at varying levels of commitment and spend. Given the uncertainty around the date the UK leaves the EU and the issues around the linkage between the EMFF and the CFP, there is lack of clarity on whether to continue to commit funds against a short timeline or seek to hold funds back for a delayed exit.
4. Progress towards Results Indicators remains mixed and further work is underway to challenge grant applicants and recipients to provide more detailed information regarding impacts and outcomes from assisted investments.

**Marine Scotland
October 2017**

Annex A

EUROPEAN MARITIME FISHERIES FUND UPDATE - SCOTLAND

30 September 2017

	Baseline (A)			Committed to date (B)		Applicant commitment		Spend to date (C)		Balance remaining from Budget (A-B)	
	Euro rate used	Budget Available EMFF	National Exposure	EMFF	National (IB)	Other National	Private contribution	EMFF	National (IB)	EMFF	National
	0.92246										
UP1	€ 24,130,000	£22,258,960	£20,551,521.00	£18,945,233.8 1	£5,112,515.61	£1,762,258.50	£21,474,140.0 8	£3,791,838.7 3	£1,228,375.06	£3,313,725.99	£15,439,005.39
UP2	€ 13,255,432	£12,227,606	£11,289,651.00	£5,351,184.15	£1,693,728.15	£90,000.00	£11,405,102.8 8	£924,903.04	£308,301.07	£6,876,421.58	£9,595,922.85
UP3	€ 40,756,370	£37,596,121	£8,678,050.00	£1,964,209.13	£491,052.29	£0.00	£0.00	£1,964,209.1 3	£491,052.29	£35,631,911.79	£8,186,997.71
UP4	€ 6,000,000	£5,534,760	£5,110,200.00	£1,164,315.37	£266,254.82	£215,278.00	£1,222,372.04	£117,918.30	£39,306.13	£4,370,444.63	£4,843,945.18
UP5	€ 16,099,619	£14,851,255	£12,783,174.00	£5,992,595.68	£1,982,532.01	£15,000.00	£7,384,900.49	£2,334,892.6 7	£778,297.63	£8,858,658.83	£10,800,641.99
UP6	€ 2,453,949	£2,263,670	£2,090,028.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£2,263,669.91	£2,090,028.00
TA	€ 4,993,560	£4,606,359	£1,417,671.67	£4,258,508.00	£1,419,503.00	£0.00	£0.00	£0.00	£0.00	£347,851.36	-£1,831.33
TOTAL	€ 107,688,930	£99,338,730	£61,920,295.67	£37,676,046.1 4	£10,965,585.8 8	£2,082,536.50	£41,486,515.4 9	£9,133,761.8 7	£2,845,332.18	£61,662,684.08	£50,954,709.79

Joint Programme Monitoring Committee: EMFF

Background on EMFF

1. The EMFF is one of the European Structural and Investment Funds (ESIF) for the period 2014-2020, The EMFF is the only ESI fund in Scotland which is programmed at UK level, with the separate elements of the programme delivered in Scotland, England, NI and Wales, and co-ordinated through UK Managing and Certifying Authorities.

The Programme is based around 4 key pillars,

- **Smart, Green Fisheries**
- **Smart, Green Aquaculture**
- **Sustainable and Inclusive Territorial Development**
- **Integrated Maritime Policy**

2. The focus of programming is delivery against the 6 Union Priorities and in line with the UK financial plan, indicators, and objectives. The 6 EMFF Union Priorities are;

1. Promoting environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based fisheries.
2. Fostering environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based aquaculture.
3. Fostering the implementation of the Common Fisheries Policy
4. Increasing employment and territorial cohesion
5. Fostering marketing and processing
6. Fostering the implementation of the Integrated Maritime Policy.

Funding

3. Scotland negotiated an increased share of the UK EMFF allocation, compared to the EFF, and has largest part of the fund - up from 40% to 46% which is worth €107m. When converted to sterling and match funded by SG, the total value could be up to £130m (depending on match funding levels and currency fluctuations).

Scotland share of UK EMFF Allocation

	UK Euro	Allocation Scotland £	Scotland Euro
Core	137,800,000	50,773,788	63,388,000
Control	45,192,561	15,927,666	19,884,726
Data	52,441,314	16,718,186	20,871,642
Storage	2,370,890	873,578	1,090,609
IMP	5,334,672	1,965,613	2,453,951
Total	243,139,437	86,258,831	107,688,928

4. The core element of the funding package is in essence the main discretionary spend as budget lines for areas such as control (compliance) and data are already fully committed

to activity the Commission requires Marine Scotland deliver on and will be drawn down over the lifetime of the programme.

Assessment of Applications

5. Funding applications are assessed by the EMFF team for eligibility and by policy leads for policy fit. Projects are then considered by The Project Assessment Committee whose role is to make recommendations to the Cabinet Secretary. This process facilitates the access to wider knowledge and expertise to assess EMFF applications from different sectors. There is common membership between the Project assessment Committee, the UK PMC and the JPMC. This facilitates wider co-ordination and delivery of EU funding

6. Project awards and delivery against the agreed programme is reported to the UK MA for collation and submission for scrutiny to the UK EMFF project Monitoring Committee. Since the launch of the UK programme in January this year in excess of £48m has been committed in Scotland to a range of projects. The detailed commitment and spend figures against the Union Priority are contained in the attached table.

Strategic Commentary - Progress Against Agreed Targets

7. Overall challenge for the EMFF delivery in Scotland is that the SWOT, OP and Results indicators are developed and set at a UK level and therefore there are challenges in delivering against agreed results indicators. The results indicators per Union Priority, and strategic commentary on activity to date, is set out below;

Union priority 1 – Sea Fisheries

Key priority for Sea fisheries activity is to ensure that stocks are harvested sustainably, the diversity of the marine environment is sustained, and the sector makes a positive contribution to the economy. In particular that the requirements of the landing obligation are met and the restructuring this requires within the sector, both at sea, and onshore is successfully managed. This will therefore focus activity through the EMFF, as set out in the UK OP, to develop highly selective gear and fishing practices which minimise potential discards, and the facilities to hold and process fish both on vessels and on shore.

There is also a continuing need to invest in onshore facilities firstly at the point of landing, to ensure that the necessary facilities are in place to meet the challenges a changing industry faces, and to ensure the processing sector can cope with changing volumes, grades of fish. There is also the need to consider catches that are not going in to the human food chain and how these will be handled and discarded.

OP Result indicator for 2023 Measurement

- Change in unwanted catches (tonnes) tonnes
- Change in fuel efficiency of fish capture
- Change in fuel efficiency of fish capture-

- Change in net profits
- Change in the % of unbalanced fleets
- Change in the value of production thousand Euros
- Change in the volume of production tonnes
- Change in fuel efficiency of fish capture -

- Employment created (FTE) in the fisheries sector or complementary activities

- Employment maintained (FTE) in the fisheries sector or complementary activities
- Change in the number of work-related injuries and accidents
- Change in the % of workrelated injuries and accidents in relation to total fishers

Example of EMFF projects to date

- Examples of the projects funded to date under the EMFF include; £12m to ports to support market improvements at Peterhead and Lerwick, and investments in ice plants at Scrabster and Lochinver. Additionally there has been £3.4m support to fisheries science, training and on the board observer scheme, and a further £4.6m which assisted 180 vessels applications.

Union priority 2 – aquaculture

Scotland's National Marine Plan (NMP) and the UK Multiannual Plan for Sustainable Aquaculture (the framework for EMFF grant awards) include industry targets to sustainably grow marine finfish production to 210,000 tonnes (whole wet fish) and farmed shellfish to 13,000 tonnes by 2020.

If grown sustainably potentially worth over £2 billion to the Scottish economy and supporting 10,000 jobs annually by 2020 with significant further potential - underpinned by world leading science, research and innovation.

SG wants to maximise EMFF to deliver financial support and secure investment and growth in aquaculture - particularly important for shellfish and smaller indigenous finfish businesses.

OP Result indicator for 2023 Measurement

- Change in volume of aquaculture production
- Change in value of aquaculture production
- Change in net profit

- Aquaculture farms providing environmental services
- Aquaculture farms providing environmental services
- Employment created FTE Employment maintained FTE

Includes using EMFF, through supporting innovation, to design new and better ways of fish and shellfish farming, opening up greater access to marine waters and reducing the potential for parasites, disease and environmental impacts. E.g new technical standards and alternatives to medicinal control of sea lice – improving industry efficiencies and reducing interactions with wild salmonids.

Example of EMFF projects to date

- £1.7 million EMFF funding to Scottish Aquaculture Innovation Centre (SAIC) for piloting non-medicinal interventions and operational innovation in Scottish aquaculture – one of five round 2 aquaculture awards.
- Further four projects awarded under productive investments in aquaculture - Loch Fyne Oysters Limited, Charron Ltd, Dawnfresh Seafoods Limited and Fassfern Mussels Limited – in total £2.5 m.

- Previously, in round 1, EMFF funding was awarded to piloting a commercial mussel hatchery in Scotland (Shetland) as part of a multi-partner collaboration. The launch of a commercial hatchery could lead to higher and more reliable mussel production, increased private sector investment in shellfish production, and more jobs for the sector, in remote coastal and island communities.

Union priority 4 - Increasing employment and territorial cohesion

OP Result Indicators

- Employment created (FTE)
- Employment maintained (FTE)
- Businesses created

£6.5m awarded to Fisheries Local Development Groups (FLAGS) through Scotland's working with 21 Local Action Groups (LAGs) under the CLLD approach. 3 FLAGS up and running approving projects which require sign off through Marine Scotland, the Intermediate Body. Additional to the development of the IDS and appointment of FLAGS, 6 training days have been delivered covering areas such as systems and eligibility.

Union priority 5 - Fostering marketing and processing

Significant support is envisaged in respect of the processing sector to ensure that this sector can cope with changing volumes, sizes and potentially species, brought about through the landing obligation.

There is also a continuing need to ensure that high quality markets are delivered through the necessary capacity and capability in the Scottish processing sector. This is particularly true for the aquaculture sector where added value is important for the shellfish element of the sector,

Final element in the chain is the marketing activity which supports the sea fisheries and aquaculture sectors in highly competitive market place, not only in respect of seafood products, but also for other proteins. Support not only focus on the opportunities international marketing provides, but also on the Scottish and UK market which short supply chains particularly suit the inshore sector "day" boats which can access new highly quality markets due to the perceived freshness of their product. Much of this activity is delivered through engagement with the Scottish POs

OP Result indicator for 2023 Measurement

- Change in value of first sales in POs Change in volume of first sales in POs
- Change in value of first sales in non-POs thousand Euros Change in volume of first sales in non-POs

Example of EMFF projects to date

- £9m committed to date to support SME processors to deliver processing efficiencies, upgrade premises and to develop new products and access new markets.
- Support to domestic and international marketing of seafood with 100k to support Scottish seafood marketing at the European Seafood Exposition in Brussels and,

- Up to £1.4m to support SMEs in developing new local markets, prioritising low impact inshore fisheries, and connecting with new supply chains and existing marketing opportunities

Union priority 6 - Fostering the implementation of the Integrated Maritime Policy

OP Result indicator for 2023 Measurement

- Change in the coverage of Natura 2000 areas designated under the Birds and Habitats directives
- Change in the coverage of other spatial protection measures under Art. 13.4 of the Directive 2008/56/EC

Work is underway within Marine Scotland to deliver a strategic project to monitor Scotland's network of Marine Protected Areas. This will contribute to Art. 13.4 of the Directive 2008/56/EC - *contributing to coherent and representative networks of marine protected areas, adequately covering the diversity of the constituent ecosystems, such as special areas of conservation pursuant to the Habitats Directive, special protection areas pursuant to the Birds Directive, and marine protected areas*

JPMC Secretariat
October 2017