

## **CITIZEN'S SUMMARY: EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF) IMPLEMENTATION IN SCOTLAND**

European Structural and Investment Funds provide EU Member States and regions with financial assistance to deliver the EU2020 strategy of Smart, Sustainable and Inclusive Growth, investing funds to overcome issues such as a lack of infrastructure or skills, to enable Member States to strengthen competitiveness, increase employment and ultimately reduce regional disparities in income, wealth and opportunities.

Scotland has been allocated up to €941m through the European Structural and Investment Funds programmes for the period 2014-2020.

The European Regional Development Fund

ERDF is designed to reduce economic disparity between Member States through investment in activity to boost economic growth and innovation, increase employment levels and safeguard jobs. The funds are invested to grow Scottish businesses, particularly SMEs, increase levels of research and innovation, improve digital communication, environmental activity, energy and transport.

Scotland has an ERDF programme allocation of €476m to invest in the EC priority areas of Smart and Sustainable Growth.

In Scotland ERDF activity aligns with the Scottish Government's strategic priorities including supporting and strengthening innovation, growing Scottish businesses, research and development and increased investment in climate change/renewable energy.

The funding is targeted through a series of 'Strategic Interventions' – groups of projects with common and interdependent aims. The Strategic Interventions maximise investment levels by attracting match funding from key partners.

The ERDF Strategic Interventions in Scotland are:

**Business Competitiveness** – provides skills, training and development support to create a highly skilled and competitive Scottish workforce.

**Green Infrastructure** – To promote sustainable and quality employment and support labour mobility; To provide direct routes to sustainable employment for unemployed and inactive people with multiple barriers; To increase the skills and labour market opportunities for employed people with multiple barriers

**Innovation** – provide intensive and long-term support to those who are furthest from the labour market and mainstream society due to multiple barriers including debt, health issues and low income. Activity will focus on supporting people into sustainable employment, education and training. It will also provide financial advice, access to childcare and funding for local community groups to combat social exclusion

**Low Carbon Infrastructure Transition Fund (LCITF)** – Activity will assess the skills gap among young people in South West Scotland and help those who are unemployed into sustainable employment through tailored education and training

**Low Carbon Travel and Transport (LCTT)** – Activity will assess the skills gap among young people in South West Scotland and help those who are unemployed into sustainable employment through tailored education and training

**Resource Efficient Circular Economy** – Activity will assess the skills gap among young people in South West Scotland and help those who are unemployed into sustainable employment through tailored education and training

**Smart Cities** – Activity will assess the skills gap among young people in South West Scotland and help those who are unemployed into sustainable employment through tailored education and training

**Digital/Broadband** - Next generation superfast broadband for communities in the Highlands and Islands transition areas where there is currently no superfast provision..

**Financial Instruments**- provision of access to finance for SMEs through an SME Holding Fund. Funds will support debt finance, equity finance and microfinance as identified in the Ex Ante Assessment.

The Citizen Summary for the ERDF Annual Implementation Report (AIR) covers the period 1 January 2014 to 31 December 2015. ERDF achievements during this reporting period include:

- development of the ERDF Evaluation Strategy;
- The approval of £180.65 million of ERDF Strategic Interventions;

### **European Structural Funds Evaluation Strategy**

The 2014-2020 European Structural Funds Evaluation Strategy was approved by the Joint Programme Monitoring Committee in November 2015.

Monitoring and evaluation for the current programmes has two purposes:

- to inform programme management and progress in achieving key growth targets, and to assess whether funds invested are supporting activity which will achieve targets;
- to provide a long-term evaluation of activity to support continuous improvement.

Monitoring and evaluation activity will form a critical part of the mid-term programme review in 2017 and 2018.

## **Key ERDF activity**

The Managing Authority invited ERDF Strategic Intervention applications in March 2015. In total, strategic interventions for €226.71 million (£180.65 million) have been approved for the first phase of the programme up to the end of 2018.

The Innovation and Business Competitiveness SIs received approved ERDF allocations of €106.54 million (£84.9 million). The key aim of both SIs is to identify and work with over 1,500 unsupported Scottish SMEs with significant regional or national growth potential to help them achieve it. This includes connecting 50 SME's to Horizon 2020 projects in the EU.

At the end of 2015 the funding was committed to supporting over 2,000 SMEs.

Sustainable growth is an ambitious and innovative area of work. The SI for the Low Carbon Infrastructure Transition Fund (LCITF) was approved in October 2015 to a value of €45.7 million (£33 million).

The investment aims to support private, public and community projects to bring low carbon proposals to a stage where they are 'investment ready', thereby boosting investment in low carbon technology and development to exploit Scotland's vast potential for low carbon energy and technology.

The Resource Efficiency and Circular Economy SI aims to improve the economic performance of SMEs and reduce the impact of economic activity on the natural environment. This intervention is being supported with €42.6 million (£30.7 million) ERDF.

During the reporting period the Low Carbon and Active Travel SI was approved to the value of €19.3 million (£13.9 million) to reduce greenhouse gas emissions from transport, improve air quality, encourage people to use green travel for short journeys and develop a national smart ticketing scheme to improve and simplify public transport.

€11.4 million (£8.2 million) of ERDF support was also approved for the Green Infrastructure SI to improve the quantity, quality and accessibility of green infrastructure in Scotland's urban areas, particularly deprived communities.

In addition to the SI approvals, it is expected that Operations worth over €180m will receive Managing Authority approval in March 2016, and that further Operations will be approved in May and June 2016.