



EUROPE & SCOTLAND
European Regional Development Fund
Investing in a Smart, Sustainable and Inclusive Future



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CITIZENS' SUMMARY

ERDF Scotland 2014-2020

European Structural and Investment Funds provide EU Member States and regions with financial assistance to overcome structural deficiencies, such as lack of infrastructure or skills, and to enable them to strengthen competitiveness and increase employment. Their aim ultimately is to reduce regional disparities in terms of income, wealth and opportunities.

The Funds make up one-third of the entire EU budget and are a significant commitment to helping all of Europe develop as a single market, as a trading community and as a social bloc. European Structural Funds are formed of two Funds: European Regional Development Fund (ERDF) AND European Social Fund (ESF).

What is the European Regional Development Fund?

ERDF is focused on reducing economic disparities by supporting economic regeneration and safeguarding jobs. Put simply, it is geared towards business growth and investment. It provides finance for investments in companies (in particular SMEs) to create sustainable jobs; infrastructures linked notably to research and innovation, telecommunications, environment, energy and transport and financial instruments (capital risk funds, local development funds, etc.) to support regional and local development and to foster cooperation between towns and regions. The ERDF is closely linked to, and works in collaboration with the European Social Fund (ESF), which focuses on addressing unemployment, promoting social inclusion and developing skills in Europe's workforce.

What are the Issues in Scotland?

Scotland possesses key resources that can enable the country to achieve its growth potential. It is home to **internationally renowned academic institutions** that can transfer knowledge to key sectors as well as the Small to Medium sized Enterprises (SMEs) which make up 99% of the country's business base. Both can utilise this knowledge to build a stronger business base.



In the field of sustainable development, the results are equally as impressive with Scotland's performance against EU2020 targets on emission reduction and renewable energy generation already exceeding headline targets¹. The low carbon economy also presents significant opportunities for job growth, with up to 40,000 new jobs predicted over the next decade.

Despite the existence of these resources there remain obstacles which prevent their full potential from being realised. Academic institutions are not effectively linked with businesses, and this prevents the flow of innovative ideas which would allow Scottish key sectors and local businesses to flourish. SMEs, which make up 99% of Scotland's business base, also lack the capacity for growth as they do not have financial and business development support that could give them confidence and resources to expand into an international arena.



LOCH CARNAN COMMUNITY WIND FARM – ERDF PROJECT

Elsewhere, low carbon energy sources must be exploited as car and lorry transport is one of the main CO₂ and particle emitters in Scotland. There also remain urban challenges in the form of social inequality, air pollution, overcrowding, flooding, health problems and limited biodiversity. Resource efficiency is also a cause for concern with businesses collectively losing 2% of annual profits through inefficient use of water, energy and waste.

Scotland is therefore focusing on the commercialisation of research designed to boost growth performance; helping Scotland's SME's to internationalise and grow; the development and implementation of technologies around low carbon; and supporting a sound environment in urban areas in particular.

How will ERDF in Scotland Address those issues?

ERDF can play a significant role in unblocking these issues. The ERDF programme will support regional competitiveness and focus on developing regions' innovative capacity to achieve improved economic growth. The strategy will:

- Encourage regions to consider how investing in regional assets (including skills, research capacity, clusters and niche products and services, approaches to finance and investment and partnership/governance structures) can support long-term **economic** growth.
- Develop a **sustainable**, low carbon environment in particular through the promotion of low carbon modes of transport, greener infrastructure in urban areas and promoting resource efficiency amongst businesses
- Ensure that economic and sustainable growth in turn create **inclusive** growth, both in terms of increased job opportunities and connecting urban and rural regions of Scotland more effectively with each other through advances in technology and transportation

The ERDF Programme will be structured around '**Strategic Interventions**' which are groups of projects intended from the start to interlink and support each other. ERDF projects fall within two types of **growth** category² and are designed to meet the following aims:

¹ 24.3% reduction in greenhouse gas emissions and 24.1% of electricity requirements met from renewable sources, a figure which has nearly trebled in ten years

² The third type, Inclusive growth, falls within the scope of European Social Fund. Please refer to the Citizens Summary for the European Social Fund

Smart Growth

Enhancing the Competitiveness of SMEs: Provide business growth support to small companies at local, regional and national level through **innovation centres** and **business development agencies**³. Will enable SMEs to build a stronger mid-sized business base

Strengthening Research, Technological Development & Innovation: Increased collaboration between high growth potential SMEs and academic research centres. Technological innovations that will improve urban infrastructure, connection between cities and attract foreign direct investment

Enhancing Access to and Use and Quality of ICT: Digital coverage to remote rural areas of Scotland through the extension of broadband deployment, thus allowing businesses to flourish

Sustainable Growth

Supporting the shift towards a low carbon economy: Promoting research, innovation and adoption of low carbon technologies such as the funding of regionalised pilot projects of low carbon refuelling services. Promotion of active and public transport is also key.

Promoting resource efficiency: support of accelerator programmes to encourage businesses to adopt resource efficient processes and products.

Protecting the environment: investment in green infrastructure and transforming vacant and derelict land

The European Social Fund will also indirectly support these developments, by providing additional and new learning places from vocational through to post-graduate, in those sectors where Scotland has real growth potential. This will ensure those sectors have the right skills available in Scotland, giving them more security in investing in their growth here.

How much money is involved?

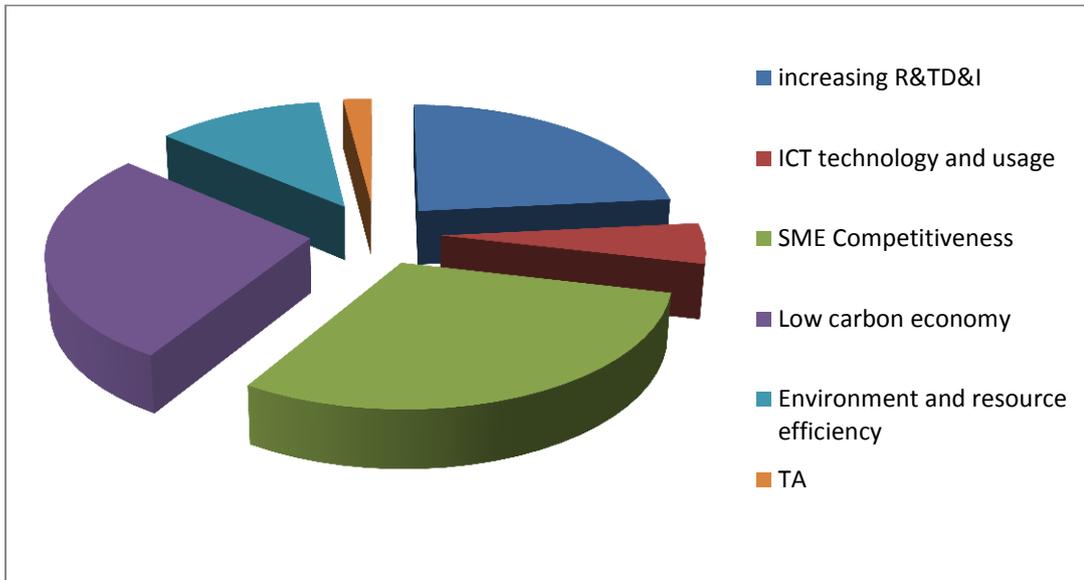
Scotland will receive over €940 million (£720 million) for the 2014-2020 Structural Funds Programmes. The ERDF forms €477 million of this.

This is split between the Highlands & islands, which is considered a Transition Region under European Rules; and the rest of Scotland.

Fund	ERDF
Highlands & Islands	€112
Rest of Scotland	€365

The ERDF has a range of measures which all Member States must invest in: Innovation, ICT, SME competitiveness and low carbon. Between them, these make up 86% of the Scottish programme. The remainder will be spent on environmental improvement and resource efficiency; and technical assistance, funding which supports the management of the Funds in Scotland.

³ Support will be in the form of Entrepreneurialism and leadership; Exporting & Internalisation; Access to Finance and Digital Exploitation



When will the Programme take effect?

The Operational programmes will begin funding activity on **1 January 2015**, and will run up until 2022.

Who will it benefit?

Individuals- the low carbon sector and a stronger mid-sized business base will increase employment and promote skills development

SMEs- business growth support will not only help diversify the economy but help an increasing number of companies be 'born global', ready to innovate and export and engage with new markets in Europe and beyond

Communities- healthier and greener urban environments will be environmentally sound to live and invest in, whilst digital connectivity will reduce the level of social exclusion that is currently felt amongst remote rural communities

Scientists and Researchers: investment within Research & Investment will provide new opportunities for research and innovation, and the job opportunities that would arise from that.



Science in Scotland, Scottish Government ©

How can I get involved?

Different Strategic Interventions, each covering a specific area, will be under the control of different Lead Partners. Lead Partners are organisations which have the skill, expertise and capacity to manage these Interventions. **It is to the Lead Partners that applications must be made.**

If you have a project idea you should contact the relevant Lead Partner who covers your project area. For a full list of Lead Partners please visit our [website](#).

Further information

To view the full ERDF 2014-2020 Operational Programme, please visit the European Structural Funds [website](#).

For more information on the European Regional Development Fund more generally please see:

http://ec.europa.eu/regional_policy/thefunds/regional/index_en.cfm

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