

INTRODUCTION

The East of Scotland Programme 2000-2006 is based on, and broadly continues the strategy, which has been followed by the East of Scotland European Partnership (ESEP) since 1994. The strategy, however, has undergone major improvements to take account of the many significant changes in economic, social, political and environmental conditions which have taken place; not least, the probable end of significant Structural Fund support from the European Commission when the present Programme finishes in 2006. These improvements also draw on relevant experience, from past programmes in the East of Scotland and elsewhere and on the results of detailed research and consultation at all levels. The Programme has also been regularly and independently reviewed during its preparation to validate its logic, proposals and structure, and to ensure that it meets the requirements of the European Commission in terms of sustainable long term economic, community and environmental development.

A total of EUR 251 million (c. £150m) will be available from the European Commission solely through the ERDF (European Regional Development Fund). It is expected that additional public funds and contributions from the private sector will result in a total budget for the programme of around EUR 650 million (c. £390m).

This Executive Summary gives an overview of the following key elements of the Programme:

- **The East of Scotland Programme Area Conversion Strategy**
- **Programme Priorities and Measures**
- **Financial Information**

EAST OF SCOTLAND PROGRAMME AREA CONVERSION STRATEGY

The revised strategy has four elements:

1. The main challenges to development in the East of Scotland Programme Area.
2. The strategic vision, aim and objectives of ESEP.
3. The mechanics of implementing and delivering the Objective 2 Programme.
4. The goals, targets and performance objectives for the East of Scotland Programme Area.

1. Development Challenges

The East of Scotland Programme Area development challenges identified as significant during the Programme period stem from:

- **External** strategic challenges. These might substantially alter the policy framework in which ESEP has to work. There are three levels.
 - The Scottish level,
 - the European Union level,
 - the International level.

Each level is associated with a number of specific challenges. For example, policy and public expenditure at the Scottish level; enlargement at the EU level and continued rapid globalisation of markets at the international level.

- **Internal** operational/ planning challenges. These might affect the delivery of the Programme and include for example, the availability of essential co-finance from Partners and the Private Sector. Drawing on the experience of previous programmes, seven key challenges are identified. The influence of these challenges on the planned management and operation of the Programme is examined in detail in the plan.

2. Strategic Vision, Aim and Objectives.

Vision

ESEP's long-term economic development vision developed for the 1994-1999 Programmes remains valid. The vision is to build:

“A dynamic, innovative and competitive East of Scotland Programme Area where people and businesses are well equipped to face the challenges of new and emerging European and international markets.”

Aim

At the heart of the strategy is the key aim for the Programme to 2006 and beyond.

“To promote sustainable economic development in the East of Scotland which is founded on the key principles of enterprise, learning and social justice.”

Strategic Objectives

The strategic vision and aim will be met by achieving six linked economic development objectives.

- To build strong regional and community capabilities so as to leave a durable legacy beyond the Programme period.
- To assist and encourage the development of a more competitive, dynamic and innovative business base.
- To embed an inclusive and collaborative approach to economic and community development throughout the East of Scotland Programme Area.
- To work towards an equality of opportunity for all people of the East of Scotland Programme Area.
- To improve the environmental performance of the enterprises, communities and organisations in the East of Scotland Programme Area.
- To meet the challenges of economic and social change through fostering entrepreneurship and life-long learning.

3. Implementing and Delivering the Programme.

The implementation and delivery components of the Programme are highly significant as they lie at the heart of the Strategy and explain it in terms of:

- ***Strategic Development Focus***
- ***Development Priorities***
- ***Types of Area***

Strategic Development Focus

There are four central development themes:

- **Sustainable Development:** To ensure long term competitiveness of the East of Scotland Programme Area, all projects supported must be in line with the Strategy and continue to deliver their Programme results beyond 2006, without further Structural Fund support. They must also explicitly address the Strategy's objectives on social inclusion, equal opportunities and environmental improvement.
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- **Enterprise Development:** Raising the understanding of, and interest in entrepreneurial activities amongst organisations, companies, communities and individuals is critical to the success of the Strategy. Specific support measures are included to raise awareness of and participation in entrepreneurial activities.
- **Learning and Innovation:** ESEP recognises that learning is fundamental for the future economic and social development of the East of Scotland Programme Area. Both the desire to learn and the facilities to do so will be encouraged and supported. The measures to support this strategic element will focus particularly on the social inclusion and equal opportunity objectives of the Strategy.
- **Building Regional Capacity:** An improved capacity to carry through innovative and effective activities encouraging economic, social and environmental development is essential for the period to 2006 and beyond. This is especially important at community level where self managed, small scale funding initiatives will be encouraged and specialist support provided to build the required skills and competence at local level.

Development Priorities

With a greatly increased degree of focus and spatial targeting the new Programme will be delivered through 3 Development Priorities. This innovative approach will provide a more simplified and flexible management and ensure that financial support for projects will be at the minimum level required to achieve success.

- **Strategic Economic Development:** There are three operational measures, which will target the priority of a strong, internationally competitive, and self-sustaining economy in the East of Scotland Programme Area. Respectively these are:
 - SME Creation and Development (Small and Medium sized enterprises)
 - Access to Risk Capital
 - Technology and Knowledge Transfer

- **Strategic Locations and Sectors:** There are two operational measures designed to promote the strategic locations of the East of Scotland Programme Area and to advance key economic sectors;
 - Strategic Locations and Sectors (Revenue)
 - Strategic Locations and Sectors (Capital).

- **Community Economic Development (CED):** In order to improve the capacity of local communities to create/access new enterprises or employment opportunities, three operational measures have been constructed. These are:-
 - Engagement and Capacity Building
 - CED Implementation – Spatial Targeting
 - CED Implementation – Thematic Activity

Types of Area

The Structural Fund Regulations of the European Commission (EC) describe three different types of area; Eligible, Transition and Ineligible areas.

Eligible Areas: The Eligible Areas in the East of Scotland are those, which still have, major structural and competitive constraints, which will be addressed by the conversion strategy. These areas currently encompass 24% of the region's total population of 2.3 million. There are opportunities within these areas where both strategic economic development and community economic development initiatives can continue the economic restructuring achieved since 1994, and thus these Eligible Areas will receive ERDF support over the Programme period. It is envisaged that there will be a continued need for conversion strategy resources in these areas beyond 2006.

Transition Areas: The Transition Areas in the East of Scotland are those which are seen as having a reduced need for Structural Fund support because they are areas of opportunity experiencing relatively stronger economic growth. In these areas, therefore, the Partnership will be pursuing an exit strategy, and as such ERDF support will be provided at a reduced level with a reducing spend profile to 2005.

Ineligible Areas: Many areas of the East of Scotland Programme Area are sufficiently successful not to require direct Structural Fund support, e.g the Cities of Aberdeen and Edinburgh. Nevertheless they are critical to the continued development of the East of Scotland Programme Area.

European Social Fund

European Social Fund activities, i.e training and employment support, are administered through the Objective 3 Programme at a Scottish level. The strategic aim and objectives of the Strategy closely support those of the Scottish ESF Objective 3 Programme. Whilst direct ESF support has been excluded from this Programme, there will be initiatives and projects within the East of Scotland Programme Area which will attract ESF support. It is important that there is close coordination between the Programmes to ensure maximum impact from both funds and to ensure that decision making occurs at, or approved the same time. Most importantly, coordination is essential to minimise the administrative burden on applicants.

4. Goals, Targets and Performance Objectives

The Strategic Conversion Programme details the operational goals, targets and objectives for each of the eight Operational Measures adopted for the core Priorities.

The range of indicators and targets selected for each Measure is provided which clearly show the main indicators, how they are defined, and what activity is involved. The overall targets are also broken down into targets for the individual components of Social Inclusion, Equal Opportunities and Environmental Activity.

Programme Targets

In total, the Strategic Conversion Programme is expected to create 17,000 new and additional jobs, safeguard a further 15,000 jobs and generate nearly £1.1 billion of additional turnover for Small and Medium Enterprises (SMEs) in the Programme Area.

Programme Review

In line with European Commission Regulations, a full mid-term review will be carried out in 2003, which may result in modifications and adjustments depending on progress in implementing the Programme.

FINANCIAL INFORMATION.

For the period 2000 to 2006 almost EUR 650 million is available for the Objective 2 Programme in the East of Scotland, of which EUR 251 million is from the European Regional Development Fund. This covers funding from ERDF grants, other public funds and an estimate for private funds generated by ERDF and other public contributions. The table below provides a breakdown of indicative funds by Priority, Area and funding source.

EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000 - 2006
FINANCIAL ALLOCATIONS BY PRIORITY AND AREA

	<u>EUR Millions</u>				
	Total	Total Public	EU	Public	Private
<u>Priority 1 - Strategic economic development</u>					
<i>ERDF Eligible</i>	152.2	144.2	64.5	79.7	8.0
<i>ERDF Transition</i>	74.9	71.9	28.9	43.0	3.0
Total	227.1	216.1	93.4	122.7	11.0
<u>Priority 2 - Strategic locations and sectors</u>					
<i>ERDF Eligible</i>	182.4	143.3	62.0	81.3	39.1
<i>ERDF Transition</i>	99.0	80.0	33.0	47.0	19.0
Total	281.4	223.3	95.0	128.3	58.1
<u>Priority 3 - Community economic development</u>					
<i>ERDF Eligible</i>	87.6	86.1	38.0	48.1	1.5
<i>ERDF Transition</i>	43.2	42.7	18.6	24.1	0.5
Total	130.8	128.8	56.6	72.2	2.0
<u>Priority 4 - Technical assistance</u>					
<i>ERDF Eligible</i>	8.0	8.0	4.0	4.0	0.0
<i>ERDF Transition</i>	3.0	3.0	1.5	1.5	0.0
Total	11.0	11.0	5.5	5.5	0.0
<u>TOTAL</u>					
<i>ERDF Eligible</i>	430.2	381.6	168.5	213.1	48.6
<i>ERDF Transition</i>	220.2	197.6	82.0	115.6	22.5
TOTAL	650.4	579.3	250.5	328.7	71.1