

The Regional Development Fund and The Social Fund in Denmark 2014-2020

Citizens' Summary

1. Introduction

The European Regional Development Fund (ERDF) and The European Social Fund (ESF), known as the EU Structural Funds, invests a total of 3 billion DKK (400 Million €) in the period 2014 to 2020 in boosting economic growth and increasing job creation all over Denmark. This is primarily done through efforts focused on small and medium-sized enterprises (SMEs), and through improving the qualifications of the workforce. The investments are meant to contribute to the Danish Europe 2020 targets on research and development, employment, social inclusion, education as well as climate and environment. The initiatives support the national priorities by taking the special regional and local positions of strength and development opportunities as their starting point, and thereby contribute to creating growth and development in all of Denmark. Furthermore, the Structural Funds are divided into these two funds and co-financed with at least 50 percent by the Danish state, regions, municipalities, private companies, foundations etc.

Below you will find the status of the programme implementation by the end of 2017.

Since 2014, the Structural Funds have co-financed more than 1.4 billion DKK to almost 170 projects all over the country. The projects cover a wide field from e.g. innovation partnerships between private enterprises and knowledge institutions, counselling of entrepreneurs with the aim of improving their growth potential, green development within SME's, competency boosts and formal education of the work force as well as inclusion of marginalised citizens.

The overall framework for investments with the two funds are established in the ERDF programme and the ESF programme respectively. Section 2 below briefly describes the ERDF measures including a status of the programme implementation so far as well as the results of the various efforts. Section 3 includes a similar description of the ESF programme. Furthermore, we have supplemented the description with four examples of ERDF and ESF projects that have been initiated.

2. The European Regional Development Fund programme

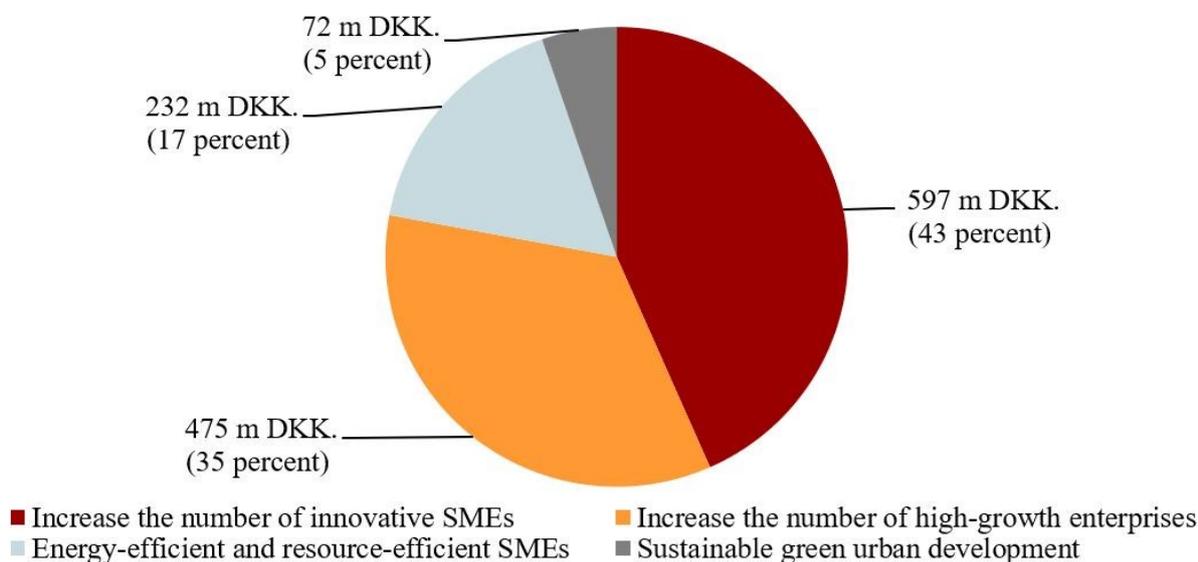
The ERDF programme, "Innovative and Sustainable Enterprise Growth", focuses on four priorities and goals:

- Increase the number of innovative SMEs
- Increase the number of high-growth enterprises
- Improve the efficient use of energy and resources by SMEs
- Reduce energy consumption and increase the number of innovative SMEs in urban areas with a population of more than 30,000

At the same time the priorities of the Regional Fund contribute to achieving the Danish Europe 2020 targets, primarily the targets relating to research and development, climate and energy as well as employment.

Figure 1 shows the allocation of the ERDF means on the four priorities. Around 43 percent is granted to projects which contribute to increasing the number of innovative SMEs, while projects aiming at increasing the number of high-growth enterprises receive a good third of the means. Furthermore, well over 20 percent of the means is granted to "green" projects, and three quarters of these projects are aiming at improving the efficient use of energy and resources by SMEs, while the last quarter is reserved for supporting sustainable urban development.

Figure 1. Allocation of the ERDF means during the period 2014-2020 (million DKK.)



On the website for Regional Development under the Danish Business Authority there is [an overview and a short description of all projects that receive funding divided into priorities and regions.](#)

Project example 1 – The ERDF priority: Improve the efficient use of energy and resources by SMEs

Intelligent energy and resource efficiency through green business models

The project receives € 460.000 Mill from the Regional Development Fund under the priority "Efficient use of energy and resources by SMEs". The EU grant is given to a business network consisting of tree processing companies to help them develop green business models. Their business models show concrete measures for companies to implement new intelligent models, systems and methods, which can integrate resource optimization in the early stages of planning, and thereby contributing to reducing the resource consumption of the companies.

The project is a cooperation between The University of Aalborg, Integrate and tree processing companies: Aage Vestergaard Larsen from Mariager, Nordisk Parfumerivarefabrik from Hobro and the window producer PT Vinduer from Aabybro.

Status of the ERDF programme by the end of 2017

Since the start of the ERDF programme in 2014, 89 projects have been co-financed by the Regional Development Fund, see Table 1. A total of 728 Million DKK (just under 100 Mill. €) have been invested in these 89 projects, which is approximately half of the means. The EU co-financing is paid to the recipients on a regular basis as the project activities are carried out. By the end of 2017, a total of 145 Million DKK (19.3 Million €) had been paid out, which is a good 11 percent of the means.

Just under half of the projects are aiming at increasing the number of innovative SME's in Denmark. At present, a limited number of projects have started up with the aim of improving the efficient use of energy and resources by SMEs.

Generally, the progress measured in the number of contracts and payments has been slower than expected. This is probably - to a certain extent- connected with the current financial boom in Denmark, where many companies experience full order books and are busy with day-to-day-running, which makes it difficult for them to reserve the time to participate in development projects and programmes.

Table 1. Regional fund projects of each priority axis, 2014-2017

Priority axis	Number of projects	Grants (Mill. DKK)	Percentage of EU means	Payed out (Mill. DKK)	Percentage of EU means
<i>Total</i>	89	728	53	145	11
Increase the number of innovative SMEs	44	355	59	62	10
Increase the number of high-growth enterprises	24	250	53	64	13
Energy-efficient and resource-efficient SMEs	9	73	31	15	6
Sustainable green urban development	12	51	70	5	7

On the website of the Danish Business Authority, the department for regional development, you can find [graphics showing the current status of the progress](#) in the ERDF programme.

Project example 2: The ERDF priority: Increase the number of innovative SMEs

Innovative use of Big Data

The project receives € 600.000 Mill from the Regional Development Fund under the priority "Increase the number of innovative SMEs". The funding is given to a group of companies, clients and knowledge institutions, who cooperate on developing a better use of Big Data in order to create new innovative products and solutions. The project is run by the Alexandra Institute in cooperation with the University of Aarhus and IT-Forum among others. The main focus of the project is to match companies in the IT industry with relevant scientists and knowledge institutions.

Output and effects

Result orientation is a key word in the structural funds work in Denmark. All projects must contain a solid chain of effects which describes how the activities in question will contribute to one or more of the goals, which are listed in the structural funds programmes. A goal can be e.g. to increase the number of innovative SMEs or to reduce the emission of CO₂. Often it is quite difficult to measure the effects at the end of a project, and therefore the output is often measured by means of the number of participating companies and the "products" associated, such as prototypes, growth plans and green business models. The effects are measured – when possible – in cooperation with Statistics Denmark using registered data, and also by comparing the development in companies, which have participated in the activities, to the development in a control group, which has not participated in structural funds projects. The register-based measurements are supplemented with evaluations of a more qualitative kind, where evaluations of single projects are performed by an external evaluator (COWI).

By the end of 2017, 28 out of 89 ERDF projects have reported output – and some also effects. Among the most important output and effects are: 80 private companies have participated in ten innovation projects. The total sum of co-financing by these companies amounts to around 45 Million DKK, and around 20 new innovative companies have been created in consequence.

Under the priority axis focussing on increasing the number of growth enterprises, around 720 private companies have participated in 14 projects. The project managers expect to create more than 150 new growth companies and around 2,700 new private full-time jobs, based on the growth plans produced in the projects.

The priority axis concerning energy- and resource-efficiency contained 11 private companies, which participated in three projects, which expect to reduce the emission of greenhouse gas by almost 2,300 tons (CO₂ equivalents). Also, by the end of 2017, one of the projects on the axis for sustainable urban development had developed a new method or technology to promote this development.

By the end of 2017, there were only seven ERDF projects, which had been completed, and therefore, it is still too soon to measure the effects by means of recorded data.

3. The European Social Fund Programme

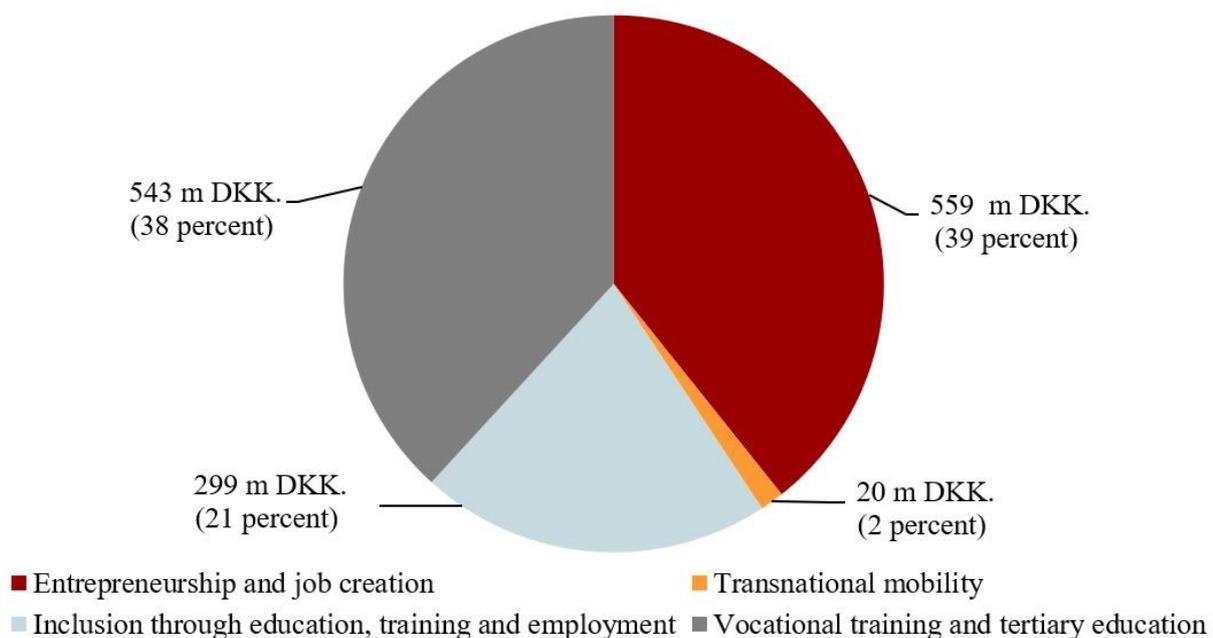
The ESF Programme, "Growth via Education, Training and Entrepreneurship", aims at improving the competences of the work force. The programme focuses on four investment priorities and goals:

- Increase the number of self-employed, the survival rate and the employment in ESF-supported enterprises
- Increase transnational labour mobility
- Increase the employment rate of individuals in the margin of the labour market
- Increase the number of individuals with vocational training or tertiary education

At the same time, through these investment priorities the ESF initiatives contribute to fulfilling the Danish Europe 2020 targets relating to employment, education and social inclusion.

Figure 2 shows the allocation of the ESF means on the four priorities. Just under 40 percent of the means is granted to projects aiming at improving entrepreneurship in Denmark, offering counselling to entrepreneurs, or contribute to company growth through competency boosts. In addition, just under 40 percent is granted to initiatives contributing to increasing the level of education through vocational training and tertiary education. Furthermore, a good 20 percent of the ESF means is reserved for inclusion projects which contribute to helping people on the margin of the labour market in getting a job. Finally, transnational labour mobility is supported by the so-called EURES network which is administered by the Danish Agency for Labour Market and Recruitment.

Figure 2. Allocation of the ESF means during the period 2014-2020 (million DKK.)



Project example 3: The ESF priority: Social inclusion

SUME - Special Effective Efforts for Young (SEEY)

The project receives € 530.000 Mill from the Social Fund under the priority "Social Inclusion". The funding makes it possible to support a group of young people in the margin of the labour market in upgrading their skills with the purpose of beginning and maintaining vocational training. The project is run by Zealand Business College (ZBC), the vocational training school EUC Nord-west Zealand, the job administrative centres in the cities of Slagelse and Kalundborg along with a number of local operators, e.g. rehabilitation centres, psychiatric institutions and adult education centres.

Status of the ESF programme by the end of 2017

Since the start of the ESF programme and until the end of 2017, 79 projects have been co-financed by the Social Fund, see Table 2. A total of 688 Million DKK (just over 90 Mill. €) have been invested in these 79 projects, which is approximately 40 percent of the ESF means.

Most of the projects initiatives so far are within the priority concerning entrepreneurship and job creation, and just under half of the total means are granted to these projects, while the allocation of means to projects concerning vocational training and tertiary education is going slower than the other priorities. The regional growth fora, which were responsible for the allocation of means until December 2018, have explained that the general interest in initiatives aiming at increasing the number of people with vocational training or tertiary education has been modest. On these grounds, a more active and outreaching effort is launched in order to draw in the relevant operators.

Also the initiative to reduce the number of individuals in the margin of the labour market by means of education and job creation has been a challenge in the beginning of the programme period. However, the demand appears to be increasing, and the managing authority of the programme is working on a more outreaching dialogue with potential applicants, including e.g. job centers in the municipalities.

By the end of 2017, 11 percent of the total EU means had been paid out, which is 154 Million DKK (20.5 Million €). 90 Million DKK (12 Million €) of these are paid out to projects within the initiative on entrepreneurship and job creation.

Generally, the progress measured in the number of contracts and payments has been slower than expected at the beginning of the programme period. The allocation of the ESF means is decelerating compared to that of the ERDF, while the total amount of payments on the two funds are almost equal (about 11 percent).

Table 2 Social fund projects of each priority axis, 2014-2017

Priority axis	Number of projects	Grants (Mill. DKK)	Percentage of EU means	Paid out (Mill. DKK)	Percentage of EU means
<i>Total</i>	79	688	48	154	11
Entrepreneurship and job creation	42	336	60	90	16
Transnational mobility ¹	2	9	45	6	29
Inclusion through education, training and employment	16	128	43	24	8
Vocational training and tertiary education	19	215	40	34	6

On the website of the Danish Business Authority, the department for regional development, you can find [graphics showing the current status of the progress](#) in the ESF programme.

Output and effects

Contrary to the business-oriented efforts of the ERDF programme, where the effects are difficult to measure within the programme period, it is possible to see the short-term results of the Social Fund initiatives, while the project is still running. Output is measured in the number of participants starting in the project, while the results can be calculated, when the participant finishes in the project. At present, very limited information about the results has been reported compared to the output, which is probably due to the fact that most projects are still in an early phase.

By the end of 2017, 29 ESF projects have reported output, and 24 of these projects have also reported information on direct results from their participation.

More than 8,500 individuals have participated in measures concerning entrepreneurship and job creation. Approx. 700 participants have established their own business in connection with participating in the project, and around 600 participants have improved their skills.

On the priority axis of labour mobility across borders, approx. 22,000 individuals have been registered in the EURES CV bank, and 2,800 job seeking candidates have been matched with job vacancies in Danish companies.

Approx. 1,000 people have participated in activities for social inclusion, and around 150 participants have started an education. Another 17 people are now employed as a result of this initiative.

Finally, a total of 1,800 people has participated in vocational training or tertiary education. Around 100 participants have already finished an education, while another 200 participants are taking an education at the moment as a result of this initiative.

¹ The priority concerning labour mobility (EURES) is significantly different from the other initiatives, as this is an authorisation to act as operator given to the Danish Agency for Labour Market and Recruitment. The funding is allocated twice, each for a three-year period, and the first grant covers the period 2014 to 2017.

Project example 4 – The ESF priority: Vocational training and tertiary education

EUX – part of the answer

The project receives € 970.000 Mill from the Social Fund under the priority for vocational training. The project is a joint effort of companies, trade associations and technical colleges to spread knowledge of vocational education. The purpose is to influence young people and increase the number of applicants as well as the number who finish the vocational training programmes like e.g. EUX. Basically, the project wants to create more internships for the young in order to make it more attractive to apply for these educations. The participating organisations are SME Denmark, the Danish Chamber of Commerce, Confederation of Danish Industry and others. The participating schools are a number of technical colleges and business schools in the Region of Southern Denmark.