

Citizens' Summary

Introduction

The EU Regional Development Fund and the EU Social Fund 2014-2020 invest a total of 3 billion DKR in boosting economic growth and increasing job creation in all Danish regions. This is primarily done through efforts focused on small and medium-sized enterprises (SMEs), and through improving the qualifications of the workforce.

The Regional Development Fund (ERDF) "Innovative and Sustainable Enterprise Growth" is primarily targeted at SMEs, and the action focuses on four specific objectives, called priority axes. The effort must:

- 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 in urban areas with a population of more than 30,000

These specific objectives are closely connected with Denmark's Europe 2020 targets, i.e. primarily the targets relating to employment, R&D, climate and energy. Thus the ERDF programme will contribute to achieving the Danish Europe 2020 targets.

The ERDF is prioritised so that approximately 50% is granted to projects which contribute to increasing the number innovative SMEs. Projects aiming at increasing the number of high-growth enterprises, and thus also at increasing job creation and productivity in the long term, receive 1/3 of the ERDF. Finally, approximately 20% of the fund is reserved for improving the efficient use of energy and resources by SMEs, while 5% focuses on supporting sustainable urban development.

The EU Social Fund "Growth via Education, Training and Entrepreneurship" (ESF) specifies four investment priorities for the period 2014 – 2020:

- Increase the number of self-employed and the survival rate
- 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

These specific objectives were selected in agreement with Denmark's Europe 2020 targets. Thus the ESF action will at the same time contribute to achieving the Danish Europe 2020 targets relating to employment, education and social inclusion.

The ESF is prioritised so that 40% is granted to projects that promote entrepreneurship in Denmark, offer counselling of entrepreneurs or adjustment to changes by means of competence boosts, while another 40% focused on projects that contribute to increasing the number of individuals with

vocational training or tertiary education. Finally, 20% of the ESF are reserved for projects that promote social inclusion and help increase the employment rate of individuals in the margin of the labour market. The increase of transnational labour mobility is supported by the so-called EURES network, and the distribution of these resources is established in the EURES fund which is administered by the Danish Agency for Labour Market and Recruitment.

In order for a project to receive funding from the Social Fund or the Regional Development Fund, it is required – for the main part of the fund – that the specific action is regionally based. This means that the project must take the special challenges and development needs of their own region as their starting point. Therefore it is the regional growth forums which prioritise the action and determine which specific projects are to be initiated, while the Danish Business Authority makes sure that each project comply with all regulations. Furthermore, all projects applying for funding must provide a minimum of 50% of the funding themselves, as a supplement to the ESF or ERDF funding. A small part of the means, the so-called National Pool, is prioritised by the Danish Business Authority themselves, and this is also the case with the action concerning sustainable urban development as well as the EURES projects.

Status of the ERDF programme

Since the start of the ERDF programme in 2014, 27 projects have started up co-financed by the Regional Development Fund (status by the end of 2015). The figure below illustrates how the ERDF means have been granted for now. The means granted for projects in the Region Zealand have been calculated separately, because this region according to the EU regulations is categorised as a “transition region”, due to the fact that the region’s per capita GDP is below 90% of the EU27 average. By the end of 2015, the total sum of grants in EU co-financing to ERDF-projects amounts to 234 million euro.

The amount of ERDF means granted for projects (percentage of total financial frame for each of the four priority axes)

<i>Priority axes</i>	<i>Region Zealand</i>	<i>Other regions</i>
Strengthen SME innovation	19	18
Increase the number of high-growth enterprises	22	24
Energy-efficient and resource-efficient enterprises	14	7
Sustainable green urban development	<i>No grants by the end of 2015</i>	

Note: Status by the end of 2015.

Generally, the distribution of the ERDF means on the different priorities is acceptable, even though the overall level of grants is lower than expected as a result of a long running-in-period. Especially the task of creating interest in projects aimed at making SMEs more energy- and resource-efficient has proven to be more difficult than expected. According to the growth forums, it is difficult, in particular in the beginning, to create interest in this area, just as the handling of measurement methods required in the process has been a challenge for the applicants. The growth forums have

therefore launched a special initiative to increase the interest in “green” projects, and they expect to see the results of this as an increased interest in the years after 2015.

No project under the ERDF programme has been completed yet, and thus it is not possible to show any effects of the grants at the moment. As for now, one ERDF project has however reported that they have created an innovative business.

Status of the ESF programme

Since the start of the programming period, 26 projects have been approved for a grant from the European Social Fund (status by the end of 2015). The figure below illustrates how the ESF means have been granted for now. Again the means granted for projects in the Region Zealand have been calculated separately, because this region according to the EU regulations is categorised as a “transition region”. By the end of 2015, the total sum of grants in EU co-financing to ESF-projects amounts to 233 million euro.

The amount of ESF means granted for projects (percentage of total financial frame for each of the four priority axes)

<i>Priority axes</i>	<i>Region Zealand</i>	<i>Other regions</i>
Entrepreneurship and job creation	41	28
Transnational mobility	56	47
Inclusion through education and employment	0	7
Vocational training and tertiary education	13	6

Note: Status by the end of 2015.

The priority concerning transnational mobility is a result of a grant for the Danish Agency for Labour Market and Recruitment, which covers approximately half of the period up until 2020.

The distribution of the ESF means on the different priorities is generally acceptable, even though the overall level of grants is lower than expected. Especially the number of projects concerning vocational training and tertiary education is considerably lower than expected. The growth forums have explained that interest in this area has generally been minor, and it has therefore been necessary to initiate more active outreach measures towards the relevant operators.

No project under the ESF programme has been completed yet, and thus it is not possible to show any effects of the grants at the moment.

Examples of ERDF projects

Smart Innovation – targeted development of prototypes

The project Smart Innovation aims at creating a system for effective knowledge sharing for product and business development within Danish SMEs. The goal is to create 68 new growth-oriented and innovative SMEs in the Capital Region of Denmark within the project period, as well as to establish 400 new high tech industrial jobs in the Capital Region over a period of seven years.

A total of 68 SMEs in the Capital Region together with the business developers and scientists at the DTU – Technical University of Denmark - are developing prototypes which match the market they are aiming at.

Scion DTU is responsible for the project with the Technical University of Denmark as a partner. The project is funded by the Regional Development Fund with a total of € 3.3 Million in EU subsidy.

Budding Food Experiences

The aim of this project is to develop eventful activities in 70 food enterprises in Southern Denmark. Throughout the project period, individual growth plans are drawn up with the four focus areas: quality taste experiences, sustainability, globalisation and productivity. The project aims at creating 99 new jobs and 15 new growth enterprises and expects an increased turnover of DKR 150 Million (around € 20 Million).

The Business Development Centre of Southern Denmark is responsible for the project in cooperation with the Development Forum of South West Jutland, the Development Council of Southern Jutland, Developing Fyn and “Madværket”, an association developing food concepts and knowledge of local food.

Budding Food Experiences is funded by the Regional Development Fund with € 1.96 Million in EU subsidy.

Examples of ESF projects

Growth-stimulating Incubation Periods for SME's

The purpose of the project is to offer a so-called growth-stimulating incubation period for potential entrepreneurs and growth companies of no more than three years in Region Zealand. The incubation periods are very intensive qualifying procedures. The growth obstacles of each individual participant are examined, and new strategies are designed.

The project expects to have a total of 160 enterprises in incubation periods, and subsequently 127 of these are expected to improve their growth potential. Furthermore, 30 participants are expected to start a new enterprise. The long-term goal of the project is to achieve an increase in the survival rate of new companies of 85 percent after six months and 80 percent after two years respectively.

The Business Development Centre Zealand is responsible for the project together with 11 municipalities in the Region Zealand.

Furthermore, a working group consisting of business schools, universities and private consultants contribute to developing the project and are also teaching the courses provided for potential growth enterprises.

The project receives an EU subsidy of € 1.2 Million from the Social Fund.

Folk High School as a Shortcut to Education

The aim of this project is to help increase motivation and clarification of young people through a folk high school course. The target group is young people who need a second chance in order to get started with an education.

The project includes three main courses: Tourism, construction and health, as these three areas experience a shortage of skilled labour in Northern Jutland. The project expects to motivate up to 140 young people to start an education and, at the same time, contribute significant cultural aspects through the influence of the folk high school.

Vrå Folk High School is responsible for the project in cooperation with the Folk High School for Physical Education of Northern Jutland.

The project receives € 6.4 Million from the European Social Fund.