

## Citizens' Summary

### Introduction

The EU Regional Development Fund and the EU Social Fund 2014-2020 invest a total of 3 billion DKK (€ 400 Million) 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:

- 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

These specific objectives are closely connected with Denmark's Europe 2020 targets, 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 percent is granted to projects which contribute to increasing the number of 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 one third of the ERDF. Finally, approximately 20 percent of the fund is reserved for "green" projects, of which three quarters must go to improving the efficient use of energy and resources by SMEs, while the last quarter of the money is reserved for 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 their survival rate and increase the employment in ESF-supported enterprises
- Increase transnational labour mobility
- Increase the employment rate of individuals 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 percent 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 percent focuses on projects that contribute to increasing the number of individuals with vocational training or tertiary education. Finally, 20 percent 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 fulfils all regulations. Furthermore, all projects applying for funding must provide a minimum of 50 percent of the funding themselves, as a supplement to the ESF or ERDF means. A small part of the means, the so-called National Pool, is prioritised by the Danish Business Authority themselves. This is also the case with the action concerning sustainable urban development as well as the EURES projects.

### **Status of the ERDF programme by the end of 2016**

Since the start of the ERDF programme in 2014, 59 projects have started up co-financed by the Regional Development Fund. The table below illustrates how the ERDF means have been granted. 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”, because the region’s per capita GDP is below 90 percent of the EU27 average. By the end of 2016, the total sum of grants in EU co-financing to ERDF-projects amounts to € 75.5 Million.

*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	33	45
Increase the number of high-growth enterprises	38	59
Energy-efficient and resource-efficient SMEs	14	23
Sustainable green urban development	27	20

*Note: Status by the end of 2016.*

The overall level of grants by the end of 2016 is 42 percent of the total frame. Especially grants to projects aiming at making SMEs more energy- and resource-efficient have been lower than expected, and several growth forums have even completed application rounds without receiving any applications at all for this priority. According to the growth forums, it has been a challenge for the applicants to handle the measurement methods required in order to measure the improvement in resource and energy efficiency. Due to the relatively low level of grants and with the aim of recruiting new project managers, the Danish Business Authority launched a conference in November 2016 on the subject of energy- and resource-efficient SMEs. It is not possible yet to evaluate whether this conference has contributed to increasing the interest in “green” projects.

The priority aimed at increasing the number of high-growth enterprises has resulted in 22 projects so far. These projects have altogether received more than half of the total grant reserved for this priority.

### **Output and Results**

By the end of 2016, a total of almost 800 enterprises had received funding through an ERDF project. More than 600 of these enterprises fall under the axis of increasing the number of high-growth enterprises, while approx. 150 enterprises have received a grant as part of the initiatives for strengthening SME innovation. Finally, 35 enterprises have been involved in projects aimed at improving the efficient use of energy and resources by SMEs.

No project under the ERDF programme has been completed yet, and therefore it is not possible to show any effects of the grants at the moment. As for now, four ERDF project have however reported that they have created a total of eleven innovative businesses and seven new cluster members.

### **Status of the ESF programme by the end of 2016**

Since the start of the programming period, 55 projects have been approved for a grant from the European Social Fund. The figure below illustrates how the ESF means have been granted until 2016. 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 2016, the total sum of grants in EU co-financing to ESF-projects amounts to € 66.3 Million.

*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	37	53
Transnational mobility	56	47
Inclusion through education and employment	0	35
Vocational training and tertiary education	31	20

*Note: Status by the end of 2016.*

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 overall level of grants by the end of 2016 is 35 percent of the total frame. The number of projects concerning vocational training and tertiary education is considerably lower than the other priorities. 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.

Also the action aimed at reducing the number of people on the margin of the labour market by means of education has proven difficult in some growth forums, especially in the beginning of the programming period. However, the figures seem to be improving. Growth forums state that they are working, among other things, with outreach interviews of potential applicants, e.g. the municipality job centres.

### **Output and Results**

By the end of 2016, 37 of the 55 ongoing projects have indicated a total of 3,300 participants, of which approx. 30 have participated in more than one project. Almost 60 percent of the participants had a job when they joined the ESF project, while 23 percent were unemployed, and around 16 percent were enrolled in education. Until the end of 2016, approx. 360 private businesses have received a grant for competency development.

Especially the priority of entrepreneurship has already lead to measurable results. By the end of 2016, around 40 participants have started up a new enterprise as a result of their participation in an ESF project.

### **Counterfactual impact evaluation**

The Danish Business Authority regularly follows up on the effects of the projects. Together with the regional growth forums and Statistics Denmark, the Danish Business Authority has developed a register-based tool for measuring the effects of the regional projects. It is still too soon to evaluate the 2014-2020 projects, but for the period 2007-2013, a new measurement has been carried out of 150 business-oriented structural funds projects, which were all initiated in the period from 2010 to 2012. In more than 7,000 private participating companies – from all parts of Denmark – the actual growth rate in the period 2012-2015 has been measured and compared to similar companies, which did not take part in the initiatives. The measurements indicate that the projects have contributed to creating approx. 4,200 new private full-time jobs and have increased the turnover of the participating companies by approx. 6.3 billion DKK.

### **Examples of ERDF projects**

#### Scale-up Denmark

This project, which is inspired by the work of Team Denmark with elite athletes, aims at increasing the number of high-growth enterprises by strengthening the regional specialisation through elite training programmes. High-growth enterprises can participate in one of the following ten acceleration environments, which have been established in the regions:

Capital Region of Denmark: Life Science and Biotechnology as well as Information and Communication Technology

Central Denmark Region: Food, Smart Industry and Cleantech

North Denmark Region: The Maritime sector

Region of Southern Denmark: Health and Welfare Technology, Offshore Technology and Energy-efficient Technologies

Region Zealand: Bio-resources and Industrial Symbiosis

The plan is to engage 355 growth enterprises from all of Denmark in training programmes targeted at the individual needs and the potential of each company. Scale-up Denmark is expected to create an annual growth of 20 percent – after the project period – in 75 percent of the participating growth enterprises.

Central Denmark Region is responsible for Scale-up Denmark. The project receives approx. € 11 Million from the Regional Development Fund.

#### Sustainable Bottom Line

The aim of this project is to develop green business models for more than 100 small and medium enterprises. The project includes four main activities: Selection and screening of companies, Development of green business models, Communication and Project Management. Green business models are developed in a co-operation between the companies, Denmark's Technical University and external consultants, and the models will be implementable for the companies directly after the project period.

Gate 21 is responsible for the project in cooperation with the University of Aalborg, Copenhagen Municipality, Allerød Municipality as well as Frederikssund Erhverv, which are all financial partners in the project.

Sustainable Bottom Line receives € 1.77 Million from the Regional Development Fund.

#### **Examples of ESF projects**

##### Strategic Competency Development

The project “Strategic Competency Development” aims at educating and upskilling at least 190 business owners, managers and employees in more than 50 SME's. The project consists of four activities:

Productive boards, Personal Leadership, Management Execution and Excellent Competencies, all four conducted through networking, workshops, mentoring arrangements, matchmaking etc. The Business Development Centre – Southern Denmark is responsible for the project together with the following partners: The association Welfare Tech Region, CLEAN, the association Design2innovate and the foundation Offshore Centre Denmark.

The project receives € 1.9 Million from the Social Fund.

#### Against All Odds

The purpose of the project “Against All Odds” is to increase the employment rate for people in the margin of the labour market through customised phase-in and training programmes. The project is based in Hobro sports club and in the various sponsor companies, where the courses are carried out.

The aim of the project is for all 44 participants to complete a phase-in programme and for 12 participants to find a job after the project period. Furthermore, the project aims at finding jobs for four participants in Work Integration Social Enterprises. Another aim is that 16 of the participants will continue to be job seekers, after the project has ended.

Mariagerfjord Municipality is responsible for the project with Hobro sports club as a partner.

The project receives € 400,000 from the Social Fund.