



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

Summary for Citizens – 2019

1. Introduction

The EU Regional Development Fund and the Social Fund (the EU Structural Funds) invest a total of approx. DKK 3 billion in strengthening economic growth and job creation throughout Denmark, particularly through initiatives for small and medium-sized enterprises and by improving the skills of the workforce.

The Structural Funds are divided equally between the two funds and are co-financed by the state, regions, municipalities, private enterprises, foundations, etc.

From 1 January 2019, the majority of the Structural Funds are implemented by The Danish Board of Business Development. The Board has the task of strengthening the productivity, competitiveness and internationalisation of companies through an efficient, cohesive and locally anchored intervention within business and tourism based on the needs, opportunities and challenges of companies in all parts of Denmark.

The Danish Board of Business Development consists of 17 members, coming from the private sector, the trade union movement, the municipalities, the regions, the state and the education sector. The work of the Board is based on the strategy ***Business Promotion in Denmark 2020-2023***.

A progress report on the implementation of the two programmes at the end of 2019 is given below.

Since 2014, the Structural Funds have co-financed 279 projects across the country with more than DKK 2.6 billion.

The content of the projects ranges widely and includes innovation cooperation between private companies and knowledge institutions, guidance of entrepreneurs on how to strengthen their growth opportunities, green transition of SMEs, competency boosts and formal training of the workforce, and inclusion of vulnerable citizens.

The overall framework for the investments of the funds are defined in the Regional Development Fund (ERDF) programme and the Social Fund (ESF) programme for 2014-2020.

In the following section, the Regional Development Fund initiatives are summarised, and a progress report is given for the implementation of the programme at the end of 2019, including the current results achieved.

Section 3 describes correspondingly the Social Fund programme. Two examples of projects have also been included under each fund.



Photo: Colourbox

2. The Regional Development Fund programme (ERDF)

The Regional Development Fund programme *Innovative and sustainable business growth* focuses on four priorities and goals:

1. Increase the number of innovative SMEs
2. Increase the number of growth companies
3. Improve energy and resource efficiency
4. Reduce energy consumption and increase the number of innovative SMEs in cities with more than 30,000 inhabitants

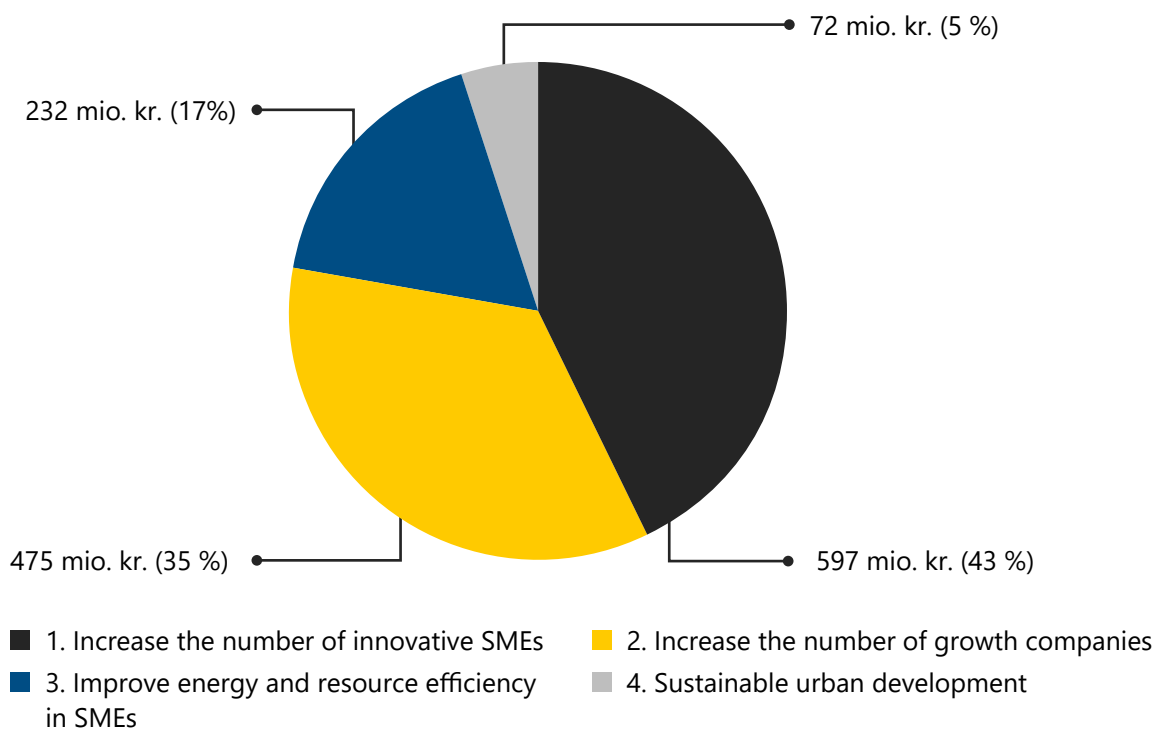
The initiatives of The Regional Development Fund

contribute to the achievement of the Danish EU 2020 targets, in particular the targets relating to research and development, climate, energy and employment.

Figure 1 shows the allocation of the ERDF means on the four priorities.

Approximately 43 percent are given to projects that help to increase the number of innovative SMEs, while projects aiming at increasing the number of growth companies receive a good third of the means. Finally, around 20 percent of the funds are allocated to "green" projects, three quarters of which go to improve the energy and resource efficiency of SMEs, while the last quarter is used for sustainable, green urban development.

Figure 1. Allocation of the ERDF funds during the period 2014-2020 (Million DKK.)



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

Project example 1: The ERDF priority: Strong Cluster organisations

Bornholm Food Cluster

The purpose of the project is to maintain and further develop a strengthened food cluster organisation on Bornholm. Based on a strong network between the business community, the research environment and the public sector, the project will further develop the momentum already created on the island and thus strengthen the local ecosystem within food development on Bornholm.

Almost 20 smaller companies on Bornholm are participating in the project and eight companies have already introduced new products. The Regional Development Fund co-finances the project with DKK 1.4 million. Behind the project are, Bornholms Landbrug og Fødevarer and Bornholms Regionskommune and Regional madkultur / Gourmet Bornholm.

Status of the ERDF programme by the end of 2019

Since the beginning of the ERDF programme period in 2014, 137 projects have been co-financed by the Regional Development Fund, see Table 1. In total, DKK 1,261 million has been invested in the 137 projects, which corresponds to 92 percent of the ERDF funds. The EU financial contribution shall be paid on an ongoing basis to the recipients as the project activities are carried out. By the end of 2019, a total of approx. DKK 429 million had been paid out, which corresponds to just over 31 percent of the funds.

Just over half of the 137 projects aim to increase the number of innovative SMEs in Denmark. In total, nearly DKK 590 million has been invested in boosting innovation.

The number of projects in the field of energy and resource efficient SMEs increased significantly in 2019. At the end of 2019, there were a total of 20 projects. In the field of sustainable green urban development, a total of 14 projects have been launched. There are still funds not distributed in this priority.

In general, the allocation of regional funds over the period 2014 to 2020 has been slower than expected. This is probably to some extent due to the boom in Denmark until the outbreak of COVID-19. Overall, by the end of 2019, 92 percent of the ERDF resources were used. So even though only 31 percent of the funds have been allocated, see. Table 1, some indications are that the demand from companies to participate in the project activities has increased.

Table 1. Regional fund projects of each priority axis, 2014-2018

| Priority axis | Number of projects | Grants (mio. kr.) | Pct. of EU means | Payed out (mio. kr.) | Pct. of EU means |
|--|--------------------|-------------------|------------------|----------------------|------------------|
| Total | 137 | 1,261 | 92 | 429 | 31 |
| Increase the number of innovative SMEs | 70 | 589 | 99 | 210 | 35 |
| Increase the number of growth companies | 33 | 390 | 82 | 156 | 33 |
| Improve energy and resource efficiency in SMEs | 20 | 230 | 99 | 37 | 16 |
| Sustainable urban development | 14 | 52 | 72 | 17 | 23 |

On the Danish Business Authority's website there are [graphics showing the current status of the progress in the Regional Development Fund programme.](#)

Sustainable Boundary Line

Between 2015 and 2019, 100 small and medium-sized enterprises in the metropolitan area – most with fewer than 50 employees – were given the opportunity to develop a green business plan focusing on improved energy and resource efficiency and competitiveness.

The project was co-financed by the EU Regional Development Fund with DKK 13.1 million. 190 different green initiatives were carried out, which created significant effects: The environment was relieved by 2,250 tons of CO₂ due to the project, the energy account spent 22,600 fewer gigajoules, and the companies reduced their total material consumption by 250 tonnes. The experience from the project **Sustainable Boundary Line** has formed the basis for the project **Sustainable Boundary Line 2.0**, which the Regional Development Fund has financed with DKK 13.5 million.

Output and effects

Result orientation is a key word for the Structural Fund actions in Denmark. All projects must be based on a solid chain of effect which describes how the supported projects will contribute to one or more of the goals set out in the Structural Funds programmes.

This could be, for example, increasing the number of innovative SMEs or reducing CO₂ emissions. It is often very difficult to measure the effects at the end of a project, and therefore output is typically measured in terms of the number of participating companies and associated deliveries in the form of prototypes, growth plans and green business models. The effects are measured – whenever possible – in cooperation with Statistics Denmark (DTS) using register data and by comparing the development of the companies that have participated in the activities with the development of control groups of companies that have not participated in Structural Fund projects. Register-based impact measurements are complemented by qualitative evaluations of individual projects in order to learn more about how the projects work.

By the end of 2019, 122 of the 137 ERDF projects reported outputs and some also effects. Among the main outputs and effects are: 773 private companies have participated in 61 innovation projects and some 153 new innovative companies have been created.

Under the focus area, which focuses on creating more growth companies, approximately 1,570 private companies have participated in 31 projects. Based on the growth plans drawn up in the projects, project owners expect to contribute to the creation of more

than 550 new growth companies and about 11,500 new, private, full-time jobs.

In the field of energy and resource efficiency, 241 private companies had participated in 16 projects which together expect to reduce greenhouse gas emissions by just over 42,100 tonnes (CO₂ equivalents). Finally, by the end of 2019, nine urban projects had developed a new approach or technology to promote sustainable urban development.

By the end of 2019, only 14 Regional Development Fund projects had finally been completed, which is why it is still too early to measure the effects using register data.

3. The European Social Fund programme (ESF)

The Social Fund programme **Growth via Education, Training and Entrepreneurship** is primarily targeted at improving the skills of the workforce. The programme focuses on four investment priorities:

1. Increase the number of self-employed, survival rates and employment in ESF-funded companies
2. Increase labour mobility across national borders
3. Increase employment for people on the edge of the labour market
4. Increase the number of people in vocational training or further education

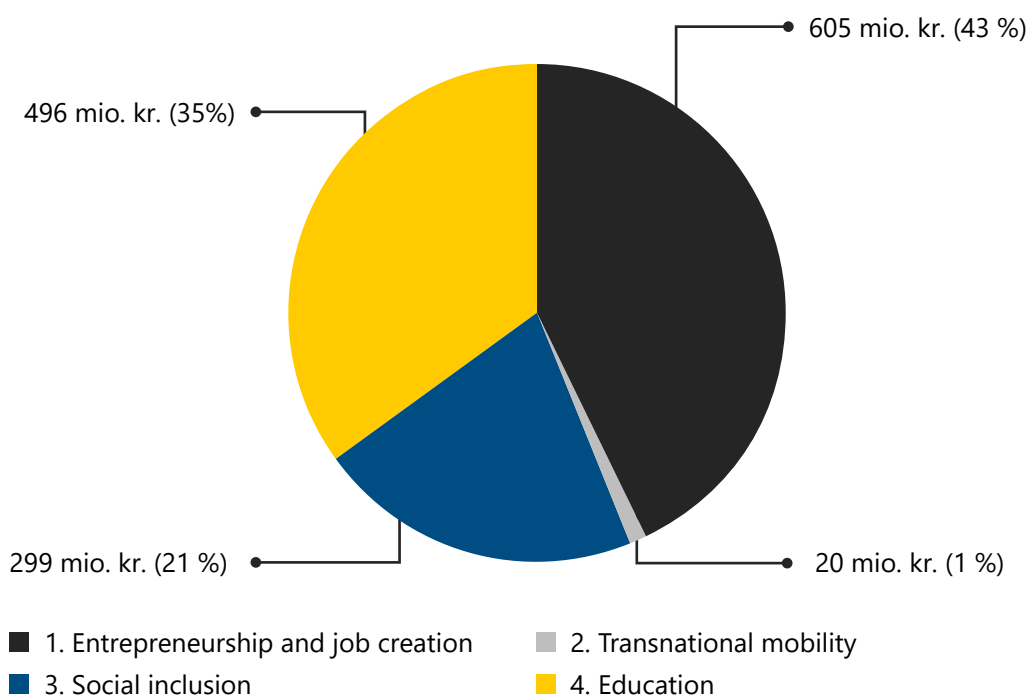
Through these focus areas, the Social Fund initiatives also contribute to meeting the Danish EU

2020 objectives regarding inclusion, education and employment.

Figure 2 shows the allocation of the Social Fund resources between the four priorities. A little more than 40 percent of the funds are given to projects that improve entrepreneurship in Denmark, offer advice to entrepreneurs or contribute to corporate growth through competency boosts. An additional 35 percent

are allocated to initiatives that contribute to raising the level of education in the form of vocational and further education. Finally, more than 20 percent of the Social Fund means are allocated to inclusion projects that help people on the edge of the labour market in getting a job. The cross-border mobility of the workforce is supported by the so-called EURES network, which is managed by the Danish Agency for Labour Market and Recruitment.

Figure 2. Allocation of the Social Fund resources by investment priority for the period 2014-2020 (million DKK)



Project example 3: The ESF priority on counselling to entrepreneurs

Creativity and Entrepreneurship

The aim of the project is to increase entrepreneurship and growth in the creative industries in the Region of Southern Denmark and to promote a business- and growth-oriented culture around creative companies with sales and market orientation high on the agenda. Operator is the **Future Factory** at Svendborg Municipality, which cooperates with a large number of partners in the Triangle Region and Funen as well as with Svendborg, Vejle, Kolding, Faaborg-Midtfyn, Langeland and Ærø municipalities. The project started in December 2014 and by the end of November 2020, it is expected that some 1,300 people have received advice and guidance on entrepreneurship. The EU Social Fund has co-financed the project with DKK 25.1 million.

Status of the ESF programme at the end of 2019

Since the beginning of the programme period and up to the end of 2019, a commitment has been made to 142 projects, cf. Table 2. A total of DKK 1,295 million has been granted, which corresponds to 91 percent of the resources under the Social Fund. By the end of 2019, 33 percent of the total EU funds have been disbursed, which corresponds to DKK 463 million, of which DKK 237 million has been paid out to projects under the entrepreneurship and job creation initiatives.

The largest number of projects have been launched in the field of entrepreneurship and job creation, and nearly half of the total ESF commitments has been allocated to these projects. In previous years, vocational training and further education activities have been slightly behind the other areas. However, in 2019, the total amount of commitments for this priority is as high as DKK 456 million, corresponding to 92 percent of the funds initially set aside for the priority.

The inclusion priority to reduce the number of people on the edge of the labour market through education and employment has also met with challenges of

getting started at the beginning of the programme period. This is probably due to the favourable economic development which has made it easier to find employment, even for those on the edge of the labour market. Demand for funds has, however, been on the increase, and more than 88 percent of the funding was allocated by the end of 2019.

In general, the allocation of ESF means has been slower than planned at the beginning of the programme period.

In the past, the amount of Social Fund resources, which had been allocated, has been slightly lower than that of the Regional Development Fund. As early as 2018, however, the ESF allocation began to move towards the level of the Regional Development Fund. In 2019, the share of committed funds is also broadly at the same level for both funds (91 percent for the Social Fund and 92 percent for the Regional Development Fund respectively). The same applies to the share of funds disbursed. Here, 33 percent of the resources from the Social Fund have been disbursed, while the corresponding amount for the Regional Development Fund is 31 percent.

Table 2 Allocation of the ESF projects by priority, 2014-2018

| Priority axis | Number of projects | Grants (mio. kr.) | Pct. of EU means | Payed out (mio. kr.) | Pct. of EU means |
|--|--------------------|-------------------|------------------|----------------------|------------------|
| Total | 142 | 1,295 | 91 | 463 | 33 |
| Entrepreneurship and job creation | 61 | 555 | 92 | 238 | 39 |
| Transnational mobility ¹ | 4 | 20 | 100 | 6 | 29 |
| Inclusion through education, training and employment | 31 | 263 | 88 | 92 | 31 |
| Vocational training and further education | 46 | 456 | 92 | 128 | 26 |

¹ The priority on labour mobility (EURES) is notably different from the other areas, since it is an operating appropriation allocated to the Danish Agency for Labour Market and Recruitment. The funding is granted in two rounds, each for a three-year period.)

On the website of the Danish Business Authority, the Department for Regional Development there are [graphics showing the current state of progress in the Social Fund programme](#).

Project example 4: The ESF priority on growth-oriented skills development

Digital Roads to Growth – SME Competence

The project runs from May 2018 to August 2022 and is co-financed by the EU Social Fund with DKK 10.1 million. The aim is to strengthen the growth potential of small and medium-sized enterprises through digitisation, automation and innovation. The expectation is that 370 employees from 90 companies will be involved in the project and 90 percent (333) of them will achieve a higher level of competence and greater adaptability, which strengthens the productivity and the capacity for innovation of the enterprises.

Digital Roads to Growth – SME Competence runs in parallel with ***Digital Roads to Growth – SME Growth Plan*** co-financed with DKK 7.3 million from the EU Regional Development Fund.

Output and effects

In contrast to the enterprise-oriented funding under the Regional Development Fund programme, where the effects typically cannot be measured within the project period, it is possible to measure the short-term results of the Social Fund initiatives over the life of the project. Outputs are thus measured in the number of participants starting in the project, while the results can be measured when the participant completes the project participation. At present, relatively little information has been reported on results compared to outputs due to the fact that some of the projects are still in progress.

By the end of 2019, 114 projects reported output information, and 104 projects, in addition to output information, also reported information on immediate results to which the projects contributed.

Almost 28,500 people have started in entrepreneurship and job creation initiatives. There are approximately 1,800 participants who have established their own business after they have participated, and almost 6,000 participants have improved their competencies.

Under the priority aimed at increasing cross-border mobility, approximately 8,700 people have been registered in the EURES CV bank, and 8,900 job applicants have been matched with job vacancies from Danish companies.

Approximately 4,300 people have participated in activities related to social inclusion, and almost 500 of the participants have started training. A further

500 people have entered employment as a result of this initiative.

Finally, more than 13,800 courses have been launched to get more young people into vocational training. So far, the programmes have helped some 7,800 people to start vocational training. Under the same general action in the field of vocational training and further education, almost 4,900 people took part in the process of raising their level of education. Nearly 400 participants have already increased their level of education, while some 600 participants are in the process of training as a result of this initiative.



Photo: Colourbox