



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

Summary for Citizens – 2021

1. Introduction

In the period 2014-2020, the EU's Regional Fund and Social Fund (the EU Structural Funds) have collectively invested approximately DKK 3.1 billion in strengthening economic growth and job creation throughout Denmark, particularly through efforts for small and medium-sized enterprises and by improving the skills of the workforce.

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

In 2021, the Structural Fund effort was supplemented with a restructuring effort financed by the REACT-EU funds, where a commitment of DKK 400 million has been made. In this way, commitments have been made for the Structural Funds and REACT-EU for approximately DKK 3.5 billion by the end of 2021.

In 2021, COVID-19 continued to have a major impact on the progress of the Structural Fund programmes in Denmark. Due to restrictions and shutdowns in parts of 2021, projects have found it difficult to carry out physical activities to the full extent, and companies have not, as expected, had the energy to participate in projects.

At the same time, the low unemployment has meant that the number of potential project participants has fallen considerably in all types of Social Fund projects. This has made it more difficult to recruit the expected number of participants for the projects, and due to the boom, the companies have had difficulties in

allocating key employees for e.g., skills-development courses and education.

Therefore, the Managing Authority has experienced many projects that have requested project extension or downscaling during 2021. Furthermore, until July 2021, the Managing Authority has chosen to continue the relaxations and exemptions to the regulatory framework that were introduced in 2020 to mitigate the consequences of COVID-19.

In the following, a status is given for the implementation of the programme at the end of 2021.

The content of the projects is wideranging and includes, among other things, innovation collaboration between private companies and knowledge institutions, advice to entrepreneurs to strengthen their growth opportunities, green transition of SMEs, skills development, and formal training of the workforce as well as inclusion of vulnerable citizens.

The overall framework for the funds' investments is laid down in the Regional Fund Programme and the Social Fund Programme for 2014-2020, respectively.

In section 2, the Regional Fund effort is briefly described, and a status is given for the programme implementation at the end of 2021, including the results that the effort has created at present. Section 3 describes the same for the Social Fund Programme. Four examples of projects under the Funds have also been inserted.



2. The Regional Fund Programme

The Regional Fund Programme “Innovative and sustainable growth in companies” focuses on four focus areas and goals:

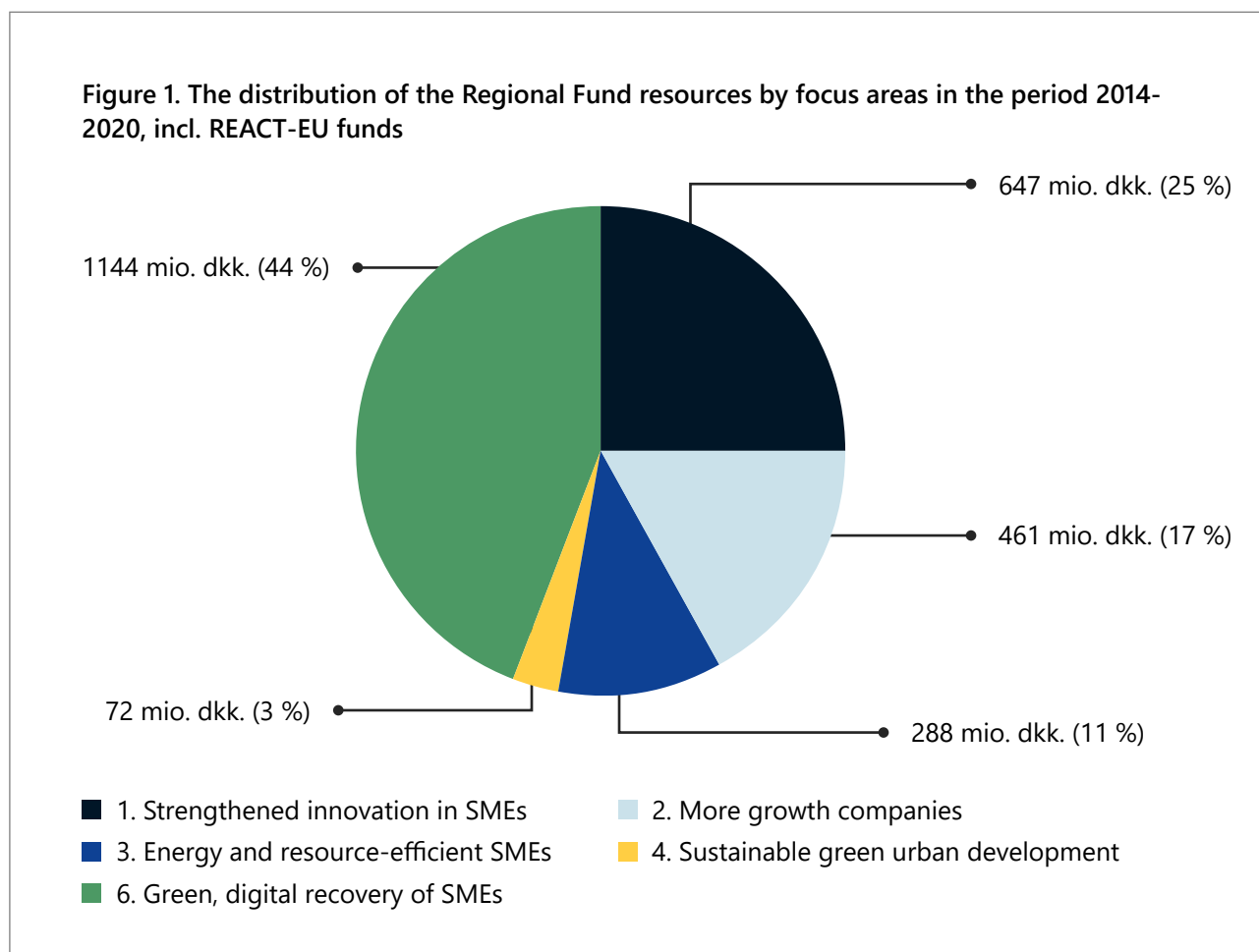
- Increase the number of innovative SMEs
- Increase the number of growth companies
- Improve energy and resource efficiency
- Reduce energy consumption and increase the number of innovative SMEs in cities with more than 30,000 inhabitants.

In 2021, the four focus areas are supplemented by a REACT-EU effort for green, digital recovery of SMEs with a total framework of DKK 1,144 million.

The Regional Fund’s efforts also contribute to achieving the Danish EU 2020 goals, especially the goals

for research and development, climate and energy, and employment.

Figure 1 shows how the Regional Fund resources are distributed among the four focus areas as well as the REACT-EU effort, which makes up 44 per cent of the Regional Fund effort. 25 per cent are given to projects which contribute to increasing the number of innovative SMEs, while projects that work to create more growth companies are awarded 17 per cent of the funds. Finally, 11 per cent of the funds are set aside to improve SMEs’ energy- and resource efficiency, while 3 per cent are used for sustainable, green urban development.



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 Regional Fund's focus area Energy- and resource-efficient SMEs

Green Circular Transition

Nationwide programme for SMEs that want to start or continue with green and circular transition. In the project, the companies get an overview of their current resource consumption and climate footprint, examine circular business opportunities, and create a plan for how they can work greener and circular going forward.

GCT cuts across all industries and expects to help 402 Danish companies. The effort runs from February 2020 to December 2022. The EU's Regional Fund has co-financed the project with DKK 80.7 million. The partnership behind the initiative is the business clusters Lifestyle & Design Cluster and CLEAN.

Status of the Regional Fund Programme at the end of 2021

The COVID-19 pandemic continued to have a major impact on the Regional Fund Programme in 2021. Two factors apply across the Regional Fund effort and the parts of the Social Fund effort that require the recruitment of companies:

The COVID-19 pandemic and restrictions have created a complex situation for businesses. In some industries, it has been possible to avoid a recession, and this has resulted in high activity and caused the companies to largely focus on their operations, and they are busy. At the same time, the restrictions of recent years have made it difficult to carry out physical visits to the companies. This has made it difficult to generate interest in project participation, and therefore, many projects in 2021 have asked for and received downscaling or extension to reach their goals. On the other hand, other projects have experienced great momentum and demand, and here it has been possible to provide additional grants via return funds.

In table 1, the disposition of the Regional Fund resources and REACT-EU are calculated separately,

and it appears from this that 98 per cent of the Regional Fund resources are used at the end of 2021, while 56 per cent are paid out for projects. A commitment of DKK 180 million has been made from the REACT-EU funds in 2021, but none of the funds had been paid out at the end of 2021. The EU grant is continuously paid to the beneficiaries as the project activities are carried out.

Since the beginning of the programme period in 2014, support has been given to 152 projects with funds from the Regional Fund. In addition, there are 3 projects under the special REACT-EU effort, which were launched in 2021. A total of DKK 1,436 million has been committed for the 152 Regional Fund projects, and by the end of 2021, a total of approximately DKK 822 million had been paid out, which as mentioned corresponds to 56 per cent of the Regional Fund funds.

Almost half of the 152 Regional Fund projects aim to create more innovative SMEs in Denmark. In total, almost DKK 662 million has been invested from the EU in lifting innovation. As a result, the funds for both this focus area and the focus area that will create more growth companies have allocated almost 100 per cent of the funds for the area.

The two green focus areas, which are to create energy- and resource-efficient SMEs and strengthen sustainable green urban development, got off to a slow start at the beginning of the programme period, but in recent years, demand has increased significantly, and 90 per cent of the funds have now been allocated. However, due to the slow start, it is only 33 per cent of the funds that have been paid out. Within sustainable green urban development, commitments have fallen from 83 per cent in 2020 to 81 per cent, as several projects have been written down or cancelled.



Table 1. Distribution of Regional Fund projects by focus areas, incl. REACT-EU, 2014-2020

Priority axis	Number of projects	Grants (mio. dkk.)	Pct. of EU means	Disbursed (mio. dkk.)	Pct. of EU means
Strengthened innovation in SMEs	72	662	102	457	71
More growth companies	39	455	99	233	51
Energy- and resource-efficient SMEs	25	259	90	95	33
Sustainable green urban development	16	58	81	35	50
Total	152	1.436	98	822	56
Green, digital recovery of SMEs (REACT-EU)	3	180	16	-	-

Project example 2: The Regional Fund’s focus area More growth companies

Digital pathways to growth – SME growth plan

The objective of the EU project was to strengthen the growth potential of SMEs through digitisation, automation, and innovation. 69 growth- and technology-ready and motivated companies went through an individual and customised growth process with advice and sparring and subsequently had a growth plan drawn up.

The project primarily aimed at the food industry, the construction industry, the transport, and logistics industry as well as SMEs within the bio and circular economy. The project started in April 2018 and ended at the end of August 2021. The EU’s Regional Fund has supported with DKK 7.2 million. Zealand – Academy of Technologies and Business in Køge was the operator on the project.

Output and effects

Results orientation is a key word for Structural Fund efforts in Denmark. All projects must be based on a solid impact chain, which describes how the supported activities will contribute to one or more of the goals set out in the Structural Fund programmes.

This could be e.g., increasing the number of innovative SMEs or reducing CO₂ emissions. It will often be extremely difficult to measure the effects at the end of a project, and therefore, output is typically measured in the form of the number of participating companies and associated deliverables in the form of e.g., prototypes, growth plans and green business models.

The effects are measured – when possible – in collaboration with Statistics Denmark using register data and by comparing the development in the companies

which have participated in the activities with the development in control groups of companies which have not participated in Structural Fund projects. The register-based impact measurements are supplemented by qualitative evaluations of individual projects to learn more about how the projects work.

By the end of 2021, 139 of the 155 Regional Fund and REACT-EU projects have reported information on output and effects. However, many Regional Fund projects have not been completed and are still in progress. These are therefore only preliminary results of the effort, just as it is still too early to measure the longterm effects on the companies using register data. Some of the most important preliminary outputs and effects is that 2,382 private companies have participated in an innovation project which is far above the



target of 1,750 companies. In the long term, the effort is expected to create 500 new innovative companies, and by the end of 2021, 200 have already seen the light of day.

Under the focus area which focuses on more growth companies, 35 out of 39 initiated projects have reported that they have supported 2,600 companies by the end of 2021. Thus, the total target for the entire programme period of 2,000 companies has been reached and exceeded. Based on growth and restructuring plans that have been drawn up in the 35 projects, the project owners expect to contribute to creating almost 1,700 new growth companies and almost 9,800 new private fulltime jobs. However, the actual number of growth companies created can only be measured three years at the earliest after the companies have participated in a project.

Under the focus area regarding energy and resource efficiency, 20 out of 25 initiated projects have reported output. The projects have already realised support for approximately 1,350 companies and is close to the total target for the programme period of 1,862 companies. The companies deliver great results in reducing greenhouse gas emissions: The goal for the entire programme period is to reduce greenhouse gas emissions by 34,900 tons (CO₂ equivalents), and by the end of 2021, the reduction is 169,000 tons.

Finally, figures for the ongoing 16 urban projects that promote green and sustainable urban development

show that far more companies than expected are participating: 170 companies are included in the investment priority "Urban development through innovative companies" against the expected 14, and by the end of 2021, 19 new methods or technologies have been developed to promote sustainable urban development under the priority "Energy and resourceefficient cities" – halfway towards the target of 40.

3. The Social Fund Programme

The Social Fund Programme is primarily aimed at improving the skills of the workforce. The programme focuses on four focus areas and goals:

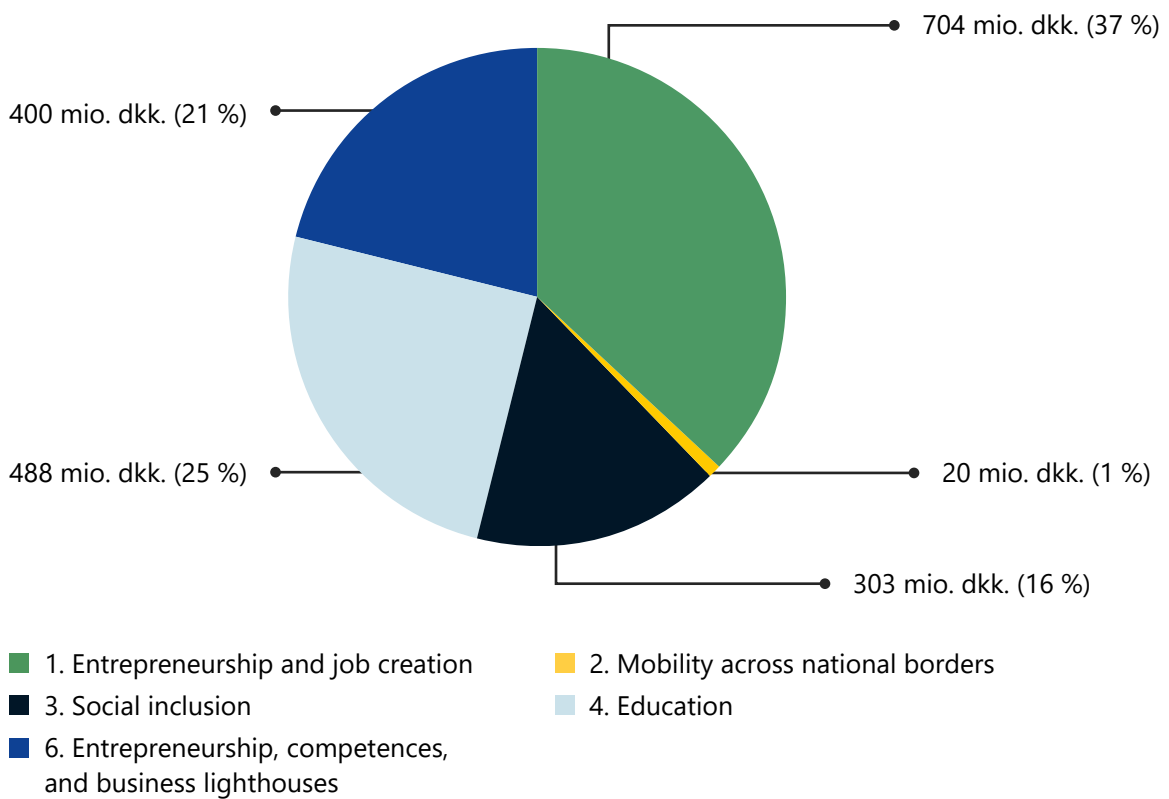
- Increase the number of self-employed people, the survival rate and employment in supported companies
- Increase labour mobility across national borders
- Increase employment for people on the edge of the labour market
- Increase the number of people with vocational training or higher education

In 2021, the four focus areas are supplemented by a REACT-EU effort for entrepreneurship, skills, and local business lighthouses with a total framework of DKK 400 million.

Through the focus areas, the Social Fund effort contributes to meeting the Danish EU 2020 goals regarding inclusion, education, and employment.

Figure 2 shows the distribution of the Social Fund resources in the focus areas. 37 per cent of the funds are targeted projects which are to strengthen the entrepreneurial culture in Denmark, offer advice to entrepreneurs or contribute to the growth of companies through skills development. The REACT-EU effort, which started in 2021, amounts to 21 per cent of the total funds. A further 25 per cent are awarded to initiatives that contribute to raising the level of education in the form of vocational training and higher education. Finally, 16 per cent of the funds from the Social Fund are set aside for inclusion projects which contribute to getting and keeping people on the edge of the labour market in employment. The mobility of the workforce across national borders is supported by the so-called EURES network, which is administered by the Danish Agency for the Labour Market and Recruitment. The effort is supported with DKK 20 million, corresponding to 1 per cent of the Social Fund resources.

Figure 2. The distribution of the Social Fund resources by focus areas, incl. REACT-EU in the period 2014-2020



Project example 3: The Social Fund's focus area Active inclusion

Young people with an edge - The Capital Region of Denmark

In the project, 560 young people, who are without a job or education are offered a course that will get them started with an education or work. The goal is that 70 per cent of the young people become education-ready and partly job-ready, and that 50 per cent start a vocational education with hints to them completing it.

The project started in April 2019 and will end in December 2022, and the EU's Social Fund has co-financed the project with DKK 23.3 million. Unit for educational and vocational guidance in the municipalities (EUK) is the project owner and implements the project in collaboration with the municipal youth initiatives (KU) in 9 municipalities, 2 preparatory basic education (FGU) and 2 vocational schools.

Status of the Social Fund Programme at the end of 2021

The allocation of the Social Fund resources and REACT-EU is calculated separately in table 2 on the following page.

Since the beginning of the programme period until the end of 2021, commitments have been made for a total of DKK 1,501 million for 165 Social Fund projects. Thus, 99 per cent of the Social Fund resources are used at the end of 2021, while 65 per cent is paid out to the projects. A commitment of DKK 219 million has also been made to 6 projects from the REACT-EU funds on the new priority axis 6 in 2021, which corresponds to 55 per cent of the total framework of DKK 400 million.

None of the REACT-EU funds had been paid out at the end of 2021. The EU grant is paid out to the beneficiaries on an ongoing basis as the project activities are carried out.

The largest number of projects have been initiated under the focus area relating to entrepreneurship and job creation (73), and almost half of the total commitment amount for the Social Fund has been allocated to these projects. In 2021, several large entrepreneurial projects that are specialised and/or focus on growth entrepreneurs came to an end. One of the replacements, the business hubs' national entrepreneurship project Iværksætterdanmark, which is a broader effort, was evaluated midterm in 2021. The preliminary evaluations show that it has succeeded in creating a uniform offer for entrepreneurs. There has also been an ongoing opportunity to use return funds to provide

additional funding for projects with momentum and demand.

Within the efforts for vocational education and higher education, commitments have been made for 49 projects by the end of 2021, and no new projects have been initiated in the past year. With a total commitment of DKK 485 million (32 per cent), educational projects form a significant part of the Social Fund Programme. The area has also been affected by COVID-19 in 2021. Shutdowns and restrictions that kept people home have created challenges for some projects, while others using digital education have performed beyond expectations.

The inclusion effort, which aims to reduce the number of people on the edge of the labour market via education and employment, includes 39 projects by the end of 2021. In this area, 97 per cent of the funds are allocated, and 69 per cent of the funds have been paid out. In 2021, the low unemployment – like in 2020 – has made it difficult to recruit the expected number of participants. In addition, evaluations show that several projects have experienced difficulties in reaching the intended target group. Several possible reasons are given: The target group is too narrow and/or it may be difficult to refer the right citizens. Furthermore, the target group may find it difficult to recognise the need for the effort.

Table 2. Distribution of Social Fund projects by focus areas, incl. REACT-EU, 2014-2020

Priority axis	Number of projects	Grants (mio. dkk.)	Pct. of EU means	Disbursed (mio. dkk.)	Pct. of EU means
Entrepreneurship and job creation	73	701	100	454	64
Mobility across national borders ¹	4	20	98	9	44
Inclusion via education and employment	39	295	97	208	69
Vocational education and further education	49	485	100	312	64
Total	165	1.501	99	983	65
Entrepreneurship, competences, and business lighthouses (REACT-EU)	6	219	55	-	-

1. The effort regarding the mobility of the workforce (EURES) differs significantly from the other efforts, as it is an operating grant that is given to the Danish Agency for Labour Market and Recruitment. The support is awarded in two instalments for three-year periods, and the second three-year period expired at the end of the first quarter of 2022.

In the initiative for mobility between national borders (EURES), no new projects have been added in 2021. 98 per cent of the funds have been allocated, and 44 per cent is paid out to the projects.

In 2021, there has been a major focus on ongoing dialogue with existing projects to find unspent funds to redistribute them to projects with the possibility of better progress. This has resulted in several additional grants across axes and initiatives in the Social Fund Programme. The redistribution has contributed to overall programme fulfilment and lifted existing projects.

Output and effects

In contrast to the business-oriented effort under the Regional Fund Programme, where the effects typically cannot be calculated within the project period, it is possible to calculate the short-term results of the Social Fund effort during the life of the project. Output is thus measured in the number of participants who start the project, while the results can be calculated when the participant ends the project participation. At present, relatively little information has been reported on results compared to output, which is because many of the initiated projects have not yet been completed. Therefore, these are only preliminary results, and the creation of results is expected to grow as more participants complete their project course.

By the end of 2021, 159 projects have reported information on output, and 139 projects have – in addition to information on output – also reported information on immediate results that the projects have contributed to.

Just under 43,700 people have started initiatives related to entrepreneurship and job creation. About 2,200 participants have established their own business after taking part in projects, and almost 10,900 participants have improved their skills.

During the effort, which aims to increase mobility across national borders, approximately 8,700 people are registered in the EURES CV bank, and throughout the programme period, the effort has matched 15,600 job-seeking candidates with job advertisements from Danish companies.

Approximately 8,400 people have participated in social inclusion activities which will move them closer to employment. 600 of them have found work after project participation, and just over 1,000 of the participants have started education. Three out of four participants have no education beyond primary school level.

Finally, almost 42,100 courses have now been completed and initiated to get more young people into vocational education. The courses have subsequently helped more than 23,300 young people to start vocational education. Under the same overall effort regarding vocational education and higher education, approximately 9,500 adults have participated in the effort to raise their level of education. Just under 1,100 participants have increased their level of education, while a further approximately 2,700 participants are in the process of education because of the effort. Lack of labour during the boom has given several projects challenges in recruiting participants for upskilling activities.

Project example 4: The Social Fund's focus area; The workforce's adaptation to change

MORE – Tomorrow's resources

The project supports competence development, upskilling and further education of employees in 296 small and medium-sized companies in South Jutland, Funen, North Jutland, Central Jutland, Zealand, and Bornholm, which are at particular risk of being negatively affected by the long-term effects of the COVID-19 pandemic. The project also works with restructuring of e.g., business procedures or production methods to make the companies more digital, automated, or green. Finally, the project works with innovation or knowledge transfer in the form of a vacant higher-educated person. The project began in June 2020 and will end in December 2022. The EU's Social Fund has supported the project with DKK 12.6 million. Tietgen Kompetencecenter is the operator, and partners are the educational institutions Mercantec in Viborg, Tradium in Randers, Køge Handelsskole and Learnmark Horsens.