



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

Summary for Citizens – 2022

# 1. Introduction

*In the period 2014-2020, the European Regional Development Fund and the European Social Fund (The Structural Funds) have committed a total of approximately DKK 2.9 billion, to strengthen economic growth and job creation throughout Denmark, especially through initiatives for small and medium-sized enterprises and by improving skills of the workforce.*

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

*In 2021, The Structural Fund initiatives were supplemented with a transition effort financed by REACT-EU resources, where commitments have been made for just over DKK 1.5 billion. This means that a total of almost DKK 4.5 billion has been pledged by the Structural Funds and REACT-EU by the end of 2022. In addition, is national co-financing.*

In 2022, the managing authority has not focused on launching many new initiatives, but several existing projects have received additional funding. The focus has mainly been on ensuring correct reporting, fast case processing, and smooth finalisation of projects.

The managing authority has communicated to all Regional- and Social Fund projects, some good advice and potential pitfalls in connection with closure and final reporting. In this way, the managing authority has attempted to address certain challenges that projects often face in connection with closure and final reporting.

*In 2022, the CARE initiative was implemented. It focuses on mitigating the refugee situation following Russia's invasion of Ukraine.*

The funds have been used to provide additional grants to existing Social Fund projects that already focus on helping citizens enter the labour market - e.g., through social inclusion or business-oriented skills upgrading of Ukrainian refugees.

The following is the status of the programme implementation by the end of 2022.

The content of the projects is wide-ranging and includes, among others, innovation cooperation between private companies and knowledge institutions, counselling of entrepreneurs to strengthen their growth opportunities, a green transition of SMEs, skills upgrading and formal education of the workforce, and inclusion of excluded citizens

*The overall framework for the funds' investments is established in the Regional Fund programme and the Social Fund programme for 2014-2020.*

Section 2 briefly describes the Regional Fund initiative and provides a status of the programme implementation by the end of 2022, including the results the effort has created so far. Section 3 provides a similar description of the Social Fund programme. Furthermore, four examples of projects under the funds are included.



## 2. The Regional Fund Programme

The Regional Fund Programme *Innovative and Sustainable Growth in Businesses* is aimed at five focus areas and objectives:

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.
5. Improve competitiveness and adaptability of SMEs and the development and scaling of new green technologies.

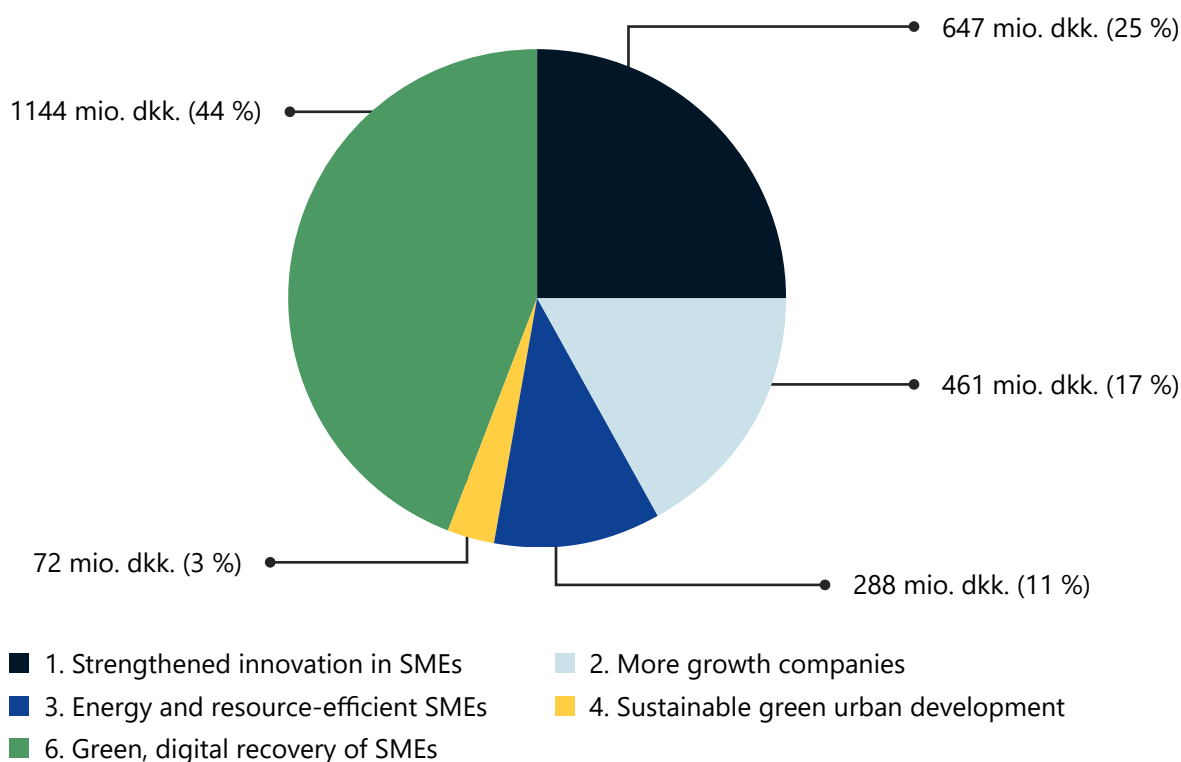
The fifth - improving competitiveness and adaptability of SMEs and the development and scaling of new green technologies - was added to the Regional Fund Programme in 2021 based on the REACT-EU initiatives

within the green and digital recovery of SMEs with a total of DKK 1,144 million.

The Regional Fund initiatives also contribute to fulfilling the Danish EU 2020 targets, especially those for research and development, climate and energy, and employment.

Figure 1 shows how the Regional Fund's resources are distributed across the four focus areas as well as the REACT-EU initiative, which accounts for 44 per cent of the Regional Fund initiative. 25 per cent is allocated to projects that contribute to increasing the number of innovative SMEs, while projects that work to create more growth companies are allocated 17 per cent of the funds. Finally, 11 per cent of the funds are allocated to improving the energy and resource efficiency of SMEs, while 3 per cent is used for sustainable, green urban development .

Figure The distribution of The Regional Fund's resources by focus areas, in the period 2014-2020, incl. REACT-EU funds.



On The Danish Business Authority's website is an [overview and a brief description of all projects supported - split by both focus areas and regions](#)

## Green Resource Ecosystems North Jutland (GRØN)

The goal of GRØN was to improve the competitiveness of SMEs in the North Denmark Region by ensuring resource and energy savings through industrial symbiosis. 49 companies have participated in an industrial symbiosis and received a green business plan, and the participating companies have achieved significant savings on energy and materials.

The project started in August 2020 and ended in December 2022. The EU Regional Fund supported the project with DKK 7.8 million. The operator was the Centre for Logistics and Cooperation in partnership with the Network for Sustainable Business Development in North Jutland (NBEN), Port of Aalborg, Aalborg University, Hydrogen Valley and several municipalities and business centers in Thisted, Vesthimmerland, Mariagerfjord, Hjørring and Morsø municipalities.



### Status of the Regional Fund Programme at the end of 2022

Table 1 shows the separate allocation of the Regional Funds and REACT-EU funds.

*Since the beginning of the programme period and until the end of 2022, a total of DKK 1,450 million has been committed to 154 Regional Fund projects. This means that 99 per cent of the Regional Funds have been committed by the end of 2022.*

By the end of 2022, a total of approx. DKK 1,073 million had been disbursed, corresponding to 73 per cent of the Regional Funds being disbursed to projects. In addition, DKK 1,137 million has been committed to 29 projects from the REACT-EU funds in 2022, corresponding to 99 per cent of the total of DKK 1,144 million. DKK 123 million of the REACT-EU funds had been disbursed by the end of 2022, corresponding to 11 per cent of the funds. The EU grant is disbursed on an ongoing basis as repayment to the beneficiaries as the project activities are completed.

Almost half of the 154 regional fund projects aim to create more innovative SMEs in Denmark. A total of DKK 660 million has been committed from the EU to boost innovation. Both the funds for innovation and entrepreneurship are almost fully committed.

At the beginning of the programme period, the two green focus areas, to create energy and resource-efficient SMEs and strengthen sustainable green urban development, got off to a slow start. Nevertheless, in recent years, demand has increased significantly and by the end of 2022, 95% of the funds have been committed. However, due to the slow start, only 55 per cent of the funds have been disbursed.

**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	660	102	572	88
More growth companies	38	448	97	304	66
Energy- and resource-efficient SMEs	26	283	99	157	55
Sustainable green urban development	18	58	80	40	56
<b>Total</b>	<b>154</b>	<b>1.450</b>	<b>99</b>	<b>1.073</b>	<b>73</b>
Green, digital recovery of SMEs (REACT-EU)	29	1.137	99	123	11

**Project example 2: The Regional Funds focus area: *Internationalisation***

### **Zealand International**

The purpose of *Zealand International* was to increase productivity and employment in companies in Region Zealand to create new growth companies through internationalisation. 93 companies underwent an intensive business development course and received an international growth plan consisting of elements such as e-export, online marketing, communication, and business development, that may increase export turnover and earnings.

The project started in March 2018 and finished at the end of 2022. The project was supported with a total of DKK 22.3 million from the EU Regional Fund: DKK 19.2 million in 2018 and DKK 3.1 million in 2020, as the project was expanded and extended to the end of 2022. The operator was Business House Zealand in partnership with DTU, Business Academy Zealand, and the Confederation of Danish Industry.

#### **Output and impacts**

*Result orientation is a keyword for the Structural Funds in Denmark. All projects must be based on a solid impact chain that describes how the supported activities will contribute to one or more of the goals set out in The Structural Fund programmes.*

For example, this could be increasing the number of innovative SMEs or reducing CO<sub>2</sub> emissions. It is often extremely difficult to measure the effects at the end of a project, and therefore the output is typically measured in terms of the number of participating companies and associated deliverables in the form of prototypes, growth plans, and green business models.

When possible, the impacts are measured in collaboration with Statistics Denmark using register data and by comparing the development in the companies that have participated in the activities, with the development in control groups of companies that 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 2022, 154 of the 183 Regional Fund and REACT-EU projects have reported information on outputs and impacts. However, many Regional Fund

projects are not fully completed. Therefore, these are only preliminary results of the efforts. It is also too early to measure the long-term impacts on companies using register data.

Among the most important preliminary outputs and impacts are that almost 2,200 private companies have participated in an innovation project. This is far above the target of 1,750 companies. In the long term, this effort is expected to create almost 500 new innovative companies. By the end of 2022, more than 400 have already seen the light of day.

Within the focus area of "More growth companies", all initiated projects have reported information on outputs and impacts. This has resulted in just over 2,600 companies receiving support by the end of 2022, thus reaching and surpassing the overall target of just over 2,500 companies for the entire programme period. Based on the growth and transition plans that have been prepared in the 38 projects, the project owners expect to contribute to the creation of just over 1,000 new growth companies and almost 18,700 new private full-time jobs. However, the actual number of growth companies created cannot be measured properly until at least three years after the companies have participated in a project.

Within the focus area of "Energy and resource efficiency", all initiated projects have reported outputs. The projects have already carried out support for more than 1,700 companies and are close to the total target for the programme period of more than 1,800 companies. The companies are delivering great results in reducing greenhouse gas emissions: The target for the entire programme period is to reduce greenhouse gas emissions by 34,900 tons (CO<sub>2</sub> equivalents), and by the end of 2022, the reduction will be just over 638,000 tons.

The figures for the 18 ongoing urban projects promoting green and sustainable urban development show that far more companies than expected are participating: Almost 90 companies are involved in the investment priority "Urban development through innovative companies" compared to the expected 14, and under the priority "Energy and resource-efficient cities", 25 new methods or technologies to promote sustainable urban development have been developed by the end of 2022, exceeding the expected 14.

The REACT-EU initiative has experienced challenges in that the short-term nature of the funds is expected to challenge some of the projects, especially considering

the unstable supply chains due to the war in Ukraine. For this reason, some projects have reported possible delivery issues. However, the projects still expect to reach their overall target figures for effort.

### 3. The Social Fund Programme

The Social Fund programme "Growth through Education and Entrepreneurship" is primarily targeted at improving the skills of the workforce. The programme centers on five focus areas and objectives:

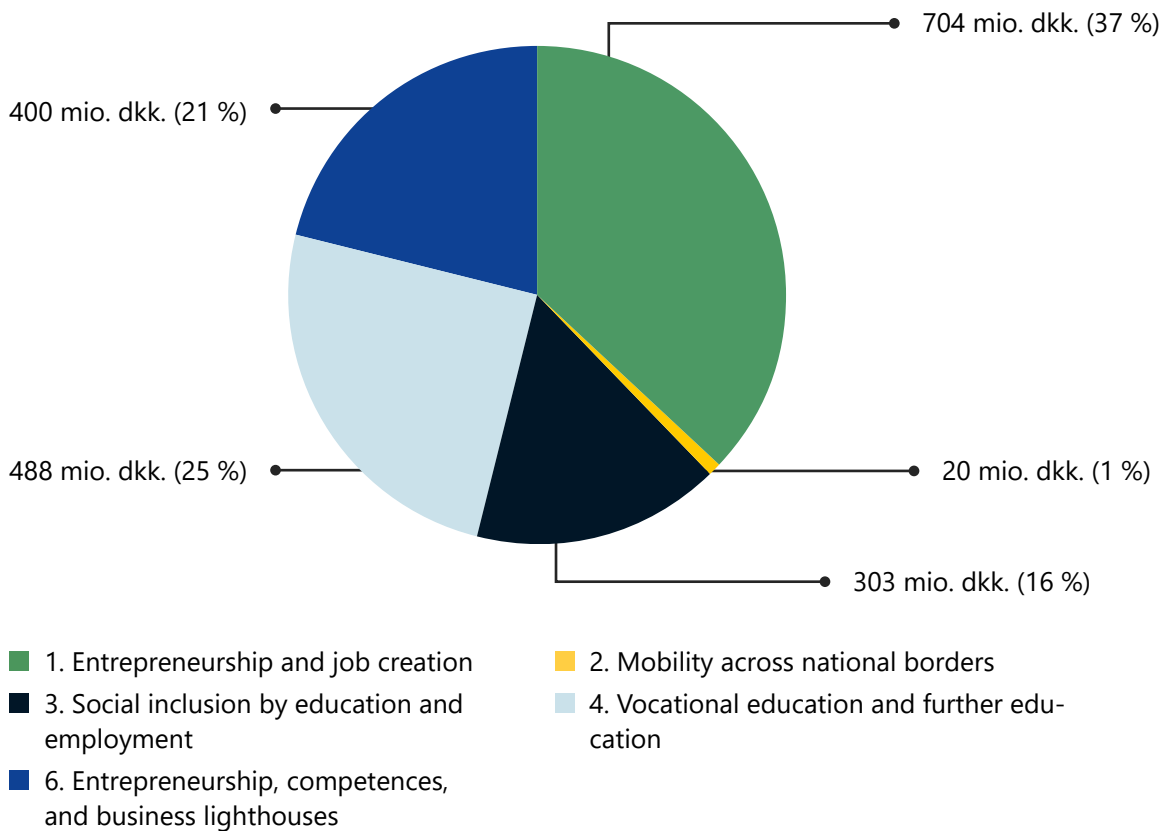
1. Increase the number of self-employed people, the survival rate, and employment in companies receiving support.
2. Increase labour mobility across national borders.
3. Increase employment for people having trouble entering, and staying, on the labour market (for instance, those with any sort of mental or physical disability)
4. Increase the number of people with a vocational education or further education.
5. Strengthen growth and employment based on local or regional business strengths.

The fifth – "Strengthening growth and employment based on local or regional business strengths" - was added to the Social Fund programme in 2021 based on the REACT-EU initiative with a total of DKK 400 million.

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

Figure 2 shows the distribution of Social Fund resources across the focus areas. The REACT-EU initiative, which was added in 2021, accounts for 21 per cent of the total funds. 37 per cent of the funds are targeted at projects that aim to strengthen the entrepreneurial culture in Denmark, offer advice to entrepreneurs, or contribute to business growth through skills upgrading. Cross-border labour mobility is supported by the so-called EURES network, which is administered by the Danish Agency for Labour Market and Recruitment. The effort is supported with DKK 20 million, corresponding to 1 per cent of the Social Fund resources. Furthermore, 16% of the funds from the Social Fund are allocated to inclusion projects that contribute to getting a hold of and keeping people with, for example, mental or physical disabilities, in employment. Finally, 25 per cent is allocated to initiatives that contribute to heightening the level of vocational education and higher education.

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: *Qualified Workforce and Social Inclusion***

**Mercantile education in a STEM perspective**

The short-term goal of the project was to get more students to apply for the main course and complete a vocational education and training programme so that companies get more skilled workers with the right competencies. In the long term, the project will also contribute to more people applying for vocational education and training programmes. With practical and business-oriented activities and a focus on STEM skills (Science, Technology, Engineering, and Mathematics), the project has also contributed to preparing students for the increased digitalisation in the courses and in the companies.

The project began in June 2019 and finished at the end of 2022, and almost 2,100 students have participated in a programme. Viden Djurs in Grenaa was the operator of the project in partnership with the vocational schools Tietgenskolen in Odense, Tradium in Randers, International Business College in Kolding, and Campus Vejle. The EU Social Fund has supported the project with DKK 7.8 million.



### Status of The Social Fund programme by the end of 2022

Table 2 shows the utilisation of the Social Fund and REACT-EU funds separately.

*Since the beginning of the programme period and until the end of 2022, a total of DKK 1,488 million has been committed to 165 Social Fund projects. This means that 98 per cent of the Social Fund resources have been implemented by the end of 2022, while 74 per cent has been disbursed to projects. In addition, DKK 400 million has been committed to 16 projects from the REACT-EU funds in the new priority axis 6 in 2022, which corresponds to 100 per cent of the total pool, while 25 per cent has been disbursed by the end of 2022.*

The EU subsidy is disbursed to the beneficiaries on an ongoing basis as the project activities are completed.

By the end of 2022, 73 projects had been launched under the Entrepreneurship and Job Creation focus area. Almost half of the total commitment amount for the Social Fund has been allocated to these projects. In 2022, 97 per cent of the funds have been implemented and 71 per cent disbursed to the projects. However, the projects have been challenged by the economic

boom. This has resulted in companies prioritising their daily operations to a greater extent, and, consequently, having less time to prioritise raising the level of employee skills.

In the cross-border mobility initiative (EURES), no new projects have been added in 2022. 93 per cent of the funds have been committed and 44 per cent have been disbursed to the projects.

The inclusion initiative encompasses 39 projects by the end of 2022. Through education and employment, the inclusion initiative aims to reduce the number of people who have difficulties entering or staying in the labour market. 100 per cent of the funds have been committed and 81 per cent of the funds have been disbursed. In 2022, as in 2021, the low unemployment rate has made it difficult to recruit the expected number of participants.

Within vocational and higher education, 49 projects have been committed by the end of 2022, and no new projects have been launched in the past year. With a total commitment of DKK 470 million (25%), education projects constitute a significant part of the Social Fund programme. By the end of 2022, 96% of the funds had been committed and 74% of the funds had been disbursed to projects.



**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	686	97	502	71
Mobility across national borders <sup>1</sup>	4	19	93	9	44
Inclusion via education and employment	39	314	104	246	81
Vocational education and further education	49	470	96	360	74
<b>Total</b>	<b>165</b>	<b>1.488</b>	<b>98</b>	<b>1.117</b>	<b>74</b>
Entrepreneurship, competences, and business lighthouses (REACT-EU)	16	400	100	99	25

<sup>1</sup> 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.

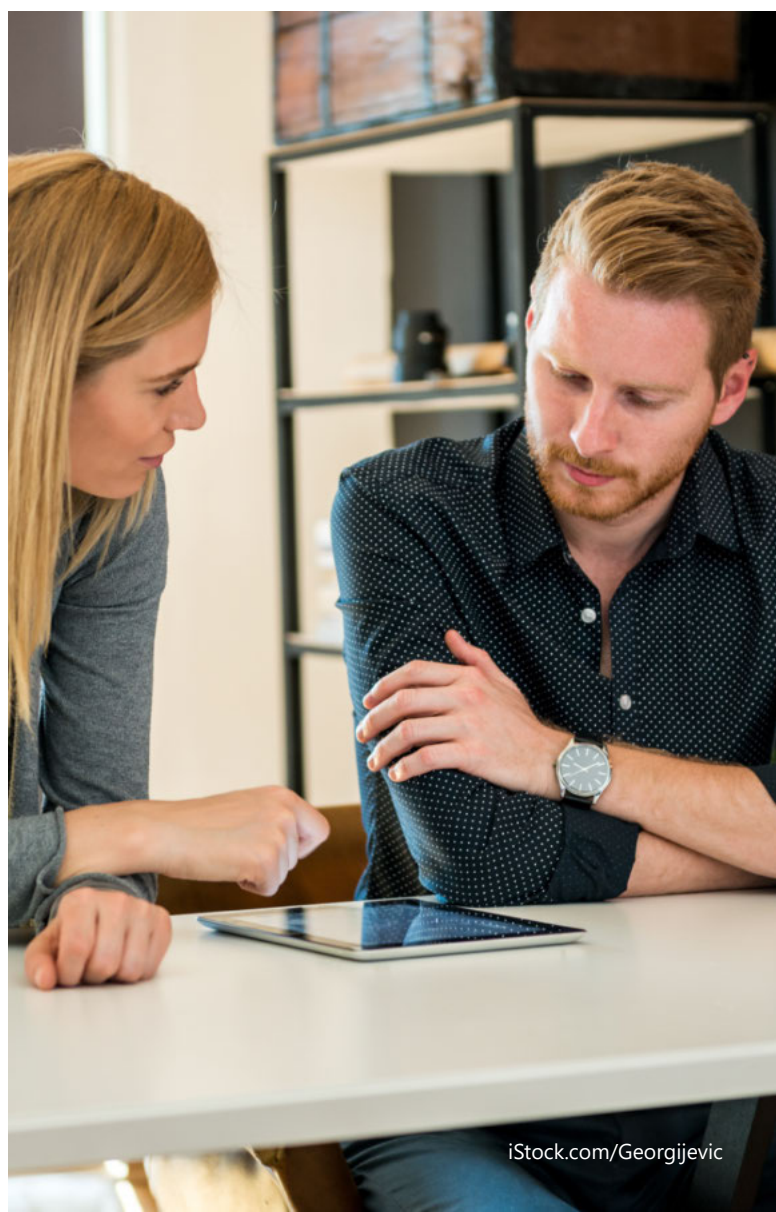
### Output and impacts

*Unlike the business-oriented efforts under the Regional Fund programme, where the impacts typically cannot be calculated within the project period, it is possible to calculate the short-term results of the Social Fund efforts during the lifetime 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.*

By the end of 2022, 165 projects have reported information on outputs, and 158 projects have - in addition to information on outputs - also reported information on immediate results the projects have contributed to.

Almost 52,900 people have started entrepreneurship and job creation initiatives. Almost 2,500 participants have started their own businesses after participating, and more than 32,400 participants have improved their competencies.

Regarding the initiative aiming to increase cross-border mobility, almost 21,500 people have been registered in the EURES CV bank, and throughout the programme period, the initiative has matched almost 17,900 job-seeking candidates with job vacancies from Danish companies.



Almost 10,700 people have participated in social inclusion activities to move them closer to employment. More than 1,100 of them have found work after participating in the project, and more than 3,000 of the participants have started an education programme. Four out of five participants had no education beyond the primary school level at the start of the project.

By the end of 2022, more than 42,200 programmes have been launched to increase the number of younger people getting a vocational education. The programmes have subsequently helped more than 30,500 young people start vocational education. Under the same overall effort regarding vocational education

and higher education, more than 16,000 adults have participated in the effort to raise their level of education. More than 1,100 participants have increased their level of education, while another 4,000 participants have started an education programme because of the initiative. Labour shortages during the economic boom have made it challenging for several projects to recruit participants for upskilling activities.

Finally, almost 3,600 participants have started programmes within the REACT initiative. By the end of 2022, more than 500 of these participants had completed their programmes, and of these, more than 450 had gained improved competencies.

### Project example 3: The Social Fund's focus area: *Qualified Workforce and Social Inclusion*

#### Future Talent Denmark

The project originally aimed at retaining international students in the Danish labour market after graduation through short internships, casework, and workshops in companies. Later, the project was expanded to include foreign graduates. The reason was that only one-third of the foreign students and graduates wanted to stay in the Danish labour market after graduation. 240 students and graduates participated in the project, and 82% of the participants have since wanted to pursue a career in Denmark.

Future Talent Denmark began in September 2019 and ended in December 2022. The operator was the organisation work-live-stay Southern Denmark in partnership with the University of Southern Denmark and Aarhus University. DKK 3.6 million was granted from the EU Social Fund.

