



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 1: Job creation as an indicator of
outcomes in ERDF programmes**

Denmark

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**A report to the European Commission
Directorate-General Regional and Urban Policy**

Contents

Executive summary	3
1. The use of the indicator to assess outcomes in policy areas.....	4
2. Definition, methodology, data reporting and wider use of the indicator	5
Definition and methodology.....	5
Content of data.....	5
Wider use of indicator.....	6
3. Cost per job created	6
4. The indicator of job creation in evaluations and AIRs.....	6
5. Looking forward to the 2014-2020 programming period.....	7
Further remarks.....	7
References.....	8
Interviews.....	8

List of abbreviations

- AIR Annual Implementation Report
- DBA Danish Business Authority
- MA Managing Authority
- OP Operational Programme

Executive summary

Job creation is not used as an indicator of outcome in the present programming period. Job creation is referred to as an overall objective of the ERDF programme but there are no targets set for this indicator and there is no systematic collection of data.

Job creation is mentioned as an objective in relation to “the growth driver entrepreneurship” in the Operational Programme (OP) because new enterprises should create jobs but the Managing Authority (MA) (Danish Business Authority - DBA) did not select this indicator to measure the outcome of the support in this policy area.

In 231 out of a total of 252 initiated projects, project owners made the initial assessment that their project will have a positive effect on job creation and employment in general. A survey shows that 91% of projects owners expected their projects to create new jobs.

In the forthcoming programming period the DBA intends to collect information on beneficiaries from Statistics Denmark to assess the quantitative effects of the support (e.g. in terms of turnover, employment and growth) using counterfactual methods.

1. The use of the indicator to assess outcomes in policy areas

The ERDF programme in Denmark focusses on the priority “innovation and knowledge” and job creation is not used as an indicator of outcome in the ERDF programme. Job creation is referred to as an “overall objective”, but there are no targets set. The data is therefore not systematically collected and there is no reporting in this regard.

Regional development policy in Denmark is structured around three growth drivers: (1) innovation, (2) entrepreneurship and (3) application of new technologies. Indicators of outcome and targets were set for each growth driver at the beginning of the programming period, but none of these implied job creation.

Job creation is mentioned as an objective in relation to the “growth driver entrepreneurship” of the OP. The indicator used to measure the outcome of intervention is “the number of newly created enterprises” and not “the number of jobs created” which is seen as an indirect outcome. No targets were therefore set for job creations and the DBA has not set up a system to collect the information systematically¹.

The share of funding for projects under the growth driver entrepreneurship was 23.7% at the end of 2011 and the expenditure carried out was about EUR 5.2 million².

The target for the creation of new enterprises is 900 by the end of 2015 as a result of the funding from the ERDF. By the end of 2011, 3,453 new entrepreneurs were supported by ERDF co-financed projects and the MA (DBA) expects that by the end of the programming period 7,974 new entrepreneurs will have been supported in total. The actual outcome exceeds by far the initial target³.

The table below shows the percentage of allocation (at end-2011) to each of the policy areas under the growth driver entrepreneurship.⁴

Table 1 - Allocation in policy areas under the growth driver entrepreneurship

Policy area	Percentage of allocation
RTDI and linked activities	44.9
Innovation support for SMEs	48.9
Other investments in firm	6.2

RTDI and innovation support are the policy areas which receive most funding. Support mainly goes to projects categorised under code 5: “Advanced support services for firms and groups of firms” (36.8%) under the policy area RTDI and to projects categorised under code 9: “Other measures to stimulate research and innovation and entrepreneurship in SMEs” (33.8%) under the policy area innovation support.⁵

¹ OP ERDF, DBA, 2011.

² AIR 2011.

³ AIR 2011.

⁴ AIR 2011.

⁵ AIR 2011.

2. Definition, methodology, data reporting and wider use of the indicator

Definition and methodology

Job creation is not used to measure the outcome of the ERDF programme. Nonetheless, project promoters need to give an indication during the application process on the expected effect of the project on job creation or on employment in general. At project closure beneficiaries need to provide information on whether the actual results in this regard corresponded to the initial assessment.⁶

The MA (DBA) gave general instructions and guidelines regarding the indicator to use as well as on the targets but, as already mentioned, there was no demand to report on job creation. However, the guidelines state that the project promoter should collect information on the social security number for the persons and/or the VAT identification number of companies involved in a project as these may be traced in centralised statistical databases. In this way hard data for projects can be collected, aggregated and applied in evaluation⁷.

In the forthcoming programming period (2014-2020) the DBA intends to collect information on companies receiving support from Statistics Denmark and to assess the quantitative effects of the support on turnover and employment. In the next programming period all projects will be required to list the enterprises that have received support in a particular project and the DBA intends to create a control group of companies with similar characteristics with which to compare the enterprises that have received ERDF support. The approach has been tested on five projects co-financed by the ESF and the DBA expects that the method will be implemented in general for the ERDF programme in the next period.

Content of data

As job creation is not used as an indicator of outcome, there is no information on temporary and permanent jobs and on the jobs created in the construction phase. The question of whether or not there are efforts to avoid duplication in the data reporting, to capture the quality of jobs or to distinguish between jobs created and jobs maintained is not relevant in this context. When mentioned in the OP, AIRs and evaluations, job creation is usually referred to as number of full-time jobs.

According to DBA, 252 projects had been initiated by the end of 2011. 231 of these made the initial assessment that their project was expected to have a positive effect on job creation and employment in general. 21 projects expected no effect and no project expected a negative effect⁸.

In another survey included in the external strategic evaluation of the ERDF programme projects owners were asked "to which extent they expect their project to create new jobs?". 91% of project owners indicated that their project is creating new jobs⁹. The data reported primarily relate to expected outcomes of projects co-financed by the ERDF. The survey and the initial

⁶ OP ERDF, DBA, 2011.

⁷ Interview, Hans Henrik Nørgaard, chief adviser at DBA.

⁸ AIR 2011.

⁹ Strategic evaluation, COWI for DBA, 2011.

assessment of the project owners tend to indicate that jobs are created as a result of the expenditure but there is no actual evidence on the number.

Wider use of indicator

As a response to the financial crisis the Danish government has made a particular effort to stimulate job creation. Several national programmes are being implemented at the moment. In many policy programmes job creation is mentioned as an overall objective. A recently presented “growth package” suggests that 150,000 jobs will be created through e.g. public investment in infrastructure and construction. In general, the policy programmes include economic forecasts on job creation but job creation is rarely used to monitor the outcome of a single programme.

3. Cost per job created

During the programming period no registration of job creation has been made and it is not possible to estimate the cost per job created.

For a few projects cost estimates can nevertheless be made. For instance, the project “Danish Solar Energy in Lolland” created 17 new jobs in production and development during the project period. The total budget of the project was around EUR 2.3 million with ERDF co-financing amounting to EUR 0.7 million. The cost per job created was around EUR 135 thousand.

4. The indicator of job creation in evaluations and AIRs

Programme evaluations and AIRs have not addressed net job creation. The expectations for creating new jobs are strongly linked to the creation of new enterprises, but there have been no attempts to estimate the net job creation.

The survey included in the strategic evaluation did not estimate net or gross job creation and the assessment made by the project owners do not indicate any number of jobs created through the projects.

Only a few projects owners have specified that job creation was a criterion for success. A review conducted by New Insight of 84 final reports from project owners confirms that job creation has not been in focus in the present programming period. Only two final reports have reported on job creation (one is mentioned in the section above).

The fact that there has been no use of job creation as an indicator of outcome and no systematic collection of data on job creation, it must be concluded that the occasional data on expected outcome does not represent reliable information.

Therefore, it is not possible to make any kind of rough estimate of the number of jobs created on the basis of the Danish ERDF programme.

It must be stressed that measuring job creation was not part of the objectives and intentions in the ERDF programme.

5. Looking forward to the 2014-2020 programming period

The DBA is well aware of the new definitions of the common indicator for 2014-2020 and the definitions are part of the on-going preparation for the forthcoming programming period. According to the DBA data collection on job creation should be carried out systematically in the next programming period.¹⁰

The Danish MA (DBA) has organised workshops and seminars to discuss the future programme with public and private stakeholders.

Further remarks

As Denmark has extensive statistical data on enterprises and citizens, there is a significant potential for collecting data on job creation and the DBA¹¹ is confident that it will be able to collect valuable data in the forthcoming programming period.

However, concerns may be raised as to whether it will be possible to provide solid evidence on the isolated effect of the specific projects and the ERDF programme in general.

¹⁰ Interview, Hans Henrik Nørgaard, chief adviser at DBA.

¹¹ Interview, Hans Henrik Nørgaard, chief adviser at DBA.

References

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- COWI 2011: Strategic Evaluation of the Structural Funds Period 2007-2013, final report April 2011, COWI and DEACA, 2010.
- COWI 2009: Tema-evaluering vedrørende strukturfondsperioden 2007-2013, Erhvervs- og Byggestyrelsen.
- Operational Programme 'Innovation and knowledge' - Programme under Regional Competitiveness and Employment Objective, co-funded by the European Regional Development Fund (ERDF).
- Operational Programme 'More and better jobs' - Programme for The European Social Fund in Denmark 2007-2013.
- 84 final reports from project owners.

Interviews

Hans Henrik Nørgaard, chief adviser at DBA.