Programme for
the European Regional Development Fund
in Denmark
2007-2013

Regional competitiveness and employment

“Innovation and Knowledge”

16 May 2007
# Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Socio-economic description of the strengths and weaknesses of the Danish regions</td>
<td>8</td>
</tr>
<tr>
<td>2.1 Geography</td>
<td>8</td>
</tr>
<tr>
<td>Definition of peripheral areas 2007-2013</td>
<td>10</td>
</tr>
<tr>
<td>2.2 Population</td>
<td>10</td>
</tr>
<tr>
<td>2.3 Value added and productivity</td>
<td>12</td>
</tr>
<tr>
<td>2.4 Labour market</td>
<td>13</td>
</tr>
<tr>
<td>2.4.1 Unemployment</td>
<td>15</td>
</tr>
<tr>
<td>2.4.2 Employment</td>
<td>17</td>
</tr>
<tr>
<td>2.5 Education</td>
<td>19</td>
</tr>
<tr>
<td>2.6 Research and development</td>
<td>21</td>
</tr>
<tr>
<td>2.7 Regional business structure</td>
<td>22</td>
</tr>
<tr>
<td>2.8 Peripheral areas</td>
<td>23</td>
</tr>
<tr>
<td>2.9 The regions seen in terms of four growth sources</td>
<td>24</td>
</tr>
<tr>
<td>2.9.1 Human resources</td>
<td>24</td>
</tr>
<tr>
<td>2.9.2 Innovation, knowledge sharing and knowledge building</td>
<td>27</td>
</tr>
<tr>
<td>2.9.3 Establishment and development of new enterprises</td>
<td>28</td>
</tr>
<tr>
<td>2.9.4 Use of new technology</td>
<td>30</td>
</tr>
<tr>
<td>2.10 Cities</td>
<td>32</td>
</tr>
<tr>
<td>2.11 Environment</td>
<td>33</td>
</tr>
<tr>
<td>2.11.1 Promoting environmentally efficient technology</td>
<td>34</td>
</tr>
<tr>
<td>2.12 Summary of strengths and weaknesses of Danish regions</td>
<td>35</td>
</tr>
<tr>
<td>2.12.1 SWOT – summary of the socio-economic analysis</td>
<td>36</td>
</tr>
<tr>
<td>2.13 Evaluations</td>
<td>38</td>
</tr>
<tr>
<td>2.13.1 Evaluations of the programme period 2000-2006</td>
<td>38</td>
</tr>
<tr>
<td>2.13.2 Ex ante evaluation for the period 2007-2013</td>
<td>41</td>
</tr>
<tr>
<td>Strategic Environmental Assessment</td>
<td>47</td>
</tr>
<tr>
<td>3.1 Frameworks for the action</td>
<td>53</td>
</tr>
<tr>
<td>3.2 Development of regional growth conditions with a view to better regional performances</td>
<td>55</td>
</tr>
<tr>
<td>3.3 Main areas and goals of the action</td>
<td>56</td>
</tr>
<tr>
<td>3.3.1 Quantification of the goals for the Structural Funds action in Denmark 2007-2013</td>
<td>57</td>
</tr>
<tr>
<td>3.3.2 Beneficiaries, types of investment, and financial instruments</td>
<td>60</td>
</tr>
<tr>
<td>3.3.3 Specification of the action</td>
<td>63</td>
</tr>
<tr>
<td>Priority 1. Innovation and knowledge</td>
<td>63</td>
</tr>
<tr>
<td>Innovation, knowledge sharing and knowledge building</td>
<td>64</td>
</tr>
<tr>
<td>Establishment and development of new enterprises</td>
<td>69</td>
</tr>
<tr>
<td>Use of new technology</td>
<td>72</td>
</tr>
<tr>
<td>Development of human resources – interaction with the European Social Fund</td>
<td>75</td>
</tr>
<tr>
<td>Priority 2. Technical assistance</td>
<td>77</td>
</tr>
<tr>
<td>3.4 Competitive pool</td>
<td>77</td>
</tr>
<tr>
<td>3.4 Special funding opportunities in certain state aid areas</td>
<td>77</td>
</tr>
<tr>
<td>3.4.1 Investment aid</td>
<td>78</td>
</tr>
<tr>
<td>3.4.2 Consultancy in SMEs</td>
<td>78</td>
</tr>
<tr>
<td>3.4.3 Aid for research and development, technical feasibility studies and patenting costs in SMEs</td>
<td>79</td>
</tr>
<tr>
<td>Implementation of the Structural Funds programmes in Denmark</td>
<td>81</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>4.1 Administrative set-up</td>
<td>81</td>
</tr>
<tr>
<td>4.1.1 New opportunities for content-related synergy</td>
<td>81</td>
</tr>
<tr>
<td>4.1.2 New administrative structure and new regional policy actors</td>
<td>81</td>
</tr>
<tr>
<td>4.1.3 Cofinancing of Structural Funds actions</td>
<td>82</td>
</tr>
<tr>
<td>4.1.4 Legislative framework</td>
<td>83</td>
</tr>
<tr>
<td>4.1.5 Managing authority</td>
<td>84</td>
</tr>
<tr>
<td>4.1.6 Certifying authority</td>
<td>84</td>
</tr>
<tr>
<td>4.1.7 Regional councils</td>
<td>85</td>
</tr>
<tr>
<td>4.1.8 The municipalities</td>
<td>85</td>
</tr>
<tr>
<td>4.1.9 Regional growth fora</td>
<td>86</td>
</tr>
<tr>
<td>4.1.10 The Danish Growth Council</td>
<td>87</td>
</tr>
<tr>
<td>4.2 Monitoring and evaluation</td>
<td>88</td>
</tr>
<tr>
<td>4.2.1 Monitoring committee</td>
<td>88</td>
</tr>
<tr>
<td>4.3 Control measures</td>
<td>89</td>
</tr>
<tr>
<td>4.3.1 Practice and rules to ensure control of implementation of the</td>
<td>89</td>
</tr>
<tr>
<td>programme</td>
<td></td>
</tr>
<tr>
<td>4.3.2 The normal financial control procedures applicable to all public</td>
<td></td>
</tr>
<tr>
<td>expenditure in the Member State</td>
<td>91</td>
</tr>
<tr>
<td>4.3.3 Definition of roles for the parties involved in the supervision</td>
<td>91</td>
</tr>
<tr>
<td>4.4 Evaluation</td>
<td>94</td>
</tr>
<tr>
<td>4.4.1 The regional growth model</td>
<td>96</td>
</tr>
<tr>
<td>4.4.2 Financial monitoring</td>
<td>96</td>
</tr>
<tr>
<td>4.4.3 Partnership agreements between the government and the regional</td>
<td>98</td>
</tr>
<tr>
<td>growth fora</td>
<td></td>
</tr>
<tr>
<td>5 Information</td>
<td>99</td>
</tr>
<tr>
<td>6 Coherence with other EU policies</td>
<td>101</td>
</tr>
<tr>
<td>6.1 Programmes under the European Agricultural Fund and the European</td>
<td>101</td>
</tr>
<tr>
<td>Fisheries Fund</td>
<td></td>
</tr>
<tr>
<td>6.1.1 The Rural Development Programme</td>
<td>101</td>
</tr>
<tr>
<td>6.1.2 The European Fisheries Fund programme</td>
<td>103</td>
</tr>
<tr>
<td>6.1.3 Other EU policies</td>
<td>105</td>
</tr>
<tr>
<td>7 Financing plan</td>
<td>109</td>
</tr>
<tr>
<td>7.1 Allocation</td>
<td>110</td>
</tr>
<tr>
<td>8 Involvement of the partnership</td>
<td>111</td>
</tr>
<tr>
<td>Annex 1 Goals and indicators for the action</td>
<td>113</td>
</tr>
<tr>
<td>Annex 2 Guideline allocation of Community contributions by category</td>
<td>119</td>
</tr>
<tr>
<td>Annex 3 Application of state aid rules under the programme</td>
<td>120</td>
</tr>
<tr>
<td>Annex 4 Summary report of the environmental assessment of the European</td>
<td>121</td>
</tr>
<tr>
<td>Regional Development Fund programme ‘Innovation and knowledge’ for</td>
<td></td>
</tr>
<tr>
<td>the Structural Funds period 2007-2013</td>
<td></td>
</tr>
</tbody>
</table>
1 Introduction

The starting point for the Danish Structural Funds action in the period 2007-2013 is the European Council’s wish for the EU Structural Funds – the European Social Fund and the European Regional Development Fund – to contribute to fulfilment of the ‘Lisbon objectives’ of sustainable growth, competitiveness and employment, through implementation of EU cohesion policy.

EU cohesion policy is already contributing to the Lisbon Strategy. The Community Strategic Guidelines on Cohesion 2007-2013 point out that cohesion policy has a significant macroeconomic effect, impacting on overall growth and competitiveness throughout the EU.

Cohesion policy mobilises the growth potential that exists in all regions to the benefit of overall development in the EU. The premise for the EU being able to realise the Lisbon goals is that all regions – and particularly the regions with the greatest potential for higher productivity and employment – have a role to play.

The Lisbon Strategy has three general dimensions: economic, social and environmental. In accordance with the new strategy, the priorities for these three pillars have been divided into three general themes:

1. Knowledge and innovation – the driving force for sustainable growth, by means of improving investments in research and development, promoting innovation, use of information and communications technology, and contributing to a strong European industrial base.
2. An attractive area in which to invest and work through development of the internal market, improvement of European and national regulation, ensuring open and competitive markets within and outside Europe, and expansion and improvement of European infrastructure, and
3. Growth and employment for the benefit of social cohesion by making it more attractive for people to get into and remain in work, improving the adaptability of the workforce and industry, and the flexibility of labour markets, and increasing investments in human capital through better education and skills.

The Community Strategic Guidelines comprise the overall framework for the forthcoming Structural Funds action. The Community has proposed that the programmes receiving assistance from the Structural Funds should be targeted at investments in knowledge, innovation, research capacity, and better general education and vocational training, so that employees obtain the qualifications required to handle global challenges.

Based on the Strategic Guidelines, relevant regulations¹ and the national reform programme, Denmark has drawn up a National Strategic Reference Framework,

which forms the framework for the present programme for the European Regional Development Fund in Denmark.

As is apparent from the National Strategic Reference Framework, Denmark is planning – in the light of the challenges of globalisation and the need to strengthen the EU’s overall competitiveness and employment – to focus the Structural Funds action in two general areas: ‘Innovation and Knowledge’ and ‘More and Better Jobs’.

In the period 2007-2013 Denmark as a whole is covered by the Structural Funds objective concerning regional competitiveness and employment. Pursuant to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, this objective will help to strengthen both competitiveness and employment in the regions, among other things via activities to boost trade by means of increased investments in human resources, innovation, development of the knowledge society, entrepreneurship, protection of the environment, increased accessibility, adaptation of the workforce’s competences to match the demand from enterprises, and the development of new job markets.

Denmark is very keen to focus the Structural Funds action and use of resources in areas where they are first and foremost expected to contribute best to increased growth and competitiveness within the frameworks of the Community Strategic Guidelines for 2007-2013, the Structural Funds regulations and Denmark’s National Strategic Reference Framework.

With a view to ensuring Denmark’s overall growth and competitiveness, the EU Structural Funds action in Denmark will help to provide an extra input to developing the framework conditions for enterprises’ competitiveness and improving enterprises’ development opportunities, taking account of differing regional needs.

The Structural Funds action will supplement other national growth policy efforts, not least by means of major strategic investments which contribute to increased regional growth and employment. Within the specified strategic framework for the Danish Structural Funds resources, the programme may also help to support projects comprising experimentation linked to new approaches and actions.

Denmark’s National Strategic Reference Framework emphasises four ‘growth sources’: development of human resources, use of new technology, establishment and development of new enterprises, and innovation, knowledge sharing and knowledge building.

These growth sources are the pivot of Denmark’s national enterprise policy, cf. the Business Development Act\(^2\) and the government’s globalisation strategy. And, with a view to ensuring coherent and focused EU-initiated national and regional action on enterprise policy, it is therefore natural for the four growth sources also to become the

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\(^2\) Pursuant to the Business Development Act, the regional councils – via the regional growth fora – must cofinance business development activities within the areas of innovation, knowledge sharing and knowledge building, use of new technology, establishment and development of new enterprises, development of human resources, including development of regional competences, growth and development in the tourism industry, and development activities in the peripheral regions.
pivot of the Danish EU Structural Funds action based on the frameworks set out in the regulations, including the regulations governing the European Regional Development Fund and the European Social Fund.

There are also a number of considerations dictated by the regulations. These include taking account of the peripheral areas, rural districts and towns and cities, equal opportunities, and the environment, as well as general employment-related considerations in the light of the national employment policy.

The growth sources are set out in the Lisbon objectives, and the Community Strategic Guidelines for 2007-2013 emphasise that one of the means of contributing to fulfilment of the Lisbon objectives is by investing in the development of the growth sources.

Based on the frameworks provided by the EU regulations, the Community Strategic Guidelines and Denmark’s national enterprise policy, including the four growth sources, the strategic framework for application of the EU Structural Funds in Denmark can be summarised by the following graphic.

<table>
<thead>
<tr>
<th>Innovation and Knowledge</th>
<th>More and Better Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing human resources</td>
<td>Establishing and developing new enterprises</td>
</tr>
<tr>
<td>Peripheral areas, rural districts, and towns and cities</td>
<td>Equal opportunities policy</td>
</tr>
</tbody>
</table>

As this shows, the Danish action in the area of regional competitiveness and employment will focus on the Community Strategic Guidelines’ main priority areas ‘More and better jobs’ and ‘Better knowledge and innovation to secure growth’.

The horizontal considerations, i.e. the environment and peripheral areas, towns and cities, and rural districts, are included in a number of examples of actions and, in general, these considerations can and should be taken into account throughout the programme.

The peripheral areas are characterised by low incomes and weak demographic development. The big cities are increasingly becoming growth engines in the knowledge economy. With a view to increasing regional competitiveness, it may be important both to make an extra effort in the peripheral areas and in the towns and cities, but also – and not least – to ensure greater interaction between the large towns and cities and the peripheral areas, for example by building bridges between
knowledge and educational institutions in the towns and cities and enterprises in the peripheral areas.

The programme-monitoring process will register which projects are taking the environment, equal opportunities, and peripheral and urban areas into consideration.

The Danish local government reform comes into effect at the same time as the new EU Structural Funds period on 1 January 2007, changing the administrative structure in Denmark. The current counties are being abolished, and five regions established. These are North Jutland, Central Jutland, South Denmark, Zealand and Capital region (incl. Bornholm). The existing municipalities are being merged into a total of 98. Extensive changes in the administrative remit will take place at the same time.

The fact that the new Structural Funds period and the local government reform come into effect at the same time provides an opportunity to ensure coordinated national and EU-initiated action for regional competitiveness and employment, cf. below.
2 Socio-economic description of the strengths and weaknesses of the Danish regions

In general terms, Denmark has one of the strongest national economies in the EU. Economic growth is relatively high, unemployment and inflation are low, and there is a budget and balance of payments surplus.

At the same time, regional differences in Denmark are modest by international standards. As in the rest of the EU, however, there is a tendency for economic progress to be particularly high in and around the major towns and cities, especially in the Greater Copenhagen area, while things are scarcely as good in the sparsely populated districts. This applies in particular in the geographically peripheral areas, several of which have experienced outward migration and falling employment in recent years.

One feature common to all the Danish regions is that globalisation means they will face significant challenges in the years ahead, including adapting to more knowledge-based and innovative production, advancement of the workforce, boosting the number of growth entrepreneurs, and increasing the participation rate in order to counteract the demographically determined fall in the workforce.

The following description details the socio-economic situation in Denmark as a whole and in the Danish regions. The description illustrates the key regional challenges, which the action financed by the Structural Funds is intended to help leverage.

2.1 Geography

In the Structural Funds period 2007-2013 all of Denmark will be covered by the regional competitiveness and employment objective. As a starting point, all areas of the country are eligible to receive assistance from the resources allocated under this objective, which is the point of departure for the following description of strengths, weaknesses, opportunities and threats in relation to the opportunities for strengthening regional competitiveness and employment in Denmark.

The socio-economic description is based on the new administrative structure in Denmark, which comes into force on 1 January 2007, at the same time as the new Structural Funds period. The 98 new municipalities and five new regions, including numbers of inhabitants, are illustrated in Figure 2.1.

Accurate information is available on the number of inhabitants in the new municipalities and regions in 2005. The other statistical information on the new municipalities and regions which is used in the following has been created by adding together figures for the old municipalities and counties. In cases where former municipalities and counties have been split, it has been assumed that the relative distribution of socio-economic measures corresponds to the relative distribution of the population in 2005.\(^3\)

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3 For example, approximately 80% of the inhabitants of the former Mariager Municipality will live in the new Mariagerfjord Municipality, while the remaining 20% or so will live in the new Randers Municipality. It is assumed that the same distribution applies to workforce, employment, etc.
The description below comprises the following main elements:

- demographic development
- value added and productivity
- employment
- labour market participation
- unemployment
- education
- research and development
- regional business structure
- peripheral areas
- human resources
- innovation
- entrepreneurship
- use of new technology (ICT)
- towns and cities
- environment.

The indicators are stated at national level and, in the majority of cases, at regional level too. Local disparities are discussed where they are particularly striking. All information for the Capital region excludes Bornholm.

The horizontal considerations, i.e. equal opportunities and peripheral areas, are also included in connection with the relevant indicators mentioned above, e.g. labour market affiliation.

*Figure 2.1 The 98 local authorities and 5 regions in Denmark as at 1 January 2007*
The peripheral areas continue to have the particular attention of the Danish government. All the regional growth fora will draw up regional business development strategies with a particular focus on the peripheral areas. Moreover, at least one of the members of the regional growth fora, which will be appointed by the municipalities, will come from a peripheral area.

In addition to the growth fora giving special consideration to the peripheral areas, this is also a horizontal consideration in Denmark’s National Strategic Reference Framework, cf. above.

Pursuant to the local government reform agreement in the area of enterprise, it must also be ensured that the peripheral areas obtain at least the same proportion of Structural Funds resources in the period 2007-2013 as in the preceding period.

In the light of this, there is still a need to define which areas can be characterised as peripheral areas.

**Definition of peripheral areas 2007-2013**

In connection with the Danish local government reform which entered into effect on 1 January 2007, a national policy agreement was entered into stating that the peripheral areas will obtain at least the same proportion of Structural Funds resources as at present. As the municipal map of Denmark has changed as a result of the local government reform, new peripheral areas have been designated for the Structural Funds period 2007-2013.

In order to fulfil the policy agreement, peripheral areas will henceforth be defined as relatively weak new municipalities (low income and weak demographic development) plus the small islands coming under the Association of Danish Small Islands. In addition, the small numbers of Objective 2 municipalities from the period 2000-2006 and peripheral areas designated in connection with the government’s regional growth strategy (2003) which have become parts of new, relatively strong municipalities have been designated as transitional areas.

For a more detailed description of peripheral areas and transitional areas, please refer to Denmark’s National Strategic Reference Framework.

### 2.2 Population

Over the last decade the total number of people living in Denmark has risen by just under 4%, cf. Figure 2.2. The Central Jutland, Zealand and Capital regions have experienced the strongest population growth. South Denmark has seen a more moderate increase, while in North Jutland the population has been largely constant, and has fallen on Bornholm.
Within the individual regions there have been significant local variations in population growth. For example, trends in Central Jutland over the last ten years extend from a decline of almost 7% in Lemvig Municipality to an increase of approximately 12% in Skanderborg Municipality. In Zealand, Lolland Municipality has lost almost 6% of its inhabitants over the last decade, while Roskilde Municipality has gained approximately 9% more.

In general, population growth has been strongest in and around the big cities, while the number of inhabitants has fallen in several of the geographically peripheral areas, including several places in North and North-West Jutland, on the medium-sized islands and on Lolland.

According to projections from Statistics Denmark – which are subject to a high level of uncertainty – regional demographic development over the coming decades will largely follow the trend of the last decade, cf. Figure 2.3. Growth is expected to be highest in Central Jutland, Zealand and the Capital region. In South Denmark, population figures are expected to be largely unchanged, while falls are expected in North Jutland and, particularly, on Bornholm.
The age composition of the population will change significantly in the years ahead. There will be a substantially larger proportion of elderly people and a smaller proportion of people of working age, cf. Figure 2.4. For the country as a whole, the working age population is expected to be reduced from approximately 67% today to approximately 62% in 2030. The proportion of immigrants and descendents among the working age population will however increase from 9% in 2005 to 14% in 2030. The overall reduction in working age population will be seen in all regions of the country, but will be more pronounced in some places than others. This means that the regional disparities in age composition, which already exist today, will become more apparent in the future.

On Bornholm, only approximately 55% of the population is expected to be of working age in 2030, compared with 65% today. The Capital region will experience the smallest drop and in 2030 will continue to have the highest working age population (approximately 66%).

2.3 Value added and productivity

The real value of total production in Denmark rose by an average of just under 2% a year in the period 1994-2004. There were significant regional variations in economic growth, cf. Figure 2.5. The capital had the highest growth, at approximately 2.5% per year, followed by Central Jutland, South Denmark, Zealand and North Jutland with almost uniform growth. Economic growth on Bornholm was relatively low.
Figure 2.5 also shows growth in employment and productivity (production per employee), which together determine growth in production. In almost all the regions, the majority of economic growth can be attributed to rising productivity (with the exception of Central Jutland, where employment has contributed slightly more to growth than productivity). Productivity has grown most in the Capital region, followed by South Denmark, Central Jutland, North Jutland and Zealand. The increase in employment has been clearly strongest in the Capital region.

The Capital region has distinguished itself in terms of productivity growth over the last decade, and the region’s workforce has also remained clearly the most productive (approximately 13% above the national average). Productivity in the other regions is 6-8% below the national average (approximately 15% lower on Bornholm).

The traditional factors used to explain economic growth are accumulation of and improvements to physical capital (machinery, equipment, etc.) and labour. However, far from all economic growth can be explained in this way. The part of growth which cannot be attributed to more and better physical capital and labour is known as multi-factor productivity.

OECD and others have demonstrated that the countries with relatively high growth in multi-factor productivity are characterised by performing well in four areas: human resources, innovation, ICT and entrepreneurship. Section 2.9 illustrates disparities among the regions in the four growth sources.

### 2.4 Labour market

The participation rate shows the proportion of the working age population which is part of the workforce, i.e. the proportion of 16- to 66-year-olds who are either unemployed or in employment. The workforce therefore comprises the labour which is directly available to enterprises.

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4 See e.g. OECD (2001): *The New Economy: Beyond the Hype*. 
The participation rate in Denmark is upwards of 76%, i.e. upwards of 76 out of 100 inhabitants of working age participate in the workforce. This is one of the highest participation rates in the EU, which can largely be attributed to a relatively high participation rate among women. The participation rate for women in Denmark is approximately 73.5% against approximately 79.5% for men.

Figure 2.6 shows that there are only modest regional variations in the participation rate. Central Jutland has the highest participation rate (approximately 77.5%), closely followed by North Jutland, the Capital region, Zealand and South Denmark, while Bornholm’s is slightly lower.

Men have a higher participation rate than women in all the regions. The gender disparity is smallest in the Capital region (just under 4 percentage points) and highest in North Jutland (approximately 10 percentage points).

Figure 2.6 also shows that the participation rate for persons of Danish origin is significantly higher than for immigrants. At national level approximately 78% of persons of Danish origin are on the labour market, compared with only approximately 58% of citizens of foreign origin. This big disparity can be seen in all the regions, but is most pronounced in Central Jutland (a disparity of approximately 22 percentage points) and least pronounced on Bornholm (a disparity of approximately 15 percentage points).

Among persons of foreign origin the participation rate is lower for immigrants (approximately 57% nationally) than for descendents (approximately 67% nationally). In particular immigrants and descendents from non-western countries have a relatively low participation rate. The lowest participation rate overall is found among female immigrants from non-western countries (approximately 46% nationally).
The relatively low participation rate for 60- to 64-year-olds can partly be explained by the fact that the average retirement age is approximately 62.1 years.\footnote{Source: EUROSTAT.}

Figure 2.7 shows how the workforce will develop at local level in the coming years, assuming that the participation rate in the individual municipalities remains the same and that the population forecasts hold good. Based on these assumptions, the peripheral areas in particular will experience a marked reduction (10% or more) in the workforce towards 2020. Only in areas around the major towns and cities will the workforce remain unchanged or grow.

Figure 2.7 Development in workforce in the new municipalities, 2004-2020 (%)

Note: The projections assume unchanged participation rates, and that Statistics Denmark’s population forecast for 16- to 66-year-olds holds good.
Source: Statistics Denmark and own calculations

2.4.1 Unemployment

At 5.4% Denmark has relatively low unemployment compared with the rest of the EU. There are, however, large regional variations in unemployment, cf. Figure 2.8. North Jutland and Bornholm have markedly higher unemployment than the other regions. Unemployment in North Jutland is approximately 2 percentage points above the national average, and for Bornholm the disparity is approximately 4 percentage points. The four other regions are close to the national average.
Figure 2.8 Development in unemployment rate, 1994–2006

![Unemployment Rate Chart](chart)

Source: Statistics Denmark.

Figure 2.9 shows that women have a higher rate of unemployment than men in all regions (although the disparity in the Capital region is minimal). Among immigrants and 60- to 64-year-olds too, unemployment is significantly higher among women than men.

Figure 2.9 Unemployment for men and women, Q1 2005 – Q1 2006

![Unemployment for Men and Women Chart](chart)

Note: The figures for immigrants from non-western countries are for Q4 2004.
Source: Statistics Denmark

Unemployment at national level is approximately 5.4%, while unemployment for immigrants and descendents from non-western countries is upwards of 16% of the workforce. Looking at unemployment for the various age groups, all age groups have
benefited from the fall in unemployment. For young people under 30, unemployment now is even lower than at year-end 2001. At any point in time, unemployment is generally lowest for 16- to 24-year-olds and 40- to 49-year-olds.6

2.4.2 Employment

Figure 2.10 shows the development in employment over the last decade. The development conceals large regional variations, with the Capital region and Central Jutland having experienced growth above the national average, while North Jutland, Zealand and South Denmark are below the national average. Bornholm is the only region to have lost jobs during the period.

Figure 2.10 Number of persons in employment 1995-2005

![Graph showing the development in employment over the last decade with regional comparisons.](image)

Note: Allowance should be made for the new calculation method used from 2003.
Source: Statistics Denmark

The regional trend in employment in Figure 2.10 above conceals even greater local disparities, cf. Figure 2.11. The greatest number of new jobs has been created in and around the big towns and cities. Conversely, growth has been negative in the geographically peripheral areas.

Figure 2.11 Employment trend in the 98 new municipalities, average annual growth, 1995-2005.
The employment rate in Denmark is just under 73%, and therefore already above the Lisbon target for 2010 (70%), cf. Figure 2.12. Bornholm is the only region which does not already meet the Lisbon target. Men have a higher employment rate than women in all the regions. However, at approximately 69% nationally, the employment rate for Danish women is significantly above the Lisbon target for 2010 (60%).

Taking the low level of unemployment into consideration, Denmark may experience a shortage of labour in the future. To prevent such a situation arising, it may be relevant to look at ways of obtaining the extra labour which will be needed. Immigrants and seniors may be an obvious resource here, as these groups have a significantly lower participation rate than the population as a whole, cf. Table 1.

### Table 1 Participation rates for immigrants and seniors, 2005.

<table>
<thead>
<tr>
<th>Immigrants</th>
<th>Whole group</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>55- to 59-year-olds</td>
<td>Whole group</td>
<td>74.6</td>
<td>78.7</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>78.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>70.4</td>
<td></td>
</tr>
<tr>
<td>60- to 64-year-olds</td>
<td>Whole group</td>
<td>37.7</td>
<td>47.0</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>47.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>28.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistics Denmark

Note: Immigrants from non-western countries
Together with Sweden, Denmark has the highest employment rate for 55- to 64-year-olds. At over 60%, Denmark also meets the Lisbon target for 2010 (50%) in this area. If the group is divided into 55- to 59-year-olds and 60- to 64-year-olds, the overall employment rate drops significantly (from approximately 75% to 38%) between the two age groups.

At 50%, the employment rate for immigrants is significantly lower than for the population as a whole (just under 73%). The rate for immigrant women (just under 40%) is particularly low, cf. Table 1. Persons with disabilities also have a markedly lower employment rate (52%) compared with the population as a whole\(^\text{7}\), and may also constitute a labour reserve.

### 2.5 Education

There are significant disparities from region to region in the educational level of the workforce, cf. Figure 2.13. In the Capital region almost 13% of the workforce have completed long-cycle higher education. The figure for Central Jutland is approximately 6% and for the other regions approximately 3-5%. The regional disparities are significantly smaller for medium- and short-cycle higher education.

**Figure 2.13 Educational level of the workforce, 2005**

Where training as a skilled worker is concerned, Bornholm is out in front, with 46% of the island’s workforce having completed vocational training. The other regions are close behind, with the exception of the Capital region, where only just over one in three persons has completed training as a skilled worker.

\(^{7}\text{Personer med handicap på arbejdsmarkedet [Persons with disabilities on the labour market], www.handicap.dk.}\)
A significant proportion of the workforce in all six regions has not completed vocational training for a particular job, varying from approximately 33% on Bornholm to approximately 28% in the Capital region.

Analyses of the trend over the last 20 years show that the educational level has risen throughout the country, but that the regional disparities have widened. The proportion of employed persons with a higher education has risen in all regions, but the increase has been greatest in and around the university towns and cities, and lowest in the geographically peripheral areas – in other words, the increase has been greatest in the areas with the best starting point. 8

The regional disparities in the workforce’s educational level are even more striking when considered at municipal level, cf. Figure 2.14.

*Figure 2.14 Educational level of the workforce, 2004 (percentage with higher education)*

On Læsø only just over 15% of the workforce have a higher education; in Gentofte it is just under 56% of the workforce. Generally, the educational level is lowest in the geographically peripheral areas, and highest in and around the big towns and cities. The educational level has been rising throughout the country for a number of years, but the tendency has been for the regional disparities to widen. This applies in particular to long-cycle higher education. 9

8 *Større regionale uddannelsesforskelle* [Greater regional educational disparities], Economic Council of the Labour Movement (2005).

9 *Større regionale uddannelsesforskelle* [Greater regional educational disparities], Economic Council of the Labour Movement 2005.
The educational level of the population varies not only among the individual regions, as shown above, but also according to the population’s origin. Immigrants, particularly from non-western countries, are as such significantly more weakly represented in Danish upper-secondary education than descendents and persons of Danish origin. 53% of 16- to 19-year-old immigrants from non-western countries were engaged in upper-secondary education, while the corresponding figures for descendents from non-western countries and Danes were 71% and 74% respectively.

For higher education, the same trend is seen as for upper-secondary education. At the start of the academic year 2003-04, 17% of 20- to 24-year-old immigrants from non-western countries were enrolled in higher education. The corresponding figures for descendents from non-western countries and Danes were 27% and 33% respectively.

2.6 Research and development

*Figure 2.15 Research and development expenditure by industry in relation to primary income, average figures for 1999-2002*

Figure 2.15 shows that private-sector research activity is highest in the Capital region. The business community in South Denmark and Zealand uses the fewest resources for research and development. One of the explanations for the big regional disparities in industry’s research activities is that research and development work in industry is concentrated in a relatively small number of branches in Denmark, and these have a skewed geographical distribution. Whatever the sector, there is also a tendency for enterprises to locate research and development facilities close to the research environments at the universities.\footnote{Regionale forskelle i forskningsindsatsen [Regional disparities in research activity], Economic Council of the Labour Movement, 2005.} Ensuring the transfer of knowledge and technology

from the research centres to enterprises in the rest of the country therefore presents a challenge.

2.7 Regional business structure

There are many similarities but also significant differences in the business structure in the regions, cf. Figure 2.16.

For example, the Capital region is markedly over-represented in terms of business services and financing/loans, etc. Zealand has a relatively large number of persons employed within building and construction. Bornholm and North Jutland have relatively large numbers of persons employed in the primary industries and in the food-processing industry. Central Jutland has a relatively large number of persons employed in the wood-based and furniture industry and, together with North Jutland and South Denmark, is over-represented in the iron and metal industry.

Generally speaking, the relatively knowledge-intensive industries in Denmark are concentrated in the major urban areas, while the more traditional industries dominate in the more sparsely populated areas.

*Figure 2.16 Regional business structure, 2005 (%)*

Note: The business structure is determined on the basis of number of persons employed at workplaces in the regions by sector.

Source: Statistics Denmark
Figure 2.17 shows regional business development over the last decade. All the regions have experienced a fall in employment in agriculture, fisheries and raw material extraction. The same applies to the manufacturing industries in most regions, with the exception of iron and metal, which has seen a slight increase on Bornholm and in Central Jutland. Business services have experienced the strongest growth in employment in all the regions, and highest of all in the Capital region.

**Figure 2.17 Change in regional business structure, 1995-2005 (%)**

If the statistics are expanded to show the peripheral areas (not shown in the figure), the trends are even clearer. There is a clear predominance of persons employed in traditional industries (primary industry and manufacturing), while knowledge-based industries such as business services are under-represented. This pattern is repeated across the peripheral areas.

In terms of size of enterprise, the Capital region has relatively more large enterprises. The big disparities lie not among the regions but at municipal level. The peripheral areas have markedly more enterprises with fewer than five employees, while the lion’s share of large enterprises is found in municipalities around the capital.

### 2.8 Peripheral areas

Several of the indicators above illustrate the particular problems of the peripheral areas. In summary, it can therefore be said that the peripheral areas are characterised by a business structure with a large number of small enterprises within traditional
industries such as agriculture and manufacturing. The population in the peripheral areas is stagnant or actually in decline, and the outlook for the coming years is no better. The level of education is lower; there are fewer people with a higher education and more people without vocational training qualifying them for a particular job. In contrast, there are more people with initial vocational training. Unemployment is relatively higher than at national level, and the areas are characterised by a higher proportion of persons outside the workforce. This means that the peripheral areas face a particular challenge.

2.9 The regions seen in terms of four growth sources

Analyses carried out by bodies such as OECD have shown that there is a tendency for countries with relatively high economic growth to perform relatively well within four areas or growth sources: human resources, innovation, entrepreneurship, and use of new technology.\textsuperscript{11}

Correspondingly, a Danish analysis has shown that there are significant regional variations in the four growth sources, and that the regions which perform well on the four growth sources tend to experience higher economic growth than the regions which perform less well on these four growth sources.\textsuperscript{12}

The following sections describe the regional business climate on the basis of the four growth sources.

2.9.1 Human resources

Denmark used to be one of the countries with the highest number of people with a higher education. Today, however, only approximately 45% of a year group complete higher education in Denmark. As a result, Denmark lags significantly behind countries such as Finland and Norway. The figure conceals the fact that approximately 53% embark on higher education but only four out of five complete the course.

On the plus side, Denmark is characterised by the fact that a high proportion of the workforce takes part in job-related continuing education and, furthermore, Danish employees spend a relatively large amount of time on adult and continuing education compared with employees in the other EU-15 countries. Despite the generally high level of participation in adult and continuing education, it must be said that the low skilled have a lower level of participation in continuing education and competence development activities than other groups.\textsuperscript{13}

Employee participation in continuing education and competence development largely depends on the size of the enterprise. The vast majority of Danish enterprises are SMEs, which do not invest in employee development and advancement to the same extent as larger enterprises.

\textsuperscript{11} The New Economy: Beyond the Hype, OECD (2001).
\textsuperscript{12} Regionernes Konkurrenceevne [The regions’ competitiveness], Copenhagen Economics and Inside Consulting for the Ministry for Health and the Interior (2004).
\textsuperscript{13} See e.g. Efteruddannelse – praksis i offentlige og private virksomheder [Continuing education – practice in public and private enterprises], the Danish Evaluation Institute (2004).
With a view to mapping and analysing the current level of adult and continuing education in Denmark, in 2004 the government established the ‘Tripartite committee on lifelong advancement and education for all on the labour market’, with participants from the government and employer and employee organisations. With this as a starting point, the committee’s task has been to assess whether the level of activity fulfils the requirements the future will bring. The government will propose changes to the vocational training system on this basis.

In its closing report the tripartite committee indicated a number of weaknesses in Denmark’s adult and continuing education provision. The following are of particular relevance to the European Social Fund:

- 150,000 persons of working age are considered to have markedly inadequate basic skills, both now and for the future. The analyses also show that up to one quarter of the workforce have varying levels of difficulty with reading, writing and/or arithmetic.
- Assessment and recognition of actual competences which the individual has acquired outside the established education system plays only an extremely limited role in the current system.
- Half of private enterprises and around one seventh of public enterprises state that they do not carry out systematic planning of education and training.
- There is a lack of educational provision within specific subject areas in post-secondary adult and continuing education.

In connection with the committee’s work, a survey was carried out of enterprises’ demand for competences, indicating a need to strengthen both innovative competences, i.e. the ability to think in new ways, for example by immersing oneself in the customers’ needs and preferences to a greater degree, converting this into practical solutions and finally into entrepreneurial skills, i.e. good initiative and independence in problem solving plus willingness to take risks and good business ability.

Studies of the effects of globalisation on Danish enterprises show that bringing work into or moving work out of Denmark puts enterprises under competence pressure, with routine and mass production-style work being moved out and work in areas such as process control and marketing being moved in. This process requires many people to acquire new competences in order to adapt to new cultures, communicate in other languages, use new technologies, and acquire product and market knowledge.

It is not just employee competences which are relevant to how well enterprises perform; management competences and flexible forms of organisation are significant factors when it comes to growth in industry. An OECD analysis shows that Denmark lags somewhat behind the best countries in terms of management competences in enterprises. The analysis shows that Denmark is now 17th out of the 27 OECD countries in this area. Denmark performs particularly badly in terms of the quality of

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16 Globaliseringsens muligheder og konsekvenser for arbejdsmarkedene på Sjælland, Lolland-Falster og Bornholm [The opportunities and consequences of globalisation for the labour markets on Zealand, Lolland-Falster and Bornholm], Ramball Management, 2005.
management training and the proportion of female managers. When it comes to
flexible forms of organisation, Denmark performs generally well, taking 6th place
overall. However, the ability of the Danish workforce to adjust to new challenges is
assessed to be limited.\textsuperscript{17}

\textit{Figure 2.18 Educational level of employees, 2005.}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{figure2.18.png}
\caption{Educational level of employees, 2005.}
\end{figure}

Note: Indexing of education includes employees with short-, medium- and long-cycle higher education plus bachelor’s degrees and PhDs seen in relation to overall regional employment.


In general, the workforce in the Capital region is significantly better educated than in
the other regions. Just less than 30\% of employees in the Capital region have a higher
education. The figure in Central Jutland is approximately 22\%, and approximately
20\% in the other regions. There are modest disparities among the five regions in terms
of short- and medium-cycle higher education, but in the Capital region 11\% have a
long-cycle higher education, which is more than twice as many as the other regions.
There are also large disparities within the regions, with the educational level generally
highest in and around the major towns and cities and lowest in the geographically
peripheral areas. The regional disparities in terms of higher education are countered to
some extent by the fact that a relatively high proportion of the workforce outside the
Capital region has a vocational training. In all five regions, approximately 30\% of the
workforce does not have any form of vocational training for a particular job.

The regions other than the Capital region perform better on continuing and post-
secondary education. New measurements of enterprises’ efforts in the area of
continuing education show that the disparity in this area between the Capital region
and the other regions is much smaller than the disparity in formal level of education.\textsuperscript{18}

New measurements of the informal competences in enterprises also show that the
regions other than the Capital region are closer to the level of the Capital region when
it comes to exploiting existing competences via new forms of management and
organisation (e.g. through flexible forms of organisation and remuneration, and
performance-based remuneration).

\textsuperscript{17} Et benchmarkstudie af menneskelige ressourcer – hvad kan Danmark lære? [A benchmark study of

\textsuperscript{18} The Danish Enterprise and Construction Authority’s regional growth model.
2.9.2 Innovation, knowledge sharing and knowledge building

Globalisation means that, to a high degree, Denmark must compete on knowledge and the ability to create innovation in products and in production and business methods. Innovative enterprises are assessed to be 40% more productive than enterprises which do not innovate. The third Community Innovation Survey (CIS 3) places Denmark in 10th place among the EU-15 countries, measured by share of enterprises with innovation activities. According to CIS 3, 56% of Danish enterprises did not carry out any innovation activities in 2000.

Correspondingly, a national survey finds that approximately 63% of Danish enterprises had introduced neither new products nor new services in the period 1998 to 2000. A new national survey from 2004 shows, however, that two out of three enterprises have introduced new products on the market within the last three years, while around one in two enterprises has adopted new production processes in the same period. These results may indicate that an increasing number of Danish enterprises have recognised the need to be innovative.

The majority of research and development activity in Denmark takes place in the major urban areas. For example, almost two thirds of private research takes place in the Capital region. This is connected with the fact that research-intensive sectors such as biotech, medico, etc. are concentrated in the cities. Between 1997 and 2003 private research and development increased by just over 65% at national level. Progress was made in all regions but was strongest in North Jutland, which saw a threefold increase, and Central Jutland, where the level of activity doubled.

Completely new measurements of enterprises’ innovation activity and innovation level show that, in general, the Capital region is out in front on virtually all indicators. The regional growth model measures the regional disparities in innovation activity using indicators for whether the enterprises are product innovative, process innovative, or innovate within communication/branding or sales and distribution. Overall, innovation activity is highest in the Capital region, with South Denmark close behind, while Central Jutland and North Jutland are slightly further behind. Zealand performs less well than the other regions. Figure 2.19 shows the proportion of product- and process-innovative enterprises respectively.

The results also show that the level of innovation is high in many places in Denmark. In each of the five regions there are urban areas where the innovation level within specific areas is virtually as high as in the Capital region. Examples include Odense and the Triangular Region of South Denmark, Aarhus and the Herning area in Central Jutland, and the Aalborg area in North Jutland.

19 Growth Report 05, the Ministry of Economic and Business Affairs (2005).
20 Innovationsstatistik [Innovation statistics] 2002, Center for Forskningsanalyse [Research Analysis Centre].
21 Regionale kompetenceregnskaber [Regional competence accounts] 2005, Muusmann for the Danish Enterprise and Construction Authority.
22 The Danish Enterprise and Construction Authority’s regional growth model 2006.
23 Market leaders within user-driven, price-driven or research-driven innovation, and the global outlook for innovation activities.
Compared with enterprises in the rest of the world, Danish enterprises consider that they are among the more active in their respective branches when it comes to user- and price-driven innovation. Far fewer consider that they are among the most active within research- or technology-driven innovation. The belief in a Danish position of strength in user-driven innovation is expressed in virtually all parts of the country. The belief of a position of strength within price-driven innovation is generally higher in West Denmark than in East Denmark.

### Establishment and development of new enterprises

Entrepreneurship is an important prerequisite for innovation and economic growth. Entrepreneurial activity in Denmark is normally considered to account for 20% of the increase in productivity. Entrepreneurs create approximately 26,000 new jobs in Denmark each year. This is roughly equivalent to one in ten of the new jobs created in Denmark each year. Of particular interest are those entrepreneurs who understand how to create high growth and development in their enterprises. Typically, these entrepreneurs’ productivity is 30-40% higher than the average for all Danish enterprises.

Denmark performs well when it comes to establishing new enterprises. A total of 14,000-18,000 new enterprises are established each year, which is on a par with the leading countries. However, Danish entrepreneurs perform less well when it comes to creating growth. Less than 5% of Danish entrepreneurs can be characterised as growth entrepreneurs, which is relatively low in an international context.

Figure 2.20 illustrates the regional disparities in new establishments and growth in new enterprises. Measured both in relation to population and in relation to number of existing enterprises, the highest number of new enterprises is established in the Capital region. Approximately 10 new enterprises are established in the Capital region each year for every 100 existing ones. In the other four regions approximately 7-8 new enterprises are established for every 100 existing enterprises.

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24 *Iværksætterindeks* [Entrepreneur index] 2005, the Danish Enterprise and Construction Authority.  
25 *Iværksætterindeks* [Entrepreneur index] 2005, the Danish Enterprise and Construction Authority.
In contrast, entrepreneurs in Central Jutland and South Denmark are the best at creating growth in employment and turnover. For example, average employment in entrepreneurial businesses in Central Jutland and South Denmark was more than twice as high as growth in entrepreneurial businesses in the three other regions over the last three years. Leaving aside the average values and looking exclusively at growth entrepreneurs, i.e. those entrepreneurs who achieve particularly high growth, there are no significant regional disparities. In all five regions only approximately 5% of the new enterprises can be characterised as growth entrepreneurs.26

There are also differences in the challenge of preparing the ground for entrepreneurs in the regions. For example, in the Capital region there are a relatively large number of entrepreneurs within knowledge-intensive industries such as information and communications technology, and knowledge services. More than one in three new enterprises in the Capital region are established within knowledge services, while the figure for the other regions is around one in five. In contrast, Zealand has a relatively large number of entrepreneurial businesses within the construction industry compared with the rest of the country.27 These disparities make different demands of the development of entrepreneur-specific growth conditions. While the fundamental information and guidance on e.g. business plans, budgets and accounts are largely common to all, entrepreneurs also require more specialised advice based on the region’s particular circumstances and challenges.

In all, 68% of entrepreneurs in privately owned enterprises are men, although men represent only 51% of the population between 16 and 66 years. The gender distribution is even more striking in the new companies, where a full 89% of entrepreneurs are men. There are slightly more women among the entrepreneurs

26 A growth entrepreneur is the person behind an enterprise which, five years after establishment, has more than five employees and a turnover of at least DKK 5 million. In addition, the enterprise must have achieved annual growth in number of employees and turnover of at least 60% from the year of establishment and for the next five years.

27 Portrait af iværksætterne i Danmarks nye regioner [Portrait of entrepreneurs in Denmark’s new regions], Copenhagen County (2005).
behind privately owned enterprises than before, but slightly fewer among company entrepreneurs than before.\textsuperscript{28}

The individual’s motivation in starting a business is decisive to entrepreneurial activity. Surveys show, however, that the motivation in the population to become an entrepreneur is significantly lower in Denmark than in the best-performing countries. On a scale of 0 to 100, Denmark scores 42.2, while the best-performing countries score 63.4. The survey shows that the disparity between Denmark and the best-performing countries can be explained in particular by the cultural and social standards related to entrepreneurship.\textsuperscript{29}

The population in Zealand and North Jutland is the most willing to take risks, while the largest numbers who have considered becoming entrepreneurs are in Zealand, on Bornholm and in North Jutland. Given that the proportion of the population which has considered becoming an entrepreneur is upwards of 40%, this means there is unrealised potential relative to the proportion who actually establish themselves as entrepreneurs.

Creating growth in a new enterprise requires capital. A significant number of entrepreneurs perceive lack of capital as a barrier to growth. At the same time, approximately 62% of the population think it is difficult to start a business because of lack of capital.

The foundation for a strong independent business culture is laid in schools and educational institutions. The Capital region and Bornholm perform best in terms of including entrepreneurship on the curriculum.

\textit{2.9.4 Use of new technology}

Use of new technology is an important source of growth. New technology can be many things, e.g. materials technology, energy technology and biotechnology. One of the absolutely key new technologies – and the one on which the best data is available – is information and communications technology (ICT). ICT is indeed one of the forms of technology which is considered to boost productivity the most. Over the last 10 years investments in ICT have contributed approximately 0.6% a year to productivity growth. As overall growth in workforce productivity has been in decline, a higher proportion of this growth can now be attributed directly to ICT.

Use of ICT in enterprises, public institutions and private households is extensive, and the area is still developing in terms of promoting growth in the business community as a whole, ensuring sustainable development, and achieving service improvements and rationalisation gains.

\textsuperscript{28} 5. statistiske portræt af iværksættere [5th statistical portrait of entrepreneurs], the Danish Enterprise and Construction Authority, 2005.
\textsuperscript{29} Iværksætterindeks 2005 – Vikår for iværksættere i Danmark [Entrepreneur index 2005 - Conditions for entrepreneurs in Denmark], the Danish Enterprise and Construction Authority, 2005.
A new analysis shows that enterprises with integrated use of ICT have a higher level of productivity than enterprises with basic use of ICT (approximately 10% higher). At the same time, enterprises with integrated use of ICT are more innovative (63%) than enterprises with only basic use of ICT (41%).

New analyses show that the Capital region performs best in terms of use of the newest technologies in industry, with Central Jutland and South Denmark the next-best performers.

North Jutland and Zealand perform particularly less well than the other three regions in the use of ICT in products and services, cf. Figure 2.21. However, there are also positions of strength in North Jutland in the ICT area, with companies here a long way out in front in terms of online buying and selling among enterprises.

Figure 2.21 ICT in products and services, 2005.

Almost all enterprises with more than 10 employees in Denmark have ICT and Internet access. For example, 90% of enterprises use ICT for financial reporting, and 80% of enterprises have a website. In general, there are no major regional disparities in enterprises’ use of ICT for basic functions. On the other hand, there is a certain disparity in the extent to which enterprises use advanced IT systems. In the Capital region, 35% of enterprises use advanced IT, while the figure for North Jutland is approximately 25%.

While some technologies, including a number of ICT services, are common to all enterprises, it is important for enterprises to have access to – and be involved in the interaction concerning the development of – specialised technologies, e.g. for optimisation of production processes or development of new services.

30 E-business, innovation og produktivitet – Casestudie af 700 danske virksomheder [E-business, innovation and productivity – Case study of 700 Danish enterprises], Ministry of Science, Technology and Innovation (2005).
31 The Danish Enterprise and Construction Authority’s regional growth model 2006.
32 ‘Advanced’ IT systems refers to enterprises linking various systems together, e.g. the order system can be linked to the production or supplier system.
2.10 Cities

There are a total of four cities in Denmark included in the Commission’s Urban Audit. These are Denmark’s four largest cities: Copenhagen, Aarhus, Aalborg and Odense.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>EU-15</th>
<th>Copenhagen</th>
<th>Aarhus</th>
<th>Odense</th>
<th>Aalborg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of recorded crimes per 1000 population</td>
<td>93.1</td>
<td>149.5</td>
<td>137.1</td>
<td>138.2</td>
<td>100.8</td>
</tr>
<tr>
<td>Demographic dependency (&lt; 20 + &gt; 65)/20-64 years</td>
<td>60.6</td>
<td>44.0</td>
<td>52.5</td>
<td>57.9</td>
<td>57.2</td>
</tr>
<tr>
<td>Non-EU nationals as a proportion of total pop.</td>
<td>5.2</td>
<td>8.8</td>
<td>5.1</td>
<td>5.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Total annual population change over 5 years</td>
<td>0.08</td>
<td>0.92</td>
<td>0.49</td>
<td>0.01</td>
<td>0.21</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>10.3</td>
<td>4.5</td>
<td>5.2</td>
<td>5.2</td>
<td>5.8</td>
</tr>
<tr>
<td>GDP per employed person</td>
<td>50,722</td>
<td>81,660</td>
<td>55,569</td>
<td>56,031</td>
<td>56,799</td>
</tr>
</tbody>
</table>

Source: Urban Audit, EU Commission

The table above shows selected indicators from the Commission’s Urban Audit. The Danish cities perform very well in relation to EU-15 on a number of parameters, for example demographic dependency is below the EU average. All the cities except for Odense have population growth significantly above the EU average, and unemployment is roughly half the EU average. All the cities also have a GDP per employed person above the EU average. However, the Danish cities’ good placing conceals large variations among the four cities: Copenhagen performs best, followed by Aarhus, with Odense and Aalborg performing slightly less well. For example, Odense’s per capita income is 10% below the national average for Denmark.

All four cities (municipalities) have experienced an increase in population in the period from 1996 to 2006, cf. Figure 2.22. In the period 1996-2005 Copenhagen Municipality had the highest population growth, but was overtaken in 2006 by Aarhus. In contrast to the two largest cities, Odense and Aalborg have both experienced population growth below the national average.

Figure 2.22 Demographic development in Denmark’s four largest cities 1996-2006 (index 1996=100)

Source: Statistics Denmark and own calculations.
With the exception of Copenhagen, all the municipalities experienced positive net immigration in 2005. All four cities had an excess of births over deaths in 2005.

Since 1996 there has been growth in the number of immigrants and descendents in all four cities. There are big variations among the municipalities in terms of immigrants and descendents as a proportion of the total population. At 19% of the total population, Copenhagen Municipality has the highest proportion of immigrants and descendents. In Aarhus and Odense the proportion is approximately 12%, and 7.5% in Aalborg.

The average unemployment rate has fallen significantly in the period from 1996 to 2006 in all four cities. Aalborg has the highest unemployment at 8.9%, while the other municipalities have an unemployment rate equivalent to 6.2-6.5% of the workforce. This should be seen in the context of 5.4% unemployment at national level.

All four cities have experienced average annual growth in number of jobs in the period 1995-2005 above the national average (although Aalborg was close to the national average). Growth has however been highest in Copenhagen and Aarhus.

Table 2.23 Key figures on cities

<table>
<thead>
<tr>
<th></th>
<th>Number of recorded violent crimes per 1000 population, 2003</th>
<th>Non-EU nationals as proportion of total population, 2005</th>
<th>Number involved in labour policy measures per 100 17- to 66-year-olds, 2003</th>
<th>Population density (pop./km²), 2004</th>
<th>Unemployment in Q1 2006 as % of workforce</th>
<th>Ave. annual growth in number of jobs, 1995-2005</th>
<th>Population, 1 January 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copenhagen</td>
<td>2.3</td>
<td>680</td>
<td>2.4</td>
<td>5,685</td>
<td>6.2</td>
<td>0.71</td>
<td>501 158</td>
</tr>
<tr>
<td>Odense</td>
<td>2.9</td>
<td>410</td>
<td>2.5</td>
<td>609</td>
<td>6.5</td>
<td>0.57</td>
<td>186 595</td>
</tr>
<tr>
<td>Aarhus</td>
<td>3.2</td>
<td>382</td>
<td>2.2</td>
<td>626</td>
<td>6.2</td>
<td>0.95</td>
<td>295 513</td>
</tr>
<tr>
<td>Aalborg</td>
<td>2.1</td>
<td>281</td>
<td>2.7</td>
<td>291</td>
<td>8.9</td>
<td>0.40</td>
<td>163 952</td>
</tr>
<tr>
<td>National ave.</td>
<td>2.0</td>
<td>316</td>
<td>2.1</td>
<td>125</td>
<td>5.4</td>
<td>0.38</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Ministry of Interior’s municipal key figures: www.noegletal.dk

2.11 Environment

Denmark has one of the world’s highest per capita emissions of greenhouse gases. This can be attributed to relatively high energy consumption, and the fact that the majority of the energy comes from burning fossil fuels. Emissions of CO₂ since 1990 have fluctuated between 10 and 14 tonnes per inhabitant per year, which is above the EU average.

In order to limit the consumption of fossils fuels, Denmark has for many years made efforts to promote renewable energy, particularly wind energy, and to save energy, e.g. by insulating homes and using eco-labelled goods. Wind energy accounts for a very high proportion of Danish electricity consumption, but Danish wind energy capacity is not rising in line with global capacity.
Via the Kyoto Protocol Denmark has undertaken to reduce its emissions of greenhouse gases. With a reduction target of 21%, we are one of the countries which has committed to the biggest reductions, and the European Environment Agency also assesses that Denmark is one of the countries which appears to have the greatest difficulty in attaining the reduction target. Denmark is using the ‘Kyoto mechanisms’ to reduce national emissions, e.g. by financing projects which limit CO₂ emissions abroad.

2.11.1 Promoting environmentally efficient technology

The environmental impact of increasingly intensive and industrial-scale livestock production is a problem which industry, researchers and authorities are working hard to solve. Anthropogenic climate changes represent an environmental challenge which Denmark is deploying large forces to leverage.

Danish agriculture, which is a significant business factor in many peripheral areas, is among the most high-tech and efficient in the world. The forthcoming environmental regulation of agriculture requires increased use of cleaner technology to reduce pollution from agriculture. There is a need both for new knowledge and innovation in agriculture, and for innovative development of quality and advanced products from agriculture, including within organic production.

Increased use of cleaner technology within agriculture and development of methods which can reduce emissions from agriculture can therefore have a positive environmental impact, not least in relation to intensive livestock farming, which may in turn have a significant influence on Denmark’s ability to live up to the EU Water Framework Directive and the Natura 2000 goals. Denmark’s emissions to air of ammonia from agriculture are currently falling at a lower rate than those of our neighbours (partly because of the rising production of pigs).

The world market for technologies to tackle pollution is worth over DKK 4,100 billion and growing at 5% a year, bringing technological research and innovation in its wake. There are as such obvious opportunities for a win-win-win situation for environmental protection in Denmark, growth of enterprises, and measures to help resolve global environmental problems. It is important to stimulate research and industry to develop more environmentally efficient technologies and more environmentally friendly products, which can both remedy the world’s environmental and resource problems, and simultaneously create growth and exports.

This is the background to the government’s decision to draw up an initiative to promote environmentally efficient technology, cf. the recently published report on this33. ‘Environmentally efficient technology’ covers all technologies which directly or indirectly improve the environment, including technologies to limit pollution through purification measures, more environmentally friendly products and production processes, more effective resource management, and technological systems which reduce environmental impact. Environmental effect is not necessarily

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33 Redegørelse om fremme af miljøeffektiv teknologi – vejen til et bedre miljø [Report on promoting environmentally efficient technology – the road to a better environment]. The Danish government, May 2006.
the primary purpose of environmentally efficient technology – an understanding in line with the definition of ‘Environmental Technology’ used by the EU and OECD.

Environmentally efficient technology may include wind turbines, gas treatment, water treatment, enzymes for animal feed and detergents, production of biofuels, energy-saving pumps, environmentally friendly substitutes for phthalates, LED traffic lights, efficient marine engines, environmentally friendly salmon farming, and precision-spraying equipment for agriculture.

According to calculations by the EU Commission, the EU accounts for approximately one third of the DKK 4,100 billion global market for environmentally efficient technology. The USA accounts for slightly more, and Japan for approximately half the EU’s share. Growth in countries like China and India will change this picture, however. The international environment agency assesses that growth in the global economy requires investments of upwards of DKK 3,500 billion a year in the energy area in the period from 2001 to 2010. The investment requirement is expected to be approximately DKK 4,500 billion per year over the next decade.

There is enormous growth potential for wind turbines, where Denmark has a 35-40% share of the world market. Global wind power capacity is expected to increase many times over in the period to 2030.

The market for environmentally efficient technology for the water sector is also increasing. The aquatic environment is under pressure globally from over-consumption and pollution. Annual global investments in the water sector are expected to grow from DKK 500 billion in 1995 to upwards of DKK 1,000 billion in 2025, with the largest investments in Asia.

In the agricultural area, annual growth in livestock production is expected to be 0.5% in the industrial countries and 2.6% in the developing countries, and there will be a corresponding increase in the demand for technologies to reduce leaching of nutrients from agriculture. Globally, this potential is assessed at around DKK 750 billion. Equivalent trends can be seen within virtually all types of technology and system to reduce environmental impact.

2.12 Summary of strengths and weaknesses of Danish regions
The vast majority of areas in Denmark have performed well over the last decade. Economic growth has been relatively high, employment and incomes have risen significantly, and unemployment is low in most places.

The big cities and their catchment areas have been at the forefront of this progress, while many of the geographically peripheral areas have experienced development significantly below the national average. Both population and employment have fallen in many of the geographically peripheral areas, and unemployment is relatively high.

One of the big challenges facing all the Danish regions is demographic development. The number of citizens of working age will decrease in all regions in the future, while the number of seniors will increase. Unless the participation rate is increased, large parts of the country will experience a significant drop in the workforce; in several places the reduction will be 10% or more by the end of 2020. Increasing the
participation rate is a significant challenge, not least because Denmark already has a high participation rate in an international comparison. However, the participation rate remains lower for women than men, and the participation rate for immigrants and descendents is significantly below the national average.

Another major challenge for the Danish regions is adapting to more knowledge-based production. The majority of private research and development activity takes place in the major urban areas. This is linked to the fact that the knowledge-intensive enterprises are concentrated in the cities. Outside the large cities, innovation is much less research-based, being based instead on interaction with customers, suppliers, etc.

Surveys show that a fairly high proportion – more than half – of Danish enterprises do not focus sufficiently on innovation and development, i.e. they are not innovative enough. This applies throughout the country, but particularly outside the major urban areas.

One important prerequisite for making industry more innovative and knowledge-based is the educational and competence level of the workforce. Formal educational levels have been increasing in all regions for a number of years, but the disparities have become more pronounced, as the boost in education has been greatest in the large urban areas, which had the highest educational level to start with. This applies in particular with respect to long-cycle higher education. At the same time, a significant proportion of the workforce in all regions still does not have vocational training for a particular job.

Entrepreneurs are another important source of innovation and development. A relatively large number of new enterprises are established in Denmark, but not many of them actually move forward into a growth process. There are significant regional variations both in terms of establishment rate and number of growth entrepreneurs. The Capital region is out in front, while North Jutland performs slightly below the national average.

The quality of human resources is one of the four factors which analyses carried out by OECD, for example, show to be important to economic growth. The other three factors are entrepreneurship, innovation and use of new technology. Benchmarking of the five regions shows that their strengths and weaknesses vary from growth source to growth source.

The SWOT diagram below provides a general picture of the challenges facing Denmark. As the analyses have shown, there is a big disparity in how the regions perform, and the challenges vary in scope from region to region correspondingly.

### 2.12.1 SWOT – summary of the socio-economic analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound social economy</td>
<td>Productivity has risen relatively slowly in the last 15 years</td>
</tr>
<tr>
<td>Low unemployment</td>
<td>Low participation and employment rate for immigrants/descendents</td>
</tr>
<tr>
<td>High participation and employment rate for both men and women</td>
<td>Low growth in entrepreneurial businesses</td>
</tr>
<tr>
<td>Flexible labour market with high turnover and many job openings</td>
<td>Geographically peripheral areas have</td>
</tr>
</tbody>
</table>
Well-educated labour  
High establishment rate  
Well-functioning ICT infrastructure  
Special competence within user-driven innovation  
Virtually all enterprises have Internet access  
High desire among population to start own business  
relatively low growth and low educational level  
Lack of capital for entrepreneurs and SMEs  
Low willingness to take risks among population  
A relatively low level of technology transfer overall, despite knowledge centres  
Limited opportunity to receive training in entrepreneurship at educational institutions  
Lack of advanced use of ICT in enterprises  
Collaboration between enterprises and knowledge institutions not good enough  
One in three enterprises does not send employees for continuing education  
Despite a high desire to start own business, very few achieve this  
Many SMEs lack graduates

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
</table>
| Strong interaction between enterprises and knowledge and educational institutions  
Continuing education courses tailored to enterprises  
Better use of management potential by including more female managers  
Better use of labour potential among immigrants, seniors and the disabled  
More graduates in SMEs  
More female entrepreneurs  
More growth entrepreneurs  
Increase innovation in Danish enterprises  
Exploit globalisation offensively to create new, specialised jobs  
Increase cluster relationships  
Increased ICT integration/use in SMEs  
Increased use of e-learning  
Increased technology competences in the workforce | Reduction of workforce/shortage of labour as a result of demographic development  
Educational level of labour stagnating:  
- too few undertaking post-secondary education  
- too few undertaking higher education  
Increased relocation of jobs  
Some enterprises and professional groups not equipped to participate in globalisation  
Globalisation brings with it increased pressure for competence development  
Lower competitiveness as a result of lack of innovation and use of new technology  
Low degree of innovation in enterprises |

As the analysis shows, a number of strengths, weakness, opportunities and threats can be identified in relation to the development of regional competitiveness and employment in Denmark.

The Danish Structural Funds resources will be used to ensure increased efforts in areas which address the identified threats, and which help to realise the identified opportunities.
As described in Denmark’s National Strategic Reference Framework, there are a number of national initiatives intended to help strengthen regional competitiveness and employment. The government is also focusing on this area in its globalisation strategy. The Structural Funds action will supplement the national efforts.

Based on the strengths, weaknesses, opportunities and threats identified, the European Regional Development Fund will be used to support the development of innovation and knowledge via implementation of the priority ‘Innovation and knowledge’, while the European Social Fund will support the development of more and better jobs via implementation of the priorities ‘A qualified workforce (better jobs)’ and ‘Expansion of the workforce (more jobs)’.

2.13 Evaluations

2.13.1 Evaluations of the programme period 2000-2006

The Objective 3 programme (2000-2006)
The final evaluation of the Objective 3 programme 2000-2006 (European Social Fund) contained a number of recommendations for the period 2007-2013.

It is recommended that the programming “increases the interaction between the European Social Fund and other national strategies and framework conditions for growth”. At the same time, the evaluation states that the European Social Fund programme in the period 2000-2006 has been of extremely limited relative financial importance, i.e. in comparison with the national action in the same policy areas, and that this situation has been most pronounced with respect to the priorities targeted at individuals. Priorities 1 and 2, which are targeted at the unemployed, have accounted for only approximately 1.5% of national expenditure on active labour market policy, whereas priority 4 entrepreneurship differs significantly, with a relative weighting of approximately 15%.

Both programmes are now being made more directly growth-oriented via the focus on four growth drivers, including entrepreneurship. At the same time, the conditions for establishing genuine value added from the Structural Funds action will improve.

The final evaluation also states that it is very difficult to register a positive employment effect from the unemployment measures targeted at individuals, whereas the action for employees has made a positive contribution to maintaining the labour market and to entrepreneurship, and has had positive effects on the participants’ competence development, empowerment and motivation.

Importance is therefore attached to the European Social Fund programme now being thematically orientated, in contrast to the previous approach, which concentrated primarily on individuals and target groups.

The evaluation recommends that equal opportunities (gender) are incorporated generally when formulating the programme text. This is ensured, because equal opportunities is one of the Commission’s established horizontal considerations.
Finally, it is recommended that the administrative control and reporting system be reconsidered. Implementation of the present programme period starts at the same time as the Danish local government reform and changes in the Danish administrative structure come into effect, which will automatically bring about changes to programme control on a whole series of points.

The Objective 2 programme (2000-2006)

The 2005 evaluation of the Danish Objective 2 programme makes recommendations in a whole series of areas, including the content of the action, organisation of the action, geographical concentration, information measures, and more specific recommendations, e.g. concerning administration and eligibility.

The recommendations concerning content, geography and organisation are particularly relevant in relation to the strategic action, while the others are dealt with in the way in which the administration and information measures are organised and in laying down detailed rules on e.g. eligibility.

On the content side, experiences from 2000-2006 show that networking and bridge-building projects, the latter between knowledge institutions and enterprises in particular, should be promoted. The same applies to projects which improve enterprises’ framework conditions. Moreover, a different approach to fixed asset investments is encouraged, such that these must always be considered in conjunction with development projects. Several of the recommendations also concern the importance of and form of competence development in a national and regional perspective. It is recommended that priority be given to network-creating projects and establishing competence centres, strengthening regional competence development opportunities, and using “significant resources to increase the general competence level of the workforce, with a particular focus on the unskilled part of the workforce”. Finally, coordination with other national actions and pools is indicated, as well as promotion of cross-fund activities in accordance with the rules contained in the draft regulations concerning flexibility between the funds.

Denmark’s strategic focus on the four growth sources and the frameworks for these in the Business Development Act is a natural extension of this, focusing as it does precisely on framework conditions, including e.g. networks and bridge-building, and seeking to limit grants for fixed asset investments by individual enterprises. In addition, better coordination of the content of the two funds is encouraged, by means of drawing attention to all the growth sources under both funds, and incentives to exploit the rule on flexibility between the funds.

With a view to coordination of the two Structural Funds programmes in the period 2007-2013 and the opportunities for direct interaction, competence development in networks is a possibility. The training available regionally will be highlighted as a priority, and priority 1 of the European Social Fund programme will include both the general competence level and a certain degree of focus on the low-skilled part of the workforce, cf. recommendations of the Adult and Continuing Education Committee.

The 2005 evaluation points to the need to concentrate the action in more specific areas, but in combination with bridge-building to market areas. This will be reflected in future by exploiting the opportunity afforded by the regulation to support projects.
anywhere in the country, combined with the special peripheral area considerations contained in the Business Development Act.

Finally, the new administrative structure in effect from 1 January 2007 brings with it the ambition to follow up on the need for a broader regional perspective, including broader inclusion of industry both in formulating strategy and in future project selection, as highlighted in the 2005 evaluation. Efforts are also being made to promote coordination with other public actions and pools by means of organisation in growth fora, and the establishment of a new growth council at national level and a ministerial committee on regional policy.

**URBAN (2000-2006)**

The URBAN programme was implemented in Gellerup-Hasle-Herredsvang in the western part of Aarhus with the purpose of helping to turn the area into a sustainable and well-functioning urban area, with sustainability being understood in both an economic and a social and cultural sense.

The final evaluation concludes that the programme has achieved a high degree of goal attainment and value added, which is attributed partly to successful empowerment of local people, and partly to an overall strategy being drawn up for the area comprising a high level of ambition, good coordination of the action, and subsequent collation, measurement and evaluation of the action. The programme is also considered to have made a positive contribution to the Lisbon Strategy, for example by stimulating an entrepreneurial culture, education, IT, employment, equal opportunities and social protection in the form of empowerment.

Based on the socio-economic analysis in chapter 2 and the new regulatory basis, which – as a result of the limited flexibility between actions under the European Regional Development Fund and the European Social Fund respectively – does not provide the same opportunity for a holistic approach as the regulatory basis for 2000-2006, something of a strategic shift has been opted for, increasing the focus on cities as growth engines.

It will, however, continue to be possible to focus the action on less-favoured urban areas, where there is a need for such an action at regional level. This programme will thus be able to make a particular contribution with projects within entrepreneurship and ICT, while the European Social Fund programme for 2007-2013 will be able to contribute more to education, employment and empowerment.

**Innovative Actions (2000-2006)**

Innovative Actions has been a nationwide programme carried out in collaboration with Denmark’s counties. The aim was to increase the impact and improve the quality of the Structural Funds programmes by testing innovative regional policy methods and practice.

Experiences from the programme show that it is possible to promote knowledge transfer to small- and medium-sized enterprises. Both market areas and peripheral

areas benefit greatly from involvement in cross-regional projects. This form of collaboration has the potential to create the necessary critical mass precisely by being cross-regional. At the same time, it leads to better projects, because project partners with a high level of expertise have the opportunity to collaborate on projects and therefore draw on common experiences.

A substantial part of the problem of the peripheral areas has to do with strengthening innovative capacity by building up and transferring knowledge. The resources in Innovative Actions were therefore used to build up knowledge structures which can form the basis for transfer of knowledge to the enterprises concerned, as well as the other way round, i.e. so that the knowledge institutions are more aware of the needs and know what needs to be done.

According to the evaluation, good results have been achieved within Knowledge transfer and competence building, Innovative methods and structures for regional development, and Innovative use of ICT. In particular the targeted enterprise projects with one or more regional bridge-building actors have succeeded in getting knowledge out to the enterprises. It is evident in this respect that the enterprises have continued with the ongoing development work after implementation of the projects.

2.13.2 Ex ante evaluation for the period 2007-2013
The programme draft (version of 5 April 2006) has been the subject of an ex ante evaluation in accordance with Article 48 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. Each evaluation topic below details how the Danish Enterprise and Construction Authority has responded to the ex ante evaluator’s comments in drawing up the final version of the programme.

On behalf of the Danish Enterprise and Construction Authority, the consulting firm COWI carried out an independent ex ante evaluation covering the National Strategic Reference Framework and the two programmes for the European Regional Development Fund and the European Social Fund. In terms of the goal and indicator system, the evaluation also covers later versions, as the most important part of the development in this respect has taken place since 5 April. The summary of COWI’s final report is worded as follows:

Purpose of ex ante evaluation

“This report contains the ex ante evaluation of the EU-financed Objective 2 programmes in Denmark for the period 2007-2013. The aim of the ex ante evaluation is to optimise allocation of resources and improve the quality of the programming. The most important elements in the ex ante evaluation are: the relevance of the strategy in relation to the identified needs; the effectiveness in relation to the likelihood of achieving the goals set for the programmes; and the benefit in the form of the likely impact in relation to broader social, environmental and economic goals. The ex ante evaluation follows two general guidelines: the EU Commission’s working paper on ex...
ante evaluation\textsuperscript{35}, and the tender documents from the Danish Enterprise and Construction Authority (DECA)\textsuperscript{36}.

This document contains the evaluation of the draft documents as they were formulated at the end of March/beginning of April. The evaluation includes the considerations, observations and conclusions which can be made on the basis of the consultation process between DECA and the evaluator, which began late in January and finished early in April 2006.

The ex ante evaluation process

An ex ante evaluation is an interactive process in which assessments and recommendations are provided by the evaluator in relation to the aim and content of the programmes as drafted – in this case by DECA. This ex ante evaluation has taken the form of an iterative process involving four sparring meetings and one workshop, in the course of which the evaluator’s observations in relation to the various draft versions of the programmes were sent to DECA. The ex ante evaluation has assessed the programmes on the basis of five key themes. These key themes comprise the key components of an ex ante evaluation pursuant to the EU Commission’s working paper on ex ante evaluation. The programmes which have been assessed in the evaluation are as follows: Denmark’s National Strategic Reference Framework, the programme for the European Social Fund, and the programme for the European Regional Development Fund.

Evaluation theme 1

Evaluation theme 1: \textit{Assessment of the relevance of the strategy in relation to the challenges identified in the socio-economic analysis.} The key question to be addressed here is the relevance of the strategy in relation to the strengths, weaknesses, opportunities and threats identified in the socio-economic analysis. The National Strategic Reference Framework identifies globalisation and demographic trends as the most important challenges facing the Danish economy.

Globalisation entails increasing international competition and more outsourcing. This increases the need to strengthen the skills and competences of the Danish workforce, so that it is better equipped for the demands of the knowledge economy. This observation is particularly relevant in terms of the Danish regions, where a growing disparity can be observed between the areas experiencing high growth and those experiencing lower growth – even if these disparities are less pronounced than in other EU countries.

Where demographic development is concerned, Denmark has an aging population, making it important to seek to include as many people as possible in the workforce in order to be able to


\textsuperscript{36} Appendix 1 in the tender document of the National Agency for Enterprises and Construction.\textsuperscript{7}

\textsuperscript{7} Translator’s note: the English-language pages of this body’s website refer to it as “the Danish Enterprise and Construction Authority’, which is what I have used elsewhere.
accommodate growing pressure on the welfare system. These challenges have also been emphasised in the reports from the Danish Welfare Commission and the Danish Globalisation Council.

Inspired by OECD, the Danish approach to the Objective 2 programmes for 2007-2013 is based on a thematic approach focusing on four specific growth drivers: human resources, innovation, new technology (particularly ICT), and entrepreneurship. Given the currently strong Danish economy, we consider it relevant to focus on themes which directly or indirectly stimulate and strengthen growth in the regions which are hardest hit by globalisation and outsourcing, and which have a particular focus on initiatives which can increase employment by better exploiting the potential of people who are either outside the workforce or who for other reasons are on the margins of the labour market. At programme level, the socio-economic analysis is largely uniform for the two funds, whereas a more individualised analysis for each of the programmes would strengthen the overall analysis and make it more focused in terms of aim and content.

The programme for the European Regional Development Fund contains a relatively limited analysis of value added and productivity. Strengthening the analysis on this point would make it more relevant in relation to the actual programme’s strong focus on growth. This programme gives special priority to three of the total of four growth drivers (innovation, new technology and entrepreneurship), which is in accordance with Danish enterprise policy efforts in the area. In terms of business structure and regional growth, the analysis would be strengthened by assessing the consequences deriving from different growth rates in the regions. Nonetheless, we can conclude that the final SWOT analysis provides a good argument for choice of strategy in relation to the identified needs.

Three growth drivers (human resources, innovation and new technology) have also been prioritised in the programme for the European Social Fund. The programme concentrates its efforts on activities linked to human resources, and the two other growth drivers are linked to this. The identified demographic challenges in the form of an aging population provide the basis for an action which marshals forces to expand and increase the workforce, for example with respect to seniors, immigrants and others. The European Social Fund programme would be strengthened on this point by incorporating more explicit considerations of the potential and possible interventions in relation to those sections of the population on the margins of the labour market. It is worth noting in this context that the Welfare Commission estimates that there are currently around 900,000 economically inactive adults. Our conclusion, however, is that the SWOT analysis provides a reasonable basis for the choice of strategy in relation to the identified needs.”
In Annex 2 to the evaluation report, which contains an assessment of the draft European Regional Development Programme, the evaluator comments that it would be appropriate to make the virtually identical socio-economic analyses for the two funds more specific, so as to make the different aims of the two funds clearer. In the programme documents, the Danish Enterprise and Construction Authority has sought to clarify how the individual parts of the SWOT analysis relate to each of the two funds, for example by using text boxes which clarify the link between the SWOT analysis and the designated priorities in summary form.

In Annex 2 the evaluator further notes that an explicit focus should be ensured on both knowledge institutions and less knowledge-intensive institutions, for example technical schools, in the interaction with private enterprises. In Chapter 3 the Danish Enterprise and Construction Authority has specified that ‘institutions in higher education’ includes everything above the municipal primary and lower-secondary school [folkeskole] level, and has used technical schools as an example of a relevant, practice-orientated educational institution.

The evaluator’s critical comments on the analysis of value added and productivity are significantly toned down in Annex 2 to the evaluation report, in which the evaluator states that the list of favourable framework conditions is assumed under all circumstances to be able to increase value added and productivity. Similarly, the evaluator’s comment concerning the absence of an analysis of the consequences of regional inequality is toned down in Annex 2.

“Evaluation theme 2: Evaluation of the strategy’s economic rationale. The key issues to be addressed here concern the validity of the theory which underlies the strategy, and an assessment of the possible underlying policy risks associated with the choice of priorities. The strategy is based on the OECD study The New Economy: Beyond the Hype. The study concludes that policies which focus on the four growth drivers are more inclined to create a high level of long-term growth compared with other policies. The ex ante evaluation shows that there is actually a match between the priorities proposed by the theory and those contained in the strategy. In relation to the underlying policy risks, it is assessed that there has been success in finding an appropriate balance between risk aversion and willingness to take risks. In relation to the rationale for public intervention, the programmes comply with the idea that the proposed areas cannot be addressed by the market alone. It is noted that, pursuant to the Business Development Act, direct financial support may not be provided to individual enterprises, as the activities must not distort competition.”

The evaluator did not have any comments which needed to be followed up in the programme.
“Evaluation theme 3: Assessment of coherence between the strategy and regional, national and EU policies. The key questions here have to do with whether there is coherence between the strategy on the one hand, and the relevant regional, national and EU policies on the other hand. There is also an assessment of whether environmental, equal opportunities and ethnicity aspects have been taken into consideration in the strategy. At EU level the strategy is in accordance with the Lisbon Strategy’s goals for employment and growth. The strategy is also in accordance with the Community Strategic Guidelines and the regulations governing the EU Structural Funds. Denmark’s national reform programme is based on deliberate interaction with the Lisbon Strategy by virtue of the programme’s focus on securing welfare and employment over the next decade. As the National Strategic Reference Framework is based on the Danish reform strategy, there is clear coherence between each of these strategies. Coherence with the EU Cohesion Policy is also good.

The fact that the start-up of the structural reform and the new Structural Funds period coincide both in terms of timing and organisation ensures a coherent growth action in the Danish regions, where there are good opportunities for synergy between the Structural Funds action and other efforts at regional and national level. Where environmental aspects are concerned, the strategy is in line with Danish legislation, and the strategic environmental assessment has not given rise to any particular comments concerning the relatively soft nature of the priorities. However, it should be emphasised that pursuant to Section 7 of the Danish Act on environmental assessment of plans and programmes, environmental issues should be dealt with more specifically in the application guidelines and the project descriptions. Equal opportunities and ethnicity aspects have been dealt with appropriately in the strategy.”

The evaluator did not make any comments which required follow-up in the programme. Further to the Commission’s comments, a Strategic Environmental Assessment of the programme was carried out. See also Annex 4.

“Evaluation theme 4: Evaluation of expected results and effects. The key issue here focuses on three aspects. Firstly, whether the strategy is well defined with clear goals and priorities, and whether achieving these goals is realistic with the proposed allocation of financial resources. Secondly, whether suitable indicators have been identified for the programme which can form the basis for comprehensive monitoring and future evaluation of the effect of the programmes. And thirdly, the impact of the strategy in quantifiable terms. At a strategic level, it can be concluded that the approach of one vision, four general goals, national goals and the specific goals for the programmes is in accordance with the EU Commission’s requirements for clear goals and programme priorities. It can similarly
be concluded that the approach is in accordance with the LFA model. It is regrettable, however, that the National Strategic Reference Framework does not contain a better account of the general goals of the European Social Fund and the European Regional Development Fund. We are aware that this point is in the process of elaboration. At this point in the process no overall budget has been submitted for use of the resources at fund level, which makes it impossible to carry out a precise assessment of the effect. However, previous evaluations of the Objective 3 programme, which had a budgetary framework of the same order, indicate that the contribution to active services has only represented between 1.3% and 1.7% of total annual expenditure in the area in Denmark. The expected effects should rightfully be seen from this perspective. Despite the modest contribution, it is likely, however, that the programme’s activities (e.g. competence development) will have a long-term effect, which can be quantified and therefore measured. Seen in the light of the complex results and indicator system set out in the Danish Enterprise and Construction Authority’s memorandum on goals and indicators of 30 April 2006, great efforts have been made to comply with the Commission’s requirements for management by goals and results. The document both presents the conceptual framework of understanding in the form of an LFA model and describes in detail how measurement schemes will be designed and used in ongoing monitoring of the programmes. The presentation also covers reflections on and considerations of how, when and by whom the measurement forms will be completed. Based on this, it can be concluded that the proposed indicator system will be a useful tool for annual reporting to the Commission, and that the monitoring as such fulfils the Commission’s requirements. It should be noted, however, that some of the proposed indicators are ambiguous and may be complicated to verify. Finally, in the absence of better examples, the evaluator has assessed particularly strong and weak examples of actions.”

In Annex 2 to the final report the evaluator makes a number of comments to independent parties in the work on indicators, but is at the same time aware of the Danish Enterprise and Construction Authority’s major efforts to comply with the EU requirements and further develop the indicators set out in the programme draft of 5 April 2006. Since the ex ante evaluation, the Danish Enterprise and Construction Authority has worked intensively on the indicator system in dialogue both with the Commission and with internal and external experts. This work has taken account of all the evaluator’s comments, and a new draft of measurements and indicators, and quantification of these, have been incorporated in the programmes.

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Evaluation theme 5
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“Evaluation theme 5: Assessment of proposed implementation systems. This assesses whether there are specific units and accurate procedures for the implementation, whether there are dedicated monitoring and evaluation systems, whether the partnerships are appropriate, and whether there are usable procedures for exchange of
electronic data. The assessment of the implementation systems in the National Strategic Reference Framework focuses exclusively on the partnerships which are planned to be used. Overall, the proposed partnership is assessed as being suitable for implementation of the Structural Funds programmes. The implementation process described does not give rise to any comments beyond the fact that the structural reform – and with it the frameworks for the forthcoming European Regional Development Fund action – has still not been implemented. Interfaces and specific cooperation models will therefore need to be developed. It should be pointed out that there is no procedure for financial monitoring and exchange of data. Where the European Social Fund is concerned, the forthcoming employment policy system should be taken into account in developing the partnerships, including the importance of cooperating with the new labour market regions, the municipal job centres and the labour market councils (national, regional and local). The outlined indicator system will be an important element in the monitoring and evaluation efforts required. The final design and implementation of the indicator system is still outstanding, but it is assessed that it will be in place before the programme start-up. A procedure for exchanging electronic data is also outstanding.”

In addition to the comments under evaluation theme 1 concerning the need to focus on practice-orientated education, in Annex 2 to the final report the evaluator has proposed several project examples, for example concerning focus on the value chain and consistency with globalisation, plus communication of financing opportunities. These have been incorporated in the examples in Chapter 3.

Strategic Environmental Assessment

In connection with the ex ante evaluation and in accordance with Annex 3 of “The New Programming Period 2007-2013: Methodological Working Papers” and the Act on environmental assessment of plans and programmes, the evaluator has reached the following conclusions.

Environmental assessment method

The environmental assessment has been drawn up as a two-part assessment of the programme’s possible impacts on the environment.

The programme has been assessed in relation to the overall Danish objectives in the environmental area, such as limiting emissions of greenhouse gases, cutting pollution from agriculture, reducing the transport sector’s contribution to the greenhouse effect, and reducing the loss of biodiversity, including enhanced protection of the NATURA 2000 goals.

The national objectives included in the assessment are as follows:

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<th>Subject</th>
<th>Objectives</th>
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Climate

- Denmark will reduce emissions of six greenhouse gases by 21% in the period 1990 and 2008-12.
- Denmark will halve emissions of greenhouse gases by 2030.

Biodiversity

- Objectives proposed in Denmark’s Action Plan for Biological Diversity and Environmental Protection in Denmark 2004-2009.

Health and environment

- Denmark will wherever possible protect the health of the population and the environment from harmful environmental factors.

Chemicals

- Use of chemicals will be limited and chemicals which may have harmful effects on the health of people and animals, and on the environment, will be made illegal wherever possible.

Air

- In order to protect the environment as a whole and people’s health, concentrations of harmful air-polluting substances will be avoided, prevented or limited.
- Denmark will tackle acidification, eutrophication and ozone on the earth’s surface.
- Effective implementation of international rules on limit values and/or threshold values for the emission of SO₂, NOₓ, VOC and NH₃ in Denmark by 2010 has top priority.

Noise

- Objectives set out in the National Strategy to Reduce Noise.

Soil

- Protect against pollution which may threaten current and future water supplies, and ensure that soil contamination in urban areas does not give rise to health problems.

The programme has also been assessed in relation to the possible impacts of the environmental factors which are normally used to describe the general state of the environment, and which are also required to be incorporated in the EU Directive on Environmental assessment of plans and programmes37. These environmental factors are:

- biological diversity
- population
- human health
- flora and fauna
- soil
- water
- air
- climatic factors
- resources and energy
- material goods
- landscape
- cultural heritage, including churches and their surroundings
- architectural and archaeological cultural heritage, and
- the inter-relationships among these factors.

Two of these environmental factors have been assessed in a special delimitation report as not being expected to have a significant impact. The impact of these two factors has been assessed as not having a significant impact.

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environmental factors is therefore not assessed in the present report. The two environmental factors in question are:

- population
- human health.

All the other environmental factors are assessed partly in Chapter 5 of the report and partly in relation to the actions described in the programme in Annex 2 to the report.

Finally, the environmental assessment proposes how the environmental impacts can be monitored during the programme period and in connection with the assessment of completion of the programme in 2013. The proposal for a monitoring programme for the environmental impacts is described in Annex 3 to the report.

**Description of the programme**

The programme is based on three priorities:

- innovation, knowledge building and knowledge sharing
- use of new technology
- establishment of new enterprises.

The programme is part of the framework for the action to be implemented in the new regional growth fora. The regional growth fora will develop concrete regional growth strategies based on the frameworks set by the programme. The initiatives financed by the European Regional Development Fund will be developed within the frameworks set by the regional business development strategies. The idea is that approximately one third of the programme’s resources will be used to benefit the ‘peripheral areas’. The programme’s content is described in generic terms with a number of examples of opportunities for obtaining assistance from the programme resources. These are:

- special focus on promoting energy-efficient technology and renewable energy
- special focus on developing the tourism industry
- special focus on small- and medium-sized enterprises.

The programme also enables environmental considerations to be incorporated in the use of resources under the programme, which can also be seen from the examples cited above. On the other hand, the possibility of the programme providing assistance to a number of construction projects which may have significant impacts on the environment cannot be precluded.

**The state of the environment in Denmark**

The existing state of the environment in Denmark was described by the National Environmental Research Institute (DMU) in a report on the state of the environment in Denmark published in 2005. This included a description of the state of the environment if the programme were not adopted.

**Climate.** Over the period 2008-2012 Denmark has undertaken to reduce its emissions of greenhouse gases by an average of 21% compared with the level in the base year 1990/95. Emissions in the base year have been calculated at approximately 70 million tonnes. Emissions in 2003 were approximately 74 million tonnes. The climate goal is
an emissions level of approximately 55 million tonnes. Projections of greenhouse gas emissions, calculated on the basis of the latest energy forecast, have shown that Danish emissions in the period 2008-2012 will be just less than 68 million tonnes per year. According to the government’s allocation plan submitted in January 2007, the ‘climate deficit’ of 13 million tonnes will be tackled both by tightening the quota for enterprises covered by quotas and by means of additional measures to limit emissions.

Air pollution. Emissions of sulphur dioxide, nitrogen oxides and ammonia contribute both to acidification of nature and to eutrophication, as precipitation of nitrogen oxides and ammonia acts as fertiliser, leading to overfertilisation of many natural areas. Total emissions of pollutants have fallen by approximately 40% since 1990. There have been correspondingly large reductions in emissions of pollutants at European level, contributing to a fall of approximately 70% in precipitation of sulphur in Denmark, and this means that the problem of acidification with sulphuric acid has largely been resolved.

Aquatic environment. Nutrients and environmentally harmful substances find their way into the aquatic environment from pesticides and other chemicals from agriculture, cities, industry and sparsely built-up areas in Denmark. This affects the quality of drinking water, because the pollution seeps down to the groundwater. The quality of the groundwater is affected by seepage of nitrates and pesticides from agricultural land, and pollution with organic environmental toxins, which can originate from contaminated soil, or with metals, which can be released from the soil when the groundwater level falls. Within the last five years pesticides have been found in 26% of wells at waterworks, and the limit value for drinking water was exceeded in 6% of the wells. Emissions of nutrients to the aquatic environment have fallen substantially since the end of the 1980s, when the first aquatic environment plan came into effect. The objective of Aquatic Environment Plan I was to reduce total emissions of nitrogen and phosphorus by 50% and 80% respectively. The proportion of wastewater undergoing very effective treatment is now over 90%, and the input of nitrogen and phosphorus to waste water has fallen by approximately 74% and approximately 86% respectively.

Fjords and sea basins. The input of nitrogen and phosphorus to fjords and sea basins varies with precipitation, as it is higher in wet years and lower in dry ones. Adjusted for year-on-year variations in precipitation, Danish inputs of nitrogen and phosphorus from the land fell by approximately 43% and 81% respectively from 1989 to 2003. The inputs of nitrogen and phosphorus in 2003 were approximately 48,000 tonnes and approximately 1,600 tonnes respectively. The biggest source of nitrogen inputs is leaching from agriculture, while agriculture, wastewater and sparsely built-up areas contribute roughly equal quantities of phosphorus.

Countryside and nature. Seen in a 100-year perspective, there has been a fundamental change in land use in Denmark. The built-up area has been expanded, and the road network and cultivated area have increased, the latter partly with the help of land reclamation projects, and land and subsoil drainage of wetlands. This has happened at the expense of natural areas.

Denmark remains an agricultural country, even if the agricultural area has fallen to approximately 65% of the total land area. Nature and forests both account for
approximately 10%, and the remainder comprises towns, houses in the open countryside, and roads.

*Nature.* The ‘Natura 2000 areas’ comprise EC habitat areas, EC bird protection areas and the ‘Ramsar areas’, i.e. wetlands which are to be protected pursuant to the Ramsar Convention. In total, these cover an area of 6,638 km², approximately 30% of which is on land and almost 70% in the sea.

Denmark’s natural vegetation consists of mixed deciduous forest, with many of the original Danish wild animals and plants being linked to the deciduous forest. The forests are of great importance to biological diversity, with more natural types of management and a varied range of tree species helping to increase diversity.

**Assessment of the programme’s impacts on the environment**

The environmental assessment of the programme focuses in particular on the programme’s activities to support further development of alternative energy production. These include in particular the development of wind energy, through the erection of larger wind turbines, and using semi-liquid manure from livestock farming for the production of biogas. These two activities will probably be the two in the programme with the most lasting and far-reaching environmental impacts. The environmental assessment also focuses on the possible construction projects for which the programme’s resources can be used. The environmental impact of these construction projects may be negative at local level, particularly in terms of increased resource consumption for buildings in the form of energy, waste generation, and emissions from possible transport to and from the construction.

The environmental assessment of the wish to develop the tourism industry has focused on the opportunities the use of new technologies may offer previously inaccessible or difficult-to-access nature. The new technologies which may be used in the tourism sector may result in more visits to unspoiled natural areas because it becomes easier to move around in nature. The use of new technologies may also mean that the season is extended. Overall, the new technologies may result in unspoiled natural areas experiencing a higher burden from an increased number of visitors.

Overall, however, the general patterns of behaviour envisaged by the plan will have a significant positive impact on the environment, compared with a situation where the programme was not adopted.

At the same time, it must be emphasised that the programme’s overall impact on the environment will be positive, because the programme can be used precisely to create growth in environmentally friendly technologies. In the long term the use of environmentally friendly technologies may lead to a substantial reduction in the environmental impact of energy production, or at least a change in the burden energy production places on the environment, as the development of environmentally friendly technologies will affect land use and landscape perception more than the air and aquatic environments.

**Monitoring of the programme’s impacts on the environment**

The environmental assessment makes provision for an ongoing monitoring programme to be initiated in connection with adoption of the programme. This will
ensure that significant environmental impacts are monitored and projects amended/corrected if this becomes necessary in view of the impact on the environment. The monitoring programme has been set up such that it is the individual project applicant who is responsible for reporting the data necessary for monitoring the environmental impact of the individual project. Responsibility for the overall monitoring programme rests with the programme authority, i.e. the Danish Enterprise and Construction Authority.

In drawing up the final monitoring programme, account will be taken of the EU Commission’s working paper on evaluation and monitoring of the EU-financed operational programmes.

**Information on public hearing of environmental assessment**
The European Regional Development Fund programme, including an environmental assessment and the communication from the Ministry of the Environment, was posted at www.hoeringsportalen.dk (https://www.borger.dk/Lovgivning/Hoeringsportalen/Sider/Soeg.aspx) on Wednesday 14 February 2007 with a view to a public hearing being held eight weeks later. The deadline for submissions was thus 11 April 2007.

In this connection the Danish Enterprise and Construction Authority sent out a targeted e-mail to the key stakeholders in relation to the European Regional Development Fund programme: the Secretariats for the regional growth fora, the National Association of Local Authorities in Denmark (KL), Danish Regions, the Confederation of Danish Employers, the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Industry, plus the Ministry of the Environment, as well as advertising the hearing in the two national newspapers Berlingske Tidende and JyllandsPosten on 14 February 2007.

The material for the hearing was also placed on the website of the Danish Enterprise and Construction Authority, www.ebst.dk.† After the deadline for submissions, the responses received were made available at www.hoeringsportalen.dk and at www.ebst.dk.

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† Translator’s note: see www.deaca.dk for English version.
3 Strategic action

3.1 Frameworks for the action

The action is intended to reinforce growth policy in the areas where Structural Funds resources are particularly suitable for this purpose. In accordance with the additionality principle, the action will strengthen growth policy in selected areas, where it will not replace, but will supplement, public measures already in place. This avoids contributions from the Structural Funds replacing Denmark’s public or equivalent expenditure for structural purposes. Efforts should also be made to ensure that the resources are used for major strategic initiatives.

The priority ‘Better knowledge and innovation to secure growth’ in the Community Strategic Guidelines for 2007-2013 comprises the main headings research and development, innovation and entrepreneurship, the information society, and access to financing. Within these frameworks, and as a natural extension of Denmark’s National Strategic Reference Framework and the socio-economic analysis in Chapter 2, the programme focuses on the priority ‘Innovation and knowledge’. Together with the technical assistance priority, this priority covers the overall action under this part of the Regional competitiveness and employment objective which is eligible for assistance from the European Regional Development Fund.

Both the Community Strategic Guidelines for 2007-2013 and the Structural Funds regulations attach importance to a focused action. Denmark is choosing to focus in the action on the opportunities offered by the regulation on the European Regional Development Fund under the Regional competitiveness and employment objective which are considered to have the greatest relevance to compliance with the goals set out in the integrated guidelines for growth and employment (2005-2008).

As described in the National Strategic Reference Framework, Denmark wishes to focus on the areas where the Structural Funds can provide the greatest value added, including making the best contribution to balancing out regional disparities, and where there is a need for an extraordinary action in order to live up to the Lisbon objectives. In line with the Community Strategic Guidelines for 2007-2013, the Business Development Act – which marks out the content-related and organisational frameworks for the forthcoming Danish Structural Funds action – comprises a strategic focusing of the business development action, with priority given first and foremost to action under the four growth sources.

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39 The programme will not include major projects pursuant to Article 39 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.


41 Act no 602 of 24 June 2005.
Article 5 of the Regulation on the European Regional Development Fund\(^{42}\) describes the list of activities which can be cofinanced by the European Regional Development Fund under the programmes for regional competitiveness and employment. The majority of the actions under this programme will fall under Article 5(1) of this Regulation, *innovation and the knowledge economy*, with opportunities for assistance under Articles 5(2) and 5(3) also included to some extent.

Where the opportunities in Article 5(3) of the Regulation are concerned, the Community Strategic Guidelines for 2007-2013 assess that physical investments in traffic infrastructure are primarily of strategic importance in countries covered by the Convergence Objective. Further to this and the strategic focus in the Business Development Act, traffic infrastructure is not a strategic priority in the Danish action.

Environmental measures, cf. Article 5(2) of the Regulation on the European Regional Development Fund, are adopted under this programme as a horizontal consideration which is to be integrated in the action under each of the growth sources. This means that no separate resources are set aside, e.g. for biodiversity (NATURA 2000) or for risk prevention. Instead, this programme will contribute to actions to tackle climate change and internalise environmental costs through integration of environmental and sustainability considerations in all priorities and registration of the expected environmental effects of all projects. Section 3.3.3 provides a number of examples of projects which can make a particular contribution in this area. The Rural Development Programme for 2007-2013 attaches significant weight to the NATURA 2000 action, and cross-border environmental projects are expected to be implemented under the new programmes for territorial cooperation.

In line with the growth source philosophy, urban development actions, cf. Articles 5 and 8 of the Regulation on the European Regional Development Fund, will also focus on improving competitiveness and employment, which is why the role of towns and cities as growth engines is a central element in the action. With respect to particular problem areas in the major cities, it is considered best for actions which follow up on experiences from the Danish Urban II programme to be carried out under the European Social Fund programme. However, the action under the European Regional Development Fund attaches importance to actions within the four growth sources being used to benefit vulnerable areas in both major cities and peripheral areas as required.

In tandem with this focusing process, Denmark wishes to have programmes with a breadth of content that allows the action to be adapted to regional and local conditions, both in terms of content and over time. As highlighted in the Community Strategic Guidelines for 2007-2013, the elements of an optimal action will develop over time, and it should be up to each region and Member State to define the right action in the light of the areas’ particular economic, social, environmental, cultural and institutional conditions.

Based on the socio-economic analysis, the National Strategic Reference Framework and opportunities set out within the Regulation on the European Regional

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Development Fund, Section 3.3.3 describes the specific activities which may be eligible for assistance under this programme.

3.2 Development of regional growth conditions with a view to better regional performances

Parts of the socio-economic analysis in Chapter 2 are based on the ‘regional growth model’. According to this model there are a number of steering devices at local and regional level which can be used to influence regional performances. The EU Structural Funds action can help by supporting local initiatives that improve the regional growth conditions (framework conditions), which will also result in better regional performances in the slightly longer term.

The socio-economic analysis shows that not all the Danish regions necessarily face the same challenges in terms of boosting overall Danish growth and competitiveness and, ultimately, helping to boost European growth.

Globalisation presents the Danish regions with different challenges, partly dependent on business structure. The present programme is intended to enable all the Danish regions to initiate a targeted action which accommodates the needs of the individual region in the best possible way. The Structural Funds action will be anchored in the regional business development strategy, which will be drawn up by the regional growth fora. The regional business development strategies will describe both strategy and action plans for the development of the individual region.

The regions perform differently in relation to the four growth sources. The regional disparities show that there will be a need for different regional actions with respect to the growth conditions that must be improved in order to create regional growth.

Overall, the SWOT analysis identifies a number of opportunities for actions that can influence the growth conditions and therefore improve regional performances. Of these, the following areas are considered to be particularly relevant to an action under the European Regional Development Fund:

- enhanced interaction between enterprises and knowledge and educational institutions,
- improved innovation in Danish enterprises,
- improved cluster relationships,
- offensive exploitation of globalisation to create new, specialised jobs,
- improved advice to entrepreneurs with a view to encouraging e.g. more female entrepreneurs and more growth entrepreneurs,
- improved technology competences in the workforce with a view to improved ICT integration/use in SMEs.

These opportunities are specified in Section 3.3.3 as possible actions under the programme. The description is structured by priority in the strategic growth source approach, and a number of the growth conditions identified in the regional growth model are used at priority level to illustrate the action.
3.3 Main areas and goals of the action

With a view to handling the challenges identified in Chapter 2, and achieving the goals set out for this programme, the Structural Fund action will operate within the following main areas:

- innovation, knowledge sharing and knowledge building
- establishment and development of new enterprises
- use of new technology, and
- development of human resources.

As Figure 3.3.1 shows, by far the majority of the European Regional Development Fund action will fall within the first three main areas. Development of human resources relates primarily to the Danish European Social Fund programme. For this reason no independent goals will be set for this area. As the programmes under the European Regional Development Fund and the European Social Fund are intended to complement each other in the action to tackle Denmark’s growth policy challenges, Section 3.3.3 contains examples of how this can take place within the human resources area.

Based on the socio-economic analysis and in view of the opportunities offered by the regulation forming the basis for the programme, the weighting of the various main areas at programme level will vary. The strategic weighting will be effected by striving for minimum use of total programme resources for the three main areas of 30% for ‘Innovation, knowledge sharing and knowledge building’, 20% for ‘Establishment and development of new enterprises’ and 20% for ‘Use of new technology’ over the entire period, and monitoring this. See Chapter 4 for information on monitoring.

All the main areas of action come under the programme priority ‘Innovation and knowledge’, cf. Figure 3.3.1. There is also a priority concerning technical assistance43, which comprises the Member State’s preparatory, management, monitoring, evaluation, information and control activities in connection with the programme, together with activities to reinforce the administrative capacity for implementing the action.

Within each main area, the projects will be subdivided into various categories, depending on which growth condition the project is mainly expected to influence, cf. the examples in Section 3.3.3.

In diagrammatic form, the programme is structured as follows:

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3.3.1 Quantification of the goals for the Structural Funds action in Denmark 2007-2013

The European Council wants the EU Structural Funds – the European Social Fund and the European Regional Development Fund – to contribute to attainment of the Lisbon objectives concerning sustainable growth, competitiveness and employment.

In Denmark, the Structural Funds will also contribute to the government’s globalisation strategy, the overall objective of which is that “Denmark will be strongly competitive, so that we remain among the world’s richest countries.”

The overall objective

Denmark is the seventh-richest country in the world in terms of GDP per capita (adjusted for purchasing power). As Denmark lies in the middle of a group of countries with approximately the same level of prosperity, even small changes may affect the ranking. On this basis, the absolute overall objective for the Structural Funds action, including both the European Regional Development Fund and European Social Fund actions, will be as follows:

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<tr>
<td>Denmark will be strongly competitive, so that we remain among the world’s richest countries in terms of GDP per capita.</td>
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</table>

Structural Funds resources represent an extremely modest proportion of Denmark’s GDP\(^\text{44}\), and even an extremely successful Structural Funds action will have only a limited effect on GDP per capita. In conjunction with other actions at national, regional and local level, the Structural Funds action may, however, contribute to achievement of the overall objective.

\(^\text{44}\) Danish resources for the Regional competitiveness and employment objective, incl. 50% national cofinancing, represent only just under 0.07% of Denmark’s annual GDP. GDP per capita in Denmark and a number of comparative countries is calculated and published each year in the government’s Competitiveness Report.
Global objectives for the programme’s main areas of action

The Structural Funds will help to strengthen the regional and local framework conditions within the four main areas. This will strengthen industry’s performance within the four main areas, thus increasing economic growth and employment throughout the country.

The following sections detail the objectives for the three main action areas under this programme. Goals for the human resources area are detailed in the European Social Fund programme. As with the GDP objective above, the Structural Funds can make only a limited contribution to the goals being achieved. Whether or not the goals are achieved can therefore not be taken in isolation as a measure of the effect of the Structural Funds.

The objectives are based on the government’s globalisation strategy and measured using indicators which in most cases are also included in the regional growth model.

Innovation, knowledge sharing and knowledge building

One important objective for the Structural Funds action 2007-2013 is to increase innovation in Danish enterprises, among other things by increasing the number of highly educated people in small- and medium-sized enterprises by ensuring targeted education of all with a view to enterprises’ access to skilled labour, and increasing the interaction between industry and knowledge and educational institutions.

Pursuant to the latest Community Innovation Survey (CIS 3), approximately 40% of Danish enterprises can be described as innovative, putting Denmark in tenth place among the EU-15 countries (the data relates to 1998-2000). On this basis, the following general goals have been set, which the Structural Funds action and other actions can help to achieve:

- By 2013 at least half of Danish enterprises will be innovative against 40% today (CIS 1998-2000)
- By 2013 Denmark will be among the five most innovative countries in the EU45 (measured as the percentage of innovative enterprises, cf. CIS above) against a no 9 ranking today (CIS 1998-2000).

It is uncertain when the next CIS survey will be available, but if things move in the right direction in terms of innovation in Danish industry, new information may be obtained every other year, when the Centre for Research Analysis (CFA) carries out a major survey of Danish enterprises.46

Establishment and development of new enterprises

45 Measured as the percentage of innovative enterprises, cf. CIS above.
46 Indikatorer for dansk forskning og innovation 2005 [Indicators for Danish research and innovation 2005], Centre for Research Analysis. ‘Innovation’ is defined in CFA’s survey in a broad sense as new or significantly improved goods and services, production systems, delivery systems, marketing methods and organisational methods. CFA provides the Danish input to the CIS surveys.
Pursuant to the government’s globalisation strategy, Denmark is on a par with the best-performing countries when it comes to number of new enterprises established per year. The problem is that altogether too few of the new enterprises genuinely succeed in creating growth. Only approximately 5% of Danish entrepreneurs achieve rapid growth in turnover or employment within the first few years, i.e. develop into growth entrepreneurs. The figure in the leading countries is three times as high.

The Structural Funds can both influence the number of new establishments and growth in new enterprises. The following two general goals have therefore been set, which the Structural Funds action together with other actions can help to achieve:

- By 2013 the establishment rate in Denmark will be at least as high as today (calculated on an annual basis, an average of approximately 10% of all enterprises will be new enterprises compared with 8.5% in 2003).
- By 2013 the percentage of entrepreneurs developing into growth entrepreneurs will have increased to 13% (starting point approximately 5% in 2003).

This is in accordance with the government’s objective of Denmark moving up to be on a par with the best-performing countries in terms of growth entrepreneurs. Both the establishment rate and the percentage of growth entrepreneurs are calculated and published annually in the government’s Competitiveness Report.

**Use of new technology**

Use of new technology can be a significant source in strengthening enterprises’ competitiveness. In principle this main action area covers a very broad range of technologies, including ICT, materials technology and nanotechnology.

In terms of data, only the extent of ICT is well covered by indicators. Statistics Denmark publishes several goals for enterprises’ use of ICT, including the following five indicators (for enterprises with at least ten employees): proportion of enterprises which use e-learning, proportion of enterprises with broadband Internet connection, proportion of enterprises with their own website, proportion of enterprises which have placed orders online, and proportion of enterprises which have received orders online. In 2005 the simple average of these five indicators was 56%. The following general goals have been set, which the Structural Funds actions together with other actions can help to achieve:

- By 2013 average use of ICT in Danish industry will be at least 75%, compared with 56% in 2005.

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47 In the government’s globalisation strategy the entrepreneur goals are formulated as follows: a) Denmark will continue to be among the European countries with the highest number of new enterprises started each year, and b) by 2015 Denmark will be among the world’s leading countries in terms of number of growth entrepreneurs.

48 Calculated on an annual basis, an average of approximately 10% of all enterprises will be new enterprises.

49 A growth entrepreneur is the person behind an enterprise which, five years after establishment, has more than five employees and a turnover of at least DKK 5 million. In addition, after its first five years the enterprise will have achieved growth of at least 60% in number of employees and turnover.
Territorial objective

The programme focuses on the particular problems of Danish peripheral areas, and the attention given by the government to the peripheral areas is reflected, among other things, in the composition of the regional growth fora and their obligation to give special consideration to the peripheral areas of the regions.

A total of 16 new municipalities have been designated as peripheral areas for the period 2007-2013. Income per capita in the peripheral areas is currently approximately 17% below the national average (simple average of the 16 municipalities’ deviation from the national average). The following goal is proposed:

- There must be no increase in the disparity between income per capita in the peripheral areas and the national average.

Specific goals and indicators

As well as the general goals, specific goals and indicators have been established for each main area and for the specified project categories. Annex 1 provides a summary of the programme’s goals and indicators.

In addition to the growth sources, the main area level (see Figure 3.3.1) comprises four horizontal considerations, namely environment, equal opportunities, employment and territorial considerations (peripheral areas, towns and cities, and rural districts).

Where the horizontal considerations are concerned, the programme not only attaches importance to registering the action but also to measuring the effects. For all the horizontal considerations, the application form asks whether the project will affect these, and, where relevant, in what way. The secretariats for the regional growth fora will draw up quality checks on this information for each application.

In addition, the territorial factors will of course be registered in accordance with the Commission’s implementing provisions.

In selecting projects, priority will be given to applications which accommodate the horizontal considerations, cf. Section 3.3.3.

3.3.2 Beneficiaries, types of investment, and financial instruments

Beneficiaries

Applicants for assistance under this programme must be legal or physical persons. On the basis of the programme’s focus on regional growth conditions, applicants will

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50 Measured as a simple average of the proportion of enterprises which use e-learning, proportion of enterprises with broadband Internet connection, proportion of enterprises with their own website, proportion of enterprises which have placed orders online, and proportion of enterprises which have received orders online.
typically be institutions, including those similar to public institutions\(^{51}\), foundations and participants in networks, as well as public authorities, particularly municipalities.

Regions’ business development activities will be initiated by independent legal bodies, e.g. foundations, non-profit institutions, partnerships, or limited liability and public limited companies\(^{52}\).

A network may comprise various parties with relevant competences and/or requirements. A network may include, for example, knowledge or educational institutions, Authorised Technological Service Institutes (GTS), centres of competence, sector organisations, business service centres, local business councils, municipalities, consulting firms or other private enterprises.

**Types of investment**

Within each of the main action areas in Section 3.3.3, assistance is available from the European Regional Development Fund for two types of investment:

- consultancy, analyses and development activities
- infrastructure, including equipment and materials.

This breakdown is in line with the categories contained in Article 3 of the Regulation on the European Regional Development Fund. In the case of the former, this concerns support for ‘soft’ projects specifically benefiting SMEs, such as consultancy, establishing cooperations and networks, exchange of experience, development of financing instruments such as venture capital etc., cf. Article 3(2)(c) of the Regulation.

The latter largely concerns physical investments, mainly benefiting SMEs, e.g. in centres of competence, enterprise centres, enterprise incubators, etc., cf. Article 3(2)(b) of the Regulation.

No funding is available within the frameworks of this programme for fixed asset investments by network participants. Neither is funding provided directly to individual enterprises that are not part of a network, cf. however Section 3.4.

Funding under the programme will be provided within the frameworks of the state aid rules and any approved notifications, cf. Annex 3.

Within the specified investment types, funding is available for various expenditure items, e.g. salaries, investments in buildings and equipment, purchase of materials, etc. More detailed rules on eligible expenditure are contained in the Danish Enterprise and Construction Authority’s guidelines for projects financed by the Structural Funds.

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\(^{52}\) Cf. Section 9 of the Business Development Act (L602 of 24 June 2005).
Special financial instruments

Pursuant to the knowledge and innovation aspect of the Lisbon Strategy, improvement of investments in research and development, promotion of innovation, use of information and communications technology, and contributing to a strong European industrial base are important elements of sustainable growth.

Denmark is examining the possibility of implementing JEREMIE (the Joint European Resources for Micro to Medium Enterprises initiative). The European Investment Fund and Denmark have worked closely together to evaluate the specific market shortfalls within financing for SMEs. This analytical work has identified discrepancies in supply and demand, and regional imbalances within financing for SMEs in Denmark. Preparatory work has been carried out on a number of financial instruments tailored to the discrepancies in supply and demand, and the regional imbalances.

On this basis, implementation of a JEREMIE fund under the Structural Funds programmes is a possibility that could create a portfolio of instruments that are revolving in nature, so as to maximise the potential return for the Danish economy. The instruments may be implemented in partnership with the private sector and may include:

- an equity instrument, which will work with selected business angels to match financing for or investments in SMEs;
- a technology-transfer instrument which, in collaboration with R&D centres, will aim to invest in technologies which solve problems in the enterprises;
- equity funds which aim at enterprise start-ups and investments in high-risk SMEs;
- guarantee instruments targeted at reducing the risk in investments by the banking sector, so that these organisations can expand their loan portfolios to include first-time entrepreneurs and existing entrepreneurs;
- other instruments targeted at the specific needs of the six regional growth fora in Denmark.

The list of instruments should be taken as indicative and not exhaustive.

On the one hand it is difficult to estimate the size of the fund, while on the other it is estimated that critical mass can scarcely be achieved under EUR 50 million, although this amount too should be taken as indicative.

When the above process has been completed to the satisfaction of the Danish Enterprise and Construction Authority, Denmark will be able to implement the JEREMIE initiative and use resources from both the European Regional Development Fund and the European Social Fund for this purpose. The final details will then be submitted to the Commission via the notification process.

Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

3.3.3 Specification of the action

Priority 1. Innovation and knowledge

As mentioned previously, the overall focus is on areas of action within the four growth sources, but with the three areas 1) innovation, knowledge sharing and knowledge building, 2) establishment and development of new enterprises, and 3) use of new technology being particularly relevant in the European Regional Development Fund context.

This means the action must be delimited to exclude projects without a direct growth source focus, e.g. infrastructure projects with general attractiveness, settlement or tourism aims, general analyses of business development in an area, web portals for general promotion of an area, or renovation of areas without a specific growth source-related purpose.

The programme is not targeted at specific industries or sectors. The Regulation on the European Regional Development Fund does, however, make provision for slightly broader opportunities for the tourism industry compared with other industries, as, pursuant to Article 5(2)(f), funding is available to promote natural and cultural assets as potential for the development of sustainable tourism.

For example, funding is available for projects which support or preserve a natural or cultural asset, or for marketing this, whereas general marketing campaigns for tourism areas are not eligible. Certain tourism projects may also be implemented under the Rural Development Programme, cf. Chapter 6.

As stated in Section 3.1, traffic infrastructure is not a strategic priority in the Danish action, which is why no funding is available for physical investments in e.g. railways, roads, ports and similar. Minor investments in traffic infrastructure which form a natural part of an eligible project, the main object of which is something other than the traffic infrastructure, are however eligible for funding under the programme. For example, this could be a path providing access to a cultural attraction, or a car park at an enterprise centre.

Each project under the programme is subject to the additionality principle; at project level this means that no funding is paid to projects which would have been implemented even without assistance from the Structural Funds. Activities supported by the European Regional Development Fund must therefore be supplementary to the existing Danish action in the area in question. The activities must not take the place of a statutory national action. At a minimum, the applicant must make a convincing case and explain that, without funding, implementation of the project would not be able to take place to the same extent, at the same time or within the same timeframe.

Another general consideration in selecting projects is that importance must be attached to the horizontal considerations (environment, equal opportunities, employment and peripheral areas, rural districts, and towns and cities). The idea is that, when choosing between two projects of otherwise equal merit, the regional
growth forum will select the project which simultaneously has the greatest positive impact in relation to the horizontal considerations.

The opportunities offered by the programme are described below using examples. The examples are not exhaustive. Integration of the horizontal considerations has been taken into account in each individual area of action. The relevance of the horizontal considerations may vary among the action areas, and so not all the horizontal considerations are described within all areas. In extension of this, the description of the action under the horizontal considerations is purely for inspiration.

Where the environmental consideration is concerned, it should be emphasised that Denmark faces a particular challenge in complying with the Kyoto Protocol. This is why the examples focus, among other things, on the possibility of funding for projects which help to reduce emissions of greenhouse gases. Naturally, this does not preclude projects with other positive environmental effects, and the content of environmental actions will be recorded on an ongoing basis as part of the programme monitoring. Environmental consequences will be assessed for each individual project with a view to promoting projects with a positive environmental impact and, wherever possible, avoiding projects with a negative environmental impact. The assessment will be carried out partly by means of the application material, in which the applicant is required to provide a qualitative assessment, and partly by means of potentially conflicting business and environmental interests being weighed up at regional level in connection with presentation of proposals to growth fora. Environmental and planning legislation, including the rules on environmental impact assessments, must also be complied with.

A number of geographical areas have been designated as peripheral areas, cf. Denmark’s National Strategic Reference Framework. Where the peripheral areas are concerned, it should be emphasised that the descriptions in the following sections neither restrict nor extend the opportunities for funding in peripheral areas compared with opportunities for funding in other areas. The examples are for inspiration, and content-based differentiation of the opportunities for funding between a peripheral area and the rest of the region will only come into play if the regional growth forum chooses to differentiate. It is as such up to the regional growth fora, based on their regional business development strategies, to assess how the action should be focused in terms of the special needs of the peripheral areas. For example, this may be by means of permitting special project types or themes in peripheral areas which growth fora do not wish to support in other areas.

Innovation, knowledge sharing and knowledge building
In particular, the European Regional Development Fund action under this area of action will be able to influence growth conditions in the form of regional innovation capacity, interaction on innovation and cluster relationships. Regional innovation capacity may be influenced, for example, via the role of local knowledge institutions as innovation partners, cluster relationships may be strengthened via cooperation and knowledge sharing in the clusters, and interaction on innovation can be strengthened by promoting interaction between enterprises and knowledge and educational institutions, between enterprises and technological services, and among the enterprises themselves.
Educational institutions may be institutions of both further and higher education. ‘Further education institutions’ in the sense of this programme are institutions above municipal primary and lower-secondary level, e.g. institutions providing practice-orientated training such as technical schools.

The lists below provide examples of how the growth conditions can be influenced through the implementation of projects assisted by the European Regional Development Fund. The lists are not exhaustive.

Examples of projects within **regional innovation capacity** include:

- research and development projects within various technology areas with a view to strengthening enterprises’ innovation competences, including e.g. the establishment and operation of networks, purchase of equipment or construction/fitting out of buildings;
- drawing up technology forecasts and international comparisons of innovation policies;
- campaigns targeted at SMEs, e.g. to profile user-driven innovation, including employee-driven innovation, or spinning off or using successful innovative enterprises as role models;
- establishing start-up facilities to support SMEs’ research and development capacity and innovation competences.

Examples of projects within **interaction on innovation** include:

- promoting cooperation on innovation, research and development, particularly among SMEs, both within and across industries, e.g. by funding project-related salary expenses, purchase of equipment and costs related to the cooperation;
- strengthening public-private cooperations concerning development of new technologies, e.g. by funding project-related salary expenses, purchase of equipment and costs related to the cooperation;
- promoting networks, particularly of SMEs and knowledge and educational institutions, e.g. with a view to breaking down cultural barriers between skilled business owners and knowledge workers/higher education institutions, e.g. by funding project-related salary expenses and network operation;
- promoting networks with a view to innovation among enterprises throughout the value chain, including foreign enterprises, e.g. by funding network operation;
- establishing centres of competence which strengthen regional innovation capacity within specific industries or technologies;
- establishing infrastructure relating to provision of common services, e.g. libraries and other information centres which help to improve enterprises’ competitiveness, adaptability and ability to enter into cooperations;
- establishing innovative ways of organising the public sector’s provision of services to industry, e.g. by new forms of cooperation across municipalities and by setting up non-profit institutions;
- promoting collaboration on innovation between enterprises and cultural institutions.
Examples of projects within cluster relationships include:

- promoting networks and formation of clusters of SMEs in particular;
- promoting supplier networks for SMEs in particular;
- analysing opportunities for creating clusters or promoting the growth of clusters, including within ethnic enclaves or between ethnic and Danish enterprises.

Particular examples of projects which accommodate the horizontal considerations

The horizontal considerations should be incorporated in all projects. There will, however, be projects which have a particular impact within one or more of the horizontal considerations. The list below provides examples of such projects for inspiration.

- cooperation on innovation, research and development between enterprises in the peripheral areas, and knowledge and educational institutions;
- dissemination of new knowledge from knowledge institutions to enterprises in the peripheral areas;
- employment of persons at technological service institutions which – via local business service units – will serve as a link to enterprises in peripheral areas;
- local innovation clubs at practice-orientated educational institutions, which are also found in the peripheral areas;
- increased use of new technology in the tourism industry, e.g. guidance by GPS/Galileo systems;
- Innovative campaigns to profile natural assets, particularly nature of Community importance, with a view to developing sustainable tourism;
- developing new experience concepts and products, e.g. in interaction between the tourism industry and other sectors;
- establishing facilities for experiencing natural assets as part of developing tourism in the local areas, including nature of Community importance, taking account of accessibility considerations;
- profiling the history of foods for tourism purposes, e.g. fish or other foods where the peripheral area can be ‘branded’ in a sustainable way, with a view to improving sales opportunities for a broad circle of SMEs;
- profiling diversity (culinary, cultural, etc.) as a brand, e.g. in relation to experience tourism, with a view to improving sales opportunities for a broad circle of SMEs;
- formation and development of clusters and partnerships, particularly of SMEs, within renewable energy, water, industrial biotechnology, mega wind turbines, biofuels, hydrogen/fuel cells, wave and solar energy, and other areas of strength within the environmental field;
- research, development and demonstration projects concerning environmentally and energy-efficient technologies, and dissemination of knowledge of this to benefit SMEs;
- providing advice, particularly for SMEs wanting to raise their environmental profile by introducing higher environmental standards than those required by law;
- further developing public/private network cooperations in the environmental field;
• supporting public/private cooperations with a view to innovation in the area of disability;
• boosting the participation of Danish enterprises, knowledge institutions, municipalities and regions in the EU’s Seventh Research Framework Programme, including participation in ERA-NET and technology platforms;
• promoting technologies which can reduce release of nutrients from semi-liquid manure, reduce odour nuisances and ammonia evaporation, and contribute to efficient use of the potential of livestock manure as a fertiliser and energy source, including by means of separating semi-liquid manure and biogasification, and improving methods for application of semi-liquid manure;
• promoting initiatives concerning practical use of environmentally efficient projects in livestock production by means of demonstration projects.

The examples given show the concrete implementation of the Community Strategic Guidelines and Denmark’s National Strategic Reference Framework combined with the socio-economic analysis of Danish regions. The summary below illustrates the coherence between the socio-economic analysis (SWOT), the strategic approach implemented in the regional growth model, the programme’s actions in the form of examples, and measurement of the programme’s results.

Programming logic – Innovation, knowledge sharing and knowledge building

<table>
<thead>
<tr>
<th>SWOT analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weaknesses</td>
</tr>
<tr>
<td>Cooperation between enterprises and knowledge institutions is not good enough</td>
</tr>
<tr>
<td>Despite knowledge centres, there is a relatively low level of technology transfer overall</td>
</tr>
<tr>
<td>Increase cluster relationships</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth conditions which the action will influence, and examples of actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional competitiveness</td>
</tr>
<tr>
<td>Research and development projects, e.g. within a specific technology</td>
</tr>
<tr>
<td>Drawing up technology forecasts and international comparisons of innovation policies</td>
</tr>
</tbody>
</table>
Establishing start-up facilities to support SMEs’ research and development capacity

Establishing centres of competence which strengthen regional innovation capacity within specific industries or technologies

Analysing opportunities to create clusters or promote growth of clusters

<table>
<thead>
<tr>
<th>Measuring the action</th>
<th>Regional innovation capacity</th>
<th>Interaction on innovation</th>
<th>Cluster relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Output</td>
<td>Output</td>
<td></td>
</tr>
<tr>
<td>Percentage of participating enterprises/ institutions/ organisations indicating that they have strengthened their innovative competences</td>
<td>Number of cooperations on innovation in the projects</td>
<td>Number of cooperations on innovation in the projects</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Result</th>
<th>Result</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of enterprises/ institutions/ organisations indicating that they have become more innovative as a result of the European Regional Development Fund action</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impact**

- Percentage of all Danish enterprises which are innovative
- Denmark’s ranking on the list of most innovative countries in the EU

The action will help to boost Danish industry’s innovative capacity by strengthening the enterprises’ innovative competences. Innovation may be defined as developing products, production processes, services or concepts. Innovation may occur in different ways, e.g. on the basis of research and development or on the basis of feedback from the enterprises’ customers or cooperation partners.

Research-driven innovation derives from activities in the enterprises’ research and development departments or from cooperation between the enterprises and the public research system. User-driven innovation may be more practice-orientated and occur in an interaction where employees in an enterprise find solutions to problems which arise in production or which are identified in external feedback.

As stated in Chapter 2, a large proportion of Danish enterprises – particularly outside the major urban areas – have insufficient focus on renewal and development. There is therefore a need to promote both research-based and user-driven innovation.

To a large extent, research and development activities in Denmark take place in enterprises as part of innovation processes. The action within research and development will therefore be strengthened by the activities under the action area.
innovation, knowledge sharing and knowledge building, even though research and development is not an explicit part of the Danish strategy.

Establishment and development of new enterprises
In particular, the European Regional Development Fund action under this action area will be able to influence growth conditions in the form of supply of public and private advice, financing for entrepreneurs and an entrepreneurial culture. The action is targeted at these areas, and the framework conditions can be influenced, for example, by means of advice facilities, development parks, loan facilities and inducements.

The lists below provide examples of how the growth conditions can be influenced through the implementation of projects with assistance from the European Regional Development Fund. The lists are not exhaustive.

Examples of projects within supply of public and private advice include:

- advice, exchange of experience and establishment of shared administrative facilities in connection with start-up facilities for SMEs;
- development of new models for provision of advice on establishing new enterprises or taking over existing enterprises (generation shift), and implementing these models in the form of concrete tools, e.g. the models may focus on new forms of public-private interaction or on generation shifts where citizens of non-Danish ethnic origin are taking over an existing enterprise;
- advice to slightly older enterprises (‘10-year overhaul’);
- formation of entrepreneur networks, particularly for SMEs, possibly with a mentor attached;
- development of specialised regional networks of enterprise mentors;
- establishment of enterprise incubators – which may include both physical facilities and advisory staff – for SME entrepreneurs with a view to strengthening SMEs’ research and development capacity;
- establishment of start-up facilities to promote capacity within research and development, particularly for knowledge-intensive SMEs;
- establishment of idea workshops linked to knowledge and educational institutions;
- establishment of study environments within themes with high growth potential.

Examples of projects within financing for entrepreneurs include:

- development and implementation of new models for loans to SME entrepreneurs and generation shifts through involvement of local banks, mortgage credit institutions, potential private investors, etc.;
- development and implementation of new models to help SMEs in financial difficulty (early warning systems);
- development and implementation of new models which combine new SMEs’ access to capital with advice;
- development and implementation of new models for micro-loans to SMEs combined with advice;
strengthening the provision of information to SME entrepreneurs on financing opportunities, e.g. via websites listing public and private financing opportunities.

The financing instruments may only be made available to SMEs.

Examples of projects within enterprise culture include:

- analyses of a local area’s business structure with a view to identifying openings for entrepreneurs, promoting local enterprise clusters, etc., including needs and opportunities to qualify enterprises (managers and employees) and unemployed citizens for the desired development of the local area’s business structure;
- analysis of specific segments of business structures as part of the development and implementation of regional or local business policies, including promotion of ethnic enterprise within new industries and generation shifts;
- analyses of the major cities’ creative potential for enterprise;
- campaigns which profile enterprise as a source of increased growth, including e.g. prizes for entrepreneurs.

Particular examples of projects which accommodate the horizontal considerations

The horizontal considerations should be incorporated in all projects. There will, however, be projects which have a particular impact within one or more of the horizontal considerations. The list below provides examples of such projects for inspiration.

- advice flows for the tourism industry with a view to actions in peripheral areas;
- advice targeted at ethnic groups, including advice on stabilising new enterprises;
- campaigns targeted at ethnic entrepreneurs;
- advice targeted at disabled entrepreneurs;
- analyses of the enterprise potential of peripheral areas and vulnerable urban areas, and barriers to enterprise;
- support for SME entrepreneurs within energy and environmental technology, e.g. via new advice offers;
- attaching greater importance to environmental aspects when giving advice to entrepreneurs;
- support for SME entrepreneurs within energy and environmental technology, e.g. via new advice offers.

The examples given show the concrete implementation of the Community Strategic Guidelines and Denmark’s National Strategic Reference Framework combined with the socio-economic analysis of Danish regions. The summary below illustrates the coherence between the socio-economic analysis (SWOT), the strategic approach implemented in the regional growth model, the programme’s actions in the form of examples, and measurement of the programme’s results.

Programming logic – Establishment and development of new enterprises

<table>
<thead>
<tr>
<th>SWOT analysis</th>
</tr>
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</table>

70
<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low growth in new enterprises</td>
<td>More growth entrepreneurs</td>
<td></td>
</tr>
<tr>
<td>Lack of capital for entrepreneurs and SMEs</td>
<td>More female entrepreneurs</td>
<td></td>
</tr>
<tr>
<td>Low willingness to take risks in the population</td>
<td>Better exploitation of the labour potential of seniors, immigrants and the disabled</td>
<td></td>
</tr>
<tr>
<td>Only a small number realise their wish to start their own business</td>
<td></td>
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</tbody>
</table>

**Growth conditions which the action will influence, and examples of actions**

<table>
<thead>
<tr>
<th>Advice</th>
<th>Financing</th>
<th>Enterprise culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of enterprise incubators for SME entrepreneurs</td>
<td>New models for loans to entrepreneurs</td>
<td>Analyses of a local area’s business structure</td>
</tr>
<tr>
<td>Formation of enterprise networks, particularly for SMEs</td>
<td>New models for helping enterprises in financial difficulties</td>
<td>Analyses of the creative potential of the major cities</td>
</tr>
<tr>
<td>Advice targeted at ethnic groups</td>
<td>New models for micro-loans combined with advice</td>
<td>Campaigns targeted at ethnic entrepreneurs</td>
</tr>
</tbody>
</table>

**Measuring the action**

<table>
<thead>
<tr>
<th>Advice</th>
<th>Financing</th>
<th>Enterprise culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Output</td>
<td>Output</td>
</tr>
<tr>
<td>Number of advice flows</td>
<td>Capital for financing entrepreneurs</td>
<td>Number of enterprise culture flows</td>
</tr>
</tbody>
</table>

**Result**

Number of new entrepreneurs as a result of the European Regional Development Fund action

**Impact**

- Establishment rate
- Percentage of entrepreneurs who develop into growth entrepreneurs
For projects which aim to improve the business service action, emphasis should be placed on exploiting the advantages of the unified business service system, e.g. by using local business service units as the point of entry to the action.

The entrepreneur area has an obvious need for interaction between European Regional Development Fund and European Social Fund activities, with the European Regional Development Fund primarily promoting entrepreneur infrastructure, including business services and financing, while the European Social Fund primarily promotes enterprise culture and competences. It should be emphasised that the project examples under the two programmes are not mutually exclusive: the fact that a project example appears in the European Social Fund programme is not in itself a barrier to a similar project being implemented with assistance from the European Regional Development Fund. However, the rules governing eligibility under the European Regional Development Fund must of course be observed.

Use of new technology

The European Regional Development Fund action under this priority may be targeted in particular at growth conditions such as the infrastructure for use of new technology, access to knowledge of new technology and digitalisation. Growth conditions may be influenced, for example, by means of improving technological services, faster Internet connection speeds, digitalisation of notifications to municipalities, and impact on the population’s basic ICT competences.

The lists below provide examples of how the growth conditions can be influenced through the implementation of projects with assistance from the European Regional Development Fund. The lists are not exhaustive.

Examples of projects within infrastructure include:

- establishment of ICT infrastructure to benefit SMEs in areas lacking in commercial incentives;
- building up regional or local technological services to support local enterprises, possibly in partnership with participants from other countries;\(^{53}\);
- strengthening knowledge sharing and user-driven development environments, e.g. technology centres servicing SMEs;
- establishment of public meeting places with Internet access to benefit SMEs.

Examples of projects within digitalisation include:

- general improvement of access to and use of ICT, particularly for SMEs which are weak in terms of IT, through access to networks and advice;
- development of public ICT services, including drawing up ICT action plans for very small enterprises and handicraft businesses;
- development of new methods, tools, etc. of general economic interest, e.g. in the public sector’s servicing of enterprises.

\(^{53}\) Such partnerships may contribute to coherence with actions under the EU’s Seventh Framework Programme for Research, if these partnerships are part of a consortium eligible for assistance under the Framework Programme.
Examples of projects within *access to knowledge* include:

- promotion of IT cooperations between knowledge institutions and high-tech enterprises, e.g. by means of funding for project-related salary expenses, purchase of equipment and costs related to the cooperation;
- development of new concepts for technology transfer, e.g. by means of analyses and exchange of experience;
- development of improved technology forecasts;
- strengthening the opportunities of SMEs, in particular, to have technologies certified and documented.

*Particular examples of projects which accommodate the horizontal considerations*

The horizontal considerations should be incorporated in all projects. There will, however, be projects which have a particular impact within one or more of the horizontal considerations. The list below provides examples of such projects for inspiration.

- improvement of small- and medium-sized tourism enterprises’ access to and use of ICT, particularly via provision of advice;
- access to broadband and other advanced ICT infrastructure for SMEs in peripheral areas which lack commercial incentives to provide this;
- development of the public service, e.g. new forms of distance teaching;
- increased use of new technology in the tourism sector, e.g. guiding by means of GPS/Galileo;
- research, development and demonstration projects to benefit SMEs in peripheral areas, e.g. concerning advanced monitoring equipment for transporting animals, advanced process technology for use in the manufacturing industry, and IT equipment to optimise feed and monitor disease in livestock;
- research, development and demonstration projects concerning environmentally efficient technologies to benefit SMEs;
- analyses of environmental aspects of ICT use;
- advice to SMEs within areas with environmental potential, e.g. alternative energy sources and environmental technology;
- advice to SMEs on the introduction of more environmentally efficient technologies, e.g. by means of adviser collaborations and GTS institutes;
- public/private cooperations on systems to document the environmental benefits of environmental technologies and their operating conditions with a view to an improved and transparent decision-making basis for investments in environmental technology.

The examples given show the concrete implementation of the Community Strategic Guidelines and Denmark’s National Strategic Reference Framework combined with the socio-economic analysis of Danish regions. The summary below illustrates the coherence between the socio-economic analysis (SWOT), the strategic approach implemented in the regional growth model, the programme’s actions in the form of examples, and measurement of the programme’s results.

**Programming logic – Use of new technology**
<table>
<thead>
<tr>
<th>SWOT analysis</th>
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</thead>
<tbody>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>Lack of use of advanced ICT in enterprises</td>
</tr>
<tr>
<td>Slow productivity increase</td>
</tr>
<tr>
<td>Low growth in peripheral areas</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Growth conditions which the action will influence, and examples of actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure</strong></td>
</tr>
<tr>
<td>Establishment of ICT infrastructure to benefit SMEs where there is a lack of commercial incentives</td>
</tr>
<tr>
<td>Building up technological services so that the regions can support local enterprises</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measuring the action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure</strong></td>
</tr>
<tr>
<td><strong>Output</strong></td>
</tr>
<tr>
<td>Percentage of participating enterprises/ institutions/ organisations which have made services available to users within digitalisation and/or infrastructure</td>
</tr>
</tbody>
</table>

**Result**

Number of enterprises/ institutions/ organisations stating they have increased their ICT use as a result of the European Regional Development Fund action

**Impact**

- Average ICT use in Danish industry
‘New technology’ should be understood in a broader sense than ICT and may include, for example, materials technology, energy technology, environmental technology and biotechnology. Less data is available on these and other technologies than on ICT, but it is nevertheless considered important to include them in the strategic action.

Together with medico and health, energy and the environment is the resource area in which Denmark has experienced the greatest growth, in terms of both turnover and employment. Within energy and the environment in particular, growth has been supported by strong growth on the export markets.

Whereas the development potential for medico and health is concentrated in the Capital region, energy and environmental technology offers particularly high development potential for the regions other than the Capital region and therefore also for Denmark’s peripheral areas.

Development of energy and environmental technology, cf. Section 2.11, offers socio-economic potential such as new development opportunities for SMEs, strengthening business development and employment in the regions other than the Capital region and in the peripheral areas, plus increased production of renewable energy and reduced environmental impact.

Correspondingly, the evaluation of the Danish action for cleaner technology and a number of newer approaches within the energy and environment area indicates that innovations in environmental technology cannot be attributed to major radical breakthroughs but rather to the combination of more or less familiar technologies and systematic promotion of the exploitation of these.

In the ICT area Denmark has a relatively strong position within basic ICT use and in the areas which are the primary prerequisites for enterprises’ basic ICT use, including employees’ ICT competences and the extent of the infrastructure.

‘Basic ICT use’ expresses the extent to which enterprises have invested in hardware and software, and the extent to which enterprises have automated various processes such as accounting and stock control. ‘Advanced ICT’ use expresses the extent to which enterprises have introduced new business models or major organisational changes to derive greater benefit from ICT.

As stated in Chapter 2, enterprises with integrated ICT use have a higher level of productivity and are more innovative than enterprises with simple ICT use. There are, however, significant regional disparities, which favour an action under the European Social Fund programmes. In this area, too, there is substantial interaction between the European Social Fund and the European Regional Development Fund, as ICT competences can be strengthened via European Social Fund projects, while European Regional Development Fund projects will focus to a greater degree on access to and development of ICT.

Development of human resources – interaction with the European Social Fund
The action within the development of human resources will primarily take place under the European Social Fund programme. Please refer to the description in the European
Social Fund programme for information on the action to influence growth conditions for human resources.

With regard to the overall effect of the Structural Funds actions, it is crucial that the actions under the two programmes supplement and complement each other. Special attention should therefore be given to the interfaces described under the other areas of action.

Assistance is not available from both funds for the same project, but projects may be coordinated and supplement each other. The Danish Enterprise and Construction Authority is the managing authority for both funds, and the projects will be processed in the same IT system. Where legality control is concerned, cf. Chapter 4, the Danish Enterprise and Construction Authority is responsible for ensuring that projects do not obtain assistance from both funds.

**Examples of interactions between the European Regional Development Fund and the European Social Fund:**

- establishment of an enterprise centre, with the European Regional Development Fund supporting construction and fitting out, and the European Social Fund supporting the entrepreneurial competences;
- strengthening advisory facilities for industries with particular opportunities, e.g. in peripheral areas and vulnerable urban areas, with the European Regional Development Fund supporting the physical frameworks and advice, and the European Social Fund supporting measures targeted at the potential workforce in the area;
- establishment of public meeting places with Internet access for SMEs, with the European Regional Development Fund supporting the establishment, and the European Social Fund supporting the development of ICT competences;
- setting up a centre of competence with assistance from the European Regional Development Fund, and subsequent implementation of IT competence upgrading in an urban or peripheral area with assistance from the European Social Fund;
- competence development flows for networks of entrepreneurs, with the European Social Fund supporting competence development, and the European Regional Development Fund supporting the network element.

Another possibility for using both funds’ funding opportunities is contained in a rule governing flexibility between the funds. This rule means that the European Regional Development Fund, to a certain extent, may provide assistance for activities which are normally only eligible for assistance under the European Social Fund, and vice versa. This means that European Regional Development Fund projects may obtain funding for up to 10% of the expenses incurred for activities similar to those financed by the European Social Fund, if these activities are necessary for effective implementation of the project. In this case the project only obtains assistance from the one fund, but subject to the rules on eligibility for assistance from the other fund.

This rule can usefully be applied where the main emphasis of the project falls under the one fund, and where it is natural to include a small element of activities which are only eligible for assistance under the other fund, but which do not constitute an independent project.
Priority 2. Technical assistance

Pursuant to Article 46 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the European Regional Development Fund programme may contribute to technical assistance, including preparatory, management, monitoring, evaluation, information and control activities in connection with the programme, together with activities to reinforce the administrative capacity for implementing the actions.

An indicative budget for use of resources for technical assistance, including information and a special evaluation, will be submitted to the Monitoring Committee at its first meeting.

3.3.4 Competitive pool

Within the parameters of the National Strategic Reference Framework and the Structural Funds programmes, and based on the regional growth fora’s business development strategies and action plans, the Danish Growth Council selects themes for the competitive pool, which comprises 10% of the Structural Fund resources due to Denmark under the ‘regional competitiveness and employment’ objective. Tenders will be invited for the themes, which are within the frameworks of the operational Structural Funds programmes under the ‘regional competitiveness and employment’ objective, on an annual basis, and will reflect current enterprise policy challenges.

The resources are allocated to the best and most promising initiatives based on more detailed criteria. Decisions on allocation of resources from the competitive pool are made by the Minister of Economic and Business Affairs on the basis of recommendations from the regional growth fora and after consultation with the Danish Growth Council. The Minister may assign the task to the Danish Enterprise and Construction Authority.

3.4 Special funding opportunities in certain state aid areas

The action under the current programme is targeted primarily at establishing better framework conditions for enterprises, and it is therefore not normally possible to obtain support for individual enterprises’ investments in construction or development under the programme. In some of the Danish peripheral areas, the business structure and geographical factors mean that business development may be promoted in some cases through assistance to individual enterprises.

Assistance is therefore available under the programme for individual enterprises’ investments on Læsø, Ærø, Langeland, Lolland Municipality, Samsø and Bornholm, and the 27 Danish small islands, subject to the Commission’s approval of the Danish application for designation of state aid areas.

In these areas assistance may be given to individual enterprises as described in the following. The assistance must in all cases comply with the relevant regulations and other rules and guidelines.
3.4.1 Investment aid

This assistance follows the rules set out in Commission Regulation (EC) No 1628/2006 of 24 October 2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid.

Aid is available for the following types of investment:

- land, buildings and equipment
- technology transfers
- external expenses for patents, production licences, patented know-how and non-patented know-how
- job creation.

Conditions:
Applications for assistance must be submitted before work on the project is started. This may either be the start of building work or the first legally binding agreement to purchase equipment – whichever is the earlier – but excludes provisional feasibility studies.

Moreover, the authority which is responsible for administration of the scheme (the growth forum secretariats) must have confirmed in writing that the project – subject to the final outcome of a detailed review – fulfils the conditions for eligibility laid down in the regulation.

If the work has started before these conditions have been fulfilled, the project as a whole is not eligible for regional aid.

The investment must be maintained in enterprises for at least five years – or three years for SME enterprises – from completion of the project and payment of the assistance. If the enterprise is relocated in this period, this may result in a repayment requirement.

Fixed asset investments may only be made in connection with:
- setting up a new enterprise
- expanding an existing enterprise
- launching an activity which involves a fundamental change to an existing enterprise’s product or production method, e.g. by means of rationalisation, diversification or modernisation.

The rates of aid are specified as the overall public aid (EU aid plus public national or regional aid) in a project prior to calculation of tax.

Investments in small enterprises are eligible for maximum aid of 30%.
Investments in medium-sized enterprises are eligible for maximum aid of 20%.
Investments in large enterprises are eligible for maximum aid of 10%.

3.4.2 Consultancy in SMEs

Aid for expenditure on consultancy or advice from external consulting firms.

Conditions:
The aid will be for a fixed period of time, and is not available to projects involving export assistance. ‘Export assistance’ is understood to mean any form of assistance linked directly to the quantities exported, establishment or operation of a distribution network, or to ongoing expenses in connection with the export activity.

The aid must be in conformance with the current state aid rules and current notifications. The rates of aid are specified as the overall public aid (EU aid plus public national or regional aid) in a project prior to calculation of tax.

Consultancy in SMEs is eligible for maximum aid of 50%.

3.4.3 Aid for research and development, technical feasibility studies and patenting costs in SMEs

Aid for research and development
Aid is available for industrial research and development activities at the pre-competitive stage.

Eligible costs:
   a) personnel costs
   b) expenses for instruments and equipment
   c) expenses for land and buildings
   d) expenses for consultancy and equivalent services
   e) additional fixed costs which are directly linked to the research activity
   f) other operating expenses.

Rates of aid:
The gross aid intensity calculated on the basis of the eligible project costs must not exceed:
   a) 65% for industrial research
   b) 40% for development activities at the pre-competitive stage.

Aid for technical feasibility studies
Aid is available for technical feasibility studies preparatory to industrial research or development activities at the pre-competitive stage, provided that the gross aid intensity, calculated on the basis of the study costs, does not exceed 75%.

Aid for patenting costs
Aid is available for the costs associated with obtaining and validating patents and other industrial property rights up to the same level of aid as would have qualified as

54 More detailed rules on expenditure are set out in the Danish guidelines on eligibility.
R&D aid in respect of the research activities which first led to the industrial property rights in question.
4 Implementation of the Structural Funds programmes in Denmark

4.1 Administrative set-up

4.1.1 New opportunities for content-related synergy

Denmark is facing an extensive reform of its administrative structure, the Local Government Reform. This reform comes into effect on 1 January 2007, at the same time as the new Structural Funds period. The fact that the EU Structural Funds period and the Danish Local Government Reform enter into effect at the same time on 1 January 2007 has provided a special opportunity to create better coherence between the Danish EU-financed, nationally financed, and regionally and locally financed growth and enterprise policy actions, including politically (content-related), geographically and administratively.

On the content side, the idea is for Danish EU-financed, nationally financed, and regionally and locally financed growth and industrial policy actions to pull in the same direction and support those areas which help to improve Danish regional competitiveness and employment with a view to boosting Europe’s growth conditions.

In geographical terms, Structural Funds resources may in future be used throughout Denmark. The aim, however, is for the programme to facilitate a Structural Funds action which can be targeted at the regional disparities, and which can support the strategic action described in the regional business development strategies drawn up by the regional growth fora. Special attention is given here to the peripheral areas. A further aim is to enable major strategic investments which contribute to increased regional growth and employment. If deemed appropriate, the Monitoring Committee may therefore set a minimum limit for size of projects.

4.1.2 New administrative structure and new regional policy actors

The counties, which previously played a major role in drawing up and implementing the Structural Funds programmes, are being abolished in the wake of the Local Government Reform. A large number of municipalities will be merged into larger units. The number of municipalities is being reduced from 271 to 98. A whole series of tasks are being shifted among the various administrative levels.

The Local Government Reform also involves setting up five new regions. The regions cover a larger area than the former 14 counties, but are not simply bigger counties. As such, the regions do not have the former counties’ tax-raising powers, and have significantly fewer tasks. The regions are led by directly elected regional councils.

The regions will assume responsibility for regional business development through growth fora. In order to effect this task, the regions are being given a new, strong instrument – the regional growth fora – which will be the pivotal point for business development in the regions. It is these growth fora which will be the regional party in the Structural Funds programmes and, among other things, make recommendations on the use of resources, as the counties did in the European Regional Development Fund programmes in the period 2000-2006.
The growth fora comprise regional politicians and representatives of the business community, knowledge and educational institutions and the social partners in accordance with the partnership principle, see below.

At least one of the municipal members of each growth forum must come from a geographically peripheral area. In addition, the municipalities will be responsible for implementing and financing business service activities for an open circle of entrepreneurs and enterprises.

The state will continue to have overall responsibility for ensuring good growth conditions for industry, both in terms of competitive conditions and in areas such as tax and energy.

At the same time, however, it is clear that it is in the regions that important frameworks must be implemented and tailored to the business structure. It is important that national growth policy and the regional action fit well together.

For this reason, the Danish Growth Council is also being established as the body which will bring together the national growth strategy, regional business development strategies and the EU’s Structural Fund resources in one coherent growth action throughout Denmark.

As well as in the Danish Growth Council, implementation of the Structural Funds action will of course also be considered in the Monitoring Committee, in which the partnership is represented. In Denmark one programme is being drawn up for the European Regional Development Fund action and one for the European Social Fund action. The actions for the two funds will be closely coordinated, and Denmark therefore wishes to establish a joint Monitoring Committee for the two programmes.

With a view to supporting regional development, the government has also appointed a ministerial committee on regional policy comprising the Minister for Economic and Business Affairs (chair), the Minister for Foreign Affairs, the Minister for Finance, the Minister for Employment, the Minister for Education, the Minister for Science, Technology and Innovation, the Minister for Food, Agriculture and Fisheries, the Minister for the Interior and Health\(^1\) and the Minister for the Environment. Other ministers may participate in the committee’s meetings on an ad hoc basis.

Among other things the Committee will coordinate the national action to promote growth, employment and business development throughout Denmark. Based on the government’s vision of all of Denmark as an attractive place to live, work and run an enterprise, the ministerial committee will evaluate the coherence of the goals and instruments in the government’s policy relevant to regional development, and consider the need for new initiatives.

4.1.3 Cofinancing of Structural Funds actions

The resources for the initiatives which the growth fora can initiate come from several directions, and demonstrate the very coherence the new administrative framework is intended to create between regional, national and EU-initiated policy. The resources

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\(^1\) Translator’s note: this Ministry was succeeded by the Ministry of Social Welfare in November 2007.
may as such come from municipalities, the region, the state and the Structural Funds, cf. the figure below.

*Figure 4.1 Interrelationship between policies initiated at regional, national and EU levels*

With respect to national cofinancing, the new regions are not tax-raising authorities, but the regional councils have resources for regional development at their disposal. These resources come partly from the state, and partly via municipal development contributions. The regional growth fora make recommendations to the regions on the use of regional development resources for business purposes, and to the state on the use of the Structural Funds resources. Cofinancing may also continue to come from e.g. non-profit institutions, municipalities, the private sector and the state.

The section below provides more detailed information on the Danish administrative set-up following the Local Government Reform.

**4.1.4 Legislative framework**

The legislative framework for administration of the European Regional Development Fund and the European Social Fund in Denmark is provided partly by the Business Development Act (L602 of 24 June 2005) and partly by the Act on administration of the European Regional Development Fund and the European Social Fund (L1599 of 20 December 2006). The relevant regulations have been implemented in this legislation.

The Minister for Economic and Business Affairs has overall responsibility for administration of the programmes financed by the Structural Funds in Denmark. The Minister may choose to assign his statutory powers to the Danish Enterprise and Construction Authority, which the Minister has done by means of order no 44 of 17 January 2007 assigning powers to the Danish Enterprise and Construction Authority pursuant to Act no 1599 of 20 December 2006.

The Minister for Economic and Business Affairs appoints a monitoring committee, which follows and assists with implementation of the programmes.

Decisions on rejection or approval are generally made by the Danish Enterprise and Construction Authority on the recommendation of the regional growth fora appointed in pursuance of the Business Development Act, cf. below.
Decisions on allocation of resources from the competitive pool are made by the Minister for Economic and Business Affairs on the recommendation of the regional growth fora and after consultation with the Danish Growth Council. The Minister may assign this task to the Danish Enterprise and Construction Authority, cf. Act on administration of the European Regional Development Fund and the European Social Fund.

4.1.5 Managing authority
The managing authority for the European Regional Development Fund is:

The Danish Enterprise and Construction Authority
Vejlsøvej 29
8600 Silkeborg
Denmark
Tel.: +45 35 46 60 00
Fax: +45 35 46 64 01
E-mail: postru@ebst.dk

The Danish Enterprise and Construction Authority is also the managing authority for the European Social Fund.


In accordance with order no 358 of 18 April 2007 on responsibility and division of powers, the Danish Enterprise and Construction Authority agreed the execution of specific administrative tasks with the secretariats for the regional growth fora, including information and guidance tasks set out in more detail and concrete preparation of cases. The regional growth fora will be able to apply to the Danish Enterprise and Construction Authority for a share of the resources for technical assistance to perform these tasks.

4.1.6 Certifying authority
The Danish Enterprise and Construction Authority is the certifying authority for the programmes under the ‘regional competitiveness and employment’ objective. See Annex 5.

As the certifying authority, it is the Authority’s duty to draw up and submit to the Commission statements of expenditure and applications for payment.

In accordance with Article 61 of the Structural Funds Regulation, the certifying authority will certify that

- the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
- the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in
accordance with the criteria applicable to the programme and complying with Community and national rules.

Moreover, the certifying authority will ensure for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure, and take account of the results of all audits carried out by the audit authority. Accounting records of expenditure declared to the Commission will be maintained in computerised form.

The certifying authority will keep an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation, and ensure that amounts recovered are deducted from the next statement of expenditure.

As the certifying authority, the Danish Enterprise and Construction Authority receives the appropriation from the Commission in EUR and passes it on to the final beneficiaries in DKK. Financial reporting to the Commission is in EUR.

4.1.7 Regional councils

The new regions, which are led by directly elected regional councils, are not tax-raising authorities. Their primary responsibility is the running of hospitals.

In addition, the regional councils will take care of regional business development through use of the regional growth fora. The regional councils cannot make decisions on regional enterprise policy measures other than on the recommendation of the regional growth fora.

On the recommendation of the regional growth fora, cf. the Business Development Act, the regional councils may exclusively cofinance activities to promote regional business development within:

1) innovation, knowledge sharing and knowledge building
2) use of new technology
3) establishment and development of new enterprises
4) development of human resources, including development of regional competences
5) growth and development in the tourism industry and
6) development activities in the peripheral areas.

The business development activities which the regional councils may cofinance on the recommendation of the regional growth fora will be initiated by independent legal bodies.

4.1.8 The municipalities

The municipalities are responsible for business services. In addition, cf. the Business Development Act, the municipalities may cofinance activities to promote regional business development within:

1. innovation, knowledge sharing and knowledge building
2. use of new technology
3. establishment and development of new enterprises
4. development of human resources, including development of regional competences
5. growth and development in the tourism industry and
6. development activities in the peripheral areas.

4.1.9 Regional growth fora

Pursuant to the Business Development Act, regional growth fora have been established in all the regions. In North Jutland, Central Jutland, South Denmark and Zealand, one regional growth forum has been established in each region, while two have been established in the Capital region: one for Bornholm and one for the rest of the region.

The tasks of the regional growth fora are:

- to draw up, within the national frameworks, a regional business development strategy for the region or the part of it covered by the individual growth forum, based on the area’s framework conditions and business specialisation, and with the focus on the peripheral areas;
- to monitor regional and local growth conditions;
- to develop and make recommendations, within the framework of the established business development strategy, on cofinancing of regional business development activities.

This means that the regional growth fora make recommendations to the state (the Danish Enterprise and Construction Authority) on the use of resources from the European Regional Development Fund and the European Social Fund which are regionalised or set aside for the competitive pool, and to the region on the use of regional development resources for business purposes.

The regional growth fora comprise 20 members appointed by the regional council. A growth forum is made up as follows:

1. three members appointed at the regional council’s own initiative;
2. six members appointed on the recommendation of the municipal councils in the region, with at least one member representing the peripheral areas;
3. six members from the business community appointed on the recommendation of business organisations selected by the regional council;
4. three members from knowledge and educational institutions appointed at the initiative of the regional council;
5. two members representing employers and employees, appointed on the recommendation of the employers’ and employees’ organisations respectively.

With a view to strengthening the coherence between and coordination of regional industrial policy and regional employment policy action, the regional employment council, in accordance with the Business Development Act, has the opportunity to appoint an observer to the regional growth forum, in the same way as the regional growth forum has the opportunity to appoint an observer to the regional employment council. An observer may be appointed in those regions where mutual representation between growth forum and employment council has not been achieved by other
means, and if both the growth forum and the employment council consider it appropriate.

The Minister for Economic and Business Affairs may lay down provisions governing the appointment of further members to a growth forum.

The regional growth fora represent the regional partnership. The regional growth fora do not have authority status and cannot receive financial assistance or exercise ownership powers.

**The growth fora’s secretariats**
The regional councils provide secretariats for the growth fora. Like the former counties, the secretariats play a role in relation to the Structural Funds actions. They provide information and guidance to applicants, and prepare matters for submission to the regional growth fora etc.

Applications to the Structural Funds will as such be sent to the secretariats of the growth fora, which will ensure that the individual matters are prioritised by the regional growth fora. The Danish Enterprise and Construction Authority then carries out legality control, issues a commitment and ensures project follow-up etc.

As part of the regional growth fora’s work on monitoring the regional and local growth conditions, a number of tools will be developed at national level to provide a relatively balanced picture of regional development.

Information on the strategies and action plans of the regional growth fora, and addresses for the secretariats, can be found at [www.regionalt.dk](http://www.regionalt.dk).

### 4.1.10 The Danish Growth Council

The Danish Growth Council is appointed by the Minister for Economic and Business Affairs with a view to boosting the development of Danish industry through the promotion of competitiveness and globalisation by means of measures which aim:

- to prepare and develop the frameworks for enterprises’ growth, international cooperation and trade;
- to promote adaptation of the business structure to competitive conditions, environmental conditions and social development as a whole;
- to promote regional business development;
- to strengthen public authorities’ cooperation on business development;
- to develop cooperation on business development between public authorities and private business.

One of the functions of the Danish Growth Council is to advise the Minister for Economic and Business Affairs on the development and monitoring of national programmes financed by the Structural Funds, including expressing an opinion on the regional business development strategies.

The Danish Growth Council comprises a chair and 19 members appointed by the Minister for Economic and Business Affairs. The chair and members are appointed for up to four years at a time in accordance with the following principles:
1. the chair and three members are personally appointed by the Minister for Economic and Business Affairs;
2. five members – the chairs of the regional growth fora (one from each region) – are appointed on the recommendation of the regional growth fora;
3. two members are appointed on the recommendation of the municipal parties;
4. seven members are appointed on the recommendation of employers’ and business organisations; and
5. two members are appointed on the recommendation of employees’ organisations.

The Danish Growth Council, cf. the comments to the Business Development Act, serves as a link between the national, the EU-financed action and the regional action. The idea here is to create coherence between EU Structural Fund resources, the national growth/business strategy and the regional business development strategies. The regional business development strategies are sent to the Danish Growth Council for consultation to ensure that the individual strategies are within the national framework for the Structural Funds resources.

Based on the business development strategies submitted, the Danish Growth Council can advise the Minister of any implementation of major strategic initiatives across the regional growth fora, including e.g. via the 10% of the Structural Funds resources for which the regions must compete.

The Danish Growth Council represents part of the partnership at national level.

The secretariat of the Danish Growth Council
The Ministry of Economic and Business Affairs is the secretariat for the Danish Growth Council.

4.2 Monitoring and evaluation

4.2.1 Monitoring committee
Pursuant to Article 63 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, a monitoring committee will be set up for each programme. Denmark wishes to set up a joint monitoring committee for the combined Structural Funds action. The committee will be appointed within three months of the Commission’s approving the programme.

The committee will be constituted with representatives from:
- the Danish Enterprise and Construction Authority
- other ministries involved
- regional and municipal parties
- relevant interest organisations
- the social partners.

The Commission (one person from DG Regio and DG Empl respectively) and possibly the European Investment Bank will participate in meetings of the monitoring committees in an advisory capacity. The secretariat function will be taken care of by the Minister for Economic and Business Affairs (effectively the Danish Enterprise
and Construction Authority), who will also chair the committee. In appointing the committee, measures will be taken to ensure equal representation of men and women in accordance with current rules.

Pursuant to Article 65 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the task of the committees is to ensure the effectiveness and quality of the implementation of the programme. The committee may, at its own initiative, propose to the managing authority the analyses and evaluations and any form of modification or audit of the programmes which it may consider necessary for successful implementation of the programmes. Proposals for audits or modifications of the programmes submitted by the managing authority are discussed and approved by the monitoring committee. In addition, the committee initiates programme evaluations and reviews the results of these, and will also discuss and approve the annual and final report to the Commission.

**Partnership between the Danish managing authority and the Commission**

Particularly in connection with monitoring of the strategic weighting of the three areas of action described in Section 3.3, reports will be submitted to the Commission on an ongoing basis via the monitoring committee concerning the breakdown by area of action and the attainment of the goals and results laid down for the individual action areas.

The Commission will be involved in evaluating any necessary measures, including strategic evaluations, if the breakdown of activities by action area deviates significantly from the expected minimum.

### 4.3 Control measures

#### 4.3.1 Practice and rules to ensure control of implementation of the programme


The regulations are supplemented by the rules contained in Act no 1599 on administration of contributions from the European Regional Development Fund and the European Social Fund, and the associated orders no 44 of 17 January 2007 (assigning powers to the Danish Enterprise and Construction Authority), no 358 of 18 April 2007 on responsibility and division of responsibilities etc. in connection with administration of contributions from the European Regional Development Fund and the European Social Fund, and the order on eligibility, accounts, audit, control, etc. In addition, the Danish Enterprise and Construction Authority draws up guidelines on
eligibility of expenditure, and administrative guidelines on typical pitfalls/FAQs on control.

The legal basis establishes the central principles and requirements which apply to the individual Member States’ managing and control systems. Pursuant to Article 60 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the Member States are required to appoint a managing authority which will be responsible for taking the necessary measures in connection with implementation of the programmes for:

a) ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;
b) verifying that the cofinanced products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules; verifications on-the-spot of individual operations may be carried out on a sample basis in accordance with the detailed rules to be adopted by the Commission in accordance with the procedure referred to in Article 103(3);
c) ensuring that there is a system for recording and storing in computerised form accounting records for each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
d) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
e) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;
f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90;
g) ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
h) guiding the work of the monitoring committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
i) drawing up and, after approval by the monitoring committee, submitting to the Commission the annual and final reports on implementation;
j) ensuring compliance with the information and publicity requirements laid down in Article 69;
k) providing the Commission with information to allow it to appraise major projects.
4.3.2 The normal financial control procedures applicable to all public expenditure in the Member State

The starting point for Danish national managing authorities’ financial control or internal control and results monitoring of EU-financed and nationally financed Structural Funds measures is that the control will be parallel, i.e. the same control measures are applied to all expenditure, whether financed by the Danish state or the EU.

The Danish financial control system is based on the system of ministerial responsibility. This lays down that the individual minister has ultimate responsibility for the administration of the relevant ministerial area. Responsibility for disposal of resources which the parliament has approved with regard to appropriations therefore rests clearly with the minister in question. The minister’s overall responsibility for use of the appropriation also entails a responsibility to ensure satisfactory internal control and monitoring of results in the ministry’s financial management and control system.

The established system of decentralised division of responsibilities and tasks in the national economic area, with use of appropriations and control thereof assigned to the individual ministries, means that the role of the Ministry of Finance in a financial control context is extremely limited. The Ministry of Finance has no powers to exercise control over how other ministries dispose of appropriations.

However, the Ministry of Finance’s overall responsibility for state finances entails an obligation to take initiatives if it emerges that there are fairly serious financial control issues in a ministry, without intervening. In this situation the Ministry of Finance must use the instruments afforded by its role, such as initiating analyses and studies in collaboration with the ministry in question, and providing advice and similar.

In addition, the National Audit Office is the supreme Danish audit and control authority. The National Audit Office may therefore audit the Danish Enterprise and Construction Authority’s administration and control of grants from the European Regional Development Fund and the European Social Fund. The same applies to national institutions which may have received grants from the European Regional Development Fund or the European Social Fund. Moreover, if the Minister for Economic and Business Affairs delegates all or some of the tasks of the managing authority, the National Audit Office has the right to audit the grant resources at the bodies to which this competence has been delegated.

4.3.3 Definition of roles for the parties involved in the supervision

All projects which receive assistance from the European Regional Development Fund or the European Social Fund are subject to national control at two levels: the Danish Enterprise and Construction Authority, Regional Development Centre, is level 1, and the Danish Enterprise and Construction Authority, controller function, is control level 2.

Controls are carried out at both levels to ensure that the conditions for obtaining assistance from the European Regional Development Fund or the European Social Fund are fulfilled, that the expenditure is eligible for assistance, and that any other grant conditions are fulfilled.
Control level 1, the Danish Enterprise and Construction Authority (Regional Development Centre)

The Authority handles technical coordination of the programmes, including drawing up the National Strategic Reference Framework, as well as development plans and application documents forming the basis for the Commission’s allocation of resources to Denmark from the European Regional Development Fund and the European Social Fund. Ongoing programmes under the European Regional Development Fund and the European Social Fund are also administered and maintained, i.e. in terms of legality control of matters recommended at regional level, issue of commitments and payment of grants.

The Danish Enterprise and Construction Authority (DECA) is as such not involved in the administrative work at regional level. This ensures that DECA is wholly independent of the recommending authority, and can therefore assess the projects objectively in relation to the legal basis.

One condition for receiving a grant from the funds is that the project accounts are audited by an auditor appointed by DECA, who will provide a declaration on this to DECA. The beneficiaries will report on the operation to DECA throughout the project life, and submit final accounts of project expenditure at the end of the project. The beneficiaries submit these reports and accounts to the auditor, who will issue declarations on this to DECA. As part of this work, the auditor will generally carry out on-the-spot control of the projects. The auditor is available to provide the beneficiaries with advice on accounting issues from the time the application is submitted until final settlement of the projects is complete. If the auditor becomes aware of irregularities, offences or infringement of provisions, the auditor is obliged to draw this to the attention of the beneficiary at once and to inform the Danish Enterprise and Construction Authority. This duty to provide information also applies after completion of the project, in which case the auditor must inform the Danish Enterprise and Construction Authority if the beneficiary moves, ceases to operate, is sold, etc.

The auditor will document to the Danish Enterprise and Construction Authority that he has

1. verified that cofinanced goods and services are being delivered;
2. verified that the expenditure notified by the beneficiaries in connection with projects has actually been incurred and is in accordance with the Community and national rules;
3. ensured that beneficiaries and other bodies involved in the implementation of operations either have a dedicated accounting system or a suitable accounting code for all transactions linked to the operation, without this affecting national accounting rules;
4. ensured that all the supporting documents regarding expenditure and audits required to ensure an appropriate audit trail are kept in accordance with the requirements of Article 90;
5. ensured compliance with the requirements on information and publicity in Article 69.

The requirements concerning the education, impartiality, etc. of auditors are subject to extensive regulation in the special Danish legislation on this, and the auditors are
regarded on this basis as the public’s ‘shop stewards’ in the execution of their professional duties.

The role of auditors is thus not to carry out the first-level control, but simply to draw up material for the beneficiaries for use by the Danish Enterprise and Construction Authority in processing any request for reimbursements from the beneficiaries. The auditor’s declaration will as such form part of the basis for the Danish Enterprise and Construction Authority’s control of correct implementation of the programmes. The project administration section of the Danish Enterprise and Construction Authority carries out administrative control of all applications from beneficiaries for reimbursements itself, as well as on-the-spot control of individual projects on a random basis, as discussed in Article 13 of Commission Regulation (EC) No 1828/2006.

Control level 2, the Danish Enterprise and Construction Authority (controller)
Pursuant to Article 59 of Council Regulation (EC) No 1083/2006, in addition to the managing authority and the certifying authority, the Member State will also designate an audit authority for the operational programmes. See Annex 5. In parallel with the European Social Fund programme, the Danish Enterprise and Construction Authority’s controller function has been designated as the audit authority for the European Regional Development Fund programme. As the audit authority, the controller function will ensure compliance with the requirements set out in Article 62 of Council Regulation (EC) No 1083/2006. As the controller is employed by the Danish Enterprise and Construction Authority, ensuring total independence between the controller function and the Regional Development Centre is an important factor in ensuring confidence in the function. In purely organisational terms, these are therefore two different units reporting to different superiors.

The Regional Development Centre does not have any influence over the controller function’s reporting, conditions of employment, etc. Independence is also ensured with respect to the distribution of tasks between the Regional Development Centre and the controller, as the controller does not participate in general operational tasks. This ensures that the tasks taken care of by the executive and controlling organisational units respectively never overlap, ensuring that no doubts can be raised as to the controller’s impartiality in connection with that part of the controller function involving control of the procedures in the Regional Development Centre, cf. the requirements in Article 62 of Council Regulation (EC) No 1083/2006.

The other substantial part of the controller’s work consists in the financial audit of the individual projects (on-the-spot control), which are external in relation to the Danish Enterprise and Construction Authority. This ensures a very high degree of independence in relation to the entities being controlled.

The controller must never be personally or financially involved in the legal bodies receiving assistance. If there is any doubt as to the controller’s total independence from the beneficiary, the control function may be outsourced so as not to impair the credibility of the control.

To assist with implementation of the controller’s tasks, the Authority expects to enter into an agreement with an internationally recognised state-authorised audit firm. The
national control action will be cofinanced under the technical assistance priority using resources set aside at central level.

4.4 Evaluation

The regional competitiveness and employment objective follows on from the previous Objective 2 and Objective 3 actions in Denmark.

Both the Objective 2 programme and the Objective 3 programme have been evaluated for the period 2000-2006. These evaluations have indicated a number of factors which may be worth bearing in mind in the coming Structural Funds period.

However, the strategic focus of both the European Regional Development Fund programme and the European Social Fund programme has changed significantly in the forthcoming Structural Funds period, which is naturally significant in terms of the relevance of the content-related recommendations.

In accordance with the Regulation laying down general provisions on the Structural Funds\(^{55}\), an ex ante evaluation has been carried out of Denmark’s two operational programmes under ‘regional competitiveness and employment’ (see special report on this). The evaluations of the previous programmes were included in the ex ante evaluation.

The regulation also allows the Member State to carry out evaluations linked to the monitoring of programmes – in particular where the monitoring reveals a departure from the goals set or where proposals are made for the revision of programmes.

In summary, the following indicative plan may be drawn up for evaluation of programme activities in the present programme:

In accordance with Article 29 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, at the latest by the end of 2009 and 2012 a concise report will be provided containing information on the contribution of the programmes cofinanced by the Structural Funds.

Further to the first strategic report and at the latest by the end of 2010, the Danish Enterprise and Construction Authority will assess whether the goals set in the European Regional Development Fund programme should be revised.

The Danish Enterprise and Construction Authority will monitor the programme in terms of goal attainment and use of financial resources over the course of the programme period and, at least once a year, provide information on this at meetings of the monitoring committee. Both overly rapid goal attainment and the absence thereof will be discussed by the monitoring committee. The IT system plays a central role in the monitoring and evaluation effort, among other things enabling automatic

generation of a whole series of quantitative data included in the selected set of monitoring indicators (cf. Annex 1).

These elements will also, where relevant, be incorporated in the annual reports to the Commission, which will also report the Commission’s relevant core indicators and include an assessment of goal attainment in relation to the baselines set and global goals.

In accordance with Annex XVIII of Commission Regulation (EC) No 1828/2006 of 8 December 2006, the annual report will describe the annual interim goals for the remainder of the Structural Funds period on the basis of best estimates.

The subsequent evaluation will be implemented at the Commission’s initiative in collaboration with the Member State and the managing authority, and carried out no later than 31 December 2015. The evaluation comprises identification of the factors which have contributed to the success or failure of the programme implementation, and good practice.

**Evaluation of the peripheral areas consideration**

In connection with adoption of the Business Development Act, it was decided that in the period 2007-2013 the peripheral areas will be guaranteed at least the same proportion of the Structural Funds resources as in the period 2000-2006. This is equivalent to approximately 35% of the Structural Funds resources under the regional competitiveness and employment objective being used to benefit the peripheral areas, cf. definition in Denmark’s National Strategic Reference Framework.

As a starting point, and based on the regional business development strategies, it is up to the regional growth fora to assess whether a project benefits the peripheral areas.

If a project is not exclusively targeted at the development of peripheral areas, the regional growth fora will make a recommendation to the Danish Enterprise and Construction Authority concerning the proportion to be targeted at the peripheral areas.

The Danish Enterprise and Construction Authority will at any time be able to determine, for information, how high a proportion of the Structural Funds resources is being allocated to the designated peripheral areas. This will be done as part of the ongoing monitoring of the European Regional Development Fund programme and the European Social Fund programme.

The Danish Enterprise and Construction Authority is able to reject non-peripheral area projects if the overall development in the European Regional Development Fund programme and the European Social Fund programme as a whole gives reason for this.

Realisation of the peripheral areas consideration will form part of the Danish Enterprise and Construction Authority’s evaluation of the programme.

**Evaluation of breakdown of the programme activities**
The Danish Enterprise and Construction Authority will at any time be able to determine, for information, the breakdown of the activities financed by the European Regional Development Fund under the regional competitiveness and employment objective by area of action, i.e. ‘Innovation and knowledge sharing and knowledge building’, ‘Establishment and development of new enterprises’, and ‘Use of new technology’.

Denmark will aim for at least 30% of the activities to be activities under ‘Innovation and knowledge sharing and knowledge building’, 20% activities under ‘Establishment and development of new enterprises’, and 20% activities under ‘Use of new technology’, and will monitor this.

The subject will also form part of the Danish Enterprise and Construction Authority’s evaluation of the programme.

**Evaluation of other factors**
Finally, special investigations/evaluations of other considerations will be initiated as required, e.g. realisation of the horizontal considerations concerning the environment and equal opportunities. Such investigations/evaluations may also take place across the two Structural Funds programmes.

4.4.1 The regional growth model
The Danish Enterprise and Construction Authority will make a comprehensive indicator system available to the growth fora for use in their monitoring of local and regional growth conditions. The regional growth model can provide information both on the regional framework conditions, and on regional performances in the areas of innovation, knowledge sharing and knowledge building; use of new technology; establishment and development of new enterprises; and development of human resources. The model is a tool which relevant actors can use to ensure that the strategic action in the region matches the regional challenges.

The model can also help to give the regions an impression of where they stand in terms of framework conditions and performance on the four main areas of action. See www.regionalt.dk.

4.4.2 Financial monitoring

*Exchange of data*
The Commission has developed a new system – SFC2007 – which the Member States are to use to fulfil the requirements in the regulations concerning mandatory use of electronic data exchange, including fulfilment of Article 41 of the Implementation Regulation.

The Danish Enterprise and Construction Authority uses SFC2007 via the web application, which involves manual input of the relevant data and uploading of documents listed in Article 41 of the Implementation Regulation.

*Procedures describing the reliability of monitoring and financial reporting*
The Danish Enterprise and Construction Authority will draw up procedures for the work of the managing and certifying authorities, including a description and set-up of the security procedure to safeguard data reliability.

These procedures will form part of the description of the management and control set-up to be submitted to the Commission no later than 12 months after the programme is approved, or prior to submission of the first application for payment.

**Procedures for cash flows**
Procedures will be laid down for producing and circulating cash flows, with a view to ensuring their transparency.

These procedures will form part of the description of the management and control set-up to be submitted to the Commission no later than 12 months after the programme is approved, or prior to submission of the first application for payment.

**Payment flow for the European Regional Development Fund from approval to payment of beneficiary**

The flow from when an officer has registered and another officer has approved a payment is as follows:

1. Accounts clerk at DECA transfers entries to waste book.
2. Accounts clerk finds all payment vouchers in TAS and prints them. These are sent to the Joint Accounting Centre with a request for them to be entered.
3. The Joint Accounting Centre checks the payment vouchers against the entries in the waste book and enters the payments in Navision STAT.
4. The Joint Accounting Centre enters the payments book in Navision STAT and transfers payments to StatensKoncernBetalinger (Bank).
5. The bank makes payments to recipient.

The certifying authority draws up applications for payment for submission to the Commission:

1. An application for payment is created by the certifying authority based on the approved payments in TAS.
2. The application for payment is sent to the Commission.
3. The Commission processes the application and effects payment to StatensKoncernBetalinger (Bank).

4.4.3 Partnership agreements between the government and the regional growth fora

The government is prepared to enter into mutual partnerships with the regional growth fora to promote regional growth and business development in connection with concrete implementation of the regional growth fora’s business development strategies. The goal is to ensure regional support for the globalisation strategy initiatives and to ensure a coherent action at national, regional and local level.
5 Information

The information measure is based on Articles 2-10 of Commission Regulation (EC) No 1828/2006 of 8 December 2006.

The vision for the information measure is that it will reflect the coherence between the European, national and regional growth and industrial policy actions, which will all pull in the same direction and support the areas which contribute to improving Danish regional competitiveness and employment with a view to boosting growth conditions for Denmark and, with it, Europe.

The goal is clear and unambiguous communication of overall Danish and European strategies and tools for regional development and growth so as to achieve an optimal effect from the Structural Funds resources.

The information measure will broaden awareness of the Structural Funds as a resource for achieving increased regional growth and employment, and making clear the European Union’s action for increased growth in Denmark. A further goal is to contribute to more effective use of the resources by strengthening the action and supporting increased synergy between the Funds.

The more concrete information – partly information targeted at project and applicants, and partly the communication of project experiences with a view to mainstreaming good results – is embedded within the above framework.

There are as such three dimensions to the information measure:
- communication of the priorities from a European and national strategic perspective
- communication to the projects of information concerning applications, regulatory basis, good administrative practice, etc.
- collating experience and communicating good practice and new methods from the projects with a view to mainstreaming the results.

This can be illustrated as follows:
The aim of bringing about interaction among these dimensions in the action means that the problems are addressed from several angles, therefore enabling the highest possible quality to be achieved in project selection and implementation.

The three dimensions in the information measure will be presented in greater detail to a number of target groups, including the Danish Growth Council, regional growth fora, beneficiaries, potential applicants and the general public. The three dimensions will be incorporated in different ways in the measures for the individual groups.

For all the groups, measures will be taken to communicate a comprehensive understanding, so as to create coherence in the picture of the fund actions. In popular terms, the individual project will perceive itself as part of the regional growth fora’s business development strategies which, via the national growth strategy, are directly linked to the Lisbon process. This comprehensive understanding also applies as a goal for the information directed at the other target groups. The information measures concerning strategies and Structural Funds are carried out partly by DECA and partly by the regional growth fora.

The cornerstone of the information measure will be web-based communication, extending from expertise in the form of functional guidelines and tools, to up-to-date, committed and idea-generating communication of regional policy themes and priorities.

As well as potential applicants and beneficiaries, the secretariats for the regional growth fora will be among the primary users of the web portal, and the provision of various tools will help to qualify the Structural Funds actions and make visible the results of the Funds’ investments. Web-based communication is supplemented by e.g. printed material, active press measures, an annual event on regional development and the Structural Funds, and other measures.
6 Coherence with other EU policies

Pursuant to Article 9 of the European Regional Development Fund Regulation, the programme content will be coordinated with that of other Community assistance schemes, including axis 3 under the European Agricultural Fund for Rural Development, and sustainable development of fishery areas under the European Fisheries Fund. The criteria for demarcation of these programmes will be specified in the programme.

The Regulation also specifies that consistency and coherence must be ensured with the EU’s Seventh Framework Programme for Research and Development and the Framework Programme for Competitiveness and Innovation.

6.1 Programmes under the European Agricultural Fund and the European Fisheries Fund

As a guiding principle, actions under this programme are not restricted by the opportunities available under the programmes for the European Agricultural Fund and the European Fisheries Fund respectively. Actions under the Funds should supplement each other, so as to optimise interaction among the Funds. Projects with activities which are eligible under several schemes will in some cases be able to obtain assistance from more than one fund.

Assistance cannot be received from more than one fund for the same expenditure for a project56. Where a project or part of it is eligible under more than one fund, administrative procedures will guard against double-financing. Applications should always specify the breakdown of financing for the project.

The programmes differ in general terms with respect to sectoral breadth and project focus. The European Regional Development Fund programme is not subject to any sector restrictions, and provides assistance for improved framework conditions for industry as a whole, while the Rural Development Programme takes its point of departure in the food and forestry sector. The Rural Development Programme also provides assistance to individual enterprises within the sector. Correspondingly, the action under the European Fisheries Fund is mainly targeted at the fisheries sector. The following sections describe how the actions under the funds supplement each other, with a particular emphasis on cases where the funds are targeted at closely related areas.

6.1.1 The Rural Development Programme

The Rural Development Programme operates within three fields:

1. competitiveness in the food and forestry sector
2. improvement of environment and landscape

3. quality of life and economic activity in the rural districts through local initiatives.

Re 1) Measures to strengthen competitiveness in the food and forestry sector will mainly take the following forms: 1) direct assistance to individual enterprises, and 2) cooperation projects. The first is only eligible for assistance under the Rural Development Programme, as individual enterprises cannot be beneficiaries under the European Regional Development Fund programme, cf. however section 3.4.

In the case of cooperation projects, on the other hand, beneficiaries may well coincide. If the project is broadly targeted at framework conditions in the region, it will be most appropriate to apply for assistance under the European Regional Development Fund. If the aims of the project fall more directly within the food and forestry sector, and if at least one food or agricultural enterprise is participating in the project, an application could be made for assistance under the European Agricultural Fund. Depending on the nature of the project, it will in some cases be possible to obtain assistance from both funds. In practice this will mean the project being divided into subprojects which satisfy the conditions for the individual funds. Projects of this type could therefore generate several applications, and subprojects under the fund in question will be viewed as a demarcated project.

Projects involving food enterprises will thus be able to obtain assistance under the European Regional Development Fund programme. Suitable projects may be projects which are generally similar to the European Regional Development Fund in nature and which involve food enterprises, e.g. cooperation on innovation between knowledge and educational institutions, and enterprises where one or more food enterprises is participating by virtue of its regional affiliation rather than its sector affiliation.

The Rural Development Act\(^{57}\) makes provision for the growth fora to recommend projects under the ‘competitiveness in the food and forestry sector’ action area. More detailed provisions on this will be laid down in orders under the act in dialogue between the Ministry of Economic and Business Affairs and the Ministry of Food.

Re 2) In the area of nature and the environment, the Rural Development Programme mainly provides area-based assistance to farmers who undertake to protect and upgrade nature and the environment, thereby contributing to achievement of the Aquatic Environment Plan 3 and the NATURA 2000 measures. In extension of the Rural Development Programme’s focus on NATURA 2000 measures, among other things, it is also considered natural to tone down the NATURA 2000 option in Article 5(2)(b) of the European Regional Development Fund Regulation in the European Regional Development Fund programme.

As no separate resources have been set aside for NATURA 2000 measures under the European Regional Development Fund programme, projects with environmental and

\(^{57}\) Act no 316 of 31 March 2007 on development of the rural districts (Rural Development Act).
nature protection elements will primarily focus on the areas of action in section 3.3.3, and no direct coherence is expected in this area.

Re 3)
A cornerstone of the action under the Rural Development Programme to create more jobs in rural districts is assistance for the establishment of micro-enterprises. This takes the form of direct assistance for individual enterprises and, under the European Regional Development Fund, can therefore only apply in certain state aid areas, cf. section 3.4. In order to avoid double-financing in these areas, there will be a particular focus on the information provided in the application on the breakdown of the project’s financing. It will also be incumbent on the regional growth forum secretariats and the local action groups respectively to assess in the case of each individual project whether the project is eligible under both the European Regional Development Fund and the European Agricultural Fund and, where necessary, to investigate whether assistance has been applied for from both funds.

In other areas there will only be a small number of activities eligible for assistance under both programmes. This applies to ICT infrastructure and certain tourism activities. Overlapping in the tourism area is considered to be limited to actions targeted at promoting natural assets and developing new forms of tourist service.

The Rural Development Programme also focuses on improving living conditions in the rural districts. These districts are excluded by the regulations from receiving assistance under the European Regional Development Fund. Actions to improve the attractiveness of peripheral areas from a settlement perspective will therefore be carried out within the Rural Development Programme, supplementing the growth source approach to improving conditions in the peripheral areas under the European Regional Development Fund programme.

In terms of administrative coordination, the Ministry of Economic and Business Affairs is in close dialogue with the Ministry of Food, among other things on drawing up the order on setting up and running the local action groups which make recommendations to the state concerning some of the resources under the Rural Development Programme. The draft order provides for the following forms of coordination:

- The growth forum can be represented in the local action groups (LAG).
- The growth forum will confirm that the local action groups’ strategies are in compliance with the regional business development strategies.
- The board of the local action group will consult the growth forum before making recommendations on major business-orientated projects. The growth forum in question may make concrete proposals for changes to these projects with a view to ensuring coordination and uniformity in the business action.

6.1.2 The European Fisheries Fund programme
Measures under the European Fisheries Fund programme fall under the following four main areas:

1. measures to adapt the fishing fleet and fishing efforts
2. aquaculture, processing and sales
3. measures of collective interest
sustainable development of fishing areas.

Re 1) The European Fisheries Fund can help to adapt fishing capacity and efforts, including by modernising fishing vessels. Assistance may also be provided, e.g. for various socio-economic measures within fisheries, such as retraining. In so far as the action under the Danish European Fisheries Fund programme opens up the opportunity of diversification activities which meet the requirements of the European Regional Development Fund programme, in principle assistance can be received from both the European Regional Development Fund and the European Fisheries Fund. Activities which solely concern fishermen or fishing, including adaptation of the fishing fleet, will receive assistance from the European Fisheries Fund programme and are not eligible for assistance from the European Regional Development Fund programme.

Re 2) The European Fisheries Fund can contribute to a number of types of investment within aquaculture, processing and sales, including assistance for introduction of environmentally friendly methods. There may be an overlap with activities eligible for assistance from the European Regional Development Fund, but as assistance from the European Fisheries Fund is provided to individual enterprises, the overlap will only occur in certain state aid areas, cf. section 3.4. In order to avoid double-financing in these areas, there will be a particular focus on the information provided in the application on the breakdown of the project’s financing. It will also be incumbent on the regional growth forum secretariats and the local action groups respectively to assess for each individual project whether the project is eligible under both the European Regional Development Fund and the European Fisheries Fund and, where necessary, to investigate whether assistance has been applied for from both funds.

Re 3) With regard to activities of collective interest, the European Fisheries Fund can, among other things, provide assistance for port facilities and marketing, but also for different forms of cooperation, including partnerships between researchers and operators within the fisheries sector. Assistance is also available for pilot projects involving the acquisition and dissemination of new technical knowledge. In these cases the projects will probably be eligible for assistance under the European Regional Development Fund programme areas of action innovation, knowledge sharing and knowledge building and use of new technology.

The demarcation is carried out by implementing programmes which benefit the fisheries and aquaculture sector under the European Fisheries Fund programme. In the case of cooperation projects or projects with collective aims extending beyond the fisheries and aquaculture sector or otherwise involving other sectors, it may be possible for the projects to be broken down by industry or sector. If this is not possible, a concrete assessment will be carried out from an administrative perspective to assess which fund and programme could best support the aims of the project.

Re 4) For measures in fishing areas which, pursuant to the individual regulations, are eligible for assistance from more than one fund, the programming will, in accordance with Article 44(6) of the European Fisheries Fund Regulation, determine which
measures are eligible for assistance under this programme, and which under other Community instruments.

To some extent the measures in fishing areas overlap with initiatives under the European Regional Development Fund. Measures which receive assistance under the European Fisheries Fund are demarcated in that they must relate to the fisheries and aquaculture sector.

The demarcation between the funds does not preclude horizontal projects which comprise activities to fulfil the same overall aims but where the individual activities are eligible for assistance under different funds.

In the case of horizontal projects of this type, the project is broken down into subprojects with a view to differentiating the project activities between the funds. If this is not possible, a concrete assessment will be carried out from an administrative perspective to assess which fund and programme could best support the aims of the project.

In addition to the regional growth fora’s recommendations concerning assistance from the European Regional Development Fund, the secretariats for the regional growth fora will ensure coordination with the local action group(s) in the region making recommendations on assistance to the Directorate for Food, Fisheries and Agri-Business.

6.1.3 Other EU policies

The EU’s Seventh Framework Programme for Research and Development

The EU’s Seventh Framework Programme comprises four programmes. The cooperation programme is intended to develop the links between industry and research within a transnational framework, within themes such as health, foods, ICT, energy and the environment. The Structural Funds action in Denmark will complement this action such that SMEs which do not have the resources to participate in extensive, transnational projects can gain an impetus and the necessary help to work on research, in collaboration with knowledge institutions etc.

Correspondingly, the Structural Funds action will also be able to provide assistance for research at the knowledge institutions and investments in this connection, equivalent to the focus in the capacity programme, but where the framework programme has a broad spread, the Structural Funds action will only support such projects if this is done on the basis of the regional business development strategy. The ‘Knowledge regions’ programme to promote regional research-driven clusters under the Seventh Framework Programme can make an important contribution to the development of relationships among the research sector, industry and the regional authorities.

The Structural Funds action will as such complement the Framework Programme for research and development in the enterprise and practice-orientated area, but will not support basic/front-line research and will, as such, not encroach on the area of the Ideas special programme. The same applies to people, which will only more indirectly be affected by the Danish Structural Funds action.
In concrete terms, Structural Funds resources could e.g. be used to develop technological services in the regions, enabling them to support local enterprises. If the technological services are organised such that they can enter into partnerships with participants from other countries, it may be possible to establish consortia with a view to obtaining assistance under the EU’s Seventh Framework Programme. This possibility is mentioned as an example of an action in Chapter 3.

Administratively speaking, coordination will be ensured by the presence of the knowledge institutions in the regional growth fora, which recommend European Regional Development Fund projects to the Danish Enterprise and Construction Authority, cf. Section 4.1.

The EU’s Framework Programme for Competitiveness and Innovation
The CIP Regulation has not yet been adopted, for which reason much of the planning of the concrete action under the Framework Programme remains to be done. The Danish Enterprise and Construction Authority is responsible for coordination of the action and, together with the Ministry of Science, Technology and Development, the Danish Energy Authority and the Danish Environmental Protection Agency, has overall responsibility for the Danish action. The action takes place within enterprise and innovation, ICT, energy and the environment.

The forthcoming CIP action and the action under the European Regional Development Fund programme have been coordinated in technical terms. The drafting of the section on specific actions in Chapter 3 of the present programme has been coordinated with the Danish Energy Authority and the Danish Environmental Protection Agency, which have contributed specific examples of actions where interaction can be optimised.

Administratively speaking, the CIP is very different from the programmes under the regional competitiveness and employment objective, as allocation of CIP resources is made on the basis of an application to the Commission, after which resources and tasks under the CIP are put out to tender nationally. The Danish competent authorities have therefore agreed to coordinate the information measure, in particular, more closely once the working programme for CIP is available, which is expected to be autumn 2006. This will ensure the greatest possible knowledge on the part of applicants and administrators concerning the opportunities available under the CIP and the European Regional Development Fund programme respectively.

Life+
The Ministry of the Environment, which is responsible for Life+ in Denmark, has contributed to the socio-economic analysis in Chapter 2 and the content in Chapter 3 with a view to achieving the greatest possible integration of actions under the forthcoming Life+ regulation. The regulation has not yet been adopted.

Implementation of the Danish action plan for Life+ will take place via national action plans. In drawing up these action plans, which is done in collaboration with the European Commission, the Ministry of the Environment will take account of the content of other relevant EU policies, including the Structural Funds programmes.
**Other Structural Funds programmes**
**Programmes under the territorial cooperation objective**

Denmark is participating in four cross-border programmes and two transnational programmes under the territorial cooperation objective, and the interregional programmes and networks cover all the EU Member States. The two transnational programmes cover the countries around the Baltic Sea and the North Sea respectively. The regions participating in the cross-border programmes are shown below:

<table>
<thead>
<tr>
<th>Cross-border programmes</th>
<th>Danish participants</th>
<th>Other participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Two</strong> Danish-German programmes</td>
<td>South Denmark</td>
<td>Schleswig, KERN</td>
</tr>
<tr>
<td></td>
<td>Zealand</td>
<td>East Holstein, Lübeck, Plön</td>
</tr>
<tr>
<td><strong>One</strong> Danish-Swedish-Norwegian programme with two subprogrammes:</td>
<td>Öresund: Capital region</td>
<td>Skåne</td>
</tr>
<tr>
<td></td>
<td>Zealand</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oresund region</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kattegat/Skagerrak: North Jutland</td>
<td>Västra Götaland, Halland, southern regions of Norway</td>
</tr>
<tr>
<td></td>
<td>Central Jutland</td>
<td></td>
</tr>
<tr>
<td><strong>One</strong> programme for the southern Baltic Sea</td>
<td>Bornholm (Zealand)</td>
<td>Skåne, Kalmar, Blekinge, Klaipeda and northern regions of Poland and Mecklenburg-Western Pomerania</td>
</tr>
</tbody>
</table>

Projects implemented under the European territorial cooperation objective must have partners from more than one country and, as such, do not overlap with projects under the present programme. When applying for assistance under this programme, the applicant must further declare that he has not applied for other EU resources to finance a given project.

In terms of content, it cannot be precluded that projects under the European territorial cooperation objective will have the same focus as the projects under the present programme. The system of administrative organisation in Denmark, with both the Danish Enterprise and Construction Authority and the regions/the regional growth fora occupying a central position, ensures the necessary coordination.

**Regions for economic change**

In its capacity as managing authority, the Danish Enterprise and Construction Authority will be aware of the ‘Regions for economic change’ initiative and, where relevant, will make the regional growth fora aware of networks involving Danish participants.

In so far as Danish regions are involved in networks, representatives of these will be able to participate on an ad hoc basis and as observers in the work of the monitoring committee, and report on the network’s activities.

The monitoring committee will have the opportunity to discuss any network activities at least once a year.
In so far as the programme contributes to financing of activities deriving from ‘Regions for economic change’, a report on this will be included in the annual report.
7 Financing plan

Pursuant to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, the information below shows the breakdown of the Structural Funds resources under the European Regional Development Fund programme by priority and per year.

**Total Community contributions and national cofinancing for each priority for 2007-2013 (EUR, this year’s prices)**

<table>
<thead>
<tr>
<th>Priority</th>
<th>EC contribution (a)</th>
<th>National contribution (b)=(c)+(d)</th>
<th>Guideline breakdown of the national contribution</th>
<th>Total financing (e)=(a)+(b)</th>
<th>Reimbursement rate (f)=(a)/(e)</th>
<th>For information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and knowledge</td>
<td>245 084 342</td>
<td>245 084 342</td>
<td>147 050 605</td>
<td>98 033 737</td>
<td>490 168 684</td>
<td>50% EIB contribution 0 Other financing 0</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>9 704 278</td>
<td>9 704 278</td>
<td>9 704 278</td>
<td>19 408 556</td>
<td>50%</td>
<td>0 0</td>
</tr>
<tr>
<td>Total</td>
<td>254 788 620</td>
<td>254 788 620</td>
<td>156 754 883</td>
<td>509 577 240</td>
<td>50%</td>
<td>0 0</td>
</tr>
</tbody>
</table>

**Annual contribution from the EU Regional Development Fund (EUR, this year’s prices)**

<table>
<thead>
<tr>
<th>Year</th>
<th>ERDF or ESF (1)</th>
<th>Cohesion Fund (2)</th>
<th>Total (3)=(1)+(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Regions without transitional support</td>
<td>34 272 116</td>
<td>0</td>
<td>34 272 116</td>
</tr>
<tr>
<td>2008 Regions without transitional support</td>
<td>34 957 558</td>
<td>0</td>
<td>34 957 558</td>
</tr>
<tr>
<td>2009 Regions without transitional support</td>
<td>35 656 709</td>
<td>0</td>
<td>35 656 709</td>
</tr>
<tr>
<td>2010 Regions without transitional support</td>
<td>36 369 843</td>
<td>0</td>
<td>36 369 843</td>
</tr>
<tr>
<td>2011 Regions without transitional support</td>
<td>37 097 240</td>
<td>0</td>
<td>37 097 240</td>
</tr>
<tr>
<td>2012 Regions without transitional support</td>
<td>37 839 185</td>
<td>0</td>
<td>37 839 185</td>
</tr>
<tr>
<td>2013 Regions without transitional support</td>
<td>38 595 969</td>
<td>0</td>
<td>38 595 969</td>
</tr>
<tr>
<td>Total, Regions without transitional support (2007-2013)</td>
<td>254 788 620</td>
<td>0</td>
<td>254 788 620</td>
</tr>
</tbody>
</table>
7.1 Allocation

In connection with the regional growth report 2006, 90% of the resources are allocated to the regional growth fora in accordance with a detailed allocation key. The remaining 10% is allocated on a competitive basis. See Chapter 3.

The Structural Funds resources are allocated to the six regional growth fora in accordance with the following allocation key:

- 90% of the resources (excl. technical assistance) are allocated as a fixed amount to the six growth fora on the basis of the following socio-economic criteria:
  a. the region’s share of the total population of Denmark’s peripheral areas (45% weighting)
  b. the region’s share of the total population of Denmark (40% weighting)
  c. the region’s share of the total number of unemployed persons in Denmark (10% weighting)
  d. the region’s share of the total number of persons who have not undergone vocational training for a particular job in Denmark (5% weighting).

- 10% of the resources (excl. technical assistance) are allocated to the growth fora on a competitive basis.

The 10% of the resources which are allocated to the growth fora on a competitive basis will – in common with the remaining 90% – be allocated at the recommendation of the regional growth fora.

In consideration of the programme’s operation, the Minister for Economic and Business Affairs has the right to reallocate the resources on an ongoing basis provided that this is done in accordance with the relevant regulations and programmes. The allocation of the resources among the individual regions will take place in accordance with relevant agreements, including the agreement on the local government reform, pursuant to which it must be ensured that the peripheral areas’ share of the EU resources remains at at least the same level as today. In addition, the allocation may be by different geographical units and/or qualitative areas of action. The monitoring committee will be informed of any reallocation of the resources.
8 Involvement of the partnership

Regional growth fora were established on 1 April 2006 as part of the Danish local government reform. The regional growth fora represent the regional partnership, and comprise local and regional politicians, including at least one from a peripheral area, representatives from industry, representatives from knowledge and educational institutions, and the social partners. The regional growth fora are responsible for prioritising the use of resources from both the European Regional Development Fund and the European Social Fund which are allocated regionally or assigned to the competitive pool. In the period 1 September 2005 – 31 March 2006, interim growth fora were established in all regions except the Capital region (although one was established on Bornholm). The interim growth fora were composed in accordance with the same principles as the regional growth fora.

Pursuant to the regulations, the partnership – including other ministries, organisations, the social partners and the Danish Growth Council as well as the regional growth fora – will be involved in drawing up the operational programmes.

The partnership has as such initially been involved in laying down the strategic action. Firstly, the strategic framework was discussed with relevant ministries, including the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Refugees, Immigrants and Integration Affairs, the Ministry of Science, Technology and Development, the Ministry of Employment, the Ministry of Social Welfare, the Ministry of Education, the Ministry of the Environment and the Ministry for Food, Agriculture and Fisheries, as well as organisations including the National Association of Local Authorities in Denmark (KL), the Association of County Councils in Denmark, the Confederation of Danish Industries, the Confederation of Danish Employers and the Danish Confederation of Trade Unions (LO).

Secondly, the strategic framework was submitted to all the interim growth fora, including representatives from local knowledge and educational institutions, enterprises, employer and employee representatives, and politicians who have supported the framework. In the absence of an interim growth forum in the Capital region, the framework was also submitted to the administrative steering group of the Greater Copenhagen Authority.

The strategic framework was also submitted to the Danish Growth Council, which includes representatives of industry organisations, the social partners and politicians, cf. also the Business Development Act.

In addition, the partnership was involved in drawing up the two operational programmes under the regional competitiveness and employment objective. The interim growth fora discussed the programme outlines and drafts respectively. The regional growth fora also discussed the programme drafts. A number of bilateral meetings were also held with regional representatives from all the regions with a view to specifying use of the programmes in concrete terms.
Draft programmes were submitted to the relevant ministries and organisations, cf. above. Finally, the operational programmes were submitted to the Danish Growth Council.

A thematic event was also held focusing on peripheral areas, growth policy and programming for the political steering groups of the regional growth fora, which largely coincide in geographical terms with the Objective 2 areas for the Structural Funds period 2000-2006.

Finally, the programme was sent for consultation to the Special Committee for Competitiveness and Growth, which includes a large number of interest organisations, public authorities and organisations including the National Association of Local Authorities in Denmark (KL), Danish Regions, the Association of Danish Small Islands, etc. In this connection the Special Committee for Competitiveness and Growth has been extended on an ad hoc basis to include the following organisations, among them a number of relevant NGOs: the Danish Disability Council, the Danish Council of Organisations of Disabled People†, the Council for Socially Marginalised People, the Council for Ethnic Minorities, the Danish Refugee Council, Danish Red Cross, the Association of New Danes, the Programme committee for dialogue and balance in vulnerable residential areas, and the Institute for Human Rights.

The European Regional Development Fund programme, including the environmental assessment and the communication from the Ministry of the Environment, was posted at www.hoeringsportalen.dk on Wednesday 14 February 2007 with a view to a public hearing being held eight weeks later. The deadline for submissions was thus 11 April 2007.

In this connection the Enterprise and Construction Authority sent out a targeted e-mail to the key stakeholders in relation to the European Regional Development Fund programme: the Secretariats for the regional growth fora, the National Association of Local Authorities in Denmark (KL), Danish Regions, the Confederation of Danish Employers, the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Industry, plus the Ministry of the Environment, as well as advertising the hearing in the two national newspapers Berlingske Tidende and JyllandsPosten on 14 February 2007.

The material for the hearing was also placed on the website of the Danish Enterprise and Construction Authority, www.ebst.dk. After the deadline for submissions, the responses received were made available at www.hoeringsportalen.dk and at www.ebst.dk.

See Annex 4 for a summarised report of the environmental assessment.

† Translator’s note: now Disabled Peoples Organisations Denmark.
Annex 1 Goals and indicators for the action

The programme contains (as well as the technical assistance priority) one priority comprising three main areas of action. Applicants for funding must target their application at one priority, one main area of action and one project category under the main area.

The goal and indicator system comprises three different levels: output, results and impact.

**Output level**
Records the direct output of the individual European Regional Development Fund projects. For example, the number of cooperations, advice flows, etc. initiated under the ‘enterprise’ priority is recorded at this level. Quantitative goals are set for the action.

Data is collected by the project owner at the start and end of the project, and is recorded electronically.

**Results level**
At the start and end of the project the project owner answers questions concerning the project’s effect/expected effect, for example questions concerning the expected number of entrepreneurs, the number of innovative enterprises, and the number of enterprises which have increased their ICT use. Quantitative goals are set, looking specifically at the outcome of the European Regional Development Fund resources over the Structural Funds period as a whole, for example a goal of 200 enterprises/institutions/organisations indicating that they have increased their ICT use as a result of the European Regional Development Fund action.

**Impact level**
This level sets goals for overall effects in the longer term, for example a goal of increasing the proportion of growth entrepreneurs by 2013. The overall effects are measured by an external evaluator, who compares European Regional Development Fund participants with selected control groups using statistical runs based on central population register and central enterprise register numbers.
Figure 1: Goals in the European Regional Development Fund programme

<table>
<thead>
<tr>
<th>Global goals/ impact level</th>
<th>Innovation</th>
<th>Enterprise</th>
<th>Use of new technology</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By 2013 at least half of Danish enterprises will be innovative (baseline: 40% in CIS3, 1998-2000)</td>
<td>By 2013 the establishment rate in Denmark will be maintained at at least the same level as today (baseline: 8.5% in 2003)</td>
<td>By 2013 average ICT use in Danish industry will be at least 75% (baseline: 56% in 2005)</td>
</tr>
<tr>
<td></td>
<td>By 2013 Denmark will be among the 5 most innovative countries in the EU (baseline: no 10 in CIS3, 1998-2000)</td>
<td>By 2013 the proportion of entrepreneurs developing into growth entrepreneurs will have increased to 13% (starting point: approximately 5% in 2003)</td>
<td></td>
</tr>
<tr>
<td>Specific goals/ results level</td>
<td>1000 enterprises/ institutions/ organisations will indicate that they have become more innovative as a result of the ERDF action (baseline: 0)</td>
<td>900 new entrepreneurs as a result of the ERDF action (baseline: 0)</td>
<td>200 enterprises/ institutions/ organisations indicating that they have increased their ICT use as a result of the ERDF action (baseline: 0)</td>
</tr>
<tr>
<td>Operational goals/ output level</td>
<td>70% of the participating enterprises/ institutions/ organisations will have strengthened their innovative competences</td>
<td>300 advice flows</td>
<td>70% of the participating enterprises/ institutions/ organisations have provided services to users within digitalisation and/or infrastructure</td>
</tr>
<tr>
<td></td>
<td>500 new collaborations with the emphasis on innovation</td>
<td>DKK 100 million in cofinancing resources for entrepreneurs</td>
<td>70% of the participating enterprises/ institutions/ organisations have improved access to knowledge by developing technology forecasts, concepts for technology transfer, cooperation projects, etc.</td>
</tr>
</tbody>
</table>
### Impact/global goals

<table>
<thead>
<tr>
<th>Impact/global goals</th>
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</thead>
<tbody>
<tr>
<td>By 2013 at least half of Danish enterprises will be innovative (baseline: 40% in CIS3, 1998-2000)</td>
</tr>
<tr>
<td>By 2013 Denmark will be among the 5 most innovative countries in the EU (baseline: no 10 in CIS3, 1998-2000)</td>
</tr>
</tbody>
</table>

### Objective 2 European Regional Development Fund

#### Innovation and knowledge (priority)

### Results/specific goals

<table>
<thead>
<tr>
<th>Results/specific goals</th>
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<tbody>
<tr>
<td>1000 enterprises/ institutions/ organisations will indicate that they have become more innovative as a result of the ERDF action (baseline: 0)</td>
</tr>
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</table>

### Innovation, knowledge sharing and knowledge building

#### Output/operational goals

<table>
<thead>
<tr>
<th>Output/operational goals</th>
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</thead>
<tbody>
<tr>
<td>Regional innovation capacity ↑ Interaction in innovation ↑</td>
</tr>
<tr>
<td>70% of the participating enterprises/ institutions/ organisations will have strengthened their innovative competences</td>
</tr>
<tr>
<td>500 new cooperations with the emphasis on innovation</td>
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</table>

#### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
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</thead>
<tbody>
<tr>
<td>Number of enterprises/ institutions/ organisations indicating they have strengthened their innovative competences</td>
</tr>
<tr>
<td>Number of enterprises/ institutions/ organisations in projects registered under the <em>regional innovation capacity</em> framework condition</td>
</tr>
<tr>
<td>Number of enterprises/ institutions/ organisations in projects registered under the <em>interaction on innovation</em> framework condition</td>
</tr>
<tr>
<td>Number of cooperations on innovation in the projects</td>
</tr>
</tbody>
</table>
**Figure 3: Establishment and development of new enterprises**

<table>
<thead>
<tr>
<th>Impact/ global goals</th>
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<tbody>
<tr>
<td>In 2013 the establishment rate in Denmark will be maintained at at least the same level as today (baseline: 8.5% in 2003)</td>
</tr>
<tr>
<td>By 2013 the proportion of entrepreneurs developing into growth entrepreneurs will have increased to 13% (starting point: approximately 5% in 2003)</td>
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</table>

**Objective 2 European Regional Development Fund**

**Innovation and knowledge (priority)**

<table>
<thead>
<tr>
<th>Results/ specific goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>900 new entrepreneurs as a result of the ERDF action (baseline: 0)</td>
</tr>
</tbody>
</table>

**Establishment and development of new enterprises**

<table>
<thead>
<tr>
<th>Advice</th>
<th>Financing for entrepreneurs</th>
<th>Enterprise culture</th>
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<tbody>
<tr>
<td>↑</td>
<td>↑</td>
<td>↑</td>
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</table>

**Output/ operational goals**

<table>
<thead>
<tr>
<th>Advice flows</th>
<th>Financing for entrepreneurs</th>
<th>Enterprise culture flows</th>
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</thead>
<tbody>
<tr>
<td>300</td>
<td>Extra DKK 100 mio. available to entrepreneurs</td>
<td>300</td>
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</tbody>
</table>

**Indicators**

<table>
<thead>
<tr>
<th>Number of advice flows</th>
<th>Capital for cofinancing entrepreneurs</th>
<th>Number of enterprise culture flows</th>
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<tbody>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of enterprises/ institutions/ organisations in projects registered under the advice framework condition</th>
<th>Number of enterprises/ institutions/ organisations in projects registered under the financing for entrepreneurs framework condition</th>
<th>Number of enterprises/ institutions/ organisations in projects registered under the enterprise culture framework condition</th>
</tr>
</thead>
</table>
**Figure 4: Use of new technology**

<table>
<thead>
<tr>
<th>Impact/ global goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2013 average ICT use in Danish industry will be at least 75% (baseline: 56% in 2005)</td>
</tr>
</tbody>
</table>

Objective 2 European Regional Development Fund

Innovation and knowledge (priority)

<table>
<thead>
<tr>
<th>Results/ specific goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 enterprises/ institutions/ organisations indicating that they have increased their ICT use as a result of the ERDF action (baseline: 0)</td>
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</tbody>
</table>

Use of new technology

<table>
<thead>
<tr>
<th>Digitalisation and infrastructure</th>
<th>Access to knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output/ operational goals</strong></td>
<td><strong>Output/ operational goals</strong></td>
</tr>
<tr>
<td>70% of the participating enterprises/ institutions/ organisations have provided services to users within digitalisation and/or infrastructure</td>
<td>70% of the participating enterprises/ institutions/ organisations have improved access to knowledge by developing technology forecasts, concepts for technology transfer, cooperation projects, etc.</td>
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**Indicators**

<table>
<thead>
<tr>
<th>Indicators</th>
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<tbody>
<tr>
<td>Number of enterprises/ institutions/ organisations that have provided services to users within digitalisation and/or infrastructure</td>
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<table>
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<th>Indicators</th>
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<tbody>
<tr>
<td>Number of enterprises/ institutions/ organisations that have improved access to knowledge via technology forecasts, concepts for technology transfer, cooperation projects, etc.</td>
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</table>

<table>
<thead>
<tr>
<th>Number of enterprises/ institutions/ organisations in projects registered under the digitalisation and infrastructure framework condition</th>
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</table>

| Number of enterprises/ institutions/ organisations in projects registered under the access to knowledge framework condition |
Figure 5: Goals and indicators for the environment.

The programme’s overall environmental goal

| At least 70% of the resources used will be allocated to projects with a positive or zero impact on the environment. |

Environmental indicators

| Biological diversity, flora and fauna (Number of trips into protected areas.) |
| Use of soil and land (Area to which semi-liquid manure is applied in connection with biogas plants for which programme assistance has been provided.) |
| Climatic factors and air (Quantity of CO2 ‘saved’, of which derived from traditional combustion.) |
| Climatic factors and air (Quantity of energy extracted from renewable resources/‘saved’ on non-renewable resources.) |

See also Annex 4 for information on the environmental assessment.
Annex 2 Guideline allocation of Community contributions by category


Commission reference no:

Name of the programme: Innovation and Knowledge

Date of the last Commission decision for the Operational Programme concerned: __/__/__

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<td>299 788 620.00</td>
<td>00</td>
<td>156 754 883.20</td>
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<tr>
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<td>25 980 690.85</td>
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<td>25 000 000.00</td>
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<td>12 254 217.10</td>
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<td>8 271 596.54</td>
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<td>3 396 497.30</td>
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<td>Total</td>
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<td>254 788 620.00</td>
<td>Total</td>
<td>254 788 620.00</td>
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</tbody>
</table>
Annex 3 Application of state aid rules under the programme

Assistance under the programme will be provided within the frameworks of the state aid rules, including

- any approved notifications.
1. Non-technical résumé

1.1 Environmental assessment method

The environmental assessment has been drawn up as a two-part assessment of the programme’s possible environmental impacts.

The programme has been assessed in relation to the overall Danish objectives in the environmental area, such as restricting emissions of greenhouse gases, cutting pollution from agriculture, reducing the transport sector’s contribution to the greenhouse effect, reducing the loss of biodiversity, including enhanced protection of the NATURA 2000 goals.

The national objectives which have been included in the evaluation are as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate</td>
<td>• Denmark will reduce emissions of six greenhouse gases by 21% in the period 1990 and 2008-2012</td>
</tr>
<tr>
<td></td>
<td>• Denmark will halve emissions of greenhouse gases by 2030</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>• Objectives as set out in Denmark’s Action Plan for Biological Diversity and Protection of the Environment in Denmark 2004-2009</td>
</tr>
<tr>
<td>Health and environment</td>
<td>• Denmark will protect the health of the population and the environment from harmful environmental factors wherever possible</td>
</tr>
<tr>
<td>Chemicals</td>
<td>• The use of chemicals will be restricted, and chemicals which may be harmful to human and animal health and to the environment will be made illegal wherever possible</td>
</tr>
<tr>
<td>Air</td>
<td>• To protect the environment as a whole and human health, concentrations of harmful air pollutants will be avoided, prevented or limited</td>
</tr>
<tr>
<td></td>
<td>• Denmark will tackle acidification, eutrophication and ozone on the earth’s surface</td>
</tr>
<tr>
<td></td>
<td>• Effective implementation of international rules on limit values and/or threshold values for emission of SO₂, NOₓ, VOC and NH₃ in Denmark by 2010 has top priority</td>
</tr>
<tr>
<td>Noise</td>
<td>• Objectives as set out in the national strategy to limit noise</td>
</tr>
</tbody>
</table>
Soil

- Ensuring that pollution which may threaten current and future water supplies, and soil pollution in urban areas do not give rise to health problems

The programme has also been assessed in relation to the possible impacts of the environmental factors which are normally used to describe the general state of the environment, and which are otherwise required to be included in an environmental assessment in accordance with the EU Directive on environmental assessment of plans and programmes. These environmental factors are:

- biological diversity
- population
- human health
- flora and fauna
- soil
- water
- air
- climatic factors
- resources and energy
- material goods
- landscape
- cultural heritage, including churches and their surroundings
- architectural and archaeological cultural heritage, and
- the inter-relationships among these factors.

Two of these environmental factors have been assessed in a separate demarcation report as not being expected to have a significant impact on the environmental factors. The impact of these two environmental factors is therefore not evaluated in the present report. These are:

- population
- human health.

All the other environmental factors have been assessed partly in Chapter 5 of the report and partly in relation to the actions described in the programme in Annex 2 to the report.

Finally, the environmental assessment proposes how the environmental impacts can be monitored in the programme period and in connection with completion of the programme in 2013. Proposals for the monitoring programme for environmental effects are described in Annex 3 to the report.

1.2 Description of the programme

The programme is based on three main areas of action:

- innovation, knowledge sharing and knowledge building
- use of new technology
- establishment of new enterprises.

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The programme is part of the framework for the action which is to be implemented in the new regional growth fora. The regional growth fora will develop specific regional growth strategies on the basis of the frameworks set by the programme. The initiatives financed by the European Regional Development Fund will be developed within the frameworks set by the regional business development strategies. The idea is that approximately one third of the programme’s resources will be used to benefit the ‘peripheral areas’. The programme’s content is described in general terms with a number of examples of opportunities for obtaining assistance from the programme’s resources. The examples are:

- special focus on promoting energy-efficient technology and renewable energy
- special focus on developing the tourism industry
- special focus on small and medium-sized enterprises.

The programme also provides for environmental considerations to be taken into account in the use of resources under the programme, as can also be seen by the examples given above. On the other hand, it cannot be precluded that the programme will provide assistance to a number of construction projects which may have significant impacts on the environment.

1.3 Evaluation of the programme’s impacts on the environment

The environmental evaluation of the programme focused in particular on the programme’s activities to support further development of alternative energy production, in particular the development of wind energy through the setting up of large wind turbines and the use of semi-liquid manure from livestock for the production of biogas. These two activities will probably be the two with the most lasting and far-reaching environmental impacts from the programme. The environmental evaluation also focused on the possible construction projects for which the programme’s resources can be used. The environmental impact of these construction projects may be negative locally, particularly in the sense of increased use of resources for buildings in the form of energy, generation of waste, and emissions from any transportation to and from the site.

The environmental evaluation of the wish to develop the tourism industry has focused on the opportunities use of new technologies may offer for previously inaccessible or difficult-to-access nature areas. The new technologies which can be used in the tourism sector may result in more visits to unspoiled nature areas because it will become easier to navigate around in nature. The use of new technologies may also result in the season being extended. Overall, the new technologies may mean that unspoiled nature areas will be burdened by an increased number of visitors.

Seen as a whole, however, the general patterns of behaviour for which the programme provides will have a significant positive impact on the environment, compared with the situation if the programme were not adopted.

At the same time, it should be emphasised that the programme’s overall impact on the environment will be positive, because the programme can be used precisely to create growth in environmentally friendly technologies. The use of environmentally friendly technologies may, in the long term, lead to a significant reduction in the
environmental impact of energy production or, at least, a change in the environmental burden from energy production, as the development of environmentally friendly technologies will have a greater impact on land use and landscape perception than on the air and aquatic environments.

1.4 Monitoring of the programme’s impacts on the environment

In connection with adoption of the programme, the environmental evaluation makes provision for an ongoing monitoring programme which will ensure that the significant environmental impacts are considered and projects changed/corrected if this becomes necessary out of consideration for the environmental impact. The monitoring programme has been set up so that it is the individual project applicants who must report the data required to monitor the environmental impact of the individual project. It is the programme authority – the Danish Enterprise and Construction Authority – which is responsible for the overall monitoring programme.

In connection with establishment of the final monitoring programme, account will be taken of the EU Commission’s working paper on evaluation and monitoring of the EU-financed operational programmes.

2. Summary declaration of how environmental considerations have been integrated in the programme

In accordance with Section 9 of the Act on environmental evaluation of plans and programmes, the Danish Enterprise and Construction Authority will, in connection with final approval of the European Regional Development Fund programme, take into consideration the environmental report drawn up in accordance with Section 7 of the act and of statements from other authorities and the general public pursuant to Section 8.

Pursuant to Section 9, para. 2 of the Act and Article 9(b) of the Directive, the Danish Enterprise and Construction Authority has drawn up a summary report of:

1) how environmental considerations have been integrated in the plan or programme, and how the environmental report and the statements received during the public comment period have been taken into consideration;

2) why the adopted plan was selected, given the other reasonable alternatives which were considered.

2.1 Integration of environmental considerations

Two representations were made in connection with the public consultation on the European Regional Development Fund programme ‘Innovation and Knowledge’.

Firstly, the secretariat for the regional growth forum for Bornholm notified that it did not have any comments on the environmental evaluation which had been distributed.

Secondly, the secretariat for the regional growth forum for South Denmark notified that the comment in Chapter 2 of the environmental evaluation concerning the character of the European Regional Development Fund as a framework programme, to the effect that the more precise environmental consequences of the programmes would only become apparent when the programme was implemented, and that this required any significant environmental impacts of projects financed under the
programme to be environmentally evaluated under the appropriate legislation in the Planning Act and other legislation should not mean that future construction projects would be subject to environmental evaluation in accordance with the Act on environmental evaluation of plans and programmes (Act no 316 of 5 May 2004), but that the sites must, for example, be evaluated in accordance with current EIA provisions. The regional growth forum for South Denmark further commented that the elements in the environmental evaluation relating to tourism do not leave the opportunity to describe any positive environmental impacts of tourism projects, including on the population's leisure and recreational opportunities. Finally, it is pointed out that development in the tourism industry may promote growth and development conditions in the peripheral areas, which has not been taken into account in the environmental evaluation report.

As stated below, following the consultation on the environmental evaluation of the European Regional Development Fund programme, a number of goals and indicators were added for the environmental area. This also ensures that a number of relevant items of data can be collected in the application form etc.

Based on the information collected in the application form, it will be possible to calculate both the number of projects and resources used for projects with a positive, zero or negative effect respectively. Denmark’s objective for the European Regional Development Fund programme as a whole is for at least 70% of the resources used to be allocated to projects which have a positive or zero effect.

It is, as such, the assessment of the Danish Enterprise and Construction Authority that it will be eminently possible for the regional growth fora to specify any positive effects for the projects which are implemented, including positive effects of various tourism projects, not least in the geographically peripheral areas, where development will generally be the object of monitoring in the programme as a result of the decision to use the same proportion of the Structural Funds resources in the period 2007-2013 as before to benefit the peripheral areas.

Whether plans or programmes covered by the requirement for environmental evaluation should be drawn up before or in connection with realisation of the project will depend on the individual project. Correspondingly, it will be decided in each individual case whether the project will be covered by the EIA provisions under the planning act.

It is as such impossible to preclude the possibility that realisation of a project may entail environmental evaluation requirements pursuant to the Act on environmental evaluation of plans and programmes as well as an EIA.

2.2 Choice of plan
The small number of representations made, and the nature of these, has not given rise to further additions or amendments to the operational programme or otherwise, beyond the expanded questionnaire and the addition of the monitoring indicators to the programme.

3. Measures taken relating to monitoring
Pursuant to Section 9, para. 2 of the Act and Article 9(c) of the Directive, the Danish Enterprise and Construction Authority has also drawn up a summary report of how the authority will monitor the significant environmental impacts of the plan or programme.

After drawing up the environmental impact assessment for the European Regional Development Fund programme, a number of goals and indicators are added for the environmental area. This also serves to ensure that the relevant data can be collected in the application form etc.

Based on the information collected in the application form, it will be possible to calculate both the number of projects and resources used for projects with a positive, zero or negative effect respectively. Denmark’s objective for the European Regional Development Fund programme as a whole is for at least 70% of the resources used to be allocated to projects which have a positive or zero effect.

The environmental indicators also make it possible to monitor the European Regional Development Fund programme’s overall environmental effects on biological diversity, flora and fauna, soil and land use and climatic factors and air.

Reduction of CO₂ emissions is assessed as being particularly significant in this context. It has therefore been made a specific goal that the European Regional Development Fund programme will contribute to fulfilment of the Kyoto agreement goal of Denmark reducing its emissions of CO₂ and five other greenhouse gases by 21% compared with the level of emissions in 1990. The emissions account will be compiled for the period 2008-2012.

The following table is included in the application form for the European Regional Development Fund:

Extract from the application form for the European Regional Development Fund

<table>
<thead>
<tr>
<th>IMPACT ASSESSMENT 2</th>
<th>Project consequences for nature/ the environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive effect</td>
<td>Zero effect</td>
</tr>
<tr>
<td>Negative effect</td>
<td></td>
</tr>
<tr>
<td>How does the project affect nature/ the environment?</td>
<td></td>
</tr>
<tr>
<td>If the applicant considers there is a positive or negative effect on nature/ the environment, information should be provided on the other environmental indicators, including</td>
<td></td>
</tr>
<tr>
<td>Biological diversity, flora and fauna (Number of trips into protected area.)</td>
<td></td>
</tr>
<tr>
<td>Use of soil and land (Area to which semi-liquid manure is applied in connection with biogas plants for which programme assistance has been provided.)</td>
<td></td>
</tr>
<tr>
<td>Climatic factors and air (Quantity of CO₂ ‘saved’, of which</td>
<td></td>
</tr>
</tbody>
</table>
Climatic factors and air (Quantity of energy extracted from renewable resources/ ‘saved’ on non-renewable resources.)

Other effect *  Brief description…

* The guidelines regarding ‘other effect’ provide a number of examples inspired, among other things, by an environmental memorandum from the Finnish Ministry of the Environment. As electronic application forms should be used as a rule, the guidelines will be available electronically.

These indicators will be used in monitoring whether the programme is achieving the environmental goals.

4. Information on the consultation process

The following information is provided pursuant to Article 6 of the Directive:

The European Regional Development Fund programme, including the environmental assessment and the communication from the Ministry of the Environment, was posted at www.hoeringsportalen.dk on Wednesday 14 February 2007 with a view to a public hearing being held eight weeks later. The deadline for submissions was thus 11 April 2007.

In this connection the Enterprise and Construction Authority sent out a targeted e-mail to the key stakeholders in relation to the European Regional Development Fund programme: the Secretariats for the regional growth fora, the National Association of Local Authorities in Denmark (KL), Danish Regions, the Confederation of Danish Employers, the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Industry, plus the Ministry of the Environment, as well as advertising the hearing in the two national newspapers Berlingske Tidende and JyllandsPosten on 14 February 2007.

The material for the hearing was also placed on the website of the Danish Enterprise and Construction Authority, www.ebstdk. After the deadline for submissions, the responses received were made available at www.hoeringsportalen.dk and at www.ebst.dk.
Annex 5 Division of work among the managing, certifying and audit authorities in the Danish Enterprise and Construction Authority 2007-2013

Danish Enterprise and Construction Authority

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Henning Steensig

Managing authority
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Director
Finn Lauritzen

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Lars Øllgaard

Vice Director
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