National Operational Programme for the European Regional Development Fund, 2014–2020
DENMARK

20 March 2014

Innovative and Sustainable Enterprise Growth
1 Strategy for the ERDF programme’s contribution to the European strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1 Strategy for the ERDF programme’s contribution to the European strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1 The role of the ERDF in the combined action to achieve the 2020 targets

The overarching aim of Denmark’s 2014–2020 ERDF operational programme is to contribute to boosting economic growth in all Danish regions and contribute to achieving the Europe 2020 targets for smart, sustainable and inclusive growth. This should primarily be done by increasing both job creation (number of working hours) and productivity development (value creation per working hour).

The ERDF programme sets out the framework for regional action for growth and business development, but the regional growth forums determine which specific projects are to be initiated. In this way, the ERDF funds should contribute to implementing the regional growth and development strategies and maximise the potential for financial growth from the assets and resources contained within each individual region. The implementation of ERDF action supports and supplements national growth action by being “site-based”, i.e. being based on the unique strengths and development needs of each region and the possibility of contributing to job creation and productivity growth.

The ERDF action focuses on four specific objectives primarily targeting small and medium-sized enterprises (SMEs).

- Increase the number of innovative SMEs
- Increase the number of high-growth enterprises
- Improve the efficient use of energy and resources by SMEs
- Reduce energy consumption in urban areas with a population of more than 30,000

All five specific objectives will contribute to the overarching objective of boosting economic growth in Denmark (explained in more detail below and in Chapter 2).

These specific objectives have been selected to ensure that ERDF projects will contribute at the same time to achieving Denmark’s Europe 2020 targets, i.e. primarily the targets relating to employment, R&D, climate and energy. ESF action will contribute to achieving the other two Europe 2020 targets concerning education and social inclusion.

The ERDF operational programme is built up around four ‘priority axes’, each of which should contribute to at least one thematic objective, i.e. one overarching goal for the action. An investment priority is described under each thematic objective describing the activities which can be part-funded according to the regulations.

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1 The action concerning sustainable urban development will not be implemented by the regional growth forums, cf. Chapter 2.
All ERDF projects under priority axis 1 ‘Strengthen SME innovation’ must contribute to increasing the number of innovative enterprises and thus also to increasing job creation and productivity in the long term. A number of these projects will include development activities and will therefore also contribute to the Europe 2020 employment target and to the Europe 2020 R&D target (Figure 1).
ERDF projects under priority axis 2 ‘Increase the number of high-growth enterprises’ must increase Denmark’s number of high-growth enterprises and thus help to create new jobs and increase productivity. These projects will primarily contribute to the Europe 2020 employment target.

ERDF projects under priority axis 3 ‘Energy-efficient and resource-efficient SMEs’ must increase Danish enterprises’ efficient use of energy and resources which will both boost the enterprises’ competitiveness and contribute to achieving the Europe 2020 climate target (reduce emissions of greenhouse gases). Projects under priority axis 4 ‘Sustainable green urban development’ have the same specific objectives but focus on supporting sustainable urban development.

**Results orientation**

The specific activities eligible for support under each investment priority are described in Chapter 2, which also contains quantifiable targets for the expected results of the action. Results orientation is a central element of the entire ERDF action. A project should quantifiably assist in achieving the specific objective set for the investment priority to which the project belongs. All applicants must describe the project’s chain of results (intervention logic), i.e. the correlation between the project’s activities, outputs (immediate results) and outcomes. The chain of results must be clear and logical and describe the critical assumptions for why the project will actually achieve the intended outcomes and impacts. If possible, critical assumptions must be evidence-based.

All projects must set specific and measurable objectives for outputs and impacts, and the projects must continuously determine whether the objectives are being achieved, cf. Chapter 2. The programme contains indicators according to which all the projects under the same priority axis will be measured. It will typically be necessary to supplement these programme indicators with project-specific indicators adapted to the individual project’s specific activities and output.²

As part of results orientation, the participating enterprises’ CVR numbers and P numbers will be registered with and linked to Statistics Denmark’s registries to make it possible to monitor the actual development of enterprises’ employment, value creation, etc., and, wherever possible and relevant, to compare this data with a control group.

Denmark’s ERDF funds are relatively modest, both in proportion to other EU Member States’ ERDF funds and compared to the rest of the growth-policy action in Denmark. Therefore, it is important that the ERDF action is focused. Through this focused action under the individual action areas/priority axes, the ERDF action is expected to deliver – through the regional growth forums – a measurable contribution to growth in Denmark and achieve the Europe 2020 targets. The expectations of this must inevitably be coordinated in relation to the financial framework, cf. Chapter 2.

In the following, the challenges to growth at regional and national level are briefly outlined, with focus on where ERDF action must contribute. Detailed descriptions of these challenges are found in the national reform programmes, etc., and in annual growth and competitiveness reports, published by the government (national and international data) and the Danish Business Authority (regional data).

² The project-specific indicators can to good advantage be based on the individual regions’ growth and development strategies, e.g. so that all innovation projects in a region (or across regions) are measured with the same indicators. This coordination of the indicators will improve the possibilities of cross-comparing projects.
Regional and national challenges to growth

Prosperity, productivity and employment

Denmark is one of the OECD countries that has had the lowest per capita GDP growth since the mid-1990s. Denmark was relatively hard hit by the international financial crisis, but growth had already been weakening before the crisis set in in 2008. Weak growth in Denmark is not attributable to one or only a few regions; the GDP growth of all five regions has been significantly lower than the OECD average over the past decade, cf. Figure 2. This also applies to the Capital Region of Denmark, which has otherwise experienced substantially higher growth than the other regions. Region Zealand had the lowest GDP growth.

Figure 2. Average annual GDP growth broken down by productivity growth and employment growth, 2001–2011

Note: GDP is measured in fixed prices. The OECD average is a simple average of the growth rates in the OECD countries (excluding Luxembourg).

The primary explanation for this low growth is that productivity – value creation per working hour – has increased at a considerably slower rate in Denmark than in most other countries. This is particularly true of Region Zealand and the three regions of Western Denmark, cf. Figure 2. Denmark’s productivity level is currently markedly lower than in countries which create the most value per working hour.\(^3\) In order for Denmark to maintain its position as one of the most prosperous countries in the world, productivity needs to grow once again.

The analyses of the Productivity Commission showed that Denmark’s weak productivity growth, compared to other countries, is particularly attributable to the low growth of private-sector service businesses targeting the domestic market, but there is also potential for improvement in many other sectors, including the manufacturing industry.\(^4\) According to the European Commission, one cause of this low productivity growth in the service sector is limited competition due to a small domestic market, insufficient internationalisation and a low percentage of highly educated individuals. An analysis under the auspices of the research project AIM (Advanced Automation Investment Model)

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\(^3\) Redegørelse om vækst og konkurrenceevne 2013 [Report on Growth and Competitiveness, 2012], the Danish Government.

shows that productivity in Denmark’s manufacturing industry could be increased by 15%, equating to DKK 35 billion p.a., if the various sectors were to boost their level of automation to that of the most highly automated countries.\(^5\)

Employment trends also play a major part in economic growth. The international crisis has reduced employment and substantially increased the unemployment rate in every region since 2008. Many jobs have been lost, particularly in the manufacturing, construction and retail sectors. Denmark’s Europe 2020 employment target is to boost the structural rate of employment to at least 80% among individuals aged 20–64. The financial crisis has reduced the rate of employment from 79.7% in 2008 to 75.4% in 2012, cf. Figure 3. This decline took place in every region but was less severe in Region Zealand than the other regions. At regional level, the rate of employment ranges from 74% in the South Denmark Region to almost 77% in the Capital Region of Denmark. Accordingly, the challenge of increasing the rate of employment applies to all regions.

![Figure 3. Rate of employment (individuals aged 20–64), 2001–2012](chart)

Note: Regional data are available from only 2007 onwards. Source: Eurostat.

As mentioned above, the 2014–2020 ERDF action in Denmark is intended to boost productivity growth and job creation in Denmark’s regions and contribute to achieving the Europe 2020 targets at the same time. A great many factors can affect productivity and job creation, but to ensure the action’s critical mass and to complement and reinforce other growth action in Denmark, the ERDF will focus on four specific objectives set out in the regulations:

- Increase the number of innovative SMEs
- Increase the number of high-growth enterprises
- Improve the efficient use of energy and resources by SMEs
- Reduce energy consumption in urban areas with a population of more than 30,000

\(^5\) AIM is a research project focusing on the importance of advanced technology in Denmark’s manufacturing enterprises. The Danish Industry Foundation, Aalborg University, Copenhagen Business School, University of Southern Denmark, Eltronic and the Danish Technological Institute are behind the project. Various articles can be found on [www.aimprojekt.dk](http://www.aimprojekt.dk).
The four objectives are not independent of one another. For instance, increased innovation can contribute to creating more high-growth enterprises and improving the efficient use of energy and resources by enterprises and in urban areas. A brief explanation of the choice to focus on these four objectives and how they will help to boost economic growth and job creation in Denmark is provided below.

Innovative enterprises

Innovation is one of the most important sources of growth, both for the individual enterprise and for society as a whole. Normally, a distinction is made between four types of innovation: new products, new manufacturing process, new types of organisation and new marketing methods. All four types of innovation can improve an enterprise’s competitiveness.

Several studies have shown that innovative enterprises are typically more productive, i.e. they create more value per hour worked than non-innovative enterprises. At the same time, higher productivity helps to increase an enterprise’s competitiveness (provided that wage rates do not rise along with productivity) and can thus increase employment.

In the period 2010–2012, roughly 45% of Danish enterprises introduced new products, processes, types of organisation and/or marketing methods, cf. Figure 4. The percentage has risen slightly in recent years. Regional variations in the percentage of innovative enterprises are relatively modest. In an international context, Denmark is ranked in the median range along with a number of comparable countries. This indicates that there is a need to increase the innovative capacity of Denmark’s business community and that the relatively low level of innovative activity could be an important explanation of the relatively low productivity growth in Denmark.

Figure 4. Percentage of innovative enterprises, 2005–2012

Note: Percentage of enterprises which have implemented innovation relating to products, processes, organisation and/or marketing.
Source: Statistics Denmark.

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6 See e.g. Innovation og produktivitet [Innovation and Productivity], Centre for Economic & Business Research (2010).
7 Regional data for innovation and R&D are subject to interpretation, as information for enterprises affiliated with a group is calculated for the head office in one region, whereas the actual activities may have taken place at workplaces in other regions.
8 Redegørelse om vækst og konkurrenceevne 2013 [Report on Growth and Competitiveness, 2013], Danish Government. The most recent internationally comparable data concern the period 2008-2010.
There are a wide variety of sources for enterprise innovation. In some sectors many resources are used for R&D activities. The Europe 2020 Strategy includes an objective stating that R&D expenditure (private and public sectors) should amount to at least 3% of GDP by 2020. Denmark was very close to meeting this target in 2011 when R&D expenditure amounted to just under 3% of GDP, broken down as not quite 2% in the private sector and just under 1% in the public sector. In 2010, R&D expenditure amounted to 3.06% of GDP, i.e. slightly above the 3% target.

Regionally, R&D expenditure varies significantly, from 4% of GDP in the Capital Region of Denmark to 0.5% in the North Denmark Region. The relatively high R&D expenditure in the Capital Region of Denmark compared to the other regions reflects, inter alia, the fact that the Capital Region of Denmark has a relatively large number of enterprises in research-intensive business, including the pharmaceutical and ICT industries.\(^9\)

The 2014–2020 ERDF action will be able to support development activities in Danish enterprises, etc. Resources will not be used for basic or strategic research, but for development, demonstration and market maturation and for supporting SME participation in applied research.

ERDF action must be additional, both in relation to other growth-policy action in Denmark and by part-funding activities which would not have been implemented under any circumstances (without ERDF aid). The focus of the action is to strengthen innovation through collaboration. Typically, innovation will be created through interaction with customers, external suppliers, competitors, knowledge institutions, etc. In all five regions, the most important private-sector partners for innovative enterprises are suppliers of machinery, equipment, materials, etc., as well as customers/clients, cf. Figure 5. Benchmarked internationally, the interaction with suppliers is not particularly strong in any Danish region, however.\(^{10}\)

Figure 5. Innovation collaboration, broken down by players, 2010-2012 (% of innovative enterprises)

![Figure 5](image)

Source: Statistics Denmark.

\(^9\) A contributing factor to explain this could also be that many enterprises have their head office in Greater Copenhagen, where the R&D expenditure is registered, even if the R&D activities might have taken place at workplaces located in other regions.

\(^{10}\) 2010 Danish Competitiveness Report.
Enterprise interaction with public or quasi-public players (within or outside the region) is also an important source of innovation. For instance, enterprises’ innovative capacity can be strengthened through knowledge transfer (e.g. exchanging employees between enterprises and knowledge institutions, employing highly educated staff and similar) and by commercialising public research results. Almost 10% of innovative enterprises have collaborated with universities or other higher educational institutions. Interaction with other public-sector research institutions, public-sector service providers (hospitals, schools, etc.) and other public-sector players is quite modest in all regions.

Enterprises in the Capital Region of Denmark particularly base innovation on interacting with foreign players. Their partners are primarily from other EU Member States. In the latest international survey, Denmark is ranked in the median range in terms of collaboration with countries outside the EU, while Danish enterprises are among the best at working together with other EU Member States.\textsuperscript{11}

In 2014–2020, the ERDF programme can part-fund activities aimed at boosting innovation interaction, including support for development projects between public-sector knowledge institutions, private-sector enterprises and clusters, cf. Chapter 2.

**High-growth enterprises**

For years, Denmark has been characterised by having relatively few high-growth enterprises. This is problematic, because both new and existing enterprises which enter into dynamic growth processes help to boost the general level of competitiveness and productivity.

In international comparisons, a high-growth enterprise is defined as an enterprise which – irrespective of age – experiences an average annual growth in number of employees of at least 20% over a three-year period and has at least 10 employees at the beginning of the growth period. In 2010, more than 2.5% of all Danish enterprises (with at least 10 employees) were high-growth enterprises. This was roughly 0.25 percentage points below the average for OECD countries, cf. Figure 6.

**Figure 6. High-growth enterprises, 2010**

![Bar chart showing high-growth enterprises across different countries.](image-url)

Note: High-growth enterprises are defined as enterprises which have had an average annual growth in number of employees of at least 20% for three consecutive years and which had at least 10 employees at the beginning of the growth period.

\textsuperscript{11} 2010 Danish Competitiveness Report
growth period. 2010 is the final year of the three-year growth period. The number of high-growth enterprises is compared to the number of enterprises with at least 10 employees at the beginning of the growth period. Source: Eurostat and Statistics Denmark.

The ERDF programme, makes it possible to support efforts to increase the number of SMEs which enter into a dynamic growth process, including enterprises with less than 10 employees, inter alia, by increasing the international orientation of these enterprises and exploiting the growth potential inherent in automation and digitisation. This action also permits a focused effort vis-à-vis new enterprises and entrepreneurs with excellent growth potential, cf. Chapter 2.

**Enterprises’ efficient use of energy and resources**
The efficient use of resources is important both to the competitiveness of the individual enterprise and to the national economy as a whole. Energy efficiency has substantially improved in Denmark over the past 30 years, as energy consumption has remained more or less constant, although GDP has grown considerably. From 1990 to 2010, energy intensity (energy consumption in proportion to GDP) declined in almost every sector, and today Denmark is one of the most energy-efficient countries in the world. However, this does not change the fact that there are still good prospects of improving energy efficiency in the Danish business community, to which the 2014–2020 ERDF action must contribute.

Improved energy efficiency is important, but far from the only way to improve enterprises’ resource efficiency. Resource efficiency is usually measured by comparing value creation to consumption of materials in the manufacturing process. Over the past decade, Denmark substantially improved its resource efficiency and is above the OECD average, cf. Figure 7.

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Figure 7. GDP compared to consumption of materials (DMC), 2000 and 2010

Note: GDP is measured in fixed prices. Consumption of materials is domestic material consumption (DMC) of raw materials, inclusive of imports and exclusive of exports. The differences in the individual materials’ financial and environmental significance have not been taken into account. Water is not included. Source: Eurostat.

More efficient use of energy and resources by enterprises will not only improve competitiveness, but also reduce the environmental impact, inter alia by reducing emissions of greenhouse gases. According to the Europe 2020 Strategy, Denmark needs to reduce carbon emissions not covered by the EU emissions trading system by 20% before 2020 compared with 2005. At national level, the Danish Government has pledged to reduce all carbon emissions by 40% before 2020. According to the latest national projections, Denmark is expected to reduce emissions not covered by the emissions trading system by 22%, which conforms to the 2020 target.

The ERDF operational programme includes the possibility of supporting an increase in the number of enterprises which improve their efficient use of resources and energy, and in so doing contribute to reducing greenhouse-gas emissions.

**Sustainable green urban development**

Access to and consumption of natural resources is crucial for the European and global economy. These resources comprise raw materials such as fuels, minerals and metals, but also include foods, soil and land, water, air, biomass and ecosystems. Resources are increasingly strained and if the global population continues to increase – by 30% to around 9 billion in 2050 – this will pose major challenges to future prosperity in the EU and Denmark. It is expected that 80% of the EU’s population will live in cities or urban areas by 2020. The vast majority of population growth and consumption of resources in the world currently takes place in urban areas, which also have the greatest concentration of people, enterprises, supplies and institutions. This is also where action to reduce emissions of greenhouse gases will have the greatest effect, if efforts to improve the efficient use of resources are to succeed. In Europe 2020, the European Commission clearly states that a more efficient use of resources will be crucial for achieving the Europe 2020 targets in relation to mitigating climate change and to achieving the targets for reducing greenhouse gas emissions in the

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EU by 80–95% in 2050. The 7th Environment Action Programme\textsuperscript{14} emphasises that the cities of the EU have central environmental problems in common, but these same cities are also normative when it comes to urban sustainability and they frequently initiate pioneering innovative solutions to environmental problems. The Europe 2020 target is that a majority of urban areas in the EU are in the process of implementing policies for sustainable urban planning and design. This will take place in close cooperation with the Cohesion Policy’s promotion of sustainable urban development.

Under the ERDF programme, it is possible to support the efficient use of energy and resources by enterprises and urban areas and thus contribute to strengthening enterprise competitiveness and mitigating the climate and environmental impact, cf. Chapter 2.

\subsection*{1.1.2 Thematic objectives and investment priorities: summary}
Table 1 below contains an overview of the most significant arguments in favour of the selected thematic objectives and investment priorities. The aim is to concentrate ERDF action on areas where the funds are deemed to have the biggest impact in terms of strengthening economic growth in Denmark and achieving the Europe 2020 targets at the same time. ERDF action will supplement and reinforce the existing national and regional action.

The EUSBSR has been complied with as part of working out the strategic approach to the operational programme, including the selecting of investment priorities. Wherever relevant, this will also be reflected during programme implementation, e.g. for determining the selection criteria.

The italicised text in Table 1 below is taken verbatim from the regulation text. The specific activities eligible for aid under the individual priorities are described in more detail in Chapter 2.

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\begin{table}[h]
\centering
\begin{tabular}{|l|p{0.7\textwidth}|p{0.3\textwidth}|}
\hline
Selected thematic objectives & Selected investment priorities & Reason for the choice \\
\hline
Thematic objective 1: Strengthening research, technological development and innovation & 1(b) Promoting business investment in R\&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies. & \begin{itemize}
  \item Relatively low productivity growth in Danish enterprises
  \item Fewer innovative enterprises in Denmark than in comparable countries
  \item Recommendations in the European Commission Position Paper on continuing to support open innovation and clusters through smart specialisation.
\end{itemize} \\
\hline
\end{tabular}
\end{table}

\textsuperscript{14} Source: ec.europa.eu/environment/newprg/index.htm

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| Thematic objective 3: Promoting SME competitiveness | 3(b) Developing and implementing new business models for SMEs, in particular with regard to internationalisation. | - Few Danish enterprises enter dynamic growth processes  
- Recommendations in the European Commission’s Position Paper on creating more high-growth SMEs. |

| Thematic objective 4: Supporting the shift towards a low-carbon economy in all sectors | 4(f) Promoting research and innovation in, and adoption of, low-carbon technologies.  
1(b) Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies. | - In spite of sweeping energy-efficiency improvements in recent years, enterprises need to boost their efficient use of energy and resources out of consideration for both enterprise competitiveness and the environment.  
- Denmark still has some way to go to achieve the target of reducing greenhouse gas emissions by 20% in spite of positive trends and a high-profile action with high national priority  
- Recommendation in the European Commission’s Position Paper to focus on green solutions for incorporation into enterprises.  
- As a result of population growth, urban areas are challenged by problems in areas such as energy supply, waste management and greenhouse gas emissions.  
- Housing accounts for roughly 20% of total carbon emissions, and 30–40% of energy is used in buildings. |

1.2. Reasons for the allocation of funding
Funding allocation will give highest priority to the area which can ensure Denmark’s productivity growth and competitiveness in the long term. For this reason, roughly half of ERDF resources will be used to promote innovation (thematic objective 1). As the analysis above shows, Denmark needs to address the challenge of converting inter alia research through innovation into new products and processes which can help to keep Denmark in front in its national and regional positions of strength.
Denmark also needs to address the challenge of getting more enterprises, particularly SMEs, to enter dynamic growth processes, cf. the European Commission’s Position Paper for Denmark. For this reason, roughly one-third of the funds are earmarked for an action to improve SMEs’ competitiveness (thematic objective 3).

Finally, one-fifth of the funds are earmarked for thematic objective 4 (minimum requirement specified in the regulation). This should be seen in the light of the operational programme’s overarching goal of strengthening job creation and productivity growth. A number of schemes already exist at national and European level which are intended to ensure the development of renewable-energy capacity and development-and-demonstration projects in the areas of energy technologies in the transition to a low-carbon economy. The action under thematic objective 4 focuses on intervening in areas where SME competitiveness also has the potential to be improved – by integrating the efficient use of energy and resources into the business. In so doing, the ERDF supplements the existing national action. Thematic objective 4 also includes the obligatory action for sustainable urban development. At national level, substantial funds are allocated to sustainable urban development which is why only the required 5% of ERDF funds is earmarked for this.

Box 1 outlines the programme’s priorities, thematic objectives and action areas.

Box 1. Overview of priority axes, thematic objectives and investment priorities

| Priority axis 1 | • Strengthen SME innovation (thematic objective 1)  
|                |   • a) Innovation partnerships, e.g. between enterprises and knowledge institutions  
<p>|                |   • b) Increased SME innovation through strong cluster organisations |
| Priority axis 2 | • Increase the number of high-growth enterprises (thematic objective 3) |
| Priority axis 3 | • Energy-efficient and resource-efficient enterprises (thematic objective 4) |
| Priority axis 4 | • Sustainable green urban development (thematic objectives 1 and 4) |</p>
<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Fund</th>
<th>Union support (EUR)</th>
<th>% of total support for the operational programme</th>
<th>Thematic objective</th>
<th>Investment priority(-ies)</th>
<th>Specific objective corresponding to the investment priorities</th>
<th>Common and programme-specific performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen SME innovation</td>
<td>ERDF</td>
<td>85,488,278</td>
<td>41.38%</td>
<td>Thematic objective 1: Strengthening research, technological development and innovation</td>
<td>1(b) Promoting business investment in R&amp;I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.</td>
<td>Increase the number of innovative SMEs</td>
<td>Product and/or process-innovative SMEs as a percentage of all SMEs in Denmark</td>
</tr>
<tr>
<td>Increase the number of high-growth enterprises</td>
<td>ERDF</td>
<td>68,002,039</td>
<td>32.91%</td>
<td>Thematic objective 3: Promoting SME competitiveness</td>
<td>3(b) Developing and implementing new business models for SMEs, in particular with regard to internationalisation.</td>
<td>Increase the number of high-growth enterprises</td>
<td>Number of high-growth enterprises</td>
</tr>
<tr>
<td>Energy-efficient and</td>
<td>ERDF</td>
<td>33,187,096</td>
<td>16.06%</td>
<td>Thematic objective 4:</td>
<td>4(f) Promoting research and innovation in,</td>
<td>Improve the efficient use of energy and</td>
<td>Consumption of energy and</td>
</tr>
</tbody>
</table>

Table 2: Overview of the programme investment strategy
<table>
<thead>
<tr>
<th>resource-efficient SMEs</th>
<th>ERDF</th>
<th>10,330,792</th>
<th>5%</th>
<th>Thematic objective 1: Strengthening research, technological development and innovation <strong>Thematic objective 4:</strong> Supporting the shift towards a low-carbon economy in all sectors 1(b) Promoting business investment in R&amp;I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies. 4(f) Promoting research and innovation in, and adoption of, low-carbon technologies.</th>
<th>resources by SMEs</th>
<th>resources in proportion to added value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable green urban development</td>
<td>ERDF</td>
<td>9,607,636</td>
<td>4.65%</td>
<td>Reduce energy consumption in urban areas with a population of more than 30,000</td>
<td>The programme must be implemented without delay by means of efficient case processing and high-quality project implementation.</td>
<td>Energy consumption in urban areas with a population of more than 30,000</td>
</tr>
</tbody>
</table>
2. PRIORITY AXES

2.A. Description of priority axes, except for technical assistance

2.A.1. PRIORITY AXIS 1: Strengthen SME innovation

2.A.2. Explanation for the establishment of a priority axis covering more than one category of region, more than one thematic objective or more than one Fund

As mentioned in Chapter 1, the ERDF programme is built up around 4 priority axes:

1. Strengthen SME innovation
2. Increase the number of high-growth enterprises
3. Energy-efficient and resource-efficient SMEs
4. Sustainable green urban development

All four priority axes cover all of Denmark (all five regions). The European Commission has categorised four out of the five Danish regions as being ‘more developed’ regions, whereas Region Zealand is characterised as a ‘transition region’ because the region’s per capita GDP is below 90% of the EU27 average.

The ERDF programme covers all five regions – and thus two categories of region – because the general challenges to growth are the same in all five regions. Per capita GDP in Region Zealand is relatively low largely because many individuals residing in Region Zealand have their workplace in the Capital Region of Denmark. These individuals have a positive impact on the per capita GDP in the Capital Region of Denmark but a negative impact on the per capita GDP in Region Zealand. This is because GDP is calculated by place of employment, whereas the population is calculated by residence. If measured not by GDP but in terms of per capita earned income or per capita disposable income (both of which are specified at the place of residence), Region Zealand is on a par with the Region of Southern Denmark, the Central Denmark Region and the North Denmark Region (all of which are lower than the Capital Region of Denmark). Region Zealand’s challenges to growth and the specific initiatives required to overcome them are not significantly different from the other regions.

A segregated programme structure would inevitably place limitations on the interaction between Region Zealand and the Capital Region, as well as the other regions. For instance, the selection of technically relevant partners available to projects would be geographically limited, making it more difficult to carry out collaborative transregional projects.

For several years now, the Capital Region of Denmark and Region Zealand have collaborated closely on large-scale business policy ventures, including the joint funding of common projects with ERDF and ESF funds, etc. Recently, these two regions and their municipalities (the municipal contact council for the Capital Region and the municipal contact council for Region Zealand) have joined forces to develop a focused agenda for growth and employment aimed at boosting the entire de facto Greater Copenhagen area.

15 The opposite is true for the significantly lower number of people commuting in the opposite direction.
Based on the above, it was decided to let the ERDF operational programme include all five regions and thus build on the positive lessons learned from 2007–2013 with one nationwide programme.

2.A.3 Fund, regional category and the basis for calculating Union support

[only SFC-relevant]

2.A.4 INVESTMENT PRIORITY 1 under priority axis 1:

Under this priority axis, ERDF action under the objective to strengthen research, technological development and innovation is based on the investment priority (Article 5(1)(b) of the ERDF Regulation):

- **Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.**

The above is quoted verbatim from the regulation text. The programme does not provide the option of obtaining support for the implementation of all the activities cited, but only part of them, cf. below.

2.A.5. Specific objectives relating to the investment priority and expected results

As shown in Chapter 1, Denmark’s percentage of innovative enterprises positions Denmark in only the median range compared to other countries, which partly explains the relatively low growth in productivity which has characterised Denmark for a number of years now. The action under priority axis 1 aims to increase the number of innovative enterprises, which will eventually help to increase both productivity growth and job creation, cf. Chapter 1.

**Specific objective:**

*Increase the number of innovative SMEs*

The action will focus on increasing the number of enterprises with innovative products and/or processes (see definition under Table 3). This does not preclude the projects from including marketing and organisational innovation, however. From 2010 to 2012 (the most recent data period), more than 30% of Denmark’s SMEs were innovative in terms of products and/or processes, see Table 3.

**Table 3: Programme-specific performance indicators per specific objective**

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Category of region</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Data source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>More developed</td>
<td>2012 (covers the period 2010-2012)</td>
<td>Increase the percentage of innovative SMEs</td>
<td>Statistics Denmark</td>
<td>Annually</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
<td>-----------------------------------</td>
<td>---------------------------------------------</td>
<td>-------------------</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of product/process -innovative SMEs as a percentage of all SMEs</td>
<td>%</td>
<td>31.4</td>
<td>Increase the percentage of innovative SMEs</td>
<td>Statistics Denmark</td>
<td>Annually</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of product/process -innovative SMEs as a percentage of all SMEs</td>
<td>%</td>
<td>Transition regions</td>
<td>32.3</td>
<td>Increase the percentage of innovative SMEs</td>
<td>Statistics Denmark</td>
<td>Annually</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Product innovation comprises the market introduction of products, such as products or services which are new or significant modified in terms of components, properties, functionality or subsidiary systems. The products must be new for the enterprise, but can possibly have been developed or introduced previously by others. Process innovation comprises new or significantly modified production processes, work flows, distribution methods, or auxiliary functions. The process must be new for the enterprise, but can have been developed or introduced previously by others.

The Europe 2020 strategy includes a target specifying that 3% of the EU’s GDP (public and private sector combined) must be invested in R&D. Denmark is very close to achieving this target, cf. Chapter 1. Action under priority axis 1 will support the R&D target, as a number of R&D projects will be launched, cf. below.

As R&D investments are already high, the purpose of the ERDF activities will not be to further increase this level, but rather focus on ensuring that enterprises become better at applying research results, new technology, etc., in their innovation processes and thus contribute to economic growth and job creation. Funds are not used for basic research or strategic research.

2.A.6 Actions supported under the investment priority

2.A.6.1 Description of the type and examples of actions which will be supported and the expected contribution to related specific objectives

The priority axis ‘Strengthen SME Innovation’ has two areas of action:

a) Innovation partnerships between enterprises and knowledge institutions
b) Increased SME innovation through strong cluster organisations

It is required that ERDF action does not worsen the efficient use of energy or resources by the participating enterprises.

The implementation of the action must reflect the regional development needs identified in the regional growth and development strategy and in the description of the regional smart specialisation that is typically included in the regional growth and development strategy. In other words, projects supported under this priority axis must be based on a well-founded position of regional strength and priority, which is identified as part of an entrepreneurial regional partnership process.

The target group of this priority axis is SMEs throughout Denmark. This does not preclude large enterprises (non-SMEs) from entering into the activities, as long as their participation contributes to the strengthening of SME innovation.
a) Innovation partnerships, e.g. between enterprises and knowledge institutions

Background

With Vækstplan DK (Growth Plan DK), a number of initiatives have been taken to ensure the improvement of growth and competitiveness. The focus of the Growth Plan on framework conditions further develops the proactive business and growth policy which has already been launched. As part of the effort to strengthen the framework conditions, the Danish Government has developed growth plans for business areas in which Danish enterprises are internationally competitive. The action to improve the conditions for growth in the private sector will be supported at the same time by the Government’s innovation strategy from December 2012: ‘Denmark: the Land of Solutions’. The innovation strategy intends to ensure that several of Denmark’s positions of strength in the knowledge and private sectors are converted into new growth and job creation.

According to Denmark’s innovation strategy, there is a particular need to focus public innovation action on products and processes which address societal challenges. Societal challenges can include better health and welfare solutions; safe and healthy food supplies, sustainable energy supplies, reducing the impact on the environment and climate, and ensuring clean drinking water.  

Innovation often takes place in open processes where enterprises work together with a wide range of stakeholders – at national and international level. As shown in Chapter 1, there are good opportunities for substantially developing innovation-related interaction, both between enterprises and between enterprises and knowledge institutions, etc. In 2007–2013, the ERDF in Denmark supported a wide range of projects focused notably on innovation-related collaboration. Many constructive lessons were learned from this type of project which contributed to significantly increasing the number of innovative enterprises. The 2014–2020 actions will build on these constructive lessons learned and at the same time exploit the opportunities for international collaboration, including through macro-regional strategies, especially the EUSBSR.

The overarching intervention logic for innovation partnerships between enterprises and knowledge institutions is shown in Figure 8.

Figure 8. Intervention logic for innovation partnerships between enterprises and knowledge institutions

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and target values (2014–2020) for the whole country</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>Development of new products and solutions in collaboration between enterprises and knowledge institutions</td>
<td>Number of enterprises collaborating with knowledge institutions: 1,900 Private investments (part funding): DKK 170 mill.</td>
<td>More innovative SMEs</td>
</tr>
<tr>
<td>Other public funds</td>
<td>Dialogue with potential users of the new product/solution</td>
<td>Number of enterprises that have received support for the purpose of introducing products that are new for the market: 900</td>
<td>Higher employment rate</td>
</tr>
<tr>
<td>Private funds</td>
<td>Testing/identifying the product’s/solution’s:</td>
<td>Number of enterprises that have received support for the purpose of introducing products that are new for the enterprise: 1,800</td>
<td>Higher productivity</td>
</tr>
<tr>
<td></td>
<td>- Applicability</td>
<td>Number of enterprises that develop concepts for new products or solutions: 1,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Market potential</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17 See e.g. the 2012 Annual Report for the ERDF Programme.
Purpose
Through collaboration between enterprises, their customers and knowledge institutions, the ERDF aims to support the development of new products and solutions, including products and services with a commercial aim. The innovation process must be guided by the specific needs of the enterprises and their knowledge of market/customer needs.

Requirements for the action
To be considered eligible for aid under this action area, the project must meet the following criteria:

- the project must involve an idea for a new product/solution, including both products and services with a commercial aim.
  - The innovative action must be guided by the specific needs of the enterprises and their knowledge of market/customer needs.
  - The innovation must be based on a commercial approach.
- The innovation must take place in collaboration between enterprises and knowledge institutions. Knowledge institutions include R&D centres and the sector for tertiary education.
  - The collaboration must comprise at least three SMEs and one public or quasi-public knowledge institution with expertise in the specific field of technology/knowledge.
  - Large enterprises (non-SMEs) may take part in the activities, but at least three-quarters of the participating enterprises must be SMEs.
  - The innovation must take place within an area identified in the regional growth and development strategy and in the description of the regional smart specialisation that is typically included in the regional growth and development strategy.

The innovation should be implemented in concepts for new products or solutions, including both products or services. The concept can be a prototype, mock-up, drawing, plan or similar. The rights to the concept cannot be assigned to a large enterprise (non-SME).

For each new concept, a substantiated, realistic estimate is to be submitted, specifying the job creation (measured in number of FTEs) and turnover (measured in DKK) which the concept is expected to generate two and five years after the end of the project.

In special geographical areas, the innovation does not need to involve collaboration between enterprises and knowledge institutions. In these areas, the innovation can be carried out in one or more enterprises, regardless of size. If knowledge institutions do not take part, the knowledge must be purchased from private knowledge stakeholders. In these cases, the selection of the knowledge stakeholder must always take place in compliance with public procurement rules. Settlement must take place on market terms. In these special geographical areas, the rights to the concept can be assigned to both SMEs and large enterprises.

The special geographical areas are Læsø, Ærø, Langeland, Samsø, Bornholm, Lolland Municipality and the 27 small Danish islands.

Partner responsible for subsidy

18 Cf. Article 5(1)(b) of the ERDF regulation.
19 SMEs in special geographical areas may also make use of the activities under priority axes 2 or 3 using a concept for new products or solutions as their point of departure (i.e. in these areas, the enterprises do not need to base their efforts on a product or service which is already on the market).
The partner typically responsible for subsidy will be an SME, cluster organisation or knowledge institution. These must be legal entities possessing relevant qualifications for managing public project funds.

**Activities**
Activities which can contribute to the specific objective of increasing the number of innovative SMEs will notably be:

- development phase(s) with a view to developing the initial concept for new products or solutions;
- testing phase(s) where a test/trial run of the concept is conducted among a relevant target group (e.g. users, customers, employees) and/or a merit/safety test;

Depending on the project, there may be one or more development and testing phases during the project implementation process. Priority is given to involving the user aspect in the development process, as this will increase the likelihood of the product ultimately being brought to market.

**State aid**
State aid for commercial activities in the projects is to be granted in accordance with the rules for support in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid.

**b) Increased SME innovation through strong cluster organisations**

**Background**
The regions and several ministries have jointly prepared a cluster and network strategy which emphasises, *inter alia*, that cluster collaboration has the potential to be crucial for growth and innovation.\(^{20}\) By virtue of the participants’ various relevant competencies, cluster collaboration can be a source which prompts enterprises to set more ambitious goals for their innovation.\(^{21}\) One benefit of entering into cluster collaboration for an enterprise is that the collaborative process can lead to development activities which achieve greater value creation collectively than the participants can achieve individually.

Enterprises often fail to maximise potential gains from a cluster collaboration due to a number of ‘errors’ relating to knowledge, network and collaboration. This is where cluster organisations can play an important part by providing some of the missing links between the players.\(^{22}\)

Cluster organisations can also play an important part in relation to supporting SMEs’ internationalisation processes, including within the framework of the EUSBSR, by enabling the members to access international knowledge, collaboration partners, new markets and export opportunities.\(^{23}\)

Cluster organisations can also be a vital link in the innovation infrastructure – in Denmark as well – if the enterprises’ collaboration within the cluster and with external players, including R&D institutions and relevant EU networks, is organised within a professional strategic framework. A professional cluster organisation can be an instrument for contributing to the finding of effective

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\(^{20}\) Collaboration strategy for Denmark’s cluster and network action, 2013.

\(^{21}\) Building the cluster commons, Sweden 2013, Sölvell and Williams.

\(^{22}\) Building the cluster commons, Sweden 2013, Sölvell and Williams, p. 22.

\(^{23}\) Collaboration strategy for Denmark’s cluster and network action, 2013.
solutions to societal challenges. Experience shows that enterprises in well-organised clusters can experience higher sales and a higher level of product and process innovation as a result of taking part in cluster activities.

Well-established mechanisms (GTS institutes and innovation networks) are available for ensuring collaboration through SMEs and R&D institutions, but even so the action to ensure systematic collaboration between enterprises and institutions may need to be strengthened.

In order to benefit the enterprises, even small cluster organisations with relatively few individuals must have a wide range of skill-sets at their disposal. These skill-sets can take years to build up. Moreover, the lessons learned from the 2007–2013 ERDF programme show that cluster organisations predominantly funded by project funds linked to specific innovation projects are limited in their efforts involving cluster-relevant knowledge-diffusion activities, matchmaking and other administrative tasks, which could benefit the participating enterprises, but which are not directly linked to the specific innovation project. This is particularly true in the early stages of developing a cluster organisation.

The ERDF operational programme provides action to benefit enterprises in regionally-prioritised cluster organisations so that a greater number of the small cluster organisations can work with the professionalism and strength required to help the enterprises in the cluster. The intervention logic for the action to increase SME innovation through strong cluster organisation is shown in Figure 9.

![Figure 9. Increased SME innovation through strong cluster organisations](image)

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and target values for the whole country (2014–2020)</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>Proactive networking to strengthen enterprise participation and innovation.</td>
<td>Number of cluster members that have taken part in collaboration projects dealing with innovation: 800 enterprises</td>
<td>Increase the number of innovative SMEs</td>
</tr>
<tr>
<td>Other public funds</td>
<td>Consultancy on cluster management, strategy development and organisation.</td>
<td>Number of new cluster members: 400 enterprises</td>
<td>Increased rate of employment</td>
</tr>
<tr>
<td>Private funds</td>
<td>Recruitment of the requisite technical expertise for the cluster organisation.</td>
<td></td>
<td>Increased productivity</td>
</tr>
<tr>
<td></td>
<td>Matchmaking activities for cluster members.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management and administrative tasks in the cluster organisation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Purpose**

The purpose of the action is to strengthen a number of regionally prioritised cluster organisations with a view to increasing innovation in the cluster’s SMEs.

**Requirements for the action**

The cluster must be within the regional smart specialisation, the regional growth and development strategy or future regional positions of strength.

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24 *Strategi for samarbejde om Danmarks klynges og netværksindsats* [Collaboration strategy for Denmark’s cluster and network action], 2013, p. 7.
25 Building the cluster commons, Sweden 2013, Sölvell and Williams, p. 33.
26 ERAC Peer Review, p. 23.
The cluster’s scope must primarily comprise enterprise-driven and practice-based innovation. The cluster must help the enterprises to contribute innovative solutions to address societal challenges.

The cluster organisation must have a unique position and technical focus in Denmark’s overall cluster structure across technical areas, sectors and regions.

In the funding application, the cluster organisation must single out a number of development needs which benefit the cluster’s enterprises (e.g. based on benchmarking) which must be addressed during the period in which the cluster organisation is eligible for ERDF aid.

The application must specify how the changes to the cluster organisation will help the cluster to create more innovative products and processes. In its application, the cluster organisation must specify a baseline and target for the number of new members of the cluster and for the number of enterprises in the cluster taking part in collaboration projects relating to innovation (see the indicators in Table 5 below).

Partner responsible for subsidy
The partner responsible for subsidy must be a legal entity.

Number of cluster organisations
A maximum of 2 cluster organisations from each growth forum may be recommended for support in the period 2014–2016. In 2017, a growth forum may recommend extended support for 2 years provided that the cluster organisation can demonstrate a continued need, an increase in enterprise membership and significant impacts from innovation activities in the cluster. Alternatively, a growth forum may select a maximum of two new cluster organisations. The cluster organisation may receive support for a total of 5 years. The maximum support for a cluster organisation is DKK 700,000 p.a.

The growth forums can possibly join forces to fund a cluster organisation and in this way increase the support to the cluster organisation in question.28

Cluster organisations which have received basic funding from the Innovation Network Programme in 2013 or during subsequent application rounds in the period 2014–2020 are not eligible for aid.29

Activities
Activities which can contribute to the specific objective of increasing the number of innovative SMEs will notably be:

- proactive, disseminating networking activities aimed at strengthening enterprise participation and innovation activities in the cluster;
- recruitment of the requisite technical expertise for the cluster organisation;

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27 Potential positions of strength which have been strategically determined (based on analytically determined potentials) and within which a targeted effort is made to achieve them.
28 In this case, the cluster organisation counts as one organisation in each region.
29 Cluster organisations which have received basic funding from the Innovation Networks have the option of applying for funding under the ERDF’s innovation collaborations (action area a).
consultancy relating to strengthened cluster management, strategy development and organisation;
Knowledge dissemination activities on internationalisation, technical themes, etc.
Matching activities in the cluster
Management and administrative tasks in the cluster organisation.
Skills development of administrative employees in cluster organisations, with particular focus on innovation and internationalisation.

State aid
State aid for commercial activities in the projects is to be granted in accordance with the rules for state aid in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid.

2.4.6.2. Guiding principles for selecting projects
A set of overarching principles applies to the action under the operational programme. These principles, which are supplemented by the national eligibility rules and selection criteria adapted by the monitoring committee are as follows:

Additionality
Projects that would have been implemented without ERDF support are not eligible for aid.

Co-financing rate
Union support for a project may not exceed 50% of the eligible expenses that are actually incurred and paid. In special instances, the Danish Business Authority may decide that the Union co-financing in a project may exceed 50%, however.

Types of expenditure
Operating expenses and expenses for traffic-related or physical infrastructure, land, buildings and facilities, or machinery and equipment for the generation of energy are not eligible for aid.

Target groups – participating enterprises
The ERDF operational programme is not aimed at specific sectors. For enterprises within fishery and aquaculture, as well as primary production of agricultural products, certain limitations will apply, however. Private-sector stakeholders with a professional base in a primary sector can take part in ERDF projects on the basis of independent CVR numbers that are not associated with a primary sector when their participation is relevant to the project. On the other hand, they will not be able to participate solely on the basis of a CVR number associated with the primary sector.

SMEs
The ERDF programme is primarily aimed at small and medium-sized enterprises (SMEs), cf. the European Commission’s recommendation of 6 May 2003 concerning the definition of micro-enterprises and small and medium-sized enterprises (OJ L 124/36 of 30 May 2003).

Enterprises are not eligible for support under the ERDF programme if they owe the repayment of support, which pursuant to the Commission decision, has been declared at variance with the rules for the Single Market.

Footnote:
30 Refer to the definitions in the EU’s General Block Exemption Regulation 800/2008, which differentiate between land, buildings and facilities on the one hand and manufacturing equipment (systems, machinery and equipment) on the other.
Results orientation
All projects must have clear intervention logic (chain of results). This means that a project should quantifiably assist in achieving the specific objective set for the investment priority to which the project belongs. All applicants must describe the project’s chain of results, i.e. the correlation between the project’s activities, output, results and outcomes. The chain of results must be clear and logical and must contain a description of the critical assumptions for ensuring that the project will actually work as intended. If possible, critical assumptions must be evidence-based.

All projects must set specific measurable objectives for output and results, and the projects must continuously determine whether the objectives are being achieved. The programme contains indicators according to which the projects will be measured. These can be supplemented with project-specific indicators, which are adapted to the individual project’s activities and output.31

State aid and public procurement
The public aid must be given in compliance with the rules on transparency and free competition, including notably the EU’s rules for state aid and public procurement. In so far as green public procurement is concerned, reference is also made to the guideline on ‘Environmental Considerations in Public Procurement’ (Miljøhensyn ved offentlige indkøb), drawn up by the Danish Competition and Consumer Authority.

At the time of application, project activities are required to be so clearly described that it is possible to determine whether the project involves state aid and possibly requires public tendering for the tasks.

Grant contract for enterprises
Under the programme, the managing authority will not issue grant contracts to projects if the project involves aid to only a single enterprise.32 For individual enterprises, a grant contract is issued under the programme by the partner or operator responsible for the subsidy.

Regional collaboration
Wherever possible and relevant, ERDF projects should be envisioned across administrative demarcations, and if possible across the four ESI funds,33 both to avoid regional sub-optimisation and out of consideration for optimising the effect and utilisation of the financial resources. It is possible for transregional projects to apply to one growth forum as one project which includes several partners, e.g. for the benefit of small islands. Cross-cutting projects and regional collaboration are in keeping with the conclusions of the Evaluation of the Local Government Reform which indicates that ‘reciprocal coordination and collaboration between the various growth forums and with the state should receive greater attention in the future’.34

31 The project-specific indicators can to advantage be based on the individual regions’ growth and development strategies, e.g. so that all innovation projects in a region (or across regions) are measured with the same indicators. This coordination of the indicators will improve the possibilities of cross-comparing projects.
32 Special geographical areas under priority axis 1 are exempt from this, however.
33 ESI funds: The European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF)
34 Evaluering af Kommunalreformen [Evaluation of the Local Government Reform], March 2013, Committee for the Evaluation of the Local Government Reform.
Union support in a project may not exceed 50% of the incurred and paid expenses which are eligible for aid. In special instances, the Danish Business Agency may decide that Union support in a project may exceed 50%, however.

Detailed rules for the specification of eligible expenditure, including the use of simplified cost concepts, are laid down in the aid eligibility rules for projects financed by structural funds.

Relocation
When ERDF support is granted to a large enterprise, the managing authority must ensure that this support does not lead to a substantial loss of jobs elsewhere in the Union.

2.A.6.3 Planned use of financial instruments

There are no plans to use financial instruments under this priority axis.

2.A.6.4 Planned use of major projects

Denmark does not use the major projects option.

2.A.6.5 Output indicators by investment priority and by category of region

<table>
<thead>
<tr>
<th>Table 5: Common indicators and programme-specific output indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID</td>
</tr>
<tr>
<td>----</td>
</tr>
<tr>
<td>CI</td>
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<tr>
<td>CI</td>
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<tr>
<td>CI</td>
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<tr>
<td>CI</td>
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<td>CI</td>
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<tr>
<td>PI</td>
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<td>PI</td>
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<td>----</td>
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<tr>
<td>CI</td>
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<td>PI</td>
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<tr>
<td>PI</td>
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<tr>
<td>PI</td>
</tr>
</tbody>
</table>

**Note:**
- The respective output of innovation partnerships and cluster organisations must be measured using different indicators, cf. Figures 8 and 9 (intervention logic for the two types of action). Cluster projects are to be measured using two indicators (number of new members and number of members that have participated in innovation-collaboration projects). The other indicators are to be used for projects relating to innovation partnerships.
- The indicator concerning cooperation with research institutions comprises R&D centres and tertiary education institutions.
- The programme-specific indicator concerning cluster members which have taken part in innovation-cooperation projects comprises 1) feasibility projects where enterprises and knowledge institutions clarify the basis for an outright innovation project, and 2) innovation projects whose purpose is to develop new products or processes.
- The indicator concerning cluster members comprises enterprises which have verified their participation in the cluster through a type of written agreement or expression of interest, formalised project participation or membership fee. Enterprises which only receive newsletters or have only taken part in a single cluster event are not included.
- ‘Monitoring’ means that the data history is collected from the individual projects.
- CI is a common indicator and PI is a programme-specific indicator.
- As part of the results orientation, the participating enterprises’ CVR numbers and P-numbers will be registered with and linked to Statistics Denmark’s registries making it possible to monitor the actual trends in the enterprises’ employment, turnover, etc., and, compare this data with a control group to estimate the action’s impact.
2.A.8. Performance framework

Table 6: Performance framework for the priority axis

<table>
<thead>
<tr>
<th>Type of indicator</th>
<th>ID</th>
<th>Definition of indicator</th>
<th>Measurement unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>2018 milestone</th>
<th>Final target (2023)</th>
<th>Data source</th>
<th>Justification of the indicator's representativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>40,800,000</td>
<td>136,204,870</td>
<td>MA</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>240</td>
<td>1,520</td>
<td>Monitor</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>8,600,000</td>
<td>28,976,405</td>
<td>MA</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>60</td>
<td>380</td>
<td>Monitor</td>
<td></td>
</tr>
</tbody>
</table>

Note: Only expenditure and the number of enterprises in the ‘Innovation partnerships’ action area are included. Therefore, the action relating to cluster organisations is not included in the performance framework. Innovation partnerships will receive at least 90% of the funds allocated under the axis, cf. support restrictions for cluster organisations.

2.A.9. Categories of intervention

Tables 7–10: Categories of intervention

<table>
<thead>
<tr>
<th>ERDF – more developed regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 7: Dimension 1 Intervention category</td>
</tr>
<tr>
<td>Table 8: Dimension 2 Type of funding</td>
</tr>
<tr>
<td>Table 9: Dimension 3 Territory</td>
</tr>
<tr>
<td>Table 10: Dimension 4 Territorial supply mechanisms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>062</td>
<td>54,481,948</td>
<td>01</td>
<td>68,102,435</td>
<td>04</td>
<td>6,810,243</td>
<td>07</td>
<td>68,102,435</td>
</tr>
<tr>
<td>063</td>
<td>6,129,219</td>
<td>07</td>
<td>61,292,192</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>065</td>
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<table>
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<tr>
<th>ERDF – transition region</th>
</tr>
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<tbody>
<tr>
<td>Table 7: Dimension 1 Intervention category</td>
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<tr>
<td>Table 8: Dimension 2 Type of funding</td>
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<td>Table 9: Dimension 3 Territory</td>
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<td>Table 10: Dimension 4 Territorial supply mechanisms</td>
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<table>
<thead>
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<th>Code</th>
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<th>Code</th>
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<td>062</td>
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<td>01</td>
<td>17,385,843</td>
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<td>1,738,584</td>
<td>07</td>
<td>17,385,843</td>
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<td>063</td>
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<td>15,647,259</td>
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<td>1,912,443</td>
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</tr>
</tbody>
</table>
2.A.1. PRIORITY AXIS 2: *Increase the number of high-growth enterprises*

2.A.2 Explanation for the establishment of a priority axis covering more than one category of region, more than one thematic objective or more than one Fund

Refer to Priority Axis 1.

2.A.3 Fund, regional category and the basis for calculating Union support

[only SFC-relevant]

2.A.4 INVESTMENT PRIORITY 1 under priority axis 2:

Under this priority axis, ERDF action under the objective to promote SME competitiveness is based on the investment priority (Article 5(3)(b) of the ERDF Regulation):

- *Developing and implementing new business models for SMEs, in particular with regard to internationalisation.*

The above is quoted verbatim from the regulation text. The programme does not provide the option of obtaining support for the implementation of all the activities cited, but only part of them, cf. below.

2.A.5. Specific objectives relating to investment priorities and expected results

As demonstrated in Chapter 1, relatively few Danish enterprises enter dynamic growth processes. ERDF action under Priority Axis 2 is intended to increase the number of high-growth enterprises and thus also help to achieve the operational programme’s overarching objective of creating new jobs and boosting productivity growth in Denmark.

**Specific objective:**

Increase the number of high-growth enterprises

**Def.:** According to the OECD definition, a high-growth enterprise is an enterprise which has had an average annual growth in number of employees of at least 20% for three consecutive years and had at least 5 employees at the beginning of the growth period. In the most recent data period (2008–2011), there were a total of 979 high-growth enterprises in Denmark.

Table 3: Programme-specific performance indicators per specific objective

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Category of region</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Data source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of high-growth enterprises</td>
<td>Number of enterprises</td>
<td>More developed</td>
<td>883</td>
<td>2011</td>
<td>Increase the number of high-growth enterprises</td>
<td>Statistics Denmark</td>
<td>Annually</td>
</tr>
</tbody>
</table>

35 In international comparisons, the enterprise must have at least 10 employees at the beginning of the growth period. As Denmark’s business structure is characterised by a relatively large number of small enterprises, the limit in Denmark is often set at 5 employees, which is also the case with the ERDF programme.
As the definition implies, it can take several years for an enterprise to develop into a high-growth enterprise. The actual development in enterprises supported by ERDF action will be measured on a continuous basis to assess whether the enterprises are on the way to becoming high-growth enterprises. Participating enterprises will not only be measured in terms of job-creation development but also in terms of turnover growth, etc.

It is required that ERDF action does not worsen the efficient use of energy or resources by the participating enterprises.

2.A.6. Actions supported under the investment priority

2.A.6.1 Description of the type and examples of actions which will be supported and the expected contribution to related specific objectives

Background
There is relatively convincing evidence that consultancy can help to boost SME growth and job creation. This was proven by the experiences of the structural fund actions in 2007–2013, regional business development centres (vaeksthuse) and a number of international studies.36

At the same time, financial research shows that market faults relating to imperfect information cause SMEs to tend to underestimate the value of knowledge transferred from external experts, etc., and subsequently underinvest in this area.37 Therefore, there is good reason to support such investments with public funds.

On the basis of this, ERDF action will focus on identifying specific SMEs with substantial growth potential and exploit this potential by means of support for consultancy etc. on developing enterprises’ business models.

The action can include several elements but should focus on the growth potential inherent in increasing enterprises’ international orientation and by automating and digitising enterprises’ business processes.

Increased internationalisation can improve enterprises’ growth possibilities by providing access to bigger markets – e.g. in the geographical area covered by the EUSBSR – and by improving enterprises’ possibilities of obtaining new external knowledge and inspiration for improving their

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technologies and business concepts. EU analyses also call attention to the fact that enterprises which are internationally oriented from the outset (‘born globals’) may need support to utilise their growth and job-creation potential to the full. The fact that Danish enterprises need advice and mentoring relating to internationalisation is also supported by a major new evaluation of the regional business development centres which shows, inter alia, that enterprises seek mentoring when considering whether to establish businesses, partnerships, marketing, etc., in specific export markets, not least growth markets such as China, India, the Middle East, Russia, etc.

Several studies and analyses have also identified great potential for growth by heightening Danish enterprises’ level of automation and digitisation. Automation has a positive impact on productivity but will typically reduce the number of jobs in the short term. In a slightly longer perspective, automation can help to create new jobs by strengthening enterprise competitiveness. The digitisation of enterprises’ business processes is another important source for boosting growth, productivity and competitiveness. This is shown in several scientific articles and can be substantiated by the significant contributions to growth which, according to Statistics Denmark’s growth statements, are attributable to investment in IT capital. The employment of highly-qualified labour can also help to increase enterprise productivity. Applied to specific projects, the action to improve SME competitiveness can advantageously be envisaged together with the upgrading of workforce skills under ESF priority axis 1, action area c (Growth-targeted skills development in the enterprises). Entrepreneurs who, with support under ESF priority axis 1, action area a (Guidance and support to entrepreneurs), get off to a good start, will possibly be able to continue the action under this priority axis. Outright process-innovation projects belong under ERDF priority axis 1, while priority axis 2 – Increase the number of high-growth enterprises – deals with projects whose growth potential is closer to being realised.

The overarching intervention logic for the priority axis is shown in Figure 10.

Figure 10. Intervention logic for priority axis 2

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and targets for the whole country (2014–2020)</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>Identification of SMEs with growth potential: - Product/solution on the market - Motivation for growth - Financial solidity</td>
<td>Number of enterprises receiving support: 2,800</td>
<td>Increase the number of high-growth enterprises</td>
</tr>
<tr>
<td>Other public funds</td>
<td>Preparation of specific individual growth plans.</td>
<td>Private investments (part funding): DKK 125 million</td>
<td>Increased rate of employment</td>
</tr>
<tr>
<td>Private funds</td>
<td>Building up networks (e.g. other enterprises, knowledge institutions, private consultants, finance institutions) for potential high-growth enterprises.</td>
<td>Estimated number of new high-growth enterprises: 700</td>
<td>Increased productivity</td>
</tr>
<tr>
<td></td>
<td>Collective training camps where the enterprises work on their own</td>
<td>Estimated job creation: 2,800 FTEs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated turnover generated: DKK 500–600 million</td>
<td></td>
</tr>
</tbody>
</table>

39 Born global: The potential of job creation in new international businesses, Eurofound (2013).
Action
Every single ERDF project is to be anchored at an operator which must contribute to strengthening the growth of a number of SMEs. The operator must be in charge of project administration and implementation. The operator can be a GTS institute, a business organisation, a cluster organisation or a regional business development centre, for instance. The operator may issue grants to single-enterprise projects.

The action involved in boosting growth takes place in phases:

- screening (identifying) SMEs with relatively great potential for growth;
- consultancy, sparring, etc., on how to exploit growth potential.

The phases should be perceived as an overarching framework for the action. As required, the operator may subdivide the project into sub-phases and/or repeat the phases during the project period.

The implementation of the action must reflect the regional development needs identified in the regional growth and development strategy and in the description of the regional smart specialisation that is typically included in the regional growth and development strategy.

As required, the operator may use external parties, e.g. consultants or specialists, to manage the specific project activities.

Screening SMEs with growth potential
The operator must identify a number of specific SMEs with significant growth potential. In all probability, the recruitment of enterprises for the project will require a proactive effort, as many enterprise managers may lack knowledge about their enterprise’s growth potential and possibilities of exploiting this.

The screening process must include the following criteria (a growth forum or applicant may add criteria if relevant):

- **Growth potential:** The growth potential of the individual enterprise, including new business ideas from existing enterprises (spinouts and spinoffs), must be sufficiently sizeable to render it probable that the enterprise can enter a dynamic growth process and

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43 Public procurement and state aid regulations must be complied with when selecting the operator and during the project phase. The operator can possibly be a commercial player, but must be a legal entity. If special statutory provisions apply to the operator’s mode of operation, the activities must be within the current statutory basis.
eventually meet the criterion for becoming a high-growth enterprise\textsuperscript{44} (see the specific objectives of the priority axis above). The enterprise must meet the SME criteria.

- **Rapid growth:** The enterprise must have the potential to enter a growth process relatively quickly, i.e. the enterprise should be experiencing substantial progress in job creation and/or turnover within two years after entering the project. Therefore, the achievement of the growth potential must not require prolonged processes for developing new prototypes, etc.\textsuperscript{45} The growth will have to be based on products or services which are close to or already on the market when the enterprise enters the project.

- **Motivation:** The enterprise management should be motivated to grow and be willing to spend the time and resources required to exploit the enterprise’s growth potential.

The applicant must detail how the screening process will be implemented and how the applicant will ensure compliance with the above criteria. In general, it is crucial for the action’s quality and impact that the operator possesses the expertise to match the focus of the action.

**Consultancy, sparring, etc., on how to realise growth potential.**

Enterprises which meet the screening criteria listed above are eligible for consultancy, sparring, etc., to realise their growth potential.

This phase can be quite intense and last more than six months if the enterprise concerned has unique growth potential, or it can be of shorter duration if it focuses on how to get the enterprise involved with exports, for instance.

Consultancy, sparring, etc., must be based on the specific business situation of the individual enterprise and be tailored to the individual enterprise so that the enterprise’s individual needs govern the infusion of knowledge and skills, as well as the purchase of services during the project. Every enterprise, which is offered consultancy and sparring etc. must be offered individual consultancy/sparring etc. This does not rule out implementing the activities as a collective process, cf. below. The enterprises choose their own consultant for the individual consultancy/sparring, and the consultant must be registered with the operator.

The aid should aim to strengthen the ‘ecosystem’ relating to the enterprises and specifically result in the drawing up of a growth plan for the individual participating enterprise.\textsuperscript{46} In formulating the individual enterprise’s growth plan, the potential gains of increasing its internationalisation and of automating and digitising the enterprise’s business processes must be charted, but the growth plan may also focus on other possibilities for realising its growth potential.

Large enterprises (non-SMEs) may take part in these activities but may not receive financial benefits/subsidies from this, nor may their expenditure be included as expenses eligible for aid.

The growth plan should include the following (a growth forum or applicant may specify detailed requirements for the growth plans):

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\textsuperscript{44} To become a high-growth enterprise, the enterprise must have at least 5 employees at the beginning of the growth period; the enterprise is not required to be of this size when it enters the project.

\textsuperscript{45} Development of prototypes, etc., is not eligible for aid under this priority axis but is eligible under priority axis 1.

\textsuperscript{46} Benchmark af økosystemer [Benchmarking Eco-systems], Danish Business Authority (2012).
Specific recommendations for growth: The growth plan should chart how the participating enterprise can specifically boost its growth and specify the investment required to realise its growth potential. The growth plan must have the same level of detail as typical business plans.\footnote{See, e.g., the business plan concept of Vaekstfonden.}

Quantifiable effects: The growth plan must include realistic, well-founded estimates of the rate at which the enterprise’s job creation (measured in terms of the number of FTEs), and turnover will grow over the next two and five years respectively after the plan has been drawn up.\footnote{As a baseline, the enterprise must also assess and state how its job creation and turnover would have grown without the growth plan, i.e. if the enterprise had not taken part in the ERDF project.}

Activities

Activities which can contribute to strengthening the ‘ecosystem’ around the enterprises and achieve the specific object of \textit{increasing the number of high-growth enterprises} will notably be:

- building up a network for the enterprise (mentor, board, collaboration with customers, etc.);
- strengthening cohesion and collaboration with important players in the enterprises’ ‘ecosystem’, including other enterprises, knowledge and educational institutions, private-sector consultants, etc.
- training camps and sparring with serial entrepreneurs and others
- consultancy from a knowledge institution, e.g. within a specific area (technology, marketing, etc.);
- sparring with a ‘growth consultant’/external consultant
- consultancy for calculating investment need, anticipated results, etc.

The development of specific growth plans can take place as a combination of individual (one-on-one) and collective processes involving the participating enterprises. If possible, knowledge should be transferred to a number of SMEs on a collective basis, in part out of consideration for the principle of economy and in part out of consideration for the fact that the enterprises are more likely to create commercially valuable networks when they take part in collective set-ups.

Examples of collective activities can notably be:

- enterprises which have developed and implemented growth-generating business plans present their experiences, including their approach to the process, possible obstacles, etc.;
- special training camps where the enterprises work on their challenges;
- infusion of knowledge about technical, legal or sector-specific factors, including knowledge about compliance with national and international standards and requirements.

A clear and, if possible, evidence-based chain of results should be set up for all activities, regardless if they are individual or collective. The chain of results should explain how the activities will specifically contribute to improving growth in the participating enterprises.

State aid
State aid for commercial activities in the projects is to be granted in accordance with the rules for support in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid.

Special rules apply to support granted for the implementation of growth plans (see below).

**Implementation of growth plans**

Expenses relating to the implementation of growth plans for individual enterprises are not eligible for aid. However, investment in machinery, equipment, licences, know-how and patents relating to the implementation of growth plans at SMEs under the priority is supported in special geographical areas. The investment must be completely segregated from the expenditure for the preparation of the growth plan. Energy-generating machinery and equipment are not eligible for aid.

The special geographical areas are Læsø, Ærø, Langeland, Samsø, Bornholm, Lolland Municipality and the 27 small Danish islands.

Support for the implementation of growth plans in special geographical areas is granted pursuant to the rules on regional investment support, cf. the state-aid map for Denmark and the rules on regional investment support in the General Block Exemption Regulation.

2.A.6.2. Guiding principles for selecting projects

An aggregate description of the guiding principles for priority axes 1–4 is found under priority axis 1.

2.A.6.3 Planned use of financial instruments

It is possible to establish financial instruments under priority axis 2.

This requires the financial instrument to be established for the purpose of supporting the objective of increasing the number of high-growth enterprises and that it is an extension of a project on the screening of SMEs with growth potential, as well as consultancy and mentoring concerning the realisation of the growth potentials, including in particular with a view to implementing the growth plans, cf. priority axis 2 of the ERDF operational programme.

Experience from the 2007–2013 EU budget period shows, however, that financial instruments are extremely complex and require high volume to be profitable. In order to be able to establish a financial instrument under the programme in the period 2014–2020, it must be proven in advance that there is a general gap in the financial market, which means that the type of capital to be procured by the preferred financial instrument is not available. The gap analysis will have to be provided by the authority designated to submit recommendations, i.e. a regional growth forum.

It is assessed that it will be difficult to find the requisite volume within equity instruments, which is why these will not be permitted. The financial instruments eligible for aid under the programme will

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49 This must involve an investment in fixed assets for creating a new enterprise, enlarging an existing enterprise, spreading an enterprise’s production to additional new products or a fundamental change of an existing enterprise’s production process. Source: The General Block Exemption Regulation 800/2008 [L 214/3 of 9 August 2008].

50 Indirect costs (18% standard rate) from the investment in machinery and equipment may not be calculated.

51 Refer to the definitions in the General Block Exemption Regulation, which differentiate between land, buildings and facilities on the one hand and manufacturing equipment (systems, machinery and equipment) on the other.

52 Support after 1 July 2014 for the implementation of growth plans in special geographical areas requires the approval of the state-aid map for Denmark for the period 1 July 2014–2020.
thus be foreign capital within selected areas where the financial instrument will serve as support for
the thematic objectives defined and will never be a general lending instrument.

Moreover, it is envisaged that private operators will have to perform the credit assessment (possibly
with the involvement of an investment committee under the auspices of the private operator) and
that they determine whether the enterprise may take out a loan.

In order to be able to establish a financial instrument under priority axis 2, the following minimum
requirements must be met:

- The financial instrument applies solely at regional level, cf. Article 38(1)(b).
- A gap analysis – procured by the potentially recommending authority (a growth forum) –
  must be available no later than at the time of the monitoring committee meeting for the
  ERDF and ESF operational programmes in the summer of 2015 (probably in June 2015), as
  part of drafting a possible application.
- A declaration from prospective applicants stating that they are preparing an application must
  be available no later than at the time of the monitoring committee meeting for the ERDF and
  ESF operational programmes in the summer of 2015 (probably in June 2015). A tentative
  budget is to be enclosed.
- The application will be processed by the relevant growth forum in early 2016 and will be
  received by the Danish Business Agency for a legality check no later than June 2016.
- Parallel to the growth-forum processes, the Danish Business Authority will apply to the
  Commission for a programme amendment.
- The applicant must make arrangements to provide the part-funding required, i.e. a minimum
  of 50 % of the total budget, including from national, regional, local public and private
  sources.
- The aim is to bring about a financial instrument with critical mass, including the
  requirement for a reasonable ratio between the instrument’s volume and the expenditure
  budgeted for its administration.

2.A.6.4 Planned use of major projects
Denmark does not use the major projects option.

2.A.6.5 Output indicators by investment priority and by category of region

Table 5: Common indicators and programme-specific output indicators

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>Target value (2023)</th>
<th>Data Source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI</td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>2,240</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Private investment matching public support to enterprises (grants)</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>13,400,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated number of new high-growth enterprises</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>560</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated job creation</td>
<td>FTEs</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>2,240</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
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</tr>
<tr>
<td>PI</td>
<td>Estimated turnover generated</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>600,000,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>560</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Private investment matching public support to enterprises (grants)</td>
<td>EUR</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>3,400,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated number of new high-growth enterprises</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>140</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated job creation</td>
<td>FTEs</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>560</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated turnover generated</td>
<td>EUR</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>150,000,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
</tbody>
</table>

**Note:**
- High-growth enterprises are defined as specified under the specific objective.
- The three indicators relating to the expected number of new high-growth enterprises, job creation and turnover generated are based on the growth plans developed during the projects (expected impact after 5 years). These are compared to a baseline without the growth plans. The actual output may deviate from the plans.
- ‘Monitoring’ means that the data history is collected from the individual projects.
- CI is a common indicator and PI is a programme-specific indicator.
- As part of the performance orientation, the participating enterprises’ CVR numbers and P numbers will be registered with and linked to Statistics Denmark’s registries making it possible to monitor the actual trends in the enterprises’ employment, turnover, etc., and compare this data with a control group to estimate the action’s impact.

### 2.A.8. Performance framework

**Table 6: Performance framework for the priority axis (by fund and category of region, wherever relevant)**

<table>
<thead>
<tr>
<th>Type of indicator (financial, output or performance indicator)</th>
<th>ID</th>
<th>Definition of indicator</th>
<th>Measuremen t unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>2018 Milestone</th>
<th>Final target (2023)</th>
<th>Data Source</th>
<th>Justification of the indicator’s representativeness</th>
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<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>32,500,000</td>
<td>108,344,783</td>
<td>MA</td>
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</tr>
<tr>
<td>Output</td>
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<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>340</td>
<td>2,240</td>
<td>Monitoring</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>6,900,000</td>
<td>23,049,413</td>
<td>MA</td>
<td></td>
</tr>
</tbody>
</table>
2.A.9. Categories of intervention

Tables 7–10: Categories of intervention

<table>
<thead>
<tr>
<th>Table 7: Dimension 1</th>
<th>Table 8: Dimension 2</th>
<th>Table 9: Dimension 3</th>
<th>Table 10: Dimension 4</th>
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<tbody>
<tr>
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<td>Type of funding</td>
<td>Territory</td>
<td>Territorial supply mechanism</td>
</tr>
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<tr>
<td>067</td>
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</table>

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<th>ERDF – transition regions</th>
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<th>Table 7: Dimension 1</th>
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<tr>
<td>Intervention category</td>
<td>Type of funding</td>
<td>Territory</td>
<td>Territorial supply mechanism</td>
</tr>
<tr>
<td>Code</td>
<td>€</td>
<td>Code</td>
<td>€</td>
</tr>
<tr>
<td>067</td>
<td>13,829,648</td>
<td>01</td>
<td>13,829,648</td>
</tr>
</tbody>
</table>
2.A.1 PRIORITY AXIS 3: Energy-efficient and resource-efficient SMEs

2.A.2 Explanation for the establishment of a priority axis covering more than one category of region, more than one thematic objective or more than one Fund
Refer to Priority Axis 1.

2.A.3 Fund, regional category and the basis for calculating Union support
[only SFC-relevant]

2.A.4 INVESTMENT PRIORITY 1 under priority axis 3:
Under this priority axis, ERDF action under the objective to support the shift towards a low-carbon economy in all sectors is based on the investment priority (Article 5(4)(f) of the ERDF Regulation):

- Promoting research and innovation in, and adoption of, low-carbon technologies.

The above is quoted verbatim from the regulation text. The programme does not provide the option of obtaining support for the implementation of all the activities cited, but only part of them, cf. below.

2.A.5. Specific objectives relating to investment priorities and expected results
As mentioned in Chapter 1, Denmark has vast unutilised potential in terms of improving the efficient use of resources and energy. ERDF action under Priority Axis 3 is also intended to help to improve the efficient use of energy and resources by SMEs, and in this respect also help to improve enterprises’ competitiveness and achieve the programme’s overarching objective of creating new jobs and improving environmental impact inter alia by reducing emissions of greenhouse gases and will thus contribute to achieving the Europe 2020 climate target.

Specific objective:
Improve the efficient use of energy and resources by SMEs

Table 3: Programme-specific performance indicators per specific objective

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Category of region</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Data Source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GDP in proportion to energy consumption</td>
<td>DKK/GJ</td>
<td></td>
<td>3263.6</td>
<td>2011</td>
<td>Increase GDP in proportion to energy consumption</td>
<td>Statistics Denmark (determined for the whole country only)</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>(excluding bunkering, GDP, 2005 prices)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GDP in proportion to materials consumption (DMC)</td>
<td>EUR/kg</td>
<td></td>
<td>1.88</td>
<td>2010</td>
<td>Increase GDP in proportion to materials consumption</td>
<td>Eurostat. (determined for the whole country only)</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>(excluding water)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

41
Note: The indicator cannot be specified for SMEs, nor can it be determined for the two different types of region.

All projects under this priority axis will be measured in terms of how much they improve the efficient use of energy and/or resources of the participating enterprises.

2.A.6. Actions supported under the investment priority

2.A.6.1 Description of the type and examples of actions which will be supported and the expected contribution to related specific objectives

Background
Evidence shows that enterprises which have incorporated sustainability into their business model tend to perform relatively well.\(^3\) One cause of this is that since 2000, raw material prices have sharply increased, making the efficient use of energy and materials an important competitive parameter.

Green business models are singled out as promising in a number of contexts\(^4\) in terms of creating development and jobs, while reducing the consumption of energy and resources at the same time. Analyses and cases show that, by basing their activities on a green business model, enterprises can open up for new markets and new customer segments; just as working on new business models can serve as a catalyst for innovation at the enterprises.\(^5\)

Analyses\(^6\) show that sustainability is not only a driving force behind a new world market for resource-friendly, energy-friendly and climate-friendly solutions. Sustainability also helps to shape a management model which can give enterprises a new productivity and earnings boost across sectors – a type of Lean strategy which optimises the use of the given resources for the benefit of both the enterprise itself and society in general. The beneficial effects relating to society in general underpin the reasoning behind public investment in this type of action.

The common denominator for green business models is that they help to improve the efficient use of energy or resources. The models are found in different forms: Some models are based on the greening of a product or process; other models recycle waste as a new product or use ICT for optimising the use of resources or energy; and still other models focus on providing functions or services as well as industrial symbioses, etc.\(^7\)

Green business models comprise a relative new area – especially for many SMEs – and are associated with a high degree of uncertainty in relation to effects and the requirement for investment. A number of internal barriers in the enterprises impede the implementation of new green business models. The OECD\(^8\) emphasises factors such as insufficient knowledge of sustainability and a lack of skill-sets. As a result, many enterprises are reluctant to embark on a conversion process which leads to a green business model.\(^9\)

\(^{3}\) The Impact of a Corporate Culture of Sustainability on Corporate Behaviour and Performance, Harvard Business School.


\(^{9}\) Think tank for sustainable consumption and green business models (2013), Nordic Innovation Green Business Model Innovation (2012).
Financial research shows that market faults relating to insufficient knowledge, documentation and tools cause SMEs to tend to underestimate the value of knowledge transferred from external experts, etc., and subsequently underinvest in this area. At the same time, there is relatively convincing evidence that consultancy can help to boost SME growth. Therefore, there is good reason to support such investments with public funds.

Applied to specific projects, the action to improve SME energy and resource efficiency can to advantage be envisaged together with workforce skills upgrade under ESF priority axis 1, action area c (Growth-targeted skills upgrades in the enterprises). Similarly, ‘green’ entrepreneurs who, with support under ESF priority axis 1, action area a (Guidance and support for entrepreneurs), get off to a good start, could possibly continue the action under this priority axis.

The overarching intervention logic for the priority axis is shown in Figure 11.

**Figure 11. Intervention logic for priority axis 3**

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and target values for the whole country (2014–2020)</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>Identifying SMEs with the potential to become more energy-efficient and/or resource efficient:</td>
<td>Number of enterprises receiving support: 1,600</td>
<td>Improved efficient use of energy and resources</td>
</tr>
<tr>
<td>Other public funds</td>
<td>- Product or solution on the market</td>
<td>Private investments (part funding): DKK 62 million</td>
<td>Increased rate of employment</td>
</tr>
<tr>
<td>Private funds</td>
<td>- Green potential</td>
<td>Estimated annual decrease of GHG: 30,000 tons of CO2eq</td>
<td>Increased productivity</td>
</tr>
<tr>
<td></td>
<td>- Motivation for green conversion</td>
<td>Expected annual decline in energy consumption: 500,000 GJ</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preparation of green business models, for individual enterprises or networks.</td>
<td>Estimated annual decline in material consumption: 80,000 tonnes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Build-up of networks (e.g. other enterprises, knowledge institutions, private consultants, finance institutions) for enterprises with green-conversion potential.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultancy and mentoring on the specific potential, and the investment required to realise this.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collective training camps where the enterprises work on their own challenges.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Infusion of knowledge on technical, legal or sector-specific matters – individually or collectively.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementation of green business models.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

What are counterfactual impact evaluations teaching us about enterprise and innovation support, DG Regional and Urban Policy (2012).
Action

Each individual ERDF project is to be anchored at an operator which must be instrumental in boosting the green conversion process at a number of SMEs. The operator must be in charge of project administration and implementation. The operator can be a GTS institute, a regional business development centre, a cluster organisation or a business organisation, for instance. The operator may issue grants to SMEs’ projects.

The action of boosting the green conversion process can be aimed at individual SMEs or enterprises in a network. The action takes place in phases:

- screening (identification) of SMEs with the potential to become more energy or resource efficient;
- consultancy, sparring, etc., on how to exploit this potential;
- implementation;

The phases should be perceived as an overarching framework for the action. As required, the operator may subdivide the project into sub-phases and/or repeat the phases during the project period. Projects are not required to include support for implementation, cf. below.

If a project is to target a specified business area, cluster or similar, this must be based on the regional development needs identified in the regional growth and development strategy and in the description of the regional smart specialisation that will typically be included in the regional growth and development strategy. As required, the operator may use external parties, e.g. consultants or specialists, to manage the specific project activities, if the operator does not have the skill-sets required. In relation to investments under this priority axis, Denmark’s national action plan for energy efficiency (NEEAP) must be observed wherever relevant.

Screening of SMEs with the potential to become more energy-efficient or resource efficient

The operator must identify SMEs and/or networks with the potential to become more energy or resource efficient. At least three-quarters of the enterprises participating in a network must be SMEs. The participation of large enterprises must contribute to improving the efficient use of energy and resources by the network’s SMEs.

In all probability, the recruitment of SMEs and networks for the project will require a proactive effort, as many enterprise managers may lack knowledge of their enterprise’s green potential and possibilities of exploiting this. To ensure relevance in relation to market demand, priority is also given to involving customers in the assessment of the enterprise’s potential.

The screening process must include the following criteria (a growth forum or applicant may add criteria if relevant):

- Potential for improving energy and resource efficiency: The potential of the individual SME or within the network should be of a sufficient dimension for it to be probable that the SME/network can achieve a substantial and measurable improvement in its efficient use of energy or resources. It should be possible to achieve the improvement relatively quickly, i.e. within two years after an enterprise enters the project. Therefore, the release of the growth

62 Public procurement and state aid regulations must be complied with for the choice of operator (and during the project phase). The operator can possibly be a commercial player, but must be a legal entity. If special statutory provisions apply to the operator’s mode of operation, the activities must be within the current statutory basis.
potential must not require prolonged processes for developing new prototypes, etc.\(^{63}\)

Typically the action will have to be based on products or services which are already on the market when the enterprise enters the project.

- **Motivation:** The enterprises’ management should be motivated to improve the enterprises’ energy or resource efficiency and be willing to spend the time and resources required for unleashing the enterprises’ potential.

The applicant must detail how the screening process will be implemented and how the applicant will ensure compliance with the above criteria. In general, it is crucial for the action’s quality and impact that the operator possesses the expertise to match the focus of the action.

**Consultancy, mentoring, etc., on exploiting the potential to become more energy and resource efficient**

SMEs/networks which meet the screening criteria listed above are eligible for aid for consultancy, sparring, etc., to realise their potential to become more energy efficient or resource efficient. The enterprises choose their own consultant who must be registered with the operator.

The consultancy, mentoring, etc., must be based on the individual SMEs’/networks’ specific commercial situation and be tailored to the individual SMEs/networks. This does not rule out implementing the activities as a collective process, cf. below.

The aid should result in the preparation of a specific new green business model for the individual participating SME or in a joint solution for a network of enterprises. In the design of the business model, the financial and environmental gains of improving the use of resources or energy should be charted.

For the preparation of green business models, large enterprises (non-SMEs) may take part in these activities but may not receive financial benefits/subsidies from this, nor may their expenditures be included as expenses eligible for aid.

As part of preparing joint solutions in a network, large enterprises may take part in the activities and receive financial benefits/subsidies; similarly, their expenses can be included in the costs eligible for aid.

The green business model/joint solution should include the following (a growth forum or applicant can specify the detailed requirements for the model):

- **Specific instructions** for the improvement of energy or resource efficiency. The business model/joint solution must chart how the SME or network of enterprises can specifically improve energy or resource efficiency and the investments required to unleash the potential. The model must have the same level of detail as typical business plans.\(^{64}\)

- **Quantifiable effects:** The business model must contain a well-substantiated and realistic estimate of the extent to which the use of energy and materials by the participating enterprises and by their suppliers can be made more efficient each year two years after the model is prepared. The model must also include an estimate of the extent to which emissions

\(^{63}\) Development of prototypes, etc., is not eligible for aid under this priority axis but is eligible under priority axis 1.

\(^{64}\) See, e.g., the business plan concept of Vaekstfonden.
of greenhouse gases will be reduced each year two years after the model is prepared (tons of CO2eq).65

Activities
Activities which can contribute to the specific objective of improving the efficient use of energy and resources in SMEs will notably be:

- building up networks, including collaboration with customers, suppliers, etc.;
- engagement of a consultant experienced in energy-efficient and resource-efficient business development;
- consultancy from a knowledge institution concerning technology, etc.;
- consultancy for calculating investment need, anticipated results, etc.;
- development of business cases and profitability analyses of green business models.

Specific business models can be developed as a combination of individual (one-on-one) and collective processes involving the participating enterprises. If possible, knowledge should be transferred to a number of SMEs on a collective basis, in part out of consideration for the principle of economy and in part out of consideration for the fact that the enterprises are more likely to create commercially valuable networks when they take part in collective set-ups.

Collective activities which can contribute to the specific objective of improving the efficient use of energy and resources in SMEs will notably be:

- enterprises which have implemented an energy-efficient or resource-efficient business model present the lessons they have learned, including their approach to the process, possible obstacles, etc., and the effects achieved by the enterprise;
- the infusion of knowledge about technical or sector-specific issues relating to converting the enterprise and knowledge of the consequences, e.g. in relation to compliance with standards and requirements.

A clear chain of results should be set up for all activities, regardless of whether they are individual or collective. The chain of results should explain how the activities will specifically contribute to improving the efficient use of energy or resources by the participating enterprises, as well as by their customers and suppliers. If possible, the chain of results must be based on evidence.

State aid
State aid for commercial activities in the projects is to be granted in accordance with the rules for support in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid.

Special rules apply to support granted for the implementation of green business models (see below).

Implementation of green business models
SMEs which have completed phases 1 and 2, regardless of localisation, can be eligible for aid for implementation of the green business model.66 Expenditure for machinery and equipment (except

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65 As a baseline, the enterprises must also assess and specify how their consumption of energy and materials, as well as their greenhouse gas emissions, would have developed without the green business model, i.e. if the enterprises had not participated in the ERDF project.

66 In special geographical areas, as part of the national programme for green business models under the Green Conversion Fund, SMEs that have developed a green business model may, in specially justified cases and with the permission of the Danish Business Agency, be recommended for ERDF aid for implementing a green business model.
for machinery and equipment used to generate energy), licences, know-how and patents are eligible for aid.

The expenditure for the investment\textsuperscript{67} must be completely segregated from the expenditure for the preparing of the green business model.

Support for the implementation of green business models may only be granted outside the special geographical areas pursuant to the rules on investment support to SMEs or the rules on support for environmental protection in the EU’s General Block Exemption Regulation.

Support for the implementation of green business models may only be granted in the special geographical areas, cf. the state-aid map,\textsuperscript{68} pursuant to the rules on investment support to SMEs or the rules on support for environmental protection in the EU’s General Block Exemption Regulation.

The special geographical areas are Læsø, Ærø, Langeland, Samsø, Bornholm, Lolland Municipality and the 27 small Danish islands.

2.A.6.2. Guiding principles for selecting projects

An aggregate description of the guiding principles for priority axes 1–4 is found under priority axis 1.

2.A.6.3 Planned use of financial instruments

It is possible to set up financial instruments under priority axis 3.

It is required that the financial instrument is established for the purpose of supporting the objective of improving the efficient use of energy resources in SMEs and is an extension of a project on the screening of SMEs with the potential to become more resource and energy efficient, as well as consultancy and mentoring on the unleashing of this potential, including in particular with a view to implementing green business models, cf. priority axis 3.

Experience from the 2007–2013 EU budget period shows, however, that financial instruments are extremely complex and require high volume to be profitable. In order to be able to establish a financial instrument under the programme in the period 2014–2020, it must be proven in advance that there is a general gap in the financial market, which means that the type of capital to be procured by the preferred financial instrument is not available. The gap analysis will have to be provided by the authority designated to submit recommendations, i.e. a regional growth forum.

It is assessed that it will be difficult to find the requisite volume within equity instruments, which is why these will not be permitted. The financial instruments eligible for aid under the programme will thus be foreign capital within selected areas where the financial instrument will serve as support for the thematic objectives defined and never be a general lending instrument.

\textsuperscript{67} Indirect costs (18\% standard rate) from the investment in machinery and equipment may not be calculated.

\textsuperscript{68} Support after 1 July 2014 for the implementation of growth plans in special geographical areas requires the approval of the state-aid map for Denmark for the period 1 July 2014–2020.
Moreover, it is envisaged that it must be private operators who make the credit assessment (possibly with the involvement of an investment committee under the auspices of the private operator) and that they determine whether the enterprise may take out a loan.

In order to be able to establish a financial instrument under priority axis 3, the following minimum requirement must be met:

- the financial instrument applies solely at regional level, cf. Article 38(1)(b).
- A gap analysis – procured by the authority potentially designated as the recommending authority (a growth forum) – must be available no later than at the time of the monitoring committee meeting for the ERDF and ESF operational programmes in the summer of 2015 (probably in June 2015), as part of the preparation of a possible application.
- A declaration from potential applicants, stating that they are preparing an application, must be available no later than at the time of the monitoring committee meeting for the ERDF and ESF operational programmes in the summer of 2015 (probably in June 2015). A tentative budget is to be enclosed.
- The application will be processed by the relevant growth forum in early 2016 and will be received by the Danish Business Agency for a legality check no later than June 2016.
- Parallel to the growth-forum processes, the Danish Business Authority will apply to the Commission for a programme amendment.
- The applicant must make arrangements to provide the part-funding required, i.e. a minimum of 50% of the total budget, including from national, regional, local public and private sources.
- The aim is to bring about a financial instrument with a critical mass, including that there is a reasonable ratio between the instrument’s volume and the expenditure budgeted for administration.

2.A.6.4 Planned use of major projects

Denmark does not use the major projects option.

2.A.6.5 Output indicators by investment priority and by category of region

<p>| Table 5: Common indicators and programme-specific output indicators |
|---|---|---|---|---|---|---|
| ID | Indicators | Measurement unit | Fund | Category of region | Target value (2023) | Data source | Reporting frequency |
| CI | Number of enterprises receiving support | Enterprises | ERDF | More developed regions | 1,280 | Monitoring | Annually |
| CI | Private investment matching public support to enterprises (grants) | EUR | ERDF | More developed regions | 6,600,000 | Monitoring | Annually |
| CI | Estimated annual decrease of GHG | tons of CO2eq | ERDF | More developed regions | 24,000 | Monitoring | Annually |
| PI | Estimated annual decline in energy | GJ | ERDF | More developed regions | 400,000 | Monitoring | Annually |</p>
<table>
<thead>
<tr>
<th>Type of indicator (financial, output or performance indicator)</th>
<th>ID</th>
<th>Definition of indicator</th>
<th>Measure unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>2018 Milestone</th>
<th>Final target (2023)</th>
<th>Data source</th>
<th>Justification of the indicator’s representativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>15,800,000</td>
<td>52,875,600</td>
<td>MA</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>Number of enterprises receiving</td>
<td>Enterpris es</td>
<td>ERDF</td>
<td>More developed</td>
<td>190</td>
<td>1,280</td>
<td>Monitoring</td>
<td></td>
</tr>
</tbody>
</table>
2.4.9. Categories of intervention

Tables 7-10: Categories of intervention

| ERDF – more developed regions |
|---|---|---|---|---|
| **Table 7: Dimension 1** Intervention category | **Table 8: Dimension 2** Type of funding | **Table 9: Dimension 3** Territory | **Table 10: Dimension 4 Territorial supply mechanism** |
| Code | Code | Code | Code | Code |
| 068 | 26,437,800 | 04 | 2,643,780 | 07 | 26,437,800 |
| | | 07 | 23,794,020 | |

| ERDF – transition region |
|---|---|---|---|
| **Table 7: Dimension 1 Intervention category** | **Table 8: Dimension 2 Type of funding** | **Table 9: Dimension 3 Territory** | **Table 10: Dimension 4 Territorial supply mechanism** |
| Code | Code | Code | Code |
| 068 | 6,749,296 | 04 | 674,930 |
| | | 07 | 6,074,366 |
| 068 | 6,749,296 | 01 | 6,749,296 |
| | | 04 | 674,930 |
| | | 07 | 6,074,366 |
2.A.1. PRIORITY AXIS 4: Sustainable green urban development

2.A.2 Explanation for the establishment of a priority axis covering more than one category of region, more than one thematic objective or more than one fund

Refer to priority axis 1.

Priority axis 4, on sustainable green urban development, includes actions under thematic objectives 1 and 4. The purpose of this is to aim for an integrated action vis-à-vis urban areas with a population of more than 30,000. The challenges facing urban areas must therefore be addressed by actions aimed at increasing the percentage of innovative enterprises in major urban areas in endeavours to create greener cities and by actions intended to reduce energy consumption in urban areas, cf. below. As is apparent from section 2.A.6.1, the actions must be included in an integrated urban strategy which includes actions from both thematic objectives. Support for actions under both thematic objectives must be applied for.

The difference in the action under the two thematic objectives and investment priorities is indicated below, but it is worth emphasising that the action under thematic objective 4 can involve SMEs, whereas the action under thematic objective 1 must concern collaboration between enterprises (SMEs) and tertiary-education institutions, product development, technology transfer, applied research or the dissemination of technologies. Moreover, only projects involving waste management may be supported under thematic objective 1, but projects under thematic objective 4 may deal with water, buildings and waste.

As part of preparing a chain of results in an application, it must therefore be clear whether the impact of the action concerned is to increase the percentage of innovative enterprises in major cities in efforts to create greener cities (thematic objective 1) or whether the impact is to reduce energy consumption in urban areas (thematic objective 4). Even if the activities in these two types of action may resemble one another offhand, it should be expected that the focus of the individual actions will differ, including the fact that there will be focus on the innovation process in the involved enterprises under thematic objective 1.

An action will either be supported under thematic objective 1 or thematic objective 4. All other factors being equal, action under thematic objective 1 which focuses on waste management will help to support the development of more sustainable green urban areas, whereas action under thematic objective 4 will also be innovative, seeing that the investment priority under thematic objective 4 deals with promoting innovation within low-carbon technologies. In relation to investments under this priority axis, Denmark’s national action plan for energy efficiency (NEEAP) must be observed wherever relevant.

2.A.3 Fund, category of region and the basis for calculating Union support

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69 According to Article 7(2) of the ERDF regulation and Article 96(1)(c) of the CPR, ERDF-financed action for integrated sustainable urban development must include investment priorities for at least two thematic objectives.
2.A.4 INVESTMENT PRIORITY 1 under priority axis 4:
Investment priority 1 under priority axis 4: Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies (thematic objective 1).

Under priority axis 4, the ERDF must be instrumental in supporting integrated sustainable urban development with particular focus on increasing the percentage of innovative enterprises in selected urban areas with a view to overcoming environmental, energy-related and resource-related challenges and with growth and business development in mind.

Under this priority axis, ERDF action under the objective to strengthen research, technological development and innovation is based on the following investment priorities (Article 5(1)(b) of the ERDF Regulation):

- Promoting business R/I investment, developing links and synergies between enterprises, R&D development centres and the sector for tertiary study programmes, notably to promote investment in the development of products and services, technology transfer, social innovation, environmental innovation, public service applications, stimulating demand, networking, clusters and open innovation through smart specialisation; as well as supporting technological and applied research, pilot lines, actions aimed at fast product validations, advanced manufacturing capabilities and first production, notably within Key Enabling Technologies and dissemination of general purpose technologies.

The above is quoted verbatim from the regulation text. The programme does not provide the option of obtaining support for the implementation of all the activities cited, but only part of them, cf. below.

2.A.5. Specific objectives relating to investment priorities and expected results
The overarching objective of the action under investment priority 1 under priority axis 4 is to increase the number of innovative enterprises in major Danish cities as part of integrated, sustainable and green urban development.

Specific objective:
Increase the number of innovative SMEs in urban areas with a population of more than 30,000.

Table 4: Programme-specific performance indicators per specific objective

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Category of region</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Data Source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of product innovative and/or process innovative SMEs</td>
<td>%</td>
<td>More developed regions</td>
<td>32.2</td>
<td>2012 (covers the period 2010–</td>
<td>Increase the number of innovative SMEs in urban areas</td>
<td>Statistics Denmark</td>
<td>Annually</td>
</tr>
</tbody>
</table>
Note: Product innovation comprises the market introduction of products, such as products or services which are new or significant modified in terms of components, properties, functionality or subsidiary systems. The products must be new for the enterprise, but can possibly have been developed or introduced previously by others. Process innovation comprises new or significantly modified production processes, work flows, distribution methods, or auxiliary functions. The process must be new for the enterprise, but can have been developed or introduced previously by others. Urban municipalities in more developed regions include Greater Copenhagen (except Greve Municipality), Aarhus, Odense, Aalborg, Esbjerg, Randers, Kolding, Vejle, Helsingør, Silkeborg, Fredericia, Viborg, Holstebro, Taastrup and Hillerød. Urban municipalities in transition regions include Roskilde, Næstved, Køge, Slagelse and Greve.

2.A.6. Actions supported under investment priority 1

2.A.6.1 Description of the type and examples of actions which will be supported and the expected contribution to related specific objectives

Background
It is expected that 80% of the EU’s population will live in cities or urban areas by 2020. Enterprises, infrastructure and capital will also be concentrated in urban areas. In the future, most resource consumption and greenhouse-gas emissions will therefore take place in urban areas. The proposal for the EU’s 7th Environment Action Programme emphasises that the urban areas of the EU have central environmental problems in common and that these problems are worsening. This is also true of Denmark.

Urban areas are also predominantly characterised by population growth – most pronounced in Copenhagen and Aarhus, where the population is expected to grow by 19% and 12% respectively over the next decade. In addition, urban areas are frequently relatively vulnerable to environmental challenges, pollution and climate change. Therefore, it is assessed that environmental technologies and methods constitute a significant market potential in the EU and for the rapidly growing urban areas all over the world.

If technologies for solving urban environmental problems can be developed in Danish urban areas, this could create a pronounced market potential in relation to the sale of solutions in major cities and urban areas both within and outside the EU, such as in India, China and Brazil. Innovative waste solutions are one of the actions that is assessed as having market potential for Danish enterprises.

The overarching intervention logic for investment priority 1 under priority axis 4 is shown in Figure 12.

**Figure 12. Intervention logic for priority axis 4, investment priority 1.**

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and objectives for urban areas with a population of more than 30,000 in the whole country (2014–2020)</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>Development of methods and/or technologies. The testing of the method and/or technology concerned within the framework of projects taking place in selected urban areas in Danish towns and cities with a population of more than 30,000. The evaluation of the project and the dissemination of results, including a description of how the action has commercial potential, i.e. the potential to be marketable to other urban areas facing similar sustainability challenges.</td>
<td>Number of enterprises that develop concepts for new products, services or solutions: 15 Estimated reduction of energy consumption: 170,000 GJ Estimated reduction of greenhouse-gas emissions: 8,000 tons of CO2eq</td>
<td>Increase the number of innovative SMEs in urban municipalities</td>
</tr>
<tr>
<td>Other public funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private funds</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Action**

**Contents**

Action under this investment priority should particularly focus on the development of new innovative solutions in urban areas with a population of more than 30,000, including new processes or products in particular. The action *must* concern collaboration between enterprises and tertiary-education institutions, product development, technology transfer, applied research or the dissemination of technologies. Activities characterised as research activities are *not* included in the action.

Considering Denmark’s positions of strength relating to green technology, it is assessed that ERDF funds for sustainable urban development in Denmark can be advantageously associated with SMART green innovative action in major urban areas.

Action under this investment priority to create sustainable urban development must be limited to focusing on a small number of development and demonstration projects in selected urban areas. Activities which can contribute to the specific objective of increasing *the number of innovative SMEs in urban areas with a population of more than 30,000* would be:

1. Development of methods and/or technologies.
2. The testing of the method and/or technology concerned within the framework of projects taking place in selected urban areas in Danish towns and cities with a population of more than 30,000.
3. The evaluation of the project and the dissemination of results, including a description of how the action has commercial potential, i.e. the potential to be marketable to other urban areas facing similar sustainability challenges.

The concept of ‘SMART Urban Innovation’ emphasises – in keeping with the European smart city initiative and smart city innovation partnerships – a wish to particularly support development and testing of methods and technologies which can improve the efficient use of energy and resources in urban areas, but in this context, also focusing on strengthening innovation in SMEs in major urban areas.

Actions that are intended to help to increase the percentage of innovative SMEs in urban areas with a population of more than 30,000 can concern,

- Waste management and prevention in towns, cities and urban areas (the use and recycling of resources, e.g. by means of urban areas’ cradle-to-cradle (cycle): Urban areas are challenged by rising consumption of products, which increases the use of energy and resources in the production, operating and disposal phases. The development of new processes or products that help to increase the percentage of innovative SMEs in urban areas with a population of more than 30,000 could help to overcome a number of challenges relating to energy and resources in major urban areas and could possibly be exported to other major urban areas outside Denmark.

**Urban areas**

The action targets urban areas with a population of more than 30,000, corresponding to the definition of growth and manufacturing towns used in the 2013 National Plan Statement.

Towns, cities and urban areas with a population of more than 30,000: Greater Copenhagen, Aarhus, Odense, Aalborg, Esbjerg, Randers, Kolding, Horsens, Vejle, Roskilde, Herning, Helsingør, Silkeborg, Næstved, Fredericia, Viborg, Køge, Holstebro, Taastrup, Slagelse, Hillerød and Greve.

**Integrated strategies for sustainable urban development**

All municipalities with urban areas with a population of more than 30,000 are eligible to apply for resources from the ERDF to implement integrated urban strategies. As a general rule, all urban areas compete with one another to receive ERDF resources.

The municipality for the urban area in question must present an overarching strategy which appropriately describes an integrated action in terms of the economic, climate, environmental,

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71 Veje til en Bæredygtig Fremtid [The Way to a Sustainable Future], ‘Tænketank om bæredygtigt forbrug og grønne forretningsmodeller’ [Think-tank for sustainable consumption and green business models], 2013, p. 30.
73 e.g., building on lessons learned from EU projects that have been collected and documented in a database at www.concerto.eu.
74 The definition of Greater Copenhagen is based on Statistics Denmark’s definition, so that the action concerns whole municipalities and not only parts of municipalities, which are situated in The Capital Region, i.e.: the municipalities of Copenhagen, Frederiksberg, Albertslund, Brøndby, Gentofte, Gladsaxe, Glostrup, Herlev, Hvidovre, Lyngby-Taarbæk, Rødovre, Tårnby, Vallensbæk, Ballerup, Rudersdal, Furesø and Ishøj. Municipalities with a population of less than 30,000 within the Capital Region of Denmark must apply jointly with neighbouring municipalities to bring the interconnected urban area up to a minimum population of 30,000.
demographic and social challenges in the individual urban areas and which appropriately takes account of promoting cohesion between rural and urban areas and which is based on relevant socio-economic analyses. For a number of years now, Denmark has been allocating national funding for holistic efforts relating to sustainable urban development. Sustainability is also integrated into urban planning and local Agenda 21 strategies.

The ERDF may only finance action within the substantive descriptions under priority axis 4; the integrated urban strategies and activities financed by the ERDF under investment priority 1 must promote SME innovation. This means that enterprises from urban areas with a population of more than 30,000 must participate, whereas enterprises from other areas can participate.

The application for aid from the ERDF must specify:

- the challenges and opportunities in the urban strategy to be addressed by the municipality using ERDF resources under investment priority 1, and how the municipality intends to cope with the challenges and opportunities. In other words, the intended purpose of the ERDF resources must be clearly specified without necessarily having to describe the specific activities in detail.
- The application must describe how the part of the urban strategy to be funded by ERDF resources will become a well-integrated element of the overall strategy and at the same time support the specific objectives of investment priority 1.
- The application must describe how the integrated urban strategy will address relevant financial, climate, environmental, demographic and social challenges in the individual urban areas, in order to illustrate that the integrated urban action embraces a wider spectrum than the action supported by the ERDF. The application must also describe how the remainder of the action is expected to be implemented and why the ERDF-funded part of the action conforms to the Additionality Principle.
- A clear and, if possible, evidence-based, chain of results is to be set up to explain how the action will specifically contribute to sustainable green urban development and increase the number of innovative enterprises, including how ERDF-funded action under investment priority 1 should increase the percentage of innovative SMEs and address the environmental challenges in selected urban areas as part of a strategy for a combined, integrated or urban-planning effort in the urban areas concerned. It can be beneficial to clarify, via the chain of results, exactly what the ERDF resources under priority axis 1 will be used for.
- It should be rendered probable how an action will contribute to boosting the overall development of the urban area concerned and ensure local empowerment.
- If possible, this should be based on previously developed strategies for the development of the urban areas concerned – including municipal development plans and Agenda 21 strategies for sustainable development.

ERDF-funded action will thus be part of an integrated urban strategy. The municipality is responsible for implementing the integrated urban strategy and also for managing the task

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75 The integrated urban strategy should also describe the action to be supported under investment priority 2 (see the description of this). Resources for implementation of this part must be applied for in a separate application.

76 A chain of results is to be drawn up in a separate application for the part of the action that the applicant seeks to fund under investment priority 2 (see the description of this).

Organisation

Municipalities can apply for ERDF resources and select operations for support

The municipality is responsible for implementing the integrated urban strategy and is also responsible for managing the task relating to the selection of operations (projects and activities) that need to be supported by the ERDF.

Only a municipality may be a grant recipient. But the combined integrated actions within the municipality:

- can be developed by a municipal administration unit which submits an application and implements the activities in a context with the rest of the integrated strategy;
- can be developed by a number of stakeholders outside the municipal administration unit who jointly implement a series of activities which the municipality supports and on whose behalf the municipality serves as the grant recipient;
- can be a combination of these two forms.

The activities in an urban area can be implemented in partnerships between, for instance, municipalities, housing associations, educational institutions and research institutes.\(^77\) Private enterprises must participate under investment priority 1.

When the municipality intends to select specific projects and activities to be supported by the ERDF, it must as a minimum give priority to the following:

- the application clearly specifies the activities to be funded by the ERDF, including the activities to be supported under investment priority 1.\(^78\)
- a clear and, if possible, evidence-based chain of results is to be set up to explain how the action will specifically contribute to sustainable green urban development and increase the number of innovative enterprises, including how ERDF-funded action under investment priority 1 is intended to increase the percentage of innovative SMEs and address the environmental challenges in selected urban areas as part of a strategy for a combined, integrated or urban-planning effort in the urban areas concerned;
- the development of methods and/or technologies at the time of application is at such an advanced stage of development that only a limited amount of support is required for further development;
- the development of methods and/or technologies at the time of application is at such an advanced stage of development that the testing phase can be initiated no later than one year after the project begins;
- the application to the ERDF describes how the activities intended to be supported by the ERDF are interrelated with the integrated urban strategy;
- the application describes how the integrated urban strategy is to be implemented, including in particular the activities to be financed by the ERDF.

\(^77\) If a municipality in Greater Copenhagen has a population of less than 30,000, the project must be carried out together with one or more neighbouring municipalities.

\(^78\) Based on the urban strategy, actions under investment priority 2 are also to be selected to a relevant extent.
State aid
State aid for commercial activities in the projects is to be granted in accordance with the rules in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid.

Recommendation committee and administration
A special administrative set-up is to be established for the implementation of priority axis 4.

- The resources are to be implemented by a special recommendation committee with representatives from the Ministry of Housing, Urban and Rural Affairs (chair), the Ministry of the Environment, the Ministry of Climate, Energy and Building, Local Government Denmark, three members jointly recommended by the regional growth forums, as well as two members with technical knowledge about urban areas, e.g. from a knowledge or research institution, recommended by Local Government Denmark.

- The recommendation committee determines the criteria within the programme framework for the use of the funds and announces these in connection with the call for applications. The criteria must be drawn up on the basis of the ERDF programme’s description of the urban action, cf. above.\(^{79}\)

- The administration of the recommendation committee is jointly provided by the Danish Business Authority, the Ministry of Housing, Urban and Rural Affairs, and the Ministry of the Environment to ensure the quality of the recommendations as regards ERDF, urban and environmental technicalities. Communication relating to the implementation (call for applications, announcement of the granting of funds, experience gathering etc.) is to be managed by the Ministry of Housing, Urban and Rural Affairs as coordinator, together with the Ministry of the Environment and the Danish Business Authority (managing authority).

The recommendation committee, which prioritises applications for a share of the resources under priority axis 4, comprises representatives responsible for development in Danish urban areas, including the Ministry of Housing, Urban and Rural Affairs, the Ministry of the Environment and Local Government Denmark (KL). Three representatives represent state authorities and six represent regional and local stakeholders.

After determining the criteria on the basis of the programme strategy, the recommendation committee must issue calls for application from municipalities in one or two rounds during the programme period. Examples of criteria include the extent to which ERDF action is well-integrated into the urban strategy, whether the specific objectives are addressed, and whether the ERDF resources are expected to generate a sufficient impact. Based on the municipally-drafted applications which are within the framework of the programme text, the recommendation committee selects from the applications submitted from the municipalities and recommends a small number of promising operational strategies, which include development and demonstration projects that meet the criteria identified and that are deemed capable of making the biggest contribution to the implementation of the operational programme. As a general rule, all actions are to be launched over a three period, 2014–2016.

As the managing authority, the Danish Business Authority arranges for the monitoring of the urban action under the auspices of the monitoring committee, annual meetings with the European Commission, the progress of the action, financial monitoring, and the issuance of grant contracts and rejections and follow-up case processing/disbursement processing for projects.

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\(^{79}\) The criteria must specify the measurement method and documentation requirements for determining the projects’ output in the form of reducing energy consumption and reducing emissions of greenhouse gases, cf. the output indicators in Table 5.
The municipality manages the task concerning the selection of operations (projects and activities), cf. Article 7(4) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013. This will be specified in the grant contract from the Danish Business Authority. The terms of reporting on the use of ERDF resources will also be specified in the grant contract.

2.A.6.2. Guiding principles for selecting projects
An aggregate description of the guiding principles for priority axes 1–4 is found under priority axis 1.

2.A.6.3 Planned use of financial instruments
Financial instruments are not used under this priority axis.

2.A.6.4 Planned use of major projects
Denmark does not use the major projects option.

2.A.6.5 Output indicators by investment priority and by category of region

Table 5: Common indicators and programme-specific output indicators

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>Target value (2023)</th>
<th>Data Source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI</td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>12</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Number of enterprises that develop concepts for new products or solutions</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>12</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Estimated annual decrease of GHG Tons of CO2eq</td>
<td>Tons of CO2eq</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>6,400</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated annual decline in energy consumption GJ</td>
<td>GJ</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>136,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Number of enterprises receiving support</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>3</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Number of enterprises that develop concepts for new products or solutions</td>
<td>Enterprises</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>3</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>CI</td>
<td>Estimated annual decrease of GHG Tons of CO2eq</td>
<td>Tons of CO2eq</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>1,600</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
<tr>
<td>PI</td>
<td>Estimated annual decline</td>
<td>GJ</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>34,000</td>
<td>Monitoring</td>
<td>Annually</td>
</tr>
</tbody>
</table>
Note:
- The programme-specific indicators concerning a reduction of energy consumption can be calculated for all projects and are therefore included as an output indicator, even if, strictly speaking, they are more like a performance indicator.
- ‘Monitoring’ means that the data history is collected from the individual projects.
- CI is a common indicator and PI is a programme-specific indicator.

2.A.4 INVESTMENT PRIORITY 2 under priority axis 4:

Investment priority 2 under priority axis 4: Promoting research and innovation concerning and the introduction of low-carbon technologies (thematic objective 4).

Under priority axis 4, the ERDF can help to support integrated sustainable urban development by bringing special focus to bear on addressing environmental, energy-related and resource-related challenges in selected urban areas, while maintaining focus on growth and business development.

Under this priority axis, ERDF action under the objective to support the shift towards a low-carbon economy in all sectors is based on the investment priorities (Article 5(4)(f) of the ERDF Regulation):

- Promoting research and innovation in, and adoption of, low-carbon technologies.

2.A.5. Specific objectives relating to investment priorities and expected results

The overarching objective of the action under investment priority 2 on priority axis 4 is to reduce the consumption of energy in major Danish urban areas. As mentioned above, this will at the same time reduce emissions of greenhouse gases and hence contribute to meeting the Europe 2020 target relating to climate change.

Specific objective:
Reduce energy consumption in urban areas with a population of more than 30,000

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measuremen t unit</th>
<th>Category of region</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Data source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy consumption in Danish urban areas with a population of more than 30,000</td>
<td>GJ</td>
<td>More developed regions</td>
<td>46,706,364</td>
<td>2011</td>
<td>Reduced energy consumption</td>
<td>Ministry of Housing, Urban and Rural Affairs</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>Energy consumption in Danish urban areas with a population of more than 30,000</td>
<td>GJ</td>
<td>Transition regions</td>
<td>1,091,371</td>
<td>2011</td>
<td>Reduced energy consumption</td>
<td>Ministry of Housing, Urban and Rural Affairs</td>
<td>Annually</td>
</tr>
</tbody>
</table>

Def.: DBHR energy-consumption data concerning the consumption for all buildings in the 22 relevant urban municipalities, as well as Greater Copenhagen. The consumption for each unit is to be aggregated up to a total number of GJ consumed per area. Before aggregation, all consumption specified by volume is to be eliminated, as this data cannot be easily converted to consumed GJ without
making specific assumptions about type of consumption, pressure, etc. The indicator will be improved in early 2014, including with a conversion from volume units to energy-consumption units and with a specification at urban (rather than municipal) level. Urban municipalities in ‘more developed regions’ include Greater Copenhagen (except Greve Municipality), Aarhus, Odense, Aalborg, Esbjerg, Randers, Kolding, Vejle, Herning, Helsingør, Silkeborg, Fredericia, Viborg, Holstebro, Taastrup and Hillerød. Urban municipalities in ‘transition regions’ (Region Zealand) include Roskilde, Næstved, Køge, Slagelse and Greve.

2.A.6. Actions supported under investment priority 2

2.A.6.1 Description of the type and examples of actions which will be supported and the expected contribution to related specific objectives

Background
As specified in the description under investment priority 1, the vast majority of resource consumption and greenhouse-gas emissions is expected to take place in urban areas in the future, and European urban areas are confronted with a number of environmental problems.

Denmark’s energy consumption is concentrated on activities in Denmark’s urban areas. For this reason, the development of green, energy-efficient and resource-efficient (SMART\(^{80}\)) urban areas plays a crucial part in Denmark’s efforts to reduce emissions of greenhouse gases. The same is true in many rapidly growing cities all over the world.

The European Commission estimates that about 3.5 million European jobs can already contribute right now to the production of green technologies or products. The Commission expects that an additional 1.5 million green jobs can be created by 2020, through initiatives aiming to reduce emissions of greenhouse gases by 25%.

If technologies for solving urban environmental problems can be developed in Danish urban areas, this could create a pronounced market potential in relation to the sale of solutions in major cities and urban areas, including both within and outside the EU, such as in India, China and Brazil, where waste management, access to clean water and air pollution, etc., obstruct future growth.

The overarching intervention logic for investment priority 2 under priority axis 4 is shown in Figure 13.

**Figure 13. Intervention logic for priority axis 4, investment priority 2**

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Output and objectives</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF funds</td>
<td>The development of methods and/or technologies which can result in ‘SMART’ products, which can increase the efficiency of energy and the utilisation of resources in towns, cities and urban areas.</td>
<td>Estimated annual decline in greenhouse-gas emissions: 11,000 GtCO₂eq</td>
<td>Reduced energy consumption in urban areas with a population of more than 30,000</td>
</tr>
<tr>
<td>Other public funds</td>
<td></td>
<td>Expected annual decline in energy consumption: 235,000 GJ</td>
<td></td>
</tr>
<tr>
<td>Private funds</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{80}\) [http://www.mbbl.dk/by/smart-cities/hvad-er-smart-cities](http://www.mbbl.dk/by/smart-cities/hvad-er-smart-cities)
The testing of the method and/or technology concerned within the framework of projects taking place in selected urban areas in Danish towns and cities with a population of more than 30,000.

The evaluation of the project and the dissemination of results, including a description of how the action has commercial potential, i.e. the potential to be marketable to other urban areas facing similar sustainability challenges.

Number of new methods and technologies for sustainable green urban development: 15

### Action

The action under this priority must be particularly focused on energy efficiency on the basis of local challenges and it falls within innovation and incorporation of low-carbon technologies. In addition, the action can concern collaboration between enterprises and tertiary education institutions, product development, technology transfer, applied research or the dissemination of technologies. Activities characterised as research activities are not included in the action.

For a number of years now, Denmark has been allocating national funding for holistic efforts relating to sustainable urban development. Sustainability is also integrated into urban planning and local Agenda 21 strategies.

Considering Denmark’s positions of strength relating to green technology, it is assessed that in Denmark ERDF funds for sustainable urban development can be advantageously associated with SMART green innovative action in major urban areas.

ERDF action under investment priority 2 to create sustainable urban development is limited to focusing on a small number of development and demonstration projects in selected urban areas. Activities which can contribute to the specific objective of reducing energy consumption in urban areas with a population of more than 30,000 under the heading Smart Urban Innovation will be:

1. The development of methods and/or technologies which can result in ‘SMART’ products, which can increase the efficiency of energy and the utilisation of resources in towns, cities and urban areas.
2. The testing of the method and/or technology concerned within the framework of projects taking place in selected urban areas in Danish towns and cities with a population of more than 30,000.

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According to [http://www.realdania.dk/filantropiske-programmer/byer-for-mennesker/intelligente-byer---smarte-løsninger](http://www.realdania.dk/filantropiske-programmer/byer-for-mennesker/intelligente-byer---smarte-løsninger), smart products are technological, e.g. solutions which have a major impact and reduce resource consumption. The starting point can be a known technology that is then used in a new manner.
3. The evaluation of the project and the dissemination of results, including a description of how the action has commercial potential, i.e. the potential to be marketable to other urban areas facing similar sustainability challenges.

The concept of ‘SMART Urban Innovation’ emphasises – in keeping with the European smart city initiative and smart city innovation partnerships – a wish to particularly support the development and testing of methods and technologies which can improve the efficient use of energy and resources in urban areas.

Actions, which must clearly demonstrate how energy consumption in urban areas with a population of more than 30,000 can be reduced, can concern one or more of the following three thematic areas:

1. **Climate, water and urban areas:** Urban development, planning and management of water in urban areas is crucial to prospects of optimising the consumption of energy and resources in society. A number of correlations can be singled out where efficient water management in urban areas through smart urban solutions, new environmental technology and technological development has favourable outcomes for the energy and resource agenda. The project can involve the development and testing of methods and/or technology to improve the efficient use of energy and resources in urban areas.

2. **Urban buildings:** Twenty per cent of total carbon emissions comes from housing and 30–40% of energy is consumed in buildings. Thus, there are also potential savings in ensuring the energy efficiency of buildings. It should be noted, however, that the actual renovation of a building is not eligible for aid. The project can involve the development and testing of methods and/or technology to increase the energy efficiency of buildings.

3. **Waste management and prevention in towns, cities and urban areas (the use and recycling of resources, e.g. by means of urban areas’ cradle-to-cradle (cycle):** Urban areas are challenged by rising consumption of products, which increases the use of energy and resources in the production, operating and disposal phases. Improved efficient use of energy and resources in the manufacturing of products and services, the procurement of green, eco-friendly products and the reduction of central waste fractions, such as food waste, electronics, paper, packaging, water, etc., all adds up to tremendous potential for reducing the carbon footprint of urban areas. Accordingly, using products which during their lifecycle reduce the environmental and energy-related impact and reduce waste in central areas can help to reduce urban areas’ climate footprint. The project can involve the development and testing of methods and/or technology to improve the efficient use of energy and resources in urban areas.

**Urban areas**

The action targets urban areas with a population of more than 30,000, corresponding to the definition of growth and manufacturing towns used in the 2013 National Plan Statement.

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82 Veje til en Bæredygtig Fremtid [The Way to a Sustainable Future], ‘Tænketank om bæredygtigt forbrug og grønne forretningsmodeller’ [Think-tank for sustainable consumption and green business models], 2013, p. 30.
84 Grønnere Danmark [Greener Denmark], Local Government Denmark, 2012.
85 Climate Plan of the Danish Government: På vej mod et samfund uden drivhusgasser [Heading towards a society without greenhouse gases], August 2013.
Towns, cities and urban areas with a population of more than 30,000: Greater Copenhagen, Aarhus, Odense, Aalborg, Esbjerg, Randers, Kolding, Horsens, Vejle, Roskilde, Herning, Helsingør, Silkeborg, Næstved, Fredericia, Viborg, Køge, Holstebro, Taastrup, Slagelse, Hillerød and Greve.

Integrated strategies for sustainable urban development

All municipalities with urban areas with a population of more than 30,000 are eligible to apply for resources from the ERDF to implement integrated urban strategies. As a general rule, all urban areas compete with one another to receive ERDF resources.

The municipality of the urban area in question must present an overarching strategy which, to a relevant extent, describes an integrated effort in relation to the economic, climate, environmental, demographic and social challenges in the individual urban areas and which takes account of promoting cohesion between rural and urban areas and which, to a relevant extent, is based on relevant socio-economic analyses. For a number of years now, Denmark has been allocating national funding for holistic efforts relating to sustainable urban development. Sustainability is also integrated into urban planning and local Agenda 21 strategies.

The ERDF may only finance action within the substantive descriptions under priority axis 4; the integrated urban strategies and activities financed by the ERDF under investment priority 2 must promote the incorporation of low-carbon technologies. Actions which additionally support collaboration between enterprises and tertiary-education institutions, product development, technology transfer, applied research or the dissemination of technologies must be given higher priority than projects which promote only innovation and the incorporation of low-carbon technologies.

The application for support from the ERDF should specify:

- the challenges and opportunities in the urban strategy to be addressed by the municipality using ERDF resources under investment priority 2, and how the municipality intends to cope with the challenges and opportunities. In other words, the intended purpose of the ERDF resources must be clearly specified without necessarily having to describe the specific activities in detail.
- The application must describe how the part of the urban strategy to be funded by ERDF resources will become a well-integrated element of the overall strategy and at the same time support the specific objectives of investment priority 2.
- The application must describe how the integrated urban strategy will address relevant financial, climate, environmental, demographic and social challenges in the individual urban areas, in order to illustrate that the integrated urban action embraces a wider spectrum than the action supported by the ERDF. The application must also describe how the remainder of

---

86 The definition of Greater Copenhagen is based on Statistics Denmark’s definition, so that the action concerns whole municipalities and not only parts of municipalities, which is situated in The Capital Region, i.e.: the municipalities of Copenhagen, Frederiksberg, Albertslund, Brøndby, Gentofte, Gladsaxe, Glostrup, Herlev, Hvidovre, Lyngby-Taarbæk, Rødovre, Tårnby, Vallensbæk, Ballerup, Rudersdal, Furesø og Ishøj. Municipalities with a population of less than 30,000 within the Capital Region of Denmark must apply jointly with neighbouring municipalities to bring the interconnected urban area up to a minimum population of 30,000.

87 The integrated urban strategy should also describe the action intended to be supported under investment priority 1 (see the description of this). Resources for implementation of this aspect must be applied for in a separate application.
the action is expected to be implemented and why the ERDF-funded part of the action conforms to the Additionality Principle.

- A clear and, if possible evidence-based, chain of results is to be set up to explain how the activities will specifically contribute to sustainable green urban development, including reduce energy consumption and greenhouse-gas emissions, including how ERDF-funded action under investment priority 2 is intended to reduce energy consumption in major urban areas and address environmental and climate challenges in selected urban areas as part of a strategy for a combined, integrated or urban-planning effort in the urban areas concerned. It can be beneficial to clarify, via the chain of results, exactly what the ERDF resources under priority axis 2 will be used for.  
- It should be rendered probable how an action will contribute to boosting the overall development of the urban area concerned and ensuring local empowerment.  
- If possible, this should be based on previously developed strategies for the development of the urban areas concerned – including municipal development plans and Agenda 21 strategies for sustainable development.

ERDF-funded action will thus be part of an integrated urban strategy. The municipality is responsible for implementing the integrated urban strategy and also for managing the task concerning the selection of operations (projects and activities), cf. Article 7(4) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013.

**Organisation**

*Municipalities can apply for ERDF resources and select operations for support*

The municipality is responsible for implementing the integrated urban strategy and is also responsible for managing the task relating to the selection of operations (projects and activities) that need to be supported by the ERDF.

Thus, only the municipality may be a grant recipient. But the combined holistic actions within the municipality:

- can be developed by a municipal administration unit which submits an application and implements the activities in a context with the rest of the integrated strategy;
- can be developed by a number of stakeholders outside the municipal administration unit who jointly implement a series of activities which the municipality supports and on whose behalf the municipality serves as the grant recipient;
- can be a combination of these two forms.

The activities in an urban area can be implemented in partnerships between, for instance, municipalities, housing associations, educational institutions, research institutes and private enterprises. Private enterprises can participate under investment priority 2.

When the municipality is to select specific projects and activities to be supported by the ERDF, it must as a minimum give priority to the following:

---

88 A chain of results should be drawn up in a separate application for the part of the action that the applicant seeks to fund under investment priority 1.

89 If a municipality in Greater Copenhagen has a population of less than 30,000, the project must be carried out together with one or more neighbouring municipalities.
the application clearly specifies the activities to be funded by the ERDF, including the activities to be supported under investment priority 2.\textsuperscript{90}

- the action has a clear and, if possible evidence-based, chain of results to explain how the activities will specifically contribute to sustainable green urban development, including reduce energy consumption and greenhouse-gas emissions, including how ERDF-funded action under investment priority 2 is intended to reduce energy consumption in major urban areas and address environmental and climate challenges in selected urban areas as part of a strategy for a combined, integrated or urban-planning effort in the urban areas concerned;

- the development of methods and/or technologies at the time of application is at such an advanced stage of development that only a limited amount of support is required for further development;

- the development of methods and/or technologies at the time of application is at such an advanced stage of development that the testing phase can be initiated no later than one year after the project begins;

- the application to the ERDF describes how the activities intended to be supported by the ERDF are interrelated with the integrated urban strategy;

- the application describes how the integrated urban strategy is to be implemented, including in particular the activities to be financed by the ERDF.

**State aid**

State aid for commercial activities in the projects is to be granted in accordance with the rules in the EU’s General Block Exemption Regulation. Alternatively as de minimis aid

**Recommendation committee and administration**

A special administrative set-up is to be established for the implementation of priority axis 4. Refer to the description under investment priority 1 under priority axis 4.

2.A.6.2. *Guiding principles for selecting projects*

An aggregate description of the guiding principles for priority axes 1–4 is found under priority axis 1.

2.A.6.3 *Planned use of financial instruments*

Financial instruments are not used under this priority axis.

2.A.6.4 *Planned use of major projects*

Denmark does not use the major projects option.

2.A.6.5 *Output indicators by investment priority and by category of region*

**Table 5: Common indicators and programme-specific output indicators**

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicators</th>
<th>Measurement unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>Target value (2023)</th>
<th>Data Source</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI</td>
<td>Estimated annual Tons of CO2eq</td>
<td>ERDF</td>
<td>More developed</td>
<td>8,800</td>
<td>Monitoring</td>
<td>Annually</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{90} Based on the urban strategy, actions under investment priority 1 are are also to be selected to a relevant extent.
### 2.A.8. Performance framework

**Table 6: Performance framework for the priority axis**

<table>
<thead>
<tr>
<th>Type of indicator (financial, output or performance indicator)</th>
<th>ID</th>
<th>Definition of indicator</th>
<th>Measurement unit</th>
<th>Fund</th>
<th>Category of region</th>
<th>2018 Milestone</th>
<th>Final target (2023)</th>
<th>Data source</th>
<th>Justification of the indicator’s representativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td>Eligible expenses</td>
<td>EUR</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>12,300,000</td>
<td>16,459,616</td>
<td>MA</td>
<td>Includes only investment priority 2, which is allocated 80% of the axis’ resources</td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>No. of new methods and technologies for sustainable green urban development</td>
<td>Number of concepts</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>6</td>
<td>12</td>
<td>Monitoring</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

- Upon completion, all demonstration and development projects will be assessed by a group of experts who will assess the novelty value of the developed method/technology, and assess its potential, including whether the method/technology can be expected to spread to urban areas other than the area or areas covered by the demonstration and development project. Only methods/technologies with novelty value and the potential for further proliferation will be included in the indicator.
- The programme-specific indicators concerning a reduction of energy consumption can be calculated for all projects and are therefore included as an output indicator, even if, strictly speaking, they are more like a performance indicator.
- ‘Monitoring’ means that the data history is collected from the individual projects.
- CI is a common indicator and PI is a programme-specific indicator.
<table>
<thead>
<tr>
<th>Financial expenses</th>
<th>Eligible expenses</th>
<th>EUR</th>
<th>ERDF</th>
<th>Transition regions</th>
<th>2,600,000</th>
<th>3,501,640</th>
<th>MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>No. of new methods and technologies for sustainable green urban development</td>
<td>Number of concepts</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>1</td>
<td>3</td>
<td>Monitoring</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>065</td>
<td>1,645,962</td>
<td>01</td>
<td>8,229,808</td>
<td>01</td>
<td>6,583,846</td>
<td>07</td>
<td>8,229,808</td>
</tr>
<tr>
<td>068</td>
<td>6,583,846</td>
<td>02</td>
<td>1,645,962</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
<th>Code</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>065</td>
<td>420,197</td>
<td>01</td>
<td>2,100,984</td>
<td>02</td>
<td>2,100,984</td>
<td>07</td>
<td>2,100,984</td>
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<tr>
<td>068</td>
<td>1,680,787</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.A.9. Categories of intervention

Tables 7–10: intervention categories

<table>
<thead>
<tr>
<th>Table 7: Dimension 1 Intervention area</th>
<th>Table 8: Dimension 2 Type of funding</th>
<th>Table 9: Dimension 3 Territory</th>
<th>Table 10: Dimension 4 Territorial supply mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code</td>
<td>€</td>
<td>Code</td>
<td>€</td>
</tr>
<tr>
<td>------</td>
<td>---</td>
<td>------</td>
<td>---</td>
</tr>
<tr>
<td>065</td>
<td>1,645,962</td>
<td>01</td>
<td>8,229,808</td>
</tr>
<tr>
<td>068</td>
<td>6,583,846</td>
<td>02</td>
<td>1,645,962</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 7: Dimension 1 Intervention category</th>
<th>Table 8: Dimension 2 Type of funding</th>
<th>Table 9: Dimension 3 Territory</th>
<th>Table 10: Dimension 4 Territorial supply mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code</td>
<td>€</td>
<td>Code</td>
<td>€</td>
</tr>
<tr>
<td>------</td>
<td>---</td>
<td>------</td>
<td>---</td>
</tr>
<tr>
<td>065</td>
<td>420,197</td>
<td>01</td>
<td>2,100,984</td>
</tr>
<tr>
<td>068</td>
<td>1,680,787</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.B. Description of the priority axis for technical assistance

2.B.1. PRIORITY AXIS 5: Technical assistance

2.B.2 Explanation for the establishment of a priority axis covering more than one category of region
A single TA priority is chosen for both the transition region and more developed regions because the substantive and administrative requirements are the same in both categories of region.

The managing, payment and audit authority for ERDF and ESF is the same for both categories of region.

A common case-management flow has already been built up for both categories of region for the processing of applications, the issuance of grants and the payment of subsidies from both the ERDF and the ESF. In this context, the same IT system is used for collecting and sharing data for reporting, following up on results, etc. Similarly, all control units have access to these IT systems for the purpose of organising and implementing controls.

For common information and communication tasks, there is also a need for uniform communication in relation to programme content, possibilities and results, regardless of category of region.

2.B.3 Fund and category of region
[only SFC-relevant]

2.B.4. Specific objective and expected results

Specific objective: The programme must be implemented without delay by means of efficient case processing and high-quality project implementation.

Expected results are not specified, as technical assistance to the ERDF programme does not exceed EUR 15 million.

2.B.5. Performance indicators
Technical assistance to the ERDF programme does not exceed EUR 15 million, which precludes the need for a performance indicator.

2.B.6. Supported actions and their expected contribution to the specific objectives

2.B.6.1. Supported actions and their expected contribution to the specific objectives
Generally speaking, this will involve the implementation of the requisite activities which the Member State and the regional authorities are under an obligation to carry out pursuant to national rules and the regulations, cf. Articles 125–127 of CPR on the tasks of the managing, payment and audit authority, as well as Articles 114–117 on evaluation, information and communication.

For instance, this involves:

- determining the selection criteria and eligibility rules
- reviewing applications and drawing up a case-processing procedure to enable selection and recommendation to the authority responsible for issuing grants
- making decisions in cases recommended for support or rejection
the managing authority’s checking of submitted project accounts, including following up on activities and milestones and forwarding subsidy to the final beneficiaries

- advising applicants and beneficiaries about rules (including state-aid rules), documentation requirements and procedures
- maintaining and developing IT systems to be used for applications, case processing, financial management, impact measurement, information and controlling projects
- carrying out control of supported projects and administrative systems/authorities
- supporting growth-forum secretariats and other authorities to which aspects of the management task are delegated, e.g. some of the work involving information, assessment and recommendation of applications, as well as follow-up on and assessment of results. Holding separate courses concerning state-aid rules for all growth-forum secretariats
- preparing the mandatory implementation reports and annual reports, including following up on the performance reserve and any unusual information about financial instruments, as well as holding a yearly meeting with the European Commission, as required
- setting up and providing administrative services to the Monitoring Committee
- following up on and, if necessary requesting changes to the Partnership Agreement and programmes
- drawing up a communication strategy and providing information to applicants and the public
- drawing up an evaluation plan and ensuring support for the implementation of evaluations
- ensuring the basis for payment requests. From 2015 onwards, a payment request must be sent at least once a year to the European Commission.

The expenses will include wages, external consultancy, expenses for meetings, seminars, conferences, etc., expenses for courses and training, travel and accommodation, procurement of materials and equipment (including IT equipment), as well as other operating expenditure.

2.B.6.2 Output indicators that are expected to contribute to results (per priority axis)

### Table 13: Output indicators

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicator (name of indicator)</th>
<th>Measurement unit</th>
<th>Milestone (2023)(^1) (\text{(voluntary)})</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Processing time</td>
<td>%</td>
<td>---</td>
<td>Specified in TAS (subsidy administration system)</td>
</tr>
<tr>
<td>21</td>
<td>N+3</td>
<td>EUR</td>
<td>---</td>
<td>Payment requests</td>
</tr>
<tr>
<td>22</td>
<td>Annual error rate</td>
<td>%</td>
<td>---</td>
<td>Declarations from audit authority</td>
</tr>
<tr>
<td>23</td>
<td>Large-scale information activities, cf. Article 115 and Annex XII of Regulation (EU) No 1303/2013</td>
<td>Number</td>
<td></td>
<td>Determined annually by the managing authority</td>
</tr>
<tr>
<td>24</td>
<td>Programme evaluations carried out by external evaluators</td>
<td>Number</td>
<td></td>
<td>Determined annually by the managing authority</td>
</tr>
<tr>
<td>25</td>
<td>Control visits at the projects by the managing authority and the audit authority</td>
<td>Number</td>
<td></td>
<td>Determined annually by the managing authority and the audit authority</td>
</tr>
<tr>
<td>26</td>
<td>Participants in training activities</td>
<td>Number</td>
<td></td>
<td>Determined annually by the managing authority and central auditor</td>
</tr>
<tr>
<td>27</td>
<td>FTEs</td>
<td>Number</td>
<td></td>
<td>Determined annually by the managing authority</td>
</tr>
</tbody>
</table>

\(^1\) Target values for output indicators under technical assistance are voluntary.
Note: For case-processing times, it is intended that a decision is to be reached concerning 95% of all recommended projects within 30 working days after the Danish Business Authority receives complete information. For error rates, the aim is to hold the annual error rates at a maximum of 2%.

2.B.7. Categories of intervention

Tables 14-16: Categories of intervention

<table>
<thead>
<tr>
<th>Table 14: Dimension 1 Intervention category</th>
<th>Table 15: Dimension 2 Type of aid</th>
<th>Table 16: Dimension 3 Territory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code</td>
<td>€</td>
<td>Code</td>
</tr>
<tr>
<td>121 – more developed</td>
<td>5,740,291</td>
<td>01 – more developed</td>
</tr>
<tr>
<td>122 – more developed</td>
<td>765,372</td>
<td></td>
</tr>
<tr>
<td>123 – more developed</td>
<td>1,148,058</td>
<td></td>
</tr>
<tr>
<td>121 – transition regions</td>
<td>1,465,436</td>
<td>01 – transition regions</td>
</tr>
<tr>
<td>122 – transition regions</td>
<td>195,392</td>
<td></td>
</tr>
<tr>
<td>123 – transition regions</td>
<td>293,087</td>
<td></td>
</tr>
</tbody>
</table>
### 3. Financing Plan for the Operational Programme

#### 3.1. Total Financial Allocation from Each Fund and Sums from the Performance Reserve (EUR)

**Table 17**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>4,513,888</td>
<td>288,121</td>
<td>4,644,738</td>
<td>286,475</td>
<td>5,076,972</td>
<td>324,132</td>
<td>6,129,042</td>
<td>391,216</td>
<td>6,251,674</td>
<td>399,043</td>
<td>6,376,756</td>
<td>407,027</td>
<td>6,504,534</td>
<td>415,170</td>
<td>39,498,504</td>
</tr>
<tr>
<td>2</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>16,126,965</td>
<td>1,029,381</td>
<td>16,687,163</td>
<td>1,065,138</td>
<td>19,016,701</td>
<td>1,133,832</td>
<td>24,963,228</td>
<td>1,593,397</td>
<td>25,462,649</td>
<td>1,622,757</td>
<td>25,972,054</td>
<td>1,657,790</td>
<td>26,491,627</td>
<td>1,690,955</td>
<td>154,720,387</td>
</tr>
<tr>
<td>3</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>18,126,965</td>
<td>1,029,381</td>
<td>16,687,163</td>
<td>1,065,138</td>
<td>19,016,701</td>
<td>1,133,832</td>
<td>24,963,228</td>
<td>1,593,397</td>
<td>25,462,649</td>
<td>1,622,757</td>
<td>25,972,054</td>
<td>1,657,790</td>
<td>26,491,627</td>
<td>1,690,955</td>
<td>154,720,387</td>
</tr>
<tr>
<td>4</td>
<td>ERDF Total</td>
<td>26,641,853</td>
<td>1,317,562</td>
<td>21,331,061</td>
<td>1,361,611</td>
<td>24,094,773</td>
<td>1,557,964</td>
<td>31,092,270</td>
<td>1,984,613</td>
<td>31,714,323</td>
<td>2,024,318</td>
<td>32,348,810</td>
<td>2,064,817</td>
<td>32,995,961</td>
<td>2,106,125</td>
<td>194,218,891</td>
<td>12,386,950</td>
</tr>
<tr>
<td>5</td>
<td>ERDF Total</td>
<td>26,641,853</td>
<td>1,317,562</td>
<td>21,331,061</td>
<td>1,361,611</td>
<td>24,094,773</td>
<td>1,557,964</td>
<td>31,092,270</td>
<td>1,984,613</td>
<td>31,714,323</td>
<td>2,024,318</td>
<td>32,348,810</td>
<td>2,064,817</td>
<td>32,995,961</td>
<td>2,106,125</td>
<td>194,218,891</td>
<td>12,386,950</td>
</tr>
</tbody>
</table>
### Table 18a: Financing plan for the operational programme

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Fund</th>
<th>Category of region</th>
<th>Basis of calculation for Union support</th>
<th>Union support</th>
<th>National contribution</th>
<th>Recommended breakdown of the national contribution</th>
<th>Total financing</th>
<th>Part-funding rate</th>
<th>For information</th>
<th>Primary allocation</th>
<th>Performance reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>National public financing</td>
<td>National private financing</td>
<td></td>
<td></td>
<td>Union support</td>
<td>National contribution</td>
</tr>
<tr>
<td>Priority axis 1</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,291,820</td>
<td>10,861,213,33</td>
</tr>
<tr>
<td>Priority axis 1</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>28,976,405</td>
<td>17,385,843</td>
<td>11,590,562</td>
<td>7,302,054</td>
<td>4,288,508</td>
<td>28,976,405</td>
<td>0.60</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Priority axis 1</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>136,204,870</td>
<td>68,102,435</td>
<td>68,102,435</td>
<td>42,904,534</td>
<td>25,197,901</td>
<td>136,204,870</td>
<td>0.50</td>
<td>63,817,017</td>
<td>63,817,017,00</td>
</tr>
<tr>
<td>Priority axis 2</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Priority axis 2</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>23,049,413</td>
<td>13,829,648</td>
<td>9,219,765</td>
<td>6,914,824</td>
<td>2,304,941</td>
<td>23,049,413</td>
<td>0.60</td>
<td>-</td>
<td>12,959,403</td>
</tr>
<tr>
<td>Priority axis 2</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>108,344,783</td>
<td>54,172,391</td>
<td>54,172,392</td>
<td>40,629,294</td>
<td>13,543,098</td>
<td>108,344,783</td>
<td>0.50</td>
<td>-</td>
<td>50,763,536</td>
</tr>
<tr>
<td>Priority axis 2</td>
<td>ERDF</td>
<td>Total</td>
<td>131,394,196</td>
<td>68,002,039</td>
<td>63,392,157</td>
<td>47,544,118</td>
<td>15,848,039</td>
<td>131,394,196</td>
<td>0.52</td>
<td>-</td>
<td>63,722,939</td>
</tr>
<tr>
<td>Priority axis 3</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Priority axis 3</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>11,248,827</td>
<td>6,749,296</td>
<td>4,499,531</td>
<td>3,374,648</td>
<td>1,124,883</td>
<td>11,248,827</td>
<td>0.60</td>
<td>-</td>
<td>6,324,589</td>
</tr>
<tr>
<td>Priority axis 3</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>52,875,600</td>
<td>26,437,800</td>
<td>26,437,800</td>
<td>19,828,350</td>
<td>6,609,450</td>
<td>52,875,600</td>
<td>0.50</td>
<td>-</td>
<td>24,774,174</td>
</tr>
<tr>
<td>Priority axis 3</td>
<td>ERDF</td>
<td>Total</td>
<td>64,124,427</td>
<td>33,187,096</td>
<td>30,937,331</td>
<td>23,202,998</td>
<td>7,734,333</td>
<td>64,124,427</td>
<td>0.52</td>
<td>-</td>
<td>31,098,763</td>
</tr>
<tr>
<td>Priority axis 4</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Priority axis 4</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>3,501,640</td>
<td>2,100,984</td>
<td>1,400,656</td>
<td>1,190,580</td>
<td>210,098</td>
<td>3,501,640</td>
<td>0.60</td>
<td>-</td>
<td>1,968,777</td>
</tr>
<tr>
<td>Priority axis 4</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>16,459,616</td>
<td>8,229,808</td>
<td>8,229,808</td>
<td>6,995,337</td>
<td>1,234,471</td>
<td>16,459,616</td>
<td>0.50</td>
<td>-</td>
<td>7,711,939</td>
</tr>
<tr>
<td>Priority axis 4</td>
<td>ERDF</td>
<td>Total</td>
<td>19,961,256</td>
<td>10,330,792</td>
<td>9,630,466</td>
<td>8,185,895</td>
<td>1,444,569</td>
<td>19,961,256</td>
<td>0.52</td>
<td>-</td>
<td>9,680,716</td>
</tr>
<tr>
<td>Priority axis 5</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Priority axis 5</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>3,256,525</td>
<td>1,953,915</td>
<td>1,302,610</td>
<td>-</td>
<td>3,256,525</td>
<td>1,953,915</td>
<td>0.60</td>
<td>-</td>
<td>1,302,610,00</td>
</tr>
<tr>
<td>Priority axis 5</td>
<td>ERDF</td>
<td>More developed regions</td>
<td>15,307,442</td>
<td>7,653,721</td>
<td>7,653,721</td>
<td>-</td>
<td>15,307,442</td>
<td>7,653,721</td>
<td>0.50</td>
<td>-</td>
<td>7,653,721</td>
</tr>
<tr>
<td>Priority axis 5</td>
<td>ERDF</td>
<td>Total</td>
<td>18,563,967</td>
<td>9,607,636</td>
<td>8,956,331</td>
<td>-</td>
<td>18,563,967</td>
<td>9,607,636</td>
<td>0.52</td>
<td>-</td>
<td>9,607,636</td>
</tr>
<tr>
<td>Total</td>
<td>ERDF</td>
<td>Less developed regions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>ERDF</td>
<td>Transition regions</td>
<td>70,032,810</td>
<td>42,019,686</td>
<td>28,013,124</td>
<td>20,294,792</td>
<td>7,718,332</td>
<td>70,032,810</td>
<td>0.60</td>
<td>39,498,504</td>
<td>26,332,336,00</td>
</tr>
</tbody>
</table>

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Table 18C Financing plan specified according to priority axis, fund, category of region and thematic objective, EUR

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Fund</th>
<th>Category of region</th>
<th>Thematic objective</th>
<th>Union support</th>
<th>National contribution</th>
<th>Total financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority axis 1</td>
<td>ERDF</td>
<td>Transition region</td>
<td>Thematic objective 1:</td>
<td>17,385,843</td>
<td>11,590,562</td>
<td>28,976,405</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More developed regions</td>
<td>Thematic objective 1:</td>
<td>68,102,435</td>
<td>68,102,435</td>
<td>136,204,870</td>
</tr>
<tr>
<td>Priority axis 2</td>
<td>ERDF</td>
<td>Transition region</td>
<td>Thematic objective 3:</td>
<td>13,829,648</td>
<td>9,219,765</td>
<td>23,049,413</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More developed regions</td>
<td>Thematic objective 3:</td>
<td>54,172,391</td>
<td>54,172,392</td>
<td>108,344,783</td>
</tr>
<tr>
<td>Priority axis 3</td>
<td>ERDF</td>
<td>Transition region</td>
<td>Thematic objective 4:</td>
<td>6,749,296</td>
<td>4,499,531</td>
<td>11,248,827</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More developed regions</td>
<td>Thematic objective 4:</td>
<td>26,437,800</td>
<td>26,437,800</td>
<td>52,875,600</td>
</tr>
<tr>
<td>Priority axis 4</td>
<td>ERDF</td>
<td>Transition region</td>
<td>Thematic objectives 1 and 4</td>
<td>2,100,984</td>
<td>1,400,656</td>
<td>3,501,640</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More developed regions</td>
<td>Thematic objectives 1 and 4</td>
<td>8,229,808</td>
<td>8,229,808</td>
<td>16,459,616</td>
</tr>
<tr>
<td>TOTAL</td>
<td>ERDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>183,652,949</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>380,661,154</td>
</tr>
</tbody>
</table>

(2) This rate can be rounded to the closest round number in the table. The exact repayment rate is the ratio (f).
### Table 19: Recommended support share used for climate-change objective

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Recommended support share used for climate-change objective (EUR)</th>
<th>Share of the total allocation for the operational programme (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>9,403,711</td>
<td>4.55%</td>
</tr>
<tr>
<td>3.</td>
<td>33,187,096</td>
<td>16.06%</td>
</tr>
<tr>
<td>4.</td>
<td>10,330,792</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>52,921,599</td>
<td>25.61%</td>
</tr>
</tbody>
</table>

Table 19 automatically generated in SFC.
4. **INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT**

See the description in the Partnership Agreement.

**4.1 LOCAL DEVELOPMENT STRATEGIES**
See the Partnership Agreement.

**4.2 SUSTAINABLE URBAN DEVELOPMENT**
Five per cent of the ERDF funds are to be used for sustainable urban development and are to be implemented as an independent priority, cf. priority axis 4.

ESF funds are not used for this action.

**Table 20: Share of ERDF for sustainable urban development**

<table>
<thead>
<tr>
<th>Fund</th>
<th>ERDF and ESF support (EUR)</th>
<th>Percentage of the total programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF, total</td>
<td>10,330,792.06</td>
<td>5.0%</td>
</tr>
<tr>
<td>TOTAL ERDF + ESF</td>
<td>10,330,792.06</td>
<td>5% of ERDF</td>
</tr>
</tbody>
</table>

**4.3 INTEGRATED TERRITORIAL INVESTMENT (ITI)**
See the Partnership Agreement.

**4.4 Interregional and transnational actions with beneficiaries located in at least one other Member State**
Not applicable. See the description under 4.5.

**4.5. PROGRAMME CONTRIBUTION TO MACRO-REGIONAL AND SEA-BASIN STRATEGIES**

The action plan for the EUSBSR\(^{92}\) contains a number of objectives and sub-objectives. Denmark will support the implementation of the strategy with, inter alia, the action to be implemented under the ERDF. With its overarching focus on growth and competitiveness, the programme largely supports the two sub-objectives of the strategy dealing with the implementation of the Europe 2020 Strategy and the competitiveness of the Baltic Sea Region. The EAFRD and EMFF programmes can provide a substantial contribution as they support the sub-objectives dealing with clear water in the sea, rich and healthy nature and better collaboration. In addition, the EAFRD programme supports the sub-objective dealing with adaptation to climate change and the EMFF supports the sub-objective dealing with better collaboration, cf. the description in the Partnership Agreement. Coordination with these two programmes will, inter alia, take place under the auspices of the national action group for the EUSBSR, which is expected to be established under the auspices of the Danish Ministry of Foreign Affairs in the autumn of 2014.

The nature of the ERDF operational programme’s specific expected contributions to the action plan are illustrated below (Figure 14), where the overarching correlation between investment priorities, objectives and indicators in the programme and the EUSBSR’s action plan are shown. By means of a series of specific outputs, ERDF action will contribute to achieving several performance targets of the EUSBSR (action plan).

**Figure 14. Correlation between the ERDF and the EUSBSR’s action plan**

<table>
<thead>
<tr>
<th>ERDF thematic objective</th>
<th>Sub-objectives, EUSBSR action plan</th>
<th>Output indicators, ERDF programme</th>
<th>Result indicators, EUSBSR action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening research, technological development</td>
<td>- Contribute to the implementation of</td>
<td>Number of enterprises collaborating with</td>
<td>- Employment rate</td>
</tr>
</tbody>
</table>

\(^{92}\)European Commission, February 2013.
<table>
<thead>
<tr>
<th>and innovation</th>
<th>Europe 2020 - Improved competitiveness</th>
<th>knowledge institutions, private investment, number of enterprises developing concepts for new products/solutions, number of enterprises supported with a view to creating a product/solution which is new on the market, number of enterprises supported for the purpose of creating a product/solution which is new to the enterprise.</th>
<th>- Productivity - R&amp;D expenditure - GDP growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen SME competitiveness</td>
<td>- Contribute to the implementation of Europe 2020 - Improved competitiveness</td>
<td>Anticipated number of new high-growth enterprises, expected job creation at supported SMEs, expected turnover generated in supported SMEs.</td>
<td>- Employment rate - Productivity - GDP growth</td>
</tr>
<tr>
<td>Support the shift to low-carbon economy in all sectors</td>
<td>- Contribute to the implementation of Europe 2020 - Improved competitiveness</td>
<td>Annual reduction of greenhouse-gas emissions, expected annual reduction of energy consumption, expected annual reduction of material consumption.</td>
<td>- Employment rate - Productivity</td>
</tr>
</tbody>
</table>

In practice, as part of the processing of the individual project, the project will be assessed in terms of whether it supports the objectives and sub-objectives of the EUSBSR and thus must be designated as the special regional type for macro-regional collaboration areas included in the categorisation system.

Separate resources will not be earmarked for projects under the EUSBSR, but it will be determined how ERDF projects related to the EUSBSR will contribute to achieving the objectives of the EUSBSR plan. The indicators associated with the axis 1 of the ERDF programme will therefore specify the ERDF action’s contribution to increasing the R&D expenditure in the Baltic Sea Region. And the indicators associated with the axis 2 of the ERDF programme will measure the ERDF action’s contribution to increasing the employment rate in the Baltic Sea Region. ERDF action will also contribute to increasing the growth of productivity and GDP in the Baltic Sea Region, but it will not be possible to quantify this contribution by means of the programme indicators. This type of assessment would require more in-depth evaluations of ERDF action related to the Baltic Sea Region.

Two options for supporting transnational activities are required under this programme:

a) Projects explicitly focusing on the EUSBSR at the time of application. At the time of application, these projects will be able to describe the circle of partners in both their own country and in the countries with which they are collaborating. Regional growth forums can choose to give such projects higher priority than other projects in their regional selection criteria.

b) Projects that have already obtained a grant from the structural funds will be able to apply for a supplementary grant for a transnational superstructure. This type of project enlargement to include a transnational element would be relevant if, during the project process, the project sees opportunities to work together with similar projects in other Baltic Sea countries. As this will typically involve high costs for collaboration activities, these costs would be eligible for support, and the term of the project could similarly be extended. For projects recommended by a regional growth forum, a supplementary grant would require a positive recommendation from the growth forum in question to the managing authority.
For both a) and b), it will not be possible for players from other countries to be able to receive support as financial partners, i.e. it will not be possible to disburse support from Denmark’s structural fund programmes on the basis of these partners’ non-invoiced expenses. On the other hand, foreign players can be suppliers to projects under the programmes.

To be eligible for aid, the projects must be within the framework of priority axes 1–4 and must otherwise meet the programme requirements and guiding principles. As for other projects, the funding of such projects will comprise a contribution from the ERDF and national part-funding of at least 50% of the project expenses.

5. Specific Needs in Geographical Areas Most Affected by Poverty or Target Groups at Highest Risk of Discrimination or Social Exclusion

5.1 Geographical Areas Most Affected by Poverty/Target Groups at Highest Risk of Discrimination

See the Partnership Agreement.

5.2 The strategy of the operational programme to address the specific needs of geographical areas/target groups most affected by poverty

See the Partnership Agreement.

6. Specific Needs in Geographical Areas Suffering from Severe or Permanent Natural or Demographic Handicaps

The Act on Business Promotion and Regional Development states that the task of the regional growth forums is to monitor commercial development in the peripheral area of the region. Growth forums must prepare a contribution to the regional growth and development strategy dealing with business and growth-oriented segments. As part of the contribution to the growth and development strategy, the growth forums must describe the action for peripheral areas. The growth forums’ description of peripheral areas may include:

- strengths and challenges in peripheral areas;
- actions intended to establish a link between peripheral areas with the growth forum’s actions within the prioritised regional positions of strength;
- special action areas with local potential;
- a description of how local and regional resources can be involved in the implementation of the action.

The peripheral-area actions are expected to be evaluated by external evaluators, including as part of the Danish Growth Council’s follow-up of the peripheral-area actions. This will maintain focus on generating results and sharing experiences between appropriate players.

The peripheral areas in the 2014–2020 period are defined by combining an earned income criterion with a distance (driving time) criterion, so that peripheral areas are municipalities which meet the following two criteria:

- the municipality’s per capita earned income is less than 90% of the national average (average over the past 3 years)
- it is more than a half-hour drive to a major urban area, which is defined as having more than 45,000 inhabitants (Greater Copenhagen, Aarhus, Odense, Aalborg, Esbjerg, Randers, Kolding, Horsens, Vejle, Roskilde, Herning and Helsingør).

Twenty-three municipalities meet these two criteria, cf. Figure 12: Bornholm, Frederikshavn, Guldborgsund, Hjørring, Jammerbugt, Langeland, Lolland, Læsø, Morso, Norddjurs, Odsherred, Samsø, Skive, Slagelse, Struer, Svendborg, Sønderborg, Thisted, Tønder, Vesthimmerland, Vordingborg, Ærø and Aabenraa. In addition are the
27 small Danish islands,\(^93\) which are not part of the municipalities mentioned. A total of 940,000 people reside in these areas.

**Figure 15.** Peripheral-area municipalities are defined as municipalities with per capita earned income below 90% of the national average and with at least half an hour’s drive to a major urban area (23 municipalities).

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### 7. AUTHORITIES AND BODIES RESPONSIBLE FOR MANAGEMENT, CONTROL AND AUDIT AND THE ROLE OF RELEVANT PARTNERS

#### 7.1. Relevant authorities and bodies

**Table 23: Relevant authorities and bodies**

<table>
<thead>
<tr>
<th>Authority/body</th>
<th>Name of authority/body</th>
<th>Person in charge of authority/body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management authority</td>
<td>Danish Business Agency, Department of Business Development and International Relationships, Area for Regional Business Development</td>
<td>Preben Gregersen (Regional Manager)</td>
</tr>
<tr>
<td>Certifying authority</td>
<td>Danish Business Agency, Administration Secretariat</td>
<td>Lars Øllgaard (Head of Administration)</td>
</tr>
<tr>
<td>Audit authority</td>
<td>Danish Business Agency, Department of Business Conditions and Regulation</td>
<td>Victor Kjær (Deputy Director)</td>
</tr>
<tr>
<td>Payment authority</td>
<td>Danish Business Agency, Administration Secretariat</td>
<td>Lars Øllgaard (Head of Administration)</td>
</tr>
</tbody>
</table>

#### 7.2. Involvement of the relevant partners

\(^{93}\) Agersø, Avernakø, Bjørnø, Bågø, Egholm, Endelave, Hjarnø, Lyø, Mándø, Nekselø, Omø, Orø, Sejerø, Tunø, Venø and Åro
7.2.1. Role of the relevant partners in the preparation, implementation, monitoring and evaluation of the operational programme

1) Brief summary of the involvement of partners in the programming process

As the managing authorities for the ERDF/ESF and EAFRD respectively, the Danish Business Authority (Ministry of Business and Growth) and the Danish AgriFish Agency (Ministry of Food, Agriculture and Fisheries) have given priority to involving players which either have a significant technical interest in and knowledge of the challenges to be addressed by means of the ESI funds or will contribute to the implementation of the programmes. The combined process relating to the drafting of the Partnership Agreement and the ESI-Fund programmes is described in the Partnership Agreement. Only the process concerning the operational programmes is described below.

On 28 September 2012, a start-up workshop for the ESF and ERDF programmes was held. A common inter-fund ESI strategy was discussed by the Danish Growth Council on 8 November 2012 in the light of the presentation of the European Commission’s Position Paper.

The Danish Business Authority provided information about the status of efforts evolving the programmes at meetings with the monitoring committee for the ESF and ERDF programmes on 15 November 2012, 7 June 2013 and 15 November 2013.

As part of the programming process, an inter-ministerial expert monitoring group (public officials) comprising the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Employment, the Ministry of Children, Gender Equality, Integration and Social Affairs, the Ministry of Climate, Energy and Building, the Ministry of the Environment, the Ministry of Higher Education and Science, the Ministry of Education, the Ministry of Housing, Urban and Rural Affairs and Nordic Collaboration, the Ministry of Economic Affairs and the Interior, the Ministry of Food, Agriculture and Fisheries, and the Ministry of Business and Growth. The inter-ministerial group of public officials have held four meetings and have sent the operational programmes for written consultation.

The Danish Business Authority has held bilateral meetings with relevant ministries, organisations and associations, and the Agency has held presentations concerning the ERDF and the ESF, in part for growth forum secretariats (attended by public servants from the Danish Regions, municipalities, trade organisations, knowledge and educational institutions and representatives of management and labour organisations) and in part for the regional growth forums (at political level). Meetings have been held on an ongoing basis concerning the programmes with the regional growth forum secretariats (28 January 2013, 8 March 2013, 29 April 2013, 21 June 2013 and 2 December 2013). Drafts of the programmes were sent for public consultation in the period from 9 July to 3 September 2013.

The Partnership has been involved by means of the presentation of the regulatory framework and draft programmes which the Partnership has been given the opportunity to comment on and help to qualify, after which new drafts were prepared. In other words, the involvement of the Partnership has been an iterative process which has endeavoured to determine the content of the operational programmes taking into consideration relevant interests in the light of Danish challenges, etc., and other national actions. Concurrent with the preparation of the operational programmes, an external evaluator (Cowi) has carried out ex ante evaluation of the programmes. The ex ante evaluations were carried out as an interactive, iterative process between the evaluator and the Danish Business Authority.

2) Involvement of partners, cf. Article 5, in the implementation, monitoring and evaluation of the programme

Together with the European Commission, the national partnership is involved in the implementation, monitoring and evaluation of the action.
At regional level, the regional growth forums will be the focal point for business development, and growth forums are formally affiliated with the administration by way of their role as authorising bodies, cf. Article 123(6) in the Regulation laying down common provisions for the ESI Funds. In this capacity, the growth forum secretariats receive technical assistance. Each growth forum includes municipal policy representatives who thus participate in deciding how the structural fund resources are to be allocated. Other members of the growth forums include the region, management and labour organisations, business organisations and knowledge and educational institutions. The regional employment councils and regional growth forums have mutual observer status on one another’s councils.

Resources of the order of 7.5% are earmarked under the ERDF programme and the ESF programme for a national fund which is implemented centrally. Relevant transregional projects based on, for example, growth plans, the Danish Government’s upcoming strategy for Denmark as a manufacturing country and e.g. the EUSBSR will be eligible for support. Here, the Danish Government will have the option of launching projects of interest in more than one region, and the Danish Government will be able to enter into collaboration with growth forums by providing financial assistance. A national funding pool must be implemented within the framework stipulated by the operational programmes.

The monitoring committee for the ERDF and ESF programmes follow the implementation of the programmes. This is done by means of bi-annual meetings and by the committee members having the possibility of recommending evaluation and analysis initiatives to ensure the successful implementation of the programmes; the committee can also require other types of adaptation or audit of the programmes. In connection with discussing selected topics, e.g. evaluations, selection criteria or communication, the committee members will be invited to take part in subgroups which monitor the work of the managing authority in more detail.

The members of the monitoring committee are relevant ministries, regional growth forums, and regional (Danish Regions) and municipal (Local Government Denmark) partners, relevant stakeholder organisations, management and labour organisations and the European Commission. The stakeholder organisations include, e.g., the Association of Small Danish Islands, the Danish Institute for Human Rights and associations for the disabled, while management and labour are represented by means of trade unions and business organisations. For the period 2014–2020, the authorities responsible for the national point of contact, the Danish priority areas and the EUSBSR will also be invited to participate.

**8. Coordination between the Funds, the EAFRD, the EMFF and other Union and national funding instruments and with the EIB**

See the Partnership Agreement.

**9. Ex ante conditionalities**

**9.1. Ex ante conditionalities**

The Partnership Agreement contains a section on ex-ante conditionality in general. In this section, the focus is solely on the prerequisite for smart specialisation.

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95 Excluding TA, the urban action and EURES. The Danish Business Authority is the managing authority for this national funding pool. According to the Act on the Administration of the ERDF and ESF, the Minister for Business and Growth determines the use of the national funding pool following consultation with the Danish Growth Council.
Denmark possesses sub-elements which jointly can substantiate that Denmark meets the ex-ante conditionality concerning smart specialisation. The elements are found in the growth forums’ regional growth and development strategies, the national innovation strategy, the recommendations of growth teams, etc. The elements are presented in a separate appendix.

At an overarching level, the agreements on regional growth partnerships, which are entered into each year between the Government and the regional growth forums, contribute to strengthening the parties’ collaboration on the action for growth and business development. The regional growth partnerships also contribute to coordinating the action between the three levels, as both regional and municipal governments are directly involved in the regional growth forums.

The number of ministries and the growth forums also work together in the forum for the cluster and network action, which is intended to support cluster development in Denmark and ensure cohesion among local, regional, national and international actions. The forum should contribute to ensuring 1) a coherent regional–national cluster and network infrastructure which covers important business areas in Denmark with growth and development potential; 2) adequate critical mass in clusters with strong development potential; and 3) preventing inexpedient overlapping in the cluster structure. Hence, the cluster forum also contributes to supporting smart specialisation.

The ERDF programme gives priority to the fact that the implementation takes place on the basis of regional smart specialisation and the regional strategic priorities.

**Table 24: Ex ante conditionalities and compliance with these**

<table>
<thead>
<tr>
<th>Ex ante conditionalities</th>
<th>Priority axis to which the conditionality applies</th>
<th>Conditionality complied with: Yes, No, or Partially</th>
<th>Criteria fulfilled: Yes or No</th>
<th>Reference (reference to strategies, laws or other relevant documents)</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The existence of a national or regional research and innovation policy framework for smart specialisation – and possible contributions to private research and innovation expenses, cf. the national reform programme</td>
<td>Priority axis 1 – Strengthen SME innovation</td>
<td>Yes</td>
<td>Yes</td>
<td>As part of the preparation of the ERDF programme, an annex outlining the combined Danish action relating to innovation and development of clusters, as well as smart specialisation, including:</td>
<td>The annex substantiates that, by means of the aggregate strategies mentioned, Denmark can be deemed to have a smart specialisation strategy which comprises both a national, level, and a smart specialisation for each region.</td>
</tr>
</tbody>
</table>
9.2 Description of actions to fulfil ex ante conditionalities
None: the ex ante conditionalities are complied with.

10. Reduction of the administrative burden for beneficiaries
As indicated in the Partnership Agreement (section 2.6), the administrative burden is planned to be reduced as follows:

Certain types of cost are to be exempt from eligibility, if they are considered minor sums on average. This helps to achieve a short, easy-to-manage list specifying the expenses which can be included in the project accounts, thereby reducing the administrative burdens relating to the reporting of project-relevant expenses.

In addition, simplifying the rules for calculating eligible wage expenses is under consideration, which will also reduce the amount of time spent by projects on reporting. The simplifications will be backed up by improved and more targeted communication of rules and requirements. How best to achieve this is the subject of a development task launched in 2012 and which is expected to be completed before the end of 2013.

In 2011, Denmark introduced a flat rate of 18% of the direct costs for covering all other costs. The continuation of this rule in the next period is under consideration, as the lessons learned from projects which use the flat rate show that it results in administrative simplifications for beneficiaries. The current programme period includes projects that were launched before the introduction of the flat-rate rule. The full extent of the simplification will therefore not be achieved until the rule has been implemented for all projects.

The rules for specifying wage expenses eligible for aid are to be simplified. This initiative will make it simpler for beneficiaries to correctly specify expenses eligible for aid, thus enabling beneficiaries to save time. The simplification is expected to be introduced with the adoption of new support eligibility rules.

11. Horizontal principles

11.1. Sustainable development
It is basically intended under the ERDF to make a positive contribution to sustainable development, cf. Article 8 of the CPR. Thus, the ERDF cannot be used to implement already applicable requirements for reducing environmental impact, including e.g. the implementation of statutory requirements for individual enterprises’ environmental efforts or clean-up after previous pollution.
To the extent that support is granted under the ERDF for the implementation of initiatives directly affecting enterprises, such as the purchase of equipment, including machinery or other technology capable of promoting productivity in the Danish business community, support will be contingent on the fact that the equipment and its use complies with applicable regulations, both national and EU regulations. It must be endeavoured to ensure that any solution funded via the ERDF is as eco-friendly as possible. It will be up to the enterprises which receive support from the fund to ensure that applicable legislation is complied with and that the enterprises endeavour to use solutions which are the most eco-friendly.

As a minimum, it must be endeavoured to neutralise the environmental impact of actions under the ERDF. Positive environmental impact will take precedence.

If, contrary to expectation, it turns out that ERDF-funded initiatives have a negative environmental impact, the responsibility for clean-up or similar will be the sole responsibility of the beneficiary.

11.2. Equal opportunity and non-discrimination

Non-discrimination and accessibility for persons with disabilities are general principles in Danish society, and Denmark’s current rules of law governing discrimination and accessibility must be observed by projects. In addition, public authorities must observe the UN Convention on the Rights of Persons with Disabilities, which describes universal design and accessibility not only to buildings but also to products and services in general.

The ERDF targets SMEs and not specific groups of individuals. No applicant will be prevented from applying for or qualifying for aid under the ERDF on the basis of gender, race or ethnicity, religion or beliefs, disabilities, age or sexual orientation. The above-mentioned personal factors, except for age if the application is submitted by an individual below the age of 18, will not be included in an assessment of an application. The assessment will only include factors of significance to the implementation of the project or compliance with the application terms.

In the implementation of the programme, steps will be taken to ensure that the principles of non-discrimination and equal opportunity, including access, are complied with. If more than one of the applications are deemed to be of the same quality in other respects, priority must be given to applications that best take account of equal opportunity and non-discrimination. In addition, the requirements of the European Commission’s evaluation guide and the ERDF regulation concerning the registration of various participant characteristics will be met, and it is not assessed as being necessary to introduce additional monitoring or evaluation initiatives.

Accessibility

Danish legislation which implements the programmes under the ESI Funds will stipulate the conditions for receiving aid. Applications for ESI funds can be sent to the relevant authorities which are the point of entry for the funds, cf. Chapter 2 of the Partnership Agreement. The Danish Business Authority’s website complies with current Danish regulations about accessibility for persons with disabilities.

11.3. Equality between men and women

Pursuant to Danish law, discriminatory gender-based treatment is prohibited for all employers, authorities and organisations within public administration and general enterprise.

In addition, the action under the programme is aimed at growth and development in SMEs and not at specific individuals or groups of individuals, even though the action naturally requires that individuals are involved in the implementation of the specific activities which are launched as part of the implementation of the programme.

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96 Danish Act on Ethnic Equal Treatment; Act on Prohibition Against Discrimination in the Labour Market; Act on Gender Equality; Act on Equal Pay for Men and Women, etc.
97 The Act on Equal Rights of Men and Women
The provisions of Danish legislation are therefore assessed as being adequate for ensuring equal opportunity for men and women, and the action under the programme is basically organised without having purposes relating to gender politics. For these reasons, it is assessed as not relevant to set forth additional provisions on this in the ERDF programme or in special monitoring or evaluation initiatives that go further than the requirements in the European Commission’s evaluation guide and the ERDF regulation’s annex on common indicators. The consideration of gender equality will also be observed in the selection of project, cf. section 11.2 above.

The overarching coordination and monitoring of the programmes is to be performed by the monitoring committee for the ERDF and ESF, cf. section 7.2.1. Procedures for setting up the committee will be introduced to ensure, inter alia, the equal representation of men and women.

The consideration of equal representation of men and women will similarly be observed for the establishment of regional growth forums.

12. SEPARATE ELEMENTS

12.1. A LIST OF MAJOR PROJECTS, THE IMPLEMENTATION OF WHICH IS PLANNED DURING THE PROGRAMMING PERIOD

Major projects are not predicted to be implemented under the programme.

12.2. PERFORMANCE FRAMEWORK OF THE OPERATIONAL PROGRAMME

[only SFC-relevant]

12.3. Relevant partners involved in preparing the operational programme

The list includes partners that have been involved in the programming process by means of meetings, informal written consultation, invitation to and participation in workshops.

Active Denmark Tourism Organisation
Agency of Science, Technology and Innovation
Association New Dane
Association of Business Service Suppliers (Foreningen af Erhvervsservice Leverandører)
Association of Danish Accountants (FDR)
Association of Danish Law Firms
Association of Danish Mortgage Banks
Association of Small Danish Islands
BAT-Kartellet (Danish Workers Employed in Construction and Woodworking Sectors)
Capital Region of Denmark
Central Denmark Region
CO-industri (Central Organisation of Industrial Employees)
Confederation of Danish Employers (DA)
Confederation of Danish Industry
Confederation of Danish Trade Unions
Confederation of Salaried Employees and Civil Servants (FTF)
Courts of Denmark
DANIAmet Secretariat
Danish Academy of Technical Sciences (ATV)
Danish Accreditation and Metrology Fund (DANAK)
Danish Agriculture and Food Council
Danish AgriFish Agency

98 The requirement for a performance reserve in case of technical assistance is pending negotiations on the performance reserve.
Danish Association of Architectural Firms
Danish Association of Consulting Engineers (FRI)
Danish Association of Entrepreneurs (Dansk Iverksætter Forening)
Danish Association of Inventors
Danish Association of Managers and Executives
Danish Association of Rural Villages (Landsforeningen af Landsbyssamfund)
Danish Bankers Association
Danish Building Research Institute
Danish Chamber of Commerce
Danish Company Appeals Board (Erhvervsankenævnet)
Danish Competition and Consumer Authority
Danish Confederation of Professional Associations (AC)
Danish Construction Association
Danish Consumer Council
Danish Disability Council
Danish Employers’ Association for Industrial and Construction Enterprises
Danish Federation of Small and Medium-Sized Enterprises
Danish FSA
Danish Insurance Association
Danish IT Industry Association (ITB)
Danish Maritime Authority
Danish Metalworkers’ Union
Danish National Audit Office (Rigsrevisionen)
Danish Nature Agency
Danish Patent and Trademark Office
Danish Ports
Danish Red Cross
Danish Regions
Danish Safety Technology Authority
Danish Shipowners’ Association
Danish Society of Engineers (IDA)
Danish Trade Council
Danmarks Idrætsforbund (Danish Organisation of Sports)
Danske Restauranter og Caféer (Association of Danish Restaurants and Cafés)
Data Protection Agency
Denmark’s Growth Council
Disabled People’s Organisations Denmark
Economic Council of the Labour Movement
European Commission, Directorate-General for Employment
European Commission, Directorate-General for Regional and Urban Policy
Forum for International Cooperation (FIC)
Growth Forum, Capital Region of Denmark
Growth Forum, Central Denmark Region
Growth Forum, North Denmark Region
Growth Forum, Region Zealand
Growth Forum, Regional Municipality of Bornholm
Growth Forum, South Denmark Region
GTS – Advanced Technology Group
GTS – Advanced Technology Group (Sammenslutningen af Danmarks Godkendte Serviceinstitutter (GTS))
HK
HORESTA
Landdistrikternes Fællesråd (Joint Council of Rural Areas)
LHM A/S
LO, the Danish Confederation of Trade Unions
Local Government Denmark
Ministry for Economic Affairs and the Interior
Ministry of Business and Growth
Ministry of Children, Gender Equality, Integration and Social Affairs
APPENDICES (uploaded to SFC 2014 as separate files):

- Draft of ex ante evaluation, including summary, and non-technical summary of the environmental report.
- Figures in the programme
- State aid appendix
- Guiding principles for selecting projects – section 2.A.6.2