Programme for
The European Social Fund
in Denmark
2007–2013

Regional Competitiveness and Employment

“More and Better Jobs”

27 March 2007
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1. Introduction

1.1 Context

The starting point of the Danish Structural Fund policy for the period 2007-2013 is the European Council’s desire for the EU Structural Funds – the European Social Fund and the European Regional Development Fund – to contribute to realising EU cohesion policy, which contributes to the attainment of the Lisbon Agenda of sustainable growth, competitiveness and employment.

The Cohesion Policy already contributes to the Lisbon Agenda. The Community’s strategic guidelines for 2007–2013 indicate that the cohesion policy has major macro-economic implications, affecting overall growth and competitiveness throughout the EU.

The cohesion policy mobilises the growth potential that exists in all regions for the benefit of the overall development of the EU. The prerequisite for the EU to realise the Lisbon Agenda is that all regions – and particularly regions with the greatest potential for higher productivity and employment – will have a role to play.

The Lisbon Agenda has three overall dimensions – economic, social and environmental. Under the new strategy, the priorities for these three pillars are divided into three overall issues:

1. Knowledge and innovation – the driving force for sustainable growth, through improvement of investments in research and development, promotion of innovation, application of information technology and communication technology and contribution to a strong European industrial base.

2. An area that is attractive to invest and work in through development of the Single Market, improvement of European and national regulation, securing of open and competitive markets in and outside Europe and expansion and improvement of European infrastructure, and

3. Growth and employment for the benefit of social cohesion by making it more attractive for people to obtain and remain in work, improving the adaptability of the workforce and the business community and the flexibility of the labour market, and increasing the investments in human capital through better education and skills.

The Community’s strategic guidelines constitute the overall framework for the future Structural Fund policy. The Community has proposed that programmes which receive support from the Structural Funds must aim towards investments in knowledge, innovation, research capacity and better general and vocational education and training, so that employees obtain the necessary qualifications to handle these global challenges.

programme, Denmark has prepared a national strategic reference framework which forms the framework for this programme for the European Social Fund in Denmark.

It emerges from the strategic reference framework that, as far as Denmark is concerned, there is a need – viewed in the light of the challenges of globalisation and the need to strengthen the EU’s overall competitiveness and employment – to focus Structural Fund policy on two overall areas, namely “innovation and knowledge” and “more and better jobs”.

Denmark as a whole is covered in the period 2007–2013 by the Structural Fund aim for regional competitiveness and employment. In accordance with the general regulation, this aim must contribute to strengthening the competitiveness of the regions as well as employment, inter alia through activities that increase trade via increased investments in human resources, innovation, the development of the knowledge society, entrepreneurship, protection of the environment, increased accessibility, adaptation of workforce competencies to the demands of enterprises and the development of new job markets.

As far as Denmark is concerned, there is a strong desire to focus Structural Fund policy and apply the funds where they are primarily expected to contribute best to increased growth, competitiveness and job creation within the frameworks of the Community’s strategic guidelines for 2007–2013, the Regulations and Denmark’s strategic reference framework. EU Structural Fund policy in Denmark must contribute to making additional efforts to develop framework conditions for enterprise competitiveness and improve enterprise-development opportunities, taking account of different regional needs, with a view to securing Denmark’s overall growth and competitiveness.

The Structural Fund policy must supplement the other national growth policy efforts, especially through greater strategic efforts that contribute to increased regional growth and employment.

Taking Denmark’s national strategic reference framework as the starting point, four “growth drivers” are applied: development of human resources, utilisation of new technology, establishment and development of new enterprises and innovation, knowledge sharing and knowledge building.

Growth drivers are the hub of the Danish national business policy, cf. the Act on Trade and Industry Development. And with a view to securing cohesive and focused EU-initiated national and regional business policy efforts, it is therefore natural that these four growth drivers should also become the hub for Danish EU Structural Fund policy based on the frameworks established in the Regulations, including the ERDF and ESF regulations.

In addition, there are a number of crosscutting issues. These include issues relating to areas facing structural difficulties, rural districts and urban areas, equal opportunity and environment and general employment-related issues – the issue of national employment policy.

1 According to the Act on Trade and Industry Development, regional councils, via these regional growth forums, can only co-finance business development activities within the following areas: innovation, knowledge sharing and knowledge building, utilisation of new technology, establishment and development of new enterprises, development of human resources, including development of regional competencies, growth and development in the tourist trade, and development activities in areas facing structural difficulties.
Growth drivers are identified in the Lisbon Agenda, and the Community’s strategic guidelines for 2007–2013 emphasise that one of the ways of contributing to fulfilment of the Lisbon Agenda is by investing in the development of growth drivers.

Based on this regulatory framework and the national business policy, including those four growth drivers, the strategic framework for application of the EU Structural Funds in Denmark is summarised in the following Figure 1.1:

*Figure 1.1 Strategic framework for the application of the EU Structural Funds in Denmark*

<table>
<thead>
<tr>
<th>Innovation and knowledge</th>
<th>More and better jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of human resources</td>
<td></td>
</tr>
<tr>
<td>Establishment and development of new enterprises</td>
<td></td>
</tr>
<tr>
<td>Innovation, knowledge sharing and knowledge building</td>
<td></td>
</tr>
<tr>
<td>Utilisation of new technology</td>
<td></td>
</tr>
</tbody>
</table>

- Areas facing structural difficulties, rural areas and urban areas
- Equality policy
- Environmental policy
- Employment policy

It emerges that Danish efforts for regional competitiveness and employment will be focused towards the main policy areas of “more and better jobs” and “better knowledge and innovation to secure growth” in the Community’s strategic guidelines.

When the new EU Structural Fund period takes effect on 1 January 2007, the Danish local authority reform also enters into force. This will change the administrative structure of Denmark. The counties will be abolished. Five regions will be established. The five regions are: North Jutland, Central Jutland, Southern Denmark, Zealand and Copenhagen (including Bornholm). Local authorities will be combined to form a total of 98. At the same time, there will be a comprehensive change in the structure of tasks.

The simultaneous coming into effect of the new Structural Fund period and the local authority reform provides an opportunity to secure co-ordinated national and EU-initiated efforts for regional competitiveness and employment, cf. below.
1.2 Coordinating the ESF with the National Reform Programme and growth policy

In the Council Regulation on the European Social Fund, it is emphasised that the ESF must support implementation of the Member States’ policies in accordance with the European employment strategy and the related recommendations addressed to the Member States in connection with it, as is made clear in the Danish National Reform Programme (NRP).

The relevant goals from EU policies established in connection with NAP Inclusion (national action plans for social and employment “inclusion” of marginalised groups), the principles of non-discrimination, promotion of equal opportunity and aims formulated at the Lisbon and Gothenburg summits are also included in the EU’s political and legal framework for ESF efforts.

Furthermore, in the Council’s communication of 27 February 2006 (07.03) (SOC 96, ECOFIN 67, SAN 45) concerning a “new framework for the open method of co-ordination of policies concerning social security and social integration policies in the EU”, it was emphasised that the Structural Fund programmes, including the ESF, must ensure effective co-ordination of policies regarding social integration and at all levels promote social security and cohesion.

In New Goals, the government’s platform from February 2005, focus is brought to bear on key areas of employment policy that are intended to contribute to increasing the supply of labour, cf. Denmark’s National Reform Programme of 2005. The conclusion of the Welfare Agreement in 2006 involves a medium-term employment effect that is below the target set in the National Reform Programme (October 2005) relating to a sustainable rise in employment of 50,000 people up to 2010, but that this was countered by a strikingly greater rise in employment in the following years. During the course of 2007, the government will prepare a multi-year plan for the Danish economy, including, if relevant, new employment targets. As a result of the conclusion of the Welfare Agreement, employment is estimated to increase by 126,000 people up to 2040 (13,000 in 2010); see also the table below.

| Table 1.1 |
|------------------|-------|-------|-------|-------|
| Employment boost by means of the Welfare Agreement, 2010–2040, 1,000 people | 2010 | 2015 | 2025 | 2040 |
| Labour market and integration | 13 | 13 | 14 | 13 |
| Education, training, etc. | -2 | -3 | 10 | 16 |
| Deferred retirement from the labour market | 2 | 4 | 86 | 96 |
| Total | 13 | 14 | 110 | 126 |

In addition, there is the contribution of the government’s multi-year action plan to get more disabled people into jobs (2,000 people per year) and the government’s fourteen targeted initiatives for tailoring action for people with learning disabilities and other marginalised groups, which may bring them closer to the labour market or into education.
The general business, employment and education policy efforts are made through the sector policies in these areas. The additional ESF policy will be shaped on the basis of the broader growth policy, and as far as Denmark is concerned, will focus on enterprises having access to the requisite qualified workforce as part of strengthening of enterprise competitiveness.

This is completely in line with the Danish National Competency Accounts presented in December 2005. These emphasise that “the workplace is a significant arena for development, where individuals may have rich opportunities for self-development within particular frameworks (forms of organisation, management-related factors, relations with colleagues, etc.).”

These crosscutting EU issues of employment policy and equal opportunity are relevant to the overall programme. Employment issues and equal-opportunity issues are mainstreamed within all priorities and growth drivers in accordance with the general Danish equality policy.

The crosscutting EU issues of environment and outlying areas, urban areas and rural districts are included in a number of examples of efforts, and these issues can and should be addressed throughout the programme area generally.

The special urban issues may be said to fall into two categories. First, it is well known that large urban areas have relatively large concentrations of socially marginalised people. Urban areas have some special problems with ghettoisation which mean that the ways of dealing with these different fields of action in connection with development of human resources perhaps need to be different. Thus, for example, within an urban area there may also be grounds to consider initiatives of a bridge-building nature.

Secondly, large urban areas and especially Greater Copenhagen are increasingly becoming motors of growth in the overall (knowledge) economy. The towns/cities have a role, inter alia through the further education institutions, as a bridge-builder to the international community and the knowledge and resources that exist. Measured in terms of GDP, the Greater Copenhagen region thus represents 38 per cent of the Danish economy, and 7 of the country’s 12 universities are located there.

The programme monitoring will include registration of which projects involve crosscutting issues, for example involving the environment, equal opportunity and outlying or urban areas.

Development of the quality of the human resources is a concern of the whole ESF Programme. The examples of efforts within the three other growth drivers, innovation, new technology and implementation, are all efforts that also aim at development of the human resources in a broader sense. The background to this is, of course, the fact that, on the basis of the demographic trends and with a lower proportion of the population being of working age, the human resources will become an even more scarce resource.
2 Socio-economic description of the strengths and weaknesses of the Danish regions

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

At the same time, the regional differences in Denmark are modest measured by an international yardstick. However, as in the rest of the EU, there is a trend for economic progress to be particularly high in and around the larger urban areas, especially in Greater Copenhagen, but less marked in sparsely populated districts. This applies especially in the geographically areas facing structural difficulties, which have experienced migration away and falling employment in recent years.

Common to all the Danish regions is the fact that, inter alia as a result of globalisation, they face significant challenges in the years ahead, including adapting to more knowledge-based and innovative production, upgrading the qualifications of the workforce, strengthening the number of growth entrepreneurs and increasing the occupational rate to counteract the demographically-induced reduction in the workforce.

The socio-economic situation in Denmark as a whole and in the Danish regions is described below. The description paints a picture of the most important regional challenges that the Structural Fund-financed efforts must contribute to removing.

2.1 Geography

In the Structural Fund period 2007–2013, the whole of Denmark will be covered by the aim of regional competitiveness and employment. As a starting point, all districts of the country can thus receive support from the funds under the auspices of this aim. This is the starting point for the following description of strengths and weaknesses, opportunities and threats compared to the opportunities to strengthen regional competitiveness and employment in Denmark.

The socio-economic descriptions are based on the new administrative structure in Denmark that enters into force on 1 January 2007 at the same time as the new Structural Fund period. The 98 new local authorities and 5 new regions, including population figures, are illustrated in Figure 2.1.

Accurate information is available about the population figures for the new local authorities and regions in 2005. The other statistical information about the new local authorities and regions used below was obtained by summarising information concerning the old local authorities and counties. In cases where old local authorities and counties have been divided, it is assumed that the relative division of the socio-economic volumes corresponds to the relative division of population in 2005.2

The description below covers the following main points:

2 For example, approximately 80 per cent of the population of the old Mariager Municipality live in the new Mariagerfjord Municipality, while the remaining approximately 20 per cent will live in the new Randers Municipality. It is assumed that the same distribution applies to the workforce, employment, etc.
Population development  
Added value and productivity  
Employment  
Labour market affiliation  
Unemployment  
Education/Training  
Research and Development  
Regional business structure  
Areas facing structural difficulties  
Human resources  
Innovation  
Entrepreneurship  
Utilisation of new technology (ICT)  
Urban areas  
The environment

The indicators are treated at national level, and the majority of the indicators are also treated at regional level. Local differences are discussed, where these are particularly striking. All details for the Greater Copenhagen Region exclude Bornholm.

The crosscutting issues “equal opportunity” and “areas facing structural difficulties” are involved in connection with relevant indicators cited above, for example labour market affiliation.
Areas facing structural difficulties are still a special focus for the Danish government. All regional growth forums must prepare regional business development strategies with a special focus on areas facing structural difficulties. Moreover, at least one of the members of the regional growth forums presented by local authorities must come from an outlying area.

Apart from the fact that growth forums must make outlying areas a special issue, the issue of outlying areas is a crosscutting issue in the Danish strategic framework for Structural Fund policy, cf. above.

In addition, in accordance with the local authority reform agreement in the business area, it must be ensured that areas facing structural difficulties receive at least the same proportion of Structural Fund resources in 2007–2013 as in the previous period.

With this in mind, it is still necessary to establish which areas can be characterised as areas facing structural difficulties.

Establishment of areas facing structural difficulties 2007–2013
In connection with the Danish local authority reform that enters into force on 1 January 2007, a national political agreement has been entered into to the effect that areas facing structural difficulties must have at least the same proportion of Structural Fund funds as today. Because the local authority map of Denmark has been changed with the local authority reform, new areas facing structural difficulties are specified for the Structural Fund period 2007–2013.
To fulfil the policy agreement entered into, in future areas facing structural difficulties will be delineated as relatively weak new local authorities (low business income and weak population development) and small islands under The Association of Danish Small Islands. Furthermore, the few Aim 2 municipalities from the period 2000–2006 and outlying areas identified in connection with the government's regional growth strategy (2003), which become parts of new, relatively strong municipalities, will become transition areas.

For a more detailed description of outlying areas and transition areas, please refer to Denmark’s national strategic reference framework.

### 2.2 Population

Over the past decade, the overall population figure for Denmark has risen by just less than 4 per cent, cf. Figure 2.2. The regions of Central Jutland, Zealand and Copenhagen have experienced the strongest population growth. Southern Denmark has seen more subdued progress, in North Jutland the population figure has been constant on the whole constant, and on Bornholm this is also the case.

**Figure 2.2 Regional population development, 1996–2006**

Source: Statistics Denmark.

Within the individual regions there have been significant local variations in population growth. For example, the development in the Central Jutland Region over the last ten years ranged from retrogression of almost 7 per cent in Lemvig Municipality to progress of approximately 12 per cent in Skanderborg Municipality. In the Zealand Region, Lolland Municipality lost almost 6 per cent of its inhabitants over the past decade, while Roskilde Municipality gained approximately 9 per cent more inhabitants.

Population growth generally been strongest in and around the large urban areas, while the population figures have fallen in several of the geographically areas facing structural difficulties, including several places in North Jutland and North West Jutland, on the medium-sized islands and Lolland.
According to Statistics Denmark projections – which are subject to considerable uncertainty – the regional population development in future decades will largely follow the development over the past decade, cf. Figure 2.3. Growth is expected to be greatest in Central Jutland, Zealand and Copenhagen. In Southern Denmark the population figure is expected to be relatively unchanged, while it is expected to fall in North Jutland and especially on Bornholm.

**Figure 2.3 Regional population projections, 2005–2030**

The population’s age composition will change significantly in the years ahead. There will be a significantly greater proportion of elderly people and a smaller proportion of people of working age, cf. Figure 2.4. For the country as a whole, the proportion of the population of working age is expected to be reduced from approximately 67 per cent today to approximately 62 per cent in 2030. For immigrants and second-generation immigrants, however, the proportion of the population of working age will rise from 9 per cent in 2005 to 14 per cent in 2030. The overall reduction in the population of working age will occur in all regions of the country but will be stronger in some places than in others. This means that the regional difference in age composition that already exists today is expected to be expanded in future.
On Bornholm, only approximately 55 per cent of the population is expected to be of working age in 2030 compared with approximately 65 per cent today. The Copenhagen region will experience the smallest drop and in 2030 it will still have the largest proportion of the population of working age (approximately 66 per cent).

### 2.3 Added value and productivity

The real value of overall production in Denmark rose on average by just less than 2 per cent per year in the period 1994–2004. There were significant regional variations in economic growth, cf. Figure 2.5. Copenhagen had the strongest growth with approximately 2.5 per cent progress per year, followed by Central Jutland. Southern Denmark, Zealand and North Jutland have almost the same growth. Economic growth on Bornholm was relatively low.
Figure 2.5 also shows growth in employment and productivity (production per person in employment), which together determine growth in production. In almost all regions, most of the economic growth can be attributed to rising productivity (apart from the Central Jutland Region, where employment has contributed a little more to growth than productivity). Productivity has grown most in Copenhagen, followed by Southern Denmark, Central Jutland, North Jutland and Zealand. Employment progress has been clearly strongest in Copenhagen.

Copenhagen stands out as regards productivity growth over the past decade, and at the same time the region's workforce is still clearly the most productive (approximately 13 per cent above the national average). Productivity in the other regions is 6–8 per cent below the national average (Bornholm, however, is approximately 15 per cent below).

When economic growth is explained, the traditional factors are accumulation of and improvements to the physical capital (plant, equipment etc.) and the workforce. However, by no means all economic growth can be explained in these terms. The portion of growth that cannot be attributed to more and better physical capital and workforce is termed multi-factor productivity.

OECD et al have shown that countries with relatively high growth in multi-factor productivity are characterised as managing well in four areas: Human resources, innovation, ICT and entrepreneurship. The regions’ differences in those four growth drivers are elucidated in section 2.9.

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3 For example, OECD (2001): The New Economy beyond the Hype.
2.4 The labour market

The occupational rate shows how much of population of working age is part of the workforce, i.e. how many 16–66-year-olds are either unemployed or in employment. The workforce therefore comprises the workforce that is directly available to enterprises.

The occupational rate in Denmark is almost 76 per cent, i.e. 76 out of 100 inhabitants of working age participate in the workforce. This is one of the very highest occupational rates in the EU, which may to a large extent be attributed to a relatively high occupational rate among women. The occupational rate for women in Denmark is approximately 73.5 per cent compared to approximately 79.5 per cent for men.

Figure 2.6 shows that there are only modest regional variations in occupational rate. Central Jutland has the highest occupational rate (approximately 77.5 per cent), closely followed by North Jutland, Copenhagen, Zealand and Southern Denmark, while Bornholm is a little lower.

In all regions, men have a higher occupational rate than women. The gender divide are least in Copenhagen (just under 4 per cent) and greatest in North Jutland (approximately 10 per cent).

Figure 2.6 Occupational rates broken down by gender, age and origin, 2004

![Figure 2.6 Occupational rates broken down by gender, age and origin, 2004](image)

Note: Workforce compared to population figure (16–66 years).
Source: Statistics Denmark.

Figure 2.6 shows also that the occupational rate for people of Danish origin is significantly higher than for immigrants. At national level, approximately 78 per cent of people of Danish origin are in the labour market, but only approximately 58 per cent of citizens of foreign origin. The large difference recurs in all regions, being most pronounced in Central Jutland (approximately 22 per cent difference) and least pronounced on Bornholm (approximately 15 per cent difference).

Among people of foreign origin, the occupational rate is lower for immigrants (approximately 57 per cent at national level) than for second-generation immigrants (approximately 67 per cent at national level). Immigrants and second-generation immigrants from non-Western countries especially have a relatively low occupational rate. The lowest occupational rate of all is found among female immigrants from non-Western countries (approximately 46 per cent at national level).
The relatively low occupational rate for 60–64-year-olds may partly be explained by the fact that the average retirement age from the labour market is 62.1 years.  

Figure 2.7 shows how the workforce will develop at local level in the years ahead, if it is assumed that occupational rate in the individual local authorities not is changed, and population forecasts prove to be correct. With these assumptions, areas facing structural difficulties especially will experience a strong reduction (10 per cent or more) in the workforce between now and the year 2020. Only in the areas around the larger urban areas will the workforce be unchanged or grow.

Figure 2.7 Workforce development in the new local authorities, 2004–2020 (pct)

Note: The projections assume unchanged occupational rates, and that the Statistics Denmark population forecast for 16–66-year-olds proves to be correct.
Source: Statistics Denmark and our own calculations.

Unemployment
With unemployment at 5.4 per cent, Denmark has relatively low unemployment compared to the rest of EU. There are however large regional variations in unemployment, cf. Figure 2.8. North Jutland and Bornholm have significantly higher unemployment than the other regions. Unemployment in North Jutland is approximately 2 per cent above the national average and for Bornholm the gap is approximately 4 per cent. The four other regions are close to the national average.

Source: EUROSTAT

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4 Source: EUROSTAT
Figure 2.8 Development of the unemployment rate, 1994–2006

Figure 2.9 shows that women have higher unemployment than men in all regions (in Copenhagen, however, the difference is minimal). Among immigrants and among 60–64-year-olds, unemployment among women is also significantly higher than for men.

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

Note: Immigrants from non-Western countries are stated for 2004, Q4
Source: Statistics Denmark.

Unemployment at national level is approximately 5.4 per cent, while unemployment for immigrants and second-generation immigrants from non-Western countries are a full 16 per cent of the workforce. If unemployment is considered by age group, all age groups experienced a
drop in unemployment. For young people under 30, unemployment is now even lower than it was towards the end of 2001. Unemployment is generally lowest among 16–24-year-olds and 40–49-year-olds, irrespective of the point in time considered.\(^5\)

**Employment**

Figure 2.10 shows the development in employment over the past decade. The development encompasses large regional variations, with Copenhagen and Central Jutland experiencing growth above the national average, but with North Jutland, Zealand and Southern Denmark below the national average. Bornholm was the only region that lost workplaces during the period.

*Figure 2.10 People in employment, 1995–2005*

Note: The figures are subject to a new specification method introduced in 2003.
Source: Statistics Denmark.

The regional employment development in Figure 2.10 above covers over even greater local differences, cf. Figure 2.11. The majority of new jobs are created in and around large urban areas. Conversely, growth has been negative in geographically outlying areas.

\(^5\) Source: The Ministry of Employment.
The employment participation rate in Denmark, at 73 per cent, is thus already above the Lisbon target for 2010 (70 per cent), cf. Figure 2.12. Bornholm is the only region that does not already meet the Lisbon target. In all regions, men have a higher employment participation rate than women. With a level of approximately 69 per cent at national level, the employment participation rate for Danish women is, however, significantly above the Lisbon target for 2010 (60 per cent).

Taking into account the low unemployment, there may be a workforce shortage in Denmark in future. To prevent such a situation, it may be relevant to consider where the extra workforce that
will be needed could be obtained from in the future. Immigrants and seniors could be obvious opportunities here, because these groups have a significantly lower employment-participation rate than the overall population, cf. Table 2.1.

Table 2.1 Employment-participation rate for immigrants and seniors, 2005

<table>
<thead>
<tr>
<th>Immigrants</th>
<th>Whole group</th>
<th>46.1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>52.9</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>39.4</td>
</tr>
<tr>
<td>55–59 years</td>
<td>Whole group</td>
<td>74.6</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>78.7</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>70.4</td>
</tr>
<tr>
<td>60–64 years</td>
<td>Whole group</td>
<td>37.7</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>47.0</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>28.6</td>
</tr>
</tbody>
</table>

Note: Immigrants from non-Western countries
Source: Statistics Denmark

Denmark, together with Sweden, has the highest employment-participation rate for 55–64-year-olds. With a level of over 60 per cent, Denmark also meets the Lisbon target for 2010 (50 per cent) in this area. If the group is divided up into 55-59-year-olds and 60-64-year-olds, the overall employment-participation rate falls significantly (from approximately 75 to 38 per cent) between those two age groups.

The period of strong economic growth has brought many of the long-term unemployed in these marginal social groups into employment, but predominantly those most ready for the labour market. The residual group includes people with different types of problems, such as insufficient qualifications or personal problems, while still others may have a particularly high risk of being rejected when enterprises are engaging and dismissing personnel.

2.5 Education/Training
There are significant differences from region to region in the education level of the workforce, cf. Figure 2.13. In Copenhagen, almost 13 per cent of the workforce has had further education of long duration. In the Central Jutland Region, the figure is approximately 6 per cent and in the other regions approximately 3–5 per cent. For medium-length and short-duration further education, the regional differences are significantly less.

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6 Disabled people in the labour market, www.handicap.dk.
With regard to vocational training, Bornholm is in front, as 46 per cent of the island’s workforce has vocational training. The other regions follow closely behind, apart from Copenhagen, where only every third person is skilled.

In all six regions, a significant proportion of the workforce has had no vocationally qualifying training. The extremities are Bornholm (approximately 33 per cent) and Copenhagen (approximately 28 per cent).

Analysis of development over the past 20 years shows that the level of education has risen for the country as a whole but that the regional differences have expanded. The proportion of people in employment having had further education has risen in all regions, but the rise has been strongest in and around university towns and lowest in the geographically outlying areas – i.e. the greatest increase in those areas that had the best starting point.\(^7\)

The regional differences in the workforce education level are even more significant when the local authority level is considered, cf. Figure 2.14.

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\(^7\) Greater regional education differences, Economic Council of the Labour Movement (2005).
On Læsø, just over 15 per cent of the workforce has had further education. In Gentofte, the figure is just under 56 per cent. Generally, the level of education is lowest in the geographically outlying areas and highest in and around the large urban areas. The level of education has been rising throughout the country for a number of years, but the trend has been for the regional differences to expand. This applies especially to further education of long duration.  

The education level of the population varies not only between the individual regions as shown above but also according to the population's origin. Thus, immigrants, especially from non-Western countries, are significantly more weakly represented in Danish post-secondary study programmes than second-generation immigrants and people of Danish origin. Thus, 53 per cent of 16–19-year-old immigrants from non-Western countries were in a post-secondary study programme, while the corresponding proportions among second-generation immigrants from non-Western countries and Danes were 71 and 74 per cent respectively.

The trend in post-secondary study programmes is also seen in further education programmes. By the start of education year 2003/2004, 17 per cent of 20–24-year-old immigrants from non-Western countries had enrolled in a further education programme. The corresponding proportions for second-generation immigrants from non-Western countries and Danes were 27 and 33 per cent respectively.

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2.6 Research and Development

Figure 2.15 Business community research and development expenses compared to primary income, average for 1999–2002


Figure 2.15 shows that the private business community's research activities are most intensive in Greater Copenhagen. The business community in Southern Denmark and Zealand allocate the lowest amount of funds to research and development. The explanation for these large regional differences in the business community's research efforts includes the fact that research and development work in the business community is concentrated in relatively few industries in Denmark which are unevenly distributed geographically. Besides, there is a tendency to locate research and development departments of enterprises, irrespective of the industry, close to research environments at universities.\(^9\) It is therefore a challenge to secure knowledge and technology transfer from research centres to enterprises in the rest of the country.

2.7 Regional business structure

There are many points of similarity points but also significant differences between business structure in the regions, cf. Figure 2.16.

For example, the Copenhagen region is significantly overrepresented with respect to business services and financing/leasing, etc. The Zealand Region has a relatively large number of people employed in construction and civil engineering. Bornholm and North Jutland have a relatively large number of people employed in primary industry and in the food industry. The Central Jutland Region has a relatively large number of people employed in the timber and furniture industry and, together with the North Jutland Region and the Southern Denmark Region, is also overrepresented in the iron and metal industry.

\(^9\) Regional differences in research efforts, Economic Council of the Labour Movement, 2005.
Generally, the relatively knowledge-intensive industries in Denmark are concentrated in the large urban areas, while in the more sparsely populated districts, more traditional industry is dominant.

Figure 2.16 Regional business structure, 2005 (pct)

Note: Business structure is stated as people in employment at workplaces in the regions, analysed by industry. Source: Statistics Denmark

Figure 2.17 shows regional business development over the past decade. All regions have experienced a drop in employment in agriculture, fisheries and extraction of raw materials. The same applies to manufacturing industries in most regions, apart from iron and metal, which has shown slight progress on Bornholm and in Central Jutland. Business services have clearly experienced the greatest growth in employment in all regions – the biggest growth being in Copenhagen.
If the statistics are expanded to areas facing structural difficulties (not shown in the Figure), the trends are even more evident. There is a clear preponderance of people in employment in traditional industry (primary industry, manufacturing industry and industry), while the knowledge industry, such as business services are underrepresented. This applies right across areas facing structural difficulties.

Looking at enterprise size, the Copenhagen region has relatively more large enterprises. There are not large variations between the regions, but looking at local authorities, there are large differences. Areas facing structural difficulties clearly have many small enterprises with under five employees, while the great percentages of large enterprises are found in the municipalities in and around Copenhagen.

2.8 Areas facing structural difficulties

Many of the indicators above shed light on the special problems of areas facing structural difficulties. It can therefore be said in summary that areas facing structural difficulties have a business structure characterised by many small enterprises within traditional sectors such as agriculture and manufacturing. The population figures in outlying areas are stagnating or even falling, and the prospects for the years ahead are not any better. The level of education is lower – there are fewer people with a further education and more without business skills training. Conversely, there are more people with a basic trade education. Unemployment is relatively
higher than at national level, as the areas are characterised by a higher proportion outside the workforce. This means that outlying areas face a particular challenge.

2.9 The regions elucidated in terms of the four growth drivers

Analyses by the OECD and others have shown that there is a tendency for countries that experience relatively high economic growth to manage relatively well within four areas or growth drivers: Human resources, innovation, entrepreneurship and utilisation of new technology.\(^{10}\)

A Danish analysis has also shown that there are significant regional variations in these four growth drivers, and that regions which manage well within those four growth drivers tend to experience greater economic growth than regions that manage less well within those four growth drivers.\(^{11}\)

The regional business climate is elucidated below, based on these four growth drivers.

**Human resources**

Denmark has previously been one of those countries where the majority had further education. Today, however, only approximately 45 per cent of a year’s intake completes further education in Denmark. This means that Denmark is significantly behind countries like Finland and Norway, for example. The figure masks the fact that approximately 53 per cent start further education but only four out of five complete it.

On the positive side, it is a characteristic of Denmark that a large part of the workforce participate in job-related supplementary training. Moreover, these Danish employees spend a relatively large amount of time on adult education and supplementary training compared with employees in the other EU-15 countries. Despite the general high level of participation in adult education and supplementary training, however, it must be noted that those with a shorter education participate to a lesser extent than other groups in supplementary training programmes and skills development activities.\(^{12}\)

Employee participation in supplementary training programmes and skills development depends to a large extent on the size of the enterprise. The vast majority of Danish enterprises are SMEs which do not invest to the same extent as larger enterprises in employee development and upgrading the qualifications of the employees.

In 2004, the government appointed a “Tripartite committee on lifelong upgrading of qualifications and education training for everyone in the labour market” with the participation of labour, management, etc., with a view to charting and analysing the current adult education and supplementary training efforts in Denmark. Based on this, it has also been the committee’s task to evaluate efforts to meet demands that the future imposes. With this in mind, the government will make proposals for changes in the vocational training system.\(^{13}\)

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\(^{10}\) The New Economy: Beyond The Hype, OECD (2001).


\(^{13}\) Government declaration 2005.
In its final report\textsuperscript{14} the Tripartite Committee emphasised a number of weaknesses in the Danish policy regarding adult education and supplementary education. Of particular relevance to the ESF:

- 150,000 people of working age are evaluated as having significantly inadequate basic skills now and in the future. The analyses further show that up to one-quarter of the workforce are weak in reading, writing and arithmetic to varying extents.
- In the current system, real skills that the individual has acquired outside the established education system receive only very limited assessment and recognition.
- One-half of private enterprises and approximately one-seventh of public enterprises state that they do not undertake systematic planning of training.
- At the further adult education and supplementary training level, there is a shortage of educational options within specific subject areas. At the same time, participation in supplementary training activities and the motivation to do so is lower among people with only a basic education than among those with the highest education level.

In connection with the work of the committee, a “Study of supplementary training in Danish enterprises” was carried out by the Danish National Institute of Social Research which surveyed private-sector enterprises about the competencies they sought. The study points out that there is a need to strengthen innovative skills – i.e. the ability to think in new ways, for example by empathising to a greater extent with the customer needs and preferences, translating this into practical solutions – and entrepreneurial skills, i.e. great power of initiative and independence in performing assignments and a willingness to take risks and business acumen.

Studies of the effects of globalisation on Danish enterprises indicate that moving the relocation of tasks and new demands put enterprises under “competency pressure” when routine and mass production tasks are relocated abroad and tasks involving process control, marketing, etc., come into demand and/or developed. This process increases the need for people with new competencies, i.e. they must adaptable to new cultures and be able to communicate in more than one language and to use new technologies and have product knowledge and knowledge of the market.\textsuperscript{15}

It is not only employee competencies that are of significance in terms of how well enterprises are doing. Management competencies and flexible forms of organisation are also significant factors when it comes to growth in the business community. An OECD analysis shows that Denmark lags somewhat behind the best countries when it comes to management competencies in enterprises. The analysis shows that in this area Denmark is number 17 out of the 27 OECD countries. Denmark is performing particularly weakly when it comes to the quality of manager training and the proportion of female managers. If one considers flexible forms of organisation, Denmark is generally faring quite well, and is at sixth place overall. The Danish workforce is, however, evaluated as having a limited ability to adapt to new challenges.\textsuperscript{16}

\textsuperscript{14} Lifelong upgrading of qualifications and education training for everyone in the labour market – report by the Tripartite Committee, 2006.
\textsuperscript{15} Globalisation’s opportunities and consequences for the labour markets in Zealand, Lolland-Falster and Bornholm, Rambøll Management, 2005.
\textsuperscript{16} A benchmark study of human resources – what can Denmark learn?, FORA, 2004.
Generally, the workforce in the Copenhagen region is significantly better educated than in the other regions. Almost 30 per cent of people in employment in the Copenhagen region have had further education. In Central Jutland the figure is approximately 22 per cent, while in the other regions it is approximately 20 per cent. There are modest differences between the five regions with respect to short and medium-length further education, but in the Copenhagen region, 11 per cent have had further education of long duration, a figure twice as high as for the other regions. There are also large differences internally within the regions, with the level of education generally highest in and around the large urban areas and lowest in the geographically outlying areas. The regional differences regarding further education are compensated for to some extent in that a relatively larger proportion of the workforce outside the Copenhagen region has vocational training. In all five regions, approximately 30 per cent of the workforce has not had any business skills training.

The regions outside Copenhagen do better in terms of supplementary training and further education. New measurements of enterprises’ supplementary training and further education efforts show that the differences in this area between Copenhagen and the other regions are far less than for the level of formal education.\footnote{The National Agency for Enterprise and Construction’s regional growth model, 2006.}

New measurements of these informal skills in enterprises also show that the regions outside Copenhagen are closer to Copenhagen’s level in terms of utilising existing skills via new types of management and organisation (e.g. through flexible types of organisation and remuneration and performance-based incentives).

**Innovation, knowledge sharing and knowledge building**

Globalisation means that the Danish business community must to a large extent compete on knowledge and the ability to create innovation in products, productions methods and business methods. Innovative enterprises are evaluated as being 40 per cent more productive than enterprises that do not innovate.\footnote{Growth statement 05, The Danish Ministry of Economic and Business Affairs, 2005.} The third Community Innovation Survey (CIS 3) puts Denmark in tenth place among the EU-15 Member States, measured by the proportion of
enterprises with innovation activities. According to CIS 3, 56 per cent of Danish enterprises had no innovation activities in 2000.

A national study also finds that approximately 63 per cent of Danish enterprises had not introduced either new products or new services in the period 1998 to 2000. A new national study from 2004, however, shows that two out of three enterprises have introduced new products to the market within the last three years, while about one enterprise in two has added new production processes in same period. These results indicate that more and more Danish enterprises have grasped the need to be innovative.

The majority of research and development activities in Denmark take place in the larger urban areas. For example, almost two-thirds of private research takes place in the Copenhagen region. This is connected with the fact that research-intensive business areas such as biotechnology, medical technology, etc., are concentrated in the towns/cities. Between 1997 and 2003, private-sector research and development increased fully 65 per cent at national level. Progress was made in all regions but was strongest in the North Jutland Region, which experienced a tripling of investment, and the Central Jutland Region, where investment was doubled.

Brand-new measurements of enterprises’ innovation activity and innovation level show that the Copenhagen region generally is leading in virtually all indicators. The regional growth model measures regional differences in innovation activity with the aid of indicators of whether enterprises are product-innovative, process-innovative or whether enterprises innovate within communication/branding or sales and distribution. Thus, taken as a whole, the greatest amount of innovation activities are found in the Copenhagen region, followed by the Southern Denmark Region, while the Central Jutland Region and the North Jutland Region lag somewhat further behind. The Zealand Region performed somewhat more poorly than the others. Figure 2.19 shows the proportion of product-innovative and process-innovative enterprises respectively.

The results also show that the level of innovation is high in many parts of the country. Thus, in each of the five regions there are urban areas that, in selected fields, have on the whole just as high a level of innovation as Copenhagen. This applies, for example, to Odense and Jutland’s triangle area in the Southern Denmark Region, Århus and the Herning area in the Central Jutland Region and the Aalborg Region in North Jutland.

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20 Regional competency accounts 2005, Muusmann for the National Agency for Enterprise and Construction.
21 The National Agency for Enterprise and Construction’s regional growth model, 2006
22 Market leaders in user-driven, price-driven or research-driven innovation and the global prospects for innovation activities
Compared to enterprises in the rest of the world, Danish enterprises that are especially active in user-driven innovation and price-driven innovation are evaluated as among the more active within their industries as a whole. Far fewer are evaluated as being among the most active within research-driven or technology-driven innovation. The belief in a Danish position of strength in user-driven innovation is expressed throughout the country. The belief in a position of strength in price-driven innovation is generally higher in Western Denmark than in Eastern Denmark.

**Establishment and development of new enterprises**

Entrepreneurship is a significant prerequisite for renewal and economic growth. Up to 20 per cent of productivity increases in Denmark can normally be attributed to entrepreneurial activity. Each year, entrepreneurs create approximately 26,000 new workplaces in Denmark. This corresponds to approximately one in ten of all new jobs created in Denmark each year. Of particular interest are those entrepreneurs who understand how to create high growth and development in their enterprise. Typically, these entrepreneurs have a productivity that is 30–40 per cent higher than the average of all Danish enterprises.

Denmark is doing well in terms of establishing new enterprises. Each year 14,000–18,000 new enterprises are established, which is in line with the leading countries. However, Danish entrepreneurs are not peak performers when it comes to generating growth. Less than 5 per cent of Danish entrepreneurs can be characterised as growth entrepreneurs, which is relatively low in an international context.

Figure 2.20 illustrates those regional differences in the number of new enterprises established and growth in new enterprises. Both measured in relation to population figures and measured in relation to the number of existing enterprises, the majority of new enterprises are established in the Copenhagen region. In the Copenhagen region each year, approximately ten new enterprises are established for every one hundred existing enterprises. In the four other regions, approximately seven or eight new enterprises are established for every one hundred existing enterprises.

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Note: Index figures.

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23 Innovation Index 2005, National Agency for Enterprise and Construction.
24 Innovation Index 2005, National Agency for Enterprise and Construction.
On the other hand, entrepreneurs in the Central Jutland Region and the Southern Denmark Region are the best at generating growth in employment and turnover. For example, the average employment growth in Central Jutland’s and Southern Denmark’s entrepreneur enterprises was over twice as high as growth in the three other regions’ entrepreneur enterprises over the last three years. Disregarding the average but looking exclusively at growth entrepreneurs, i.e. those entrepreneurs who achieve particularly high growth, there are no large regional differences – in all five regions, only approximately 5 per cent of the new enterprises can be characterised as growth entrepreneurs.\(^{25}\)

There are also differences in the challenge of establishing favourable environment for entrepreneurs in the regions. For example, in the Copenhagen region there are relatively many entrepreneurs in knowledge-intensive industries such as information and communication technology and knowledge services. More than one in three new enterprises in the Copenhagen region is established in the knowledge services sector, while in the other regions the figure is around one in five. In the Zealand Region, on the other hand, there are relatively many entrepreneur enterprises in the construction industry compared to the rest of the country.\(^{26}\) These differences impose different requirements on the development of entrepreneur-specific growth conditions. While the basic information and guidance about, for example, business plans, budgets and accounts are largely common to all businesses, entrepreneurs also need more specialised advice based on the region’s unique characteristics and challenges.

Sixty-eight per cent of entrepreneurs in personally owned enterprises are men compared to 51 per cent of the population aged between 16 and 66. The gender distribution is even more significant in those new enterprises, where all of 89 per cent are men. There are slightly more women among entrepreneurs responsible for sole proprietorships than previously, but slightly fewer among entrepreneurs starting enterprises in general than previously.\(^{27}\)

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\(^{25}\) A growth entrepreneur is the person behind an enterprise that, five years after establishment, has more than five employees and a turnover of at least DKK 5 million. In addition, the enterprise must have achieved average growth in number of employees and turnover of at least 60 per cent from the year of establishment and over the next five years.

\(^{26}\) Profile of entrepreneurs in Denmark’s new regions, Copenhagen County, 2005.

An individual’s motivation for starting his/her own business is of vital importance for entrepreneurial activity. Studies show, however, that entrepreneurs in Denmark are significantly less motivated than in the best countries. On a scale of 0 to 100, Denmark scores 42.2, while the best countries score 63.4. The study points out that the difference between Denmark and the best countries may be explained notably by the cultural and social norms related to entrepreneurship.  

The population in the Zealand Region and the North Jutland Region are the most willing to take risks, but more people in the Zealand Region, Bornholm and North Jutland have considered becoming entrepreneurs. As the average percentage of the population who have considered becoming entrepreneurs is more than 40 per cent, there is an untapped potential compared with the proportion that actually sets up a business as an entrepreneur.

Capital is required to generate growth in a new enterprise. A significant number of entrepreneurs experience a lack of capital as a barrier to growth. At the same time, approximately 62 per cent of the population believe that it is difficult at start one’s own business because of a lack of capital.

The foundation for a strong culture of going into business for oneself is laid as early as the school years and in educational institutions. The Copenhagen region and Bornholm are the top performers in terms of involving entrepreneurship in the teaching.

**Utilisation of new technology**

The use of new technology is an important source for growth. New technology is many things, such as materials technology, energy technology and biotechnology. One of the most important new technologies of all – and the one that is best covered in terms of data – is ICT. Information and communication technology (ICT) is one of the types of technology that is deemed to strengthen productivity the most. Over the last ten years, investment in ICT has contributed approximately 0.6 per cent a year to productivity growth. As overall growth in workforce productivity has been diminishing, a higher proportion of this growth today is directly attributable to ICT.

The use of ICT by enterprises, public institutions and private households is extensive, and the field is still undergoing development with a view to promoting growth in the business community as a whole, securing sustainable development, achieving service improvements and improving efficiency.

A new analysis shows that enterprises with an integrated use of ICT have a higher productivity level than enterprises with simple use of ICT (approximately 10 per cent higher).  

At the same time, enterprises with integrated use of ICT are more innovative (63 per cent) than enterprises with simple use of ICT (41 per cent).

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New analyses point out that Copenhagen is the top performer by far as regards the use of the latest technologies in the business community, followed by Central Jutland and Southern Denmark.\(^30\)

Especially in the use of ICT in products and services, North Jutland and Zealand do not perform as well as the other three regions, cf. Figure 2.21. But Northern Jutland also has strengths in the ICT area. For example Northern Jutland enterprises seem to be far ahead as regards B2B buying and selling via the Internet.

*Figure 2.21 ICT in products and services, 2005*

Almost all enterprises with over ten employees in Denmark have ICT and Internet access. For example, 90 per cent of enterprises apply ICT to financial management, and 80 per cent of enterprises have a website. There are generally no large regional differences in enterprises’ application of ICT to basic functions. On the other hand, there is a certain difference in the extent to which enterprises apply advanced IT systems.\(^31\) In the Copenhagen region, 35 per cent of enterprises apply advanced IT, while the figure is approximately 25 per cent in the North Jutland Region.

While some technologies are common to all enterprises, including a number of ICT services, it is important that enterprises have access to – and participate in the development of – specialised technologies, for example for optimisation of production processes or development of new services.

*2.10 Urban areas*

Altogether there are four Danish urban areas included in the Commission’s Urban Audit. These are Denmark’s four largest cities: Copenhagen, Århus, Aalborg and Odense.

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\(^30\) The National Agency for Enterprise and Construction’s regional growth model, 2006.

\(^31\) “Advanced” IT systems means that enterprises link different systems. The ordering system maybe linked to the production system or supplier system, for example.
Table 2.2 Selected indicators from the “Urban Audit”

<table>
<thead>
<tr>
<th>Indicators</th>
<th>EU15</th>
<th>Copenhagen</th>
<th>Århus</th>
<th>Odense</th>
<th>Aalborg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recorded crimes per 1000 inhabitants</td>
<td>93.1</td>
<td>149.5</td>
<td>137.1</td>
<td>138.2</td>
<td>100.8</td>
</tr>
<tr>
<td>Proportion under 20 and over 65 compared to population (support obligation)</td>
<td>60.6</td>
<td>44.0</td>
<td>52.5</td>
<td>57.9</td>
<td>57.2</td>
</tr>
<tr>
<td>Non EU-citizens as a percentage of population</td>
<td>5.2</td>
<td>8.8</td>
<td>5.1</td>
<td>5.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Avg. annual change in population over five years</td>
<td>0.08</td>
<td>0.92</td>
<td>0.49</td>
<td>0.01</td>
<td>0.21</td>
</tr>
<tr>
<td>Unemployment</td>
<td>10.3</td>
<td>4.5</td>
<td>5.2</td>
<td>5.2</td>
<td>5.8</td>
</tr>
<tr>
<td>GDP per person in employment</td>
<td>50,722</td>
<td>81,660</td>
<td>55,569</td>
<td>56,031</td>
<td>56,799</td>
</tr>
</tbody>
</table>

Source: Urban Audit, the EU Commission.

The above Table 2.2 shows selected indicators from the Commission’s “Urban Audit”. For a number of parameters, the Danish cities are performing well compared to the EU15. For example, the demographic support obligation is below the EU average. All the cities apart from Odense have population growth significantly higher than the EU average. In addition, unemployment is about half of the EU average. All cities also have a GDP per person in employment above the EU average. However, the favourable ranking of the Danish cities masks significant variations between these four cities. Copenhagen does the best, followed by Århus. Odense and Aalborg are doing slightly worse. For example, Odense’s per capita business income is 10 per cent below the Danish national average.

The population of all four cities (municipalities) has grown from 1996 to 2006, cf. Figure 2.22. From 1996–2005, Copenhagen Municipality had the highest population growth but was overtaken by Århus in 2006. Unlike those two largest cities, the population growth in Odense and Aalborg was below the national average.

Figure 2.22: Population development in Denmark’s four largest cities, 1996–2006 (index: 1996=100)

Source: Statistics Denmark and our own calculations.
Apart from Copenhagen, all the municipalities had positive net immigration in 2005. All four cities had an excess of births in 2005.

The number of immigrants and second-generation immigrants in all four cities has grown since 1996. Measured in terms of the proportion of immigrants and second-generation immigrants in the overall population, there are large proportional variations among the municipalities. Copenhagen Municipality has the highest proportion of immigrants and second-generation immigrants: 19 per cent of the overall population in the municipality is made up of immigrants and second-generation immigrants. In Århus and Odense the proportion is approximately 12 per cent, while it is 7.5 per cent in Aalborg.

Average unemployment has fallen significantly from 1996 to 2006 in all four cities. Aalborg has the highest unemployment, at 8.9 per cent, while the other municipalities have an unemployment level of 6.2–6.5 per cent of the workforce. This should be viewed in the context of a national unemployment level of 5.4 per cent.

All four cities experienced an above-average annual growth in the number of jobs between 1995 and 2005, compared to the national average (Aalborg, however, was close to the national average). Growth has, however, clearly been greatest in Copenhagen and Århus.

Table 2.3 Key figures for cities

<table>
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</thead>
<tbody>
<tr>
<td>Copenhagen</td>
<td>2.3</td>
<td>680</td>
<td>2.4</td>
<td>5,685</td>
<td>6.2</td>
<td>0.71</td>
<td>0.71</td>
<td>501,158</td>
</tr>
<tr>
<td>Odense</td>
<td>2.9</td>
<td>410</td>
<td>2.5</td>
<td>609</td>
<td>6.5</td>
<td>0.57</td>
<td>0.57</td>
<td>186,595</td>
</tr>
<tr>
<td>Århus</td>
<td>3.2</td>
<td>382</td>
<td>2.2</td>
<td>626</td>
<td>6.2</td>
<td>0.95</td>
<td>0.95</td>
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</tr>
<tr>
<td>Aalborg</td>
<td>2.1</td>
<td>281</td>
<td>2.7</td>
<td>291</td>
<td>8.9</td>
<td>0.40</td>
<td>0.40</td>
<td>163,952</td>
</tr>
<tr>
<td>Nat. avg.</td>
<td>2.0</td>
<td>316</td>
<td>2.1</td>
<td>125</td>
<td>5.4</td>
<td>0.38</td>
<td>0.38</td>
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</tr>
</tbody>
</table>

Source: Ministry of the Interior and Health’s key figures by municipality: www.noegletal.dk.

2.11 The environment

Denmark has one of the world’s highest per capita emission rates for greenhouse gases. This is due to the relatively high energy consumption and the fact that most of the energy is derived by burning fossil fuels. Since 1990, the carbon emissions have fluctuated from 10 to 14 tonnes per capita/p.a. which is above the EU average.

In order to limit the consumption of fossil fuels, Denmark has been endeavouring for many years to promote sustainable energy, especially wind power, and to save energy, for example by insulating homes and using eco-labelled products. Wind power covers a very high proportion of Danish electricity consumption, but Danish wind power capacity is not growing as strongly as the global capacity.

Through the Kyoto Protocol, Denmark has undertaken to reduce its emission of greenhouse gases. With a reduction target of 21 per cent, we are among the countries that have committed to
the biggest reductions, and the European Environment Agency also considers Denmark to be one of the countries that appear to have the greatest difficulty in achieving the reduction target. Denmark is making use of the opportunity for the so-called Kyoto mechanisms to reduce the national emission, for example by financing projects that limit carbon emissions abroad.

Danish agriculture, a significant business factor in many areas facing structural difficulties, is among the most highly technological and efficient in the world. The future environmental regulation of agriculture assumes increased application of cleaner technology to reduce pollution from agriculture. Thus, both new knowledge and innovation in agriculture and innovative development of quality and advanced products from agriculture, also including organic production, will be needed.

Increased application of cleaner technology within agriculture and the development of methods that can reduce emissions from agriculture could thus have a positive impact on the environment. This applies especially in relation to intensive livestock breeding, which could significantly affect Denmark’s ability to satisfy the EU water framework directive and the NATURA 2000 targets. Denmark currently shows a lower drop in airborne emissions of ammonia from agriculture than our neighbouring countries (because of a growth in pig production and other factors).

Promotion of environmentally effective technology
The environmental impact of increasingly intensive and quasi-industrial livestock production constitutes a problem that the agriculture industry, researchers and authorities are working hard to solve. Denmark is expending considerable resources on addressing the environmental challenges resulting from man-made climate change.

Chemicals, slurry and climate change are three examples of significant environmental challenges that concern citizens, enterprises and decision-makers in large parts of the world. The development and use of environmentally effective technologies can play a vital role here.

The world market for technologies to combat pollution is worth over DKK 4.1 trillion and is growing at a rate of 5 per cent annually. This demand brings technological research and innovation in its wake. Thus, there are obvious win-win-win opportunities involving environmental protection in Denmark, corporate growth and contributing to the solution of global environmental problems. It is important to stimulate the research and business communities to develop more environmentally efficient technologies and more eco-friendly products to ameliorate the world’s environmental and resource problems and at the same time generate growth and exports.

This is the underlying reason for the government’s decision to focus efforts on the promotion of environmentally efficient technology, cf. the report just published about this. Environmentally efficient technology is understood to mean all technologies that directly or indirectly improve the environment. This involves both technologies to restrict pollution by means of cleansing, more eco-friendly products and production processes, more efficient resource handling and technological systems that reduce the environmental impact. An environmental effect is not necessarily the primary purpose of an environmentally efficient technology. This understanding is in accordance with the EU and OECD definition of “Environmental Technology”.

Environmentally efficient technology may, for example, be wind turbines, flue gas cleaning, water cleansing, enzymes for animal feed and washing powder, bio-fuel production, energy saving pumps, eco-friendly substitutes for phthalates, LED traffic lights, efficient ship engines, eco-friendly salmon farms and precision pesticide machinery for agriculture.

According to the EU Commission’s figures, the EU constitutes roughly one-third of the DKK 4.1 trillion world market for eco-efficient technology. The US accounts for a little more, and Japan equates to approximately one-half of the EU’s share. Growth in countries such as China and India will change this picture, however. The International Energy Agency calculates that growth in the global economy requires investments in the field of energy of some DKK 3.5 trillion a year from 2001 to 2010. In the following decade, the capital requirement is expected to be approximately DKK 4.500 trillion a year.

There is excellent growth potential in wind turbines, where Denmark has a world market share of 35–40 per cent. Global wind power capacity is expected to multiply many times over between now and 2030.

The market for eco-efficient technology in the area of water is also growing. The aquatic environment is globally under pressure from over-consumption and pollution. The annual global investment in the water sector is expected to grow from DKK 500 billion in 1995 to more than DKK 1.0 trillion in 2025 – the largest investments are expected to be in Asia.

In agriculture, the future annual livestock-production growth is expected to be 0.5 per cent in industrialised nations and 2.6 per cent in the developing countries, and there will be a corresponding rise in demand for technologies that can reduce the loss of nutrients in agriculture. Globally, the potential is valued at around DKK 750 billion. Corresponding trends may be seen with virtually all types of technology and systems that can reduce environmental impact.

2.12 Summary of the Danish regions’ strengths and weaknesses

The vast majority of areas of Denmark have done well over the past decade. Economic growth has been relatively high, employment and incomes have risen significantly, and unemployment is low in most places.

The large cities and their surrounding areas have led the way in progress, while conversely, more of the geographically outlying areas have experienced significantly less development than the national average. Both the population figures and employment have fallen in several geographically outlying areas, and unemployment is relatively high.

One of the big challenges for all Danish regions is demographic development. In all regions, the number of citizens of working age will fall in the future, while conversely, the number of elderly people will increase. If the occupational rate is not increased, large parts of the country will experience a significant drop in the workforce – in several places, a reduction of 10 per cent or more up to 2020. Increasing the occupational rate is a significant challenge, especially in the light of the fact that Denmark already has a high occupational rate in an international context. The occupational rate of women is still lower than men’s, however, and the occupational rates of immigrants and second-generation immigrants, disabled people and socially marginalised groups are significantly below the national average.
The quality of the human resources is one of four drivers highlighted in analyses by the OECD and others as being significant in terms of economic growth. The three other drivers are entrepreneurship, innovation, and utilisation of new technology. Benchmarking studies of the five regions show that the regions’ strengths and weaknesses vary somewhat from one growth driver to another.

Another significant challenge for those Danish regions is the changeover to more knowledge-based production. Most private research and development activities take place in the larger urban areas. This is linked to the concentration of knowledge-intensive enterprises in urban areas. Outside the large urban areas, research-based innovation is significantly lower and based more on interaction with customers, suppliers, etc.

Studies indicate that quite a large proportion – over one-half – of Danish enterprises have insufficient focus on renewal and development: they are not innovative enough. This applies to the country as a whole but especially outside the large urban areas.

An important prerequisite for making the business community more innovative and knowledge-based is the education and skill level of the workforce. The formal education level has risen in all regions over a number of years, but gaps have opened up because educational improvements have been greatest in the large urban areas that already had the highest education level. This applies especially with regard to further education of long duration. At the same time, a significant part of the workforce in all regions is still completely lacking in vocationally qualifying training.

Entrepreneurs are another important source of renewal and development. A relatively large number of new enterprises will be established in Denmark, but few enter into a growth process in earnest. There is significant regional variation with regard to both establishment rates and the proportion of growth entrepreneurs. Copenhagen leads the way, while North Jutland is somewhat below the national average.

The SWOT diagram below gives a general picture of the Danish challenges. As the analyses show, there are vast differences in regional positioning, so the degree of challenge varies from region to region.
### SWOT – summary of the socio-economic analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
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<tbody>
<tr>
<td>Healthy national economy</td>
<td>Productivity has risen relatively slowly in the last 15 years</td>
</tr>
<tr>
<td>Low unemployment</td>
<td>Low occupational and employment-participation rates for immigrants/second-generation immigrants</td>
</tr>
<tr>
<td>High occupational and employment-participation rates for both men and women</td>
<td>Low growth in entrepreneurial enterprises</td>
</tr>
<tr>
<td>Flexible labour market with high turnover and many job openings</td>
<td>Geographically outlying areas have relatively low growth and low levels of education</td>
</tr>
<tr>
<td>Well-educated workforce</td>
<td>Shortage of capital for entrepreneurs and SMEs</td>
</tr>
<tr>
<td>High establishment rate</td>
<td>Reluctance of the population to take risks</td>
</tr>
<tr>
<td>Well-functioning ICT infrastructure</td>
<td>Despite the existence of knowledge centres, overall there is a relatively low level of technology transfer</td>
</tr>
<tr>
<td>Special competency in user-driven innovation</td>
<td>One in three enterprises do not send employees to supplementary training</td>
</tr>
<tr>
<td>Almost all enterprises have Internet access</td>
<td>Unskilled people and those with a short-term education participate less than others in adult education and supplementary training</td>
</tr>
<tr>
<td>A large desire in the Danish population to be self-employed</td>
<td>Despite the widespread desire to run one’s own business, only a few achieve this</td>
</tr>
<tr>
<td></td>
<td>Many SMEs without highly educated people</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen the interplay between enterprises and knowledge institutions and educational institutions aimed at enterprises</td>
<td>Reduction of the workforce/shortage of labour because of demographic trends</td>
</tr>
<tr>
<td>Better utilisation of management potential by involving more female managers</td>
<td>Stagnation of the workforce’s educational level:</td>
</tr>
<tr>
<td>Better exploitation of workforce potential in groups of immigrants, senior citizens, disabled people and others.</td>
<td>- Too few take post-secondary education</td>
</tr>
<tr>
<td>Better exploitation of workforce potential among unemployed and people temporarily outside the workforce</td>
<td>- Too few take further education</td>
</tr>
<tr>
<td>More highly educated people in SMEs</td>
<td>Increased relocation of workplaces away from an area</td>
</tr>
<tr>
<td>More female entrepreneurs</td>
<td>Some enterprises and specialised groups are not equipped to participate in globalisation</td>
</tr>
<tr>
<td>More growth entrepreneurs</td>
<td>Globalisation entails increased pressure for competency development</td>
</tr>
<tr>
<td>Improve the innovative capacity of Denmark’s enterprises</td>
<td>Reduced competitiveness as a result of lack of innovation and utilisation of new technology</td>
</tr>
<tr>
<td>Exploit globalisation proactively to create new specialised jobs</td>
<td>Low level of innovation in enterprises</td>
</tr>
<tr>
<td>Increase clustering</td>
<td></td>
</tr>
<tr>
<td>Increase ICT integration/use in SMEs</td>
<td></td>
</tr>
<tr>
<td>Increase the use of e-learning</td>
<td></td>
</tr>
<tr>
<td>Increased technology skills in the workforce</td>
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</tbody>
</table>

As is apparent, a number of strengths, weaknesses, opportunities and threats can be identified in relation to the development of regional competitiveness and employment in Denmark.

Denmark’s Structural Funds must be used to ensure redoubled efforts in areas facing the threats identified and as a contribution to the realisation of the opportunities identified.
As described in Denmark’s national strategic reference framework, a number of national initiatives exist which should contribute to strengthening regional competitiveness and employment. The government also focuses on this area in its globalisation strategy. Structural Fund policy will supplement the national policy.

Thus, on the basis of the identified strengths, weaknesses, opportunities and threats, it is seen that the ERDF must support the development of innovation and knowledge by realising the priority of “innovation and knowledge”, while the ESF must support the development of more and better jobs by realising the priorities of “upgrading the qualifications of the workforce” and “enlarging the workforce”.

2.13 Evaluations

Evaluations of the programme period 2000–2006

Objective 3 of the programme (2000–2006)


It is recommended that the programming “increases the interplay between the ESF and other national strategies and framework conditions for growth”. At the same time the evaluation states that from 2000–2006 the ESF Programme has been given very limited relative financial weighting, i.e. compared to national efforts in the same policy areas, and that this situation has been most pronounced with regard to the priorities directed at the individual. Priorities 1 and 2, aimed at the unemployed, only corresponded to approximately 1.5 per cent of the national expenditure for the active labour market policy, while priority 4, entrepreneurship, stands out significantly here, since its relative weighting has been approximately 15 per cent.

As a result, both Structural Fund programmes will therefore now be made more directly growth-oriented via investment in four growth drivers, including entrepreneurship. At the same time, improvements will be made to the conditions for ascertaining the real added value of Structural Fund policy.

The final evaluation also ascertains that it is very difficult to note a positive employment effect of measures aimed at unemployed individuals, whereas action for employees has contributed positively to retaining employees in the labour market, and to entrepreneurship, and has had positive effects on the participants’ competency development, empowerment and motivation. There are, however, significant methodological problems associated with reporting the long-term effects of the individual’s project participation.

The requirement for monitoring and evaluating Structural Fund programmes that can take stock of long-term effects as well as more immediate output and results is so significant that, for this reason, too, emphasis should be placed on having the ESF Programme more thematically oriented as opposed to the previous approach, which was primarily directed at individuals and target groups.

The evaluation recommends that gender-based equal opportunity be incorporated generally via the formulation of the programme text. This is ensured, since gender-based equal opportunity is a crosscutting issue established by the Commission.
Finally, it is recommended that the administrative management and reporting systems be reconsidered. The start of implementation of this programme period coincides with the Danish local authority reform and changes in Danish administrative structure, and there will thus be changes to programme management in a large number of points.

Objective 2 Programme (2000–2006)
The 2005 evaluation of Denmark’s Objective 2 Programme makes recommendations in a large number of areas dealing with the action’s contents, the organisation of the action, the geographic concentration, the information action and more specific recommendations regarding administration and support eligibility, for example.

In relation to the strategic policy, special recommendations regarding substance, geography and organisation are relevant, while the other aspects are dealt with in the planning of the administration and information action and the determination of detailed rules concerning support eligibility, for example.

Lessons learnt from 2000–2006 in terms of contents indicate that networking and bridge-building projects – the latter especially between knowledge institutions and enterprises – should be promoted. The same applies to projects that improve enterprises’ framework conditions. In addition, a different approach to capital investments is encouraged so they are always required to be included in the planning of development projects.

Several of the recommendations are also about the importance and form of competency development in a national and regional perspective. Thus, it is recommended that priority be given to network-generating projects and establishing competency centres to strengthen the regional offering of skills enhancement and applying “considerable resources to increase the workforce’s general level of competency with special focus on the unskilled segment of the workforce”. Finally, planning co-ordination with other national efforts and pools and promotion of activities extending beyond the fund is cited, in accordance with proposed regulations for flexibility between the funds.

Denmark’s strategic focus on these four growth drivers and the outline provisions for this in the Act on Trade and Industry Development represent a natural extension of this, since the focus is precisely on the framework conditions, including for example networking and bridge-building, and less so on support to individual enterprises for capital investments. In addition, there is better planning coordination of the two funds in terms of content through attention to all growth drivers under both funds as well as incentives for exploiting the rules regarding inter-fund flexibility.

With planning coordination of the two Structural Fund programmes in the period 2007–2013 and opportunities for direct interplay, it is possible to lay the groundwork for ensuring that competency development takes place in networks. The regional education offering will be emphasised as a field of action, and both the general competency level and a certain focus on the part of the workforce with a short-term education, cf. the VEU committee’s recommendations, will be included in the ESF Programme’s Priority 1.

The 2005 evaluation points out the need to concentrate the action in disadvantaged areas, but combined with bridge-building to central areas. In future, this will be reflected in the use of the regulation’s possibility of supporting projects throughout the country combined with special considerations for areas facing structural difficulties in the Act on Trade and Industry Development.
Finally, with the new administrative structure from 1 January 2007, one of the aspirations is to follow up on the need for a broader regional perspective, including broader involvement of the business community in both the strategy formulation and the selection of future projects as highlighted in the 2005 evaluation. In addition, planning coordination with other public efforts and pools is sought to be promoted through the organisation of growth forums and the establishment of a new growth council at government level as well as a ministerial regional policy committee.

**EQUAL (2000–2006)**

In evaluating the programme, it is recommended that the following should be considered when preparing for the coming ESF period:

1) *Establishing opportunities for an experimentarium, where testing of actions, etc., is more important than a definite employment effect,*

2) *Working with large (in terms of support), centrally managed projects.*

3) *Securing greater flexibility in order to adapt the implementation of the ESF Programme to changes in national policy.*

4) *Already from the start of the coming ESF period, thinking through and incorporating efforts at informing and mainstreaming into the programme as a whole.*

1) The purpose of this new ESF Programme is both to upgrade the qualifications of the workforce and to expand it, and, in combination with the fact that the additionality principle still applies and the Danish economy is booming, the action will naturally wish to invest more in creating the prerequisites for continued growth (experimentarium) than in the simple creation of jobs. In the process, the ESF Programme must support the development of exemplary methods, and encourage greater experimentation in this regard.

2) The programme period 2007–2013 will address the issue of regional resources being gathered into fewer and larger units, which in itself will support the desire for larger projects.

3) In the period 2007–2013, the ESF Programme will be concerned with a long-term growth policy, whereas previously it was more a matter of purely employment-related considerations and was thus more susceptible to economic trends.

4) Chapter 4 in this programme includes a presentation of the information action that must occur during the course of programme implementation, and in this context consideration will be given to how mainstreaming can also be strengthened.

**URBAN (2000–2006)**

The Urban Programme has been implemented in Gellerup-Hasle-Herredsvang in the west district of Århus for the purpose of contributing to making the area a long-term sustainable and well-functioning urban area, where sustainability is defined in economic, social and cultural contexts.

The final evaluation concludes that the programme enjoyed a high rate of target fulfilment and provided added value, attributable to successful citizen involvement on the one hand and, on the other, to the existence of an ambitious overall strategy for the area with good co-ordination of efforts and subsequent data collection, measurement and evaluation of the efforts. The programme is also evaluated as having contributed positively to the Lisbon Agenda, for example, by stimulating the entrepreneurial culture, education, IT, employment, equal opportunity and social protection in the form of citizen involvement.
Based on the socio-economic analysis in chapter 2 and the new regulatory framework which – because of the limited flexibility between actions under the ERDF and ESF respectively – does not hold the same opportunity for holistically oriented efforts as the regulatory framework for 2000–2006, a partial strategic shift has been chosen, with a greater focus on urban areas as drivers of growth.

Nevertheless, there will still be opportunities to focus efforts on less favourably positioned urban areas where a regional need for such investment exists. This ESF Programme will be able to contribute within education, employment and citizen involvement (empowerment).

In connection with the programme’s employment-oriented projects, it is recommended that more attention be paid to additionality in the programme action in this area in the period 2007–2013. The prerequisites for this have been improved, as the respective remits for the national employment policy and the Structural Funds have now been separated.

**Danish Programme of Innovation Actions (2000–2006)**

The Danish Programme of Innovation Actions has been a nationwide programme, implemented in collaboration between the country’s counties. The purpose was to increase the effect and improve the quality of the Structural Fund programmes with the aid of testing of innovative regional policy methods and work experience.

The lessons learnt from the programme show that it is possible to promote knowledge transfer to SMEs. Both central areas and areas facing structural difficulties have greatly benefited from being included in projects across the regions. This collaboration has the potential to create the necessary critical mass by cutting across the regions. At the same time, there are better projects, because project partners with great expertise have the opportunity to collaborate in projects and thereby also to draw on common experience.

A significant part of outlying area problems involve strengthening innovative capacity by accumulating and transferring knowledge. Resources from the Danish Programme of Innovation Actions are therefore used to develop knowledge structures that could form the basis of the transfer of knowledge for the enterprises concerned, but also conversely, so that knowledge institutions can better understand the needs and know what to prepare.

According to the evaluation, good results were achieved in the following areas: knowledge transfer and competency development, innovative methods and structures for regional development and innovative use of ICT. In particular, the targeted enterprise projects with one or more regional bridge-building stakeholders have been able to impart the knowledge out to the enterprises. It can be seen in this context that enterprises continue with the commenced development work after the projects have been implemented.

**Ex ante evaluation**

The draft programme (version dated 5 April 2006) has been ex ante evaluated by the COWI consulting firm in accordance with Article 48 of the Council Regulation No. 1083/2006 of 11 July 2006 on general stipulations for the European Fund for Regional Development, the ESF and the Cohesion Fund. The ex ante evaluator’s comments are taken into account in the preparation of the final version of the programme.

The summary of COWI’s final report has the following wording:
“This report contains the ex ante evaluation of the EU-funded Objective 2 programmes in Denmark for the period 2007–2013. The aim of the ex ante evaluation is to optimise the allocation of resources and to improve the quality of the programming. The most important elements in the ex ante evaluation are: the relevance of the strategy compared to the identified needs; the effectiveness compared to the probability of achieving the targets set for the programmes; and the utility value in the form of probable impact compared to broader social, environmental, and economic aims. The ex ante evaluation follows two overall guidelines: The EU Commission’s working paper on ex ante evaluation;33 and the tender document from the National Agency for Enterprise and Construction.34

This document contains the evaluation of the draft documents formulated in late March/early April. The evaluation contains the considerations, observations and conclusions deduced on the basis of the consultation process between EBST and the evaluator, beginning in January and ending in early April 2006.

An ex ante evaluation is an interactive process whereby assessments and recommendations are procured by evaluators in terms of the aim and content of programmes drafted, in this case by EBST. This ex ante evaluation was carried out as an iterative process including four sparring meetings and a workshop, between which the evaluator’s observations were forwarded to EBST in relation to the drafts of different versions of the programmes. The ex ante evaluation has assessed the programmes on the basis of five key issues. These key issues comprise key components in an ex ante evaluation according to the EU Commission’s working document on ex ante evaluation. The programmes that have been assessed in evaluation are the following: Denmark’s national strategic reference framework, the ESF Programme and the ERDF Programme.

Evaluation issue 1: Assessment of the strategy's relevance compared to the challenges identified in the socio-economic analysis. The key question that must be answered here is the strategy’s relevance in relation to strengths, weaknesses, opportunities and threats identified in the socio-economic analysis. Denmark’s national strategic reference framework identifies globalisation and the demographic trends as the most important challenges for the Danish economy.

Globalisation entails growing international competition and more outsourcing. This increases the need to strengthen the skills and competencies of the Danish workforce so that people are better equipped for the demands of the knowledge economy. This observation is particularly relevant in relation to the Danish regions, where a widening gap is evident between areas experiencing high growth and areas experiencing lower growth – even if these differences are less pronounced than in other EU countries.

As regards demographic development, Denmark has an aging population, which makes it important to try to include as many people as possible in the workforce in order to counteract increasing pressure on the welfare system. These challenges have also been pointed out in reports from the Welfare Commission and the Globalisation Council.


34 Appendix 1 of the tender document of the National Agency for Enterprise and Construction
Inspired by the OECD, the Danish approach to the Objective 2 programmes for 2007–2013 builds on a thematic approach that focuses on four specific growth drivers: human resources, innovation, new technology (especially ICT) and entrepreneurship. With the current strong Danish economy, our assessment is that it is relevant to focus on issues that directly or indirectly stimulate and strengthen growth in those regions that are worst affected by globalisation and outsourcing, and to have a special focus on initiatives that can increase employment by better utilising the potential of people who are either outside the workforce or for other reasons are at the edge of the labour market. At programme level, the socio-economic analysis is essentially the same for the two funds, whereas a more individually tailored analysis for each of the programmes would reinforce the overall analysis and provide greater focus with regard to aim and content.

The ERDF Programme contains a relatively limited analysis of added value and productivity. Reinforcing the analysis on this point would make it more relevant even in relation to the programme’s strong focus on growth. This programme especially prioritises three of the four growth drivers (innovation, new technology and entrepreneurship), which is in accordance with Danish business policy efforts in this area. As regards business structure and regional growth, the analysis would be reinforced by an assessment of the consequences arising from different growth rates in the regions. Nonetheless, we conclude that the final SWOT analysis provides sound reasoning for choosing a strategy in relation to the identified need.

In the ESF Programme, the choice was also made to give highest priority to three growth drivers (human resources, innovation and new technology). The programme concentrates its efforts on activities linked to human resources, and the two other growth drivers are linked to this. The identified demographic challenges in the form of an aging population lend themselves to efforts that focus on expanding and increasing the workforce, for example, with regard to seniors, immigrants and others. The ESF Programme here would be strengthened by involving more explicit considerations regarding potential and possible interventions compared to those parts of the population on the edge of the labour market. In this connection, it is worth observing that the Welfare Commission estimates that there are currently around 900,000 inactive adults. It is our conclusion, however, that the SWOT analysis provides a reasonable explanation for the choice of strategy compared to the identified need.

Evaluation issue 2: Evaluation of the strategy’s economic rationale. Key questions that must be answered here address the validity of the theory on which the strategy is based, as well as an assessment of the possible underlying policy risks associated with the choice of priorities. The strategy is based on the OECD study “The New Economy: Beyond the Hype”. The study concludes that, compared with other policies, policies that focus on the four growth drivers are more inclined to generate a high level of long-term growth. The ex ante evaluation shows that in actual fact there is a correlation between the fields of action that the theory proposes and those contained in the strategy. With regard to the underlying policy risks, it is assessed that a suitable balance will be struck between risk-aversion and a venture spirit. With regard to the rationale for public intervention, the programmes recognise the fact that the proposed areas cannot be taken care of by market forces alone. It is commented that, in accordance with the Act on Trade and Industry Development, direct financial support cannot be provided to individual enterprises, as the activities must not have the effect of distorting competition.

Evaluation issue 3: Assessment of relationships between strategy and regional, national and EU policies. The key questions here have to do with the correlation between strategy on the one hand
and the relevant regional and national policies and EU policies on the other. In addition, anassessment of environmental factors and aspects of equal opportunity and ethnicity are factoredinto the strategy. At EU level, the strategy is in accordance with the Lisbon Agenda’semployment and growth targets. The strategy is also conforms to EU strategic guidelines as wellas the regulations for the EU Structural Funds. Denmark’s national reform programme is basedon a deliberate interplay with the Lisbon Agenda by virtue of the programme’s focus on securingwelfare and employment over the next decade. Because the strategic reference framework isbased on the Danish reform strategy, there is a clear reciprocal relationship between each ofthese strategies. There is also a close relationship with EU Cohesion Policy. The coinciding intime and organisation between the start-up of the structural reform and a new Structural Fundperiod ensures cohesive growth efforts in the Danish regions, where there are good opportunitiesforsynergy between the Structural Fund action and the other efforts being made at regional andnational levels. In relation to environmental factors, the strategy abides by Danish legislation,and the strategic environmental assessment has not given rise to any special comments as a resultof the relatively “soft” nature of the fields of action. It should however be emphasised that, underSection 7 of the Danish Act on Environmental Assessment of Plans and Programmes,environmental questions should be dealt with more specifically in application guidelines and inproject descriptions. Aspects of equal opportunity and ethnicity are dealt with appropriately inthe strategy.

Evaluation issue 4: Evaluation of anticipated results and effects. The key question here focuseson three aspects. First, it is a question of whether the strategy is well-defined with clear aims andpriorities, and whether achieving them is realistic in the light of the proposed distribution offinancial resources. Secondly it is a question of whether suitable indicators have been identifiedfor the programmes on which to base continuous monitoring and future evaluation of theprogrammes’ effect. And thirdly, it is a question of what the strategy’s effect will be inquantifiable terms. For the strategic plan, it may be concluded that with its vision, fouroverarching aims, national aims and the specific aims of the programmes, the approach is inaccordance with the EU Commission’s requirements for clear goals and programme priorities. Itcan also be concluded that the approach is in accordance with the LFA model. What seems to be lacking, however, is the provision by the national strategic reference framework of a betterexplanation of the overall aim of the ESF and the ERDF. We are aware that this point iscurrently being elaborated. At this point in time, the process does not present an overarchingbudget for the use of the funds at fund level, which makes it impossible to undertake an accurateassessment of the effect. Previous evaluations of the Objective 3 Programme that had abudgetary framework of the same magnitude point out, however, that the contribution to activeservices only constituted between 1.3 per cent and 1.7 per cent of the total annual expenditure inthis area in Denmark. The anticipated effects need to be viewed properly in this perspective.Notwithstanding the modest contributions, it is probable, however, that there will be a long-termeffect from the programme’s activities (e.g. competency development), which will bequantifiable and thus measurable. In the light of the result and indicator system developed, asdescribed in EBST’s memorandum of 30 April 2006 concerning aims and indicators,considerable efforts have been expended on satisfying the Commission’s requirements for target-oriented and performance management. The document presents the conceptual framework ofunderstanding in the form of an LFA model and also describes exhaustively how measurementtemplates will be designed and used in the ongoing monitoring of the programmes. Thepresentation also reflects on and weighs up how, when and by whom measurement templatesmust be filled in. Based on this, it can be concluded that the proposed indicator system will be agood tool for annual reporting to the Commission, and that the monitoring thus fulfils theCommission’s requirements. It should be noted, however, that some of the proposed indicators
are ambiguous and may prove complicated to verify. Finally, it should be mentioned that the evaluator, in the absence of anything better, has undertaken an assessment of particularly strong and weak examples of action.

Evaluation issue 5: Assessment of proposed implementation systems. This aspect assesses whether there are specific units and accurate procedures for the implementation, whether there are suitable monitoring and evaluation systems, whether partnerships are expedient, and whether there are usable procedures for sharing electronic data. The assessment of the implementation systems in the national strategic reference framework focuses exclusively on partnerships that are being considered for use. Taken as a whole, the proposed partnership is assessed as suitable for implementation of the Structural Fund programmes. The implementation process described does not give rise to any comments beyond the fact that the structural reform – and with it the framework for the future ESF policy – have not yet been implemented. Interfaces and specific collaboration models will therefore need to be developed. It must be emphasised that the procedure for financial monitoring and electronic data interchange still has to be dealt with. In relation to the ESF, the future employment policy system is being incorporated into the development of partnerships, including the importance of collaboration with the new labour market regions, municipal job centres and labour market councils (nationally, regionally and locally). The indicator system outlined will be an important element in the required monitoring and evaluation efforts. The final design and implementation of the indicator system still remain outstanding but it is assumed that this will be in place before programme start-up. A procedure for electronic data interchange also still needs to be dealt with.

Environmental issue
Due to the nature of the ESF, which focuses on intangible initiatives regarding the development of human resources, there is no inherent intent in this programme to promote initiatives that are deemed to have a significant environmental effect, such as infrastructure projects, cf. Annex I and II in Directive 337/1985 as amended. If, in the light of Art. 34(2) of Regulation No. 1083/2006, infrastructure projects subsequently become an area of focus, the need for a strategic environmental assessment will be reconsidered.

For this reason, it is the view of the Danish authorities that a strategic environmental assessment of this programme pursuant to Directive 42/2001 is not required at this time.

As part of the ex ante evaluation, COWI has specified the following with regard to the environment issue in relation to the ESF Programme:

“the Programme for the ESF aims to promote all growth, but on the basis of human resources. The primary output of the ESF is thus to apply the resources under the ESF to upgrade qualifications and strengthen competencies within the target group. Thus, the ESF Programme does not set out a framework for future construction permissions. In this light, it is our assessment that the ESF Programme is not covered by the Act on the Environmental Assessment of Plans and Programmes.”
3 Strategic efforts

3.1 Frameworks for the efforts

In a world with increasingly open borders for exchange of goods, service provision, knowledge and workforce, it is vital that Danish enterprises and the workforce are in a position to innovate and adapt to changes in technology and the economic situation. It is the enterprises and their employees that must generate the growth so vital to maintaining and further developing the Danish welfare society. The enterprises must therefore have the best possible conditions for competition and growth.

From the perspective of growth policy, growth promotes the development of employment in a number of areas where job openings and new employment are subsequently created.

As far as the Community is concerned, the strategic guidelines specify some overall aims and guidelines in the Community’s policy in a number of areas based on the revised Lisbon Agenda. In “response” to this, the Danish national strategic reference framework explains how, as far as Denmark is concerned, the Danish Structural Fund policy will be positioned within the broader Community guidelines.

The strategic reference framework specifically cites the Danish national reform programmes focusing on Denmark as a knowledge society and mentions four fields of action in this connection:

- Education (development of the human resources)
- Entrepreneurship (the establishment and development of new enterprises)
- Investments in research, development and innovation
- Strategy for ICT integration (utilisation of new technology).

More specifically for the ESF policy, three action fields are emphasised, namely, the supply of labour, etc., adaptability and investments in human capital. It is these fields of action that result, in this programme, in action within two priorities, cf. below, called ‘A qualified workforce’ (better jobs) and ‘Expansion of the workforce’ (more jobs).

The Danish government’s overarching vision is for Denmark to be the most competitive society in the world in 2015, i.e. with world-class education, Denmark as the leading knowledge society, IT nation and entrepreneurial society. The specified objectives are set out in Denmark’s strategic reference framework.

The Danish Structural Fund policy will be an especially focused effort that supplements far greater efforts to strengthen Denmark’s growth, competitiveness and employment and to fulfil the aim of the vision. This thereby avoids that contributions from the Structural Funds replace Denmark’s public or corresponding expenditures for structural-fund purposes. An effort must also be made to ensure that the funds are used for large-scale strategic ventures.

Parts of the socio-economic analysis in this programme are based on the so-called regional growth model.
The regional growth model is a tool for analysis of the regional and local growth conditions that inter alia provide an opportunity for benchmarking the regional achievements and growth conditions for the four growth drivers which, according to the OECD, are important for economic growth: innovation, entrepreneurship, development of human resources and utilisation of new technology.

A number of national challenges are identified in the socio-economic analysis in chapter 2. The analysis shows that the vast majority of areas of Denmark have done well over the past decade. Economic growth has been relatively high, employment and incomes have risen significantly, and unemployment is low in most places.

The analysis also identifies a number of opportunities which the ESF policy will aim at to a large extent. The development of human resources addresses:

- The interplay between enterprises and knowledge and education institutions
- Supplementary training procedures focused on enterprise needs
- Better exploitation of management potential, for example by involvement of more female managers
- Better exploitation of workforce potential, for example among immigrants, seniors, disabled people, and people on the edge of or temporarily outside the labour market and other citizens eligible for support.

The establishment and development of new enterprises addresses:

- More highly educated people in SMEs
- More growth entrepreneurs
- Better exploitation of entrepreneur potential, for example by women.

Innovation, knowledge sharing and knowledge building addresses:

- increasing innovative strength in Danish enterprises
- exploiting globalisation proactively to create new specialised jobs
- increasing cluster relationships

Finally, utilisation of new technology addresses:

- increasing ICT integration/utilisation in SMEs
- increasing technology skills in the workforce
- increased the use of e-learning.

As regards the four growth drivers, benchmarking studies of the five Danish regions show that the regions’ strengths and weaknesses vary somewhat from one growth driver to another. Decisively in the lead, the Copenhagen region clearly does best within the four growth drivers, followed by the Central Jutland Region, while the Zealand Region, the North Jutland Region and the Southern Denmark Region in the next places do equally well on the whole.

So the regions perform differently in relation to those four growth drivers. The regional differences show that there will be a need for different regional efforts for generating regional growth and employment.
EU Structural Fund policy may contribute to strengthening regional growth conditions, which in the medium term may improve regional achievements. Locally and regionally, there are a large number of levers that may turned with a view to improving regional achievements. In the final analysis, it is a matter of establishing better conditions for Danish enterprises so they can increase earnings and employment.

**Focus of ESF policy**

European Parliament and Council Regulation (EC) No. 1081/2006 of 5 July 2006 on the European Social Fund, it is emphasised that the ESF must support implementation of the Member States’ policies in accordance with the European employment strategy and the related recommendations addressed to the Member States in connection with it, as set out in the Danish National Reform Programme (NRP).

The relevant goals from EU policies established in connection with NAP Inclusion (national action plans for social and employment “inclusion” of marginalised groups), the principles of non-discrimination, promotion of equal opportunity and aims formulated at Lisbon and Gothenburg summits are also included in the EU’s political and legal framework for the action. As background for a number of these policies, special mention may be made of the demographic development and desires to promote lifelong learning within vocational training policy together with effective co-ordination at all levels of policies involving social inclusion.

In March 2006, the Commission adopted a “Roadmap for Equality between Women and Men”, which, among other things, emphasises the part played by the Structural Funds in achieving the targets set out by the plan of action. From 2000 to 2006, the ESF has allocated six per cent of its resources to gender-specific measures.

Based on these overall frameworks, a number of fields of action, and a number of wishes regarding the nature of the specific activities that will be eligible for support by the ESF Programme, are identified below. The highlighted fields of action are the framework within which the regional growth forums may prioritise and organise the ESF-supported efforts as part of their business development strategy.

To facilitate understanding and concretise these wishes, a number of examples are given within the individual fields of action. The lists are by no means exhaustive, and there is thus opportunity for and access to realising these wishes via other more specific examples.

Based on the European Employment Strategy and the follow-up to the revised Lisbon Agenda, there is a point that “requires further attention” in the employment policy area, namely:

- Concrete and specific measures for increasing the supply of labour, cf. also the Welfare Reform.

Increasing the supply of labour is another formulation of this programme’s Priority 2.

Based on decisions in the European Council in the spring of 2005 and in the Council of Ministers for employment and social security in January 2006, cf. the Council’s letter of 27 February 2006 on the proposals for a new framework for the open co-ordination method, the Social Protection Committee and the Economic Policy Committee together stated that the social protection systems must be modernised with a view to ensuring that they are financially sustainable (an up-
to-date delineation of the category of people receiving benefits) and giving incentives to the working-age segment of the population to actively participate in the labour market (ensuring the economic incentive to take up employment), and that at the same time the protection systems must satisfy “the population’s aim for availability and coverage”.

In accordance with this, efforts are being made under the auspices of the Danish ESF Programme to expand the workforce based on enterprises’ needs.

In the area of education, a special EU initiative exists within the framework of the Lisbon Agenda called “Education and Training 2010”. The initiative is partly a special process with its own reporting and partly a semi-integrated element of the National Reform Programme. Its main issues concern additional and more effective investments in education, a cohesive and enlarged strategy for lifelong learning, reform of higher education and an improvement in the quality and attractiveness of vocational training.

The Danish government’s aims in the area of education are the following:

- At least 85 per cent of all young people completing a post-secondary education in 2010 and 95 per cent in 2015.
- At least 45 per cent completing further education in 2010 and 50 per cent in 2015.
- There must be a significant boost in adult education and supplementary training.

In conformity with this, the ESF Programme’s Priority 1 has as its overarching aim the upgrading of the qualifications of the workforce, and that recommendations from the Danish Tripartite Committee on adult education and supplementary training efforts are directly included in the programme’s fields of action.

Unlike in the previous programme period, no special programme with a transnational framework will be created, but it is obvious that efforts will not take place within a closed national space or be seen purely in their national context. The Danish economy is an increasingly globalised economy and, as before, individual projects could, for example, obtain experience, advisers, educators and methods abroad. Applications covering transnational activities will be assessed based on their potential contribution to Danish growth policy. Reference is made to programmes under the objective relating to territorial collaboration, including the transnational programmes.

The other principles that formed the basis of implementation of the Equal Programme in the period 2000–2006, such as partnerships and empowerment, innovation and mainstreaming, are also continued in this programme. Traditionally, Danish ESF projects are implemented by partnerships of different players and organisations which are thereby strengthened in their endeavours and safeguarding of interests. For the Structural Funds, the principle of innovation is one of the four overarching growth issues around which both programmes are constructed. Finally, the rooting of the ESF is substantially strengthened and thus providing good prerequisites for mainstreaming with the ESF’s close relationship to the regional growth forums’ development of regional business development strategies.

In other respects, the evaluation of the Equal Programme is summarised in chapter 2.

A programme period of seven year is a long time for areas such as business and employment policy, which are sensitive to economic ups and downs, and it is not realistic to imagine that all current needs and new situations could be foreseen over such long a period at the start of the
programme. Therefore, over and above the efforts and examples described in this chapter, there will be the opportunity to support new activities and, for example, information campaigns with a view to changing attitudes and breaking patterns as long as such activities relate to the four overall growth drivers.

The fields of action “innovation” and “dissemination of knowledge”, “utilisation of new technology” and “entrepreneurial activity” all relate to the main priority *Innovation and knowledge* in the EU’s common strategic guidelines and constitute the primary focus area for Denmark’s ERDF Programme. Because the ERDF and ESF Programmes must complement each other in efforts dealing with Denmark’s growth policy challenges, both programmes will, however, include activities within all four fields of action in the strategic framework.

The fact that an example of a project is cited in one of the programmes does not imply that the cited example is thereby excluded from support under the other programme. The two programmes may, for example, emphasise different aspects of the same problem area.

### 3.2 Fields of action and policy aims

#### 3.2.1 Structure of the programme

The contents of the ESF Programme are divided into two priorities. The background to this is that – as outlined in Denmark’s strategic reference framework – there is a fundamental need to strengthen the framework conditions and the regional growth conditions partly by removing barriers to growth in enterprises, etc., and thereby promoting the quality of the growth (better jobs), and partly by expanding enterprises’ recruiting base by providing better opportunities for broader growth (more jobs).

These two priorities are:

- **Priority 1**: A qualified workforce (better jobs)
- **Priority 2**: Expansion of the workforce (more jobs).

Priority 1 includes the fields of action within ‘development of human resources’, ‘innovation, knowledge sharing and knowledge building’ and ‘utilisation of new technology’. Priority 2 includes the fields of action within ‘development of human resources’, ‘establishment and development of new enterprises’ and ‘utilisation of new technology’.

In addition, technical assistance is a third priority, which includes Member States’ preparatory work, administration, monitoring, evaluation, information activity and controlling activities in connection with the programme and activities to strengthen the administrative capacity for implementation of the efforts.
Schematically, the programme looks like this:

For setting up targets and indicators, growth drivers will be categorised on the basis of the regional growth model and into project types A and B, where A is competency development of employees and the unemployed and B is system development, etc.

The content of the individual fields of action is specified in more detail below.

For each of the fields of action, the logic of the programme is illustrated with an overview of the relationship between the socio-economic analysis, project examples and the way in which effort will be measured.

The fields of action are illustrated by means of specific examples of projects that it will be possible to implement with ESF support. The list is not exhaustive and is only intended to concretise and exemplify the more general considerations relating to the fields of action. It generally applies to the ESF, irrespective of the formulation of the examples, that the aim in all cases is the development of human resources through more and better jobs.

3.2.2 Quantification of the overall aims of Structural Fund policy in Denmark 2007–2013

The European Council wants EU Structural Funds – the ESF and the ERDF – to contribute to achieving the Lisbon targets regarding sustainable growth, competitiveness and employment.

In Denmark, the Structural Funds should at the same time contribute to the government’s globalisation strategy, which has as its overarching objective that “Denmark must have a strong ability to compete, so that we still belong among the richest countries in the world”. The Structural Fund policy cannot achieve this objective alone, by any means, but only contribute to its achievement, together with the other efforts at national, regional and local levels. With this in mind, the overarching goal is the following:

35 The Danish funding earmarked for the aim on “Regional competitiveness and employment” only amounts to just under 0.07 per cent of Denmark's annual GDP, including the 50 per cent national co-financing.
Denmark must be **very competitive** so we continue to be one of the wealthiest countries in the world measured in terms of per capita GDP.

### Objectives for the four growth drivers

Structural Fund policy in Denmark 2007–2013 takes as its starting point the four growth drivers: human resources, entrepreneurship, innovation and utilisation of new technology. The Structural Funds must contribute to strengthening the regional and local framework conditions within these four growth drivers. This will consolidate the business community’s performance within those four growth drivers and thereby increase economic growth and employment throughout the country.

Targets for each of these four growth drivers are set out below. As with the above GDP goal, the Structural Funds can only contribute to meeting these targets. Whether the targets are achieved or not cannot therefore solely be interpreted as an expression of the Structural Funds’ effect.

#### 1. Human resources

Overall, the ESF should strengthen human resources by strengthening the competencies of the workforce and increasing employment. The following four overall targets are set up which the Structural Funds must contribute to achieving:

- **Priority 1:** In 2013, Denmark upholds its high occupational rate, 76.3 per cent, (baseline: 76.3 per cent in 2005).
- In 2013, 30 per cent of people, 25–64 years old, will have participated in a training programme within the last four weeks at the time of assessment (baseline: 27 per cent in 2005), source: Eurostat Labour Force Survey.
- In 2013, 45 per cent of unskilled people, 25–64 years old, will have participated in a training programme within the last year (baseline: 41 per cent in 2003), source: OECD, Education at a Glance.
- **Priority 2:** In 2013, the employment-participation rate (number of employed persons compared to the number of people 16–66 years old) has increased to 72.7 per cent (baseline: 72.6 per cent in 2005).

#### 2. Establishment and development of new enterprises

According to the government’s globalisation strategy, Denmark is in line with the best countries when it comes to number of new established enterprises per year. The problem is that too few of those new enterprises are really able at generate growth. Only approximately 5 per cent of Danish entrepreneurs rapidly achieve high growth in turnover or employment in the initial years – i.e. develop into growth entrepreneurs. In the leading countries, the figure is three times as high.

The Structural Funds can affect both the number of new enterprises established and growth in new enterprises. In the programme period 2000–2006, the entrepreneurial area was the field of action where the ESF’s additional efforts constituted the relatively largest part of the overall
national policy. It is therefore proposed to establish the following overall targets that the Structural Funds should contribute to achieving:

- In 2013, the rate of establishment in Denmark must be upheld at least at the same level as today (calculated annually, an average of 10 per cent of all enterprises must be newly founded) (baseline: 8.5 per cent in 2003).

- In 2013, the percentage of entrepreneurs who develop into growth entrepreneurs has increased to 13 per cent (baseline: 5 per cent in 2003)

3. Innovation
An important objective of the Structural Fund policy, 2007–2013, is to increase the innovative capacity in Denmark’s enterprises, inter alia by increasing the number of highly educated people in SMEs and by increasing the interaction between the business community on the one hand and knowledge and educational institutions on the other.

According to the latest pan-European innovation study, the Community Innovation Survey (CIS 3), approximately 40 per cent of Danish enterprises can be described as innovative, which puts Denmark in 10th place in the EU 15 (data concerning 1998–2000). The following target is proposed, which the Structural Funds should contribute to fulfilling:

In 2013, at least half of Denmark’s enterprises are innovative (baseline: 40 per cent in CIS3, 1998–2000).
Denmark is among the five most innovative countries in the EU by 2013 (measured in terms of innovative enterprises, cf. CIS above) (baseline: no. 9 in CIS, 1998–2000).

It is uncertain when the next CIS study will be ready, but to ensure that innovation goes the right way in the Danish business community, new information can be obtained alternate years, when the Danish Centre for Studies in Research and Research Policy (CFA) completes a major survey among Danish enterprises. It is noted that setting up a relative objective based on a comparison with other countries contributes to the methodological problem based of isolating fund policy efforts.

4. Utilisation of new technology
Utilisation of new technology may be a significant source for strengthening enterprises’ competitiveness. In principle, the field of action covers a broad spectrum of technologies, including ICT, materials technology and nanotechnology. In recent years, Danish enterprises have been investing substantial amounts in new technology, and it will therefore be difficult to measure the funds’ actions compared to the overall national effort.

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36 In the government’s globalisation strategy, are entrepreneurial goals are formulated as follows: a) Denmark must continue to be one of the countries in Europe where the largest number of new enterprises are established; and b) Denmark must be one of the countries in the world that has the most growth entrepreneurs by 2015.

37 Indicators of Danish Research and Innovation 2005 (Indikatorer for dansk forskning og innovation 2005), Danish Centre for Studies in Research and Research Policy. In the CFA study, innovation is defined broadly as new or significantly improved goods and service provision, production systems, delivery systems, marketing methods and organisational methods. CFA provides the Danish input for the CIS studies.
In terms of data, good indicators exist only for proliferation of ICT. Statistics Denmark publishes several objectives for ICT utilisation in enterprises, including the following five indicators (for enterprises with at least ten employees): The proportion of enterprises that use e-learning, the proportion of enterprises with broadband Internet connection, the proportion of enterprises with a website, the proportion of enterprises that have placed orders via the Internet, and the proportion of enterprises that have received orders via the Internet). The simple average of these five indicators was 56 per cent in 2005. The following target is proposed, which the Structural Funds should contribute to fulfilling:

- In 2013, the average utilisation of ICT in Denmark’s business community is at least 75 per cent, (baseline: 56 per cent in 2005) (measured as a simple average of the number of enterprises that use e-learning; the percentage of enterprises with broadband Internet connections; percentage of enterprises with their own website; the percentage of enterprises that have placed orders via the Internet; and the percentage of enterprises that have received orders via the Internet).

Over and above these overall targets, specific aims and indicators are set up for each field of action (growth driver) and for the project types set up. Appendix 1 contains an overall overview of the programme’s aims and indicators.

3.2.3 Recipients of support

Applicants for support under the ESF Programme must be legal or natural persons. Based on the programme’s focus on regional growth conditions, applicants will typically be enterprises, public or quasi-public and private institutions, public authorities, organisations, funds and participants in networks.

Enterprises, including individual enterprises, may receive grant letters for projects which substantiate that the support will be used for upgrading the qualifications of or expanding the workforce, and thus substantiate that the ultimate recipients of support are people eligible for support under this programme.

In any case, the support under the programme must be granted within the framework of the national support rules, cf. Appendix 4.

Under the Act on Trade and Industry Development, the regions’ ESF activities must be implemented under the auspices of independent legal units.

A network may comprise different parties with relevant competencies and/or needs.

Direct support is not granted to individual persons or to individual entrepreneurs.

The details of the rules regarding eligible costs and administration of Structural Fund projects are set forth in the National Agency for Enterprise and Construction’s guidelines for projects funded by the Structural Funds.

3.2.4 General conditions

As public funds are received for implementation of an ESF project, economic thrift must always be demonstrated in the implementation of a project. It must be possible to document that, by
The recipient of support must be the one who actually implements the ESF project. In other words, the recipient of support must be in charge of the day-to-day management and must be responsible for implementing the project in conformity with the application for and approval of support. If the (financial) interest of a natural or legal person affiliated with an ESF project exceeds that of a simple external supplier and/or if the natural or legal person derives partial gains from results achieved during the project, the party concerned will be regarded as a partner. All products/services exchanged between the project partners must be paid for at cost price, as the partners are regarded as having a common interest in the project.

To be eligible for support from the ESF, the project must be additional. “Additionality” means that ESF-supported activities must be supplementary in relation to the Danish efforts in the area concerned. The activities must not take the place of statutory national efforts. The applicant must at a minimum show the likelihood and declare that project implementation would not be able to take place to the same extent, at the same point in time or within the same timeframe without the support. The aim is for the Structural Funds to be used for underpinning large-scale strategic ventures.

In connection with implementation of the programme, particular emphasis is placed on promoting and integrating innovative activities.

As a general rule for the selection of projects, crosscutting issues must be taken into account, i.e. areas facing structural difficulties, rural areas and towns, equal opportunity policy, environmental policy and employment policy. 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 crosscutting issues into account.

No absolute minimum or maximum age limit, e.g. 18, is required for people to participate in an ESF project. The decisive factors are the aims and activities of the individual projects. The ESF aims to strengthen “economic and social cohesion by improving employment and opportunities for work, promoting a high level of employment and through more and better jobs”, cf. the regulation for the period 2007–2013. Thus, the projects should focus on employment opportunities for adults and young people.

The EU has other programmes concerned with education and training (Lifelong Learning) and with promotion of the participation of young Europeans in civil society and the democratic process (Active Youths). Parts of the latter programme will specifically address the needs of disadvantaged youths. Other parts are aimed at youths as young as 13 years of age. The ESF cannot support projects which are supported at the same time through other transnational Community programmes, specifically within general and vocational education and training, cf. Article 8 (2) of the regulation and section 4.3 of this programme.

With regard to possible age limits and additionality, it should be noted that Denmark has nine-year compulsory education starting from the time the child reaches the age of 7.

The details of the rules regarding costs eligible for support are set forth in the National Agency for Enterprise and Construction’s guidelines for projects funded by the Structural Funds.
3.3 Priority 1: A qualified workforce (better jobs)

Globalisation of the Danish economy entails increasing competitive pressure on Danish enterprises and on the workforce. And the fact that the workforce must operate in a knowledge economy adds a further challenge to the pressure to make the Danish workforce as well-qualified as possible. Primarily, Priority 1 is about creating the best possible frameworks and conditions in order to qualify and apply competencies in the workforce, and among people with workforce potential, as productively as possible.

Framework conditions to qualify the workforce cover human resources, innovation and new technology. Where regional framework conditions improve, it is to be expected that regional achievements will improve, and that enterprises will thus gain greater access to a highly qualified workforce.

The goals for Priority 1 efforts are as follows:

- Upgrading the qualifications of the workforce and better access to professional managerial skills and reinforced organisational development in enterprises
- Reinforced innovative efforts in Danish enterprises
- Better public-sector and private-sector use of new technology in the workforce

In terms of content, the action fields fall within the scope of the ESF regulation:

a) increasing adaptability of workers, enterprises and entrepreneurs with a view to improving the anticipation and positive management of economic change;

d) enhancing human capital; and

e) promoting partnerships, pacts and initiatives through networking of relevant stakeholders, such as the social partners and non-governmental organisations at transnational, national, regional and local levels in order to mobilise for reforms in the field of employment and labour market inclusiveness. 38

3.3.1 Development of human resources

In relation to upgrading the qualifications of the workforce, efforts can be made on several fronts in the field of action to develop human resources. The workforce can upgrade its qualifications if more people complete better vocational training, courses of further education or take more supplementary training. The workforce can also upgrade its qualifications by ensuring flexibility and organisational development in individual enterprises and by ensuring good managerial skills. It is important to support the learning environment of enterprises. For example, it may be profitable to support combinations of learning in the workplace and more traditional educational processes.

Consolidation of collaboration between enterprises and providers of education and support of systematic needs clarification and central planning of training may be profitable.

The Ministry of Employment has just upgraded its coordinated monitoring, forecasting of needs and following them up under the auspices of the nationally funded employment effort. Bottlenecks are monitored in the employment regions which prepare surveys of the areas

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(classified by sectors and training/education). In other words, this system will also record any shortage of highly educated labour. In accordance with the decisions of the regional employment council, the regions are responsible for the administration of a state grant for preventing and relieving labour shortages (bottlenecks).

After the structural reform, municipal employment centres will become the central focal point of Denmark’s employment effort. The employment centres must be familiar with the enterprises’ labour needs, including any competency gaps, to prevent bottlenecks and support citizens in making the requisite change of sector. The employment centres base their efforts on analyses from the employment regions.

With regard to regional development and competitiveness, the selection of relevant competencies offered by the regions in relation to the needs of the enterprises and the framework for management and organisational development is significant.

In relation to upgrading workforce qualifications, a number of framework conditions of significance to the development of human resources could thus be identified. In summary, the following may be highlighted:

- **a) Availability in the regions of relevant competencies and the opportunities to get an education, including vocational training, further education and supplementary training**
- **b) Framework for management and organisational development, including a better basis for recruitment of managers.**

**a) Availability in the regions of relevant competencies**
The availability of relevant competencies can be measured in terms of the diversity of training in the region, including the population’s opportunities to take an education. Besides, the education and training programmes must be of high quality and they must be relevant to the enterprises located in the region. Finally, the interplay between educational institutions and the business community is vital in order to boost competency development and increase the knowledge content of the enterprises’ products, which is increasingly a parameter of global competition.

The socio-economic analysis shows that Danish enterprises invest in their employees’ competency development and that there is generally a great deal of activity within adult education and supplementary training. But the analysis also shows that enterprises make the greatest commitment to employees who are already the best educated and that a substantial proportion of the workforce has no qualifying education or training. The enterprises’ planning of training programmes will thus be a significant field of action in relation to those with a short-term education and others.

The socio-economic analysis also shows that the training planning is lowest in SMEs. It is precisely these SMEs that comprise an important – and in terms of growth, very significant – proportion of Danish enterprises. The ESF could contribute to ensuring an offering of relevant competencies with regard to the planning of training in SMEs. For example, a number of opportunities exist in binding partnerships between trade unions, regional competency development centres and consultancy firms, for instance.

*High quality vocational training* plays a vital role in providing enterprises with the necessary business-oriented competencies in new technologies and traditional trades, simply because the proportion of the workforce with vocational training as their highest level of education is so
large. As the socio-economic analysis states, the government has appointed a Tripartite Committee to analyse the Danish system of adult education and supplementary training to assess whether it meets future requirements. In connection with the work of the committee, a study was undertaken of enterprise requirements for competencies. The study highlights the need to strengthen firstly innovative competencies, i.e. the ability to think along new lines, such as by empathising more with the customers’ needs and preferences and translating this into practical solutions, and secondly entrepreneurial skills, i.e. great powers of initiative and independence in performing tasks, a willingness to take risks and good business acumen.

Another field of action highlighted in the National Competency Accounts (a development project offering new ways to chart human resources, the Ministry of Education’s report of December 2005), is greater recognition of real competencies (competencies acquired in working life, and not necessarily stated on an examination certificate).

Specific ESF efforts in connection with the planning of training and the quality of vocational training could contribute in the following respects:

- boost supplementary training for people with a short-term education specifically in SMEs and in the unemployment system.
- boost the development and guidance of educational institutions with regard to tailor-made offers and types of offers adapted to employee prerequisites and enterprise needs.
- increase the transparency of qualifications and competencies, as well as expand the application of real competencies with a view to expanding the basis and prerequisites for enterprise recruitment.

and a targeted focus on territorial problem areas:

- ensure the offering of vocational training (AMU courses, etc.) in areas facing structural difficulties, such as by placing educational/training programmes in these areas.
- strengthen citizens’ learning skills and creative and innovative competencies.

As mentioned in the socio-economic analysis, studies of the effects of globalisation on Danish enterprises point out that the relocation of tasks into and out of an area puts enterprises under a competency pressure when tasks characterised by routine and mass production tasks are relocated out of the area and tasks involving areas like process control and marketing, etc., are relocated into the area and/or are developed. This process imposes requirements for new competencies for more people, who must be able to adapt to new cultures, communicate in more than one language, use new technologies and have product knowledge and knowledge of the market.

The ESF can make an effort as part of the adapting of educational/training programmes to meet the enterprises’ competency requirements, for example by:

- supporting the development and availability of educational and development processes that promote the adaptation of enterprises to the competency pressure of globalisation.

In many cases, a tertiary education is vital for being able to work in knowledge enterprises. The framework condition leads directly to more knowledge workers, so it is important for a high proportion of the population to complete a course of further education. Specifically, the ESF can support development and adaptation of further educational programmes to become more enterprise oriented, based on the needs of the business community. An example of this could be:
Development of course offerings, modules and methods that could, for example, be targeted on greater involvement of the environmental issue, socially marginalised groups in the workforce, the meeting of cultures, PPPs and innovation techniques such as Lean.

It is important for the workforce to keep on improving its competencies and skills by means of relevant supplementary training. Supplementary training can take many forms, such as a residential course at a training centre, in-house courses, home study and training during a period of unemployment. Common to all of these is the need for high quality training, training that takes account of the real needs of enterprises, and a broad applicability in the labour market for the individual’s competencies and skills. The selection of research-based supplementary training in Denmark is relatively small and, as a result, supplementary training does not contribute what it potentially could in terms of the promulgation of new knowledge. The ESF could contribute to strengthening the enterprise-orientation of supplementary training programmes. An example of this could be:

- Breaking down cultural barriers between (skilled) enterprise owners and academics/institutions of higher learning.

One barrier to taking on more people who are highly educated in SMEs and especially enterprises located in areas facing structural difficulties could be that the individual small enterprise has neither the resources nor the competencies to provide supplementary training to groups who themselves have a strong focus on their own continuing education. One way around this could be:

- Developing joint supplementary training offers right across these very same SMEs in a local area, an industry, a cluster or a common HR function
- Further developing the methodology and educational approach in relation to specific enterprise needs or for promoting equal opportunity.
- Developing future competency requirements for different aspects of industry, personnel groups and work functions that could focus on special regional issues, for example.

The interaction between educational institutions and enterprises is vital when it comes to regional provision of relevant competencies. Here, the ESF can assist educational institutions in collaborating with enterprises on specific projects and also help educational institutions to maintain an ongoing dialogue with enterprises.

b) Framework for managerial and organisational development

The regional framework for managerial and organisational development focuses on ensuring the enterprises’ access to professional managers, ensuring that managers have access to proper training and networking and that enterprises have access to consultancy, for example with regard to IT, communications, advertising, product development, legal problem areas, etc. In addition to this is the importance of organisational development at the workplace, etc.

The new form of competition in the knowledge society, competing on innovation, places greater and greater demands on strategic management. Improvements can be made here, for example by providing good training for managers and by ensuring that managers focus on creativity and other soft skills. A country’s managerial skills can also be developed if there are clear incentives for succeeding as a manager, for example by means of flexible and performance-oriented types
of remuneration. It is also possible to improve enterprise management by providing a certain amount of external influence on management, for example via external board members.

Specific ESF actions can include the following:

- *Further development of Danish management courses* that take account of the needs of SMEs, for example by the use of virtual management academies. Further work can also be done with the management of highly-qualified employees whose technical skills may be stronger than those of the manager.

- *Strengthening strategic management skills*, for example via networking, mentoring schemes, supplementary training, diversity management and schemes for hiring in an HR manager or other managers.

- *Managerial accumulation of knowledge and innovation* both within individual enterprises and across two or more enterprises. User-driven and employee-driven innovation can be of particular interest because of Denmark’s large number of SMEs.

- Better utilisation of management potential by involving more *female managers and managers of an ethnic background other than Danish*, such as by tailoring the HR development process in enterprises and organisations.

Enterprises should also have good conditions for introducing *flexible and developing forms of organisation and learning environments*. In principle, the Danish flexicurity system helps here with a combination of a relatively high level of support, liberal rules for terminating employment and well-developed supplementary training and welfare-to-work efforts. At the same time, the enterprises should make it possible for employees to work within a flexible framework. The enterprises’ flexibility opportunities also increase if their employees are willing to adapt when labour-market conditions change.

The ESF’s contribution to organisational development in enterprises could, for example, be a question of:

- Developing *new and adapted types of organisation* in specific types of enterprises or contexts.

- Developing *management tools for promoting learning at the workplace*.

To summarise and to provide a clearer view of the relationship between the SWOT analysis in chapter 2, the highlighted fields of action and the indicators set out later in this chapter, we have endeavoured to put together a brief text box for each field of action. The relevant weaknesses, opportunities and threats are highlighted from the SWOT analysis, and examples are given referring to each of these. Measurement of the results of the efforts is covered in this context by showing the indicators set.
For field of action 1.1, the relationship is illustrated thus:

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<thead>
<tr>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>Geographically outlying areas have relatively low growth and low levels of education</td>
<td>Better utilisation of management potential by involving more female managers</td>
<td>Increased relocation of workplaces away from an area</td>
</tr>
<tr>
<td>One in three enterprises do not send employees to supplementary training</td>
<td>A larger number of highly educated people in SMEs</td>
<td>Globalisation increases the pressure for competency development</td>
</tr>
<tr>
<td>Many SMEs do not have highly educated people</td>
<td>Exploit globalisation proactively to create new specialised jobs</td>
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**Aim of the action:**
Upgrading the qualifications of the workforce and better access to professional managerial skills and reinforced organisational development in enterprises

<table>
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<tr>
<th>Examples</th>
<th>Examples</th>
<th>Examples</th>
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</thead>
<tbody>
<tr>
<td>Ensure the offering of vocational training in outlying areas, such as by placing education/training in the areas</td>
<td>More female managers and managers of an ethnic background other than Danish, for example by means of a tailored HR development process in enterprises and organisations</td>
<td>Increase the transparency of qualifications and competencies, including expansion of the application of real competencies</td>
</tr>
<tr>
<td>Reinforce supplementary training of enterprise employees with a short-term education</td>
<td>Managerial accumulation of knowledge and innovation both within individual enterprises and across different enterprises</td>
<td>Support the development of educational and development processes that promote the adaptation of enterprises to the competency pressure of globalisation</td>
</tr>
<tr>
<td>Break down cultural barriers between skilled people (enterprise owners and academics/institutions of higher learning)</td>
<td>Boost the development and guidance of educational institutions with regard to tailor-made offers and types of offers adapted to employee prerequisites and the enterprise needs</td>
<td></td>
</tr>
</tbody>
</table>

**Indicators**

<table>
<thead>
<tr>
<th>Output</th>
<th>Result</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,000 participants registered under the framework condition <em>education and supplementary training</em></td>
<td>As a result of their project participation, 26,000 people have enhanced their level of skill/competency compared to now or have a new job (baseline: 0)</td>
<td>In 2013, Denmark upholds its high occupational rate, 76.3 per cent (baseline: 76.3 per cent in 2005)</td>
</tr>
<tr>
<td>8,000 participants registered under the framework condition <em>development of organisations and</em></td>
<td>As a result of their project participation, 200 enterprises/ institutions/ organisations have</td>
<td>In 2013, 30 per cent of people 25–64 years old will have participated in a training</td>
</tr>
</tbody>
</table>
3.3.2 Innovation, knowledge sharing and knowledge building

Opportunities for Danish enterprises to innovate are vital in a globalised economy where there is ongoing demand for new and better products. The potential for innovation largely goes hand in hand with enterprises’ access to knowledge, the quality of this knowledge and the interaction of research, knowledge and educational institutions. Added to this is the importance of harnessing the opportunities that arise in collaborating with other enterprises. Finally, the enterprises’ own organisation and culture are vital to the exploitation of employees’ potential for innovation.

Thus, in relation to the ESF, framework conditions for innovation could for example include:

a) Regional innovation capacity
b) Interplay of innovation
c) Cluster relationships
d) The enterprises’ ability to exploit new knowledge.

The common starting point for efforts in these areas is education and the organisation of enterprises’ production with a view to obtaining the best possible utilisation of human resources.

**a) Regional innovation capacity**

The quality and relevance of local knowledge institutions is significant in terms of regional innovation capacity. In a national and international context, it is important for institutions to offer high-quality research, education and knowledge, and for institutions to offer knowledge in fields that are central to the development work of local enterprises. In addition, employee-driven innovation has a positive effect on enterprises’ overall profits. SMEs and larger enterprises situated in urban areas can help to secure the critical mass and proximity that provides the necessary interplay and thus also drives innovation.

Finally, the general innovation culture in the region may be mentioned, i.e. the fact that the workforce is prepared to change and full of ideas, and the fact that the region has particularly enterprising managers who take an active part in developing the capacity for innovation.

Examples of an ESF action:

- Development of *supplementary training offers* in disciplines specially aimed at particular types of innovation, including user-driven and employee-driven innovation, identification
of user needs and involvement of customers in development processes, or better adaptation to the environmental issue, for instance.

- Development of special innovation strategies and the human resources associated with this for a region
- Development of new flexible and specialised education and training offers targeting people with the same job functions across sectors and trades
- Systematic work with creative competencies at both manager and employee levels.

**b) Interplay of innovation**

A second important field is collaboration between enterprises and knowledge and educational institutions that may contribute to establishing regional innovation environments. Initiatives that may increase the number of highly trained personnel in SMEs are a good example of this.

Other examples:

- **Internship schemes** that, for example, lead to students being employed in SMEs (this does not include actual wage subsidy employment).
- Strengthening the opportunities for university-level supplementary training for enterprise employees, partly to strengthen their competency level and partly to get the university “into” the enterprises, such as in the form of e-learning processes.
- **Transfer of knowledge** from further education institutions, for example, to SMEs in areas facing structural difficulties.
- **Competency network of personnel with key competencies**, such as by lending personnel and establishment of exchange schemes between enterprises and between enterprises and knowledge institutions.
- **Development of new forms of dissemination between knowledge and educational institutions and enterprises**, such as relating to the use of new technology.

To these can be added the choice of special environments in form of knowledge centres and science parks, for example, where enterprises and knowledge institutions are physically brought together.

An example of such an ESF action:

- Development, further development and testing of a competency centres based on existing (regional) strengths, for instance.
- Developing consultancy service in incubator facilities to support the establishment or expansion of knowledge-intensive enterprises.

**c) Cluster relationships**

Competency development in networks of enterprises, personnel groups and research and knowledge institutions that are part of same value chain may, for example, have the purpose of building up and strengthening clusters.

Analyses of common characteristics in successful clusters within traditional trades indicate that these very same factors determine a cluster’s success.

The ESF action may, for example, be a question of:
• Development of *interplay*, *for example in the form of a network between knowledge and development institutions and enterprises*.

• *Networking between SMEs* regarding the cluster’s need for competency.

• Knowledge and development of *networks of external suppliers* that unite small external suppliers in partnerships that enable them to serve as turnkey suppliers in global markets.

• Information about *spin-offs*. Changes in the enterprises arising from innovation can be implemented in a new enterprise associated with the existing one, i.e. a spin-off, which should be publicised and made attractive.

**d) Enterprises’ ability to exploit new knowledge**

It is important for enterprises to be able to take on board and exploit new knowledge. This means that enterprises need a long-term strategy for innovation and business development, and that enterprises need to collaborate with knowledge institutions and are in a position to share knowledge concerning such fields as technology, markets, design, etc. It is also important for enterprise management to provide motivation for and to realise innovative ideas.

The ESF has fine possibilities of contributing to the enterprises’ absorption capacity. For example, this could involve

• *Sponsorship schemes* – teamwork between SMEs.

• Initiatives that profile *user-driven innovation* as a source for increased growth.
The above may be summarised as follows:

### Programming approach for Priority 1.2:
Innovation, knowledge sharing and knowledge building

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Despite the existence of knowledge centres, overall there is a relatively low level of technology transfer</td>
<td>Strengthen the interplay between enterprises and knowledge institutions</td>
<td>Stagnation of the workforce’s education level</td>
</tr>
<tr>
<td>Insufficient use of advanced ICT in enterprises</td>
<td>Increased ICT integration/utilisation in SMEs</td>
<td>Reduced competitiveness resulting from insufficient use of new technology</td>
</tr>
</tbody>
</table>

### SWOT analysis

<table>
<thead>
<tr>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local innovation clubs at practice-oriented educational institutions</td>
</tr>
<tr>
<td>Further education in outlying areas with the aid of mentors/entrepreneurs, distance learning and use of existing computer rooms and centres</td>
</tr>
</tbody>
</table>

### SWOT analysis

<table>
<thead>
<tr>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,000 participants registered under the framework condition education and supplementary training</td>
</tr>
<tr>
<td>8,000 participants registered under the framework condition innovation-related partnerships</td>
</tr>
<tr>
<td>200 new types of organisation (partnerships/ processes/products) under the framework condition innovation-related partnerships</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a result of their project participation, 15,000 people have enhanced their skills/competency compared to now or have a new job within innovation (baseline: 0)</td>
</tr>
<tr>
<td>As a result of their project participation, 200 enterprises/institutions/organisations have developed/implemented new organisational models/types of partnerships/processes/products within innovation, knowledge sharing and knowledge building (baseline: 0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2013, at least half of Denmark’s enterprises are innovative (baseline: 40 per cent in CIS3, 1998–2000)</td>
</tr>
<tr>
<td>In 2013, Denmark is among the five most innovative countries in the EU (baseline: no. 9 in CIS3, 1998–2000)</td>
</tr>
</tbody>
</table>

### 3.3.3 Utilisation of new technology

Enterprises’ ability to use new technology, including information technology, is also very important to development potential. New technology is included partly as an important element
in the development of employee competencies and partly in relation to the development of new production processes, etc. The framework conditions for new technology may be strengthened, for example, by means of more consistently implemented digitalisation. The field of action covers both digital administration and broader access to knowledge concerning new technology.

The Danish government aims to ensure that there are competencies to support the advanced IT utilisation in the business community and the public sector, and that there are sufficient key competencies to support ongoing value creation by the IT industry. At the same time, it is vital for all citizens to have access to competency development within the IT field, and for familiarity with competency development through e-learning to be expanded.

The ESF’s contribution to the proliferation and utilisation of new technologies could be the development of competency that is necessary, for instance in enterprises for realising the full potential of technology investments.

Danish enterprises obtain a lot of information on the Internet but the use of the Internet for international sales and marketing, etc., is limited. The development of human resources that will put enterprises in a better position to exploit this form of sales could be an important field of action.

For example, the ESF could support:

- *Experiments with knowledge building and dissemination* to enterprises in a region
- Development of an *IT pilot scheme or other IT-promoting methods for SMEs*
- Development of the human resources that are needed in order to *spread municipal IT strategies aimed at enterprises and citizens*
- Development of IT strategies that provide and further extend opportunities for *disabled people to continue making use of their ability to work*, cf. the standards, etc., of the National IT and Telecom Agency for disabled people as users and employees
- Development of *educational methods adapted to the unique learning prerequisites of the two sexes*. 
The above may be summarised as follows:

<table>
<thead>
<tr>
<th>Programming approach for Priority 1.3: Utilisation of new technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SWOT analysis</strong></td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Despite the existence of knowledge centres, overall there is a relatively low level of technology transfer</td>
</tr>
<tr>
<td>Insufficient use of advanced ICT in enterprises</td>
</tr>
<tr>
<td>Increased technology competencies in the workforce</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Aim of the action:</strong> Better public-sector and private-sector use of new technology in the workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples</strong></td>
</tr>
<tr>
<td>Development of the human resources needed for spreading municipal IT strategies aimed at enterprises and citizens</td>
</tr>
<tr>
<td>Experiments with knowledge building and dissemination to enterprises in a region</td>
</tr>
<tr>
<td>Development of an IT pilot scheme or other IT-promoting methods for SMEs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Indicators</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
</tr>
<tr>
<td>22,000 participants registered under the framework condition education and supplementary training</td>
</tr>
<tr>
<td>8,000 participants registered under the framework condition new-technology teamwork</td>
</tr>
<tr>
<td>200 new types of organisation (working relationships/processes/products) registered under the framework condition new technology teamwork</td>
</tr>
<tr>
<td><strong>Result</strong></td>
</tr>
<tr>
<td>As a result of their project participation, 21,000 people have enhanced their skills/competency compared to now or have a new job within the utilisation of new technology (baseline: 0)</td>
</tr>
<tr>
<td>As a result of their project participation, 200 enterprises/institutions/organisations have introduced new types of partnerships/processes/products relating to new technology (baseline: 0)</td>
</tr>
<tr>
<td><strong>Impact</strong></td>
</tr>
<tr>
<td>By 2013, the average ICT utilisation in the Danish business community is at least 75 per cent (baseline: 56 per cent in 2005)</td>
</tr>
</tbody>
</table>
3.4 Priority 2: Expansion of the workforce (more jobs)

It is also necessary – and especially in a situation like Denmark’s with relatively low unemployment – to expand the workforce and optimise the distribution of the economic resources invested in human resources. It is noted here that expansion of the workforce does not in itself directly lead to higher employment but that the concepts are used here in a dynamic sense, where expansion will in the long term lead to more jobs.

Globalisation entails a competency pressure on enterprises and employees, one reason being that Denmark has many SMEs that are not involved in globalisation. The requirements for general and personal competencies are rising for all education levels, but there is special focus on employees with a background in vocational training, because a great deal of user-driven innovation arises at this level in employee-driven enterprises.

By improving the regional framework conditions, enterprises can get better access to the workforce required.

The Danish labour market is currently in a situation where there is a shortage of labour both in certain sectors and certain geographical areas, and where specific competencies are in short supply. This situation will be exacerbated in the years ahead by the underlying demographic trend which, all things being equal, will reduce the workforce. Therefore there is not only a need to expand work efforts and develop the competency level of people already in employment but also a need for increased attention to socio-economic developments, which involves resources and specific competencies that are not being fully exploited at present. If all human resources can be involved and put to productive use, this will significantly contribute to realising the growth potential of Danish society.

With the policy agreement entered into in June 2006 regarding a general prosperity and welfare reform, the scene has been set for initiatives which affect the current statutory and grant-related framework in a number of areas, including retirement from the labour market. The ESF Programme’s objective of expanding the workforce can be regarded as a supplement which makes use of other instruments that are more characterised by network creation, method development and attitude changing.

The insufficient utilisation of all human resources is a barrier to growth. The economic and social differences found in larger urban areas, for example, are a barrier to growth, because the occupational rate is thereby reduced. Investments in expanding the workforce by means of reducing the economic and social differences – and also, in line with this, improved environmental aspects – will promote growth in a long-term perspective. If the enterprise managers reflect the demographic make-up of the surrounding community, it is more likely for them to exploit their financial growth potential.

The report on adult supplementary training points out that there is a need to make an extra effort aimed at unskilled people, people with weak or narrow competencies, people with inadequate reading, writing and/or arithmetic skills, and bilingual people who have difficulty speaking Danish.

Basically, all segments of the reserve workforce can be included in the ESF policy. This will vary in different sectors, qualification levels and geographical areas and, moreover, the focus of the action will depend on current market trends. It must be remembered here that the efforts must
be additional in relation to the nationally financed efforts made in the remits of both the Ministry of Employment and the Ministry of Social Affairs.

Altogether, the growth drivers’ development of human resources, establishment and development of new enterprises and the utilisation of new technology are central to Priority 2. The aims are as follows:

- Higher employment-participation rates
- Reinforced entrepreneurial action
- Broader access to new technology in the context of jobs.

In terms of content, the fields of action fall within the scope of the ESF regulation:

b) enhancing access to employment and the sustainable inclusion in the labour market for job seekers and inactive people, preventing unemployment, in particular long-term and youth unemployment and encouraging active ageing and longer worker lives, increased participation in the labour market, and
c) reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment and combating all forms of discrimination in the labour market.

3.4.1 Development of human resources

Today there are a number of groups in society that, with redoubled efforts to create better framework conditions in a number of areas, will get the opportunity to contribute more to the generation of growth and development. A significant barrier to the exploitation of the potential workforce represented by those who do not participate in the labour market is the level of competency. For example there are people with good resources in groups of senior citizens, immigrants and disabled people who are without work. Enterprises will be able to benefit from better exploitation of existing and new competencies if these groups are given better opportunities in the labour market, for example via flexible forms of working, including shorter working hours and special arrangements for people of a different ethnic background, including, for example, integrated language-school programmes during working hours. The action is generally based on providing a broader recruitment base for the enterprises so that they can secure the workforce in demand. The action is based on dynamic measures that aim to get the unemployed and those not participating in the labour market into employment.

Over the last ten years, the “social responsibility” of enterprises has been a management term for responsibility and ethics in relation to private-sector and public-sector enterprises and organisations which affects the whole business community individually and collectively. Whereas social responsibility previously only meant that enterprises did a bit more for the most disadvantaged members of society, today it specifically involves the way enterprises run their business, how this affects their surroundings, and how enterprises are affected by their surroundings. In tandem with the structural change in the global economy, social responsibility has moved away from simple philanthropy to become a decisive factor alongside the enterprise’s aims, strategy, risk management and day-to-day management.

Age-related barriers

The age of retirement from the labour market is an important parameter in endeavours to expand the workforce, and in recent years measures have been implemented to assist enterprises with retaining a stable workforce via greater economic incentives for the individual to postpone retirement.
Enterprise endeavours to develop an active HR policy for seniors comprising things such as an ongoing focus on supplementary training, specially arranged forms of work and assignments and less demanding functions could potentially also contribute here.

Also, efforts to reduce absence due to illness could potentially contribute both to increasing the effective supply of labour and quality of work for seniors and other groups.

It should be mentioned in this context that referring to reduced absence due to illness here is a deliberate choice, not to occupational safety and health in general. The background is that the absence due to illness concept is a natural part of enterprises’ overall arrangements for the use of human resources as part of the production process and therefore will be a familiar concept in the circle of players that must implement and administer the ESF Programme. On the other hand, the concept of occupational safety and health is usually included in other contexts and therefore will not naturally come under the heading of growth policy. Thus, the ambition is to focus the use of scarce Structural Fund resources on the part of the occupational safety and health concept that directly results in reduced absence due to illness.

Overall, this involves encouraging enterprises and elderly employees alike to postponing and gradual retirement. Examples of specific ESF projects:

- Development of *models and methods for HR policies adapted to senior employees* and expanding this at more enterprises
- Development of better *interplay between municipalities, educational institutions and the business community* for this and other groups with a view to re-entry into enterprises of unemployed people after implementation of a specially arranged process.

**Ethnic barriers**

Danish enterprises should to a greater extent regard ethnic minorities as potential for the development of enterprises in a globalised world where products and services are aimed at a broader customer base. The socio-economic analysis in chapter 2 emphasises that, whereas the occupational rate for people of Danish origin is approximately 78 per cent, for people of foreign origin it is only approximately 58 per cent. One very special problem is the occupational rate among female immigrants from non-Western countries, which is as low as approximately 46 per cent.

Thus, there is a need to make greater efforts in two areas. One is to make the resources of these groups more visible, and the other is a focused effort to expand enterprises’ recruitment perspective. These two things are connected and both serve the purpose of expanding the workforce from which enterprises can actively recruit.

The aim with regard to getting more immigrants and second-generation immigrants into work is potentially by far the biggest individual contribution to expanding the workforce, and the ESF may contribute to this in a number of areas, for example through:

- *Development of educational options and traineeship schemes* and of educational institutions’ inclusiveness and job brokering in relation to both ethnic minorities and other young people
- *Development of enterprises’ recruitment practice* and especially greater recognition and application of real competencies and diversity management
Better application of the competencies that highly educated immigrants bring with them, e.g. in relation to new markets, product development and product adaptation, etc.

Development of new offers and kinds of offers for Danish language tuition for people who are bilingual

Attitude-changing activities and expansion of recruitment practice so as to boost inclusion of people from a different ethnic background, and possibly adapted to the prerequisites of each gender

Proactive youth guidance targeting ethnic minorities (young people and their parents) concerning vocational study programmes.

And particularly in larger towns and cities, for example:

Better advice to ethnic minorities inter alia concerning entrepreneurship.

Disability barriers
Relatively large groups in enterprises function well, irrespective of whether they meet formal definitions of disability or are socially marginalised. If enterprises would increasingly look at all parts of the workforce based on the contribution to the enterprise’s growth in real terms, disabled people would also be able to become more economically active.

New experimental initiatives via ESF projects in this area could, for example, relate to:

- Development of software adapted to the special needs of groups of disabled people
- Competency development for employees in municipal employment centres with respect to this problem area, for example via creation of new models and collaboration routines,
- Development of special support measures in educational institutions for young disabled people
- Development of alternative teaching methods possibly combined with a clarification of needs, guidance and job training,
- Development of employment opportunities in atypical areas,
- Specific activities at enterprise level such as planning, setting up support/mentoring schemes, working on corporate culture, training of both those who have become disabled and new employees who are disabled, etc.

Other barriers
Wherever other unexploited workforce reserves can be identified, the ESF can contribute to involving them more directly in the economic system. It is not possible to specify this in any more detail in advance, since it will be contingent on the changes in framework conditions that enterprises will experience. Some examples can be cited here: outdated skills, industrial changes and being out of touch with the labour market. Generally, these efforts are focused on developing inclusiveness/social responsibility in the business community and the education system. It should be noted at this juncture that harnessing additional workforce reserves is not restricted to the people who are registered with the Employment Service as job seekers.

Projects may, for example, relate to:

- Specially arranged education processes in respect of alternative approaches to learning for people with literacy problems (late developers)
- Development of models for qualitative and targeted matching of unemployed people to enterprises
• Qualification of marginalised citizens for the labour market, preferably in the form of major projects for developing methodologies.
The above may be summarised as follows:

<table>
<thead>
<tr>
<th>Programming approach for Priority 2.1: Development of human resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWOT analysis</td>
</tr>
<tr>
<td>Weaknesses</td>
</tr>
<tr>
<td>Geographically outlying areas have relatively low growth and low levels of education</td>
</tr>
<tr>
<td>One in three enterprises do not send employees to supplementary training</td>
</tr>
<tr>
<td>Low occupational and employment-participation rates for immigrants/second-generation immigrants</td>
</tr>
</tbody>
</table>

### Aim of the action: Higher employment-participation rates

<table>
<thead>
<tr>
<th>Examples</th>
<th>Examples</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of models for qualitative and targeted matching of unemployed people to enterprises</td>
<td>Better application of the competencies that highly educated immigrants bring with them, e.g. in relation to new markets, product development and product adaptation, etc.</td>
<td>Enterprises’ social responsibility</td>
</tr>
<tr>
<td>Better advice to ethnic minorities concerning entrepreneurship, etc.</td>
<td></td>
<td>Development of better interplay among municipalities, educational institutions and the business community for elderly employees and other groups</td>
</tr>
<tr>
<td>Development of enterprises’ recruitment practice and especially greater recognition and application of real competencies</td>
<td></td>
<td>Attitude-changing activities and expansion of recruitment practice for the purpose of greater inclusion of different ethnic groups</td>
</tr>
</tbody>
</table>

### Indicators

<table>
<thead>
<tr>
<th>Output</th>
<th>Result</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,000 participants registered under the framework condition education and supplementary training</td>
<td>As a result of their project participation, 6,200 people have become employed / are closer to doing so / have enhanced their skills/competency (baseline: 0)</td>
<td>In 2013, the employment-participation rate is 72.7 per cent (baseline: 72.6 per cent in 2005)</td>
</tr>
<tr>
<td>1,200 participants registered under the framework</td>
<td>100 enterprises/ institutions/</td>
<td>In 2013, 30 per cent of people 25–64 years old</td>
</tr>
</tbody>
</table>

75
<table>
<thead>
<tr>
<th>Organisations entered into partnerships and networks</th>
<th>Participants registered under the framework</th>
<th>Organisations and strategic development</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 new types of organisation (partnerships/processes/products) registered under the framework condition <strong>partnerships and networks</strong></td>
<td>1,200 participants registered under the framework condition <strong>organisational and strategic development</strong></td>
<td>50 new types of organisation (partnerships/processes/products) registered under the framework condition <strong>organisational and strategic development</strong></td>
</tr>
</tbody>
</table>

### 3.4.2 Establishment and development of new enterprises

New enterprises help to generate progress and dynamism in society. They contribute to increasing competition and flexibility and thus advance the rejuvenation of the business community. Entrepreneurship increases the diversity and the demand for an educated workforce. New enterprises create new jobs, economic growth, and new products and production processes. Especially at the start, the people behind these new enterprises – the entrepreneurs – are very important in terms of the enterprise’s development, and accordingly support of entrepreneurs is an important element in the life cycle of these new enterprises.

A US study of entrepreneurship from 2005 shows that this situation does not only occur in Danish contexts. The study shows that the most entrepreneurial US regions (measured as the regions with the largest number of new enterprises per 100 inhabitants) performed significantly better than the least entrepreneurial regions. The job creation of the entrepreneurial regions was 125 per cent higher, the wage growth was 58 per cent higher and productivity was 109 per cent higher. The study also showed that another characteristic of the most entrepreneurial regions: they have a substantially higher number of highly educated people and a higher number of high-tech sectors than the least entrepreneurial regions.\(^{39}\)

A good entrepreneurial infrastructure consists of ready access to qualified guidance, highly specialised consultancy and regional networking. There is a need for initiatives and partnerships involving entrepreneurs, advisors, established enterprises, universities and public authorities. The ESF can support all these things by investing in the development of the human resources involved in all the types of institutions and organisations cited, and by promoting entrepreneurial values.

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Many new enterprises are started in Denmark but relatively few of these go on to continue the
growth process. There can be various reasons for this, and one may be a lack of ambition on the
part of Danish entrepreneurs.

Of particular interest from a growth point of view are the growth entrepreneurs, since their
productivity is up to 40 per cent higher than for newly started enterprises in general. Key
framework conditions for entrepreneurs may be:

a) Selection of available public and private-sector consultancy
b) Entrepreneurial skills
c) Entrepreneurial culture
d) Venture capital.

a) Selection of available public and private-sector consultancy
The development of the entrepreneurial area largely deals with the selection of different types of
consultancy available in the individual regions and how this consultancy is correlated.

The ESF could for example support actions aimed at:

- Developing *new models for consultancy* in connection with establishment of new
ersprises, giving an extra boost to newly started enterprises (growth entrepreneurs) as
well as taking over existing enterprises (generational change)
- Developing new models to create *greater integration between public and private sector
consultancy*
- Developing *consultancy services targeting specific ethnic groups* and their special needs
- Efforts to *consolidate the various guidance schemes, support systems and incubators*
with a view to establishing one point of entry to the offers.

b) Entrepreneurial skills
As a group entrepreneurs are exceedingly heterogeneous, but they all share a need for a number
of basic skills and competencies, such as management, marketing, accounting, production
planning, etc. Developing these could be a field of action for the ESF, for instance. Other
examples are:

- *Intrapreneurship* (*entrepreneurship* within an enterprise)
- Development of entrepreneurs’ *internationalisation competencies*
- Development of entrepreneurs’ competencies to handle their enterprise’s various
  development and growth phases
- Development of the *learning process for consultants, advisors, investors, etc.*, for
generally improving the consultancy competencies and to increase the focus on growth
entrepreneurs and their needs for consultancy and financing.

Especially in areas facing structural difficulties:

- Development of *management sparring*
- *Competency development processes for networks of entrepreneurs.*

c) Entrepreneurial culture
Another significant field of action will be the development and strengthening of the
entrepreneurial culture in the education system, because a good entrepreneur possesses not only
the necessary basic competencies but also has a personal drive and a willingness to take risks that should be established early on. The Danish government has the goal that everyone, during the course of their education, gets the opportunity to work with concept development, and that all students in further education should be offered the opportunity to take courses and subjects in innovation and entrepreneurship.

The ESF can support any additional actions in these areas. This could be achieved for example via:

- Competency development of educators and development of teaching materials and new types of educational processes, for example aimed at new environmental technology
- Development of the skills enhancement processes for educators in entrepreneurship and innovation
- Development of alternative teaching methods that promote the generation of ideas and innovative competencies in the education system
- Development of regional, technical networks for teachers and educators for concept development and entrepreneurship
- Development of alternative teaching methods that promote the generation of ideas and innovative competencies in the education system
- Development of regional networks involving educational institutions, so as to establish the basis for developing and offering educational options in entrepreneurship at all educational levels
- Establishment of concept workshops affiliated with educational institutions
- Establishing an ambassador corps of successful entrepreneurs targeting groups such as women or ethnic entrepreneurs, for campaigns and dissemination in schools
- Increased interplay between entrepreneurs and different support systems, including the development of specialised regional networks of entrepreneur advisors.

d) Venture capital
Access to guidance and consultancy is a vital, key resource for many entrepreneurs. Over and above an actual capital injection, venture capital funds can provide entrepreneurs with other types of resources (knowledge of management, marketing, access to networks, etc.).

The ESF can, for example:
- support the establishment of new venture capital funds capable of supporting entrepreneurs in the establishment, start-up or expansion phases
- contribute capital to existing venture capital funds, the purpose of which is to promote entrepreneurship and SMEs.
The above may be summarised as follows:

<table>
<thead>
<tr>
<th>SWOT analysis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weaknesses</strong></td>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>Low growth in entrepreneurial enterprises</td>
<td>More female entrepreneurs</td>
</tr>
<tr>
<td>Shortage of capital for entrepreneurs and SMEs</td>
<td></td>
</tr>
<tr>
<td>Low venture spirit in the population</td>
<td></td>
</tr>
<tr>
<td>Limited opportunity to receive training in entrepreneurship at educational institutions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aim of the action: Strengthened entrepreneurship effort</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples</strong></td>
<td><strong>Examples</strong></td>
</tr>
<tr>
<td>Development of new models for consultancy with a view to giving an extra boost to growth entrepreneurs</td>
<td>Networks and incubators emphasising joint administrative units, consultancy and experience sharing</td>
</tr>
<tr>
<td>Access to venture capital</td>
<td></td>
</tr>
<tr>
<td>Development of alternative teaching methods that promote the creation of concepts and innovative competencies in the education system</td>
<td></td>
</tr>
<tr>
<td>Building an ambassador corps of successful entrepreneurs for campaigns and dissemination in schools</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td><strong>Result</strong></td>
</tr>
<tr>
<td>1,200 participants registered under the framework condition consultancy</td>
<td>6,200 people, who – as a result of participating in a project – have become employed / self-employed / improved their entrepreneurial skills / are closer to the labour</td>
</tr>
</tbody>
</table>
3.4.3 Utilisation of new technology

Enterprises’ opportunities for more broad-based recruitment depend on factors such as knowledge of new technology being brought completely up to date for all groups. Accordingly, it is important that the utilisation of new technology is incorporated into curricula and supplementary training opportunities across the board.

The Priority 2 action in this area may for example be made via:

- **Local innovation clubs at practice-oriented educational institutions** that exist in areas facing structural difficulties and elsewhere
- **Further education in areas facing structural difficulties** with the aid of mentors/entrepreneurs, distance learning and use of existing computer rooms and centres
- Development of **dissemination training for highly educated people** with a view to innovation in SMEs
- Initiatives to ensure that more people, including people in areas facing structural difficulties, *are able to use the Internet on the job.*
The above may be summarised as follows:

<table>
<thead>
<tr>
<th>SWOT analysis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weaknesses</strong></td>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>Despite the existence of knowledge centres, overall there is a relatively low level of technology transfer</td>
<td>Strengthen the interplay between enterprises and knowledge institutions and educational institutions</td>
</tr>
<tr>
<td>Insufficient utilisation of advanced ICT in enterprises</td>
<td>Increased ICT integration/utilisation in SMEs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aim of the action: Broader access to new technology at work</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples</strong></td>
<td><strong>Examples</strong></td>
</tr>
<tr>
<td>Local innovation clubs at practice-oriented educational institutions</td>
<td>Development of communications training for highly educated people with a view to innovation by SMEs</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output</strong></td>
<td><strong>Result</strong></td>
</tr>
<tr>
<td>6,000 participants registered under the framework condition education and supplementary training</td>
<td>As a result of their project participation, 4,500 people have become employed / are closer to doing so / have enhanced their skills/competency regarding new technology (baseline: 0)</td>
</tr>
</tbody>
</table>

### 3.5 Equal opportunity

According to the ESF regulation, the Member States must describe how the equal opportunity issue will be promoted in the overall implementation of the programme, and in its “Roadmap for Equality between Women and Men”, the Commission emphasises the contributions of the ESF and others for achieving this. The plan of action sets forth a number of prioritised fields of actions, a number of which are directly relevant to the implementation of the ESF policy. For instance, the achievement of financial independence for women and men, the balance between
working and family life, the participation of men and women in decision-making bodies and
gender-based stereotypes in social life.

In Denmark, the equal opportunity issue has been mainstreamed (integrated) in all policy areas,
entirely in line with the way this issue is included in the Community’s strategic guidelines and as
a crosscutting issue in this programme.

This means, for example, that no separate priority will be established with this issue in mind, but
that it is included throughout in “preparation, implementation, monitoring and evaluation”, cf.
the Regulation.

Insofar as the position of women in Denmark is concerned, reference is made to the socio-
economic analysis in chapter 2, showing how women and men are in different situations in the
context of business, employment and education.

There will be consistent registration of the gender of all project participants in connection with
setting up indicators and monitoring programme implementation, and several places in this
chapter highlight the establishment of fields of action designated as special fields of action
addressing gender inequality.

It should also be noted that gender-related equal opportunity has been a basic consideration for
many years in Danish labour market and education policies, etc., and it is a recurring experience
during the Structural Fund period 2000–2006 that, in spite of the commitment to the gender
perspective, it has been difficult to solicit project applications of the desired quality and quantity.
An even greater problem in terms of the inequality of employment-participation rates and the
potential to expand the workforce is the consideration of ethnic equal opportunity.

3.6 Interplay with the ERDF
The analysis in chapter 2 identifies the need for an extra effort within innovation and the
dissemination of knowledge, the utilisation of new technology and entrepreneurial activity. All
these actions will primarily take place under the ERDF Programme but, as stated above, also
under the ESF Programme.

However, the ESF could to a certain extent provide support for activities that are usually only
eligible for support under the ERDF. Thus, ESF projects could qualify for support amounting to
up to 10 per cent of the incurred expenses for quasi-ERDF activities, cf. the rules for expenses
eligible for support as laid down in the ERDF Programme, if these activities are necessary for an
expedient implementation of the project.

A project may not receive support from both funds. However, ESF and ERDF projects could
benefit by being combined. Here are some examples:

- The establishment of an entrepreneur centre, with the support of the ERDF for
  construction and fitting-up and with the support of the ESF for entrepreneurial skills.
- Strengthening of consultancy facilities for sectors with specific opportunities, such as in
  areas facing structural difficulties and vulnerable urban areas where the ERDF supports
  the physical setting and consultancy, while the ESF targets its supports on the potential
  workforce in the area.
• The establishment of public meeting places with Internet access for SMEs, where the ERDF supports the establishment, and the ESF supports the development of ICT competencies.

• Setting up a competency centre with support from the ERDF and subsequent implementation of upgrading IT qualifications in an urban or outlying area with the support of the ESF.

• Competency development process for networks of entrepreneurs, where the ESF supports competency development, and the ERDF supports the networking aspect.

Another possibility for using the support options of both funds is usually found in a rule about flexibility between the funds. The rule implies that to a certain extent the ESF may grant support to activities which normally only qualify for support under the ERDF, and vice versa. Thus, ESF projects could qualify for support amounting to up to 10 per cent of the expenses incurred for quasi-ERDF activities, if these activities are necessary for expedient project implementation. In this case, the project only obtains support from one fund but involves the rules concerning entitlement to support from the other.

This rule could advantageously be applied where the main thrust of a project comes under one fund, and where some activities naturally form part of the project but only qualify for aid under the other fund, yet do not constitute an independent project.

3.7 Funds open to competition

Within the framework of the strategic reference framework and Structural Fund programmes, and based on the regional growth forums’ business development strategies and action plans, Denmark’s Growth Council selects the issues for the funds that are open to competition, which account for 10 per cent of the funds in the Structural Fund allocated to Denmark under the “regional competitiveness and employment” aim. The issues, which are within the framework of the operational Structural Fund programmes under the “regional competitiveness and employment” aim are earmarked for applications annually and reflect current business-policy challenges.

The funding will be allocated to the best, most promising initiatives based on criteria to be determined in more detail. The decision to allocate resources from the funds open to competition will be made by the Minister for Economic and Business Affairs, based on a recommendation from the regional growth forums and after consultation with Denmark’s Growth Council. The Minister may delegate this task to the National Agency for Enterprise and Construction.

3.8 JEREMIE: Special financial instruments

In accordance with the aspect of the Lisbon Agenda relating to knowledge and innovation, the improvement of investments in research and development, promotion of innovation, utilisation of ICT and contributions to a strong European industrial base are important elements of sustainable growth.

Denmark is looking into the possibility of implementing JEREMIE (Joint European Resources for Micro to Medium Enterprises initiative). The European Investment Fund (EIF) and Denmark work closely together to evaluate specific market errors involving the funding for SMEs. The analytical work has identified differences in supply and demand and regional imbalances within
funding for SMEs in Denmark. A number of financial instruments adapted to the differences in supply and demand and the regional imbalances have been prepared.

In this light, the implementation of a JEREMIE fund under the Structural Funds is a possibility that could generate a portfolio of instruments of a revolving nature to maximise the potential dividend for the Danish economy. These instruments could be implemented in partnership with the private sector and could include the following:

- an equity instrument working with selected business angels through which funding or investments in SMEs could be matched;
- a technology transfer instrument which, in collaboration with R&D centres, aims to invest in technologies that solve problems in the enterprises;
- equity funds aimed at the start-up of enterprises and investments in high-risk SMEs;
- guarantee instruments aiming to minimise the risk in the banking sector’s investments so that the banks can expand their lending portfolio to include first-time entrepreneurs and existing entrepreneurs; and
- other instruments targeting specific needs of the six regional growth forums in Denmark.

This list of instruments should be regarded as indicative and not exhaustive.

On the one hand, it is difficult to estimate the size of the fund. On the other, it is unlikely that the estimated critical mass could be achieved for less than EUR 50 million, but this amount should also be regarded as indicative.

When the above process has been completed to the satisfaction of the National Agency for Enterprise and Construction, Denmark could implement the JEREMIE initiative and use ERDF and ESF monies to do so. The final details will be submitted to the Commission via the notification process.

4 Implementation of the Structural Fund programmes in Denmark

4.1 Administrative set-up

New opportunities for content-related synergies
Denmark is facing a comprehensive reform of its administrative structure, the local authority reform. The reform enters into force 1 January 2007, coinciding with the start of the new Structural Fund period. The fact that these two events – the start of the EU Structural Fund period and the Danish local authority reform coming into effect – occur simultaneously on 1 January 2007 has presented a special opportunity to create a better relationship between Denmark’s EU-financed, nationally-financed and regionally and locally-financed growth and business policy efforts, including politically (in terms of content), geographically and administratively.

As far as content is concerned, the desire is for Denmark’s EU-financed, nationally-financed and regionally and locally-financed growth and business policy efforts to pull in the same direction and support those areas that contribute to improving Danish regional competitiveness and employment with a view to consolidating conditions for growth in Europe.

Geographically, the funds may be used throughout Denmark. However, the intention is for the programme to facilitate a Structural Fund policy that can be directed towards the regional differences, and that can also support the strategic effort described in the regional business development strategies to be prepared by the regional growth forums. Thus, the spotlight is particularly on areas facing structural difficulties. The intention is furthermore to provide the opportunity for greater strategic efforts that contribute to increased regional growth and employment. The Supervisory Committee may therefore, if appropriate, set a minimum limit for project size.

New administrative structure and new regional policy players
The counties that have previously played a major role in the preparation and implementation of Structural Fund programmes have been abolished as a result of the local authority reform. A large number of local authorities will be merged together into larger units. The number of local authorities will be reduced from 271 local authorities to 98 local authorities. In addition, a large number of tasks will be reallocated between the administrative levels.

The local authority reform also means that five new regions will be established. The regions cover a larger area than the former 14 counties but are not simply larger counties. For instance, the new regions will not have the right to levy tax – as the county governments have previously – and will be charged with significantly fewer tasks. The regions will be governed by Regional Councils elected by the people.

The regions will be given responsibility for regional business development and thus be responsible for promoting regional competitiveness and employment. To carry out these tasks, the regions will be given a powerful new instrument – the regional growth forums – which will be the focal point of business development in the regions. These growth forums will become the regional stakeholder in the Structural Fund programmes and there tasks will include to make recommendations concerning the use of funds, as the counties did during the ERDF fund programmes from 2000 to 2006.
The growth forums are composed of regional politicians and representatives of the business community, knowledge and educational institutions and the parties in the labour market in accordance with the partnership principle – see below.

At least one local authority member in each growth forum must come from an area facing structural difficulties. In addition, local authorities will be given the responsibility to implement and finance business service activities for an open circle of entrepreneurs and enterprises.

The national government still has overall responsibility for ensuring good growth conditions for the business community. This applies to factors of competition, and also to aspects such as tax and energy.

At the same time, it is clear that the implementation and adaptation of the general framework to the business structure must take place in the regions. It is important for government growth policy and regional efforts to be well co-ordinated.

This is also why Denmark’s Growth Council has been appointed as the body that binds together national growth strategy, regional business development strategies and the EU Structural Funds as one cohesive growth effort throughout Denmark.

The implementation of the Structural Fund policy will be followed by Denmark’s Growth Council, as well as by the monitoring committee, of course, where the partnership is represented. In Denmark, one programme is prepared for the ERDF policy and one programme for the ESF policy. As the actions of the two funds must be closely coordinated, Denmark wishes to establish a joint monitoring committee for the two programmes.

For the purpose of underpinning regional development, the government has also set up a ministerial committee for regional policy, whose members include the Minister for Economic and Business Affairs (chairman), the Minister of Foreign Affairs, the Minister of Finance, the Minister of Employment, the Minister of Education, the Minister for Science, Technology and Innovation, the Minister for Food, Agriculture and Fisheries, the Minister for the Interior and Health and the Minister of the Environment. Ministers with other remits may participate in the committee’s meetings on an ad hoc basis.

The committee’s tasks include coordinating the government’s nationwide efforts to promote growth, employment and business development. On the basis of the government’s vision to make it attractive to live, work and run an enterprise anywhere in Denmark – the ministerial committee must evaluate the correlation of goals and instruments in the government’s policy of significance to regional development and consider the need for new initiatives.

**Co-financing of the Structural Fund policies**

The funds for initiatives that the growth forums may set in motion come from several sources and this shows precisely the relationship that the new administrative framework must create between regional, national and EU-initiated policies. Thus the funds may come from local authorities, the region, the national government and the Structural Funds (see Figure 4.1).
As regards national co-financing, the new regions will not impose taxes, but the regional councils will have funding for regional development at their disposal. This regional development funding will come partly from the national government and partly via local authority development contributions. The regional growth forums will make representations to the regions concerning the application of regional development funding for business purposes and to the national government concerning the use of the Structural Funds. Co-financing may nevertheless still come from non-profit institutions, local authorities, the national government, etc.

The Danish administration set-up after the local authority reform is explained in more detail below.

**Legal basis**

The legal basis for the administration of the European Regional Development Fund and the European Social Fund in Denmark include the Act on Trade and Industry Development (L602 of 24 June 2005), the Act on the Administration of Support from the European Regional Development Fund and the European Social Fund (L1599 of 20 December 2006). This legislation implements the relevant regulations.

The Minister for Economic and Business Affairs is the highest responsible authority for the administration of programmes financed by Structural Funds in Denmark. The Minister may choose to delegate his authorities according to the law to the National Agency for Enterprise and Construction.

The Minister for Economic and Business Affairs appoints a supervisory committee to monitor and support the implementation of the programmes.

Decisions concerning rejection or acceptance are generally made by the National Agency for Enterprise and Construction according to recommendations submitted by the regional growth forums appointed pursuant to the Act on Trade and Industry Development, cf. below.

The decision to allocate resources from the fund open to competition will be made by the Minister for Economic and Business Affairs, based on a recommendation from the regional growth forums and after consultation with Denmark’s Growth Council. The Minister may delegate the task to the National Agency for Enterprise and Construction, cf. the Act on the
Administration of Support from the European Regional Development Fund and the European Social Fund.

**Administrative authority**
The administrative authority for the ESF:
The National Agency for Enterprise and Construction
Vejlsøvej 29
DK-8600 Silkeborg
Denmark
Tel.: +45 3546 6000
Fax: + 45 3546 6001
E-mail: postru@ebst.dk

The National Agency for Enterprise and Construction is also the administrative authority for the European Regional Development Fund.

The remit of the administrative authority covers the ongoing administration and implementation of the ESF Programme.

The National Agency for Enterprise and Construction will enter into specified agreements with the secretariats for the regional growth forums regarding the implementation of specific administrative authority tasks, including specified fixed information and guidance tasks, as well as specific case preparation. It will be possible for the regional growth forums to apply to the National Agency for Enterprise and Construction for a share of the funds for technical assistance for performing these tasks.

**Certifying authority**
The National Agency for Enterprise and Construction is the certifying authority for the programmes for the aim of regional competitiveness and employment.

As the certifying authority, it is the Agency’s duty to prepare and forward expenditure reports and payment requests to the Commission.

In accordance with Article 60 of the Structural Fund regulation, the certifying authority must certify that:

- the expenditure report is accurate and has been prepared on the basis of reliable accounting methods and is based on verifiable vouchers.
- the reported expenses are in accordance with the relevant Community rules and national rules, and that the expenditures have been incurred in connection with projects selected in accordance with the applicable criteria for the programme and Community rules and the national rules.

Furthermore, the certifying authority must ensure that, prior to certification, it has received relevant information from the administrative authority concerning procedures and checks that have been implemented in connection with the expenses in the expenditure reports, as well as taking account of the results of all audits that have been carried out by the auditing authority. Accounting records for reported expenditure must be stored in electronic form.
The certifying authority must keep an account of claims and amounts retracted after whole or partial cancellation of the contribution to a project and ensure that the amounts recovered are deducted in the next expenditure report.

The National Agency for Enterprise and Construction’s certifying authority obtains the funding from the Commission in EUR and passes on the funding to the final recipients of the support in DKK. Accounts are to be submitted to the Commission in EUR.

**Regional councils**

The new regions, governed by regional councils elected by the people, cannot levy taxes, and the running of hospitals is their primary remit.

In addition, the regional councils, cf. the Act on Trade and Industry Development, are responsible for attending to regional trade and industry development through the use of growth forums. The regional councils cannot make decisions concerning regional business policy measures without recommendations from the regional growth forums.

Based on the recommendation of a regional growth forum, cf. the Act on Trade and Industry Development, the regional councils may only co-finance activities for the promotion of regional business development in the following areas:

1. Innovation, knowledge sharing and knowledge building
2. Utilisation of new technology
3. Establishment and development of new enterprises
4. Development of human resources, including development of regional competencies
5. Growth and development in the tourist trade
6. Development activities in areas facing structural difficulties.

The business development activities that the regional councils may co-finance, according to recommendations submitted by the regional growth forums must be launched under the auspices of independent legal units.

**Local authorities**

As the starting point, local authorities are only responsible for national business service efforts. In addition, cf. the Act on Trade and Industry Development, local authorities may co-finance activities for promoting regional business development in the following areas:

1. Innovation, knowledge sharing and knowledge building
2. Utilisation of new technology
3. Establishment and development of new enterprises
4. Development of human resources, including development of regional competencies
5. Growth and development in the tourist trade
6. Development activities in areas facing structural difficulties.

**Regional growth forums**

Pursuant to the Act on Trade and Industry Development, regional growth forums have been established in all regions. In the North Jutland Region, the Central Jutland Region, the Southern Denmark Region and the Zealand Region, one regional growth forum has been established in each region, while in the Copenhagen region, two regional growth forums have been established, one for Bornholm and one for the rest of the region.
The remit of these regional growth forums is:

- within the national frameworks, to prepare a regional business development strategy for the region or the part of the region covered by the particular growth forum, taking as the starting point the framework conditions and business specialisations of the area and focusing on areas facing structural difficulties;
- to monitor regional and local growth conditions;
- within the established business development strategy, to develop and submit recommendations regarding the co-financing of regional business development activities;

This means that the regional growth forums submit a recommendation to the national government (National Agency for Enterprise and Construction) regarding the utilisation of ESF and ERDF resources, and to the region regarding the utilisation of regional development resources for business purposes.

The government also wishes the regional growth forums to be charged with a part in implementing the rural development programme. The detailed rules will be set out in the Rural Development Act.

- A growth forum may allow itself to be represented in local action groups (LAG).
- Growth forums must verify that the LAGs’ strategies conform to the regional business development strategies prepared by the growth forums.
- Growth forums may submit specific proposals for changes in large-scale business-oriented projects under Axis 3 with a view to ensuring a coordinated and unified business effort.

The government wants the growth forums to be given the authority to recommend projects under Axis 1 of the Rural Development Programme, that can strengthen competitiveness with the agriculture industry, the food industry and the horticulture sector. For instance, growth forums will be empowered to recommend large-scale projects within innovation and development in the agricultural processing sector.

The regional growth forums consist of 20 members appointed by the regional council. A growth forum is composed of the following:

1. Three members appointed on the initiative of the regional council.
2. Six members appointed based on the recommendation of the local authorities in the region; at least one such member must represent areas facing structural difficulties.
3. Six members from the business community appointed based on a recommendation by business organisations selected by the regional council.
4. Three members from knowledge and educational institutions appointed on the initiative of the regional council.
5. Two members representing employers and wage earners respectively, appointed on the basis of a recommendation by employer and wage-earner organisations respectively.

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40 Cf. Draft legislation for the Development of Rural Areas (Rural Development Act) (L102)
41 Cf. Draft legislation for the Development of Rural Areas (Rural Development Act) (L102)
With a view to strengthening the correlation and coordination of the regional business policy and regional employment policy efforts, the regional employment council is authorised by the Act on Trade and Industry Development to appoint one member with observer status for the regional growth forum, and the regional growth forum is also entitled to appoint one member with observer status for the regional employment council. The designation of an observer may occur in regions which have not otherwise achieved reciprocal representation between growth forum and employment council whenever both the growth forum and employment council deem this to be expedient.

The Minister for Economic and Business Affairs may lay down stipulations concerning the appointment of additional members to a growth forum.

The regional growth forums represent the regional partnership. The regional growth forums do not have the status of an authority and cannot receive aid or exercise ownership powers.

Secretariats of the growth forums
The Regional Councils make secretariats available to the growth forums. Like the former counties, the secretariats have a role to play in Structural Fund policies. They take care of information and guidance for applicants and prepare cases to be presented to the regional growth forums, etc.

Applications for Structural Funds must thus be directed to the secretariats of the growth forums, which will ensure that the regional growth forums focus on individual cases in terms of priority. After presenting the applications to the growth forums, the growth forum secretariats take care of forwarding the applications to the National Agency for Enterprise and Construction with a recommendation of approval or rejection.

Accordingly, the National Agency for Enterprise and Construction then undertakes legality checks, issues acceptances and ensures project follow-up, etc.

As part of the regional growth forums’ task of monitoring regional and local growth conditions, a number of tools will be prepared at national level to give a fairly detailed picture of regional development.

Denmark’s Growth Council
Denmark’s Growth Council is appointed by the Minister for Economic and Business Affairs with a view to consolidating the development of the Danish business community through promotion of competitiveness and globalisation by application of measures aimed at:

- improving and extending the framework for enterprise growth, international collaboration and trade;
- promoting adaptation of business structures to take account of competitive, environmental and other social development factors;
- promoting regional business development;
- reinforcing public authorities’ collaboration on business development; and
- developing collaboration between public authorities and the private sector with regard to business development.

One of the tasks of Denmark’s Growth Council is to advise the Minister for Economic and Business Affairs on the development and follow-up of national programmes financed the
Denmark’s Growth Council comprises a chairman and 19 members appointed by the Minister for Economic and Business Affairs. The chairman and members are appointed for up to four years at a time in accordance with the following principles:

1. The chairman and three members are appointed personally by the Minister for Economic and Business Affairs.
2. Five members, who must be chairmen of regional growth forums, one from each region, are appointed based on a recommendation by regional growth forums.
3. Two members are appointed based on a recommendation from local authorities.
4. Seven members are appointed based on a recommendation by employer and business organisations, and
5. Two members are appointed based on a recommendation by wage-earner organisations.

Denmark’s Growth Council, cf. the explanatory notes for the Act on Trade and Industry Development, serves as a link between national efforts, EU-financed efforts and regional efforts. The idea here is to establish correlation between EU Structural Funds, the national growth/business strategy and the regional business development strategies. The regional business development strategies are submitted to Denmark’s Growth Council for consultation to ensure that the individual strategies are within the national framework for the Structural Funds.

Based on the business development strategies submitted, Denmark’s Growth Council can then advise the Minister concerning possible implementation of major strategic initiatives across the regional growth forums, including for example via the 10 per cent of the Structural Funds that the regions must compete for. A decision regarding the allocation of funds from those open to competition is made by the Minister for Economic and Business Affairs after consulting with Denmark’s Growth Council. The Minister may delegate this task to the National Agency for Enterprise and Construction.

Denmark’s Growth Council is part of the partnership at national level.

Secretariat for Denmark’s Growth Council
The Ministry of Economic and Business Affairs is the secretariat for Denmark’s Growth Council.

4.2 Monitoring

Supervisory committee
Pursuant to Article 63 of Council Regulation No. 1083 of 11 July 2006, laying down general provisions for the ERDF, the ESF and the Cohesion Fund, a monitoring committee must be appointed for each programme. As far as Denmark is concerned, it is desirable to appoint one joint supervisory committee for the overall Structural Fund policy. The committee must be appointed within three months after the Commission’s approval of the programme.

The committee is appointed with representatives from:
- the National Agency for Enterprise and Construction;
- other involved ministries;
The Commission (one person each from DG Regio and DG Empl), and possibly a representative of the European Investment Bank, participate in the monitoring committee meetings in an advisory capacity. The functions of chairman and secretariat are handled by the Minister for Economic and Business Affairs (in practice, the National Agency for Enterprise and Construction). When appointing the committees, it must be ensured that there is equal representation of women and men in accordance with applicable rules.

According to Article 65 of Council Regulation No. 1083 of 11 July 2006 laying down general provisions for the ERDF, the ESF and the Cohesion Fund, the committees are charged with ensuring that programmes are implemented effectively and with high quality. The committees may take the initiative to propose to the administrative authority any adaptations or revisions of the programmes that they deem necessary for the successful implementation of the programmes. The supervisory committees discuss and approve proposals for revisions or adaptations of the programmes put forward by the administrative authority. Other tasks of the committees include instigating evaluations of the programmes and reviewing the results of these, and the annual and the final reports to the Commission must be discussed and approved by the committees.

**Monitoring the policy implementation**

The project implementation will be monitored in terms of both the financial implementation and a number of physical data as a measure of the extent to which the programme’s aims are achieved, both overall, in terms of priority and in terms of the individual fields of action. For further details regarding the physical data, see Appendix 1, which contains a series of aims and indicators for the policy.

### 4.3 Verification measures

*Practices and rules introduced to ensure verification of the implementation of the programme.*


These regulations are supplemented by the rules of Act no. 1599 relating to the administration of support from the European Regional Development Fund and the European Social Fund and planned ministerial orders relating to the delegation of authority to the National Agency for Enterprise and Construction, relating to remit, allocation of authority, etc., and relating to accounts and auditing. In addition, the National Agency for Enterprise and Construction prepares indicative guidelines regarding expenditure that qualifies for a grant, and administrative guidance relating to typical pitfalls/FAQ regarding verification.
The legal basis establishes the central principles and requirements that apply to the individual Member States’ administrative and verification systems. The Member States are required pursuant to Article 60 of Regulation no. 1083/2006 of 11 July 2006 relating to general stipulations for the European Regional Development Fund, the European Social Fund and the Cohesion Fund, to appoint an administrative authority to put in place the necessary measures for implementation of the programmes in order to:

a) ensure that operations are selected for financing in accordance with the criteria that apply to the operational programme, and that throughout the period of their implementation, they are in accordance with the relevant Community rules and national rules;

b) to check that co-financed goods and services are delivered, and at those expenses that grant recipients have reported in connection with operations were actually spent and are in accordance with Community rules and national rules, whereby spot checks can be undertaken on site in accordance with the detailed stipulations adopted by the Commission pursuant to the procedure in Article 103(3);

c) to ensure that a system is in place for electronic registration and storage of accounting records for every operation under the operational programme, and that the implementation data required for financial administration, monitoring, verification, auditing and evaluation is collated;

d) to ensure that recipients and other bodies that assist with implementation of operations either have a separate accounting system or a suitable accounting code for all transactions connected with the operation, without impacting national accounting rules;

e) to ensure that the evaluations of the operational programmes cited in Article 48(3) are carried out in accordance with Article 47;

f) establish procedures to ensure that all expenditure and auditing documents required in order to secure a proper audit trail are stored in accordance with the requirements of Article 90;

g) ensure that the certifying authority receives all the necessary information with a view to certification relating to procedures and verification in connection with the expenditure;

h) set up guidelines for the work of the monitoring committee and provide it with the necessary documents to ensure that the quality of implementation of the operational programme can be monitored on the basis of its particular aim;

i) prepare and, after the monitoring committee’s approval, present financial statements and final implementation reports to the Commission;

j) ensure that the requirements relating to information and published in Article 69 are met;

k) provide the Commission with information to facilitate evaluation of major projects.

The normal financial verification procedures that apply to all public expenditure in the Member State

The starting point for the Danish government administrative authorities’ financial verification or internal verification and follow-up of results with EU-financed and nationally financed Structural Fund measures is that verification must be parallel. This means the same verification measures are undertaken in respect of all expenses, whether they are financed by the Danish government or the EU.

Danish financial verification is based on the ministerial responsibility arrangement. This establishes that the individual minister bears overall responsibility for administration in the ministerial remit. Responsibility for transactions that the Danish Parliament has endorsed in terms of aid is therefore unambiguously placed within the remit of the minister in question. The minister’s overall responsibility for the use of grants also implies responsibility for organising
satisfactory internal verification and follow-up of results in the ministry’s financial administration and financial management.

With the established decentralised allocation of responsibility and tasks as far as central government finances are concerned, with the use of grants and verification delegated to the individual ministers and ministries, the Ministry of Finance plays only a very limited role in financial verification factors. The Ministry of Finance has no authority to verify allocation-related transactions undertaken by other Ministries.

However, because the Ministry of Finance bears overall responsibility for government finances, it has a duty to take the initiative if a ministry appears to have serious financial-control problems, without intervention. In such a case, the Ministry of Finance must apply the tools of its ministerial role, such as carrying out analyses and investigations in collaboration with the ministry in question and offer advice, etc.

Moreover, the National Audit Office of Denmark is the highest Danish authority as far as auditing and verification is concerned. The National Audit Office of Denmark may therefore audit the National Agency for Enterprise and Construction’s administration of the ERDF and ESF and its management of grants. The same applies to any government institutions that may have received grants from the ERDF or the ESF. In addition, if the Minister for Economic and Business Affairs delegates tasks of administrative authority in part or in whole, the National Audit Office of Denmark has access to audit the grant funds within those bodies to which competency has been delegated.

**Definition of the roles of the parties involved in supervision**

All projects for which ERDF or ESF support is provided are subject to verification nationally at two levels:

- the National Agency for Enterprise and Construction, Regional Policy Centre, is verification level 1 and the National Agency for Enterprise and Construction, controller function, is verification level 2.

At both levels, checks are carried out to see whether the conditions for obtaining ERDF or ESF support have been met, as well as whether the expenditure qualifies for support, and whether any additional grant conditions have been met.

**Verification level 1, National Agency for Enterprise and Construction (Regional Policy Centre):**

The Agency takes care of the technical co-ordination of programmes, including preparation of a National Strategic Reference Framework, and preparation of development plans and application documents to form the basis of the Commission’s allocation of funds from the ERDF and the ESF to Denmark. It also administers and maintains ongoing programmes under the ERDF and the ESF, i.e. legal verification of regional cases put forward, issuing acceptances and paying out grants.

Thus, the National Agency for Enterprise and Construction is not involved in administrative work at regional level. This ensures that the National Agency for Enterprise and Construction is completely independent of the authority submitting cases, and thus may assess projects objectively in respect of the legal basis.
A prerequisite for receiving a grant from the funds will be for the project accounts to be audited by an auditor appointed by the National Agency for Enterprise and Construction (EBST) who submits a declaration in this regard to EBST. Throughout the lifetime of the project, grant recipients will need to submit progress reports to EBST, and at the end of the project, final accounts of project expenditure will have to be submitted. Support recipients present these reports and accounts to auditors, who must then submit declarations about these to EBST. As part of this work, the auditors will generally carry out checks at the site of the project. From the time the application is made and through to completion of the projects, the auditors will be available to the grant recipients to advise on technical accounting matters.

If the auditors become aware of any irregularities, violations of the law or disregard of regulations, the auditors have a duty to draw this to the attention of the grant recipient immediately and to inform the National Agency for Enterprise and Construction about this. This duty to inform continues to apply even after completion of the project, when the auditors must inform the National Agency for Enterprise and Construction if the grant recipient moves away, ceases activities, is sold, etc.

The auditors must document to the National Agency for Enterprise and Construction that they have

1. verified that co-financed goods and services have been delivered,
2. verified that the expenditure reported by grant recipients in connection with projects was actually incurred – and incurred in accordance with Community rules and national rules,
3. ensured that support recipients and other bodies that assist with implementation of operations either have a separate accounting system or a suitable accounting code for all transactions connected with the operation, without impacting national accounting rules, and
4. ensured that all the expenditure and auditing documents that are necessary in order to secure a proper audit trail have been stored in accordance with the requirements of Article 90, and to have
5. ensured that the requirements relating to information and published in Article 69 are met.

The requirements as to the education, suitability, etc., of the auditors are regulated in detail in the special Danish legislation relating to this, and with this in mind the auditors are regarded as the public’s representatives in a position of trust in the pursuit of their profession.

In other words, the role of the auditor is not to perform level-one verification but solely to prepare material for the support recipients for use in the National Agency for Enterprise and Construction’s processing of every request for refunding of expenses from the support recipients. The auditor’s declarations will thus form part of the basis of the National Agency for Enterprise and Construction’s verification that the programmes have been implemented correctly. The project administration in the National Agency for Enterprise and Construction will perform the administrative verification of all requests from support recipients regarding the refund of expenditure and random-sample on-site verification of individual projects dealt with in Art. 13 of KFO 1828/2006.

**Verification level 2, National Agency for Enterprise and Construction (Controller)**

Because the controller is employed by the National Agency for Enterprise and Construction, it is important to ensure confidence in this function in order to secure total independence of this and the Regional Policy Centre. In purely organisational terms, therefore, this means two different units reporting to two different supervisors.
The Regional Policy Centre has no influence on the controller function's reports, employment matters, etc. It must also be ensured that the allocation of work tasks between the Regional Policy Centre and the controller preserves independence, since the controller has no part in general administrative tasks. This ensures that the respective tasks performed by the executive and verification organisational entities never coincide. Thus, no doubts can arise about the controller’s legal capacity in connection with that part of the controller function which covers verification of business processes in the Regional Development Centre, cf. the requirements of Article 62 of Regulation no. 1083/2006.

The second significant part of the controller's work consists of the financial auditing of the individual projects (verification on site) that is external to the National Agency for Enterprise and Construction. This ensures a very high level of independence from those carrying out verification.

The controller must never be personally or economically involved in legal entities that receive support. If any doubts arise concerning the controller’s complete independence from the support recipient, the controlling task can be outsourced to avoid compromising the credibility of the verification.

To assist with implementation of the controller's tasks, the Agency expects an agreement to be entered into with an internationally recognised firm of State-authorised public accountants. The national effort will be co-financed with technical assistance from funds set aside centrally.

4.4 Evaluation

The aim of regional competitiveness and employment follows on from the former Objective 2 and Objective 3 efforts in Denmark.

For the period 2000–2006, both the Objective 2 programme and the Objective 3 programme have been evaluated. These evaluations pointed out a number of factors that may be relevant to bear in mind in the coming Structural Fund period.

The strategic focus of both the ERDF Programme and the ESF Programme in the coming Structural Fund period has been substantially changed, however, which naturally affects the relevance of the content-related recommendations.

In accordance with the regulation relating to the general provisions for the Structural Funds, an ex ante evaluation of Denmark’s two operational programmes has been carried out under “regional competitiveness and employment” (see special report about this). Evaluations of the previous programmes were included in the ex ante evaluation.

The regulation also provides an opportunity for the Member State to complete evaluations connected with programme monitoring – especially when monitoring shows deviations from the established aim or that any programme changes have been proposed.

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During the programme period, Denmark will continuously monitor the programme’s process in relation to target fulfilment and consumption of financial resources and inform about this at the monitoring committee’s meetings. The IT system will play a key part in the monitoring and evaluation efforts and inter alia will include the option of automatically generating a series of quantitative data which will be included in the selected set of monitoring indicators (cf. Appendix 1).

The subsequent evaluation is to be launched on the Commission’s initiative together with the Member State and the administrative authority and be implemented by 31 December 2015 at the latest. The elements of the evaluation are an identification of the factors which have contributed to the success or failure of the programme implementation, and sound practice.

**The regional growth model**

As part of the growth forums’ remit to monitor local and regional growth conditions, the National Agency for Enterprise and Construction makes available a comprehensive indicator system. The regional growth model may deliver information concerning regional framework conditions on the one hand, and, on the other, concerning regional achievements in the areas of innovation, knowledge sharing and knowledge building, utilisation of new technology, establishment and development of new enterprises and development of human resources. The model is a tool that relevant players can use to ensure that strategic efforts in the region match regional challenges.

The model can also contribute to giving the regions an impression of their relative positioning with regard to the framework conditions and achievements in these four fields of action. See [www.regionalt.dk](http://www.regionalt.dk).

**Evaluation of the issue for areas facing structural difficulties**

In conjunction with the adoption of the Act on Trade and Industry Development, it was decided that in the period from 2007 to 2013, the areas facing structural difficulties should be ensured the same percentage of the Structural Fund monies as in the period from 2000 to 2006. This is the equivalent of using 35 per cent of the Structural Fund monies under the aim regarding regional competitiveness and employment for the benefit of the areas facing structural difficulties, cf. the definition in Denmark’s national strategic reference framework.

Basically, it is up to the regional growth forums, using the regional business development strategies as their point of departure, to assess whether a project will benefit the areas facing structural difficulties.

If a project is not solely aimed at the development of areas facing structural difficulties, the percentage targeting the areas facing structural difficulties will be indicated by the regional growth forums at the time of submitting their recommendation to the National Agency for Enterprise and Construction.

In order to notify the Commission, the National Agency for Enterprise and Construction will at all times have the possibility of determining how large a percentage of the Structural Fund monies are being allocated to the designated areas facing structural difficulties. This will occur as part of the ongoing monitoring of the ERDF Programme and the ESF Programme.
It is possible for the National Agency for Enterprise and Construction to reject projects not targeting areas facing structural difficulties if the general development in the ERDF Programme and the ESF Programme gives overall cause to do so.

Attention to the consideration for the areas facing structural difficulties will be included in the National Agency for Enterprise and Construction’s evaluation of the programme.

**Evaluation of other factors**

Finally, as required, special studies/evaluations of other considerations will be launched, such as the attention to the crosscutting issues for the environment and equal opportunity. Such studies/evaluations can also occur across the two Structural Fund programmes.

4.5 Financial monitoring

*Exchange of data*

The Commission has developed a new system – SFC2007 – which Member States must apply in order to fulfil the requirements in the Regulations relating to mandatory application of electronic data exchange, including fulfilment of Article 41 of the implementation regulation.

The National Agency for Enterprise and Construction’s use of SFC2007 will be via the web application, with relevant information being entered manually and the documents listed inter alia in Article 41 of the implementation regulation being uploaded.

*Procedures to describe the reliability of monitoring and financial reporting*

The National Agency for Enterprise and Construction prepares procedures for the work of the administrative and certifying authorities, including descriptions and setting up of security procedures to ensure the reliability of data.

The procedures will form part of the description of the administrative and verification set-up that must be forwarded to the Commission no later than 12 months after the programme’s approval or before submission of the first request for payment.

*Financial flow procedures*

Procedures must be established for the provision of cash flow and circulation with a view to ensuring transparency.

The procedures will form part of the description of the administrative and verification set-up that must be forwarded to the Commission no later than 12 months after the programme’s approval or before submission of the first request for payment.

*Partnership agreements between the government and the regional growth forums*

In connection with the specific realisation of the regional growth forums’ business development strategies, the government is prepared to enter into mutually binding partnership agreements with the regional growth forums concerning promotion of regional growth and business development. The aim is to secure regional anchoring of globalisation strategy initiatives and to ensure cohesive efforts at national, regional and local level.
5 Information

Information efforts take as their starting point Commission Regulation No. 1828/2006 (the implementation regulation) Title II, Art. 2–10.

The vision in terms of information efforts is that these must reflect the relationship between European, national and regional growth and business policy efforts, which must pull in the same direction and support those areas that contribute to improving Danish regional competitiveness and employment with a view to consolidating Denmark’s and hence also Europe’s conditions for growth.

The aim is clear communication of overarching Danish and European strategies and tools for regional development and growth with a view to achieving the best possible effect from the Structural Funds.

Information efforts must disseminate familiarity with the Structural Funds as a means of achieving increased regional growth and employment and clarifying European Union policy with a view to increased growth in Denmark. The aim is also to contribute to more effective application of funds through consolidating efforts and supporting greater synergy between the funds.

Within the above framework, the more specific information is embedded – on the one hand the information targeting projects and applicants, and on the other, the dissemination of lessons learned from projects with a view to mainstreaming good results.

There are thus three dimensions to information efforts:
- Communication of the fields of action in a European and national strategic perspective
- Communication for the projects concerning application, regulatory basis, sound administrative practice, etc.
- Collating lessons learned and communicating good practice and new methods from the projects with a view to mainstreaming results.

This can be illustrated as follows:

![Figure 4.2 Dimensions of information efforts](image-url)
Channelling efforts into the interaction of these dimensions will address problem areas from several angles and thus provide the opportunity for the best possible quality in the selection and implementation of projects.

These three dimensions of information efforts must be shared with a number of target groups, including Denmark’s Growth Council, regional growth forums, support recipients and potential applicants, and the public. These three dimensions should be included in different ways in efforts with regard to the individual groups.

For all groups, efforts must be made to communicate a holistic understanding, thus providing a context for the funds’ efforts. In other words, individual projects must see themselves as a part of the regional growth forums’ business development strategies which, via the national growth strategy, are directly linked to the Lisbon process. This holistic understanding also applies as an aim for information directed towards the other target groups. The information efforts concerning strategies and Structural Funds are handled partly by EBST and partly by the regional growth forums.

The cornerstone of information efforts will be web-based communication. This communication will range from expertise implemented in terms of successful guides and tools for up-to-date, committed, evocative communication of regional policy issues and growth drivers.

In addition to potential applicants and grant recipients, the secretariats of the regional growth forums will be among the primary users of the web portal, and the provision of diverse tools will contribute to qualifying Structural Fund policy and making the results of funds’ investment more visible. Web-based communication will be supplemented by printed material, active press involvement, an annual event about regional development and the Structural Funds, and other measures.
6 Correlation with other EU policies

Pursuant to the ESF’s Regulation Article 8 (2), Member States must ensure that no projects are supported by the ESF that are at the same time supported by other transnational programmes, especially within education and vocational training.

This will be accomplished taking the same starting point as for any other EU programme, namely that grants cannot be provided from more than one fund for the same expenditure under a project.\(^{43}\) Where a project or parts of a project qualify for support under more than one fund, administrative procedures must therefore be put in place to prevent dual funding. The growth forums’ secretariats will be responsible for ensuring that dual funding does not occur. During the implementation of projects, the National Agency for Enterprise and Construction will – as part of the process of issuing approvals of aid and in general – continuously ensure that dual funding does not occur.

6.1 Programmes under the European Agriculture Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF)

As a general rule, efforts under this programme are not limited by opportunities under the programmes for the EAFRD and the EFF respectively. Efforts under the funds must be complementary in order to optimise the interaction between the funds. Projects with activities that qualify for a grant under several regulations will thus in some cases be able to obtain grants from several funds.

The programmes are essentially different as regards sector penetration and goals. The ESF Programme has no sector restrictions and supports improved framework conditions for the business community as a whole, while the rural development programme takes as its starting point support for the food and forestry sectors. The EAFRD programme also supports individual enterprises within these sectors. Correspondingly, efforts under the auspices of the EFF are mainly directed towards the fisheries sector.

The EFF and EAFRD support activities within the fisheries and agricultural sectors and may in this connection support projects that include educational activities. The ESF, on the other hand, is not aimed at a particular sector and takes as its starting point aspects such as the support of educational activities involving redevelopment of course content, form of implementation, methodological development, etc. A project that includes educational activities aimed solely at the fisheries and agricultural sectors should therefore apply for grants to the EFF and the EAFRD, whereas for example a project aimed at diversification of economic activities could also apply for support from the Structural Funds.

The section below describes how efforts under the auspices of the funds complement each other with particularly emphasis on cases where funds are aimed at areas in close proximity.

\(^{43}\) Cf. Article 46 in Regulation no. 1083/2006 of 11 July 2006 laying down general provisions for the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1261/1999
The Rural Development Programme

The Rural Development Programme operates within three fields:

1. Reinforcing the ability to compete in the food and forestry sector
2. Improvements to the environment and the countryside
3. Improved living conditions and jobs in rural districts.

Re 1)
Competitiveness in the food and forestry sector will be improved through these main types of action: 1) direct grants to individual enterprises and 2) collaboration projects. The first main type of action can only be supported under the auspices of the rural district programme because the ESF Programme cannot provide direct grants to individual enterprises (see section 3.2.3, however).

For collaborative projects, however, there may well be some overlap. If the project is aimed broadly at the development of competency in the region, it would be most natural to apply for a grant under the auspices of the ESF. If the purpose of the project falls within a more narrow area in the food and forestry sector, and if at least one food company or farm is participating in project, a grant could be applied for under the auspices of the EAFRD. Depending on the nature of the project, in certain cases grants could be obtained from both funds. In practice, this means that the project is divided into two subprojects fulfilling the conditions under each fund. Such projects will thus have to submit more than one application and the subproject will be regarded as a delimited project under the fund concerned.

The government wants the growth forums to be given the authority\(^{44}\) to recommend projects under Axis 1 of the Rural Development Programme that can strengthen competitiveness with the agriculture industry, the food industry and the horticulture sector. The Rural Development Act will lay down the provisions for this in more detail.

Re 2)
In the area of the environment and the countryside, the rural district programme preferably provides area-based grants to farmers who commit to the protection and upgrading of the environment and the countryside and thus contribute to fulfilment of the Aquatic Environment Plan 3 and NATURA 2000 efforts.

Re 3)
Grants for the establishment of micro-enterprises are a cornerstone of efforts under the auspices of the rural districts programme for the creation of more jobs in rural districts. This is done by means of direct support to individual enterprises and thus cannot be supported under this programme.

In other areas, however, there will be a few activities, for example certain tourism activities, that qualify for a grant under both programmes. Because the Structural Fund programmes do not provide support opportunities for tourism enterprises that extend beyond the opportunities for other industries, the overlap of interests in the area of tourism is considered to be limited to efforts directed towards competency development in connection with the promotion of outdoor values and the development of new kinds of tourist services.

\(^{44}\) Cf. Draft legislation for the Development of Rural Areas (Rural Development Act) (L102)
The rural development programme also focuses on improving the living conditions in rural districts. According to the regulation, these are not eligible for support under the ESF Programme. The action to improve the attractiveness of areas facing structural difficulties in a settlement perspective will thus take place within the framework of the EAFRD and complement the influx of growth drivers for improving the conditions of the areas facing structural difficulties under the ESF Programme.

- The government also wishes to charge the regional growth forums with a role in relation to implementing the rural development programme which ensures content-related coordination between the regional business development effort under the Structural Fund programmes and the local efforts under the rural development programme in areas such as business development, action for entrepreneurship, settlement and tourism. The detailed rules will be set out in the Rural Development Act. The government wants the following: a growth forum may allow itself to be represented in local action groups (LAG).
- Growth forums must approve that the LAGs’ strategies conform to the regional business development strategies prepared by the growth forums.
- Growth forums may submit specific proposals for changes in large-scale business-oriented projects with a view to ensuring a coordinated and unified business effort.

The EFF programme
The actions of the EFF programme come under four main areas:

1. Measures to adapt the fishing fleet and fisheries efforts
2. Aquaculture, processing and sales
3. Measures of collective interest
4. Sustainable development of fisheries areas.

The overarching principle of this delineation is that the Fisheries Fund supports activities that specifically address the fisheries sector.

An example is supplementary training activities that could be eligible for support, especially with reference to points 1–3. Aid for diversification with a view to alternative employment opportunities could be supported under points 1 and 4. To the extent that efforts under the auspices of the Danish EFF programme open up opportunities for diversification activities, for example, which fulfill the requirements of the ESF Programme, support could theoretically also be available from the ESF.

Therefore, delimitation is undertaken so that activities aimed specifically at the fisheries sector are supported under the EFF. On the other hand, if an educational activity directed towards a larger target group but also including fishermen is involved, for example, the ESF would provide support for that activity. The EFF could possibly support individual participation in special supplementary training activities.

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45 Cf. Draft bill on Rural Development (Rural Development Act) (L102)
Re 1)
The EFF can contribute to adaptation of fisheries capacity and fisheries efforts, inter alia through modernisation of fishing vessels. In addition, support may be granted for various socio-economic measures within fisheries, e.g. with a view to retraining.

Re 2)
The EFF can contribute to a number of types of investments within aquaculture, preparation and sales, including grants for the introduction of eco-friendly methods. These activities would not qualify for a grant under the auspices of the ESF.

Re 3)
With regard to activities of collective interest, the EFF can inter alia provide grants for harbour facilities and market development, but also for different kinds of collaboration, including partnerships between research scientists and operators within the fisheries sector. Pilot projects based on acquiring and expanding new technical knowledge are also supported. The ESF cannot provide grants for infrastructure, but in certain cases projects could probably otherwise be supported under the action fields of innovation, knowledge sharing and knowledge building and utilisation of new technology under the auspices of the ERDF Programme.

The delimitation is performed by implementing any projects that benefit the fisheries or aquaculture sectors under the EFF. If this involves collaboration projects or projects whose collective purpose extends beyond the fisheries or aquaculture sectors or otherwise involves other sectors, a project could be classified in terms of sectors or industries. If this is not possible, a specific administrative assessment will be made to determine which fund and programme would best support the aims of the project.

Re 4)
For measures in fisheries areas which, in accordance with the individual regulations, are eligible for support from more than one fund, the programming must determine, in accordance with Article 44(6) of the EFF’s regulation, which measures are eligible for support under this programme and which are to be supported under other Community instruments.

The measures in the fisheries areas coincide to some extent with initiatives under the ESF. The delimitation is performed by stating that measures supported by the EFF must concern the fisheries and aquaculture sector.

The delimitation between the funds does not preclude the launching of crosscutting projects containing activities for fulfilling the same overarching purposes, but which the individual activities are eligible for support under different funds.

Such crosscutting projects are divided into subprojects with a view to separating the project activities between the funds. If this is not possible, a specific administrative assessment will be made to determine which fund and programme would best support the aims of the project.

With regard to the administrative coordination, procedures will be laid down for coordination among the local groups that recommend the use of the EFF resources and the regional growth forums.
6.2 Other EU policies

The EU’s Seventh Framework Programme comprises four programmes. The collaboration programme is intended to expand the links between the manufacturing industry and research within a transnational framework within issues such as health, food products, ICT, energy and the environment. Denmark’s Structural Fund policy is intended to complement this effort so that SMEs which do not have the resources to participate in comprehensive, transnational project can also receive a boost and the help required for working on research in collaboration with knowledge-based institutions, etc.

Similarly, the Structural Fund policy must also be able to support research at knowledge institutions and the investments in this context, equivalent to the focus of the capacity programme, but whereas the framework programme has a broad scope, the Structural Fund policy is solely intended to support such projects if this is done on the basis of the regional business development strategy. The knowledge regions programme, for promoting regional research-driven clusters under the Seventh Framework Programme, can make an important contribution to developing relationships between the research sector, the business community and the regional authorities.

Thus, the Structural Fund policy will complement the framework programme for research and development in the enterprise-related and practice-oriented field, but will not support basic/front-line research and thus will not move into the sphere of the special Ideas programme. The situation is similar with people which will be only indirectly affected through the Danish Structural Fund policy.

The administrative coordination will be provided through the presence of the knowledge institutions in the regional growth forums that recommend ESF projects to the National Agency for Enterprise and Construction, cf. section 4.1.
7 Financing plan

Pursuant to Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down the general provisions for the European Agricultural Fund for Regional Development, the European Social Fund and the Cohesion Fund, and the rescission of Regulation (EC) No. 1260/1999, the allocation of how the Structural Funds are allocated the ESF Programme according to priorities and by year are shown below.

The amounts reflect current prices.

The heavier weighting of the action for *upgrading the qualifications of the workforce* is anchored in three factors:

- The policy supports the globalisation strategy aim of creating world-class training courses and a leading knowledge society.
- The adult education and supplementary training committee (VEU) highlights significant weaknesses in the current Danish adult education and supplementary training policy.
- There are a large number of national initiatives in the political areas that come under the heading of efforts to expand the workforce.

Appendix 2 gives an overview of programme expenditure categories, cf. the Commission’s implementing regulation.
<table>
<thead>
<tr>
<th>Prioritised issue</th>
<th>EU-aid</th>
<th>National support</th>
<th>Indicative breakdown of national support</th>
<th>Total Funding</th>
<th>Refund rate</th>
<th>For informative purposes</th>
<th>EIB funding</th>
<th>Other funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)=(c)+(d)</td>
<td>(e)=(a)+(b)</td>
<td>(g)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 A qualified workforce (Better Jobs)</td>
<td>178,911,569</td>
<td>178,911,569</td>
<td>107,346,941</td>
<td>71,554,628</td>
<td>357,823,138</td>
<td>50 per cent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2 Expansion of the workforce (More Jobs)</td>
<td>66,172,772</td>
<td>66,172,772</td>
<td>52,938,218</td>
<td>13,234,554</td>
<td>132,345,544</td>
<td>50 per cent</td>
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<td>0</td>
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<tr>
<td>3 Technical assistance</td>
<td>9,704,278</td>
<td>9,704,278</td>
<td>9,704,278</td>
<td>0</td>
<td>19,408,556</td>
<td>50 per cent</td>
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<tr>
<td>Total</td>
<td>254,788,619</td>
<td>254,788,619</td>
<td>169,989,437</td>
<td>84,799,182</td>
<td>509,577,238</td>
<td>50 per cent</td>
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<td>0</td>
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<tr>
<td>Year</td>
<td>ESF (1)</td>
<td>Cohesion Fund (2)</td>
<td>Total (3)=(1)+(2)</td>
<td></td>
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<tr>
<td>2007</td>
<td>In regions without transitional support</td>
<td>34,272,115</td>
<td>0</td>
<td>34,272,115</td>
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<tr>
<td>2008</td>
<td>In regions without transitional support</td>
<td>34,957,558</td>
<td>0</td>
<td>34,957,558</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>In regions without transitional support</td>
<td>35,656,709</td>
<td>0</td>
<td>35,656,709</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>In regions without transitional support</td>
<td>36,369,844</td>
<td>0</td>
<td>36,369,844</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>In regions without transitional support</td>
<td>37,097,240</td>
<td>0</td>
<td>37,097,240</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>In regions without transitional support</td>
<td>37,839,185</td>
<td>0</td>
<td>37,839,185</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>In regions without transitional support</td>
<td>38,595,968</td>
<td>0</td>
<td>38,595,968</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (2007-2013)</td>
<td>In regions without transitional support</td>
<td>254,788,619</td>
<td>0</td>
<td>254,788,619</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Allocation**

In connection with the 2006 Regional Growth Report, 90 per cent of the funds have been allocated to the regional growth forums according to a specifically defined distribution scale. The remaining 10 per cent are to be distributed on the basis of competition. See chapter 4.

The Structural Fund resources are allocated to the six regional growth forums according to the following distribution scale:

- 90 per cent of the resources (not including technical assistance) are dispersed as a fixed amount to the six growth forums according to the following socio-economic criteria:
  a. the region’s percentage of Denmark’s total population in areas facing structural difficulties (importance 45 per cent);
  b. the region’s percentage of Denmark’s total population (importance 40 per cent);
  c. the region’s percentage of Denmark’s total number of unemployed persons (importance 10 per cent);
  d. the region’s percentage of Denmark’s total number of persons without a vocationally qualifying education (5 per cent).
- 10 per cent of the resources (not including technical assistance) are to be allocated to the growth forums on a competitive basis.

Like the other 90 per cent of the resources, the 10 per cent which are to be dispersed to the growth forums on a competitive basis must be dispersed on the basis of a recommendation by the regional growth forums.

Out of consideration for the progress of the programme, the Minister for Economy and Business Affairs is empowered to reallocate the funds on a continuous basis provided that this is done in accordance with the regulations and programmes in force. Fund are distributed among the individual regions occurs in compliance with current agreements, including the local authority reform agreement, after which it must be ensured that the percentage of EU funds for areas facing structural difficulties will be at least the same as it is today. In addition to this, the allocation may be made on the basis of different geographical units and/or qualitative fields of action. The monitoring committee will be notified in the event that the funds are reallocated.
8 Involving the partnership

As part of the local authority reform, as of 1 April 2006, regional growth forums were established. These regional growth forums represent the regional partnership and consist of local and regional politicians, including at least one from an area facing structural difficulties, business representatives, representatives from knowledge and educational institutions and wage earners’ and employers’ organisations. The regional growth forums are responsible for prioritising the use of the resources of both the ERDF and the ESF that are regionally allocated or earmarked for the fund open to competition. In the period 1 September 2005 – 31 March 2006, provisional growth forums have been established in all regions apart from the Copenhagen region (but there is one on Bornholm). These provisional growth forums have been put together based on the same principles as the regional growth forums.

The partnership – including, in addition to the regional growth forums, other ministries, organisations, the parties to the labour market and Denmark's Growth Council – must be involved in preparing the operational programmes, in accordance with the regulations.

Thus, the partnership has been involved from the outset in establishing the strategic policy. First, the strategic framework was discussed with the relevant ministries, including the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Refugee, Immigrant and Integration Affairs, the Ministry of Science, Technology and Innovation, the Ministry of Employment, the Ministry of Social Affairs, the Ministry of Education, the Ministry of the Environment and the Ministry of Food, Agriculture and Fisheries, and organisations, including LGC, Association of County Councils in Denmark, Danish Industry, The Danish Employers’ Confederation and The Danish Confederation of Trade Unions, LO.

Secondly, the strategic framework has been presented to the provisional growth forums, including representatives from local knowledge-based and educational institutions, enterprises, employers’ and wage-earner organisations and politicians who have accepted this framework. In addition, there is also the administrative steering group of the Greater Copenhagen Authority (HUR) in the temporary absence of a growth forum in Copenhagen.

The strategic framework has also been presented to Denmark’s Growth Council, including representatives of business organisations, management and labour, and politicians (see also the Act on Trade and Industry Development).

In addition the partnership has been involved in preparing the two operational programmes under the aim of regional competition and employment. The provisional growth forums have discussed outlines and final drafts for the programmes respectively. The regional growth forums have also discussed draft programmes. In addition, several rounds of bilateral meetings have been held with regional representatives from all regions to get down to the specifics of the application of the programmes.

Drafts for the programmes have been submitted to relevant ministries and organisations (see also above). Finally, the operational programmes have been presented to Denmark’s Growth Council.

In addition, a issued event has been held focusing on areas facing structural difficulties and growth policy and programming for the policy steering committees for the regional growth
partnerships, which geographically coincide to a great extent with the Objective 2 areas for the Structural Fund period 2000–2006.

Lastly, the programme been put out to consultation with “Specialudvalget for Konkurrenceevne og Vækst” (Select Committee on Competition and Growth), which includes a large number of pressure groups, public authorities and organisations, including LGC, Danish Regions, the Association of Small Danish Islands, etc. In this connection, the Select Committee on Competition and Growth has been enlarged ad hoc to include the following organisations: The Danish Disability Council, Danish Council of Organisations of Disabled People, The Council for Socially Marginalised People, Council of Ethnic Minorities, the Danish Refugee Council, the Danish Red Cross, Foreningen Nydanskere (The Association for Integration of New Danes in the Labour Market), Programbestyrelsen for dialog og balance i udsatte boligområder (“the programme for dialogue and balance in marginalised residential areas”) and the Danish Institute for Human Rights.]
Appendix 1: Aims and indicators for the policy

In terms of content, the programme is divided into programme priorities that constitute two main purposes for the utilisation of the funds. Priority 1: A qualified workforce (better jobs); Priority 2: Expansion of the workforce (more jobs). People applying for funds should direct their applications towards one priority and one growth driver, and support will be awarded and project accounts submitted based on that priority and the individual growth drivers. The fields of action correspond to the individual growth drivers.

It must be emphasised that this targeting and registration is solely a technical measure that aims to make the data registration and processing more precise. Overall, the content-related purpose and ambition are to implement the programme through large-scale coherent actions that also have the potential to be crosscutting in terms of growth drivers and fields of action.

The ESF must record participant characteristics, cf. implementation regulations annex 23. The simplest and most appropriate way of keeping these records is for participants to register themselves using a start-up form where relevant questions can be answered on factors such as level of education, current labour-market status and number of employees in the enterprise and the industry. The percentage of answers via questionnaires is not 100 per cent – and it will not be possible to cover all participants. However, the intention is to obtain the highest possible percentage of answers, and it is deemed realistic at achieve over 80 per cent by linking verification of registration to the audit task, with verification of records of appendices as an important element of project implementation.

The system for setting up of indicators and data capture:

Output level
Registration of the immediate output of the individual project. In the field of action “Establishment and development of new enterprises”, for instance, the number of participants, partnerships and consultancy processes is registered. All targets are quantified.

Data is collected by the applicant at the beginning and end of the project and data is recorded electronically, cf. Annex 23 of the regulation.

Result level
Participants and enterprises/organisations/institutions complete the stop forms upon completion of the process/project. A number of questions on the form focus on the effect of the process. Tailored questionnaires will be produced for individual fields of action/project types. Following up on this will mean that evaluations must be performed.

Assessments of the progress of individual projects will be registered via the responses to electronic stop forms and the number of skills enhancements will be determined. The forms are to be completed by participants and project owners. The response will be verified with regard to output data.

The quantifiable targets are to be set up at this level as a specification of the enterprises, individuals, etc., who have increased their level of skills/competency or introduced new types of partnership a result of participating in the project.

In addition to the data recording that occurs at the end of the process/project, indicators will also be recorded later on. The methodology used in this connection has not yet been
determined, as it may both involve the use of recorded data, surveys in selected areas, direct questions for participants, etc.

Impact level
The action is measured in terms of impact by its (relatively limited) contribution to the achievement of some overarching goals, such as occupational and employment-participation rates. For instance, one goal is to maintain Denmark’s high occupational rate. Long-term targets such as this are not assessed until after a certain amount of time has passed. The collection of data for the impact level and evaluation analysis is performed by an external evaluator who, among other things, compares the effects for the participants in ESF projects with those of a control group who have not participated in ESF projects.

Two types of project
Two types of project are involved in relation to the development of framework conditions:

- Type A: Competency development, upgrading of qualifications and development of employment potential and the qualification and adaptability of the workforce;
- Type B: Systems development, organisational adaptation, structural adaptation.

The purpose of this delineation is to ensure effective project aims and valid indicators in relation to the twofold strategic focus of the programmes in the development of framework conditions. First, the framework conditions (project type A) based on exploitation of the potential for development of human resources in relation to competency needs in demand on the labour market in relation to both employment potential and promotion of workforce adaptability in the current workforce. Secondly, the framework conditions (project type B) based on adapting the Danish trade and industry structure, including the development of an entrepreneurial and innovation culture.

<table>
<thead>
<tr>
<th>Project type A focusing on the participant</th>
<th>Project type B focusing on the system, method and culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boosts participants’ skills development</td>
<td>Method development</td>
</tr>
<tr>
<td>Educational and developmental processes</td>
<td>Systems development</td>
</tr>
<tr>
<td>courses and modules</td>
<td></td>
</tr>
<tr>
<td>Participation in guidance offers</td>
<td>Capacity development</td>
</tr>
<tr>
<td>Participation in joint supplementary</td>
<td>New types of partnerships and networking</td>
</tr>
<tr>
<td>training offers</td>
<td></td>
</tr>
<tr>
<td>Participation in joint supplementary</td>
<td>Breaking down cultural barriers</td>
</tr>
<tr>
<td>training offers</td>
<td></td>
</tr>
<tr>
<td>Participation in joint supplementary</td>
<td>Policy and effect analyses</td>
</tr>
<tr>
<td>training offers</td>
<td></td>
</tr>
<tr>
<td>Participation in joint supplementary</td>
<td>New and adapted types of organisation</td>
</tr>
<tr>
<td>training offers</td>
<td></td>
</tr>
</tbody>
</table>
### Types of project supported

<table>
<thead>
<tr>
<th>Project type A</th>
<th>Project type B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplementary training offers linked to specific types of innovation</td>
<td>Method development for special innovation strategies</td>
</tr>
<tr>
<td>Flexible and specialised training options focused on people with the same job functions across industries and specialisations</td>
<td>System development, development of courses, modules and methods and new forms of dissemination</td>
</tr>
<tr>
<td>Participation in guidance offers</td>
<td>Capacity development, development of forms of organisation for exploiting new knowledge</td>
</tr>
<tr>
<td>Participation in offers of joint supplementary training in innovation – utilisation of new knowledge</td>
<td>New types of partnerships and networking. Competency networks</td>
</tr>
<tr>
<td>Systematic work with creative skills</td>
<td>Breaking down cultural barriers, recruitment of highly educated people</td>
</tr>
<tr>
<td>Traineeship schemes</td>
<td>Policy and effect analyses</td>
</tr>
</tbody>
</table>
## Aims of the ESF Programme

<table>
<thead>
<tr>
<th>Global targets/ level of impact</th>
<th>Development of human resources</th>
<th>Innovation, knowledge sharing and knowledge building</th>
<th>New technology</th>
<th>Establishment and development of new enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority 1:</strong></td>
<td>In 2013, Denmark upholds its high occupational rate, 76.3 per cent (baseline: 76.3 per cent in 2005)</td>
<td>In 2013, at least half of Denmark’s enterprises are innovative (baseline: 40 per cent in CIS3, 1998–2000)</td>
<td>In 2013, the average utilisation of ICT in the Danish business community is at least 75 per cent (baseline: 56 per cent in 2005)</td>
<td>In 2013, the rate of establishment in Denmark will at a minimum be kept at the same level as today (baseline: 8.5 per cent in 2003)</td>
</tr>
<tr>
<td></td>
<td>In 2013, 30 per cent of people 25–64 years old participate in a training programme within the last four weeks at the time of assessment (baseline: 27 per cent in 2005)</td>
<td>In 2013, Denmark is among the five most innovative countries in the EU (baseline: no. 9 in CIS3, 1998–2000)</td>
<td>In 2013, the rate of establishment in Denmark will at a minimum be kept at the same level as today (baseline: 8.5 per cent in 2003)</td>
<td>In 2013, the percentage of entrepreneurs who develop into growth entrepreneurs has increased to 13 per cent (baseline: 5 per cent in 2003)</td>
</tr>
<tr>
<td></td>
<td>In 2013, 45 per cent of unskilled people 25–64 years old participate in a training programme within the last year (baseline: 41 per cent in 2003)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Priority 2:</strong></td>
<td>In 2013, the employment-participation rate is 72.7 per cent (baseline: 72.6 per cent in 2005)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In 2013, 30 per cent of people 25–64 years old participate in a training programme within the last four weeks at the time of assessment (baseline: 28 per cent in 2004)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In 2013, 45 per cent of unskilled people 25–64 years old participate in a training programme within the last year (baseline: 41 per cent in 2003)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific targets/ level of results</td>
<td>Development of human resources</td>
<td>Innovation, knowledge sharing and knowledge building</td>
<td>New technology</td>
<td>Establishment and development of new enterprises</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Priority 1:</td>
<td>As a result of their project participation, 26,000 people have enhanced their skills/competency compared to now or have a new job (baseline: 0)</td>
<td>As a result of their project participation, 15,000 people have enhanced their skills/competency compared to now or have a new job within innovation, knowledge building and knowledge sharing (baseline: 0)</td>
<td>As a result of their project participation, 21,000 people have enhanced their skills/competency compared to now or have a new job within the utilisation of new technology (baseline: 0)</td>
<td>As a result of their project participation, 6,200 people have become employed/self-employed/improved their entrepreneurial skills and are closer to the labour market (baseline: 0)</td>
</tr>
<tr>
<td>As a result of their project participation, 200 enterprises/institutions/organisations have developed/implemented new organisational models/types of partnerships/processes/products relating to the development of human resources (baseline: 0)</td>
<td>As a result of their project participation, 200 enterprises/institutions/organisations have developed/implemented new organisational models/types of partnerships/processes/products within innovation, knowledge sharing and knowledge building (baseline: 0)</td>
<td>As a result of their project participation, 200 enterprises/institutions/organisations have introduced new types of partnerships/processes/products relating to new technology (baseline: 0)</td>
<td>As a result of their project participation, 100 enterprises/institutions/organisations have entered into partnerships and/or networks relating to consultancy and strengthening an entrepreneurial culture (baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>Priority 2:</td>
<td>As a result of their project participation, 6,200 people have become employed/improved their potential for this/improved their skills (baseline: 0)</td>
<td>As a result of their project participation, 100 enterprises/institutions/organisations have introduced new types of working relationship/strategies regarding the development of human resources (baseline: 0)</td>
<td>As a result of their project participation, 4,500 people have become employed/improved their potential for this/improved their skills/competency relating to new technology (baseline: 0)</td>
<td>As a result of their project participation, 6,200 enterprises/institutions/organisations have entered into partnerships and/or networks relating to consultancy and strengthening an entrepreneurial culture (baseline: 0)</td>
</tr>
</tbody>
</table>

Priority 1:
As a result of their project participation, 6,200 people have become employed/self-employed/improved their entrepreneurial skills and are closer to the labour market (baseline: 0)
<table>
<thead>
<tr>
<th>Development of human resources</th>
<th>Innovation, knowledge sharing and knowledge building</th>
<th>New technology</th>
<th>Establishment and development of new enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1: 30,000 participants registered under the framework condition education and supplementary training</td>
<td>Priority 1: 13,000 participants registered under the framework condition education and supplementary training</td>
<td>Priority 1: 22,000 participants registered under the framework condition education and supplementary training</td>
<td>Priority 2: 6,000 participants registered under the framework condition entrepreneurship</td>
</tr>
<tr>
<td>8,000 participants registered under the framework condition development of organisations/strategies</td>
<td>8,000 participants registered under the framework condition partnerships and networks relating to innovation, knowledge sharing, knowledge building</td>
<td>8,000 participants registered under the framework condition new-technology teamwork</td>
<td>1,200 participants registered under the framework condition consultancy</td>
</tr>
<tr>
<td>200 new types of organisation (partnerships/processes/products) under the framework condition development of organisations/strategies</td>
<td>200 new types of organisation (partnerships/processes/products) under the framework condition innovation, knowledge sharing, knowledge building</td>
<td>200 new types of organisation (partnerships/processes/products) under the framework condition new-technology teamwork</td>
<td>1,200 participants registered under the framework condition entrepreneurial culture</td>
</tr>
<tr>
<td>Priority 2: 6,000 participants registered under the framework condition education and supplementary training</td>
<td></td>
<td>Priority 2: 6,000 participants registered under the framework condition education and supplementary training within new technology</td>
<td>100 new types of organisation (partnerships/processes/products) under the framework conditions consultancy and entrepreneurial culture (baseline: 0)</td>
</tr>
<tr>
<td>1,200 participants registered under the framework condition development of organisations/strategies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,200 participants registered under the partnerships and networks framework condition</td>
<td></td>
<td></td>
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<tr>
<td>100 enterprises/institutions/organisations are part of a working relationship/network and developing organisations and strategies relating to workforce enlargement (baseline: 0)</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Operational targets/output level</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Field of action 1.1 Development of human resources

**Objective 2 ESF**
A qualified workforce (Priority 1)

**Development of human resources**

**Impact/Global Targets**
In 2013, Denmark upholds its high rate of participation, 76.3 per cent (baseline: 76.3 per cent in 2005)

In 2013, 30 per cent of people 25–64 years old participate in a training programme within the last four weeks at the time of assessment (baseline: 27 per cent in 2005)

In 2013, 45 per cent of unskilled people 25–64 years old participate in a training programme within the last year (baseline: 41 per cent in 2003)

**Result/Specific Targets**
As a result of their project participation, 26,000 people have enhanced their level of skill/competency compared to now or have a new job (baseline: 0)

As a result of their project participation, 200 enterprises/ institutions/ organisations have developed/implemented new organisational models/types of partnerships/ processes/ products within innovation, knowledge sharing and knowledge building (baseline: 0)

**Output/Operational Targets**

**Education and supplementary training**
Project type A

**Indicators**
Registration of approvals and consumption
Number of participants registered under the framework condition *education and supplementary training*

**Organisational/strategic development**
Project type B

**Output/Operational Targets**

**8,000 participants registered under the framework condition development of organisations and strategies**

200 new types of organisation (partnerships/ processes/products) under the framework condition *development of organisations/strategies*

**Indicators**
Registration of approvals and consumption
Number of participants registered under the framework condition *development of organisations and strategies*
Number of new types of organisation registered (partnerships/processes/products)
Field of action 1.2 Innovation, knowledge sharing and knowledge building

**Impact/Global Targets**
In 2013, at least half of Denmark’s enterprises are innovative (baseline: 40 per cent in CIS3, 1998–2000).

In 2013, Denmark is among the five most innovative countries in the EU (baseline: no. 9 in CIS3, 1998–2000)

**Objective 2 ESF**

**A qualified workforce (Priority 1)**

**Result/Specific Targets**
As a result of their project participation, 15,000 people have enhanced their skills/competency compared to now or have a new job within innovation (baseline: 0)

As a result of their project participation, 200 enterprises/institutions/organisations have developed/implemented new organisational models/types of partnerships/processes/products within innovation, knowledge sharing and knowledge building (baseline: 0)

**Output/Operational Targets**

**Education & supplem. training** (project type A)

13,000 participants registered under the framework condition *education and supplementary training*

**Indicators**
Registration of approvals and consumption.

Number of participants registered under the framework condition *education and supplementary training*

**Output/Operational Targets**

**Innovation-related partnerships** (project type B)

8,000 participants registered under the framework condition *innovation-related partnerships*

200 new types of organisation (partnerships/processes/products) under the framework condition *innovation-related partnerships*

**Indicators**
Registration of approvals and consumption.

Number of participants registered under the framework condition *innovation-related partnerships*

Number of new types of organisation registered (partnerships/processes/products) under the framework condition *innovation-related partnerships*
Field of Action 1.3 New technology

Objective 2 ESF

A qualified workforce (Priority 1)

Impact/Global Targets
In 2013 the average utilisation of ICT in the Danish business community will be at least 75 per cent (baseline: 56 per cent in

Result/Specific Targets
As a result of their project participation, 21,000 people have enhanced their skills/competency compared to now or have a new job within the utilisation of new technology (baseline: 0)
As a result of their project participation, 200 enterprises/institutions/organisations have introduced new types of partnerships/processes/products relating to new technology (baseline: 0)

Utilisation of new technology

Education & supplementary training
Project type A

New-technology teamwork
Project type B

Output/Operational Targets

<table>
<thead>
<tr>
<th>Education &amp; supplementary training</th>
<th>New-technology teamwork</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output/Operational Targets</td>
<td>Output/Operational Targets</td>
</tr>
<tr>
<td>22,000 participants registered under the framework condition <em>education and supplementary training</em></td>
<td>8,000 participants registered under the framework condition <em>new-technology teamwork</em></td>
</tr>
<tr>
<td>8,000 participants registered under the framework condition <em>new-technology teamwork</em></td>
<td>200 new types of organisation (partnerships/processes/products) under the framework condition <em>new technology teamwork</em></td>
</tr>
</tbody>
</table>

Indicators
Registration of approvals and consumption
Number of participants registered under the framework condition *education and supplementary training*
Number of new types of organisation (partnerships/processes/products) registered under the framework condition *new-technology teamwork*
**Field of action 2.1 Human resources**

**Objective 2 ESF**

**Expansion of the workforce (Priority 2)**

**Result/Specific Targets**

As a result of their project participation, 6,200 people have become employed / are closer to doing so / have enhanced their skills/competency (baseline: 0)

100 enterprises/institutions/organisations have entered into partnership and network and developing organisations and strategies relating to workforce enlargement (baseline: 0)

**Development of human resources**

**Output/Oper. Targets**

**Education & supplementary training**

<table>
<thead>
<tr>
<th>Project type A</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,000 participants registered under the framework condition education and supplementary training</td>
</tr>
</tbody>
</table>

**Collaboration and networking**

<table>
<thead>
<tr>
<th>Project type B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200 participants registered under the framework condition partnerships and networks</td>
</tr>
<tr>
<td>50 new types of organisation (partnerships/ processes/ products) registered under the framework condition partnerships and networks</td>
</tr>
</tbody>
</table>

**Organisational/strategic developm’t**

<table>
<thead>
<tr>
<th>Project type B</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 new types of organisation (partnerships/ processes/ products) registered under the framework condition organisational and strategic development</td>
</tr>
</tbody>
</table>

**Indicators**

<table>
<thead>
<tr>
<th>Registration of approvals and consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of participants registered under the framework condition education and supplementary training</td>
</tr>
</tbody>
</table>

**Impact/Global Targets**

In 2013, the employment rate is 72.7 per cent (baseline: 72.6 per cent in 2005)

In 2013, 30 per cent of people 25–64 years old participate in a training programme within the last four weeks at the time of assessment (baseline: 28 per cent in 2004)

In 2013, 45 per cent of unskilled people 25–64 years old participate in a training programme within the last year (baseline: 41 per cent in 2003)
Field of action 2.2 Establishment and development of new enterprises

**Impact/Global Targets**

In 2013, the rate of establishment in Denmark will at a minimum be kept at the same level as today (baseline: 8.5 per cent in 2003)

In 2013, the percentage of entrepreneurs who develop into growth entrepreneurs has increased to 13 per cent (baseline: 5 per cent in 2003)

**Objective 2 ESF**

Expansion of the workforce (Priority 2)

**Result/Specific Targets**

As a result of their project participation, 6,200 people have become employed/self-employed/improved their entrepreneurial skills and are closer to the labour market (baseline: 0)

As a result of their project participation, 100 enterprises/institutions/organisations have entered into partnerships and networks relating to consultancy and strengthening an entrepreneurial culture (baseline: 0)

**Establishment and development of new enterprises**

Consultancy  
Project type B

Entrepreneurial skills  
Project type A

Entrepreneurial culture  
Project type B

**Output/operational goals**

**Consultancy**

- 1,200 participants registered under the framework condition 
  *consultancy*
- 50 new types of organisation (partnerships/processes/products) registered under the framework condition 
  *consultancy*

**Indicators**

- Registration of approvals and consumption
- Number of participants registered under the framework condition 
  *consultancy*
- Number of new types of organisation (partnerships/processes/products) registered under the framework condition 
  *consultancy*

**Entrepreneurial skills**

- 6,000 participants registered under the framework condition *entrepreneurial skills*

**Indicators**

- Registration of approvals and consumption
- Number of participants registered under the framework condition 
  *entrepreneurial skills*

**Entrepreneurial culture**

- 1,200 participants registered under the framework condition 
  *entrepreneurial culture*
- 50 new types of organisation (partnerships/processes/products) registered under the framework condition 
  *entrepreneurial culture*

**Indicators**

- Registration of approvals and consumption
- Number of participants registered under the framework condition 
  *entrepreneurial culture*
- Number of new types of organisation (partnerships/processes/products) registered under the framework condition 
  *entrepreneurial culture*
Field of Action 2.3 New technology

Impact/Global Targets
By 2013, the average ICT utilisation in the Danish business community is at least 75 per cent (baseline: 56 per cent in 2005)

Objective 2 ESF

Expansion of the workforce (Priority 2)

Result/Specific Targets
As a result of their project participation, 4,500 people have become employed / are closer to doing so / have enhanced their skills/competency (baseline: 0)

New technology

Education & supplementary training
Project type A

Output/operational targets
6,000 participants registered under the framework condition education and supplementary training

Indicators
Registration of approvals and consumption
Number of participants registered under the framework condition education and supplementary training

124
Appendix 2: Indicative distribution of the Community’s contribution by category


Commission reference no.: __________________

Programme title: More and Better Jobs

Date of the Commission’s most recent decision relating to the operational programme concerned: __/__/__

<table>
<thead>
<tr>
<th>Aspect 1</th>
<th>Aspect 2</th>
<th>Aspect 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritised issue</td>
<td>Type of funding</td>
<td>Type of area</td>
</tr>
<tr>
<td>Code</td>
<td>Amount</td>
<td>Code</td>
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<tr>
<td>62</td>
<td>107,346,942</td>
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<td>63</td>
<td>35,782,314</td>
<td>03</td>
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<tr>
<td>66</td>
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<td>72</td>
<td>49,016,868</td>
<td>Total</td>
</tr>
<tr>
<td>85</td>
<td>6,307,781</td>
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<tr>
<td>86</td>
<td>3,396,497</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>254,788,619</td>
<td></td>
</tr>
</tbody>
</table>

* The categories are assigned codes for each aspect in accordance with the standard classification.

** Estimated EU contribution for each category.

Table 1: Prioritised issue area

<table>
<thead>
<tr>
<th>Code</th>
<th>Prioritised issue</th>
<th>Type of funding</th>
<th>Type of area</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>107,346,942</td>
<td>229,788,619</td>
<td>12,254,217</td>
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<tr>
<td>63</td>
<td>35,782,314</td>
<td>25,000,000</td>
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<td>66</td>
<td>52,938,217</td>
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<td>156,754,883</td>
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<tr>
<td>72</td>
<td>49,016,868</td>
<td>Total</td>
<td>254,788,619</td>
</tr>
<tr>
<td>85</td>
<td>6,307,781</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>86</td>
<td>3,396,497</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Development of systems and strategies for lifelong learning in enterprises and other measures for improving employees’ ability to adapt to changes, promoting the entrepreneurial spirit and innovation

Development and proliferation of more productive, innovative ways to organise work

Implementation of active, preventive labour market measures

Preparation and implementation of reforms in both general and vocational education systems with a view to increasing employability through greater labour market relevance in basic general courses and vocational training and by updating the
Priority 1:
62: Development of systems and strategies – *organisational development in enterprises*. This will typically pertain to *Project Type B*: Focus on system, method and culture.

63: Competency development for individuals *Project Type A*. Focus on the participant

72: Preparation, introduction and implementation of reforms in general education systems – organisational development directed towards educational institutions’ *Project Type B* focus on system, method and culture.

Priority 2:
66: Expansion of the workforce (unemployed people) *Project Type A*: Focus on participants

72: Preparation, introduction and implementation of reforms in general education systems – organisational development directed towards educational institutions, *Project Type B*: Focus on system, method and culture

Table 2: Type of funding

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>01</td>
<td>Support without a repayment obligation</td>
</tr>
<tr>
<td>03</td>
<td>Venture capital (<em>shares, venture capital fund</em>)</td>
</tr>
</tbody>
</table>

Table 3: Type of area

<p>| | |</p>
<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>01</td>
<td>Urban area</td>
</tr>
<tr>
<td>05</td>
<td>Rural area (<em>apart from mountainous areas, islands and thinly or sparsely populated areas</em>)</td>
</tr>
<tr>
<td>00</td>
<td>Not relevant</td>
</tr>
</tbody>
</table>
Appendix 3: Utilisation of state aid rules under the programme

Subsidy under the programme will be granted within the framework of the government subsidy rules, including:

- Commission Regulation (EC) No. 70/2001 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-size enterprises, with subsequent amendments;
- Commission Regulation (EC) No. 68/2001 on the application of Articles 87 and 88 of the Treaty to training aid with subsequent amendments;