



**EXPERT EVALUATION NETWORK  
DELIVERING POLICY ANALYSIS ON THE  
PERFORMANCE OF COHESION POLICY 2007–2013**

**TASK 2: COUNTRY REPORT ON  
ACHIEVEMENTS OF COHESION POLICY**

**DENMARK**

**VERSION: FINAL**

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**NEW INSIGHT A/S**

**A report to the European Commission  
Directorate–General Regional Policy**

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## EXECUTIVE SUMMARY

Danish regional development policy is structured around specific regional objectives. The six regions<sup>1</sup> of Denmark implement their own policy that corresponds to the challenges they face and the contribution of the ERDF is only a minor part of the overall funding devoted to regional development policy.

Each region has very different characteristics, in terms of demographics, challenges and the activities which policy is focused on. An evaluation at programme level has concluded that there is a strong coherence between the objectives of the ERDF, national strategy and the strategies of the six regions themselves.

The Managing Authority, the Danish Enterprise and Construction Authority (DEACA), is satisfied with the rate of expenditure so far. At the end of 2009, 60% of the funding allocated had been committed to 156 projects. There have been no major changes in the implementation process as the three selected growth drivers<sup>2</sup> (Innovation, creating new enterprises and application of new technology) have proved to be extremely robust to changing economic circumstances and they have served as valuable focal points in growth and recession periods.<sup>3</sup>

The Structural Fund programme for 2007–2013 is now only half way through the programming period. Accordingly, there is no systematic evidence on performance as yet. The 2009 Annual Implementation report provides some indication of performance, but the outputs and results of the projects are based on input from the project applications and not actual achievements.

Only 8 projects have been completed and final evaluations carried out on them. The projects focus on the development of networks, knowledge clusters and platforms for innovation and the projects have been relatively successful according to the evaluations. A review of the evaluations shows that they focus strongly on the primary output and on the extent to which projects fulfilled the objectives of the ERDF and the goals set initially. However, they do not deal with results or impacts and it is difficult to get an impression of their relative importance to the overall programme.

The main challenge is to widen the scope of the evaluations and develop evaluations that deal with results and impacts in a methodologically-sound and consistent way. To overcome the challenges, and to improve the potential of the ERDF funding, the Cohesion Policy programmes

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<sup>1</sup> Denmark is administratively divided into 5 regions. But in matters of regional growth policy, the island of Bornholm is regarded as a separate region with its own growth forum.

<sup>2</sup> Denmark has chosen a strategic approach based on four growth drivers. The 4<sup>th</sup> growth driver is "Development of Human Resource, but it is not relevant in this context (pertains to ESF).

<sup>3</sup> AIR 2009

need to create measures that deal with results and impacts that can be applied at a supranational programme level. The economic recession has caused GDP to decline and unemployment rates to rise, especially in the peripheral areas of Denmark, and it is of great importance that Cohesion Policy contributes to reversing the economic trends and stimulating growth and new job creation in all parts of the country.

## SECTION 1 – SOCIO–ECONOMIC CONTEXT

The global economic recession has led to GDP falling in the Danish economy, private sector job losses and increasing unemployment rates<sup>4</sup>. The recession affects all parts of the country, but the peripheral areas have been hit particularly. Danish economic policy – both national and regional<sup>5</sup> – is confronting the need for structural adjustment.

Overall employment has dropped at a historically high rate during the economic recession. More than 200,000 private sector jobs have disappeared since the outbreak of the crisis in the second half of 2008<sup>6</sup>. This is approximately 10% of total private sector jobs in Denmark. The job loss has primarily affected the industrial sector in which employment has fallen by over 16% since the third quarter of 2008<sup>7</sup>.

Before the global recession, the unemployment rate had dropped to only just over 3% in 2008 (Table 1). Since then the rate has increased to average 6% in 2009 and just 7% by mid-2010. The dramatic rise is one of the main short-term challenges for the Danish economy. However, the flexibility of the Danish labour market and extensive active labour market policies ensure that long-term unemployment is comparatively low.

Ageing is another structural challenge for the labour market. Population projections show that working-age population will decline by 4.4% from 2010 to 2040.<sup>8</sup> This development will create pressure on the Danish labour market and it is a generally accepted view that maintaining Danish growth rates of GDP is dependent on the import of skilled labour.

The Danish government has set a goal that in 2015, 95% of young people should complete upper secondary education. This is a part of an overall plan that will ensure that the Danish

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<sup>4</sup> See Tables 1 and 2 in the Excel folder.

<sup>5</sup> The regional division of Denmark is comparable with the NUTS 3 regions, but the Structural Reform of 2007 divided Denmark into 98 municipalities and 5 regions. The island of Bornholm is included in The Capital Region of Denmark, but when it comes to regional support and funding from The Structural Funds, Bornholm remains independent.

<sup>6</sup> The Economic Council of the Labour Movement, August 18<sup>th</sup> 2010.

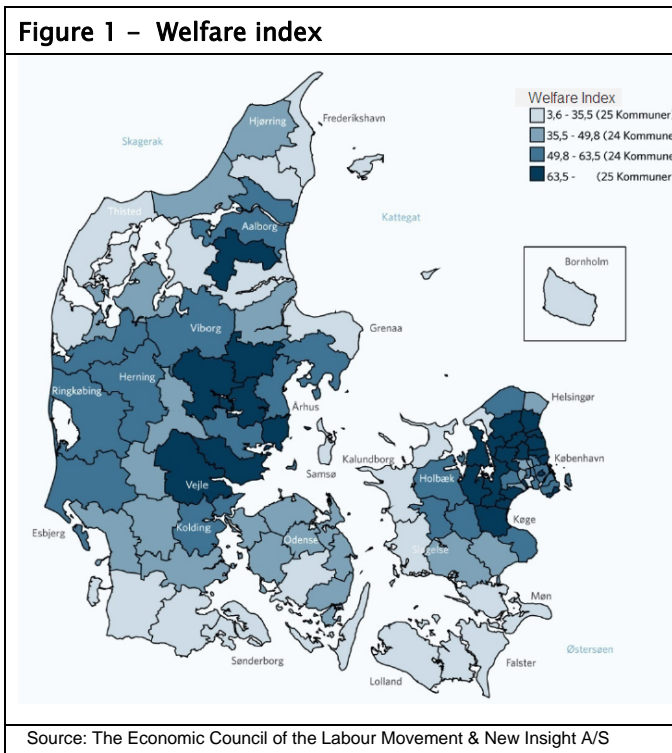
<sup>7</sup> Statistics Denmark, [www.statistikbanken.dk/ATR1KV](http://www.statistikbanken.dk/ATR1KV). The calculation is based on the actual number of employed persons in the 3<sup>rd</sup> quarter of 2008 and the 1<sup>st</sup> quarter of 2010.

<sup>8</sup> Statistics Denmark, [www.statistikbanken.dk/FRDK110](http://www.statistikbanken.dk/FRDK110).

labour force is competitive. A statistical survey<sup>9</sup> of the highest level of education attained by people reveals some significant disparities between the 5 regions of Denmark. In the Capital city region, which represents approximately 30% of the total population, more than one in three people have tertiary education<sup>10</sup>. In Zealand and the North Denmark Region, the share is only 22%.

In spring 2010, a political debate was started on the future of the peripheral areas of the country. As the concentration of economic activity in the Copenhagen area and in the eastern part of Jutland increases, the importance of effective regional strategies grows. The welfare index<sup>11</sup> below summarises the regional disparities. The index is based on the following indicators:

- Income
- Labour market
- Level of education
- Health
- Demography



<sup>9</sup> Statistics Denmark, [www.statistikbanken.dk/KRHFU1](http://www.statistikbanken.dk/KRHFU1).

<sup>10</sup> Includes higher education at universities, colleges and polytechnics.

<sup>11</sup> The Economic Council of the Labour Movement.

Figure 1 shows that lowest ranking areas<sup>12</sup> are concentrated in the northern and southern parts of Jutland, the islands in the southern part of Denmark and areas on the western part of Zealand. These peripheral areas are also those in which employment has fallen by most. As industry accounts, both directly and indirectly, for a major part of employment in peripheral areas, these regions have lost industrial jobs that are vital to future growth of GDP and employment – at both regional and national levels.

## **SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD**

### **THE REGIONAL DEVELOPMENT POLICY PURSUED**

The financial support from the ERDF contributes to only part of the regional development policy pursued across the country. The regions themselves are responsible for development planning, support of business growth and climate policy. The financing of development policy in this regard comes primarily from the national block grant to the regions (73%) and from municipal contributions (23%)<sup>13</sup>. Approximately 20% of the budget for regional development is devoted to business growth and this element is supplemented by finance from the ERDF. The allocation of the overall funding for business growth in each region, together with the policy pursued in this respect, is determined by the Regional Growth Forums. The present report focuses on this part of regional development policy.

On the basis of the Lisbon strategy a number of national priority areas have been chosen from the strategic guidelines indicated by the Structural Funds. The pursuit of policy in these areas is implemented by the Regional Growth Forums.

Denmark has chosen a thematic approach to an integrated Cohesion Policy designed to achieve the goals under the Competitiveness objective and the Territorial cooperation objective.<sup>14</sup> This has led to strong focus on four drivers of growth<sup>15</sup>:

1. Innovation, knowledge sharing and knowledge development (innovation);

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<sup>12</sup> Light blue represents a low score on the welfare index, while blue represents a high score.

<sup>13</sup> Danish Regions,

<http://www.regioner.dk/In+English/Regional+Denmark/Regional+Tasks/Regional+Development.aspx>

<sup>14</sup> NSRF 2007–2013

<sup>15</sup> The growth drivers are the foundation for the Danish strategy and in this report the growth drivers are comparatively equivalent to the policy areas.

2. Creation and development of new businesses (entrepreneurship);
3. Application of new technologies;
4. Development of human resources<sup>16</sup>.

First of all, the main objective of national measures is to ensure that Denmark remains competitive and stays among the most prosperous countries in the world in terms of GDP<sup>17</sup>. More specifically, Table A summarises the goals that have been set.

<b>Table A – Global goals of the three policy areas</b>	
<b>Policy area</b>	<b>Overall goals attached</b>
Innovation	<ul style="list-style-type: none"> <li>- At least half of the Danish enterprises should be innovative in 2013 (baseline 40% in CIS3 1998–2000)</li> <li>- Denmark should be among the 5 most innovative countries in the EU in 2013 (baseline: no. 10 in CIS3 in 1998–2000)</li> </ul>
Entrepreneurship	<ul style="list-style-type: none"> <li>- The establishment rate of new enterprises should be maintained at the current level (Baseline: 8.5% in 2003)</li> <li>- The proportion of entrepreneurs that develop into growing entrepreneurs must be increased to 13% (around 5% in 2003)</li> </ul>
Application of new technologies	The average proportion of Danish companies using ICT should be at least 75% in 2013 (baseline: 56% in 2005)
Source: Strategic report 2009	

Table A shows the overall goals, but Denmark has also established indicators that serve as a measure of the output of the ERDF programme under priority 1: Innovation and knowledge. The targets for 2013 are:

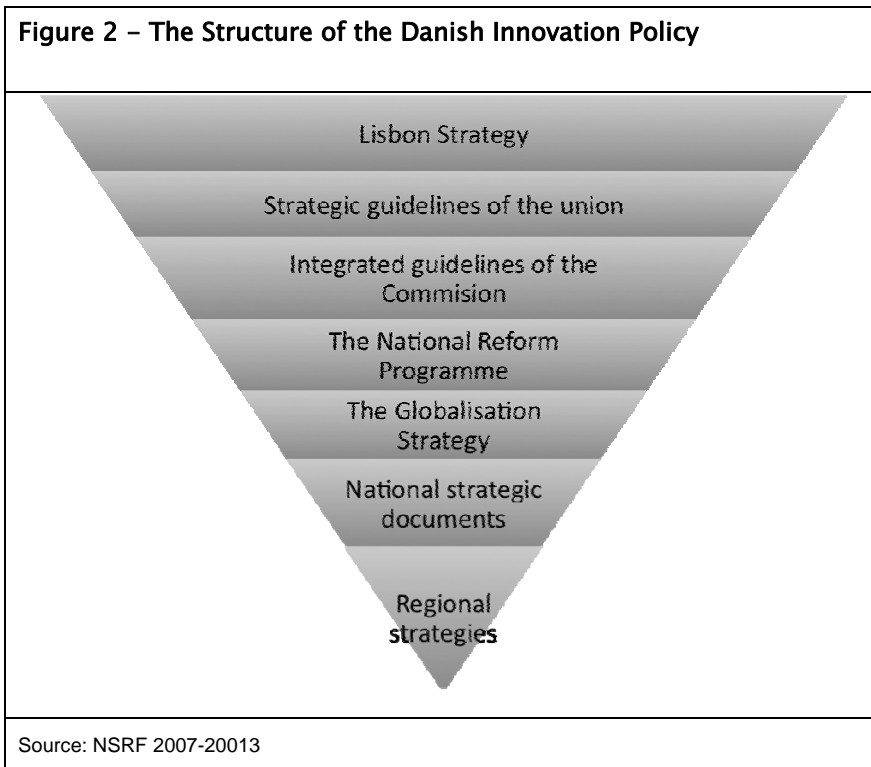
- Innovation: 1000 enterprises/institutions/organisations to indicate that they have become more innovative because of the regional funding programme;
- Entrepreneurship: 900 new firms to be set up as result of the regional funding programme;
- Application of new technologies: 200 enterprises/institutions/organisations to indicate that they have increased their use of ICT due to the regional funding programme.

All of the Danish regions are eligible for assistance under the Competitiveness and employment Objective. The distribution of funding is based on population, the number of unemployed, the educational level of the population, and the number of people living in peripheral areas.

<sup>16</sup> The development of human resources represents one of the four national growth drivers, but it has been decided that this growth driver is subject to funding from the ESF. This paper will not elaborate on this growth driver.

<sup>17</sup> NSRF 2007–2013

The overall objectives of the regions are related to the three growth drivers, but they each have specific priorities when pursuing the overall objectives. The way development policy is implemented means that there is a relatively clear-cut division between the national and regional level. DEACA has the legislative authority and the regions have their own specific policies that are implemented by the Regional Growth Forums. The latter are responsible for allocating 90% of the total resources from the ERDF. Accordingly, the contribution from the ERDF focuses specifically on the regional level and is closely integrated into regional policies on competitiveness and employment. The Danish set up is summarized in Figure 2.



The six Regional Growth Forums have very different characteristics, in terms of demographics, challenges and strategies. Some focus on tourism and creating jobs while others focus on product innovation and the creation of knowledge. Each of the Regional Growth Forums has a partnership agreement with the government concerning the regional contribution to the overall national globalisation strategy. The agreements are intended to ensure the overall coherence of the regional contribution to growth and the creation of jobs. The national government sets out the strategic framework and the Regional Growth Forums implement ERDF funding at regional level. Table B summarises the strategies<sup>18</sup> for growth and jobs in the regional growth forums.

<sup>18</sup> The regional development strategies are collected from the respective regional strategic papers.



<b>Table B – Strategies for growth and jobs</b>	
<b>Regional Growth Forum</b>	<b>Regional development strategy</b>
Growth Forum North Jutland	Active knowledge institutions Regional innovation environment Growth entrepreneurs Strong clusters Experience economy Renewable energy Competency development
Growth Forum Central Denmark	Innovation, knowledge sharing and knowledge development Application of new technologies Creation and development of new businesses Development of human resource Growth in tourism Development activities in the peripheral areas
Growth Forum Southern Denmark	Development of clusters Experience economy Health Human resource Research, innovation and new technologies Entrepreneurship
Growth Forum Zealand	Renewable energy and sustainable construction Tourism Innovation of health care Growth in traditional industries Industrial development Collaboration between knowledge institutions and industries Competency development Preparation for the fixed link across Femern Belt
Growth Forum Capital Region	Development of industrial positions of strength Creating new enterprises Developing of the region into a metropolis Marketing of the region Improve collaboration in the Oeresund Region
Growth Forum Bornholm	Transport accessibility Co-ordinated business promotion Marketing of Bornholm Human resources – education and skills Innovation, knowledge sharing and knowledge building Application of new technology Business start-ups: a strengthened focus on entrepreneurship Bornholm – open all year Rural development Green energy
Source: New Insight	

### **Importance of the Territorial Cooperation Objective**

The Danish participation in the European Territorial Cooperation Programme also involves some of the goals included under the Competitiveness Objective, since Danish cooperation with other Member States is based on the same strategic approach. The programme is coordinated by DEACA and implemented by the different regions involved. In the present period the funding for Danish participation is around EUR 100 million. Denmark participates in four cross-border cooperation and two transnational cooperation programmes. The purpose of the programmes is to strengthen the capacity of clusters and networks to create favourable conditions for SMEs, business development and economic growth in the regions concerned. These programmes have the potential to generate growth, innovation and new knowledge and jobs, especially in peripheral parts of Denmark, but evidence of performance is relatively limited, as most of the projects are still ongoing.

It is extremely difficult to measure the relative importance of territorial cooperation and its influence on overall development policy. The immediate impression is that the significance of the programmes is relatively small compared to the Competitive Objective<sup>19</sup>. This may be coloured, however, by the fact that Denmark has administrative authority only over the North Sea Region programme, but the other cooperation programmes in which it is involved are coordinated by other countries.

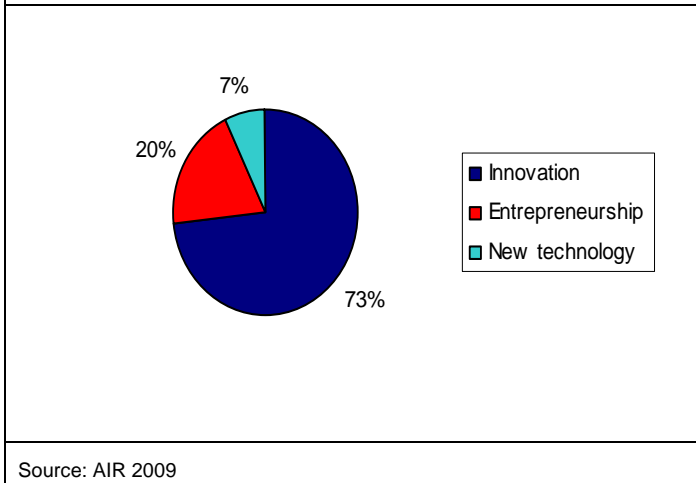
### **Financial allocation**

According to the national strategic goal, the allocation between the growth drivers should be 30% for innovation, 20% each for entrepreneurship and for new technology and 30% to be allocated according to the discretion of the region<sup>20</sup>. The financial allocation of the funding only reflects the objectives stated to a certain extent. At the end of 2009, 73% of funding had been committed to innovation, though this policy area overlaps with others and the way that expenditure is categorised between the policy areas does not necessarily reflect the actual content of specific projects. A project categorised under innovation might therefore also involve new technology. The Growth Forum secretariats, which are responsible for the categorisation, have estimated that up to 40% of innovation projects could potentially have been categorised under new technology. The managing authority is examining this issue.

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<sup>19</sup> Interview with Chairman of the Surveillance Committee, Preben Gregersen.

<sup>20</sup> The respective shares are minimum commitment rates

**Figure 3 – ERDF allocation across the policy areas**

In 2007, a structural reform was implemented in Denmark that divided the country into larger municipalities and regions. The reform implied that at least 35% of the Structural Funds would be allocated to the peripheral areas. In practice, up to end-2009, 38% of funding had been allocated to projects in these areas.

Support from the ERDF is modest in relation to Danish GDP (around 0.03%) so that even if performance is very successful, the effect on GDP is likely to be very small. However, support from the ERDF may make a significant contribution to achieving overall goals when combined with national and regional funding.

### **POLICY IMPLEMENTATION**

The Regional Growth Forums are responsible for allocating 90% of the total support available from the ERDF. The remaining 10% is allocated by the National Growth Forum<sup>21</sup>. Accordingly, the contribution from the ERDF focuses specifically on the regional level and is closely integrated into regional policies on competitiveness and employment. The Danish consultancy company, COWI, has conducted a provisional evaluation<sup>22</sup> of the 2007–2013 Danish Structural Fund programme to assess the coherence between the objectives of the Structural Fund programme and the priorities and focus of regional strategies.

<sup>21</sup> A 10% share is not allocated between the regions but allocated through an ongoing national competition fund.

<sup>22</sup> The evaluation is based on the following methods: Textual analysis of the regional strategies, interviews with executives from Growth Forums, survey including responses from recipients about expected effects (new products, processes, networks, jobs and companies), statistical analysis of project data, analysis of six selected innovation projects, interview with a control group.

After examining the structural and institutional setup of the strategy for innovation, the evaluation concluded that there is a strong coherence between the objectives of the ERDF and the strategies of the six regions. Additionally, the three drivers of growth were found to have been effective and to have resulted in regional strategies being aligned with the overall strategic framework. This is supported by the chairman of the Structural Fund Surveillance Committee<sup>23</sup>, Preben Gregersen, who has stressed that the growth drivers have proved themselves to be robust policy guidelines throughout the present period and that the priorities and goals have remained the same, despite the economic recession. As a consequence of the recession, some of the Growth Forums have begun initiatives within the ERDF programme to counter the changing circumstances. But at the same time DEACA has emphasised that the future commitment of the Structural Funds should continue to focus on the long-term perspectives.

At present, no modifications of the overall goals established at the beginning of the programming period have been made. However, several of the Growth Forums have initiated policies related to the changes in economic circumstances. The framework of Structural Fund programmes has proved to be sufficiently broad to allow this. In some regions, both new and ongoing projects have been affected by the financial crisis. For example, in some cases, projects have changed the composition of the partnership or slowed down some of their activities<sup>24</sup>.

So far, the programmes have generally been implemented very much according to plan and there is no evidence that this will change significantly as a result of the recession. Furthermore, the Growth Forums have reported that there are no, or very few, obstacles to the implementation of programmes<sup>25</sup>. One of obstacles, however, has been the complex organisational structuring of the application process, which has proved difficult to communicate to project applicants that were not prepared for the administrative difficulties. By the end of 2009, 60% of the funding had been committed to 156 projects, whereas only 31% had been committed at the end of 2008<sup>26</sup>. DEACA considers the rate of commitments so far to be satisfactory.

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<sup>23</sup> The Committee consists of the representatives from the regional growth forums, relevant ministries, professional industrial bodies and DG Regio.

<sup>24</sup> AIR 2009

<sup>25</sup> Thematic evaluation by COWI.

<sup>26</sup> AIR 2009

## ACHIEVEMENTS OF THE PROGRAMMES

The concern here is to outline the main outputs from interventions co-financed by the ERDF in the different policy areas. The evidence on the performance of Cohesion Policy is relatively sparse at present. The number of projects completed is small and actual achievements are very difficult to determine. Up to the end of 2009, only 8 projects had been evaluated in the present period. This is due to most of the projects still being ongoing. Consequently, there is not much evidence on output, results or impact. However, the 8 projects have generated some tangible achievements that relate to the overall goals of the programme:

- 6 projects, under innovation policy, had led to an increase in the innovative capacity of 228 companies and other organisations;
- 2 projects, under the new technology policy, had increased the use of ICT in two enterprises or organisations.

No projects, under the entrepreneurship policy, had at the end of 2009 been completed.

As actual achievements are very limited so far, the DEACA has made an estimate of the expected achievements of ongoing projects. The following, therefore, reviews the estimates of expected outcomes as set out in project applications, which, of course, may well deviate significantly from the actual outcomes once the projects have been completed.

### Innovation

As described above, targets have been established to measure performance as regards innovation. The overall target was for 1,000 enterprises or other organisations to become more innovative during the funding period. The operational goal involves two output indicators:

1. a strengthening of the regional capacity to innovate (70% of the participating enterprises to increase their innovative capacity);
2. collaboration on innovation (500 new cases of collaboration).

Up to now, only six projects have been completed and evaluated, as indicated above. 114 projects (accounting for 73% of the total allocation) have been initiated in this policy area and their expected activities will by far exceed the operational goal – 45 projects are expected to make 6,135 enterprises more innovative and 69 projects are expected to give rise to 4,450 cases of collaboration on innovation<sup>27</sup>. Some of the successful projects are focused particularly

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<sup>27</sup> AIR 2009

on effects and on involving the three elements of the Triple Helix<sup>28</sup> as well as on user driven innovation.

Innovation is a focus of almost 75% of the funding allocated, reflecting the high priority accorded to it by all the Growth Forums.

### **Entrepreneurship**

The overall target was to create 900 new firms as a consequence of the regional funding programme. The operational goals consist of three output indicators:

1. 300 advice and guidance courses for entrepreneurs to be set up;
2. around EUR 13 million to go to advising entrepreneurs;
3. 300 courses to be established on entrepreneurial culture.

At the end of 2009, none of the 25 projects initiated (accounting for 20% of the funding allocated) had been completed. Nevertheless, there are high expectations of them. 16 of the projects are expected to create 8,663 registered advice courses, four of the projects will raise over EUR 19.5 million for advising and five of the projects have established 25 courses on entrepreneurial culture<sup>29</sup>. Though these expectations do not necessarily reflect the actual performance of the projects, nevertheless, it is likely that expected performance will exceed the initial targets by a long way. At the same time, the Growth Forums have declared that this policy area has a lower priority than innovation.

### **Application of new technology**

The overall target was for 200 enterprises or other organisations to indicate that they had increased their use of ICT. The operational goals involve two output indicators:

1. 70% of participating enterprises and other organisations to have introduced user-friendly ICT systems to increase its use;
2. 70% of participating enterprises or other organisations to have developed methods of technology transfer or cooperation that have improved access to knowledge.

Only two projects had been completed at the end of 2009 and another 17 projects had been initiated (accounting for 7% of the total allocation). The relative success of the projects is still difficult to measure as the number of registered enterprises participating is not yet listed. (The number concerned and an initial estimate of the output indicator will be available in the 2010

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<sup>28</sup>Collaboration between government, research and industry. The aim is to stimulate R&D and innovation through projects carried out through cooperation between the three partners.

<sup>29</sup> AIR 2009

Annual Implementation Report<sup>30</sup>.) In the 2008 Annual Report, the managing authority expressed concern about the priority given to this policy area, but as noted above, there seems to be an overlap with other policy areas, which leads to an underestimation of the actual application of new technology.

During the application process, project managers were also asked to estimate the positive or negative effect of their project on the environment, gender equality and employment. Table C below summarises the answers from the 156 project managers. It should be emphasised again that these are based on expected effects rather than real ones. It shows that over 90% of projects are expected to increase employment, whereas most projects seem to pay little attention to the environment or gender equality.

	Environment	Gender equality	Employment
Positive effect	52	20	143
No effect	101	134	13
Negative effect	2	1	0

Source: AIR 2009

### SECTION 3 – EFFECTS OF INTERVENTION

In general, the policy is being implemented in line with the objectives set in the 2007–2013 NSRF. Expected performance in the three policy areas exceeds the initial targets set. Since, however, the evidence is in terms of expectations the managing authority, DEACA, has not yet adjusted the targets upwards partly because of this. Moreover, the global economic situation might yet affect the finance received from the private sector and the opportunities for new projects in a way that it so far has not done.

ERDF financing is relatively modest in relation to Danish GDP, as noted above, and, therefore, is unlikely to have a marked effect on GDP per head, even with the counterpart national and private contributions. Moreover, the ERDF contribution is small in relation to overall regional development policy, so any effect on GDP per head is much more likely to be attributable to this than to the ERDF.

This point aside, it is very difficult to give a general impression of the effect of the ERDF programme, since no more than 8 projects have been evaluated in the present period and 156 projects have been initiated. However, there are indications that support from the ERDF will

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<sup>30</sup> AIR 2009

help to achieve the overall objectives when combined with national and regional expenditure<sup>31</sup>. At regional level in particular, support from the ERDF plays a crucial role as regards the projects carried out. Without it, the majority of projects would not have been undertaken<sup>32</sup>.

## SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION

Evidence on the performance of Cohesion Policy in Denmark is relatively sparse. Only 8 projects have been evaluated in the present period, as noted, because these are the only ones which had been completed up to the end of July 2010 (the cut-off date for preparing this report), though a great many projects are ongoing<sup>33</sup>.

To synthesise the characteristics of the evaluations carried out in a systematic way, they are divided between those focused on outputs and those focused on results.

Output is here understood as the fulfilment of the conditions under which the financial support was initially granted. The concern is, therefore, with the fulfilment of the objectives set by the ERDF and by the region(s). It also includes the monitoring of activities and the immediate output of the project.

Results are understood to relate to potential synergy effects and indicators of the long-term impact of projects, which go beyond simple monitoring of activity and expenditure.

This division enables the characteristics of the evaluations to be highlighted in a comprehensible manner. One evaluation is presented as an example of good practice.

### The 8 final Evaluation Reports

The small number of final evaluation reports on projects which have been published (up to end-July 2010) cannot be regarded as representative of all the projects supported. These are, however, indicative of what expenditure is likely to achieve over the period.

All 8 of the project reports focus primarily on output as an indicator of performance; of fulfilling the objectives of the ERDF and the initial goals set for the project. Most of the evaluations are qualitative descriptions of activities and only a few include reference to results. In this regard, it should be emphasised that the recipients of funding mostly conducted the evaluations themselves. This may affect the results in various ways. First, there could be a tendency for output and results to be presented in a more positive way than the reality and,

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<sup>31</sup> AIR 2009

<sup>32</sup> Interview with Chairman of the Surveillance Committee, Preben Gregersen.

<sup>33</sup> After the deadline of this paper, we have received an additional 10 evaluation reports. However, these do not modify any conclusions regarding our comments on effects, methods etc.



secondly, the resources devoted tend to be limited, which in turn tends to restrict the degree of detail which the evaluations go into.

<b>Project</b>	<b>Recipient</b>	<b>Budget and ERDF Funding in EUR</b>	<b>Growth driver (or categorization of expenditure code)</b>	<b>Purpose</b>	<b>Output</b>	<b>Result</b>
Public-private collaboration on Climate Policy	Aarhus University	588,000 ERDF: 213,000	Innovation	<ul style="list-style-type: none"> <li>- The holding of a international climate conference</li> <li>- Demonstration of climate competencies</li> <li>- Regional collaboration on sustainable energy</li> </ul>	<ul style="list-style-type: none"> <li>- The holding of a international climate conference</li> <li>- Demonstration of climate competencies</li> <li>- Regional collaboration on sustainable energy</li> </ul>	The knowledge end experience that was created during the project has resulted in a new application for the creation of a new consortium
Copenhagen Finance IT Region (CFIR)	The Danish Bankers Association	328,000 ERDF: 164,000	Innovation	To prepare the IT and Finance cluster for the future competition between global metropolises	<ul style="list-style-type: none"> <li>- Establishment of steering committee</li> <li>- Establishment of a secretariat</li> <li>- Analysis of Copenhagen's competitive position on The Global Financial Centres Index (GFCI) and other indexes</li> <li>- Kick-off press launch</li> <li>- Workshops</li> </ul>	<ul style="list-style-type: none"> <li>- Improvement of long-term competitiveness and relative improvement of the conditions for other industries. The improvement should be measurable on a large variety of international index instruments.</li> <li>- Examination of factors for improvement of the position in comparison to Copenhagen's direct competitors</li> </ul>
The Interactive House	Danish Producers Association	87,000 ERDF: 43,500	Innovation	<ul style="list-style-type: none"> <li>- To strengthen the potential of growth in the interactive entertainment business by creating a physical space for more than 100 entrepreneurs in the computer games business</li> <li>- The project was a pre-study for exploring the possibilities of a bigger project supported by ERDF</li> </ul>	Presentation of programme and budget	
Experience- and Learning project "Light and Sound"	Copenhagen International Theatre	584,000 ERDF: 292,000	Innovation	To engage creative businesses and public sector planning departments	<ul style="list-style-type: none"> <li>- Workshops and residencies that created learning and useful networks</li> </ul>	<ul style="list-style-type: none"> <li>- Collaborations for future development of the field</li> <li>- Elaborations on the</li> </ul>

				in the creation of experience concepts and the development of knowledge about innovation collaboration	– The development of 13 concrete projects in the Copenhagen area.	difficulties of the practical public-private partnership
Northern Jutland as Destination for Tourism	The Destination Company "The Top of Denmark A/S"	223,000 ERDF: 53,000	Innovation	The creation of further growth in tourism business by creating networks and concepts dealing with: 1. Attraction 2. Northern Jutland as a full-year tourist destination 3. Quality development	– Kick-off conference – The establishment of four networks – Survey on demand	Development of new useful methods on best practice planning within the business.
The Business Cluster of Mechatronics	Mechatronics Cluster Denmark	166,000 ERDF: 79,000	Innovation	– To establish MCI Academy as an annual concept – To develop a communication platform to promote the mechatronics cluster	– Holding of the first annual MCI Academy – The development of a homepage	The MCI Academy generated new networks that have created more than ten collaborations between The Center for Product Development and various companies
The Application of new Technology in Tourist Information	Destination Bornholm ApS	110,000 ERDF: 55,000	Application of new technologies	To offer tourists visiting Bornholm tourist information through GPS and Bluetooth for cell phones	– Contract with a supplier for the Bluetooth solution – Concept for a role play	Bornholm as a tourist destination is first-mover on the new technology. This will increase the attractiveness for the potential audience.
WEB123 integrated for the Microsoft ERP-system C5 in a hosted environment	JF Data Service ApS	250,000 ERDF:125,000	Innovation	– The establishment of a development environment with a high level of knowledge – Buying of external knowledge for certification of the product – Marketing tests – The development of a support unit	– The employees of the company have participated in conferences and created a useful network – The company has been certified as a Microsoft partner – The company has worked with marketing	The company has consolidated its position on market and within the business cluster

Source: New Insight and Danish Enterprise and Construction Agency

Examination of the evaluations shows that the projects have different ways of dealing with the results. Some of the evaluations are able to document actual results while others just produce vague statements about the intended results. Indeed, most evaluations do not go beyond the immediate monitoring of activities. The evaluations are based on a template designed by DEACA. The template consists of five sections:

- a description of the process;
- a description of information and PR arrangements;
- a description of the partnership cooperation;
- comments on any relevant or special circumstances that is stated as the funding was committed;
- a project report that describes the process, the achievements and the use made of the results and experience.

All of the evaluations available include these sections but they differ in terms of the length and the content. This may be due to projects having very different purposes and objectives. The task, moreover, may be extremely demanding in some cases because of the complex nature of the projects concerned.

Most of the projects involve the creation of cross-sector networks or platforms for innovation – involving conferences, clusters and so on – the nature of which complicates the measurement of the results and the long-term impact, which may be too complicated for project managers to do. The arrangements concerned are often diffuse and hard to describe in quantitative terms. Either, therefore, the number of patents or new products or processes resulting from the projects need to be used as quantitative indicators or the added-value generated by the arrangements needs to be described in qualitative terms.

DEACA is well aware of the challenge of producing usable evidence on the performance of projects and has set up a taskforce to develop a means of making it easier for project managers to elaborate on effects at different levels. The work of the taskforce may also result in some of the indicators being revised in order to give a more logical representation of the relationship between inputs, outputs and effects<sup>34</sup>. Such indicators are to be included from the very beginning of the process, from the initial application to the evaluation report on results.

DEACA is currently working with Statistics Denmark on an arrangement that will enable Managing Authorities to obtain data on the annual turnover and employment of the enterprises receiving funding which could potentially be compared with equivalent data for other enterprises. This could then potentially provide a means of estimating the effects of projects.

DEACA has also developed an electronic system for project managers to facilitate the task of reporting on project outcomes and effects, the ultimate goal being to help them to produce more useful evaluations, which cover both long- and short term effects<sup>35</sup>.

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<sup>34</sup> AIR 2009

<sup>35</sup> Interview with Chairman of the Surveillance Committee, Preben Gregersen.

### Evaluation of the Danish Objective 2 programme 2000–2006

The main objective of the programme was to strengthen growth and development in the peripheral areas of Denmark and to reverse adverse structural trends in these areas. The programme was evaluated by the Danish Technological Institute<sup>36</sup>.

The evaluation concluded that the goals of the programme had been achieved, but that positive effects were not large enough to counteract growth trends and widening regional disparities. In the period covered (up to mid–2005), around 80% of the funding available under the priorities regional development and enterprise development was applied and 53% of that available under the competence development priority. The programme was found to generate positive effects on employment, the level of education, regional cooperation and the competitiveness of enterprises.

- By mid–2005, around 5,000 jobs had been created or maintained;
- The share of people without an acceptable level of education declined by 3.5 to 4 percentage points between 1999 and 2005;
- There was a high degree of synergy and coordination between the use of Objective 2 funding and other industrial policy initiatives;
- The competitiveness of the enterprises assisted was increased through new knowledge and its application.

The evaluation recommended, among other things, that future programmes should:

- Exploit the unrealised potential of private and public co-financing;
- Improve the involvement of research and knowledge institutions;
- Strengthen the exchange of experience across projects;
- Improve information about the programme;
- Focus on network and bridge-building projects.

### Good practice evaluation

The evaluation of the “Copenhagen Finance IT Region” (CFIR) project covers some of the aspects mentioned above. By using the Triple-Helix model, the project was aimed at developing Copenhagen into a future international hub for growth in the financial and ICT sector. The evaluation of the project was an *ex-ante* one that focused primarily on examining its potential

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<sup>36</sup> Evaluation of the Danish Objective 2 programme 2000–2006, Danish Enterprise and Construction Authority, September 2005.

results and impact. The evaluation examined various instrumental factors that make it possible to measure potential effects. It included:

- an analysis of Copenhagen's position according to the Global Financial Centres Index (GFCI), that serves as a baseline indicator to measure the effect on future performance<sup>37</sup>;
- a SWOT analysis to obtain an understanding of the possibilities and challenges<sup>38</sup>;
- an analysis of the future demand for competences in the cluster, as part of the development of a competitiveness-and innovation strategy;
- review of the milestones from the project application on.

The evaluation focused on improving long-term competitiveness and is an example of good practice as regards the identification and use of measurable indicators that can help to assess the achievements of the project in the final evaluation. As it sets out specific indicators that measure performance, the *ex-ante* evaluation serves as a valuable tool for analysing the possible effects of projects funded by the ERDF.

## SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES

The national Annual Implementation Reports (AIRs) outline methods for measuring future achievements, but so far the content of these reports deals primarily with monitoring activity, processes at a programme level and expected output and results. This is due to a large majority of projects not yet being completed. The AIRs for 2008 and 2009 put forward an indicator system which can be used to measure performance and achievements in the future.

### **The evidence focuses on output or expectations**

This study has examined some of the quantitative and qualitative evidence on the performance of the ERDF in Denmark. On the basis of these findings, the conclusion is that the evaluations, at a project level, have a strong focus on monitoring the activities of projects rather than the outcomes. The characteristics of the recipients of funding vary markedly as they range from small companies carrying out product or process innovation to large-scale collaborations between private and public sector companies. The achievements are equally varied. However, there is a tendency towards multi-partner projects with an element of network creation and/or the development of innovation platforms. This includes a tendency towards larger projects<sup>39</sup>.

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<sup>37</sup> "Copenhagen's position in GFCI 5", Z/Yen Group Limited.

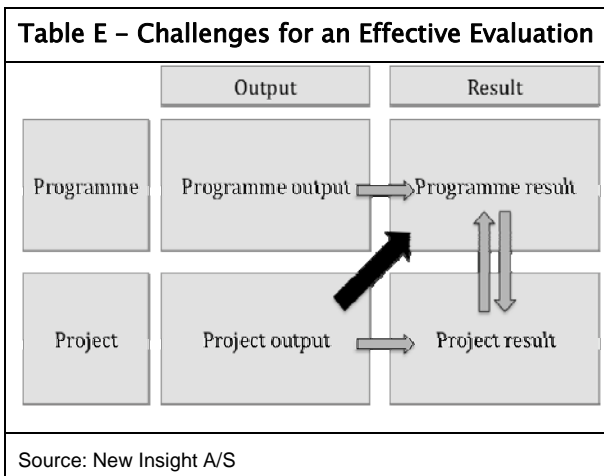
<sup>38</sup> "Copenhagen's position in the financial map of the world", Oxford Research A/S.

<sup>39</sup> AIR 2009

**Main challenge: widening the scope**

The main challenge, in our view, is to develop evaluations that deal with results and impacts in a consistent way. The level of complexity rises when it comes to measuring the results and impacts of networks and innovation platforms. To create a common template for evaluations is a major challenge when the projects vary enormously in concept, purpose and objectives.

Ultimately, the challenge is to move from evidence about outputs to evidence about results and effects. Table E indicates some of the processes that need to be integrated for useful monitoring of the effect of ERDF support. The black arrow represents the overall objective of the evaluations: to monitor the results at a programme level.



To meet this challenge requires the development of a set of instruments, which are represented by the grey arrows. A first task is to shift the focus of evaluations from the output of projects to results. Secondly, these results need to be related to the overall programme results. This calls for methodological consistency in the requirements at programme level, which could involve the use of a baseline method, index system or other means of providing a cross-national standard of reference.

For example, the majority of evaluations refer to the importance of the partnership structure, which is aspect that final evaluations are required to cover. But the descriptions are often not methodical and they do not necessarily refer to aspects, such as the Triple Helix-model or user-driven innovation, that could possibly represent factors of consistency in the evaluations.

The main challenge is therefore to provide the evaluators – external or internal – with a methodological framework and set of instruments that gives them the opportunity to spell out the results in a comprehensible and consistent way. The introduction of baseline studies and index systems could possibly help to monitor comparative effects, if they are integrated at an early stage of the project process.

Another challenge is the financial crisis and its impact on growth rates and employment. This development implies growing importance being attached to the creation of new jobs and the effect of Cohesion Policy on the prospects for employment.

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- Final evaluation of The Application of new Technology in Tourist Information, Danish Enterprise and Construction Authority
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- Final evaluation of The Interactive House, Danish Enterprise and Construction Authority
- Final evaluation of WEB123 integrated for the Microsoft ERP-system C5 in a hosted environment, Danish Enterprise and Construction Authority



## INTERVIEWS

- Chairman of the Surveillance Committee, Preben Gregersen, Head of Region in the Danish Enterprise and Construction Authority
- Head of section in Danish Enterprise and Construction Authority, Thomas Tandskov Dissing
- Head of section in Danish Enterprise and Construction Authority, Karen Matthisson

## TABLES

See Excel file for Table 1 and Table 2

Table 1: Regional disparities and trends

Table 2: Macro-economic developments

<b>Annex Table A – Quarterly Working Time Accounts by industry</b>								
2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
395,701	396,840	399,273	393,210	375,993	363,086	350,618	338,818	333,517
Source: Statistics Denmark								

<b>Annex Table B – Full-time unemployed persons</b>									
2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
2.2	1.6	1.6	2.0	3.2	3.5	3.5	4.1	4.9	4.0
Source: Statistics Denmark									

<b>Annex Table C – Work Age population forecast (15–64 year old)</b>				
2010	2020	2030	2040	2050
3,630,561	3,590,382	3,527,670	3,471,296	3,589,427
Source: Statistics Denmark				

<b>Annex Table D – Highest attained education of the population (15–69 years) by region and education (%)</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Capital Region</b>				
Basic School	28	27	27	27
General upper secondary school	12	12	12	12
Vocational education	29	29	28	28
Long-cycle higher education	31	32	33	33
<b>Zealand</b>				
Basic School	35	35	35	35
General upper secondary school	6	6	6	6
Vocational education	38	38	38	38
Long-cycle higher education	21	21	22	22
<b>Southern Denmark</b>				
Basic School	36	35	35	35
General upper secondary school	7	7	7	7
Vocational education	36	36	36	36
Long-cycle higher education	22	22	23	23
<b>Central Denmark</b>				
Basic School	33	33	32	32
General upper secondary school	9	9	9	9
Vocational education	34	34	34	34
Long-cycle higher education	24	24	25	25
<b>North Jutland</b>				
Basic School	37	37	36	36
General upper secondary school	7	7	7	7
Vocational education	35	36	36	35
Long-cycle higher education	21	21	21	22
Source: Statistics Denmark				