

European Regional Development Fund  
2021-2027 DENMARK

# Strong Enterprises Through Innovation, Digitalisation, and Green Transition

Abridged version focusing on areas of effort and activities



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## Introduction

The purpose of this abridged version of the European Regional Development Fund (ERDF) programme "*Strong Enterprises Through Innovation, Digitalisation and Green Transition*" is to make a shorter and more easily read version of the programme. The focus is thus mainly on the programme's efforts and activities. The target group for this version is primarily the Danish Board of Business Development, the recommendation committee for sustainable urban development, caseworkers, and potential applicants who want an overview of the programme's areas of effort and activities. However, we expect that applicants read the full programme text before applying for co-financing from the European Regional Development Fund.

The ERDF Programme supports part of Denmark's business and growth policy efforts that are primarily anchored with the Danish Board of Business Development. The ERDF Programme sets the framework for the effort, while it is the Danish Board of Business Development and the recommendation committee for sustainable urban development that – within the framework of the programme – decide which specific projects are to be initiated. In this way, ERDF resources should contribute to implementing the decentralised business promotion strategy and maximise economic growth from the assets and resources available to each region.

The implementation of ERDF efforts supports and complements national growth efforts by being location-based, i.e., based on each region's specific strengths and development needs, as well as the opportunity to contribute to job creation and productivity development.

The full version of the European Regional Development Fund Programme for 2021-2027 is available on the Danish Business Authority's website. The website also provides guidance on the types of activities and expenditures that ERDF resources can support.

The ERDF Programme contributes primarily to the policy objectives of a more competitive and intelligent Europe, a greener and resilient Europe, and a Europe closer to its citizens. The last

objective of a more social Europe is contributed to by the efforts of the European Social Fund Plus.

ERDF efforts focus on six specific objectives, primarily targeted at small and medium-sized enterprises (SMEs):

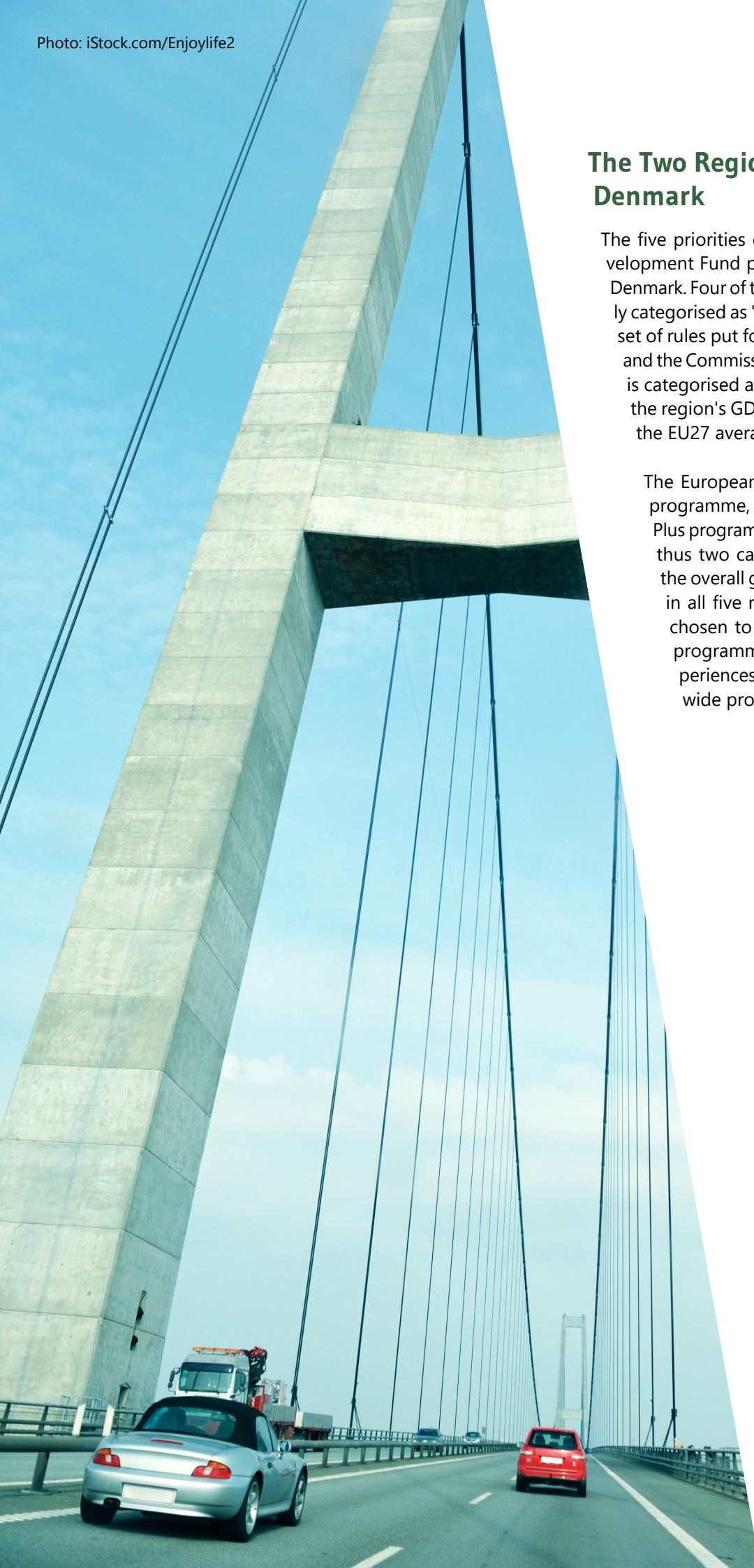
- To strengthen research and innovation capacity and the dissemination of advanced technologies.
- To promote the growth and competitiveness of SMEs.
- To harness the benefits of digitalisation for citizens, businesses, and governments.
- To promote the transition to a circular and resource-efficient economy.
- To strengthen the role of culture and sustainable tourism in economic development, social inclusion, and social innovation.
- To promote integrated and inclusive social, economic, and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas.

The specific objectives have been selected so that ERDF projects will at the same time contribute to achieving the EU policy objectives of:

- A more competitive and intelligent Europe by promoting innovative and smart economic transition and regional ICT connectivity.
- A greener and more resilient Europe with a low-carbon transition to a carbon-neutral economy, by promoting clean and fair energy transition, green and blue economic investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility.
- A more social and inclusive Europe – implementing the European Pillar of Social Rights.
- A Europe closer to its citizens by promoting the sustainable and integrated development of all types of territories and local initiatives.

Figure 1 shows the priorities, policy objectives, specific objectives, and types of effort for the ERDF Programme 2021-2027.

Priority	Political objective	Effort and specific objectives	Activities
<b>1. Innovation, competitiveness, and digitalisation</b>	A more competitive and intelligent Europe by promoting innovative and intelligent economic transition and regional ICT connectivity.	<p>1. More research and innovation in Danish SMEs. Specific objective: To develop and strengthen the research and innovation capacity and disseminate advanced technologies.</p> <p>2. Digital solutions that make SMEs stronger. Specific objective: Reap the benefits of digitalisation for citizens, enterprises, research organisations, and public authorities.</p> <p>3. Stronger SMEs through internationalisation, digitalisation, and green transition. Specific objective: Promoting sustainable growth, competitiveness, and job creation in SMEs, including through productive investments.</p>	<p>A. Promoting innovation capacity and cooperation projects. B. Test and demonstration facilities. C. Matchmaking, networking, and knowledge. A. Development of national IT solutions by public actors. B. Digital business promotion.</p> <p>A. Support for courses, consultancy, digitalisation, and internationalisation B. Implementation.</p>
<b>2. Green transition in SMEs</b>	A greener and more resilient Europe with a low-carbon transition to a carbon-neutral economy, by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility.	Green transition in SMEs. Specific objective: Promoting the transition to a circular and resource-efficient economy.	<p>A. Development of circular business models, partnerships, or processes. B. Test and demonstration of circular solutions. C. Knowledge about green transition and circular economy. D. Implementation and scaling.</p>
<b>3. Development of tourism areas</b>	A more social and inclusive Europe – implementing the European Pillar of Social Rights.	Development of tourism areas (tourism infrastructure). Specific objective: Strengthening the role of culture and sustainable tourism in economic development, social inclusion, and social innovation.	<p>A. Support economically, environmentally, socially, and culturally sustainable growth in the area's tourism. B. Promote the attraction of private investments in strategic and spatial development. C. Efforts are green and include sustainable consideration for the local environment.</p>
<b>4. Vibrant and sustainable city centres</b>	A Europe closer to citizens by promoting sustainable and integrated development of all types of territories and local initiatives.	Vibrant and sustainable city centres. Specific objective: Promoting an integrated and inclusive social, economic, and environmental development, culture, natural heritage, sustainable tourism and security in urban areas.	<p>A. Facilitate the development of formal private-public urban collaborations. B. Strategic development of cities. C. Funds for the transformation of city centre industries, including skills development. D. Funds for physical transformation.</p>
<b>5. Development of a position of strength for welfare technology</b>	A more competitive and intelligent Europe by promoting innovative and intelligent economic transition and regional ICT connectivity.	Development of a position of strength for welfare technology. Specific objective: Promoting SME's growth and competitiveness.	<p>A. Procurement, implementation, and scaling of welfare technology. B. Specialised testing facilities.</p>



## The Two Regional Categories in Denmark

The five priorities of the European Regional Development Fund programme cover the whole of Denmark. Four of the five Danish regions are jointly categorised as "more developed" regions via a set of rules put forth by the Council, Parliament, and the Commission. In contrast, Region Zealand is categorised as a "transition region" because the region's GDP per capita is less than 90% of the EU27 average.

The European Regional Development Fund programme, like the European Social Fund Plus programme, covers all five regions – and thus two categories of regions – because the overall growth challenges are the same in all five regions. Therefore, it has been chosen to include all five regions in the programme, building on the positive experiences from 2014-2020 with a nationwide programme.

# Priority 1: Innovation, Competitiveness, and Digitalisation

## 1.1 More Research and Innovation in Danish SMEs

The specific objective of the area of effort is to strengthen research and innovation capacities and disseminate advanced technologies.

The effort is based on a collaborative logic where innovation takes place in collaboration and co-creation with others, for example, knowledge institutions, other enterprises, or public actors. The effort can therefore support a wide range of activities, all of which increase the degree of cooperation in the Danish business ecosystems.

Danish SMEs and entrepreneurial enterprises have varying levels of innovation maturity, understood as the prerequisites for and experience of engaging in collaborative activities on innovation.

Therefore, long-term and tailored innovation programmes can be supported. This approach ensures that the effort can accommodate both enterprises with a high innovation maturity but are in doubt about which other actors to cooperate with to create innovation. It also accommodates enterprises that have had less contact with the innovation system and which, for example, have not yet clarified their innovation potential and need a boost in their innovation maturity.

### Types of efforts

#### Promotion of Innovation Capacity and Cooperation Projects

Innovation cooperation projects may be supported, including pre-projects and feasibility studies. These projects focus on product, service, marketing, process, or organisational innovation involving enterprises and other national and international actors in the field, such as knowledge institutions, entrepreneurial environments, investors, private advisors, and authorities, e.g., through collaborative R&D activities, B2B collaborations, public-private cooperation, concept

development processes, as well as identification of needs and potentials.

The development of new solutions by enterprises can also be supported. This can be done through external advice on innovation and enhanced use of advanced technologies. It may also be cooperation between SMEs or start-ups and other actors, such as knowledge institutions, in the development of new solutions, including those that strengthen the digital and/or green transition, such as artificial intelligence.

At least one SME or start-up must be included in the cooperation project. There are no requirements for a specific composition of additional types of actors involved in the cooperation, as the decisive factor is the cooperation element itself. However, it is not sufficient for one cluster organisation to cooperate with one SME or start-up.

In addition, cooperation projects may support activities aimed at competence development of the management and employees of enterprises, to increase the enterprises' maturity to engage in innovation activities or the use of new, advanced technologies, and/or open new markets for the enterprise. The purpose of this is to equip SMEs and entrepreneurs to engage in innovation activities, thereby increasing the interface between SMEs and entrepreneurs and the Danish innovation system. In this way, it is not only in the efforts financed by the ERDF that value is created but also in a broader perspective for enterprises and the Danish society.

#### Test and Demonstration Facilities

It is possible to support the establishment of test, development, and demonstration facilities accessible to SMEs. The ERDF may also support actions that support and facilitate SMEs' access to and cooperation in the use of newly established or existing test, development, and demonstration facilities. The support must create added value for enterprises, and not just



be the creation of parallel capacity to existing offers. The purchase of machinery, equipment and plants contributing to increased access for SMEs and start-ups to these types of facilities may also be supported, including capacity expansion. The use of machinery and equipment already acquired by the project, or the beneficiary will not be supported. The beneficiary is either an SME (if support is solely for increased access) or the owner(s) of the Test and Demonstration Facility (if establishment or expansion is supported). Support may be provided for SMEs' payments for access to existing equipment, e.g., in a laboratory.

### **Matchmaking, Networking, and Knowledge**

To increase the participation of SMEs and entrepreneurs in the relevant ecosystems and innovation systems in a broader sense, outreach efforts are supported, targeting, among others, enterprises that have not previously participated in innovation activities. This may, for example, be publicly open conferences, seminars, after-work meetings, matchmaking events, workshops, professional networks, etc., where the target group meets and is inspired to collaborate.

In addition, general B2B matchmaking and collective programmes between enterprises and potential partners at home and abroad can be supported, to break down barriers to cooperation between enterprises, and to clarify enterprises' potential by engaging in collaborative activities on innovation.

In addition, idea-generation processes between enterprises and other actors can be supported to ensure that innovation takes place with links to relevant issues, partly at the individual enterprise level and partly at a societal level.

The exchange of experience, knowledge, and communication by innovation clusters may be supported

if they are part of business-oriented activities. The production of analyses relevant to strengthening the research and innovation capacity of SMEs and deploying advanced technologies by innovation clusters may also be supported. In this connection, innovation clusters must be appointed by the Minister for Higher Education and Science to handle cluster efforts for a business and technology area, in accordance with the Act on Business Promotion and the Strategy for Decentralised Business Promotion, or further emerging business and technology areas.

## **General Prerequisites**

### **Large Enterprises**

Large enterprises cannot be part of the target group of a project but can participate in one-to-one collaborations as well as in broader collaborations and strengthen the ecosystem around the participating SMEs. The large enterprises can either be financial partners in the project or be purchased as external suppliers. Large enterprises enter projects taking into account State aid rules.

The participation of large enterprises aims to strengthen the innovation capacity of SMEs or entrepreneurial enterprises, for example by accessing valuable knowledge or testing solutions. Early innovation partnerships between start-ups and SMEs are central to innovation in several industries. Entrepreneurs and SMEs are often pioneers in the business application of new technology, while in many cases, established enterprises provide the pathway to market for these new ideas.

### **State Aid**

Support for framework projects is granted as de minimis aid. Support for other types of projects, e.g., where the participating enterprises are already known at the



time of application, may be granted under the block exemption regulation.

### **Main Target Groups**

The target group of the efforts is SMEs and entrepreneurial enterprises within Denmark's areas of intelligent specialisation - described in Denmark's strategy for intelligent specialisation, cf. the Act on Business Promotion.

Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts. Primary sector participation may, for example, be relevant when developing new solutions for agriculture, or where primary production provides input for the development of new solutions.

### **Interregional and Transnational Actions**

In Denmark, synergy with Horizon Europe (HEU) is sought by targeting the ERDF to mature more Danish SMEs for participation in innovation projects, e.g., through HEU partnerships, to support the internationalisation of Danish innovative enterprises. The Danish Business Authority collaborates closely on innovation cluster efforts with the Danish Agency for Higher Education and Science, which is responsible for Horizon Europe in Denmark. All nationally designated cluster organisations for the period 2021-2024 are required to carry out internationalisation activities. They are therefore an obvious focal point for international cooperation in the field of innovation.

Cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region. Particularly relevant geographical areas for cooperation in the field of innovation are, for example, Germany (such as Schleswig-Holstein, Mecklenburg-Western Pomerania and the Brandenburg region) and Sweden (such as the Scania-Blekinge region), where, among other things, potential for cluster-to-cluster collaboration is present,

to tie the innovation ecosystem closer together across the Danish-Swedish border.

The EU Strategy for the Baltic Sea Region has specifically identified potential for international cooperation in the areas of Innovation, Nutri, Hazards, Bio-economy, Safe, Ship, and Transport. There are also opportunities for cooperation before or after projects under the Interregional Innovation Investment Instrument (I3), with, among others, actors from Poland, Estonia, Latvia, and Lithuania.

All Danish regions participate in cross-border programmes, providing the opportunity for enterprises - and others - from all regions to participate in projects under cross-border Interreg programs. One area where activities could be financed through both the Interreg and the ERDF programmes is activities to ensure optimal use of the opportunities provided by a future fixed connection across the Fehmarnbelt.

## **1.2 Digital Solutions That Make SMEs Stronger**

**Objective:** *To harness the benefits of digitalisation for citizens, businesses, and governments.*

According to the 2019 country report, Denmark ranks high in the EU when it comes to enterprises' use of digital technologies. However, there is still untapped potential, and in particular, SMEs are lagging. SMEs are generally less digital and automated than large enterprises. The development of public IT solutions that alleviate administrative burdens for SMEs can help drive SMEs' use of digital and advanced technologies.

### **Types of efforts**

#### **Development of National IT Solutions by Public Actors**

The ERDF can support the development and implementation of national IT solutions that benefit businesses - especially SMEs, micro-enterprises, and entrepreneurs. The development and implementation can be anchored in the Danish Business Authority or other relevant authorities under the Ministry of Industry, Business and Financial Affairs, which have the opportunity to purchase external assistance as needed per the applicable procurement rules. By the Administration Act, the Minister of Industry, Business and Financial Affairs may decide to allocate the funds to the following types of efforts.

The following efforts may be initiated:

- *Dissemination of electronic invoicing*, including the dissemination of a common invoicing standard among accounting system providers in Denmark, and further development of the public infrastructure for e-invoicing (Nemhandelsregisteret).
- *Dissemination of digital bookkeeping*, including getting more enterprises to use digital bookkeeping systems and ensuring that the systems support automation of enterprises' bookkeeping, accounting, and reporting to authorities. A certification scheme can be established for the providers of the accounting systems so that it supports relevant accounting requirements, and IT security standards, and meets requirements necessary for the system to work with the rest of the digital infrastructure, e.g., to support a standard chart of accounts and electronic invoicing.
- *Preparation of a new common public standard chart of accounts*, including efforts to standardise enterprises' accounting data, ensure that it will be possible for enterprises to report to the authorities directly from their accounting systems and that the authorities can effectively obtain relevant accounting data from the enterprises for control purposes.
- *Upgrading and expanding digital infrastructure for financial data*, including upgrading the digital infrastructure so that larger amounts of financial data, can be exchanged in a uniform and standardised manner. The development of new digital document standards, such as e-invoicing and e-ordering, can also be initiated so that more manual workflows related to trade and bookkeeping processes can be automated.
- *Development of digitised, green product data that can be easily shared with relevant parties*, including efforts to develop common digital formats for product data and a common digital infrastructure that supports cost-effective sharing of product data with, for example, trading partners in value chains, public authorities, consumers, investors, etc.
- *Establishment of public-private partnerships* with representatives from business organisations, relevant authorities, and selected private stakeholders, e.g., IT service providers, accounting system providers, etc. The partnership must ensure dialogue and cooperation as well as an effective implementation of the above efforts.

- *Development and implementation of digital solutions that make procurement more accessible to SMEs, micro-enterprises, and entrepreneurs*. The efforts are meant to streamline the procurement process by, among other things, focusing on strengthening the opportunities for data reuse, economies of scale, and lower transaction costs for both contracting and tenderers. This can be done, for example, by reducing the number of systems and user interfaces that enterprises have to use. Efforts are meant to contribute to a standardised implementation of the European procurement document ESPD and e-forms.

### Digital Business Promotion

The Danish Business Authority maintains a common public digital platform, cf. the Business Promotion Act, which aims to make information, services, and offerings in the business promotion system easily accessible to enterprises. The platform should include, among others, an overview of the business promotion system's offers, as well as information, guidance, and business services related to the start-up, operation, and development of a business. Thus, the platform will reinforce the effects that entrepreneurs and established enterprises achieve today by coming into contact with the public business promotion system.

The Digital Business Promotion Platform will, to a greater extent, contribute to the digitalisation of business promotion efforts among a wider range of actors in the business promotion ecosystem, for the benefit of the Danish business community.



Therefore, the Digital Business Promotion Platform has been further expanded so that it can now serve as an "outlet" for digital tools that can be built and operated by a wide range of actors with business promotion activities. The digital tools are also called *third-party applications*. An application is an independent IT component that runs limited content on the Business Guide (Virksomhedsguiden) and/or another website linked to the Danish Digital Business Promotion Platform.

Under this priority, the ERDF can support efforts where actors in the business promotion system develop digital tools, interactive guides, etc. for Danish businesses to create business-promoting effects. The digital tools, interactive guides, etc. will be placed on the Digital Business Promotion Platform to target the tools to as many Danish enterprises as possible.

### **Third-party Applications**

Third-party applications on the Business Guide (Virksomhedsguiden) must have the characteristics of being business promotion and non-profit. This means that the content and functionality must be aimed at enterprises to strengthen information and knowledge about the start-up, operations, and development of businesses.

The content and functionality shall not directly or indirectly claim specific commercial products or activities under market conditions. The content and functionality must be organised so that it is open and inclusive without constraints for the target group. Below are described requirements for the content and functionality of third-party applications. All requirements must be met to receive support.

The third-party application itself must constitute a service from which the user gets a direct benefit. This means that the application must have an independent function, where it is not a prerequisite for the result that users must navigate to another website or similar. To some extent, links to digital services outside the application may be provided, but these links must be complementary.

Third-party applications must have an interactive element. That is, users must be able to interact with the content. It can be a clickable wizard, a calculation tool, and the like. Concepts and definitions in the content of third-party applications shall be applied in the same manner as in the Company Guide

(Virksomhedsguiden). This applies, for example, to concepts and definitions of companies or forms of financing.

If the application wishes to use some form of subject classification, it is only allowed to use the subject classification from the Company Guide (Virksomhedsguiden). Of course, the application must also comply with applicable Danish and EU laws on equality, inclusion, and discrimination.

### **Main Target Groups**

The end users of the solutions are SMEs and other Danish enterprises. The beneficiary is the Danish Business Authority, which is the competent national authority for business reporting, or other authorities under the Minister for Industry, Business and Financial Affairs.

The target group for the developed digital tools, i.e. the expected users, must be Danish enterprises and entrepreneurs as well as business promotion actors.

It is a basic prerequisite for support that actors who are given the task of developing and operating independent digital tools (third-party applications) on the Digital Business Promotion Platform must be CVR-registered legal entities that can enter into a connection agreement with the Danish Business Authority, which is responsible for managing the Digital Business Promotion Platform.

It is expected that business houses, knowledge institutions and other business promotion actors will bid on this type of assignment in collaboration with subcontractors with the necessary technical competencies in IT development.

### **Interregional and Transnational Actions**

Developers of digital tools (third-party applications) may benefit, among others, from drawing on international databases for cross-border benchmarking.

The Business Promotion Platform is a national tool. However, cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region.



### 1.3 Stronger SMEs Through Internationalisation, Digitalisation, and Green Transition

**Objective:** *To promote the growth and competitiveness of SMEs.*

The European Commission's country report for 2019 highlights that relatively few Danish enterprises enter solid growth and scaling paths, and that employment in growth companies is below the European average. It is recommended to invest in efforts that promote growth and internationalisation as well as increased innovation among SMEs.

Therefore, the priority invests in efforts to trigger the growth potential of SMEs, raise productivity, and thereby create new jobs. SMEs tend to underestimate the value of, and therefore underinvest in, the provision of knowledge by external advisors. Therefore, the ERDF efforts will focus on identifying SMEs with growth and scaling potential and helping them to unleash their growth potential.

In this context, increased digitalisation of companies' business processes, for example, contributes to supporting the growth and competitiveness of SMEs. According to the 2019 country report, Denmark ranks high in the EU when it comes to enterprises' use of digital technologies. However, in smaller enterprises, it can be difficult to prioritise development tasks that require time, resources, competencies, and an overview of new digital opportunities. Many SMEs also find it difficult to acquire the relevant digital and technical competencies through external recruitment. This is because there is a general shortage of employees with specialised digital competencies.

#### Types of Efforts

The effort may include several different elements but must focus on the growth and productivity potentials

that can, for example, help increase the enterprises' international orientation, automation, green transition, and digitalisation of its products, as well as business processes throughout the value chain from procurement to after-sales service. Efforts must, among other things, focus on the growth potentials of increasing SMEs' readiness and capacity for export and internationalisation, in a time characterised by increasing global uncertainty as well as new opportunities, including green and sustainable solutions. The efforts may, for example, contribute to ensuring increased internationalisation among enterprises, including exports and e-exports, by supporting the formulation of export strategies, strengthened business and competence development, clarifications about markets, suppliers, technology, distribution and sales channels as well as e-commerce and platform-based solutions.

However, the mid-term evaluation of the 2014–2020 Programme and several partners in the partnership process has highlighted that to improve competitiveness, enterprises need coherent services that also include skills development.

The ERDF may, subject to relevant regulations and per Commission guidance, be used to co-finance operations under the Digital Europe Programme. Activities supported must fall within the types of efforts described in this priority and contribute to the objectives of the ERDF programme.

#### Support for Courses, Consultancy, Digitalisation, and Internationalisation

Coherent accelerators and/or scaling processes may be initiated, where enterprises with growth and scaling potential are offered intensive, tailor-made courses where all elements to unfold a growth potential can be included. In addition to competence development within internationalisation, this may also include support for the development and implementation of digital solutions

and automation that can help enterprises strengthen their productivity and competitiveness. Competence development must consist of shorter supplementary courses and cannot be the only activity in each project, as pure competence development projects are supported by the European Social Fund Plus.

The efforts may also contribute to increasing enterprises' access to knowledge about digitalisation, including investment in employees' digital competencies and increasing the enterprises' digital level, for example in products, internal processes, and services. This could be through access to new, advanced digital technologies, e.g., through skills development, matchmaking or development projects, or a combination of both. To ensure that enterprises have the necessary knowledge about and understanding of data usage and data security, knowledge-building and competence development among management and employees may also take place. It may also be a question of counselling or collective courses to make enterprises robust and competitive in the use of data and data security.

The efforts can be:

- Courses with private consultants, including voucher schemes, for processes, digitalisation, internationalisation, green transition, etc.
- Collective courses.
- Mentor schemes.
- Advising on generational and ownership changes, including transfer to employee ownership.
- Development of digital products, services, and platform-based business models.
- Sparring, knowledge sharing, networking, and collaborations with e.g., large enterprises and knowledge institutions.
- Initiatives aimed at increasing digitalisation in enterprises, for example through e-learning tools.
- One-to-one courses with large enterprises that can contribute with experience, networks, etc., which can benefit the less experienced companies.

The development and process with the enterprises that receive support can, for example, result in either a new business model, strategy, action plan, growth plan or another type of report.

Enterprises can also be supported in developing their organisational capacity to increase growth. Management and employees must be able to identify the potential of the enterprise. This means that the various

initiatives should focus on equipping both management and employees to identify and exploit the enterprises' current and future potential, by adding knowledge about management, development, and innovation processes while providing a general understanding of business and business operations, including from an international perspective. In this way, SMEs become better at exploiting and capitalising on the potentials inherent in, among other things, digitalisation and automation in several parts of the value chains, thereby enhancing their competitiveness.

Efforts may include follow-up on progress so that enterprises can leave the project for some time and return later. Temporary withdrawal from the project does not change the legal status of financial partners when it comes to conflicts of interest, etc.

### **Implementation**

Regardless of geographical location, enterprises can receive support for the implementation of new business models or processes and/or the purchase of machinery and equipment. For example, it could be the implementation of digitalisation initiatives or initiatives that promote the enterprises' green transition. Support is provided for advice on implementation, machinery and equipment, licences, know-how, certifications and related advice.

However, no support is granted for expenditure on the implementation of machinery and equipment relating solely to installations that optimise the energy consumption of the building stock or production plant, such as heat pumps, LED bulbs, district heating, or other energy supply to the buildings or installations of enterprises.

The use of machinery and equipment already acquired by the project or the beneficiary will not be supported.

### **General Prerequisites**

#### **Large Enterprises**

Large enterprises cannot be part of the target group of a project but can participate in one-to-one collaborations and broader collaborations. The large enterprises can either be financial partners in the project or be purchased as external suppliers. Large enterprises enter into projects taking into account State aid rules.

The purpose of the participation of large enterprises should be to strengthen the competitiveness of SMEs



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or entrepreneurial enterprises, for example by gaining access to valuable knowledge or testing solutions. This may involve cooperation such as cultivating partners at home and abroad.

### State Aid

Support for framework and cascading projects shall be granted as de minimis aid. Support for other types of projects, for example, where the participating enterprises are already known at the time of application, may be granted under the Block Exemption Regulation. It should be noted that specific State aid rules apply to support when it comes to export.

Investments in software, equipment, and machinery needed to start the green or digital transition of SMEs are supported under EU State aid rules. Implementation outside the specific geographical areas of State aid may be supported under the de minimis Regulation or the rules on investment support to SMEs of the EU General Block Exemption Regulation.

### Main Target Groups

The target group of the effort is SMEs and entrepreneurial enterprises.

Special focus can be given to SMEs and start-ups with the potential to enter solid growth and scaling programmes.

Efforts can also be directed at existing enterprises, where a person wishes to take over ownership/management (ownership/generational change). It is a different way of pursuing the independent career path, involving different challenges, and, consequently, different competence needs than the typical entrepreneurial path. In that regard, it should be noted that no support is given to enterprises designated as crisis-affected enterprises as defined in Regulation No 651/2014, unless they have been approved under the de minimis aid rules or the temporary State aid rules, established to deal with extraordinary circumstances.

Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts.

### Interregional and Transnational Actions

Cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region. Particularly relevant geographical areas for cooperation in the field of SMEs are, for example, Germany (such as Schleswig-Holstein, Mecklenburg-Western Pomerania and the Brandenburg region) and Sweden (such as the Scania-Blekinge region), where potential for increased internationalisation of Danish SMEs is present.

The EU Strategy for the Baltic Sea Region has specifically identified potential for international cooperation in the areas of Bio-economy, Tourism, Safe (cyber-security), and Culture.

All Danish regions participate in cross-border programmes, providing the opportunity for enterprises - and others - from all regions to participate in projects under cross-border Interreg programs. One area where activities could be financed through both Interreg and the ERDF is activities to ensure optimal use of the opportunities offered by a future fixed connection across the Fehmarnbelt.

## Priority 2: Green Transition in SMEs

**Objective:** *To promote the transition to a circular and resource-efficient economy.*

The transition to a more circular and resource-efficient economy is crucial, to achieve climate goals and thus contribute to addressing climate change, as well as to reduce the consumption of natural resources.

There is great potential for small and medium-sized enterprises to develop and apply green, circular solutions. This can be through new circular business models or processes, collaborations and value chain collaborations that contribute to the transition of SMEs to circular solutions and economy. The Climate Partnership for Service, IT and Consultancy and several reports (e.g., Smart Cities and State of Green 2020) point to the potential and the need for demonstration or scaling of well-functioning solutions.

Efforts under this specific objective shall contribute to promoting circular economy and resource efficiency, based on the above challenges and the European Commission's recommendations that Denmark must ensure a cost-effective transition to a low-emission society and strengthen efforts to reach the 2030 target of reducing emissions by 39 per cent.

In addition, the European Commission's 2019 country report indicates that many Danish SMEs need to increase their innovation capacity and activities, including the use of advanced technology. In Denmark, innovation and green transition are closely linked, because the way to achieve the climate goals must be through the dissemination of known technologies and collaborative approaches to enterprises that are not yet using them, and by developing new ones. Efforts involving the development or testing of new solutions must be carried out by Denmark's strategy for intelligent specialisation.



Photo: iStock.com/SolStock

### Types of Efforts

A prerequisite for support under all types of efforts is to work on transforming enterprises into a more circular economy. The effort will contribute to reducing the enterprises' resource consumption and waste volume. If more enterprises engage in collaboration on the circular economy, it is sufficient that one of the enterprises involved can, through the supported activities, significantly and measurably reduce its resource consumption or waste.

### Development of Circular Business Models, Partnerships, or Processes

The European Regional Development Fund can support SMEs in the transition to a more circular economy and resource efficiency through circular business models, processes, and value chain collaborations. This can be done by clarifying and identifying the enterprises'



potential such as redesigning products, processes, and services, or to reduce or recycle waste and reuse residual products. The purpose is for the enterprise to identify both increased resource efficiency and resource savings as well as an economic and competitive gain by organising its business model, or production or work processes more circularly.

The needs and potentials of the enterprises can be clarified in specialised courses, collective courses, or a combination thereof. Among other things, support can be provided for private advice, sparring, collaborations, and partnerships. Likewise, there may be a need for collaborations with large enterprises, knowledge institutions, or other actors. The circular business models, workflows, or processes can be based on defined parts of the production/enterprise or include the entire enterprise.

The efforts may, for example, be:

- To identify and clarify the needs and the potentials for the transition of the enterprises to - or further development of - a circular economy, such as the redesign of products, processes, and services, or to reduce and/or recycle waste and residues.
- To develop circular business models, workflows, or processes.
- To increase demand and development of the market, following consumer demand for sustainable and resource-efficient solutions.
- To build or increase capacity and shift to a green transition and circular economy through access to partnerships, value chain collaborations, networking, and symbioses in SMEs.
- To develop, establish and/or test and scale collaborations, networks, value chain collaborations and symbioses that support enterprises in the transition to a circular economy.
- To support collaborations between, for example, public and private entities, especially within areas like construction.

### **Test and Demonstration of Circular Solutions**

As part of the transformation of an enterprise or a value chain, the ERDF can support the testing of circular solutions, business models, or processes to assess concrete solutions or potentials for enterprises in the transition to a circular economy. For example, testing and demonstration of circular solutions, business models, or processes and/or collaboration and development projects.

It will be possible to support the establishment of testing, development, and demonstration facilities accessible to SMEs. This priority may also support actions that support and facilitate SMEs' access to, and cooperation on, the use of newly established or existing testing, development, and demonstration facilities. The support must create added value for the enterprises and not simply be the creation of parallel capacity to existing offers. The purchase of machinery, equipment and plants contributing to increased access for SMEs and start-ups to these types of facilities may also be supported, including capacity expansion. The use of machinery and equipment already acquired by the project, or the beneficiary will not be supported. The beneficiary is either an SME (if support is solely for increased access) or the owner(s) of the Test and Demonstration Facility (if establishment or expansion is supported). Support may be granted for SME's payment for access to existing equipment, for example in a laboratory.

### **Knowledge About Green Transition and Circular Economy**

As part of support for the transition of an enterprise or a value chain, the ERDF can support SMEs in gaining access to knowledge and advice on green transition, which can ensure that SMEs find the right approach to start or continue their green, circular transition. This can be achieved through access to knowledge, competencies and competence development, and capacity to translate the potential benefits of a circular economy.

The development of competencies and adding knowledge about green solutions and/or circular economy to SMEs must be based on the needs of the enterprises and should not be long-term or qualifying courses. Emphasis is placed on the supply of new knowledge necessary for enterprises to engage in the green transition.

### **Implementation and Scaling**

Enterprises can, regardless of geographical location, receive support for the implementation and scaling of green circular business models or processes and/or the purchase of machinery and equipment. Support is provided for advice on implementation, machinery and equipment, licensing, know-how, certifications, and related advice.

However, no support is granted for expenditure on the implementation of machinery and equipment relating solely to installations that optimise the energy

consumption of the building stock or production plant, such as heat pumps, LED bulbs, district heating, or other energy supply to the buildings or installations of enterprises.

The use of machinery and equipment already acquired by the project, or the beneficiary will not be supported.

Investments in software, equipment, and machinery needed to start a greener transition in SMEs can be supported under EU State aid rules. Implementation - outside the certain geographical State aid areas - may be supported under the de minimis Regulation or the rules on investment aid to SMEs of the EU General Block Exemption Regulation.

## General Prerequisites

### Large Enterprises

Large enterprises cannot be part of the target group for a project but can participate in one-to-one collaborations, partnerships, and value chain collaborations. The large enterprises can either be financial partners in the project or be purchased as external suppliers for the project. Large enterprises enter projects under the State aid rules.

The participation of large enterprises shall aim to strengthen the work of SMEs or start-ups to promote the circular economy, for example by providing SMEs with access to valuable knowledge or testing solutions. This may, for example, involve cooperation in cultivating partners at home and abroad.

### State Aid

Support for framework projects is granted as de minimis aid. Support for other types of projects, for example, where the participating enterprises are already known at the time of application, may be granted under the Block Exemption Regulation.

### Main Target Groups

The target groups are, respectively, SMEs and entrepreneurs who have established themselves with a CVR number.



There is a certain potential for green entrepreneurs to contribute to the transition to a circular economy of large enterprises and authorities.

Large enterprises cannot be part of the target group for the efforts, but large enterprises can, for example, participate in one-to-one collaborations, cooperations and partnerships, as well as contribute to strengthening ecosystems around SMEs. Large enterprises can be remunerated for their project participation as partners in the project or purchased as external suppliers to the project. Large enterprises may be involved in projects under the State aid rules. The purpose of the participation of large enterprises must be to strengthen SMEs' access to, for example, collaborations, value chains, symbioses, knowledge, or testing.

Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts.

### **Interregional and Transnational Actions**

Efforts may also support enterprises that, in connection with the green transition and the transition to a circular economy, need to increase a global outlook, international value chains, and internationalisation. Increased internationalisation may be necessary and important for enterprises in a circular transition, as well as to strengthen the competitiveness of the enterprises. The solutions of Danish enterprises also have export potential, which international cooperation can help realise. Danish enterprises have a strength in the

green area and are well-positioned to, at the same time, contribute to solving global challenges with climate, sustainability, and green energy, responsible consumption and production, as well as water purification technology and efficient water supply.

Cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region. Particularly relevant geographical areas for cooperation within the circular economy are, for example, Germany (such as Schleswig-Holstein, Mecklenburg-Western Pomerania and the Brandenburg region) and Sweden (such as the Scania-Blekinge region), where the potential for increased cooperation is present.

For example, cooperation in the areas of Nutri, Hazards, Bio-economy, and Ship is particularly relevant in the Baltic Sea Strategy Action Plan, but other areas may also be relevant.

All Danish regions participate in cross-border programmes, providing the opportunity for enterprises - and others - from all regions to participate in projects under cross-border Interreg programs. One area where activities could be financed through both Interreg and the ERDF programme is activities to ensure optimal use of the opportunities offered by a future fixed connection across the Fehmarnbelt.



## Priority 3: Development of Tourism Areas (Tourism Infrastructure)

**Objective:** *To strengthen the role of culture and sustainable tourism in economic development, social inclusion, and social innovation.*

The Commission's 2020 country-specific recommendations suggest that Denmark should encourage private investment to foster economic recovery from the COVID-19 pandemic.

Tourism is a position of strength for Denmark and an important growth industry that creates jobs and turnover throughout the country. Tourism is of great importance for cities and local areas – even outside the high season – to have an active commercial life and attractive cultural and experiential offerings.

Until 2020, Danish tourism was growing rapidly, and tourism continues to represent a significant growth potential for Denmark. International forecasts expect continued global growth in tourism towards 2030, as well as an increased demand for sustainable solutions.

If the Danish tourism industry and its ancillary sectors are to partake in the expected future growth, attractive conditions for development must be present in areas where tourism's growth potential is not exploited. A prerequisite for this growth is to offer a sustainable, competitive, and attractive tourism product with capacity, space, and facilities for tourists that match their demand.

However, a lack of investment in tourism outside major cities blocks growth, job creation, and the retention of employment. Many local areas are experiencing a significant investment gap and attrition of tourism, making it increasingly difficult to attract investment and meet growing demand.

The tourism industry has a high concentration of unskilled workers without a VET (Vocational education and training) or a higher education. As a result, unemployment in the tourism sector has hit the

unskilled particularly hard, especially given the social and human consequences of being outside the labour market.

### Effort

Efforts under this priority shall ensure the renewal and improvement of the tourism product, by making areas more attractive, to strengthen tourism and contribute to driving sustainable development in the area. The effort must be implemented in local projects that highlight an area's potential with respect for nature, environment, and culture. Projects must also support a transformation of the area so that it inspires stays, activities, events, and other commercial activities. This creates better conditions for extending the peak season to attract further investment with a view to, among other things, maintaining, restoring, and establishing new jobs, especially for unskilled workers marginally attached to the labour market, with social and socio-economic benefits as a result.

Projects under this area of effort shall be of *structural importance*. This means that the project must improve local conditions for tourism growth significantly and measurably, as well as have an impact on local employment. Projects can either be focused on a specific location or be linked across multiple locations that form part of a unified experience. Structural importance also implies that the project must be part of the implementation of a broader area renewal and/or as part of the realisation of a holistic strategy or plan developed as a result of interaction between business and civil society. This creates a foundation for commercial investments, where private enterprises and/or investors participate in shaping projects that focus on re-creating and establishing new jobs, especially for unskilled workers in the labour market.

Projects must support economically, environmentally, socially, and culturally sustainable growth in the area's tourism.

Project examples:

- Establishment or renewal of harbour environments that facilitate activities, stays, and commercial offers at the harbour, including, for example, rental of water sports equipment, climbing walls, skating rink/sports field (e.g., with the collection of surface water), harbour baths, diving, bathing, and changing facilities, sauna, etc., inviting tourists and citizens to use the water actively.
- Establishment of a coherent and diverse experience route, such as a beachfront promenade that conveys the culture and history of the location, the qualities of nature, etc. and connects existing and new urban spaces, points of interest, and functions.
- Establishment or development of natural areas, including the creation of access to and utilisation of nature, for example, through larger themed play areas, leisure and barbecue spots, multi-use, and activity areas, etc.

The European Regional Development Fund's priority focuses on promoting the attraction of private investment in strategic and spatial development. In selecting projects, attention should be paid to:

- Efforts are green and include sustainable considerations for the local environment, operating within the applicable framework for coastal protection, dune-protected, and beach-protected areas. For example, this can mean that efforts include elements that protect nature from climate-related risks or human influence, establish green and climate-friendly facilities for tourists, and the like (environmental sustainability).

In addition, emphasis *can* be placed on, for example:

- Efforts are based on an impact chain for how its implementation attracts private investments and contributes to increasing employment locally (economic sustainability).
- Efforts support and promote dialogue with private enterprises and/or investors, and that the project has the support and commitment of the local population (social sustainability).
- Efforts, directly or indirectly, aim to convey the history, culture, or identity of the area (cultural sustainability).
- Efforts are part of a broader area renewal of structural significance.

Finally, the supported projects must have the potential for synergy with the efforts of the European Social Fund Plus concerning competence development, e.g., digital competencies and entrepreneurship, if access to qualified labour and local experiential capacity are identified as challenges for realising the local growth potential in tourism.

Efforts may include investments in digitalisation to the extent that they are an integral part of or necessary to trigger the potential of the physical investment. Where relevant, the ERDF may support investments that successfully combine sustainability, aesthetics, and principles of inclusivity in the new European Bauhaus initiative to find inclusive, sustainable, and attractive solutions to climate challenges at an affordable cost.

### **Main Target Groups**

The target groups for the efforts are enterprises, municipalities, tourism organisations, destination companies, and publicly similar actors in the tourism industry in a broad sense, such as actors who contribute to the development of cities and city centres, rural areas, and coastal areas through the tourism industries.

Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts.

### **Interregional and Transnational Actions**

Cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place per the chapter on tourism in Denmark's strategy for intelligent specialisation and/or the EU strategy for the Baltic Sea Region. International cooperation may, for example, involve joint investment in infrastructure that connects one or more destinations across national borders, such as the Danish-German border. Collaborations with projects in countries other than Denmark can also be established, where the foreign projects focus on developing tourism industries, experiences, and/or capacity that can contribute to the realisation of the effort objectives put forth in the ERDF programme.

## Priority 4: Vibrant and Sustainable City Centres



Photo: iStock.com/AleksandarNakic

**Objective:** *To promote integrated and inclusive social, economic, and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas.*

The European Commission's 2019 country report indicates that Denmark should invest in SMEs' capacity to absorb external knowledge and introduce new technology.

According to forecasts, there is a great risk that the retail life will disappear in the small and medium-sized towns with 4,000-20,000 inhabitants. Municipalities that do not have a large commercial city, and which may be under additional pressure from larger commercial towns in neighbouring municipalities, will find it difficult to maintain the everyday functions needed to ensure an attractive and sustainable urban life.

At the same time, city centres are natural, social meeting places for citizens with different backgrounds and thus contribute to the cohesion of society. During the COVID-19 crisis, the importance of urban squares and green spaces has become apparent. Citizens have needed meeting places with plenty of space to maintain social distancing.

City centres have both a direct and indirect impact on where enterprises choose to locate. Many enterprises

prefer urban settings with service. At the same time, attractive city centres help attract settlement, which has an impact on the supply of qualified labour. If it is to remain attractive to run and establish a business, as well as to settle in rural areas, it is therefore important that city centres - especially in medium-sized cities - are transformed so that sustainable urban life can be maintained despite a decreasing number of physical shops.

The Partnership for Vibrant City Centres has emphasised that the issue in city centres is extremely complex, as it cuts across industries, professional fields, and authorities. Therefore, a broad, multidisciplinary, and long-term effort is required to transform city centres from traditional commercial centres into multifunctional, sustainable activity centres. Projects under the effort can, for example, follow up on the "Partnership for Vibrant City Centres" and support that outside the high season, cities and local areas may also have jobs, attractive cultural and experience offers, and open shops, for both visitors and the citizens in the area.

### Types of Efforts

Below are four types of efforts that can be supported with regional funds to promote sustainable and vibrant city centres.

### **Facilitate the Establishment of Formal Private-Public Urban Collaborations (A)**

Experience shows that establishing broad and formal urban cooperation is a long and complicated process. Municipalities can therefore, in collaboration with relevant actors, apply for funding for a time-limited effort to facilitate and develop the competencies of key persons who can contribute to the establishment of formal urban collaborations. This may be in the form of competency development courses, consultancy, or time-limited secretariat services for expert groups across municipalities. Projects in urban spaces, where private and public actors join forces on financing and execution, can, for example, be hosting events and concerts that bring residents together or attract people from outside, making it more accessible. Cooperation may also cover types B, C and D below.

### **Urban Strategic Development (B)**

To create vibrant and sustainable cities, many municipalities need long-term, strategic planning. The urban strategy should be developed by the relevant urban, local, and territorial authorities or bodies. It shall include a holistic analysis of the challenges, development needs, and potential of the geographical area, as well as a description of the involvement of local city centre cooperation in the design and implementation of the strategy, and any planned projects. This often requires the preparation of various analyses before the actual strategy. Municipalities can apply for funding for efforts that can support the knowledge base for the strategic decisions to be made about the development of the city centre.

The municipality (and any partners) must – for the city in question – develop an urban strategy that comprehensively describes an integrated effort concerning economic, climate, environmental, demographic, and social challenges in the individual urban areas. The urban strategy shall also, where relevant, consider promoting the connection between urban and rural areas and be based on relevant socio-economic analyses. For several years, Denmark has nationally financed holistic efforts for sustainable urban development. Sustainability is also integrated into urban plans and local Sustainable Development Goals strategies (SDG). The urban strategy may cover a geographical area containing several cities, and several municipalities can collaborate to develop one or more urban strategies for several cities.

If a holistic urban strategy is already available for the city or cities concerned, support can be sought for

the two types of efforts/phases below. The managing authority may also decide to open applications for all four phases, initiating projects that first develop urban strategies and then implement those strategies.

### **Funds for the Transition of City Centre Businesses - Including Skills Development (C)**

To equip urban businesses, including the retail industry, to better adapt to ongoing changes such as increased online shopping, population migration, new market demands, etc., there is a need to provide development funds for local entrepreneurs. For example, in the form of competence development funds or business development funds within digital transformation, marketing, customer service, experience economy, tourism, green transition, circular economy, etc.

### **Funds for Physical Transition (D)**

The physical surroundings play an important role in maintaining and supporting vibrant and sustainable city centres. Municipalities can therefore – preferably in collaboration with other actors – receive support for the development of sustainable cities. It could be, for example, for infrastructure/facilities that create cohesive urban spaces with a focus on a clean and sustainable environment, climate adaptation, as well as green areas and sustainable urban life. It can also be for the preservation and/or renewal of important cultural environments or buildings, or the establishment of welfare centres in connection with the rest of city centre life.

These physical projects may include the development of new solutions through local SMEs. It may be required that funds for urban centre renewal should, as far as possible, go to projects that also incorporate biodiversity, climate prevention, or climate adaptation.

Where relevant, the ERDF may support investments that successfully combine sustainability, aesthetics, and principles of inclusivity in the new European Bauhaus initiative to find inclusive, sustainable, and attractive solutions to climate challenges at an affordable cost.

### **Requirements for the Organisation and Selection of Activities**

The relevant municipalities are responsible for implementing the integrated urban strategy and for selecting projects and activities for ERDF support. A recommendation committee for sustainable urban development (see section on partnership) will be set up to recommend the use of the funds.

Initially, only municipalities can be recipients of commitments (on behalf of partnerships across e.g., regions). However, other actors, such as organisations, may be recipients of commitments if they act in partnership with relevant municipalities. The overall holistic efforts in the municipality could be:

- developed by a municipal administration, which applies and implements the activities in conjunction with the rest of the integrated strategy,
- developed by several actors outside the municipal administration, who join forces in several activities supported by the municipality and which the municipality acts as the recipient of commitments on behalf of, or a combination of the two.

The activities in one or more cities can be carried out in partnerships across regions between, for example, municipalities, enterprises, trade associations, civil society, property owners, etc. Partnerships may involve actors who are not local, such as national organisations.

When a municipality is to select specific projects and activities to be supported by the ERDF, at a minimum, the following aspects must be considered:

- That it should be made clear which activities the ERDF is to support.
- To establish a clear and, where possible, evidence-based impact chain explaining how the effort will specifically contribute to sustainable urban development and vibrant city centres, including how the effort funded by the ERDF contributes to solving development challenges in the selected cities or urban areas, as part of a strategy for a comprehensive integrated urban or city planning effort in the respective cities or urban areas.
- That the application to the ERDF describes how the activities to be supported by the ERDF relate to the integrated urban strategy.
- That the application describes how the integrated urban strategy is implemented, in particular the activities financed by the ERDF.





### State Aid

State aid for commercial activities in the projects is granted as de minimis aid.

### Main Target Groups

The main target group of the effort is SMEs and one-person enterprises in city centres. This includes mainly retail, but also catering and the liberal professions. To participate, the enterprise *must* be from the city targeted by the effort, while enterprises from other areas *can* participate, e.g., as partners.

Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts.

### Specification of Target Areas - Including the Planned use of Territorial Tools

Denmark has an urban structure characterised by a few large and many smaller towns, which form the basis for jobs, access to welfare, education, etc.

Target areas are primarily cities in Denmark with 4,000 to 20,000 inhabitants, secondary is cities with over 20,000 inhabitants.

In small towns with 1,000 to 4,000 inhabitants, it is difficult to maintain a larger range of stores with a special or wider supply of goods. In several of these cities, there is no longer a basis for an urban life with both shops and other forms of private and public service, and they are therefore not included in the target area.

The larger cities with more than 20,000 inhabitants also experience empty retail spaces, but due to their population size, they can often maintain a good supply of both private and public services.

In between are several small and medium-sized towns ranging from 4,000 inhabitants up to 20,000 inhabitants. With the right efforts, it is realistic that cities of this size can maintain a number of private and public service functions as well as a sports, cultural and association life, which together can form the basis for real urban life. Almost a million Danes live in these cities. There are a total of 119 cities in Denmark with 4,000 to 20,000 inhabitants, while there are only 35 cities with more than 20,000 inhabitants.

Cities with more than 20,000 inhabitants can be targeted for support if they experience challenges to the same extent as smaller towns, for example in terms of empty spaces, declining turnover in shops, or declining customer flow in the city centre. Cities under 4,000 inhabitants cannot be the target of the effort, but enterprises from other areas can participate, e.g., as partners.

In implementing the programme, funding may be targeted at cities and urban areas designated under a national scheme. For example, it could be a pilot scheme for cities that allows municipalities to apply to release a specific delimited city centre in the municipal plan from existing constraints, legislation, and practice, as long as it does not contravene the constitution and international conventions. The purpose may be to test new actions and initiatives that can support the municipality's work with strong local communities with a vibrant and active city centre according to local needs.

### Interregional and Transnational Actions

Cooperation with actors in one or more countries may be part of a project to strengthen the achievement of the project's objectives. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region.

Many cities have good experience with creating city centre collaborations or specific Business Improvement Districts (BIDs), which is a method of creating the framework for collaboration across actors in a city. The EU programme URBACT supports the exchange of experience etc. between cities and other actors. Projects supported by the ERDF can benefit from the experience, networks, and knowledge of URBACT. This can be either before, concurrently with, or after the implementation of a project supported by the ERDF.

Specific examples of co-operative cities are Canterbury, Great Britain (BID cooperation with legislation), Hamburg and Schleswig-Holstein, Germany (BID cooperation with legislation), and in Sweden: Västervik (successful voluntary urban cooperation in Västervik Citysamverkan) and Linköping, Östersund, Karlskrona, and Åmål.

## Priority 5: Development of a Position of Strength for Welfare Technology

**Objective:** *To promote the growth and competitiveness of SMEs.*

The European Commission's country report for 2019 highlights that relatively few Danish enterprises enter solid growth and scaling paths, and employment in growth enterprises is below the European average. It is therefore recommended to invest in efforts that promote growth and internationalisation among SMEs. In 2020, the Commission recommended that Denmark invest in increasing the resilience of its health system, including by addressing the shortage of healthcare personnel.

Denmark has a world-class welfare society built up over generations. However, welfare is under pressure from the fact that the proportion of senior citizens is increasing, and more people are living with chronic conditions. At the same time, there are recruitment challenges, specifically a shortage of healthcare professionals in the healthcare sector and in elderly care. The above is not a unique Danish phenomenon, and many European countries face the same challenges as Denmark.

Welfare technology represents a great business potential for Danish SMEs, which is partly reflected in the designation of life science and welfare technology as one of Denmark's areas for intelligent specialisation 2020-2023, and partly as a result of the relatively large public sector in Denmark.

Despite the great potential of spreading welfare technology, especially in the public sector, the welfare technological sector suffers from several specific challenges. These include challenges with implementation as well as a lack of knowledge and overview of new technologies and their potential (*Barriers and challenges*, KL 2017).

### Types of Efforts

#### Focus on Procurement, Implementation, and Scaling of Welfare Technology

Support can be provided to facilitate the purchase, implementation, and scaling of welfare technological solutions within the social, elderly, and health areas.



Emphasis is placed on applications that have a clear focus on implementing welfare technological solutions that can alleviate recruitment challenges, increase quality for citizens, and/or make everyday life easier for employees, and which can demonstrate great market potential for enterprises at the same time.

Funding applications may cover:

- Implementation support of a specific welfare technological solution, e.g., through testing and testing processes between enterprises, healthcare professionals, and knowledge institutions.
- Support for the procurement of welfare technological solutions, including innovative tenders/innovation partnerships on welfare technology, based on a specific formulated need.
- Development of "overall solutions" where several suppliers join forces to offer a solution that covers several aspects of a need in the health and care sector.

For example, funding applications can be made to support SMEs' sales of welfare technology to the public sector, including collaboration with knowledge institutions concerning the evaluation and certification of welfare technologies.

The efforts can contribute to increasing enterprises' access to the Danish domestic market for welfare technology solutions, which will increase their opportunities for export in the long run.

### **Specialised Testing Facilities**

It is possible to support the establishment of specialised testing, development, and demonstration facilities accessible to SMEs. This priority may also support actions that support and facilitate SMEs' access to, and cooperation on, the use of newly established or existing testing, development, and demonstration facilities.

The support must create added value for enterprises, and not just be the creation of parallel capacity to existing offers. The purchase of machinery, equipment and plants contributing to increased access for SMEs and start-ups to these types of facilities may also be supported, including capacity expansion. The use of machinery and equipment already acquired by the project, or the beneficiary will not be supported.

The beneficiary is either an SME (if support is solely for increased access) or the owner(s) of the Test and

Demonstration Facility (if establishment or expansion is supported). Support may be provided for SMEs' payments for access to existing equipment, e.g., in a laboratory.

The test environments should be based on collaboration with knowledge institutions and, as a starting point, only focus on a limited area of welfare technology, such as telemedicine, medication management, remote visits, and the like.

## **General Prerequisites**

### **Large Enterprises**

Large enterprises cannot be part of the target group of a project, but large enterprises can participate in one-to-one collaborations, participate in broader collaborations, and strengthen the ecosystem around the participating SMEs. The large enterprises can either be financial partners in the project or be purchased as external suppliers for the project. Large enterprises enter projects under the State aid rules.

The participation of large enterprises must aim to strengthen the competitiveness of SMEs or entrepreneurial enterprises, for example by gaining access to valuable knowledge or testing solutions. This may, for example, involve cooperation in the cultivation of partners at home and abroad.

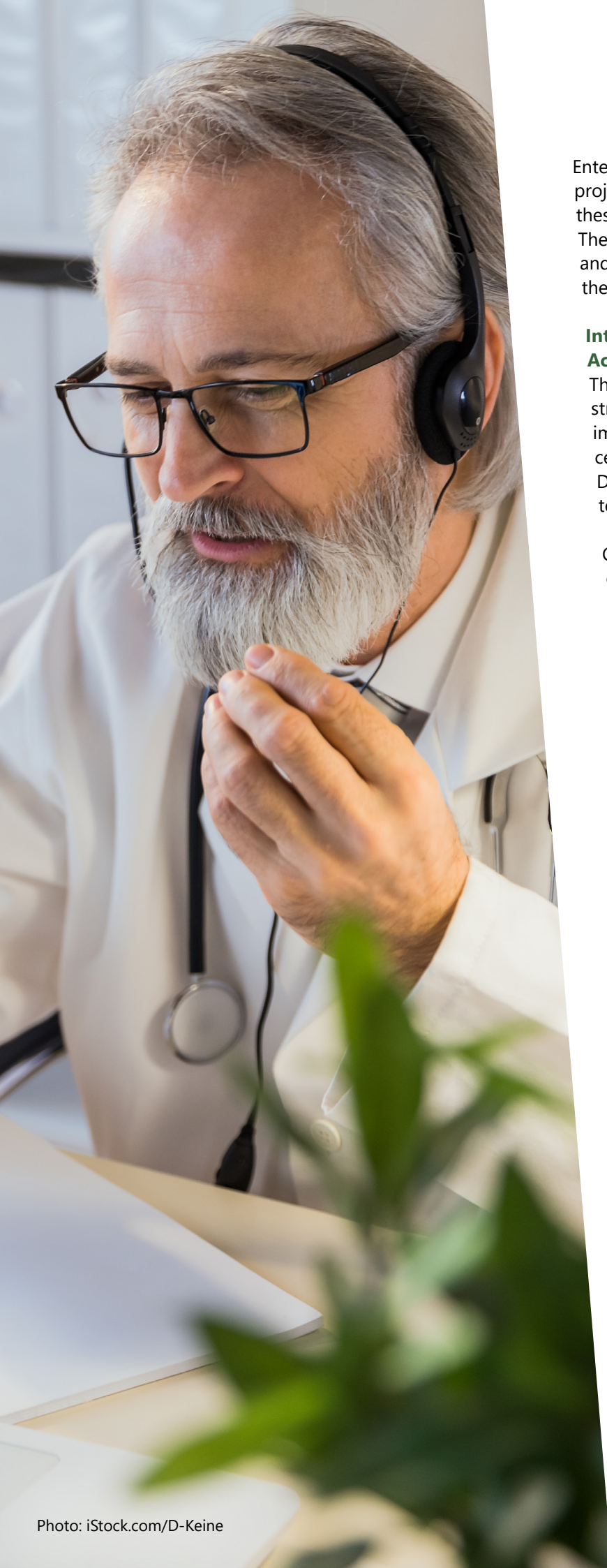
### **State Aid**

Support for framework projects is granted as de minimis aid. Support for other types of projects, e.g., where the participating enterprises are already known at the time of application, may be granted under the block exemption regulation.

### **Main Target Groups**

The target group of the efforts is SMEs and entrepreneurial enterprises within welfare technology, which is one of Denmark's areas of intelligent specialisation - outlined in Denmark's Strategy for Intelligent Specialisation, cf. the Act on Business Promotion. Welfare technology is broadly defined as technological solutions, by the strategy, to create welfare and freedom.

Public authorities, including municipalities, with a managerially anchored focus on welfare technology and where welfare technology is a priority in operations, will be prioritised. Likewise, priority will be given to applications with a clear element of public-private cooperation.



Enterprises from the primary sector may participate in projects if the project involves cooperation between these enterprises and enterprises from other sectors. The primary sector cannot be the focus of the efforts, and enterprises from the primary sector cannot be the sole target group for the efforts.

### **Interregional, Cross-border and Transnational Actions**

The participation of enterprises in cooperation with strong international players generally has a positive impact on their competitiveness and market access. Cooperation with potential customers outside Denmark is also a prerequisite if Danish welfare technology is to be world-class.

Cooperation with actors in one or more countries can be part of a project to strengthen the achievement of the project's goals. Cooperation with actors in one or more countries can also be added to already existing projects as needed. It is also possible to carry out synchronised application rounds. International cooperation shall take place by Denmark's strategy for decentralised business promotion and/or the EU strategy for the Baltic Sea Region. Particularly relevant geographical areas for cooperation in the field of welfare technology are, for example, Germany, Sweden (such as Örebro, Västmanland, Värmland, Dalarna), Spain and Finland (such as Satakunta) as well as third countries such as Canada, USA, China, and Japan, where potential for cooperation on the dissemination of welfare technology solutions is present.

The EU Strategy for the Baltic Sea Region has specifically identified potential for international cooperation in Innovation.

All Danish regions participate in cross-border programmes, providing the opportunity for enterprises - and others - from all regions to participate in projects under cross-border Interreg programs.



## Planned Projects of Strategic Importance

The establishment and development of eight local business lighthouses will form the basis for future positions of strength in Denmark and require local commitment from a broad set of actors.

The government wants The European Regional Development Fund to invest at least DKK 300 million in the realisation of the eight local business lighthouses. This will complement the funds allocated to the implementation of recommendations nationally and from REACT-EU. The following operations initiated in 2022 are expected to be carried out:

**North Jutland** will be an international pioneer region for the green industries of the future and show the world the great climate benefits, and growth and employment opportunities that can be reaped by further developing, integrating, using, and exporting new green technologies.

**Central Jutland** will be a pioneering region for world-leading, innovative, sustainable, and efficient water technological solutions in the development, demonstration, production, and scaling of water technology, as well as solutions for an energy and climate-neutral water sector by 2030.

**South Jutland** will be an international, green energy metropolis that maintains and expands the existing position of strength within green energy, aiming to

develop, test, and demonstrate the green technologies and sector coupling solutions of the future - including PtX.

**Funen** will be an international epicentre for the development of the industry of the future, which creates, tests, and produces new digital, robotic, and autonomous solutions.

**Zealand and the Islands** must be world leaders in the development of biosolutions that contribute to solving climate and environmental challenges while creating growth, jobs, and exports.

**The Fehmarnbelt connection** will create growth, jobs, and exports on Zealand and the islands by increasing the attractiveness for business and tourism. Knowledge from the construction industry will make local enterprises leaders in Europe in the development of green construction of large infrastructure projects.

**The Capital** will be a globally leading health capital that links growth in life science and welfare technology with better and more equality in health.

**Bornholm** will be the Baltic Sea's green transport hub, the centre for offshore wind, and the test island for green energy. Through the establishment of one of the world's first two energy islands and further development of the test and development environment, the lighthouse will make a significant contribution to the green transition.