



An Overview of Smart Specialization Strategy in Aarhus, Denmark



WP2 Revisiting BSR RIS3 and roadmaps

Changes to the Business Support System in Denmark

Since 2006 Denmark has followed the main principles for Smart Specialisation with a focus on bottom-up stakeholder involvement, and the existing regional development strategies has been treated as S3 equivalent.

The key actors behind the regional development strategies and regional growth until 2019 were six Regional Growth Fora and a National Growth Council. The Growth Fora consisted of regional political leaders, including mayors, trade unions, and employer organisations. They were typically headed by the regional political leader, who also sat in the national growth council. The Growth Council was based in the Ministry for Business and Growth. However, in 2017 – 2018 an expert committee set up by the Danish Government carried out an analysis of the *business support system* in Denmark. Based on the analysis the expert committee suggested a new model for a simpler and more coherent business support system. This also meant a change in the setup of the administration of EU structural funds. The Government then initiated political discussions and reached a political agreement for the new business support system. The law demanding this change was passed in December 2018 and was put in effect January 1st 2019.

After the reform of the business support system the previously described organisational setup for regional development and growth was replaced by a national unit called the Danish Executive Board for Business Development and Growth (The Board). The Board is served by a secretariat at the Danish Business Authority and is informed by six cross-municipal business centres. The new setup around business support system meant that from 2019 onwards the Danish Regions could no longer take part in business support related activities. The change also means that regions are no longer responsible for developing the regional growth and development strategies (S3). Instead, the responsibility lies with the Board.

For 2019 the Board put in place an intermediate decentralised business support strategy, which was based on – and also replaced – the existing growth and development strategies of the regions. Since spring 2019 the Board has been developing the content for the new strategy from 2020-2023. This new decentralized business support strategy was sent into public hearing in November 2019. The priorities listed below represent the strategic choices of the draft version that is now in the public hearing process.

S3 Priorities in Denmark

First, the set of priorities described in the intermediate decentralized business support strategy of 2019, are divided in two areas: national cross cutting priorities and Central Denmark Region priorities:

- **National cross-cutting priorities**
 - Digitisation and new technology adoptance
 - Qualified labor for local needs
 - Green and Circular transition
 - Clusters and Innovation partnerships

- Entrepreneurship and Growth ambitions
- Internationalisation and cross-border collaborations
- **Central Denmark Region priorities -**
 - Food
 - Energy and climate
 - Smart Industry
 - Creative Industries
 - ICT
 - Tourism
 - Healthcare and welfare technology

The priorities for the Central Denmark Region correspond to the existing RIS3 priorities found on the S3 Platform for the region, with the addition of the “Healthcare and welfare technology” priority, which was originally among the national priorities.

Second, the draft version of the decentralised business support strategy for 2020-2023, if approved as such, will list the following priorities:

- **National drivers for growth and development**
 - Qualified Labor and social inclusion
 - Entrepreneurship
 - Green transition and circular economy
 - Innovation
 - Digitisation and automation
 - Internationalisation
- **National cross-cutting priorities**
 - Environmental / Sustainable Technology
 - Energy Technology
 - Food and Bio resources
 - Maritime industry and logistics
 - Life Science and welfare tech
 - Construction
 - Design, fashion and furniture
 - Advanced Production

- Digital Technologies
- Finance and Fintech
- Tourism
- Robot- and Drone technology
- Animation, Film, and Gaming
- **Central Denmark Region potentials**
 - Food
 - Energy, Climate, and environmental tech
 - Digitisation and automation
 - Tourism / Business Tourism
 - Supporting: Healthcare Innovation, ICT, and Creative Industries

S3 implementation and Monitoring Mechanisms

In 2019, the key implementation mechanism consisted of the selection criteria for specific projects under the ERDF's Priority Axis 1 and 2. Until January 1st 2019 the implementation mechanisms also included the regional growth partnership agreements that the Danish Regions signed with the government. According to the ERDF program specific efforts must be put in place to reflect the development needs identified in the smart specialization strategy, which in 2019 was the content of the intermediate decentralised business support strategy. For the 2020-2023 strategy period the implementation mechanisms will also include cluster efforts and designation of innovation networks to a greater extent. On the policy side, the government's growth teams and growth plans contribute to creating good framework conditions.

Until 2019 the monitoring and effect analysis was a shared task between the Danish Business Authority and the Regions. The Board is working together with the Danish Business Authority to find the best data-driven process for monitoring and effect analysis in the new setup.

Involving the quadruple helix into the development of 2020-2023 Strategy

To create the decentralised business support strategy for 2020-2030 the Board analysed the local and national business conditions and economics throughout 2019. This analysis forms part of the strategy work and has provided a strong data-driven foundation. Besides the data generated from the analysis work the Board has also engaged companies, municipalities, regions, business organizations, trade unions, science institutions, cluster organizations, innovation networks and other decentralized and governmental actors in the business support ecosystem to understand business demand, needs and challenges. More than 1,200 stakeholders have contributed to the strategy, which were involved through some of the engagement activities listed below:

- 7 public workshops across the country focusing on local and regional perspectives arranged in cooperation together with the cross-municipal business centres
- The Board also involved knowledge institutions in the strategy work to strengthen the understanding of the interaction between business, research and technology in Denmark.
- 1 final conference targeting decision makers from the private and public sector.
- And finally the public hearing of the draft version of the strategy that gives everyone a final say.

The Results of Current S3

Some of the key achievements of the current Smart Specialisation priorities can be identified by looking into the effects of The European Regional Development Fund (ERDF) and The European Social Fund (ESF) in the status report from 2018 for the programming period 2014-2020. In this period ERDF and ESF will invest ~400 Mio euros in boosting economic growth and increasing job creation in Denmark by focusing on SMEs, and improving workforce qualifications of the workforce. From 2014-2018 the structural funds have co-financed 211 projects with 240 mio euros and covered *“a wide field from e.g. innovation partnerships between private enterprises and knowledge institutions, counselling of entrepreneurs with the aim of improving their growth potential, green development within SME’s, competency boosts and formal education of the work force as well as inclusion of marginalised citizens”* (p. 1, Citizen Summary 2018). Here are some of the main achievements:

ERDF

- 73 innovative companies have been established.
- 350 new growth companies and around 8,000 new private full-time jobs are expected to be created.
- 6,000 tons (CO2 equivalent) are expected to have been reduced from 7 energy efficiency and resource efficiency projects.

ESF

- 1,200 participants have established a business from participating in entrepreneurship activities.
- 8,700 individuals have been registered in the EURES CV bank, and 15,600 job seeking candidates have been matched with job vacancies in Danish companies.
- 350 participants in social inclusion activities have so far started an education and 300 people have been employed.
- 3,788 young people has been helped to start a vocational education.

Goals for Updating S3

The Board's mission when developing the new strategy for 2020-2023 was to strengthen the productivity, competitiveness and internationalisation of Danish businesses through an efficient, coherent, and local effort based on local needs, opportunities and challenges. Creating a simpler business support system has therefore been one of the goals for updating the S3 as described previously. Digitisation and sustainability represent areas where Danish businesses can have a competitive advantage; the businesses that can help achieve the United Nations Sustainability Goals will stand stronger. Therefore efforts to support the Danish business in these two areas has also been a goal for updating the strategy.

Recommendations for Updating RIS3

Aarhus Municipality has together with the other municipalities in the Central Denmark Region provided a shared statement on the decentralised business support strategy for 2020-2023. Amongst other comments the municipality's recommendation included a suggestion to make a clearer connection between the regional and the national priorities and to emphasize the role and strength of the Central Denmark Region's knowledge institutions in the ecosystem in the regional chapters of the strategy.

Sources and Further reading

- Press release about the new Business Support System (In Danish): <https://em.dk/nyhedsarkiv/2018/december/et-nyt-og-staerkt-erhvervsfremmesystem-gaar-i-luften/>
- English presentation of the Danish Executive Board for Business Development and Growth: <https://regionalt.erhvervsstyrelsen.dk/danish-executive-board-business-development-and-growth>
- The Expert Commissions report (In Danish): <https://em.dk/media/9769/18-04-06-erhvervsfremmeudvalgets-rapport-fokuseret-og-fremtidssikret.pdf>
- The Danish Executive Board for Business Development's website (in Danish): <https://erhvervsfremmebestyrelsen.dk/>
- "Intermediate decentralized business support strategy 2019" (In Danish): https://erhvervsfremmebestyrelsen.dk/sites/default/files/strategi_for_decentral_erhvervsfremme_2019.pdf
- Draft version of "the decentralized business support strategy 2020-2023" (In Danish): https://erhvervsfremmebestyrelsen.dk/sites/default/files/udkast_til_strategi_for_decentral_erhvervsfremme_2020-2023_ny.pdf
- EYE@RIS3 - Denmark's RIS3 Priorities: https://s3platform.jrc.ec.europa.eu/map?p_p_id=captargmap_WAR_CapTargMapportlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1
- EYE@RIS3 - Central Denmark Region's RIS3: <https://s3platform.jrc.ec.europa.eu/regions/dk04/tags/dk04>
- The Regional Development Fund and The Social Fund in Denmark 2014-2020 2018 Citizens' Summary of the ERDF & ESF https://regionalt.erhvervsstyrelsen.dk/sites/default/files/borgerresume_2018_uk.pdf
- "Implementing Smart Specialisation strategies in Nordic regions", Nordregio Policy Brief #09, <https://www.norden.org/da/node/36983>