Governing Sustainable Regional Development

Contribution to the Evaluation of the 2000-2006 ERDF Programme, WP 11 Task 4 - Denmark

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Published in:
Evaluation of the 2000-2006 ERDF Programme - WP11 Governance

Publication date:
2009

Document Version
Publisher's PDF, also known as Version of record

Link to publication from Aalborg University

Citation for published version (APA):
Executive Summary

The following report comprises the case study for Objective 2, Denmark, under Task 4 of the Ex Post Evaluation of the 2000-06 ERDF programmes, Work Package 11, ‘Management and implementation systems for Cohesion policy’. The case study appraises whether and how management and implementation systems have supported the integration of sustainable development within Cohesion policy programmes.

The case study focuses in particular on three organisational entities: the Danish Enterprise and Construction Authority, which was the national body in charge of developing the programme and overseeing implementation; the county of North Jutland, which was the largest programme complement region with a long track record of Objective 2 programming; and the county of Funen, which was designated for the first time in the 2000-06 programming period. The purpose of including two institutions at the regional level was to investigate to what extent strategies and implementation with regard to sustainability have been ‘path dependent’ and also to clarify potentially different methods of SD integration through the MIS in Denmark.

The case study has been based on fieldwork research in the form of 12 interviews with strategic, operational and external respondents who were involved in the 2000-06 programming period. The documentary sources used cover the 2000-06 SPD for Denmark, Programme Complements, evaluations, academic literature on regional, environmental and labour market policy, articles and evaluations on the state of mainstreaming and gender equality in Denmark.

The report has been structured according to the stages of the MIS. The case study analysis has found that the programme design process at national level included the Ministry of the Environment, whereas in designing the Programme Complements (PCs) no actors from the environmental sector were directly involved. The social dimension in the form of gender equality measures was given a low priority in designing both the SPD and the PCs. Actors within the area of labour market policy were involved at both national and regional level, but their influence was focused on generating employment. Project generation, appraisal and selection mechanisms showed differences between methods of SD integration in the two counties. Thus, the county of North Jutland applied the same approach that had been used over years of cooperating in the regional partnership. In Funen, a scorecard was developed, which meant that in each project, the relative score of gender equality and the environment was part of the appraisal process. Another difference between the MIS activities of the two counties was that in Funen, trade-offs arose as policy options on an ad hoc basis. In North Jutland, by contrast, trade-offs were considered negative and a hindrance for the programme’s overall purpose of regional development.

The monitoring system followed guidelines set nationally and by the EU. Thus, environmental indicators were given some priority, while gender equality was given little priority. The overall focus of the programme was on economic sustainability, and the monitoring system did not consider interactions between the three dimensions of SD.

1 This Case Study Report was drafted by Aalborg University, Denmark (Lise Smed Olsen and Henrik Halkier) on the basis of guidelines developed by EPRC (Keith Clement). The Report was edited by EPRC.
Evaluations were not found to contribute to real clarification of SD concepts, although the ex-ante evaluation pointed out the low priority which was given to the two horizontal dimensions in the ERDF programme.

In terms of reporting and financial management, no notable measures were taken in connection with addressing SD integration. Economic sustainability was confirmed as the main concern of the programme.

Except for representatives from the Ministry of the Environment in the Monitoring Committee, the partnership did not involve actors within the field of the environment. The representation of these actors would seem to have played only a marginal role. The social element of gender equality was given a low priority, in spite of the fact that a range of labour market actors was represented in the partnership. Following the 2000-06 programme period, there has been no identifiable organisational change in the partnership to facilitate approaches to SD integration, which would suggest that in Denmark, the ERDF partnership is conducting ‘business as usual’ in terms of SD integration within the MIS.

Overall, with some variation between the two PC regions analysed, the Danish MIS processes have not advanced the integration of the three elements of SD in the Danish 2000-06 ERDF programme. Thus, no specific measures for SD integration were developed within the MIS. The three elements of economic, social and environmental sustainability were seen as three separate entities, which were each allocated different priorities. However, based on the guidelines which existed at this time at national and EU level one can argue that SD integration during the 2000-06 period was achieved.

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1. Introduction

The following report comprises the case study for Objective 2, Denmark, under Task 4 of the Ex Post Evaluation of the 2000-06 ERDF programmes, Work Package 11, ‘Management and implementation systems for Cohesion policy’. The case study appraises whether and how management and implementation systems have supported the integration of sustainable development within Cohesion policy programmes.

The case study focuses in particular on three organisational entities: the Danish Enterprise and Construction Authority (DEACA), which was the national body in charge of developing the programme and overseeing implementation; the county of North Jutland, which was the largest programme complement (PC) region with a long track record of Objective 2 programming; and the county of Funen, which became designated for the 2000-06 programming period for the first time and which has often been seen as innovative with regard to implementation strategies. The Danish single programming document (SPD) included five PCs, two of which are explored in the case study.

The purpose of including two institutions at the regional level was to investigate to what extent strategies and implementation with regard to sustainability have been ‘path dependent’. Thus, one can assume that North Jutland would have had greater difficulties integrating the three elements of sustainable development (SD). Funen, as a newcomer, may have found it easier to adapt to what had then become general requirements through European regulation. Including two different counties in the case study should thereby also clarify potentially different methods of SD integration through the MIS in Denmark.

Documentary sources applied in the case study covers the 2000-06 SPD for Denmark, the PCs for the county of North Jutland and the county of Funen, and evaluations carried out for the programming period. Additional literature reviewed involves academic literature on regional, environmental and labour market policy in Denmark, articles and evaluations on the state of mainstreaming and gender equality in Denmark, as well as evaluations on SD integration during the programming period.

During the period of November-December 2008, 12 respondents were interviewed for the Danish case study. Fieldwork research consisted of three groups of respondents, strategic, operational and external, who were involved in the 2000-06 programming period. Two strategic respondents were interviewed, both from DEACA. Respondents from the operational level in the two counties included: the Objective 2 Coordinators, representatives from the Confederation of Danish Industry in the regional Objective 2 Committees, and a Trade Promotion Officer from a municipality in North Jutland. Five external respondents, not directly involved in management or implementation, were included, e.g. the Ex Ante Evaluator and Heads of labour market policy in the counties. In light of the research topic of SD, attempts were made to include respondents from environmental authorities in the counties involved and at national level, but potential respondents declined interviews due to their limited involvement in the Objective 2 programme.

The structure of the report follows the stages of the MIS, and thus the report is divided into the following sections in the order listed: procedures for programme design, project generation, appraisal and selection mechanisms, monitoring, evaluation, reporting, financial management,
partnership and institutional engagement. And finally, leading to the conclusion, an overall assessment of SD in Denmark is provided.

Before initiating the analysis, an introduction to the Danish context during the 2000-06 programming period of regional policy, national environmental policy and labour market policy is provided in order to introduce the general background for the three components of SD and the wider context of policy networks in Denmark.

In Denmark, overall responsibility for regional policy rests with national authorities, but there is also a high degree of decentralisation. In the Structural Funds, the European Commission and central government establish the basic spatial and financial delimitation and maintain a general role with regard to process management, legality and basic policy principles. Substantial assessment and prioritisation of projects has been located at the regional level with the counties (Halkier, 2001).

Similarly to Danish regional policy, national environmental management is highly decentralised. The counties and the local municipalities enjoy considerable autonomy in the field of environmental policy. Danish EU membership has to some extent favoured centralisation due to a large number of EU directives that have to be implemented in national legislation. However, the counties and the municipalities remain largely in control of inspection and enforcement at the local level (Andersen, 2007).

The Danish labour market is often referred to as a ‘flexicurity’ system, combining flexibility and security. In Denmark, there is a historically developed collective bargaining and agreement system between the state, organised labour and management in both the training and employment policy fields (Jørgensen et al, 2007). There is some decentralisation in Danish labour market policy. The Public Employment Agencies, which were run by the state and located in the municipalities, was an important tool in the active employment policy in the 2000-06 period (Madsen, 2006). In addition, regional Labour Market Councils were responsible for setting regional employment strategies within centrally fixed targets and frameworks (Emerek, 2001).

Environmental policy and the social element of gender equality are both subject to mainstreaming according to EU and national legislation (Sjørup, 2007). Gender equality as a policy area came to the fore in 1975 with the establishment of a permanent Gender Equality Council free-standing under the state. In line with the Danish flexicurity system, three seats in the Council were allocated to the interest organisations, the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Industry (DI) (Borchorst, 2004). In 2001, Denmark had already more than achieved the Lisbon targets of 2010 of an employment rate of 60% for women with 70% in Denmark. Nevertheless, the employment rate was lower for women than for men. In an evaluation of the 2001 National Action Plan for Employment, the national mainstreaming approach was described as follows: “(...) the government’s targets on employment are gender neutral or gender blind and there is no gender assessment of the policy instrument or of the goals.” Overall, low political priority was given to the issue of gender equality (Emerek, 2001).

In a final point related to the Danish context of 2000-06, it should be noted that the composition of Danish policy networks may have caused some difficulty in mainstreaming SD elements into the ERDF programme. Thus, one can point to three factors which influenced mainstreaming in Denmark
at the time. Firstly, well established policy networks existed within the areas of regional policy, environmental policy and labour market policy. Secondly, the three policy networks were relatively segmented. Thirdly, the management varied between the policy areas, with regional and environmental policy as highly decentralised areas, and labour market policy as a centrally managed area. These considerations form part of the analysis on SD integration in the Danish ERDF programme.

2. Procedures for programme design

This section provides an analysis of procedures for programme design in terms of integrating SD into the 2000-06 ERDF programme. The analysis is carried out on both the SPD and the PCs in the county of North Jutland and the county of Funen. Interviews with strategic and operational respondents are the main sources of the analysis.

2.1 The National Programme

In February 1999, DEACA brought together the Danish counties, the Association of Danish County Councils, Local Government Denmark (the association of Danish Municipalities), the Ministry of Foreign Affairs, the Ministry of Food, Agriculture and Fisheries, the Ministry of Employment, and the Ministry of the Environment for the first briefing on the future Objective 2 programme in Denmark (Erhvervs- og Byggestyrelsen, 2003). In addition to these actors, the interest organisations, LO and DI, were involved in information meetings and specialist committees in preparation for the final programme design.

Overall, according to the strategic respondents as well as operational and external respondents, the ERDF programme was a regional development programme and not an environmental or social programme. This reference to the ERDF programme as a regional development programme is linked to the fact that the concept of SD integration was still a relatively new consideration in regional development. Traditionally the main purpose of the ERDF programme had been to generate economic growth not taking into consideration social and environmental concerns as integrated elements. Therefore, overall respondents referred to regional development and economic growth as synonymous concepts. Thus, economic sustainability was an overriding concern, and environmental and social SD were included in the programme as horizontal considerations. Environmental sustainability was considered a horizontal element which should be prioritised with the Ministry of the Environment as the authority primarily responsible for integration in the design process. The social element was not highly emphasised in the ERDF programming, it was mainly considered to be a priority of the ESF.

The objective of the Danish SPD for the 2000-06 period was to: “Strengthen the conditions for development and conversion which ensures prosperity, employment, and equality, as well as a sustainable environment in regions with structural problems”. This objective was based on a socio-economic analysis, as well as EU and national objectives for development (Erhvervs- og Byggestyrelsen, 2003). Thereby, gender equality and environmental SD were part of the overall objective of the SPD, indicating that some importance was given to the horizontal issues. Social sustainability widely translated to gender equality in the SPD in accordance with EU guidelines (Erhvervs- og Byggestyrelsen, 2003), and the focus of the social dimension did not include other social elements such as the inclusion of ethnic minorities or other marginalised groups to the labour
market. This focus was in line with EU and national guidelines, as well as the prevailing general political concerns in the late 1990s when the programme was written. According to the strategic respondents, the range of actors involved, and the form applied, with information meetings and consultation with specialist committees, was appropriate according to the programme priorities at the time, and it was in accordance with EU and national objectives for regional development.

The programme design process was based on two assessments, a socio-economic/SWOT analysis and an ex-ante evaluation. Preparation of assessments was carried out by the Monitoring Committee and groups formed in the regions. It was based on results, effects, administration, and singled-out projects to learn from in terms of their content and experience with the application process. Both assessments included the three elements of SD, but there was no assessment of potential trade-offs or synergies. However, synergies were included in the SPD in connection with an encouragement of further projects that were expected to generate jobs. The influence of the assessments on strategic choices in the programme was limited to the integration of environmental and social sustainability as horizontal elements.

As could be expected in a wealthy member state, the Danish Objective 2 programme was relative small, with a total budget of 189 million Euros in funding from the EU for the entire 2000-2006 period. In line with the focus of the programme on economic sustainability, no particular budgetary allocation was given to projects supporting the environment or social elements. Therefore, there was also no discussion of synergies or trade-offs, or specific tools set in place for this purpose. Based on these statements, the financial priorities were managed from a ‘business as usual’ perspective focusing on economic sustainability.

2.2 The County of North Jutland

The PC for North Jutland was designed in partnership between the county and a steering group consisting of representatives from the Public Employment Agency, LO, the Association of Municipalities in North Jutland, and DI (Nordjyllands Amt, 2000). Preparation for the 2000-06 Objective 2 programme was initiated by setting up a number of thematic working groups. Representatives from various organisations, such as municipalities, Aalborg University, and the business community, were represented in the different working groups. At a large orientation meeting in September 1999, the partners went through each theme in order to decide how to prioritise the different elements of the Objective 2 programme. The final programme was highly influenced by the preparation of the working groups, but also by the previous Objective 2 programme in the county.

In connection with the preparation of the thematic working groups, there was no particular focus on integrating the elements of SD. SD was a horizontal consideration in the previous programme, and it was also included as such in the 2000-06 programme. Therefore, the Objective 2 Coordinator in the county of North Jutland believed it was appropriate that no actors were involved in the design stage in order to contribute to SD integration. However, the North Jutland PC did include environmental and gender equality considerations as one of its objectives.

In line with the overall objective of the national programme, another five were defined for the county, and objective number five stated: “Furthermore, it is an objective to further equal opportunities in the labour market for men and women and to contribute to greater
Environmental responsibility." (Nordjylland Amt, 2000). Environmental concerns were also factored into the programme in terms of the chapter ‘Physical Planning, Nature and Environment’. Building on previous Objective 2 programmes, this chapter was written by the county’s Secretariat and sent to the county’s Environmental Planning Department for approval. Hence, there was some consultation with environmental specialists in the county of North Jutland in the design process, but specialists were not included with the specific purpose of furthering SD integration.

The programme design process was based on one assessment, a socio-economic analysis of the situation in the county at the time. The SWOT analysis included the horizontal elements as one collective criterion ‘equal opportunities and the environment’ (Nordjylland Amt, 2000). The assessment was not highly influential in terms of integrating environmental and social aspects into the programme design. Trade-offs and synergies were not part of the socio-economic analysis or of strategies in the programme. Synergies were considered good side effects in projects, but they were not an overall objective of the programme, and trade-offs were avoided due to a wide consensus in the partnership on the priorities of the PC. The main focus of the programme was on added value, innovation, growth and employment.

Financial priorities of the programme were focused on development paths that secured integration between economic, social and environmental issues. According to the operational respondents in North Jutland, the ERDF programme was first and foremost a business development programme, and thereby its main focus was economic. The environmental consideration was a natural element to integrate in terms of the existing legal requirement for projects to comply with the Environmental Planning Law. The social consideration, in the form of gender equality, was not highly prioritised.

Overall, in terms of financial priorities, the county of North Jutland applied a business-as-usual approach which followed the historical path of business development and economic sustainability. Social and environmental aspects were considered horizontal elements, and no particular financial priorities were allocated to these areas. Effectively, synergies and trade-offs were not part of the process of deciding on financial priorities.

2.3 The County of Funen

The PC of Funen was designed in a partnership similar to the county of North Jutland. A working group consisting of representatives from the county, the municipalities and representatives from local business councils, tourist associations and educational institutions was set up in order to design the programme. In November 1999, a wide range of stakeholders met at a conference, where the working group received critique and ideas from different angles on the preliminary PC, thereby influencing the final design of the PC (Fyns Amt, 2000).

Similarly to North Jutland, no actors within the environmental sector were directly involved in the programme design. However, in connection to the initiation of Objective 2 programming in the region, there was an increased cooperation between the Regional Development Department and the Environmental Planning Department in the county. A consultant from the Environmental Planning Department was appointed to carry out an environmental analysis which led to a recommendation that environmental considerations should be taken in each part of the programme. In Funen, six objectives were set in continuation of the overall objective of the SPD.
Objective number five was connected to environmental sustainability: “The region’s environment, nature and sea resources must be protected and strengthened (...) The cultural environmental values must be protected and developed.” (Fyns Amt, 2000). The social dimension of SD with its focus on gender equality was not part of the objectives of the ERDF design. This could be connected to the fact that in the period of planning the PC, the Objective 2 areas in Funen were influenced by high unemployment compared to the national average. Thus, at the time, focus was placed on generating employment which also showed in objective number two in the PC: “(...) Unemployment must be reduced to become in line with the national average” (Fyns Amt, 2000).

The operational respondents agreed that representation was sufficiently wide in the programme design process in terms of SD integration. They also agreed, similarly to the respondents in the county of North Jutland, that economic sustainability was the overriding concern, especially in the form of generating employment. This was particularly emphasised by the municipalities involved in the programme.

In order to inform programme design, a socio-economic analysis was carried out. The SWOT analysis considered environmental issues, mainly the state of nature, as part of the objective of the county’s PC. There was no mention of gender equality in the SWOT analysis (Fyns Amt, 2000).

Decisions on financial priorities were not focused on integrating economic, social and environmental sustainability. No particular financial allocation was given to projects with benefits for the environment or with gender equality measures. The scope for synergies and trade-offs was not part of strategic financial planning. Taking into consideration that 2000-06 was the first programming period in Funen, the county cannot be said to have applied a business-as-usual approach, but in terms of financial priorities, the programme seems to be in correspondence to the economic focus of the national SPD at the time, and as such it was also broadly in line with PCs in other parts of the country.

2.4 Conclusions

There is consistency in approach between the SPD and the PCs of North Jutland and Funen. Thus, the respondents agree that the representation of different actors in the programme design phase was sufficient in terms of integrating the three elements of SD. The economic element was the overriding concern in the business development programme, and social and environmental elements were horizontal considerations. Of the two horizontal elements, the environmental dimension was given a higher priority in connection to the requirement of projects to comply with the Environmental Planning Law. The Ministry of the Environment was involved in designing the SPD, whereas the counties’ Environmental Planning Departments did not participate directly in designing the PCs but were used only for consultancy in the planning stage. The social dimension, in the form of gender equality measures, was given a low priority in designing both the SPD and the PCs. Actors within the area of labour market policy were involved at both national and regional level, however, their influence was focused on generating employment, not on furthering gender equality.

The socio-economic analyses did not tangibly influence the integration of the three elements of SD. The ERDF programme had as its focus business development and economic sustainability, and this focus dominated the strategic choices in the programme design, also in connection to the financial priorities.
3. PROJECT GENERATION, APPRAISAL AND SELECTION MECHANISMS

In Denmark, project appraisal and selection was the responsibility of the individual counties, and DEACA at the national level was only involved indirectly in carrying out eligibility control. Thus, the analysis is carried out in relation to the county of North Jutland and the county of Funen, based on interviews with operational and external respondents.

3.1 The County of North Jutland

In the county of North Jutland, guidance of project applicants was mainly the responsibility of the Trade Promotion Officers in the municipalities involved in the ERDF programme as well as administrative employees in the county, who were also available to provide guidance. The county also developed a leaflet for applicants, which provided a guide to the selection criteria. The leaflet included the relevant criteria of social and environmental SD as horizontal elements which should be taken into consideration in projects, but it did not provide a specific guide to SD integration.

In terms of integrating economic, environmental and social elements in project guidance, the programme’s focus on economic sustainability became clear. According to an operational respondent’s statement, as a point of departure, SD was not a priority. Yet, an effort was made in terms of integrating the horizontal elements, as the projects were subject to 15 selection criteria. The selection criteria followed DEACA’s guidelines and were listed in the PC for the county. Criterion number 14 stated that emphasis would be placed on projects that strengthened gender equality, and criterion number 15 concerned the environment (Nordjyllands Amt, 2000). In practice, however, weightings for these criteria were not always evident in appraisals. In the generation process and in the treatment of applications in the Secretariat, the projects were examined in terms of the 15 criteria. In preparing presentations of project applications to the Committee, the Secretariat emphasised the criteria which were most relevant in each individual case. Thereby, in some cases, when it was considered irrelevant, the gender equality and environmental criteria were not presented to the Committee. But in cases where there were positive environmental effects in a project, it was emphasised in the presentation to the Committee. Measures in advancing gender equality were not considered relevant in ERDF projects.

Going through the selection criteria and subsequently emphasising the ones of most relevance was the method which was applied in the appraisal and selection process in North Jutland. Accordingly, in this approach SD integration was limited to environment and gender equality as selection criteria. Taking into consideration that SD was a horizontal concern and not the main priority of the programme, this method, which had been used in previous programming periods in North Jutland, was considered appropriate by the Objective 2 Coordinator in the county. Consequently, there were no modifications to the procedure during the 2000-06 programming period. The opportunity to apply scorecards in the process had been discussed in the county years earlier and it had been dismissed as a highly subjective tool not suited for project appraisal and selection.

Trade-offs and synergies were not considered as policy options in the phase of project appraisal and selection. There was general agreement that the focus was on economic sustainability, which was one reason that trade-offs involving the dimensions of SD were not part of appraisal and selection of projects. Another reason was that a routine had been developed in North Jutland over the years,
creating consensus on the priorities of the county, leaving little scope for fostering ‘self-interests’, and therefore there was no need for negotiations and trade-offs. From these statements, one can derive that a degree of path dependency prevailed in North Jutland.

3.2 The County of Funen

In the county of Funen, the working group which was initially set up to design the PC came to function as an information committee assisting in the project generation process. In addition, Objective 2 Information Centres were set up in Funen, where Objective 2 Consultants provided guidance to applicants in the project generation phase. Information leaflets were also produced which contained information on the Objective 2 programme and the selection criteria. The leaflet included the gender equality and environmental dimensions, but it did not entail a specific clarification on how to integrate SD.

According to the operational respondents, the scorecard, which was a tool developed in Funen, secured a balanced consideration of economic, environmental and social factors in the project appraisal and selection process. The scorecard contained 10 criteria of which one was the environment and another was gender equality. Marks on a scale of 1-5 were given to each project in each criterion. The top mark was 5, 1 was considered poor, and the mark 2 was given to neutral dimensions, e.g. if a project had neither negative nor positive effects on gender equality, it would be marked 2. The scorecard was used in the generation of projects in order to inform applicants of dimensions which were prioritised in the programme. An average score was calculated for each project, and in the end, the scorecard, along with a summary of the project, was presented to the Committee for appraisal and selection. There was no requirement of a specific overall pass mark, or a minimum score on one criterion. In some cases projects with low marks were also presented to the Committee, and sometimes projects with low average scores were immediately rejected. In other cases the Committee members re-evaluated certain projects, when they thought the marks given were too low. This method ensured integration of SD dimensions in the sense that negative or neutral effects on the environment or gender equality brought down the average score. This increased the risk that a project would be rejected, and thereby enhanced the incentive to increase efforts to integrate the horizontal elements of SD into projects. This method of project appraisal and selection was not modified during the programme, as it was considered an objective and efficient tool in the regional partnership.

The first Objective 2 programming period in the county of Funen brought together different parties that had not previously cooperated on regional development. In the beginning, this caused some difficulties in the decision-making process of the Committee. The local representatives were focused on maintaining the interests of their respective municipalities. This became evident in the selection of projects where, representatives were often opposed to projects that were not of direct benefit to their own municipality. DI, on the other hand, supported all companies in the county. As a consequence of the different perceptions of local versus regional development, trade-offs took place. However, as the analysis will point out, trade-offs were also identified as policy options in connection with diverging economic and environmental interests.

Trade-offs and synergies were not part of any greater strategic planning in the county, and guidance on the types of compromise that would be acceptable was not made available. Synergies and trade-offs arose on an ad hoc basis within the Committee, in some instances also involving the
The project ‘Nature Tourism’ is an example of a trade-off. It was generated from the county in order to advance tourism in the archipelago in South Funen via a sustainable approach to nature experiences in the form of a hiking path around the islands, sea kayak facilities, and accommodation facilities. DI was opposed to this idea, because tourism projects would only generate seasonal employment. The environmental sustainability focus of the project, which involved the Environmental Planning Law, generated opposition from the municipalities. As a consequence of different perceptions of the environmental dimension, the project had to be amended several times before it was approved by the Committee. This happened by wording the project differently, toning down the nature preservation aspect and placing more emphasis on the business development aspect, and finally the project was approved. From the point of view of DI, the overall costs of ‘Nature Tourism’ were low, and therefore they agreed to the project. In turn, this concession was brought in as an argument when negotiating on bigger projects which DI wanted to support. The concession by the municipalities was also of benefit to them in connection to a project called ‘Film Funen’. The municipalities in South Funen believed the project would benefit the local community, but the county did not have much faith in the project. Following negotiations between the parties, there was a trade-off, and both ‘Nature Tourism’ and ‘Film Funen’ were approved by the Committee. Thereby, compensation was provided to the parties that made concessions in connection to ‘Nature Tourism’.

The trade-offs which took place in the beginning of the period were time consuming, but to some extent they were limited by the scorecard. The marks of the scorecard were applied and thereby forced more objective discussions, e.g. ‘Nature Tourism’ had a high score on the environmental dimension which could not be denied by the parties opposed to the project. This objectiveness was also necessary in connection to the fact that the parties needed time to build trust between each other. During the period, the cooperation between the parties was strengthened and there was less disagreement, as the municipalities started trusting the other parties, the process and the overall idea of regional development.

3.3 Conclusions

The method of guidance to project applicants was similar in North Jutland and Funen, as both counties applied face-to-face meetings as their main tool. However, the integration of the three elements of SD in the appraisal and selection process varied between the two counties. In North Jutland, a list of 15 selection criteria was applied, containing gender equality and the environment, but the horizontal elements were not always included in the final appraisal and selection process. In Funen a scorecard was developed including ten criteria, also containing gender equality and environment. Marks were given to each criterion, resulting in an average score of each project which was discussed in the Committee. Thereby, the score of the criteria of the environment and gender equality were always presented to the Committee. Ultimately, however, it seems that the same priority was given to the three dimensions in the two counties, ranging from highest to lowest: economic, environmental and social sustainability. This prioritising was in line with the national context at the time and the programme design as described in the previous section.

Opinions on the idea of using scorecards varied between the two counties. North Jutland had rejected the idea years earlier as being a highly subjective tool, whereas Funen thought it was useful in maintaining an objective discussion in the process of project appraisal and selection. Furthermore, applying the scorecard eased the cooperation difficulties which existed in the
beginning in Funen, especially between the municipalities and the county. In Funen trade-offs and synergies arose as policy options on an ad hoc basis. In North Jutland on the other hand, trade-offs were considered negative and a hindrance for the overall purpose of the programme of regional development.

4. **MONITORING**

In Denmark, monitoring of the ERDF programme is managed centrally, and therefore, statements from the strategic respondents and the Ex-ante Evaluator are the main sources of information.

The monitoring system addressed the horizontal elements according to same order of priority as has become evident in previous sections; the environment was given a higher priority than gender equality. Thus, the indicator selection involved a number of questions on environmental effects. The environmental indicators were very much in line with previous programming periods and in accordance with EU and national environmental legislation. The Ex-ante Evaluator believed that the increased involvement of the Ministry of the Environment had an impact on the indicator selection. Thus, in connection to the ex-ante evaluation, the Evaluator was invited to the Ministry in order to comprehend the existing principles for implementing the EU directive on environmental appraisal into the Environmental Planning Law. Subsequently, she took part in indicator selection where more comprehensive indicators were included in accordance with EU requirements. Thus, environmental indicators followed EU guidelines. The gender equality dimension was also included in the indicator selection in accordance with EU requirements, but it was not given real emphasis. Indicator selection was not based on a definition of SD, instead it would seem that the horizontal measures were treated as separate issues with no higher priority allocated to them than what was required according to EU and national legislation.

A strategic respondent believed that the balance of indicator selection was appropriate in relation to the focus of the programme on increasing employment. The ERDF programme was not intended to solve any greater environmental or social problems, and in line with the consideration of SD as a horizontal dimension, the environmental and gender equality indicators did not need to be more elaborate. The many different priorities which should be included in the indicator selection in order to be in line with EU requirements meant that it was not possible to give higher priority to SD integration. In continuation of this, the monitoring system did not consider interactions between economic, environmental and social dimensions. Accordingly, with regard to SD as a horizontal consideration, it was not considered relevant that indicators were designed to capture trade-offs and synergies.

To sum up the findings in this section, according to the strategic respondents and the ex-ante evaluator the monitoring system addressed the horizontal dimensions of SD according to the guidelines set nationally and by the EU. The overall focus of the programme was on economic sustainability and, in line with this reasoning, the monitoring system did not consider interactions between the three dimensions of SD.

5. **EVALUATION**

This section explores the extent to which the evaluations contributed to the clarification of SD concepts. As mentioned in the previous section, the ex-ante evaluation was influenced by the
Ministry of the Environment in the form of an introduction to principles of environmental appraisal. The Evaluator, however, stated that the ex-ante evaluation did not directly contribute to a clarification of SD concepts. The horizontal elements were included in separate sections in the evaluation, but both elements were only covered superficially. Thus, in the section on the environment the evaluation stated that the programme did not contain priorities and measures that were specifically aimed at improving the environment. The section on gender equality stated: “Regions and Government Agencies have been reluctant to suggest specific measures targeted at women”. In continuation, mainstreaming the gender equality concern was the responsibility of the regions, and according to the ex-ante evaluation mainstreaming should be ensured in programme implementation only when it was found relevant (Erhvervs- og Byggestyrelsen, 2003). Thereby, the ex-ante evaluation was in line with the findings of the analysis so far, as the programme was not intended to promote specific measures within the areas of the environment or gender equality.

Respondents from DEACA and the county of North Jutland agreed that the ex-ante evaluation did not give a clear, tangible contribution to the clarification of SD concepts, but with the economic sustainability focus in mind, this was also not considered necessary. The Objective 2 Coordinator in the county of Funen said that a visit from the Ex-ante Evaluator before the programme was initiated had an influence on the programme design, as the Evaluator was able to explain to the Secretariat the systemic consideration of environmental factors, of which they had not been aware. The fact that the ex-ante evaluation seemed to have a direct effect only on the county of Funen in terms of understanding the environmental dimensions could be connected to the fact that Funen was a new Objective 2 region.

The respondents agreed that mid-term evaluations did not clarify SD concepts. In turn, they agreed that none of the evaluations explored the feasibility and costs of SD integration. It was not considered relevant at the time. The mid-term evaluation recommended that the focus on gender equality should be increased in the ERDF projects. Based on this, the Monitoring Committee sent out a recommendation to the regional Committees to increase the focus on gender equality in their projects (Erhvervs- og Byggestyrelsen, 2006). Based on interviews with operational and external respondents in the counties, in spite of the recommendation, no modifications were made on operational aspects of the MIS in either North Jutland or Funen.

In conclusion, the evaluations did not contribute to real clarification of SD concepts. The ex-ante evaluation pointed out the low priority which was given to the two horizontal dimensions in the ERDF programme. Evaluations did not explore the feasibility and costs of SD integration, and results of evaluations were not used to modify operational aspects of the MIS.

6. REPORTING

DEACA was responsible for reporting. Interviews with operational respondents are the main sources of information for this section.

Based on the interviews, there was no documentation of SD integration in the annual reports in any of the two counties. In accordance with EU requirements, the reports included few quantitative data on the horizontal dimensions of SD, environmental and gender equality. However, integration between the three dimensions was not demonstrated, and the focus of the reports was to demonstrate the economic sustainability of various projects. In line with this reasoning, reporting
did not elaborate on issues involving conflict resolution in the form of appraisal of alternatives or trade-offs.

In terms of the reliability and representativeness of reporting with regard to SD impact, it may be concluded, based on the interviews, that there was a low level of reporting in the 2000-06 period. The operational respondents did not find that there was a state of under-reporting, as the guidelines provided by the Commission were followed, and there was no requirement to demonstrate the integration of SD into ERDF projects.

7. **FINANCIAL MANAGEMENT**

According to the strategic respondents, financial performance was the main priority for ERDF projects, and there was no subordination in favour of social or environmental benefits. The Objective 2 Coordinator from the county of Funen stated that in some projects the county was more concerned with the visions of projects than with the financial performance. ‘Nature Tourism’ was mentioned as an example of a project where financial performance was subordinated in favour of environmental benefits for the region. The economic sustainability of the project was taken into consideration and prioritised, but the overall vision of the project was focused on environmental sustainability. Overall, however, financial performance in projects was not subordinated in favour of greater social or environmental benefits.

According to the strategic respondents, Denmark did not experience problems in meeting the N+2 rule with projects integrating SD elements.

8. **PARTNERSHIP AND INSTITUTIONAL ENGAGEMENT**

According to a strategic respondent, the composition of the partnership was sufficiently wide to accommodate the main target of the ERDF programme which was the business community. The low representation of interests in connection to the horizontal dimensions was considered appropriate according to the context of the programme at the time. One should note that the social dimension was represented with actors in the field of labour market policy, but in accordance with the preceding analysis, the gender equality dimension was not an active political priority. One may conclude that the fact that there were no representatives from the environmental field and the fact that there was a lack of initiative in terms of gender equality measures had a constraining effect on the scope for SD integration. A concrete example of the lack of representation of environmental experts was provided by a representative from DI in Funen who stated that in some cases the Committee would have benefited from environmental experts in the process of project appraisal and selection. In cases of high technology projects, the Committee discussed the possibility of presenting the idea to experts at universities or similar institutions in order to receive an expert appraisal on the environmental and economic sustainability of projects. However, DI was opposed to this idea due to the necessity of protecting innovative ideas. In such instances, the Committee ended up following the quality assessment of the Secretariat, where, according to the DI representative, it would have been useful to have had environmental experts directly involved in the partnership in order to ensure environmental sustainability.

The partnership-working had an impact on regional interpretation and implementation of SD considerations in the sense that the county of North Jutland applied a business-as-usual approach in
viewing the environmental and social dimensions as horizontal considerations which should be considered when they were found relevant. In the county of Funen, a scorecard was developed, which meant that the three elements of SD were taken into consideration in each project, and the interaction within the partnership in the form of trade-offs on projects modified the regional interpretation of SD during the programme period. Especially the municipalities realised the potential spillover effects, mainly economic but also environmental, from projects based in one municipality to others. “Nature Tourism” was mentioned as an example of a project which helped develop the regional interpretation of SD.

In identifying impacts in terms of institutional learning or organisational change to facilitate approaches to SD integration, there was wide consensus between the respondents that the concept of environmental sustainability was further developed during the 2000-06 period. The concept became more tangible in terms of defining the measures which should be taken in order to implement environmental SD in ERDF programmes, and thus there is an increased focus on environmental projects in the current 2007-13 programming period. The focus of the social dimension in the current programming period has shifted from gender equality to the inclusion of ethnic minorities to the labour market, which is in line with current national labour market priorities. With the exception of the scorecard in Funen, no new tools were adopted to facilitate working between the three dimensions of SD during the 2000-06 period. Moreover, in spite of the fact that environmental projects are now given a higher priority, there has been no identifiable organisational change in the partnership to facilitate approaches to SD integration.

Concluding on the analysis, it has been found that except for the generally overlooked role of representatives from the Ministry of the Environment in the Monitoring Committee, actors within the field of the environment were not represented in the ERDF partnership. In spite of the fact that a range of labour market actors were represented in the partnership, the social element of gender equality was given a low priority in the sense that the integration of gender equality measures was largely ignored at both strategic and operational level. This would suggest that the composition of the partnership did not involve a comprehensive, cross-sectoral approach for accommodating integration of the three elements of SD.

The impact of partnership-working on regional interpretation and implementation of SD considerations varied between North Jutland and Funen. The county of North Jutland applied a business-as-usual approach. In Funen, the trade-offs in the initiation of the partnership influenced a development in the regional interpretation of SD which increased the awareness of economic and environmental spillover effects of ERDF projects within the region.

Institutional learning in terms of SD integration took place in the sense that an increasing awareness of environmental sustainability developed during the programming period. Following the 2000-06 programme period, there has been no identifiable organisational change in the partnership to facilitate approaches to SD integration. This would suggest that in Denmark, economic sustainability remains the overriding concern, and overall the ERDF partnership in Denmark has not changed its approach in terms of SD integration within the MIS.
9. OVERALL SUSTAINABLE DEVELOPMENT ASSESSMENT

From a cross-cutting perspective, this section provides an assessment of the overall effectiveness of the MIS of the 2000-06 ERDF programme in achieving integration of the different dimensions of SD.

9.1 National Mainstreaming Policies

In order to comprehend the catalysts and restrictions on achieving SD integration, reference must be made to the Danish policy networks and the concept of mainstreaming. Literature on the subject has sought to explain why mainstreaming environmental considerations is given a higher priority than gender equality. A main point is that a comprehensive technical apparatus has been developed in order to implement environmental measures, and an equally comprehensive control apparatus ensures that measures are actually taken. Overall, environmental problems are considered highly relevant, whereas gender equality issues are considered a luxury problem which has by and large been solved in Denmark. Thereby, mainstreaming gender equality has been undermined, whereas mainstreaming environmental considerations is ensured through technical requirements and a decentralised management (Sjørup, 2007). This literature refers to the central policy level in Denmark, whereas this evaluation analyses the integration of gender equality measures at the regional level. However, with reference to the preceding case study analysis, one can derive that the situation at the national level with a low priority given to mainstreaming gender equality is also reflected at the decentralised level in Denmark.

The report analysis would suggest that overall the reasoning described above is in line with mainstreaming activities in the MIS of the 2000-06 ERDF programme. Moreover, the policy networks of regional policy and environmental policy in their decentralised nature were closer to the regional Objective 2 partnerships. Through the partnership, the two policy areas had to some extent been interlinked throughout previous Objective 2 programming periods. Gender equality policy has traditionally been managed centrally and has not been part of regional policy.

In conclusion, the national approach to gender equality, which was more or less non-existent, was a highly restricting factor in terms of achieving SD integration. Environmental factors were taken into account to a higher extent in ERDF projects, but as the analysis has shown, no specific priority was given to this dimension in the SPD.

9.2 National Interpretation of SD Integration

In the Danish case, differences between the county of North Jutland and the county of Funen have been illustrated with regard to cultivating a specific interpretation of SD integration over the course of programme management and implementation. In Funen, a scorecard was developed which furthered SD integration. However, based on the report analysis, the main purpose for developing the scorecard was not to establish a definition or guidelines to SD integration, but rather it was developed as a tool which involved all relevant selection criteria. Though impetus was shown from actors from the county of Funen to further environmental concerns, especially in the project ‘Nature Tourism’, the project cannot be said to have been an outcome of a strategy of SD integration. Furthermore, two different studies carried out during the programming period confirm that SD integration was not part of overall strategic planning.
A study undertaken on the integration of the horizontal elements in the 2000-06 ERDF programme found that the horizontal themes were included as a consequence of European guidelines rather than national or regional demands. The low priority given to SD integration was connected to the vague requirements of the Commission to document mainstreaming. "Simply having gender as a horizontal project evaluation criterion and using the performance indicators (…) would seem to be enough to ‘do the trick’, at least in European political terms" (Halkier, 2001). Another evaluation on the integration of SD in the 2000-06 SPD concluded that “Essentially, there is no integration of SD in this programme.” The fact that SD was not traceable through the SPD in the different priorities and measures was a main point leading to this conclusion (Clement et al., 2004). Thereby, this report, supplemented by the two evaluations, confirms that the extent of the overall effectiveness of the MIS in achieving integration of the different dimensions of SD was limited.

In the 2007-13 ERDF programming period, the institutional framework for structural funds management has changed in Denmark with the local government reform which came into effect in 2007. Through the reform, the counties were abolished and replaced by five regions, and the number of municipalities was reduced. The local government reform led to the establishment of regional Growth Fora, which have now replaced the previous Objective 2 Committees (Halkier, 2008). In the current region of North Jutland, the same approach to SD integration is followed, and the main difference is that today greater priority is given to projects involving green technologies. In Funen, which is now part of the region of South Denmark, the Growth Forum has adopted the scorecard which was developed for the 2000-06 period. Thereby, the method of SD integration through the MIS has kept the momentum of the previous ERDF programme, but there are no indications that budgetary allocations are specifically linked to SD realisation. The two horizontal dimensions of the environment and gender equality have also been influenced by the local government reform. Most environmental responsibilities previously with the counties have been entrusted the municipalities, and a decentralised state agency oversees municipal environmental management (Andersen, 2007). In connection to the local government reform, literature has pointed to the fact that mainstreaming gender equality measures was highly neglected, and overall there were no initiatives for the purpose of mainstreaming gender equality in the reform (Borchorst, 2007). Based on the fact that mainstreaming gender equality was given a low political priority throughout the 2000-06 programming period and still today, it is not surprising that no lasting impact from the social dimension of SD integration can be found.

In conclusion, on the evident lasting impacts of SD integration, the Danish MIS follows the path from the 2000-06 programming period, where economic sustainability was the overriding concern.

10. CONCLUSIONS

Through the analysis, it has been confirmed that the Danish approach to integrating the three dimensions of SD varied in the priority which was allocated to economic, environmental and social sustainability. The national policy networks and policies on mainstreaming were shown to be influential on the prioritisation of SD integration. Thus, the ERDF programme was first and foremost considered a regional development programme, and as such economic sustainability was the main priority of the programme. Similar to regional policy, environmental policy was decentralised in Denmark, and the Environmental Planning Law which was influential on ERDF projects was managed in the counties. The environmental dimension was prioritised in the sense that ERDF projects had to comply with the Environmental Planning Law. However, no specific change in priority of the
environmental dimension occurred with the introduction of the concept of SD. Traditionally, gender equality policy had been managed centrally and had not been part of regional policy. In Denmark the issue of gender equality was generally considered to be a problem which had already been solved, and as a consequence a “gender blind” approach was taken at the national policy level. However, one should note that in spite of the fact that Denmark had already achieved the Lisbon targets of 2010 of employment for women in 2001, the employment rate was still lower for women than for men. The 2000-06 ERDF programme introduced gender equality along with environmental considerations as a horizontal element. The gender equality dimension, however, was downgraded in the programme, which was in line with the national ‘gender blind’ approach at the time. The introduction of gender equality into the ERDF programme seemed to be a response to bureaucratic requirements rather than as an active policy measure. The line of prioritisation of SD elements was justified by the respondents with the fact that all stages of the MIS were in compliance with guidelines from the Commission which did not require SD integration.

The programme design process at national level included the Ministry of the Environment. In designing the PCs, however, no actors from the environmental sector were directly involved. The social dimension in the form of gender equality measures was given a low priority in designing both the SPD and the PCs. Actors within the area of labour market policy were involved at both national and regional level, but their influence was focused on generating employment. Project generation, appraisal and selection mechanisms showed differences between methods of SD integration in the two counties. Thus, the county of North Jutland applied the same approach which had been used over years of cooperating in the regional partnership, and project proposals presented to the Committee only involved the horizontal elements when it was found relevant. In Funen, a scorecard was developed, which meant that in each instance, the relative score of gender equality and the environment was presented to the Committee. Thereby, due to the scorecard, the horizontal dimensions were always involved in project selection. Another difference between the MIS activities of the two counties was that in Funen trade-offs arose as policy options on an ad hoc basis. Trade-offs were considered a supplement to the scorecard in the initiation of the Objective 2 partnership which brought together parties who had not previously worked together on regional development. In addition, there was an example of a project with environmental benefits which was approved by the Committee as a consequence of a trade-off. In North Jutland on the other hand, trade-offs were considered negative and a hindrance for the overall purpose of the programme of economic sustainability. The Objective 2 Coordinator in the county of North Jutland referred to the years of experience of cooperating on regional development which had established consensus between the actors in the region on the objective of economic sustainability. Thus, in terms of project generation, appraisal and selection, the county of North Jutland showed evident signs of path dependency, whereas Funen as a new programming region introduced different methods to develop the MIS.

The analysis of the monitoring system found that guidelines set nationally and by the EU were followed. Thus, environmental indicators were given some priority, while gender equality was given little priority. In line with the overall focus of the programme on economic sustainability, the monitoring system did not consider interactions between the three dimensions of SD.

Evaluations were not found to contribute to real clarification of SD concepts. The ex-ante evaluation pointed out the low priority which was given to the two horizontal dimensions in the ERDF programme. Moreover, the mid-term evaluation recommended that focus on gender equality
should be increased in the ERDF projects, but no modifications were made on operational aspects of the MIS.

In terms of reporting and financial management, the report analysis has found that no notable measures were taken in connection with addressing SD integration, and economic sustainability was confirmed as the main concern of the programme.

Except for representatives from the Ministry of the Environment in the Monitoring Committee, the partnership during the 2000-06 programming period did not involve actors within the field of the environment. The representation of these actors would only seem to play a marginal role, as there was no impromptu mention of actors from the Ministry of the Environment. The social element of gender equality was given a low priority, in spite of the fact that a range of labour market actors was represented in the partnership. Following the 2000-06 programme period, there has been no identifiable organisational change in the partnership to facilitate approaches to SD integration, which would seem to suggest that in Denmark, the ERDF partnership has made no changes in terms of SD integration within the MIS.

Overall, with some variation between the two PC regions analysed, the Danish MIS processes have not advanced the integration of the three elements of SD in the Danish 2000-06 ERDF programme further than following the guidelines from the Commission which did not require SD integration. Based on the case study analysis, one may discuss whether SD has actually been achieved even though specific procedures have not been established within the MIS. Thus, one should note that generally respondents have not stated that the social element of gender equality has been neglected in the MIS. In this context, at national policy level it was not considered a problem to be solved, as gender equality had already been achieved and thereby taken into consideration at both strategic and operational levels. On the other hand, statistics show that in 2001, gender equality had still not been fully achieved in Denmark. In the case of environmental SD, one may also discuss whether integration has been achieved, as the extensive legislative framework ensured that environmental considerations were taken overall at strategic level, and when it was found relevant at the operational level. On the other hand, there was no specific focus on generating environmental projects at the operational level during the programming period.

In conclusion, specific measures for SD integration were not developed within the MIS. The three elements of economic, social and environmental sustainability were seen as three separate entities, which were each allocated different priorities. However, based on the guidelines which existed at this time at national and EU level one can argue that SD integration during the 2000-06 period was achieved.
11. BIBLIOGRAPHY


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12. LIST OF INTERVIEWEES

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12.2 Operational Respondents

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- Torben Pedersen, Representative of the Confederation of Danish Industry in the regional Objective 2 Committee, 17 November 2008, face-to-face.
- Povl Bjarne Jensen, Trade Promotion Officer, Municipality of Pandrup, 18 November 2008, face-to-face.

The County of Funen:

- Kasper Westh, Objective 2 Coordinator, County of Funen, 20 November 2008, face-to-face.
- Jytte Reinholdt, Representative of the Confederation of Danish Industry in the regional Objective 2 Committee, 20 November 2008, face-to-face.

12.3 External Respondents

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