PREFACE

The Southern Denmark Growth Forum’s economic development strategy 2012–2020 continues the previous approach of regearing for higher growth in Southern Denmark. This agenda is still relevant and demands long-term investment.

To date, we have launched development initiatives with a combined budget of more than DKK 2 billion through a binding working relationship that involves the region, local authorities, companies, knowledge institutions, unions and employers’ organisations. These activities have made – and continue to make – a difference at local, regional and national level.

We are thus well underway, but we are still facing appreciable challenges. The overriding challenge is the fact that the competitiveness of Southern Denmark is under pressure. We believe that the solution is largely dependent on productivity, exports and employment. We need to raise the value of what every employed person produces. We must be able to sell our wares abroad. And we must find jobs for as many people as possible, because the size of the working population is set to decline in the future.

In our new economic development strategy for 2012–2020, we are therefore maintaining our focus on three general business areas that play to our strengths and feature high potential for productivity and growth: Health and social innovation, Sustainable energy and Experience economy.

We will continue to build on the sturdy foundations laid through our earlier strategy. We have established strong clusters within our business areas. These are now to be developed and reinforced both nationally and internationally. We have improved the companies’ access to venture capital and development funds, and we have bolstered the frameworks for research and education. This is something we will continue to do.

Our ambitions for the coming period have not diminished. We will work to ensure that in 2020, Southern Denmark is distinguished by strong growth powered by high productivity and employment, and by companies that act globally. Achieving our ambitions will demand hard work and closely targeted input. Going forward, we will therefore continue to develop the well-functioning public-private partnership, in that we at the Southern Denmark Growth Forum have agreed to continue the robust partnership that was built up during the previous strategy period.

The Southern Denmark economic development strategy for 2012–2020 charts a long-term course and constitutes the framework for the regional-political commercial development work for the coming years. Specifically, we will use the strategy to prioritise and launch the initiatives that generate the greatest impact on our strategic goals, and we will follow up to ensure that we achieve them. In this way, we can ensure that we remain on course at all times.

I look forward to continuing a great working relationship centred on development and growth in Southern Denmark.

Carl Holst
President of the Southern Denmark Growth Forum and Regional Council Chairman
What is the Growth Forum?

The Growth Forum is a commercial-political partnership involving the business community, knowledge and education institutions, the unions and employers’ organisations, local authorities and the Region of Southern Denmark. The Growth Forum is the hub for the regional growth initiatives.

The Growth Forum’s three main tasks are:

- To prepare a economic development strategy and action plan
- To monitor regional and local growth conditions
- To recommend co-financing of regional business development activities
POTENTIAL

The Southern Denmark Growth Forum focuses its commercial development input within three selected business areas that build on the strengths of Southern Denmark, and which each contain appreciable growth potential.

- **Health and social innovation**
  
  The increasing national and international demand for innovative welfare solutions, including welfare technologies and service, is generating a large international market that the companies of Southern Denmark can exploit.

- **Sustainable energy**
  
  The increasing demand for energy resources is creating an expanding global market in the field of energy-efficient technologies, the extraction of fossil fuels and sustainable offshore energy.

- **Experience economy**
  
  Southern Denmark has internationally popular destinations that are attracting an increasing number of holiday-makers and commercial tourists. Southern Denmark possesses strong skills in the fields of food and design – skills that can contribute to boosting the companies’ revenues.
The level of growth in Southern Denmark is low. Over the past ten years, Southern Denmark has experienced only weak economic growth. Compared with the other OECD countries, productivity in the 1990s was 20–30% above the average. In 2008, however, this lead had been almost completely erased, and productivity in the region is now only a few per cent above the OECD average.

It is expected that the commercially active population will fall by 7% over the coming 20 years.

The level of education is low and does not align with the future needs of the business community. Unemployment has particularly affected the unskilled workers, and regional forecasts indicate that many unskilled workers will be unable to find work without upgrading their skills. There will be a shortage of people with vocational training qualifications and people with courses of higher education, both general and specialist.

The companies’ own investments in research and development total 2% of GDP at national level – while in Southern Denmark, they only account for 1.1%.

Entrepreneurs fare better in Southern Denmark than in the other regions of the country, but fewer new companies are founded in the region, they create fewer jobs, and the proportion of production sold to export markets is falling. The high share (3.2%) of the Southern Denmark entrepreneurs who do well and become “growth entrepreneurs” must be retained.

The proportion of production sold for export is low among companies in Southern Denmark, amounting to 22.2% of total turnover – compared to 24.4% at national level.
STARTING POINT

The Growth Forum strategy continues to build on the foundations that were laid during the previous strategy period in the form of an established cluster infrastructure as the centrepoint for commercial development within a set number of prioritised business areas.

Corporate collaboration projects have been set up in the form of public-private partnerships with the potential to generate growth and employment in Southern Denmark. These include:

- The welfare technology cluster – Welfare Tech Region
- The energy efficiency cluster - Lean Energy Cluster
- The design cluster - Design2Innovate
- Offshore Centre Denmark and LORC
- The Growth Forum foods initiative

For major cluster initiatives, the Growth Forum can support long-term development processes lasting up to five years.

The businesses are to be the driving force behind the commercial development.

In the period up to 2020, the Growth Forum will therefore continue to focus on the development of existing and new strong clusters of companies within the specified business areas.
VISION FOR 2020:
In 2020, Southern Denmark is to be distinguished by strong growth powered by high productivity and employment, and by companies that act globally.
STRATEGIC GOALS

Through its economic development strategy, the Growth Forum will work towards the following strategic goals in 2020:

1. A level of productivity that is 10% above the OECD average

2. An occupational frequency on a par with the OECD Top 5

The latest figures show Southern Denmark 2% above the average productivity level, while the figure was 20–30% in the 1990s. To reach the target in this area, it is therefore necessary to turn the tide and achieve high growth.

The share of commercially active people in Southern Denmark must be increased and measured on “occupational frequency”, which states the share of 15–64-year-olds who are members of the working population. The latest figures show that the OECD Top 5 have an occupational frequency of 83%, while the figure for Southern Denmark is 79%. In the most recent survey, Southern Denmark was no. 40 on the OECD list. A Top 5 position would entail Southern Denmark becoming one of the 20 best regions.
Strategic goals for 2020

Health and social innovation
- Human resources and education
- Entrepreneurship
- Research, innovation and new technologies – including ICT and design
- Cluster development
- Peripheral areas, cross-border collaboration and internationalisation

Sustainable energy

Experience economy
- Special areas of initiative
THE PATH TO THE GOALS

The Growth Forum wishes to continue to focus on a limited number of business areas with appreciable growth potential.

The following tools are to be used to achieve the strategic goals of increased productivity and greater occupational frequency:

- Human resources and education
- Entrepreneurship
- Research, innovation and new technologies – including design and ICT
- Cluster development

Peripheral areas, cross-border collaboration and internationalisation are all incorporated as interdisciplinary priorities within each of the business areas.

On its own initiative, the Growth Forum can launch special measures if a particular measure carries appreciable commercial potential that extends beyond the Growth Forum’s three business areas. These may be measures intended to address challenges within both general and specific frameworks.
The Growth Forum has identified the two most important targets within each business area – two targets that will have the greatest effect on the Growth Forum’s strategic goals while simultaneously addressing the challenges facing the individual business areas. The three business areas have been selected because they show the potential to make the greatest contribution in relation to the Growth Forum’s strategic goals. The Growth Forum’s action plan lays down the operational targets for the three prioritised business areas.
THE GROWTH MODEL

The Southern Denmark growth model represents the foundations for realising the potential within the individual business areas. The model constitutes a commercial-political infrastructure that makes it possible to target input at areas where the challenges are greatest and offer the broadest perspective for the individual business area. The model supports the framework conditions in all areas:

- **Supply**: The Growth Forum will support the establishment of more companies along with more and better products and services on the market.
- **Demand**: The Growth Forum will stimulate, organise and qualify the demand for new products and services.
- **Financing**: The Growth Forum will boost the companies’ access to venture capital and development funds.
- **Research and education**: The Growth Forum will reinforce research, education and knowledge within the business areas, and ensure that the companies have access to the relevant skills.
HEALTH AND SOCIAL INNOVATION

Definition of health and social innovation
- Sectors that work with health and welfare solutions that can contribute to tackling societal challenges in the field of welfare and, at the same time, generate increased growth in private companies and boost both efficiency and quality. “The field of welfare” is defined in broad terms, although with the emphasis on utilising business opportunities in welfare technologies and welfare services in association with hospital construction, prevention and nutrition, greater self-care, care services and treatment of illness, for example.

The Growth Forum has the following vision for 2020
- In 2020, Southern Denmark is to be an international leader in the development, testing and use of health and welfare solutions which generate innovative solutions and growth through public-private partnership.

Long-term challenges in the business area
- There are numerous small companies with untapped growth potential.
- Domestic demand for intelligent welfare solutions is increasing only slowly, and insufficient focus is being applied to exploiting the potential on the international market.
- Commercialisation potential is not being exploited sufficiently.
- The flow from research to market is too weak.

The Growth Forum has the following specific targets for Health and social innovation
- 30% growth in productivity. We are aiming for average annual growth of 3–3.5% towards 2020.
- 25% higher export share. The latest figure shows that exports account for 44% of total turnover. The target entails this figure rising to 55% in 2020.

PRODUCTIVITY WITHIN THE FIELD OF WELFARE TECHNOLOGY AND SERVICE

The figure illustrates the growth in value in welfare technology and service per employee in the regions and in Denmark as a whole.

Data source: Special abstracts from Statistics Denmark for the resource area “Welfare technology”
SUSTAINABLE ENERGY

Definition of Sustainable energy

- Sectors that work with technologies, knowledge and components that lead to intelligent and efficient utilisation of all forms of energy.
- Sectors that work with technologies, knowledge and components intended for use in all areas of the value chain for offshore energy production from both renewable and fossil energy sources.

The Growth Forum has the following vision for 2020

- In 2020, the Region of Southern Denmark is to be an international leader with regard to technology and business development in the field of efficient energy utilisation and offshore energy.

Long-term challenges in the business area

- Lack of skilled labour.
- Retention of qualified demand on the domestic market.
- Increased competition on the export market for energy technologies.
- Low exports of energy technologies among SMEs in relation to potential.

The Growth Forum has the following specific targets for Sustainable energy

- 15% growth in productivity within the Sustainable energy business area.
- 10% growth in technology exports within the Sustainable energy business area.

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**NUMBER OF EMPLOYEES IN THE GREEN OFFSHORE SECTOR (WIND AND WAVE POWER)**

<table>
<thead>
<tr>
<th></th>
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<th>2030</th>
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<tr>
<td>EU</td>
<td>165,000</td>
<td>277,000</td>
<td>498,000</td>
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<tr>
<td>DK</td>
<td>47,000</td>
<td>65,000</td>
<td>90,000</td>
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</tbody>
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Source: “From Assembly to Action. Recommendations for development of a green offshore industry in Denmark.” December 2010. The Alliance for Offshore Renewables
EXPERIENCE ECONOMY

Definition of experience economy
- Service sectors in the field of holiday and commercial tourism.
- Companies that utilise design with a view to generating additional extra value on the company’s products.
- Sectors where design is the primary product – e.g. the creative professions.
- Sectors that work with foods, where experiences are incorporated with a view to boosting the value of the product.

The Growth Forum has the following vision for 2020
- In 2020, Southern Denmark is to be an experience region with internationally recognised destinations.
- In 2020, Southern Denmark is to be the Northern European hub for design skills and the application of design in companies.

Long-term challenges in the business area
- Productivity in the business area is low.
- The level of skills within the tourism sector is low.
- Focused input is required on positions of strength and internationalisation.

The Growth Forum has the following specific targets for the area
- 25% growth in productivity, corresponding to an average annual growth rate of 2.5–3% up to 2020.
- 15% growth in employment. Growth in the period 2003–2008 was barely 10%.
THE EFFECT MODEL

The Growth Forum supports the projects that generate the greatest impact on the targets for the business areas.

The projects are also assessed with regard to a range of interdisciplinary criteria, and the effect is a key criterion – effect on the business areas’ targets.

How the effect model is constructed

Total expected effect
This expresses the potential of the project.

Time and price
This expresses the complexity of the project.
TOOLS

The Growth Forum makes use of the following tools as a key element of its commercial development initiative.

- **Human resources and education** – including supplementary training of the workforce, commercially targeted education at all levels, and the attraction and retention of skilled labour.
- **Entrepreneurship** – including attracting capital, developing growth companies and promoting a culture of entrepreneurship.
- **Research, innovation and new technologies** – including increased use of technology, technology transfer, use of design, ICT and collaboration on research and innovation.
- **Cluster development**: The Growth Forum also works with the development of commercial clusters as a method of ensuring growth within the respective business areas.

The Growth Forum supports initiatives that make use of one or more of the tools listed above in developing the business areas.

DEVELOPMENT IN UNEMPLOYMENT IN SOUTHERN DENMARK (BY EDUCATION)

The figure presents the development in unemployment in Southern Denmark.

The figures have been extrapolated for the period 2011–2017 (the dotted line).

Source: CRT (SAM-K and LINE)
INTERDISCIPLINARY INITIATIVES

The Growth Forum prioritises a number of interdisciplinary initiatives within the business areas.

Peripheral areas:

- The Southern Denmark Growth Forum will exploit the growth potential of the peripheral areas within the business areas. A conscious effort is to be made to involve companies from the peripheral areas in regional clusters, and to support the growth of these companies through cluster collaboration within the business areas.
- The Southern Denmark commercial clusters are obliged to involve companies from the peripheral areas, and to support them in generating growth through cluster collaboration within the business areas.

Internationalisation:

- The Growth Forum will support the international commitment of the Southern Denmark commercial clusters to reinforce these clusters and attract new companies and capital from abroad.
- The Growth Forum will work to attract international funds – including funds from the EU’s 7th and 8th framework programmes and INTERREG – to support the development of the business areas.
- The interaction with international knowledge institutions is to be strengthened to the benefit of companies in Southern Denmark so that they have the best possible access to high-level research and international talents.
- The companies’ exports and the international profile of the regional competences are to be reinforced.

Cross-border collaboration:

- The potential in cross-border collaboration is to be utilised so that it underpins the commercial strengths of the Region of Southern Denmark. This is to be centred on the working relationship with Schleswig-Holstein, with the cross-border collaboration being expanded to include Hamburg, and the North Sea and Baltic areas.
SPECIAL MEASURES

- The Growth Forum wishes to act from the perspective of both long and short terms.

- The focus on three business areas is a part of the long-term realignment process.

- In the short term, rapid, specific input from the Growth Forum may be necessary.

The Growth Forum may therefore, on its own initiative, launch special measures with appreciable commercial potential that extends beyond the Growth Forum’s three business areas. These may be measures intended to address challenges within both general and specific frameworks.

- Special measures are decided by the Growth Forum, as part of the action plan, where appropriate.
- The special measures are valid for a defined period.
- Pool funds are to be set aside specifically for special measures.
INTERDISCIPLINARY CRITERIA

The Growth Forum’s input is based on a range of interdisciplinary criteria which will be used as the basis for the input:

Corporate commitment
The Growth Forum places great emphasis on strong corporate commitment to the initiatives.

Public-private partnerships
The initiatives are to generate interaction between the public and private sectors with a view to exploiting shared potential and creating solutions at a higher level.

Collation and co-ordination
The initiatives are to contribute to collating and co-ordinating the numerous activities in the region with a view to ensuring synergy while avoiding overlap and parallel systems.

Focus
The initiatives are to contribute to gathering forces together in larger initiatives that are rich in perspective and which visibly and clearly boost the region in selected areas.

Globalisation
The initiatives are to feature perspectives in relation to the opportunities of globalisation, and convert them into competitive advantages. Focus is to be directed unswervingly and strategically towards international collaboration.

Growth in peripheral areas
The initiatives are to benefit the entire region by focusing on building bridges to the special strengths and potential of the peripheral areas, for the good of the region as a whole.

Sustainability
The initiatives are to generate growth and development without jeopardising the opportunities of future generations. The concept of sustainability comprises environmental, social and financial sustainability.

Co-financing
There is to be broad ownership and shared prioritisation of resources for the initiatives and development activities that the Growth Forum launches. Co-financing and matching of funds will be a requirement – irrespective of whether the funding involves EU funds or regional development funds.
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