

Denmark

Key facts and issues

Denmark is a unitary country of 5.7 million people. Its subnational governments, mostly municipalities, are responsible for 64.3% of public expenditures, ranking it the 2nd most decentralised country in the OECD with regards to public spending. It is the 5th least urbanised country in the OECD with only 22% of its population living in predominantly urban regions. It is also among the least fragmented, with 1.7 municipalities per 100 000 inhabitants (ranked 6th least fragmented), in part due to the 2007 local government reform.

Denmark's GDP per capita of USD 46 500 is 13% above the OECD average. The country has the 3rd lowest difference in life expectancy among regions. Denmark enjoys high quality of life in many dimensions of the OECD regional well-being framework, such as jobs, access to services, community and life satisfaction. It also has low levels of inter-regional disparities. Its gender gap in the labour force participation rate is one of the lowest in the OECD. While the share of the labour force with at least upper secondary education is above the OECD average, inter-regional disparities on that dimension are in the middle range of the OECD. Inter-regional gaps have narrowed since 2001 on indicators such as R&D expenditures, educational attainment and the gender gap in participation rates. On other indicators, such as GDP per worker, life expectancy, and unemployment rates, inter-regional disparities have widened. The Capital Region is Denmark's best performing region in terms of productivity and it generated on average 70% of the national GDP growth. Most of the other regions are keeping pace (with around the same rate of growth), but Northern Jutland, the smallest contributor to national GDP growth and productivity, is losing ground.

Denmark: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Business Development Act (2005, renewed in 2014)	Business development and innovation support schemes as well as training programmes are sought	Ministry of Business and Growth
Urban	Danish Act on Urban Renewal and Urban Development (2015)	No single overarching framework, but planning guidelines and housing policies	Ministry for Immigration, Integration and Housing Ministry
Rural	Partnership Agreement, European Structural and Investment Funds (2014)	The government is due to propose a plan for growth in all regions of Denmark. An EU framework is the current framework for rural policies	Ministry of Business and Growth

General policy approach

While there is no national strategy on regional development per se, Denmark's approach has clearly prioritised competitiveness of all regions. A high share of EU Cohesion policy funding is dedicated to this, along with other measures such as Regional "Growth Houses" (business development centres), cluster policy and other national innovation policy instruments. There is also increased concern about balanced development throughout the country, and a renewed political focus on rural development. Other elements of rural development are part of the Partnership Agreement with the EU.

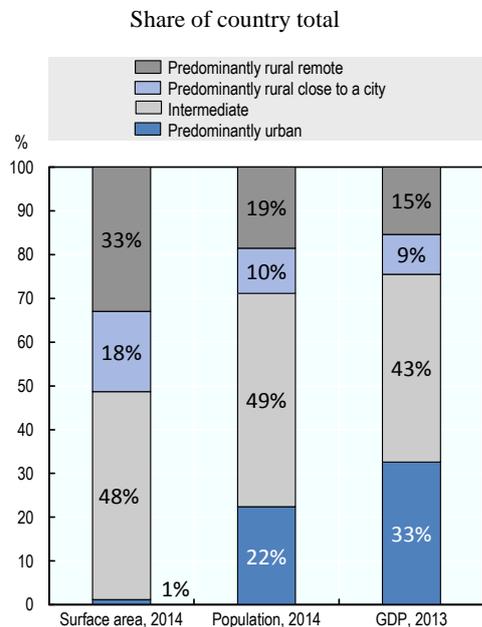
Recent policy changes

- The country is implementing the “Policy Growth and Development in all of Denmark” to make other areas attractive with new strategies for development outside of the largest towns and cities.
- Denmark is devising new regional development policy objectives and strategies, such as moving certain national government jobs outside of the capital to spread public sector activity across the country and easing planning restrictions.
- An enhanced integration of urban policy and spatial planning under the Ministry of Business and Growth has been implemented to ensure a strong economic development focus.
- There is also an increased focus on village renewal and development, as well as targeting rural settlements. Several initiatives in recent years were designed to address the depopulation of rural and remote areas and agglomeration in large cities.

Denmark: Main regional, urban and rural development policy tools

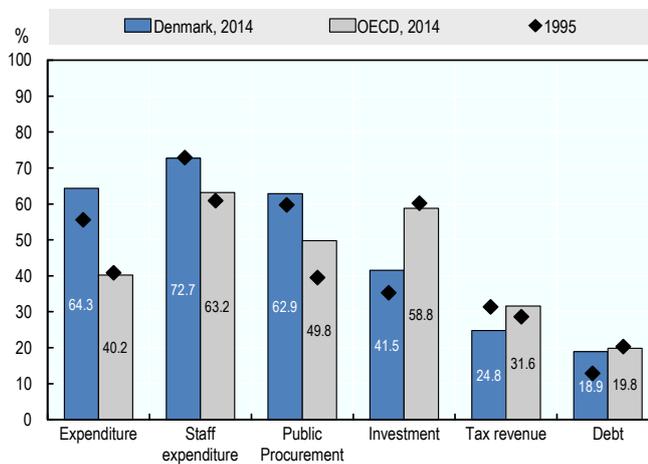
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Targeted through trans-border regional programme, such as the Baltic Sea OP
Other Infrastructure investments Service delivery (subsidies for public services)	✓	Broadband support
Business development/ innovation support	✓	<i>Regional:</i> Mainly funding Regional Business Development Centres: <ul style="list-style-type: none"> • InnoBooster (Innovation Vouchers + Innovation Assistant) • Industrial PhD is an educational programme providing the opportunity to pursue a PhD in industrial sectors while being hired by firms • the Entrepreneurial Pilot is a programme aimed at facilitating enrolment of highly skilled workers Innovation and Sustainable Growth in Businesses. National Programme for the European Regional Fund will provide SME support and innovation support to boost competitiveness
Urban renewal	✓	Urban Renewal supports area renewal
Urban form and land use	✓	Planning in cities and towns
Sustainability policies	✓	Innovation and Sustainable Growth in Businesses. The National Programme for the European Regional Fund targets energy efficiency in the business sector
Rural-urban linkages	✓	Planning in the countryside
Clusters/technology platforms/ centres of expertise	✓	Strategy for Denmark's Cluster Policy aims at providing better public-private innovation networks through better matchmaking mechanisms
Special economic zones		
Rural landscape preservation		
Skills/training programmes	✓	Adult education centres (VEU) are a vocational training and continuing education programme with a local dimension Growth via Education, Training and Entrepreneurship, National Programme for the European Social Fund , will provide support for skills/training programs and entrepreneurship
Capacity building for sub-national governments	✓	Targeted through trans-border regional programmes, such as the Baltic Sea OP

Land, population and economy in rural and urban regions



Subnational government role in public finance

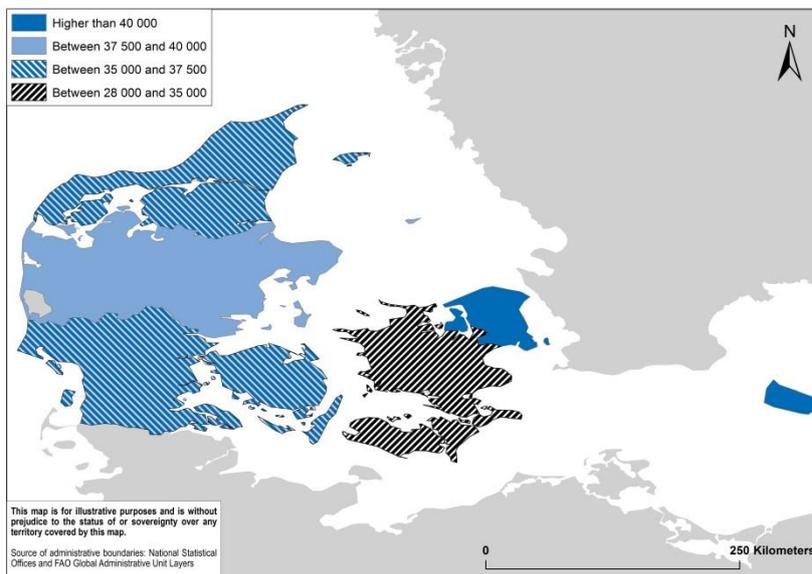
Share of general government



Number of subnational governments

Municipal level	Intermediary Level	Regional or state level	Total
98		5	103

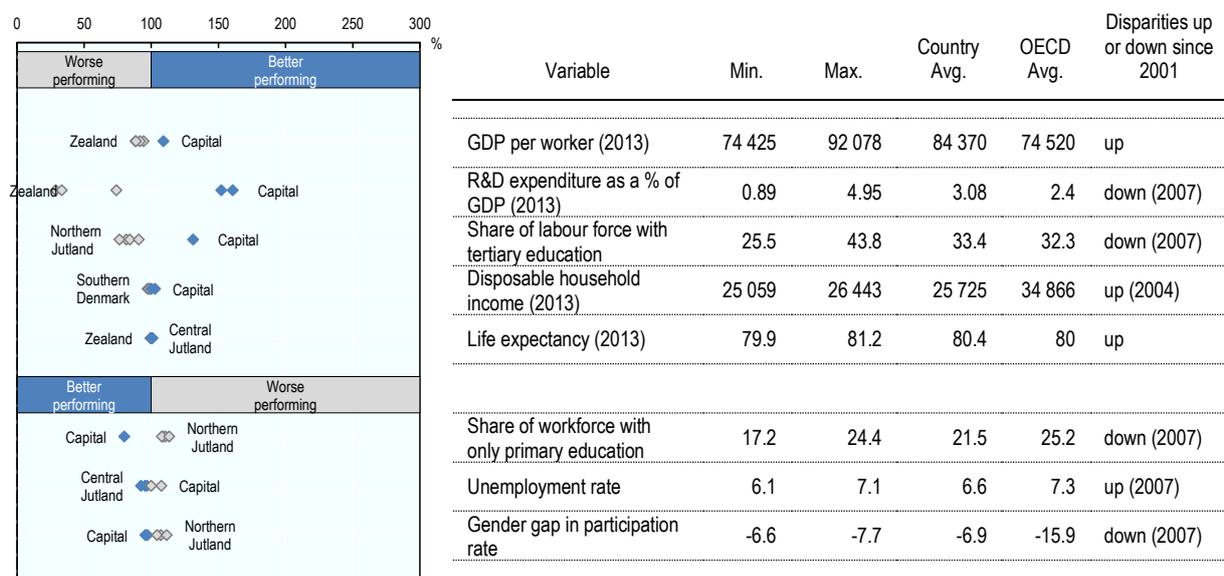
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

StatLink <http://dx.doi.org/10.1787/888933420260>

Inter-regional disparities (as a % of the country average)

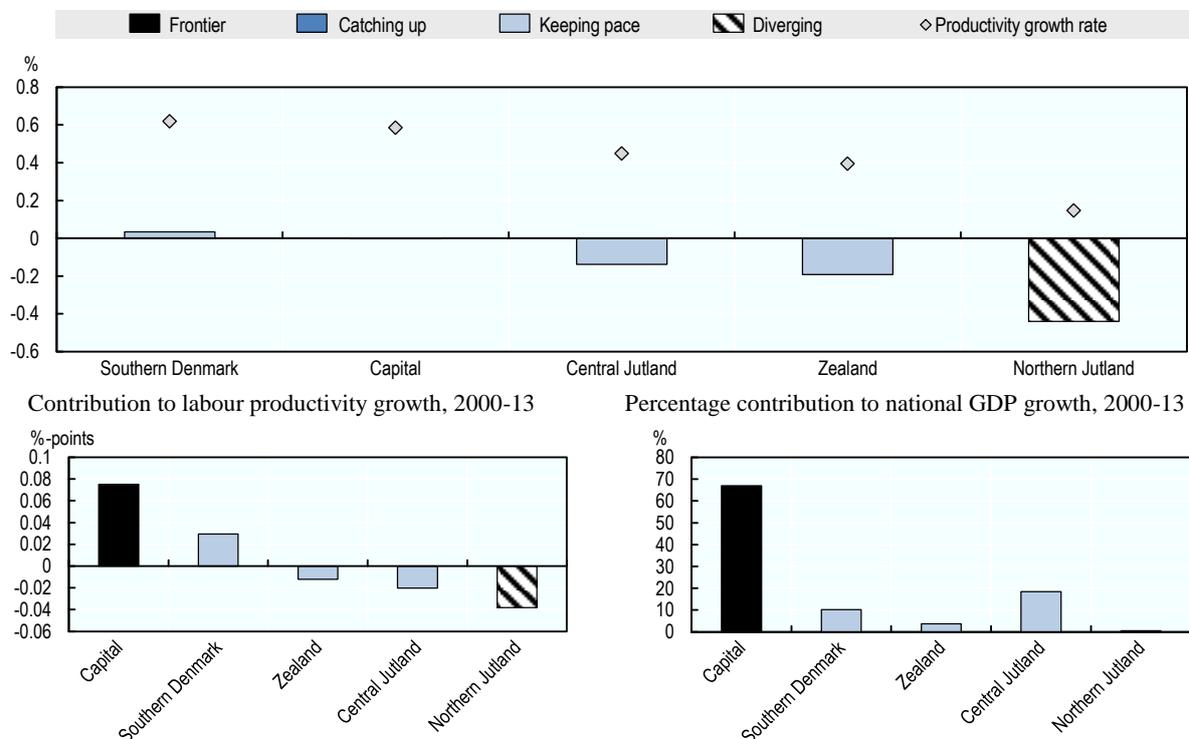


Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013

See country page notes for classification of regions



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

StatLink <http://dx.doi.org/10.1787/888933420260>

Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.