

# Subnational Investment Climate Assessment 2022: Denmark, Finland and Sweden

Comparing Business Regulation for Domestic Firms  
in 20 Cities in Denmark, Finland and Sweden  
with Other European Union Member States

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# About this series

## Subnational Investment Climate Assessment in the European Union



This report is the last in a series produced by the World Bank Group at the request of and funded by the European Commission's Directorate General for Regional and Urban Policy. It assesses the cost of doing business and the efficacy of the bureaucracy in the largest business cities across the main administrative divisions of 16 European Union (EU) member states.<sup>a</sup> By providing a factual baseline, along with local good practice examples, these reports allow policy makers to bridge gaps in regulatory performance to ensure a fairer and more inclusive regulatory environment for businesses, regardless of their location within national borders and across the EU. All reports and data are available at [www.doingbusiness.org/EU](http://www.doingbusiness.org/EU).

The series follows the diagnostic methodology used in the cross-country *Doing Business* reports<sup>b</sup> and focuses on five regulatory areas corresponding to stages in the life of a small to medium-size domestic firm: business start-up, building permits, electricity connection and supply, property transfer, and commercial litigation.<sup>c</sup>

Going forward, the World Bank is formulating a new approach to assessing the business and investment climate in economies worldwide following the discontinuation of the *Doing Business* project. Updates on the development of the new Business Enabling Environment project are made available at: <https://www.worldbank.org/en/programs/business-enabling-environment>.

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a. Based on The NUTS classification (Nomenclature of territorial units for statistics).

b. <https://archive.doingbusiness.org/en/methodology>.

c. These indicator sets were selected because they benchmark areas where local authorities typically have the administrative power to reform the underlying regulation or make changes to how the regulation is implemented.

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# Subnational Investment Climate Assessment: **DENMARK**





- ◆ **This report presents regional-level data and analyzes regulatory hurdles facing entrepreneurs in six cities in Denmark** (Aalborg, Aarhus, Copenhagen, Kolding, Næstved, and Odense) across five regulatory areas (business start-up, building permits, electricity connection and supply, property transfer, and commercial litigation).
- ◆ **Danish entrepreneurs deal with a similar business environment independent of where in the country they establish their business.** Of the 16 EU member states assessed by this series, Denmark registers the most homogeneous business environment across locations. This is mainly due to the advanced digital portals through which entrepreneurs from any Danish city perform most procedures.
- ◆ **Three of the five areas benchmarked show some variations in the efficiency of the regulatory process:** building permits, obtaining electricity connections, and resolving a commercial dispute. These disparities can help policy makers identify which cities have good practices that other cities can adopt, and make improvements without major legislative overhaul. All Danish cities obtain the same score on business start-up and property transfer: these areas are not subject to subnational variation.
- ◆ **Næstved leads on building permits and commercial litigation, Aarhus on electricity connections.** Odense ranks second on both commercial litigation and electricity connection. Copenhagen ranks at or near the bottom of the three regulatory areas where there are local variations.
- ◆ **One of the strengths of the Danish business environment is the presence of well-functioning e-government services across all areas.** Denmark is a source of inspiration for economies looking to introduce e-government tools.
- ◆ **Despite the strong performance of Danish cities, further improvements could be achieved.** For example, while obtaining electricity in Denmark is faster and less costly than in the average EU location, it requires more interactions on the part of clients. Similarly, when starting a business in Denmark, entrepreneurs need to deposit a minimum capital higher than the EU average. Denmark could look for good practices in other EU member states—or within its own borders.

Danish firms benefit from a stable and favorable business environment, a strong administrative capacity,<sup>1</sup> and easy access to digital public services.<sup>2</sup> However, while many companies are created, scaling up is sometimes difficult for start-ups and small businesses.<sup>3</sup> Among the long-term barriers to investment, Danish firms most frequently cite availability of skilled staff.<sup>4</sup> For example, while Denmark ranked at the top of the European Commission's Digital Economy and Society Index (DESI) in 2021 and second in 2022, the shortage of information and communication technology specialists is a key challenge.<sup>5</sup>

Danish authorities are working on various initiatives to further improve administrative performance and keep it up to date to face evolving challenges, such as recovering from the COVID-19 pandemic and accelerating the transition to a green economy. Initiatives are underway to further improve administrative performance and update systems to face new challenges. Areas of particular focus in this reform process are cross-policy coordination and digitalization.<sup>6</sup>

Denmark outperforms EU averages on all key economic indicators, but territorial disparities do exist (figure 1.1).

The Capital Region (Hovedstaden) is the engine of the economy; its gross domestic product (GDP) accounts for more than 40.6% of the national GDP and is equal to 167% of the EU average GDP. By contrast, the Zealand Region (Sjælland) has a GDP equal to 89% that of the EU average. Similarly, the annual GDP per capita growth rate of North Jutland (Nordjylland) is 0.99%—below the EU average of 1.39% and half that of the Capital Region (2%).

This report aims to fill in some of the gaps in what is known about the quality and features of business regulations in Denmark by compiling subnational data that can be used to analyze the regulatory hurdles entrepreneurs face in six cities representing five different regions in Denmark.<sup>7</sup> These cities are Aalborg, representing North Jutland; Aarhus, Central Denmark (Midtjylland); Copenhagen, Capital Region; Kolding and Odense, South Denmark (Syddanmark); and Næstved, Zealand.<sup>8</sup> Five regulatory areas of particular relevance for the life cycle of local small and medium enterprises (SMEs) are measured: business start-up, building permits, electricity connection and supply, property transfer, and commercial litigation.

The report also points to possible improvements that Danish central and local authorities could make to create an even more inclusive business environment and converge toward best practices in the regulatory areas benchmarked.

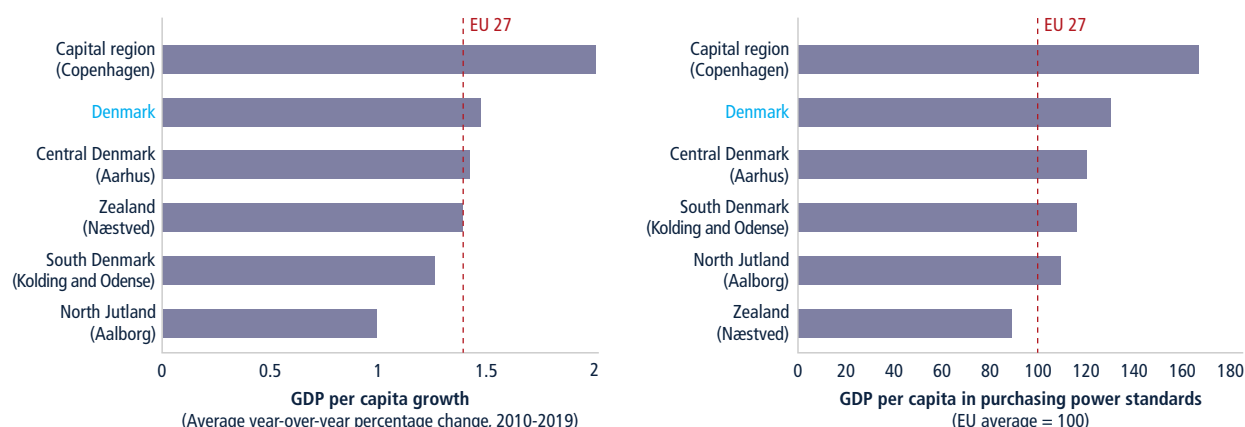
## MAIN FINDINGS

### The Danish business environment is relatively homogeneous across locations

Danish entrepreneurs deal with a similar business environment independent of where in the country they establish their business. Of the 16 EU member states assessed by this series, Denmark registers the smallest average spread between its cities with the lowest and highest scores on the five regulatory areas benchmarked (figure 1.2). This is mainly due to the advanced digital portals through which entrepreneurs from any Danish city perform most procedures (box 1.1).

A homogeneous business environment among regions and cities provides more certainty for investors and potentially a fairer regulatory environment for firms, regardless of their location within national borders. Research looking at cities across several EU member states found that firms

FIGURE 1.1 Denmark regions outperform EU averages on key economic indicators—with exceptions



Source: Eurostat, 2019.

Note: Data represented in the graphs are at the regional level. The cities included in parentheses are the locations in each region that are measured by this subnational study.

### BOX 1.1 Denmark is a source of inspiration for economies looking to introduce e-government tools

One of the strengths of the Danish business environment is the presence of well-functioning e-government services across all areas. Since 2001, Denmark has adopted a series of digital strategies to reduce the administrative burden, bringing together public sector authorities at the central and local level. This approach enabled Denmark to make joint investments in areas involving multiple stakeholders. As a result, it ranked at the top of the European Commission's Digital Economy and Society Index (DESI) in 2021<sup>a</sup> and the United Nations E-Government Survey in 2020.<sup>b</sup> Successful e-government solutions include:

#### **Virk.dk—one portal, many services**

Managed by the Danish Business Authority (DBA), Virk.dk serves as a single entry point for businesses seeking to access the services of the public administration. Over 1,500 e-government services are available through this portal. These include all formalities to start a new business, which can be completed directly by users without the need to hire a third party such as a lawyer or a notary. Among other features, entrepreneurs can register with the DBA and with the Tax Agency in a single step, thanks to the automatic exchange of business information between the two institutions. The portal also allows companies to exchange messages and documents with all government agencies,<sup>c</sup> submit their annual reports, record changes to the company, report value added tax (VAT), request multiple licenses, and complete many other procedures.

#### **A digital business guide**

In addition to Virk.dk, the information portal Virksomhedsguiden.dk ("Business Guide") was created in 2019 to support entrepreneurs during company formation and operation. It provides guidance on multiple topics, including business development, company registration, tax compliance and accounting, employee recruitment, and international trade. The portal also provides templates that companies can use to set up their business plan, manage their budget, sign agreements with suppliers, and take other actions.

#### **Byg og Miljø—the national portal for construction permitting**

Developers and municipalities throughout Denmark communicate through a single national portal, called Byg og Miljø ("Building and Environment"). This online platform, introduced in 2014, helped make Denmark the economy with the fewest number of procedural steps for construction permits at the global level. The portal incorporates all required interactions between the municipality and the developer during the construction process, merging multiple steps into one. For example, when applying for a building permit, Danish developers can submit all the required documentation, clearances, and third-party reviews in one go through Byg og Miljø. The portal has also enhanced transparency: anyone can track the status of an application. In many EU economies, such as Austria, Belgium, or Italy, electronic portals for construction permits are developed and managed at the city level. A national solution is simpler and less expensive to implement and maintain than multiple municipal systems, and it keeps municipalities and agencies from reinventing the wheel and developing incompatible systems.

#### **DataHub—the single portal for all things electricity**

Through the years, Denmark has developed a highly digitalized energy market. In 2013, an online system called DataHub was introduced by Energinet, the country's transmission system operator. DataHub serves as an interface for all relevant parties, from customers to suppliers, utilities, and the transmission operator. A pioneer in developing this system, Denmark has been inspiring other Nordic economies—such as Finland, Norway, and Sweden—to create their own versions.<sup>d</sup>

#### **Sagsportalen—A digital case portal for courts**

Denmark developed a highly digitalized court system for civil cases. In 2018, the country introduced a digital case portal—Sagsportalen. All civil cases in Denmark must be filed and processed digitally through the portal since they no longer exist on paper in courts. Parties gain access to Sagsportalen using a digital signature. Once a writ of summons is filed, all parties have access to documents and information relevant to the case. The plaintiff pays the court fees, and the defendant acknowledges the service of a summons through Sagsportalen. All written communication between litigants and the judge is also conducted through this portal. The defendant provides a written response to the summons, and both parties can upload written pleadings during the litigation process. The digital case portal is also used internally by court staff. Sagsportalen allows judges to automatically generate a hearing schedule; send notifications to lawyers; track the status of a case; and view and manage case documents.

a. European Commission. 2021. Digital Economy and Society Index (DESI) 2021. Brussels: European Commission. For more information on the index, see <https://digital-strategy.ec.europa.eu/en/policies/countries-digitisation-performance>.

b. United Nations Department of Economic and Social Affairs. 2020. E-Government Survey 2020. New York: United Nations. For more information, see <https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2020>.

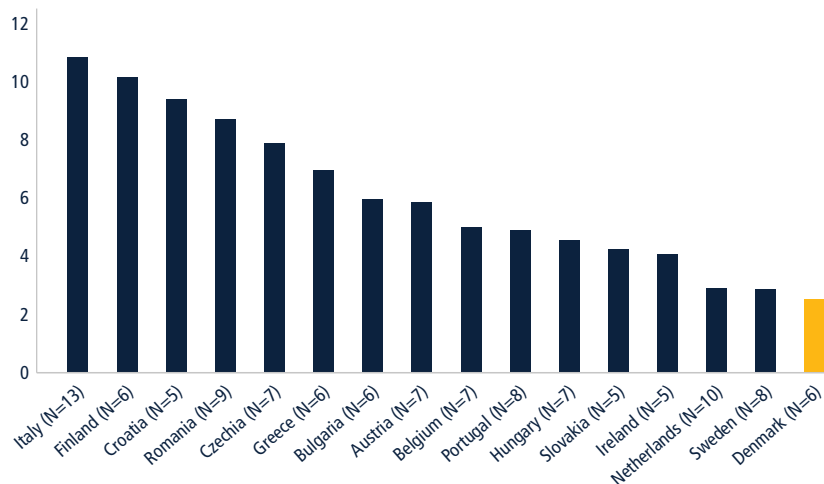
c. Virk.dk provides a communication service called Digital Post, which is set up automatically at the time of business registration.

d. NordREG. 2021. "Implementation of data hubs in the Nordic countries. Status Report, December 2021." Available at <http://www.nordicenergyregulators.org/wp-content/uploads/2021/12/6.1-NordREG-Status-report-on-data-hubs-2021.pdf>.



**FIGURE 1.2** Denmark has the smallest average spread between the lowest- and highest-scored cities

Average performance gap among cities  
by country (across regulatory areas)



Sources: Data collected for this publication; *Subnational Doing Business* database.

Note: "N" reports the number of cities benchmarked in each economy. The figure considers only the EU member states that have been benchmarked at the subnational level. The full data for the series are available at: [www.doingbusiness.org/eu](http://www.doingbusiness.org/eu).

located in places with a better business regulatory environment outperformed their peers from lagging regions within the same countries in sales, employment and productivity growth, and investment.<sup>9</sup>

### Næstved leads on building permits and commercial litigation, Aarhus on electricity

Aarhus ranks first on electricity connection and second on building permits but last on commercial litigation. It is easiest to resolve a commercial dispute in Næstved, which also ranks at the top

on building permits yet near the bottom on electricity. Odense ranks second on both commercial litigation and electricity connection but second-to-last on construction permits. The fact that cities that score well in one area are at the bottom of the ranking for others highlights opportunities for them to learn from each other.

Copenhagen ranks last among the six cities on building permits and electricity and fifth on commercial litigation. The capital may in part be paying the price of being the largest Danish city<sup>10</sup> and

the one where most economic activities are concentrated (table 1.1). However, the cases of other economies measured by this series show how the regulatory process in major business centers does not necessarily need to be more complex. To counter the effect of heavier workloads, large urban centers can normally count on economies of scale and more resources. For example, Prague is the top performer in Czechia, and Dublin in Ireland, despite these cities having the largest volume of business activity in their respective countries. Similarly, Antwerp registers the highest average score of the cities measured in Belgium, even though it is the second-largest urban area and the most populous municipality in the country.

All Danish cities obtain the same score on business start-up and property transfer: these areas are not subject to subnational variation.

### Three of the five areas benchmarked show some variations in the efficiency of the regulatory process

The areas where local regulatory variations come into play are building permits, electricity connection and supply, and commercial litigation (figure 1.3).

On building permits, the main driver of differences across cities is the level of efficiency in processing municipal permits and connection requests. Danish cities

**TABLE 1.1** Copenhagen ranks at or near the bottom of the three regulatory areas where there are local variations

City	Business start-up		Building permits		Electricity connection and supply		Property transfer		Commercial litigation	
	Rank (1–6)	Score (0–100)	Rank (1–6)	Score (0–100)	Rank (1–6)	Score (0–100)	Rank (1–6)	Score (0–100)	Rank (1–6)	Score (0–100)
Aalborg	1	92.11	4	87.75	3	83.51	1	92.79	3	72.60
Aarhus	1	92.11	2	88.85	1	85.35	1	92.79	6	69.91
Copenhagen	1	92.11	6	84.74	6	81.66	1	92.79	5	71.25
Kolding	1	92.11	3	88.65	4	82.96	1	92.79	4	71.89
Næstved	1	92.11	1	90.00	5	82.74	1	92.79	1	73.47
Odense	1	92.11	5	85.42	2	85.03	1	92.79	2	72.90

Source: Data collected for this publication.

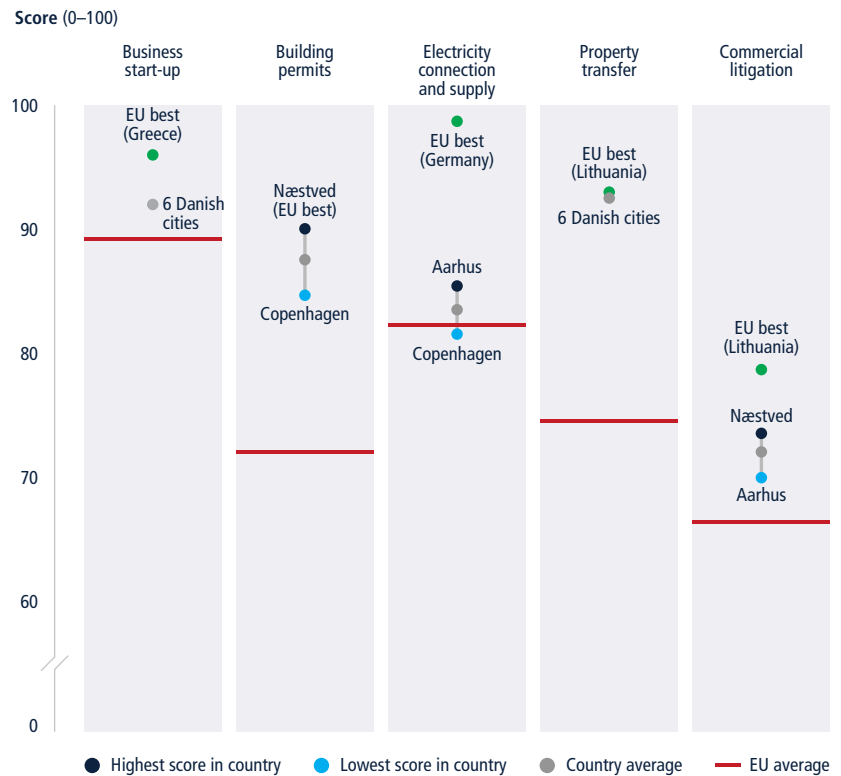
Note: The indicator scores show how far a location is from the best performance achieved by any economy in each area. The scores are normalized to range from 0 to 100 (the higher the score, the better). For more details, refer to the *Doing Business* methodology at <https://archive.doingbusiness.org/en/methodology>.

share the same legal framework for construction projects,<sup>11</sup> but municipalities and local water utilities<sup>12</sup> play a decisive role in implementing national regulations. It takes 48 days to obtain municipal permits in Næstved and more than 2.5 times longer in Odense (122 days). The process of getting water and sewerage connections takes 18 days in Kolding and over three times longer in Copenhagen (56 days). The cost of the construction permitting process also varies, especially because of the different fees applied by each local water utility. For the case considered in this study, the process is cheapest in Copenhagen, at 1.4% of the warehouse value, and most expensive in Næstved, at 1.7%.

Because a different distribution utility operates in each benchmarked city, the process for getting an electricity connection varies across Denmark. The main factor behind such variations is how long it takes utilities to deliver the main steps in a connection: processing applications, carrying out connection works, and performing meter installations. This takes 36 days in Aarhus but 60 days in Næstved and 70 days in Copenhagen.<sup>13</sup> In the capital, getting the municipal permits to carry out connection works on public land also causes delays: entrepreneurs need to wait 13 days, whereas all other cities issue permits within a week. Not surprisingly, a recent World Bank Enterprise Survey found that 8.3% of the firms surveyed in the Capital Region identified electricity as the biggest obstacle to setting up a business, compared with only 2% in Central Denmark, where Aarhus is located (figure 1.4).<sup>14</sup>

Subnational differences on commercial litigation stem from the time it takes to complete the trial and judgment phase. This is determined by the availability of hearing sessions in the local court's schedule, judges' caseloads, and the court's approach to adjournment and continuances. With 14 months to complete the trial and judgment phase, Næstved is the fastest benchmarked city. The process takes more than three additional months in Aarhus, the slowest city.

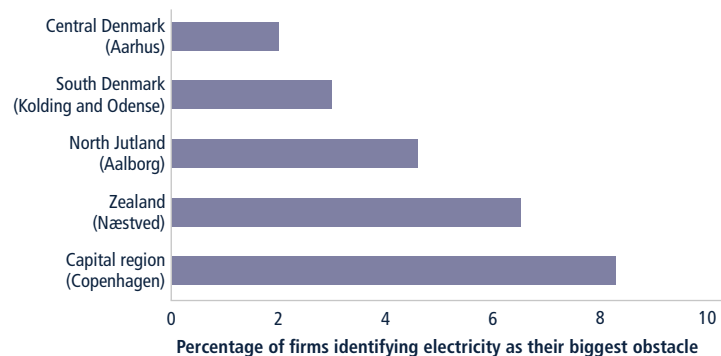
**FIGURE 1.3** Cities across Denmark vary on dealing with building permits, obtaining electricity connections, and resolving commercial litigation



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: The scores show how far a location is from the best performance achieved by any economy in each area. The scores are normalized to range from 0 to 100 (the higher the score, the better). EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states. For more details, refer to the *Doing Business* methodology at <https://archive.doingbusiness.org/en/methodology>.

**FIGURE 1.4** Entrepreneurs in Copenhagen are more likely than their peers in other cities to identify electricity as their biggest obstacle



Source: World Bank Enterprise Surveys (2020).

Note: Data represented in the graph are at the regional level. The cities included in parentheses are the locations in each region that are measured by this subnational study.

## WHAT IS NEXT?

The six benchmarked cities in Denmark are EU best performers—along with Lithuania—on property transfer and building permits, and they outscore EU averages in all five regulatory areas studied. There is only one exception: Copenhagen scores just below the EU average on electricity connection and supply. This is also the regulatory area with the largest spread between the Danish average score and the EU best-performing economy on this indicator, which is Germany. While obtaining electricity in Denmark is faster and less costly than in the average EU location, it requires more interactions from the side of clients: firms in Danish cities must go through a six-step process. To put things in perspective, only in three other EU economies are more than five steps required—Belgium, Bulgaria, and Romania.

Despite the high performance of Danish cities, further improvements could be achieved. This report identifies local good practices within Denmark as well as examples from other economies that Danish cities could look at. This does not imply that all locations would automatically benefit from introducing a specific good practice. Several factors determine whether replicating a good practice is beneficial, including local economic priorities, resource allocations, and tradeoffs between how smooth a bureaucratic process is and its costs. Local authorities can determine which of the good practices in the report would help improve their cities' business environments and can use them as a source of inspiration when planning reforms. The report also identifies specific agencies in charge of each regulatory area. In some cases, the reform process would involve multiple national and local agencies (table 1.2).

### **To further improve its business environment, Denmark could look for good practices in other EU member states—or within its own borders**

Setting up a new private limited company (Anpartsselskab, ApS) in Denmark

is a relatively fast and inexpensive process; however, entrepreneurs must comply with five regulatory requirements. Estonia, Finland, Greece, Ireland, and Slovenia regulate the business start-up process using only three procedures. Denmark could consider eliminating the separate step of registering as an employer and instead allow companies to submit information on employees' contracts at the time of incorporation. Another area for potential improvement is the minimum capital requirement. Danish entrepreneurs need to deposit paid-in minimum capital equivalent to 9.7% of income per capita—above the EU average of 8%. Many governments in the European Union and around the world have eliminated the minimum capital requirement altogether, instead adopting other measures to protect investors and creditors and minimize the risk of insolvency. These include mechanisms such as evaluating a firm's income statements, business plans, and other representative indicators. Belgium and Finland are the latest EU member states to have eliminated the requirement, in 2019.

Danish cities have easier construction permitting processes in place than the EU averages on all the parameters considered by this study. However, some EU member states register shorter turnaround times. For example, the process is 1.5 months faster for developers in Lithuania. Despite Denmark's newly introduced certification scheme, which switched the responsibility for reviewing the structural and fire aspects of projects from municipalities to certified private practitioners, developers still need to wait more than two months for a building permit. Clarifying the new rules through guidelines and an extended awareness campaign directed at all stakeholders would help reduce confusion at an early stage, thus reducing backlogs due to incorrect applications.

To further reduce the time for obtaining construction-related permits, other cities could look to the example of Aarhus, the only city of those benchmarked offering

an e-service platform for water and sewerage connections. In Copenhagen and Aalborg, developers submit the water and sewerage request on the utilities' websites but not through a dedicated e-service platform. In the rest of the cities, applications are sent via e-mail or requested over the phone.

Aarhus offers an interesting good practice on electricity as well: the utility operating there, Konstant Net A/S, has a policy of reviewing and adjusting its services to aim for an efficient supply. For instance, until 2019 it allowed contractors hired by the customer to directly install meters at the end of the connection works. After noticing that mistakes had to be frequently corrected, it shifted the policy and started to use its own external contractors to provide meter installations. Utilities in other cities could follow suit.

In the area of commercial litigation, establishing regulations to limit an excessive use of trial adjournment could promote more efficient justice. Denmark has no regulation limiting the number, duration, or basis for adjournments. The granting of postponements is thus fully left to the discretion of the presiding judge. Denmark could look to the example of the Tingrett Nedre Romerike District Court in Norway: the court's case administrators work actively to schedule cases within the set deadlines and targets, and lawyers are expected to conduct the case within official time limits. If the lawyer is unavailable, the administrators push for a transfer of the case to another lawyer at the same firm. The court's practice on adjournments is restrictive and mainly limited to illness documented by a doctor's certificate.

Moreover, most district courts in Denmark currently schedule the main hearing only after the preparatory phase is concluded. To shorten waiting times, they could follow the example of the district courts in Næstved, which set a date for the main hearing during the preparatory phase.

TABLE 1.2 Opportunities for regulatory improvement in Danish cities

Regulatory area	Good practices	Relevant ministries, agencies and other stakeholders*	
		National level	Local/regional level
Business start-up	Reduce or eliminate the paid-in minimum capital requirement	<ul style="list-style-type: none"> <li>Danish Business Authority</li> <li>Danish Tax Agency</li> </ul>	
	Integrate employer registration with company registration		
Building permits	Reduce the waiting times for processing municipal permits	<ul style="list-style-type: none"> <li>Local Government Denmark</li> <li>The Danish Housing and Planning Authority under the Ministry of the Interior and Housing</li> </ul>	<ul style="list-style-type: none"> <li>Municipalities</li> <li>Water and sewage companies</li> </ul>
	Enhance e-services for facilitating the construction permitting process		
	Introduce mandatory liability requirements to cover professionals in the event of structural defects		
Electricity connection and supply	Eliminate the requirement of registering works to obtain a meter installation	<ul style="list-style-type: none"> <li>Danish Energy Agency</li> <li>Danish Utility Regulator</li> <li>Energinet</li> <li>Green Power Denmark</li> </ul>	<ul style="list-style-type: none"> <li>Local distribution utilities</li> <li>Local municipalities</li> <li>Local electricity suppliers</li> <li>IDA (Danish Society for Engineers)</li> <li>Teknisk Arbejdsgiverne (Association for Electricity)</li> <li>SMVDanmark (Association for Small and Medium-sized Enterprises)</li> <li>KL – Local Government Denmark (Association for Municipalities)</li> </ul>
	Adopt legal and enforceable time frames for connection services		
	Publish statistics on connection services to promote transparency and accountability		
	Assess the possibility of partially absorbing connection costs and providing the option of payments in separate installments		
Property transfer	Strengthen complaints mechanisms related to services provided by the registry	<ul style="list-style-type: none"> <li>Ministry of Justice</li> <li>Danish Cadaster</li> <li>Land Registration Court</li> </ul>	
	Increase transparency by collecting and compiling statistics on land disputes and ensure that the data are publicly available online		
Commercial litigation	Strengthen case management practices during the preparatory phase and set deadlines for key litigation events	<ul style="list-style-type: none"> <li>Ministry of Justice</li> <li>Danish Court Administration (Domstolsstyrelsen)</li> </ul>	<ul style="list-style-type: none"> <li>Local district courts</li> </ul>
	Limit the number, duration, and grounds for granting adjournments		
	Consider creating specialized commercial sections at the courts or expand the jurisdiction of the Maritime and Commercial Court		
	Provide financial incentives for parties that attempt mediation		

\*The list includes the main ministries and agencies relevant to each regulatory area, but other entities might also be involved.

Note: All good practices are detailed at the end of the respective indicator section.

# Business start-up

## Setting up a business in Denmark is faster and less expensive than the EU average

Setting up a new private limited liability company (Anpartsselskab, ApS) in Denmark is a relatively fast and inexpensive process. It takes five procedures, which is close to the EU average of 5.6 but more than in countries like Estonia, Finland, Greece, Ireland, and Slovenia, where only three steps are required (figure 1.5). The process takes six days, less than half the EU average of 14.2 days. Still, there is room from improvement: in Estonia, only 3.5 days are needed. The cost of opening a business in Denmark is equal to 0.2% of income per capita,

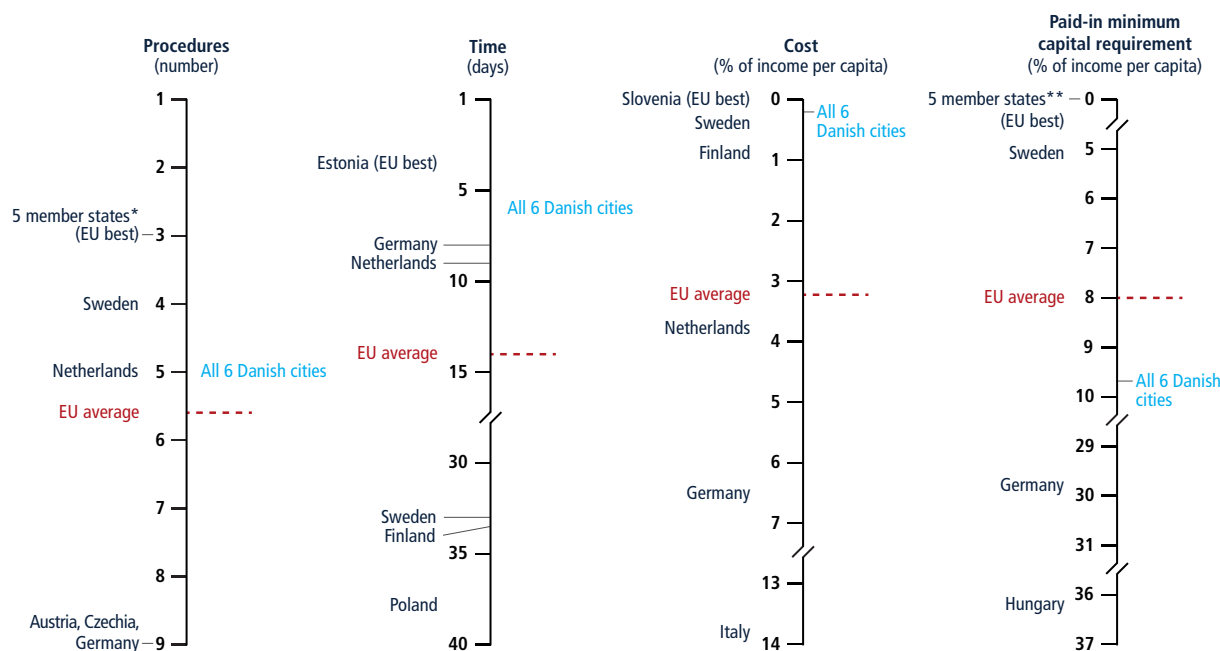
against an EU average of 3.2%. Among all EU member states, only Ireland and Slovenia have lower costs, at 0.1% and 0% of income per capita, respectively.

When starting a business in Denmark, entrepreneurs also need to deposit a minimum capital of DKK 40,000 (EUR 5,375), equivalent to 9.7% of income per capita—higher than the EU average of 8%. Twelve EU member states either do not require any paid-in minimum capital, or its value amounts to less than 0.1% of income per capita.<sup>15</sup>

## The business start-up process is regulated at the national level and implemented consistently across cities

The process to set up a business in Denmark is regulated at the national level and supervised by the Danish Business Authority (Erhvervsstyrelsen).<sup>16</sup> A new company conducting general commercial activities—such as the one considered by this case study—is not required to register with any regional or local authority. All formalities with public authorities can be completed online by entrepreneurs themselves through the Virk.dk portal (box 1.2). As a result, the process is the same regardless of the city in which the

**FIGURE 1.5** Danish entrepreneurs wait less time and pay lower fees to set up a business, but they need to put up a significant amount of paid-in minimum capital



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

\*Estonia, Finland, Greece, Ireland, Slovenia.

\*\*Belgium, Cyprus, Finland, Ireland, the Netherlands.

### BOX 1.2 Using online services to support entrepreneurial activity in Denmark

Denmark has consistently ranked as one of the most digitalized economies in the European Union.<sup>a</sup> With 92% of internet users accessing digital public services in 2021, Denmark also topped the EU in terms of e-government uptake.<sup>b</sup> Since 2001, the country has adopted a series of digital strategies to reduce the administrative burden on individuals and businesses,<sup>c</sup> a process which brought together public sector authorities at the central and local level. This approach enabled the Danish public sector to make joint investments in areas involving multiple stakeholders.

In 2004, the Danish Business Authority launched the electronic portal Virk.dk specifically to support entrepreneurial activity. The portal serves as a single entry point for businesses to access the services of the public administration. Over 1,500 e-government services can be completed through Virk.dk. These include all the formal regulatory steps to set up a new business. Among other features, entrepreneurs can register with the Danish Business Authority and with the Tax Agency in a single step, thanks to the automatic exchange of business information between the two institutions. The portal also provides templates for the memorandum and articles of association, which business founders can use or adapt to their needs and then submit digitally. In addition to the start-up process, Virk.dk also allows companies to submit their annual reports, record changes to the company, report value added tax (VAT), request multiple business licenses and permits,<sup>d</sup> and complete many other procedures required by different authorities.

To access the services in Virk.dk, entrepreneurs use their e-identification, called NemID—a digital identity system created in 2010 for Danish citizens. It facilitates the use of online banking and other private websites, as well as communication between citizens and public authorities. Starting in 2021, the government began a process to replace NemID with a new digital ID system called MitID.

Virk.dk also provides a communication service called Digital Post—available since 2007—where businesses can send and receive messages and exchange documents with all government agencies, including notifications related to deadlines or overpaid or underpaid taxes. A Digital Post account is created automatically at the time of business registration.

In addition to Virk.dk, the information portal Virksomhedsguiden.dk (“Business Guide”) was created in 2019 to support entrepreneurs during company formation and operation. It provides guidance on multiple topics, including business development, company registration, tax compliance and accounting, employee recruitment, and international trade. The portal also provides templates that companies can use to set up their business plan, manage their budget, sign agreements with suppliers, and take other actions.

a. Denmark ranked first on the Digital Economy and Society Index (DESI) in 2021 and second in 2022. For more information on the index, see <https://digital-strategy.ec.europa.eu/en/policies/countries-digitisation-performance>.

b. European Commission. Digital Economy and Society Index (DESI) 2021, Denmark country profile. Available at <https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2021>.

c. Denmark Digital Strategy 2016–2020. Available at [https://en.digst.dk/media/16165/ds\\_singlepage\\_uk\\_web.pdf](https://en.digst.dk/media/16165/ds_singlepage_uk_web.pdf).

d. Through Virk.dk, businesses can apply for a wide variety of licenses and permits required by the authorities depending on the business activity. These licenses and permits include areas such as environment, public safety, food safety, imports of special products, transportation, and waste management.

company is established. Of the 18 EU member states benchmarked at the subnational level,<sup>17</sup> only Belgium, Denmark, Portugal, and Sweden do not show any subnational variation in the process to set up a business in terms of requirements, time, and cost (figure 1.6).

Setting up a new limited liability company (LLC) in Denmark takes five steps (figure 1.7). The first step is to deposit the minimum start-up capital in the company's bank account. The bank must provide electronic confirmation of the

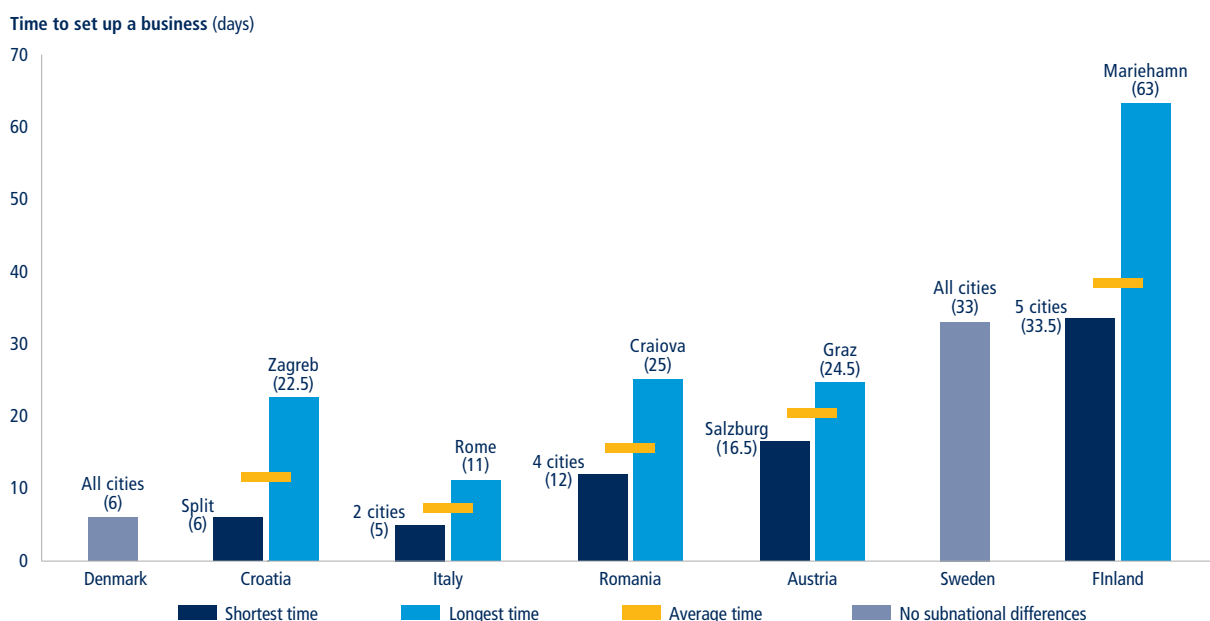
deposit to the Danish Business Authority at the time the application for registration is completed.

Before requesting registration, entrepreneurs can check the availability of the company name in the Central Business Register (Centrale Virksomhedsregister, CVR) free of charge.<sup>18</sup> It is the responsibility of the company founders to ensure that their chosen name complies with the naming requirements and does not infringe on the rights of other entities, as the Danish Business Authority checks

only whether there is already a company using the same name. The founders register the company online through Virk.dk. The portal requires an electronic identification to fill out the registration application, and entrepreneurs can use their personal digital ID (NemID/MitID)<sup>19</sup> to complete the process in a single submission. Along with the application, business founders submit the memorandum and articles of association electronically. Virk.dk also allows founders to request the income tax and VAT registration with the Danish Tax Agency on the same form.<sup>20</sup>



FIGURE 1.6 There is no subnational variation in the time to set up a business in Denmark



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: The figure considers only the EU member states that have been benchmarked at the subnational level. The full data for the series are available at: [www.doingbusiness.org/eu](http://www.doingbusiness.org/eu).

In addition, the company can register the ultimate beneficial owners (UBOs)—the natural person who ultimately owns or controls a company—at the time of incorporation. This allows Denmark to comply with the EU 5th Anti-Money Laundering Directive—which requires EU member states to establish beneficial ownership registers for corporate and other legal entities—without creating an additional procedural step for entrepreneurs starting up a business.<sup>21</sup>

The registration application has a fee of DKK 670 (EUR 90), which is the only regulatory cost for setting up a business in Denmark.

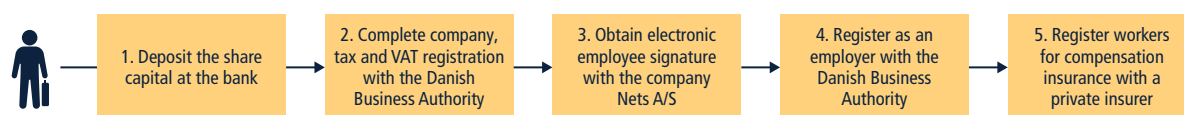
Upon submitting the application, the company is generally registered automatically. A unique business identification number (called a CVR number) is issued on the same day and sent by email to the founders. The registration is also confirmed on the business register website ([data.virk.dk](http://data.virk.dk)) and the electronic National Gazette ([www.statstidende.dk](http://www.statstidende.dk)).

The Virk.dk portal uses a machine learning system that provides real-time automatic checks of the information entered in the application. This includes checking the names and identity of the managers based on their personal identification number (CPR). If any of the information

seems suspicious, the system retrieves the application, which is then reviewed manually by staff at the Danish Business Authority. In the majority of cases that do not require manual review, the entire process of company, tax, VAT, and UBO registration takes between two and three days (figure 1.8). On occasion, the process can be delayed, for example in cases where the owners of the LLC have outstanding debts registered or have a connection to previous fraud cases or are suspected of fraudulent activity.

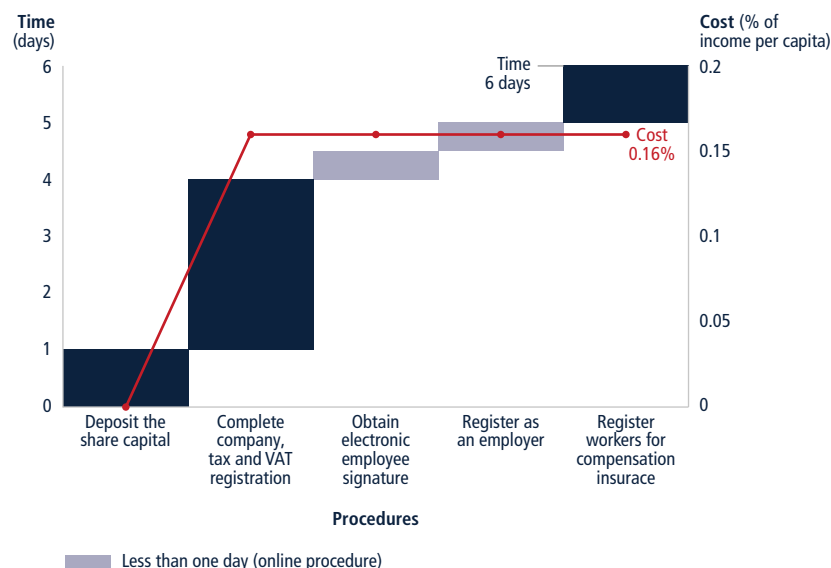
New companies in Denmark are required to use digital services when dealing with government agencies in their regular

FIGURE 1.7 New limited companies are registered in five steps



Source: Data collected for this publication.

**FIGURE 1.8** Setting up a business in Denmark takes six days and costs only 0.2% of income per capita



Source: Data collected for this publication.

operations. In the case of sole proprietorships and personally owned small businesses, owners can use their personal NemID/MitID. However, private LLCs owned by several partners must set up a NemID employee signature (medarbejdersignatur)<sup>22</sup> for company representatives to identify themselves electronically and sign on behalf of the company. To obtain the employee signature, the company must sign an agreement with Nets A/S, the company that manages this service. This is done online, and companies can obtain up to three signatures free of charge.

If the company intends to hire employees, it needs to be registered as an employer with the Tax Agency. It is mandatory for the company to be registered for A-Skat (income tax withheld by the employer). This registration can be completed online through Virk.dk in less than one day at no cost. In addition, all companies in Denmark are mandated to obtain workers' compensation insurance<sup>23</sup> with private insurers to protect their employees against industrial accidents and occupational illnesses.

## WHAT CAN BE IMPROVED?

### *Reduce or eliminate the paid-in minimum capital requirement*

In 2014, Denmark reduced the paid-in minimum capital requirement from DKK 80,000 (EUR 10,750) to DKK 50,000 (EUR 6,719). This was further reduced in 2019 to DKK 40,000 (EUR 5,375). Nevertheless, this amount remains comparatively high, at 9.7% of income per capita—above the EU average of 8% (figure 1.9).

The minimum capital requirement has historically had the purpose of protecting creditors and encouraging confidence in financial markets. However, research shows that minimum capital requirements provide little protection to creditors and limited security for investors during insolvency.<sup>24</sup> Even with a minimum capital requirement, there is no guarantee that a firm will not face insolvency due to other factors such as market changes, unfavorable business conditions, and poor management or business decisions.

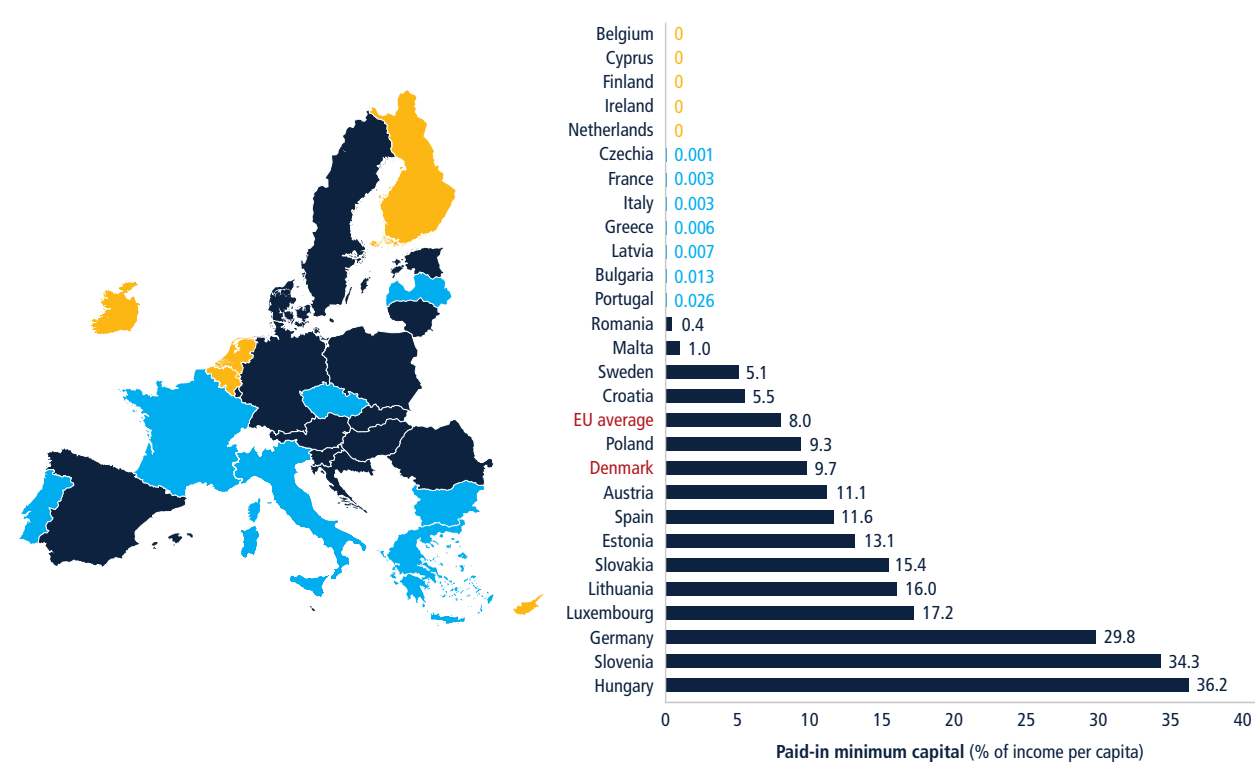
Many governments in the European Union and around the world have eliminated the minimum capital requirement, adopting instead other measures to protect investors and creditors and minimize the risk of insolvency. These include mechanisms such as evaluating a firm's income statements, business plans, and other representative indicators.

Finland is the latest EU member state to have eliminated the requirement. The minimum share capital requirement for private LLCs was removed from the Finnish Limited Liability Companies Act effective July 1, 2019. Four other EU member states also do not require it—Belgium, Cyprus, Ireland, and the Netherlands—while seven others have a requirement amounting to less than 0.1% of income per capita: Bulgaria, Czechia, France, Greece, Italy, Latvia, and Portugal.

### *Integrate employer registration with company registration*

A new company that will hire employees in Denmark must be registered as an employer in the Virk.dk portal. The application can be submitted only after the unique business identifier (CVR) is issued. While registration as an employer is submitted to the tax authority through the same portal as company and tax registration, it requires a separate submission—and therefore an extra step—in the company formation process. Denmark could allow companies to submit information on employees' contracts at incorporation. In Spain, for example, a new company can register employees through the online platform CIRCE at the moment of incorporation. In Finland, companies can choose to be entered in the employer register at the time of submitting the notification of incorporation to the trade register of the Finnish Patent and Registration Office.<sup>25</sup>

FIGURE 1.9 Entrepreneurs in Denmark face a higher paid-in minimum capital requirement than the EU average



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

# Building permits

## Danish cities share the same legal framework for building permits, yet turnaround time varies based on location

The construction sector in Denmark is regulated at the national level by the Building Act of 2016 and by building regulations adopted in 2018.<sup>26</sup> In 2018, Denmark introduced a reform that substantially changed the process of obtaining construction-related permits. In particular, the responsibility for technical reviews of construction projects shifted from municipalities to certified private sector professionals (box 1.3).<sup>27</sup> These regulatory changes made the Danish permitting process highly standardized and consistent across locations. Additionally, developers and municipalities communicate through a single national portal, called Byg og Miljø, which also contributes to making the process uniform across cities.<sup>28</sup>

For a two-story commercial warehouse like the one considered by this study, the process requires the same seven procedural steps in all cities. The cost is also relatively homogeneous: it stands between 1.4% of the warehouse

value (as in Copenhagen) and 1.7% (as in Næstved). Yet, the differences in the time it takes to deal with the building permits are significant. The process is fastest in Næstved, where it takes 85 days, and almost twice as long in Copenhagen (table 1.3).

## Denmark outperforms the EU averages on efficiency and on quality of regulations

On average, dealing with building permits across Danish cities requires completing seven procedures over 120.8 days at a cost equal to 1.5% of the warehouse value. That is better than the EU averages for all the parameters considered by this study. Most notably, the country registers the fewest number of procedural steps at the global level (figure 1.10). Additionally, obtaining permits is more than two months faster across Denmark than the EU average time. However, some member states have shorter turnaround times—for example, for developers in Lithuania, the process is 1.5 months faster. On average, Denmark is also less costly than the European Union, although in Finland, for example, developers spend less than half as much as their Danish

peers. Finally, scoring 14 out of 15 points, Denmark ranks second-best in the EU on the building quality control index, which measures the quality of building regulations. Luxembourg is the only member state that scores the maximum of 15 points.

## The Danish permitting process involves seven steps

As a first step, developers need to hire certified building advisers to review the fire and structural engineering aspects of the project. Once the certified advisers provide their assessments, the developer can apply for a building permit with the municipality. The application is submitted through the national permitting platform, Byg og Miljø.<sup>29</sup> The municipality then checks to see if the application is complete, reviews the architectural drawings of the exterior of the building and the local plan, approves the overall project, and issues a building permit.<sup>30</sup>

Three steps remain after the building permit has been issued. The developer (i) notifies the Workers' Environment Authority (WEA) through the Virk.dk online platform about the number of workers the construction project employs;<sup>31</sup> (ii) notifies the municipality of the commencement of work through Byg og Miljø; and (iii) applies for water and sewerage connections at the local utility company. Once the warehouse is built, the developer notifies the municipality about its completion and requests an occupancy permit. Documents to be submitted include a declaration that the overall construction complies with the building permit and with building regulations; final declarations on the fire and structural engineering conditions; and an operational and maintenance manual for building installations.<sup>32</sup> The municipality then reviews the occupancy permit

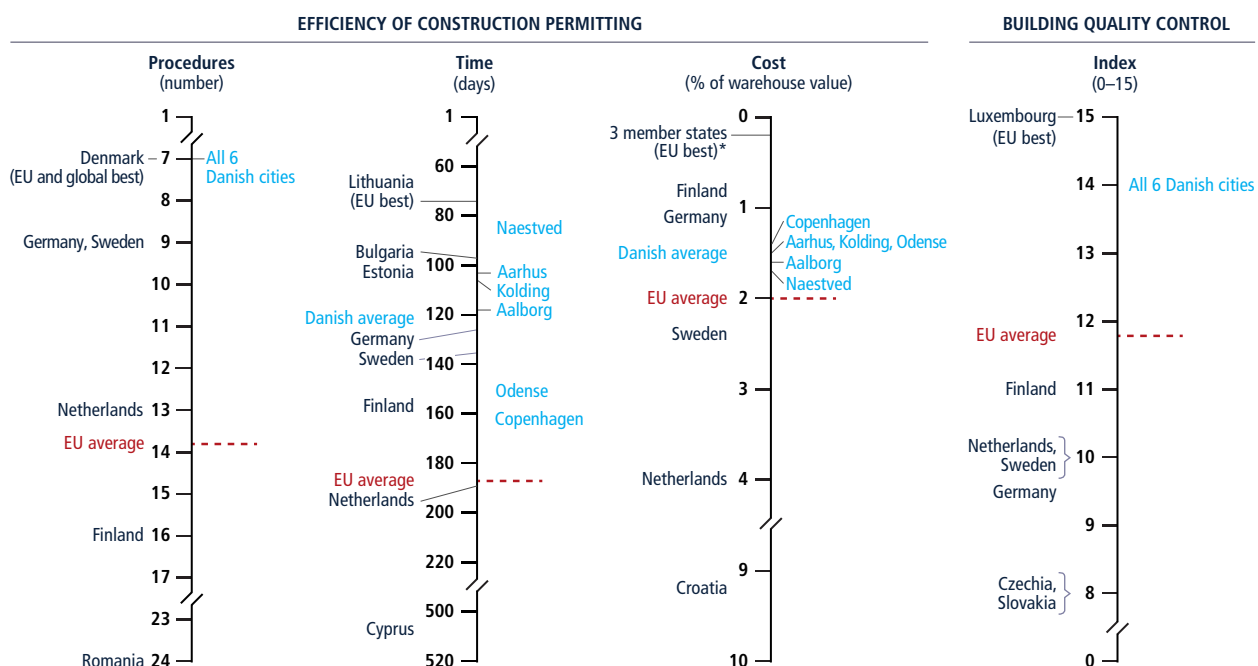
**TABLE 1.3** Obtaining building permits takes about half the time in Næstved than in Copenhagen

City	Rank	Score (0–100)	Procedures (number)	Time (days)	Cost (% of warehouse value)	Building quality control index (0–15)
Næstved	1	90.00	7	85	1.7	14
Aarhus	2	88.85	7	103	1.5	14
Kolding	3	88.65	7	106	1.5	14
Aalborg	4	87.75	7	118	1.6	14
Odense	5	85.42	7	151	1.5	14
Copenhagen	6	84.74	7	162	1.4	14

Source: Data collected for this publication.

Note: Rankings are calculated on the basis of the unrounded scores, while scores are displayed in the table with only two digits. Rankings are based on the average score for the procedures, time, and cost associated with building permits, as well as for the building quality control index. The score is normalized to range from 0 to 100 (the higher the score, the better).

FIGURE 1.10 Globally, Denmark is among the economies requiring the fewest steps for obtaining building permits



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

\* Czechia, Estonia, Slovakia.

application, checking that all documentation required by the building regulations is included, and issues the permit. The process for obtaining an occupancy permit happens entirely online (figure 1.11).<sup>33</sup>

### Municipal permits and utility connections drive differences in waiting times across cities

Variations in time are driven by how long it takes to obtain approvals from each municipality (for example, for building and occupancy permits) and to obtain water and sewerage connections. The time it takes to obtain municipal permits across the benchmarked cities ranges from 48 days in Næstved to 122 days in Odense (figure 1.12). Danish building regulations do not establish a legal time frame within which the municipality must issue building and occupancy permits. However, the suggested turnaround time to issue a building permit is 55 days for a two-story warehouse.<sup>34</sup> Waiting time

FIGURE 1.11 Most procedures related to building permits are carried out online



✓ Procedure is done online

⇕ Procedure is completed simultaneously with the previous one

\* Only the utility in Aarhus offers an online application platform for utility connections

Source: Data collected for this publication.

### BOX 1.3 Denmark's path to reform: a shift in responsibility toward the private sector

On January 1, 2018, Denmark introduced its “certification scheme” for construction permit processing, which began a shift from a traditional public enforcement approach centered on municipal building authorities toward a process involving third-party certified practitioners. Since 2020, developers have been required to hire certified advisers to review the building structures and fire safety measures that are submitted as part of the building permit application. A certified structural engineering adviser supervises and approves the work of the in-house engineer, and a certified fire safety adviser prepares and approves the fire safety plans based on the architectural and construction drawings.

One of the main objectives of the reform was to eliminate potential inconsistencies in the interpretation of the law by different municipal building offices. While municipal building offices still check the applications to ensure they are thoroughly completed, they no longer review the technical aspects of construction projects. Also, municipal offices no longer inspect the construction site before issuing a building permit.

To ensure a high level of safety, the new regulations introduced a comprehensive classification scheme that differentiates buildings into four categories based on complexity and risk. Low-risk buildings like one-family residential houses are categorized as Class 1 and do not require the intervention of certified fire and structural engineering advisers. In contrast, advisers are required for construction in Class 2, 3, and 4. The Class 2 category includes residential buildings with two or more floors, as well as industries and warehouses such as the one considered by this study. Class 3 includes the same types of buildings as Class 2 but applies to complex projects, such as two buildings on the same property with different fire and structural engineering requirements. Finally, buildings with a high risk of fire or structural failures are categorized as Class 4. The latter two classes require additional independent fire and structural engineering advisers to check and approve the work of the first team of advisers.

Denmark followed a stepped process to implement this reform after it came into force in 2018. The certification scheme was first introduced as an option in 2020. For the first six months, developers could choose between having the municipality review the fire and structural engineering documentation and having the third-party advisers submit their assessments of the project. Until January 1, 2022, developers could also choose between a “certified” or a “recognized” structural engineering adviser.<sup>a</sup> After this transition period, the certification scheme was fully implemented.

Having a sufficient number of certified building advisers in the market represents a challenge for Denmark. According to Danish building regulations, approximately 250 certified structural engineering advisers are needed across the country. Currently, there are only 201.<sup>b</sup> Due to the considerable growth in the building sector, anecdotal evidence suggests that the need for structural engineering experts could be substantially higher than what was foreseen by the regulations.<sup>c</sup>

a. For more information about the number of certified structural engineering advisers, see the 2018 building regulations, available at [https://byggningsreglementet.dk/Vejledninger/Andre\\_vejledninger/Vejledning/Spoergsmaal-og-svar-om-certificeringsordningen/](https://byggningsreglementet.dk/Vejledninger/Andre_vejledninger/Vejledning/Spoergsmaal-og-svar-om-certificeringsordningen/).

b. Unlike certified advisers, recognized advisers are not required to hold a university degree in engineering or to have a specific number of years of professional experience.

c. The Confederation of Danish Industry. 2022. “Waiting time for building permits continues to increase,” available at <https://www.danskindustri.dk/arkiv/analyser/2022/3/ventetiden-pa-byggesagsbehandling-bliver-ved-med-at-stige/>; European Construction Sector Observatory, Country profile Denmark, 2021, available at [https://ec.europa.eu/growth/system/files/2021-11/ECSO\\_CFS\\_Denmark\\_2021.pdf](https://ec.europa.eu/growth/system/files/2021-11/ECSO_CFS_Denmark_2021.pdf).

exceeds 55 days in four cities out of the six measured by this study. Aarhus and Næstved are the exceptions. In 2021, all the cities except Copenhagen received more building permit requests than in 2020.<sup>35</sup> The growing construction demand has had a negative impact on the length of the application process in all Danish municipalities, increasing the average turnaround time by 12%.<sup>36</sup>

The process of getting water and sewerage connections also drives time variations among locations. In each city,

a different local company (owned by the municipality) is responsible for water and sewerage services. The connection process differs among cities, with times varying from 18 days in Kolding to over three times as long in Copenhagen (56 days). Utilities do not need to comply with any legal deadline.

#### **Utility connection fees represent the largest source of variation in cost across cities**

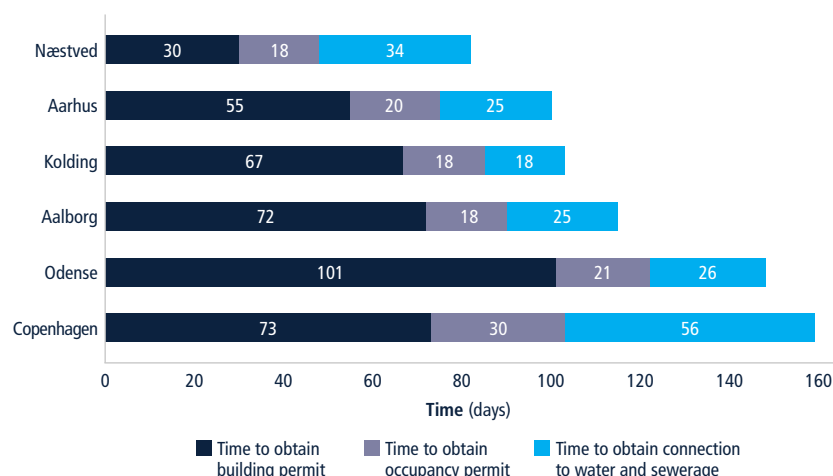
Private sector and utility fees are the two largest components of the cost of dealing

with building permits in Denmark. On average, they represent 55% and 43%, respectively, of the total cost across cities. In contrast, municipal building and occupancy permit fees together account for only 2% of the total cost (figure 1.13).

The market determines the private sector fees. For the case considered by this study, it would cost, on average, around DKK 75,000 (EUR 10,079) to hire a structural engineering adviser and DKK 100,000 (EUR 13,438) to hire a fire safety adviser.



**FIGURE 1.12** Obtaining municipal building permits is fastest in Næstved and slowest in Odense



Source: Data collected for this publication.

Note: Four of the required procedures are not included in this chart, as they are done simultaneously with other procedures and do not add to the total time. These are: hire a certified fire adviser to review technical conditions of the building; hire a certified structural engineering adviser to review technical conditions of the building; notify the Workers' Environment Authority of commencement of work; and notify the municipality of commencement of work.

The fees charged by local utilities vary by city. In the six benchmarked cities, connection charges consist of two components: a wastewater connection fee, which is based on the plot size; and a water connection fee. The wastewater fee is set at the national level in the amount of DKK 53,590 (EUR 7,202).<sup>37</sup> Water connection fees are determined by utilities at the local level and approved by each

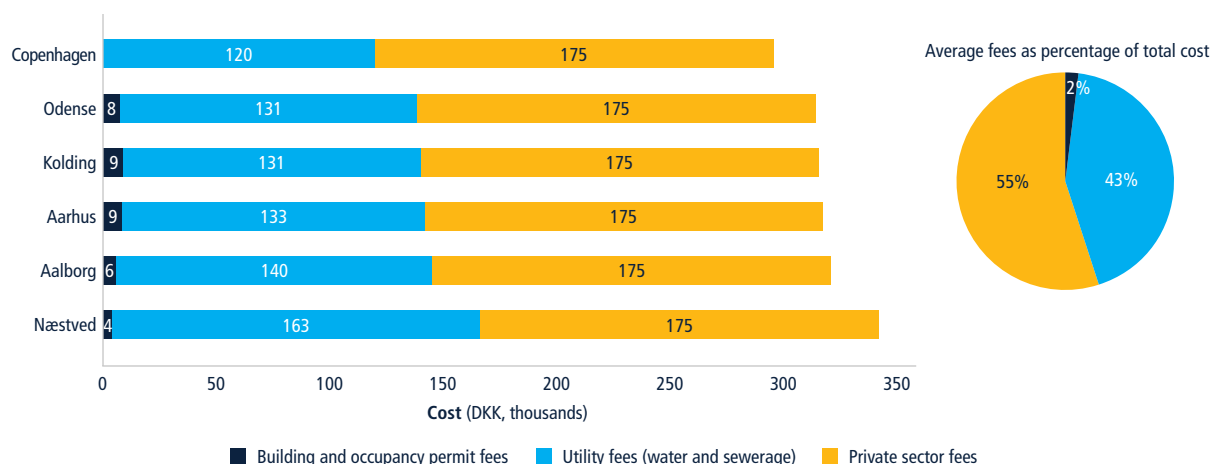
municipality every year. Copenhagen charges the lowest fee for water connection, at DKK 12,978 (EUR 1,744), and Næstved charges the highest, at DKK 55,368 (EUR 7,440). Næstved is the only city whose water connection fee includes an additional component based on the plot size.

Municipal building and occupancy permit fees also vary across cities, but only

marginally. Danish municipalities apply one of three fee options: they process the permits without charging a fee; they charge a flat fee, a maximum of DKK 1,082 (EUR 145); or they apply an hourly fee based on the time spent processing the permits. The latter is determined by each municipality every year. Copenhagen is the only city where the municipality does not charge permit fees, a decision adopted by the city government in 2018.<sup>38</sup> All other cities charge an hourly fee that ranges from DKK 356 (EUR 48) in Næstved to more than twice as much in Aarhus (DKK 821/EUR 110). Overall, municipalities spend an average of six hours processing the building permits and five processing the occupancy permits. Additionally, they charge a half-hour fee for processing the notification of commencement of work. Denmark follows a good practice in that legally no additional fee may be charged other than the cost associated with the processing time.<sup>39</sup>

All six Danish cities benchmarked score 14 out of 15 points on the building quality control index (table 1.4). Denmark scores the maximum points (2 out of 2) for its easily accessible and transparent building regulations. It also scores the maximum points for quality control: the law requires that an architect or an engineer review

**FIGURE 1.13** Utility connection and private sector fees together represent 98% of the average cost of dealing with building permits



Source: Data collected for this publication.

TABLE 1.4 Danish cities have robust quality control mechanisms

BUILDING QUALITY CONTROL INDEX (0–15)		All cities: 14 points	
Quality of building regulations (0–2)	Are building regulations easily accessible? (0–1)	1	Available online; Free of charge.
	Are the requirements for obtaining a building permit clearly specified? (0–1)	1	List of required documents; Fees to be paid; Required preapprovals.
Quality control before construction (0–1)	Which entity(ies) is/are required by law to verify the compliance of the building plans with existing building regulations? (0–1)	1	Licensed architect; Licensed engineer.
Quality control during construction (0–3)	Are inspections mandated by law during the construction process? (0–2)	2	Inspections by in-house engineer; Risk-based inspections.
	Are inspections during construction implemented in practice? (0–1)	1	Mandatory inspections are always done in practice.
Quality control after construction (0–3)	Is a final inspection mandated by law? (0–2)	2	Yes, in-house engineer submits report for final inspection.
	Is a final inspection implemented in practice? (0–1)	1	Final inspection always occurs in practice.
Liability and insurance regimes (0–2)	Is any party involved in the construction process held legally liable for latent defects once the building is in use? (0–1)	0	No party is held liable under the law.
	Is any party involved in the construction process legally required to obtain a latent defect liability—or decennial (10-year) liability—insurance policy to cover possible structural flaws or problems in the building once it is in use? (0–1)	1	No party is required by law to obtain insurance; Insurance is commonly taken in practice.
Professional certifications (0–4)	Are there qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with the building regulations? (0–2)	2	Minimum years of experience; University degree in architecture or engineering; Qualification exam.
	Are there qualification requirements for the professional who conducts the technical inspections during construction? (0–2)	2	Minimum years of experience; University degree in architecture or engineering; Qualification exam.

Maximum points obtained

Source: Data collected for this publication.

Note: For details on the scoring of each question, refer to the *Doing Business* methodology at <https://archive.doingbusiness.org/en/methodology>.

and approve building permit applications (1 out of 1), and technical inspections before and after construction are legally required and carried out in practice by an in-house engineer (6 out of 6).

Because of its new certification scheme, Denmark gets 4 out of 4 points on professional certification requirements: all professionals working in the construction industry must possess minimum technical qualifications. The professionals reviewing the plans and those supervising the construction on the ground must hold a university degree and three years of experience. The minimum experience requirement varies by profession; for example, certified structural engineering advisers must have five years, and certified fire safety advisers must have two years. Certified advisers conducting additional third-party control for more complex projects must pass an additional oral exam.

Denmark falls short (1 out of 2 points) on the liability and insurance regimes

component of the index, because no party is responsible under the law for structural flaws in a building once it is used.

## WHAT CAN BE IMPROVED?

### *Reduce the waiting times for processing municipal permits*

Despite the newly introduced certification scheme, which eliminated the requirement for the municipality to review the structural engineering and fire aspects of projects, developers still need to wait over two months for a building permit and three weeks, on average, for an occupancy permit. Municipalities spend an average of six hours reviewing a building permit request and five hours reviewing an occupancy permit request; therefore, most of the waiting time for applicants is due to backlogs in the municipality.

One reason for the backlogs is the sharp increase in demand for new construction. A second factor is that the newly introduced reforms caused doubts on the

part of applicants and municipal building offices alike. Municipal officials interviewed in the context of this study noted that the work has increased due to citizen inquiries about the new requirements. Issuing guidelines to clarify the rules and conducting an information campaign directed toward all stakeholders would help reduce confusion in the early stages and avoid mistakes on applications.

Global experience shows that it takes time for the population and business community to adapt to a change in the rules. Agencies can underestimate the importance of communication and its impact on the uptake of a new system.<sup>40</sup> Continuous outreach campaigns with private sector stakeholders help avoid information gaps and confusion about the new requirements. To this end, Denmark could leverage all channels of communication (social media, billboards, public broadcasts, workshops, etc.) to communicate the new requirements effectively and help to avoid an additional workload on the municipalities.

Another factor contributing to delays is when the time limits to issue a building and occupancy permits are not mandated by law. Danish construction regulations do not establish statutory time limits within which municipalities have to process these permits. Most EU member states, including Austria, Finland, and Sweden, have such deadlines in their legislation. Introducing statutory time limits could improve efficiency without compromising safety and quality control. Modern regulations establish different levels of scrutiny—and therefore different time frames—for different levels of project complexity. For example, more time may be allowed for a high-rise commercial building than for a small residential building. Denmark is already familiar with this approach, as the national guidelines for turnaround time establish different time frames for different types of buildings. Following the introduction of legal time limits, Denmark could also apply silence-is-consent rules. Vienna offers an interesting approach in this regard. The Austrian capital implemented simplified, fast-track building permit processes for common low-risk construction.<sup>41</sup> This process allows a developer to begin construction one month after submitting the application if the building authority has not indicated that the standard permit processing procedures apply.<sup>42</sup>

To be fully enforced, statutory time limits need to be accompanied by penalty mechanisms. For example, in the Netherlands and Sweden, the municipality is penalized financially if it does not respond within the legal time assigned.<sup>43</sup> The developer can also appeal to the courts directly.

### **Enhance e-services for facilitating the construction permitting process**

In most cities in Denmark, the process for obtaining water and sewerage connections is not fully digital. Aarhus is an exception, as the only one of the six benchmarked cities to offer an e-service platform for this purpose.<sup>44</sup> In Copenhagen and Aalborg, developers

submit the water and sewerage request on the utilities' websites, but not through a dedicated e-service platform. In Næstved, Odense, and Kolding, the developer uses email or the phone to request applications. In Odense, the developer must first email the utility requesting the standard application form, which is not available online, and then email it back.

Leveraging technology can significantly reduce the time to deal with applications, enabling utilities to streamline and automate their procedures.<sup>45</sup> As a first step, utilities in Denmark might consider introducing a dedicated centralized platform for water and sewerage connections to streamline the application and connection process. Denmark is already familiar with such platforms, as municipalities use Byg og Miljø to receive the building permit application, track its progress, and manage all necessary communication with applicants. The Netherlands, for example, introduced a centralized platform, called Mijnaansluiting,<sup>46</sup> to allow developers and citizens to request most utility connections such as gas, electricity, water, sewerage,<sup>47</sup> heating, and media and communication through a single portal across the country. Once an application is submitted, the platform forwards it to the relevant utility company. A centralized platform helps to streamline the permitting process, harmonize local and national laws, and promote economies of scale. With a centralized platform in place, Denmark could further integrate various procedures such as utility and building permit requests into a single window, to make the process more user-friendly and allow developers to request and track their projects in one place.

Denmark follows a good practice by using the Byg og Miljø platform to collect and monitor data on the processing time spent by municipalities to issue building permits.<sup>48</sup> However, no such data exist for the time spent processing utility applications and connections. Collecting and publishing extensive statistics on time would increase transparency, ensure

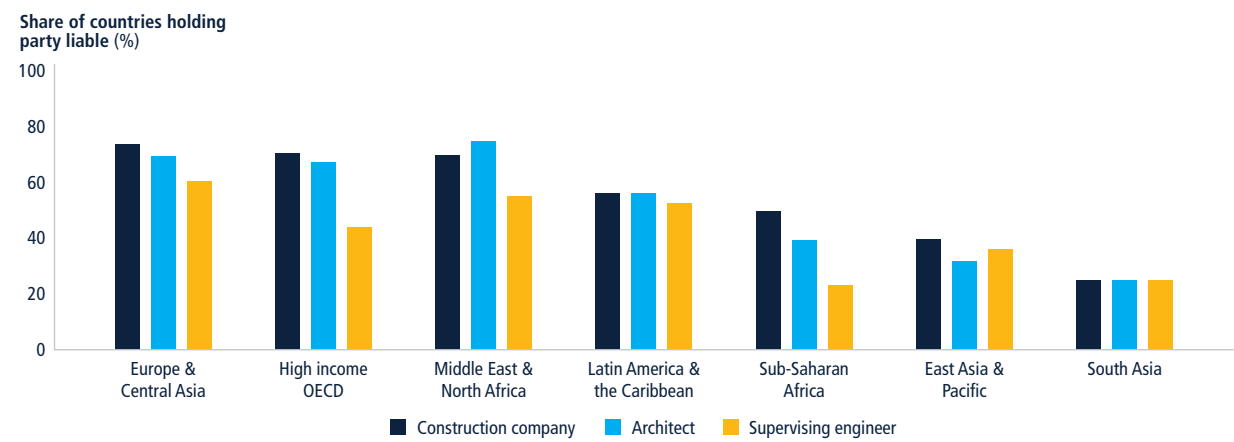
comparability, and encourage improvements in the performance of the utilities.

Finally, in the long term, Denmark could also consider incorporating a building information modeling (BIM) software system into the building permitting process for all types of construction. The software helps the private sector plan projects and ensure compliance with regulations, and makes it easier and faster for public authorities to conduct post-design checks.<sup>49</sup> Ministries and universities are already familiar with BIM software, which they use in large restoration or construction projects.<sup>50</sup> Australia developed the DesignCheck program, which provides an automated tool for designers to check code requirements at different stages of project design and enables basic building-code compliance tests to be done rapidly and automatically.<sup>51</sup> Introducing BIM technology requires a financial investment and training for both private professionals and public sector officials. A strong collaboration between professional associations, certified professionals, the private sector, and municipalities would be essential to prepare and implement such a system.

### **Introduce mandatory liability requirements to cover professionals in the event of structural defects**

In Denmark, the law does not hold any party liable for latent defects in the building once it is in use. When defects are discovered during construction, they are more likely to be easily fixed. However, defects are often discovered only after the building has been occupied. Remedying defects at that stage can be both costly and time-consuming. More than 110 economies have introduced latent defect provisions, typically holding the construction company and architect liable for structural defects (figure 1.14). Denmark could amend its legislation on construction to extend protection to prospective owners for a defined duration. The duration of the liability period varies from economy to economy. For example, in France, Lithuania, and Italy, multiple parties are held liable for any construction failure for 10 years.

FIGURE 1.14 Many economies around the world hold architects or construction companies liable for structural defects



Source: World Bank Group data.

# Electricity connection and supply

Denmark has a liberalized electricity market, with multiple companies responsible for distribution and supply. More than 15 distribution utilities serve different regions of the country (figure 1.15), under the oversight of the Danish Utility Regulator (Forsyningstilsynet). The overall regulatory framework for the electricity sector is developed by the Danish Energy Agency (Energistyrelsen), which is responsible for competition policies, consumer protection, and security of supply. The agency's goals include promoting a smart, green transition to a climate-neutral society.<sup>52</sup> Energy companies in Denmark organized and formed a business association that, among other roles, sets benchmark fees

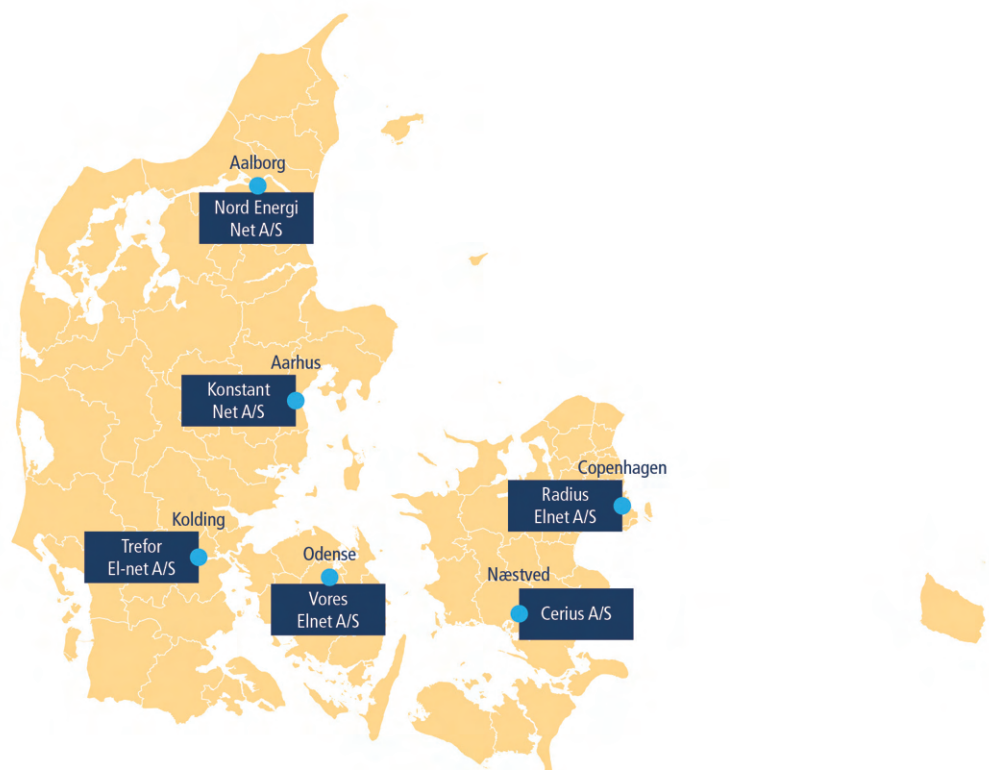
for utility services and provides data and analysis to support policies on the electricity sector. In March 2022, that association, called Danish Energy (Dansk Energi), merged with Wind Denmark and Solar Power Denmark to found Green Power Denmark, a larger association that aims to foster the development of the country's green energy industry.<sup>53</sup>

Overall, the Danish electricity sector operates with a high level of digitalization and integration. The country has been a pioneer in the region with the use of DataHub, an online system combining different market players and users (box 1.4).

## The process to get connected to electricity is standardized in Denmark, but connection times vary across cities

Obtaining a new connection to electricity is a fairly standardized process in Denmark. To compare different locations, this study considers the case of a warehouse, located in a commercial area outside the city center, which needs a 140 kilovolt-ampere (kVA) connection. In the six cities benchmarked in the country, this connection involves the same six steps. Local utilities apply standardized connection fees indicated by the sectoral association, Green Power Denmark. Fee schedules are available on

FIGURE 1.15 Cities in Denmark are served by different local distribution utilities

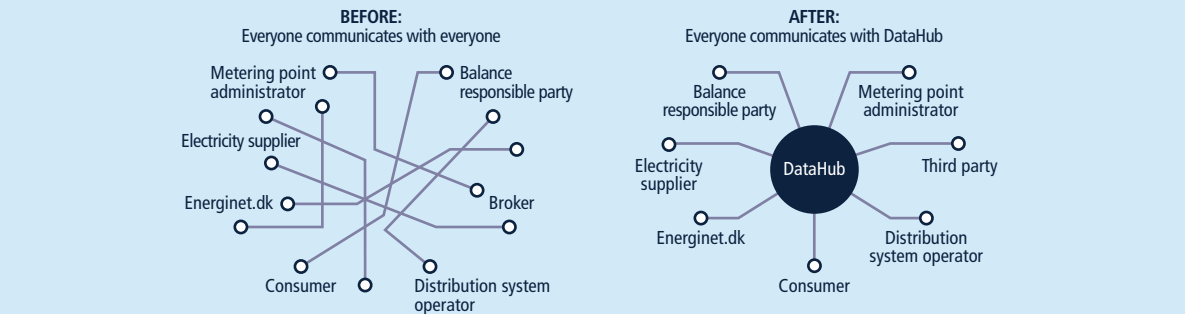


Source: Data collected for this publication.

BOX 1.4 The Danish electricity sector benefits from its pioneering use of DataHub

Through the years, Denmark has developed a highly digitalized energy market. In 2013, an online system called DataHub was introduced by Energinet, the country’s transmission system operator. The system was upgraded in 2016 to further promote efficiency and market competition, as well as to harmonize and simplify communication and access to information among customers and market players. DataHub serves as an interface for all relevant parties, from customers to suppliers, utilities, and the transmission operator (see figure). A pioneer in developing this system, Denmark has been inspiring other Nordic countries, such as Norway, Finland, and Sweden, to create their own versions.<sup>a</sup> Norway’s Elhub was launched in 2019; Finland introduced a similar system in February 2022; and Sweden has plans to implement its system in the coming years—although the process has been stalled due to pending regulatory reforms. In the meantime, Denmark is working on the development of a new version, called Green Energy Hub. The implementation of these platforms is overseen by NordREG, the organization of Nordic energy regulators, which aims to harmonize and promote a legal and institutional framework for the region’s energy markets.

FIGURE B 1.4.1 DataHub facilitates the exchange of information in the Danish energy market



Source: Energinet.

a. Energinet. 2018. The Danish Electricity Retail Market: Introduction to DataHub and the Danish supplier-centric model. Doc. 16/07474-4. Available at <https://en.energinet.dk/Energy-data/DataHub#Documents>.

the association’s and the utilities’ web-sites.<sup>54</sup> Prices are overseen by the Danish Utility Regulator. In all cities except Copenhagen, a new connection costs 61.7% of income per capita. For the case considered by this study, a customer in Copenhagen would be classified in a different technical category than in the rest of the cities, and the costs would be slightly lower, at 59.5% of income per

capita.<sup>55</sup> The waiting time to get a new electricity connection varies substantially across the country; it takes 36 days in Aarhus and 39 in Odense but 70 days in the capital (table 1.5). In terms of system reliability, all cities scored the maximum 8 points on the reliability of supply and transparency of tariffs index.<sup>56</sup>

TABLE 1.5 The cost and time of connection processes vary depending on the location						
City	Rank	Score (0–100)	Procedures (number)	Time (day)	Cost (% of income per capita)	Reliability of supply and transparency of tariffs index (0–8)
Aarhus	1	85.35	6	36	61.7	8
Odense	2	85.03	6	39	61.7	8
Aalborg	3	83.51	6	53	61.7	8
Kolding	4	82.96	6	58	61.7	8
Næstved	5	82.74	6	60	61.7	8
Copenhagen	6	81.66	6	70	59.5	8

Source: Data collected for this publication.  
Note: Rankings are calculated on the basis of the unrounded scores, while scores are displayed in the table with only two digits. Rankings are based on the average scores for the procedures, time, and cost associated with electricity connections, as well as for the reliability of supply and transparency of tariffs index. The score is normalized to range from 0 to 100 (the higher the score, the better).

**Getting electricity connections varies less across Danish cities than within other Nordic countries**  
Overall, compared with its Nordic neighbors, Denmark has a more standardized process to obtain electricity connections. Entrepreneurs in different cities in Finland or Sweden experience much higher variations in the time and costs to get connected to the grid. Yet there are some variations within Denmark as well, as utilities in some cities provide new



connections in very short times. Looking at the 115 cities in the EU measured by this project, Aarhus, with 36 days, has the third-fastest connection process, surpassed only by the Austrian cities of Linz (25 days) and Graz (34 days). On the other end, getting electricity takes 70 days in Copenhagen, the same as in Helsinki and closer to the regional EU average of 99 days. On average, getting electricity in Denmark is around 45 days faster than in the EU.

With an average connection cost of 61.3% of income per capita, obtaining electricity is significantly less expensive in Denmark than in the average EU member state, where it costs around 117.5% of income per capita. At the same time, connection fees are considerably lower in certain EU countries, costing a third less in Germany and Finland and less than half in the Netherlands (figure 1.16).

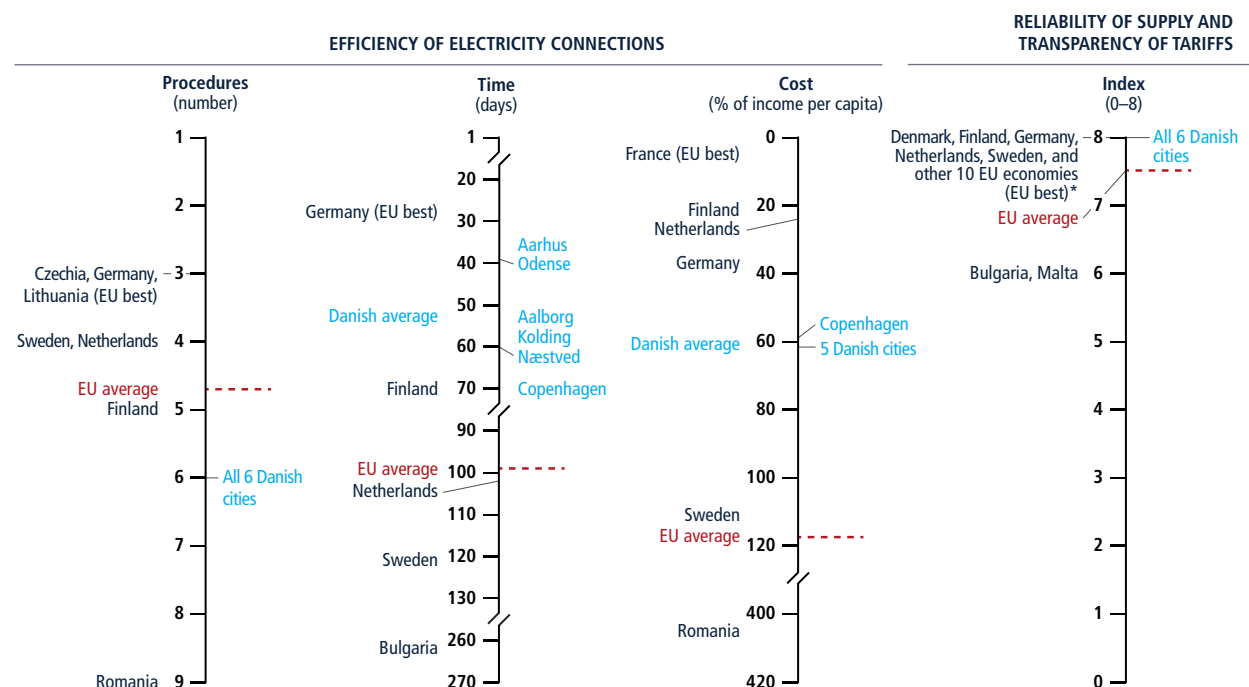
Firms in Danish cities must go through a six-step process to obtain a new connection to electricity. To put things in perspective, only in three other EU countries are more than five steps required—Belgium, Bulgaria, and Romania.

Denmark has a very reliable power supply and has regulations in place to promote high-quality electricity service. The Danish Energy Agency establishes mandatory targets for the reliability of electricity provision and imposes limitations to utilities' financial revenues in case of noncompliance.<sup>57</sup> Overall, reliability in Denmark is on par with countries such as Germany, the Netherlands, and Sweden. In all six benchmarked Danish cities, customers experience on average less than one power outage per year, with an average duration of less than one hour; both figures are less than half the number and duration of service interruptions in the average EU member state.<sup>58</sup>

### Utility services are highly digitalized across Denmark

Getting connected to electricity involves a standardized and digitalized process across the country (figure 1.17). In all cities except Copenhagen, utilities use Installationsblanket, an online portal maintained by Green Power Denmark, to interact with applicants.<sup>59</sup> In the capital city, the utility's own system, ISB, is used for the same type of online interactions. To apply for a new connection, the customer's electrician must submit a form through the online portal. Within an average of two weeks, the utility will review the technical conditions, assess the capacity of local networks, calculate the applicable connection fee, and prepare an offer for the customer. In Copenhagen, this case is classified as a B-low connection. The utility charges a total fee of DKK 218,650 (EUR 29,383), which includes a commercial connection

FIGURE 1.16 On average, obtaining electricity in Denmark requires more interactions but is faster and less costly than in the EU



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

\* The other countries with the maximum score in the reliability of supply and transparency of tariffs index are: Belgium, Cyprus, Czechia, Estonia, France, Ireland, Lithuania, Slovakia, Slovenia, and Spain.

**FIGURE 1.17** Getting an electricity connection requires the same six steps in all six Danish cities

Procedure	Agency
● Submit application	Distribution utility
● Receive external connection works from the utility	Distribution utility
● Obtain excavation permit*	Municipality
● Receive external connection works by the customer's contractor*	Electrical contractor
● Sign supply contract*	Electricity supplier
● Register works and receive meter installation	Distribution utility

\* Procedure occurs simultaneously with previous one.

Source: Data collected for this publication.

fee of DKK 15,650 (EUR 2,103) for the first 25 amperes plus an additional DKK 1,160 (EUR 156) per ampere. In all other cities, this is considered a C-type customer, with a total cost of DKK 227,400 (EUR 30,558). It includes the same connection fee for 25 amperes plus an additional DKK 1,210 (EUR 163) per ampere.

The next step is to develop the network extensions to connect the building with the grid. Responsibility for the connection works is divided between the utility and the contractor hired by the customer. Each will develop its respective segments in parallel. The customer is responsible for the connection works from the building to the connection point, which is determined by the utility and can be placed up to 30 meters from the property's boundaries. The utility, on its end, needs on average one month to prepare and carry out the works for the other section, from the connection point to the existing power grid. In the case considered by this study, the works carried out by utilities involve an additional distance of 120 meters.

As part of their preparations, the clients' contractors need to obtain a permit from

the city government to be allowed to dig and lay cables on public land. This takes from 4 to 5 days in all cities except for Copenhagen, where it takes 13 days. To prevent accidents and damages to existing underground utility cables, the contractors also need to obtain information on existing underground cables in the location where works are being planned; this can be done online, via the Danish Register of Underground Cable Owners (Ledningsejerregistret, or LER).<sup>60</sup> With permits in hand, the contractor carries out its part of the external connection works, normally in nine days. In parallel, the customer must choose an electricity provider and sign a supply contract. This is an online process and must be done before the meter is installed.<sup>61</sup>

At the final stage, once works have been completed and the supply contract signed, clients must notify the utility in order to register works and obtain the meter installation. This is done by sending a notification regarding completion of works through the Installationsblanket portal (except in Copenhagen, where it is done through ISB). Once they receive the notification and meter request, utilities will schedule a meter installation and then turn on the electricity, usually in around one week.

### Getting an electricity connection is fastest in Aarhus and slowest in Copenhagen

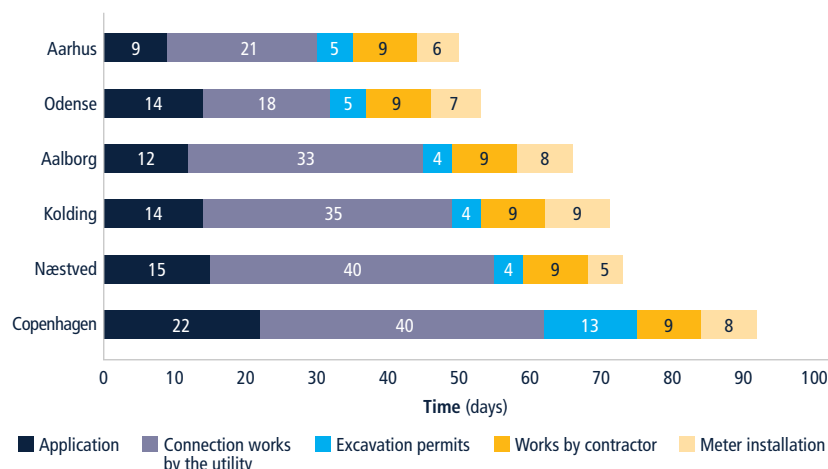
Although Denmark has a harmonized electricity connection process, entrepreneurs experience different waiting times depending on their location (figure 1.18). The main reasons for those differences are the times it takes utilities to deliver the main steps in a connection: processing applications, carrying out connection works, and performing meter installations. Connection works account for the most variations, with times ranging from 18 days in Odense to more than twice as long in Copenhagen and Næstved. The time required for other steps also varies across cities: applications are processed in nine days in Aarhus but usually take

three weeks in Copenhagen; meter installations take from five days in Næstved to nine days in Kolding.

Overall, the process takes longest in Copenhagen (70 days) and Næstved (60 days). The utilities in both cities belong to the same group and they both employ Nexel, a company within the group, to provide connection services. One reason for the longer delays faced by entrepreneurs in the nation's capital is the high workload experienced by the local utility (Radius Elnet A/S), which has more than a million customers, considerably more than in any other city.<sup>62</sup> Delays are also seen in Næstved, even though Cerius A/S, the local utility, has less than half the number of Radius's costumers. In Copenhagen, getting the municipal permits to carry out connection works on public land also causes delays: entrepreneurs need to wait nearly two weeks for a permit in the nation's capital, whereas all other cities issue permits in up to five days.

Aarhus has the fastest connection process among the six benchmarked cities. Together with Odense, this is the only city where the connection works take less than a month to be completed. Entrepreneurs in Aarhus benefit from agile utility services and fast processes to obtain municipal permits. The local utility, Konstant Net A/S, has a policy of reviewing and adjusting its services to aim for an efficient supply. For instance, until 2019 it allowed contractors hired by the customer to collect and directly install meters at the end of the connection works. After noticing that mistakes had to be frequently corrected, it shifted the policy and started to use its own external contractor to provide meter installations. To ensure a fast connection process, the utility has a deadline for the contractor, who needs to install the meters in two working days. By outsourcing it to a company based on a long-term contract, with specific time limitations, the utility was able to increase the quality of new connections within short service times.

**FIGURE 1.18** Aarhus and Odense have the shortest connection times in Denmark, thanks to agile utility services



Source: Data collected for this publication.

Note: During the time taken by the utility to prepare and carry out electrical connection works, the customers and their contractors obtain an excavation permit, carry out the connection works under their responsibility, and sign a supply contract. These procedures take place simultaneously, but the times were added to the figure for illustrative purposes. Signing a supply contract takes one day in all cities and can be done simultaneously with connection works. The time for this procedure is not included in this figure.

When it comes to system reliability, the six Danish cities benchmarked offer a reliable electricity supply, with higher service continuity levels than the EU average (figure 1.19). The lowest number

of electrical outages in Denmark is registered in Aalborg, whereas Aarhus has the lowest outage duration. Outages are more frequent and longer in Kolding.

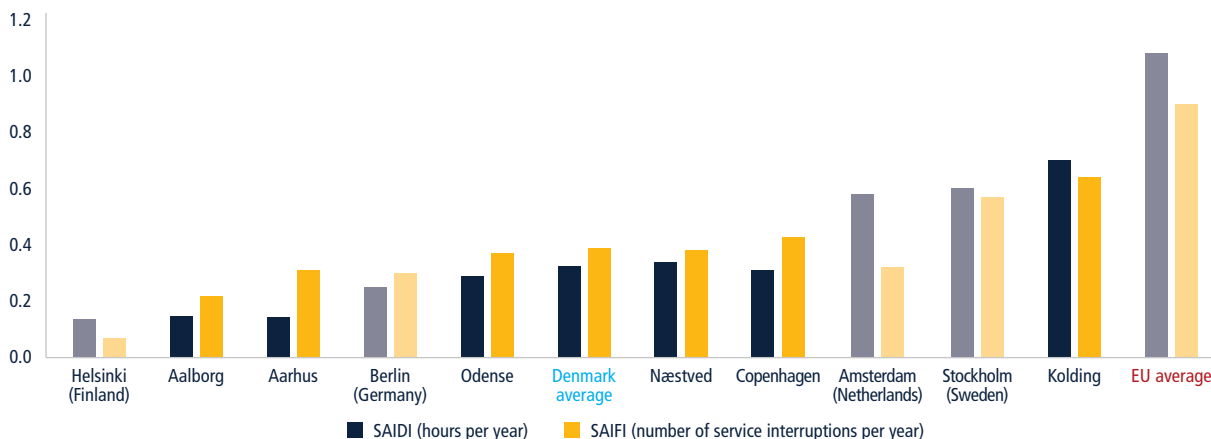
## WHAT CAN BE IMPROVED?

### *Eliminate the requirement of registering works to obtain a meter installation*

After customers sign a supply contract with the preferred electricity provider, among those available on the market, they need to go back to a distribution utility to get the meter installed and the lights switched on. Denmark could look at examples from other EU countries on how to merge these two steps. In Czechia, Ireland, and Poland, the final step for customers is to sign the supply contract with the chosen supplier. The electricity supplier will then directly contact the utility to have the meter installed and the electricity turned on, without any further action required from the customer. In Italy, meanwhile, customers choose a supplier at the very beginning of the process, and the supplier then handles the process with the distribution utility on behalf of the customer. These measures reduce the steps to get connected to the grid while maintaining the customer's independence to choose a supplier in the liberalized electricity market.

**FIGURE 1.19** In all six cities, electricity supply is more reliable than the EU average

Average duration of service interruptions (hours)/  
Average number of service interruptions



Source: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: SAIDI (System Average Interruption Duration Index) measures the total average duration of power outages per customer per year, whereas SAIFI (System Average Interruption Frequency Index) measures the total average frequency of power outages per customer per year. Data for individual economies are based on the most recent data collected for their capital city: 2020 for Denmark, Finland, and Sweden; 2019 for the Netherlands; and 2018 for Germany and for the average in the European Union, based on the *Doing Business 2020* database. The average for Denmark is based on the six benchmarked cities.

### ***Adopt legal and enforceable time frames for connection services***

In Denmark, utilities follow the technical guidance and requirements established by Green Power Denmark, which stipulates and updates the rules for providing new connections to the grid.<sup>63</sup> This allows for a high level of standardization in the procedural steps and connection fees. Yet the time taken to establish a new connection varies considerably depending on the location. To address this issue and ensure timely services across the country, energy regulatory agencies in EU member states such as Austria, the Netherlands, and Poland impose legal deadlines for electricity connections. In these countries, utilities are required by the regulator to answer an application within an established number of days and complete a connection within the established legal deadline after signing a contract with the customer. Utilities are subject to penalties in case of noncompliance. The use of similar monitoring and enforcement mechanisms by the energy regulator could help speed up the process in Denmark.

At the utility level, internal actions can be taken to reduce delays and enhance the monitoring and control of connection services. In developing these initiatives, utilities can look for inspiration within the country. For example, in Aarhus, Konstant Net A/S provides agile services, reviewing applications in nine days, carrying out connection works in three weeks, and installing meters within six days. To ensure a timely service delivery, the utility subcontracts works and meter installations to professional electrical contracting firms and imposes internal deadlines for the services.

### ***Publish statistics on connection services to promote transparency and accountability***

One way to promote accountability of utility services is to have public access to data on processing times for new connections. Similarly, municipalities can be held accountable for the typical

time taken to issue excavation permits and other services that are relevant for business activities. The publication of statistics on connection times by utility and region would contribute to transparency, comparability, and accountability, encouraging improvements in the performance of utilities and municipalities. Such measures can also help entrepreneurs to better estimate connection times and plan their activities. In Austria, the energy regulator publishes a report, the *Kommerzielle Qualität Storm*, with data on the various steps of the electricity connection process. It includes data on application processing times and on the time to complete a connection at different voltage levels, making the data easily comparable across cities and utilities.<sup>64</sup>

### ***Assess the possibility of partially absorbing connection costs or providing the option of payments in separate installments***

Entrepreneurs in Danish cities need to pay about DKK 251,520 (EUR 33,800) to get connected to electricity, more than 3.5 times as much as in Finland (EUR 9,429) and nearly triple the amount in the Netherlands (EUR 11,352). Danish utilities apply the fees established by Green Power Denmark, and the fees are overseen by the utility regulator. As the government is involved in electricity connection prices, a policy dialogue between the government and the association of electric utilities could lead to different possibilities and lower costs. Financial conditions could be considered to verify whether policies adopted in other EU member states could serve as inspiration for cost reforms. France, for instance, is able to provide connections at an average cost of EUR 1,795, as regulations require municipalities to partially absorb the cost of connection works.<sup>65</sup> Another strategy is to reduce upfront costs. This is done in countries such as Sweden and the Netherlands, where the total costs are distributed in installments. In Stockholm, in some cases customers are billed 30% of the connection fee when the offer is signed, 30% at the beginning of the

works, and 40% upon completion. In the Netherlands, 20% of the fees are payable upon agreement, 70% before the connection works, and 10% once they have been completed.

# Property transfer

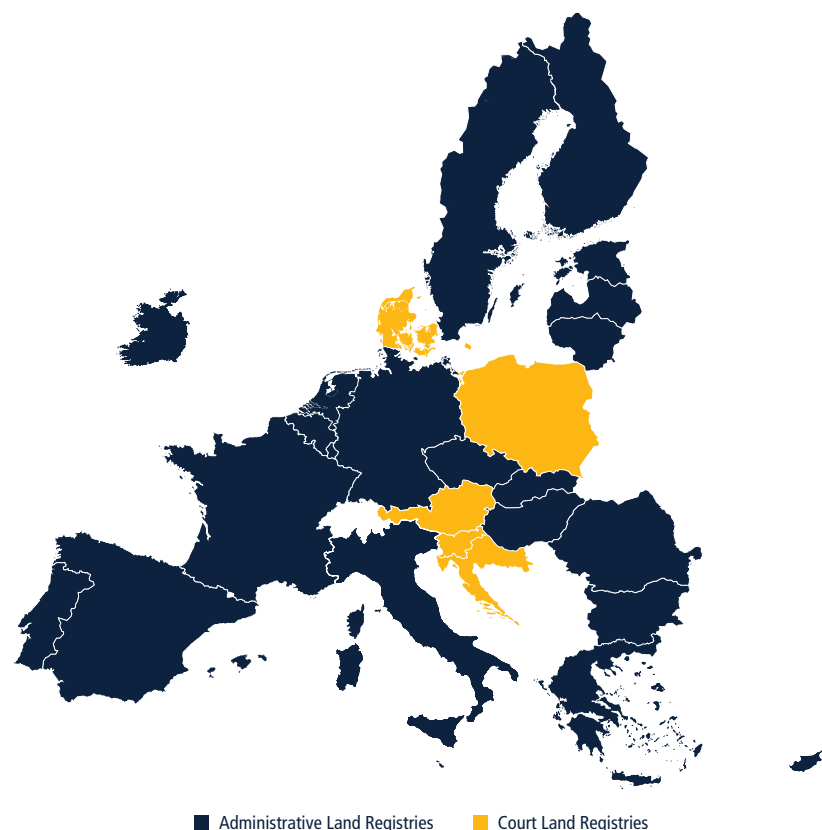
Two main institutions make up the land administration system in Denmark: the national cadastre (Matriklen) and the land registry (Tingbogen). The cadastre is maintained by the Danish Geodata Agency, under the Danish Ministry of Climate, Energy and Utilities. It consists of a country-wide cadastral map, an official register, and a cadastral archive.<sup>66</sup> The land registry is operated by the Land Registration Court, under the Ministry of Justice. Denmark remains one of only five EU member states with a court-managed land registry (figure 1.20). The others are Austria, Croatia, Poland, and Slovenia.

## Denmark completely overhauled its process to transfer property in the last 30 years

Today, the Danish system for property registration is one of the most advanced in the world. However, that was not always the case. Until the 1990s, property registration was a complex process with an archive of around 80 million paper documents managed by 82 local district courts not connected to one another. Completing a property transfer required working with thick, heavy land books in the local district court—a long and burdensome process for employees and customers alike.<sup>67</sup>

The Danish government undertook a considerable legal and administrative effort to modernize the land administration system at the national level (figure 1.21). Starting in 1992, the Parliament amended the Land Registration Act to introduce computerization, with the aim of speeding up the registration process and improving customer service. Between 1993 and 2000, all property records were scanned and the country's judicial district courts computerized. While tens of millions of paper documents were being scanned, the work to develop a paperless registration system

FIGURE 1.20 Five EU member states have court-based land registries

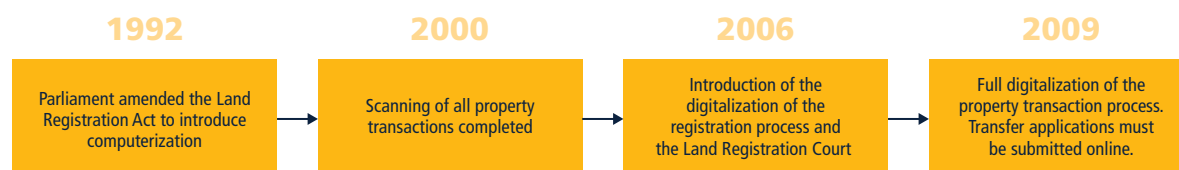


Source: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

began. In 2006, the Land Registration Act was further amended to introduce digital registration and create a special Land Registration Court based in Hobro, which is responsible for managing land registration for the whole country.<sup>68</sup> The e-registration system, called Tinglysning, was developed in the following years through a public-private collaboration model.<sup>69</sup> The operation of this new central system is managed by the Land Registration Court. Standardized interfaces allowing external users to access the registration system were developed in cooperation with, among others, mortgage credit institutions and banks.

The e-registration system reduced the manual processing of documents to a minimum by integrating all land registry functions. The system is composed of registration case files that include all land and property data, a portal for internal users and another for external users, and service interfaces enabling external users to access the records directly from their own computers.<sup>70</sup> Automation was achieved thanks to the system's interoperability, which allowed for the exchange of information with several other government databases and increased the efficiency of the registration process. The interlinked databases include those of the

FIGURE 1.21 Denmark implemented a fully digital land registry in 17 years



Source: Data collected for this publication.

Civil Registration System,<sup>71</sup> the Central Business Register,<sup>72</sup> the Municipal Property Data System,<sup>73</sup> and the Danish Geodata Agency. By 2009, Denmark required all applications to be submitted online, enabling more efficient screening.

The national cadastre also went through major changes. During the 1980s, working in cooperation with the main stakeholders, it prepared a legal reform to revise and modernize cadastral legislation. The aim was to establish a cadastral information infrastructure accessible to all users and tailored for efficient interactions with other land data systems. The reform was gradually implemented and paved the way for a modernized cadastral system serving a wide range of functions in society. The cadastral register was computerized by 1986, and a pilot project for converting cadastral maps to a computer format was carried out between 1985 and 1989. The full digitization of about 15,000 original analog cadastral maps, covering the entire country and comprising about 2.5 million land parcels, was completed by 1997.<sup>74</sup> The cadastre was further innovated in 2008 with the introduction of a new digital database accessible online. Since then, surveyors have been able to directly update the cadastre through the use of a cadastral information and updating system.

These reforms have made the Danish property registration system one that many other economies aspire to have and few have managed to implement. The process is entirely digital and centralized. In the European Union, only Sweden has achieved a similar feat.

Today, transferring property in Denmark requires only three simple steps, all of which can be completed online. A single national land registration system processes all applications from anywhere in the country, and citizens and businesses can transfer property independently, with no involvement of third parties such as lawyers or notaries. Users can also obtain information on any property in Denmark, since the cadastre and land registry have full country coverage.

### **Danish companies have access to one of the most efficient systems to transfer property in the EU**

In Denmark, transferring a property requires three procedures that are completed within four days. The number of procedural steps is among the lowest in the European Union. Only Portugal and Sweden require fewer: in these two countries, companies complete a property transfer in a single step. Denmark is also among the member states with the fastest process, outpaced only by Lithuania (3.5 days) and the Netherlands (3 days).

For a case such as the one considered by this study, the overall cost of transferring a property equals 0.6% of the property value, and it is set at the national level. This is significantly lower than the EU average of 4.8%, and the cost is lower only in Estonia, Poland, and Slovakia (figure 1.22).

Danish cities score 28 out of a maximum of 30 points on the quality of land administration index, which measures the existence of good practices in land and property management. This is 5 points

higher than the EU average and only half a point behind the EU top performers in this area, Lithuania and the Netherlands.

### **Property transfers are standardized and centralized at the Land Registration Court**

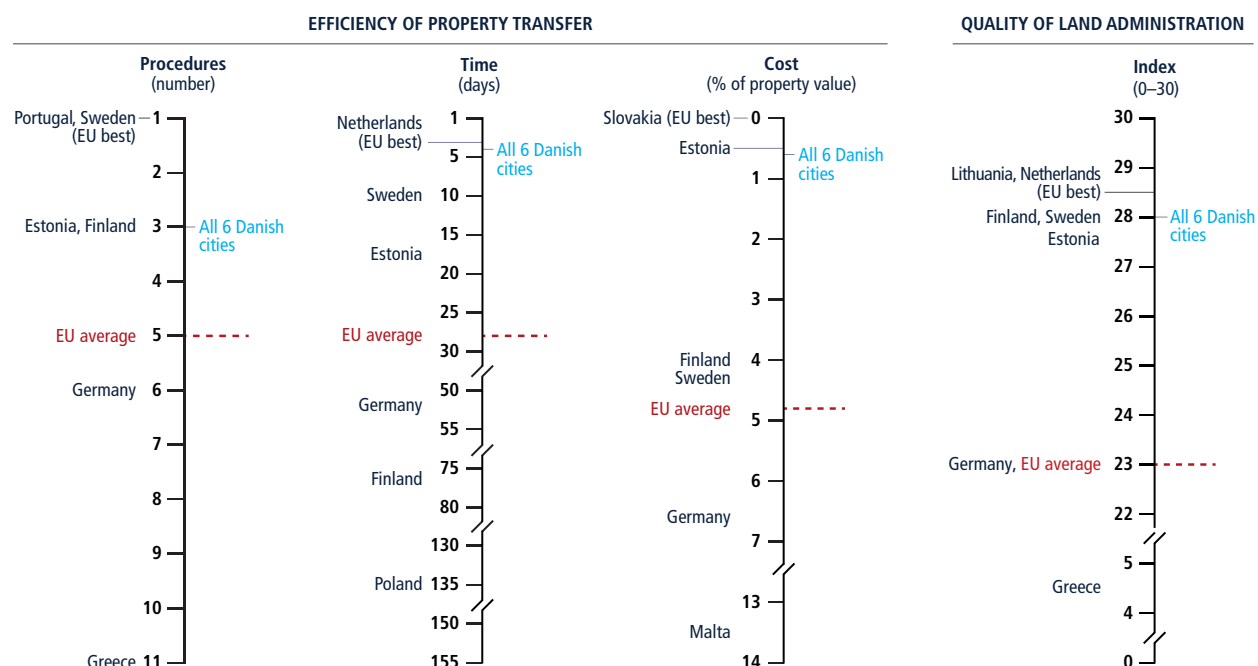
In Denmark, the property transfer process starts with the buyer obtaining transcripts of registered documents from the e-registration platform Tinglysning (figure 1.23). This step is not mandatory but is commonly done, as these documents show the ownership rights and restrictions, including the seller's title, mortgages, and liens.<sup>75</sup> The online platform is accessed using a digital signature available to all Danish citizens, called NemID.<sup>76</sup> The second step is obtaining a transcript from the digital platform of the Danish Business Authority (Virk.dk) to ensure that the buyer is legally entitled to act on behalf of the company in this transaction.<sup>77</sup> All these documents can be obtained online easily and at no cost.

Next, the parties draft and sign the sales agreement, and the deed containing the relevant details is prepared. Companies and parties may hire a lawyer to draft the deed, but it is not mandatory.<sup>78</sup>

Although not required by law, it is common to register the deed officially at the Land Registration Court, so that the transfer becomes opposable to third parties. The applicant inserts information from the deed on a registration page at the court's online platform and includes the email addresses of the buyer and seller. This allows them to sign the deed using their digital signatures. Once the



FIGURE 1.22 Transferring property in Denmark is simpler, faster, and less costly than the EU average



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

deed is signed online, the applicant can submit it. The court's e-platform then processes the application automatically and sends a confirmation via email to the person who registered the deed. The e-registration platform flags cases where additional information from the parties

is needed. In those cases, the deed is extracted for manual review. According to the Land Registration Court, approximately 60% of the registrations get approved automatically, while 40% are approved manually.

A fixed fee of DKK 1,750 (EUR 235) for the registration and a variable fee—in this case, equal to 0.6% of the property value—are paid by credit card online through the e-registration platform. The payment happens when the registration of the property transaction is completed. Alternatively, the buyer can also pay the registration fee to the Tax Agency via its online TastSelv system.<sup>79</sup>

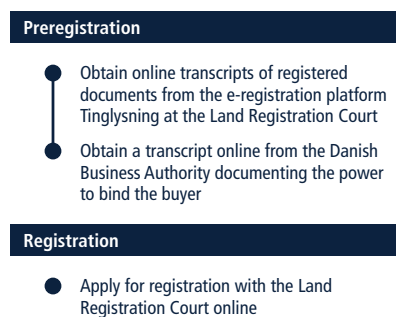
### Denmark stands out on its quality of land administration

Cities in Denmark score 28 out of a possible 30 points on the quality of land administration index. This is one of the highest scores globally. The quality of land administration index has five dimensions:

reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights.<sup>80</sup> All Danish cities get a maximum score on the reliability of infrastructure component, which measures whether the land registry and mapping system (cadastre) have adequate infrastructure to guarantee high standards and reduce errors.

The transparency of information component measures whether and how the land administration system makes land-related information available to the public. All Danish cities score 4.5 points out of a maximum of 6. The Danish Geodata Agency keeps a database of property information that encompasses all of Denmark. The register, which is accessible to anyone, includes cadastral identification numbers, property size, roads, and rivers. Its archives go back to the 1800s. Ownership information is also publicly available and can be consulted at

FIGURE 1.23 The process of transferring a property in Denmark is carried out entirely online



Source: Data collected for this publication.

the Land Registration Court. Information on fee schedules and service standards for property transfers is also accessible, as are annual statistics on property transfers. Points are deducted due to the lack of a specific and independent mechanism for filing complaints for problems related to property registration and the lack of service standards for cadastral services. Although the Danish Geodata Agency publishes the average time it takes to transfer a property, it does not commit to a specific time frame.

The geographic coverage component measures the extent to which the land registry and mapping system provide complete geographic coverage of privately held land parcels. Every city scores the maximum points on this dimension as well, reflecting the high rate of formally registered and mapped properties in the country. In fact, all privately held land in Denmark is formally registered and mapped by the Danish Geodata Agency.

The land dispute resolution component measures the accessibility of conflict resolution mechanisms and the extent of liability for entities or agents recording land transactions. In addition, it looks at how efficiently the courts (as a last resort) handle disputes. Denmark has mechanisms in place to resolve property disputes out of court. All cities score 7.5 instead of 8 on this index because statistics on the number of land disputes in courts of first instance are not publicly available.

## WHAT CAN BE IMPROVED?

### *Strengthen complaints mechanisms related to services provided by the registry*

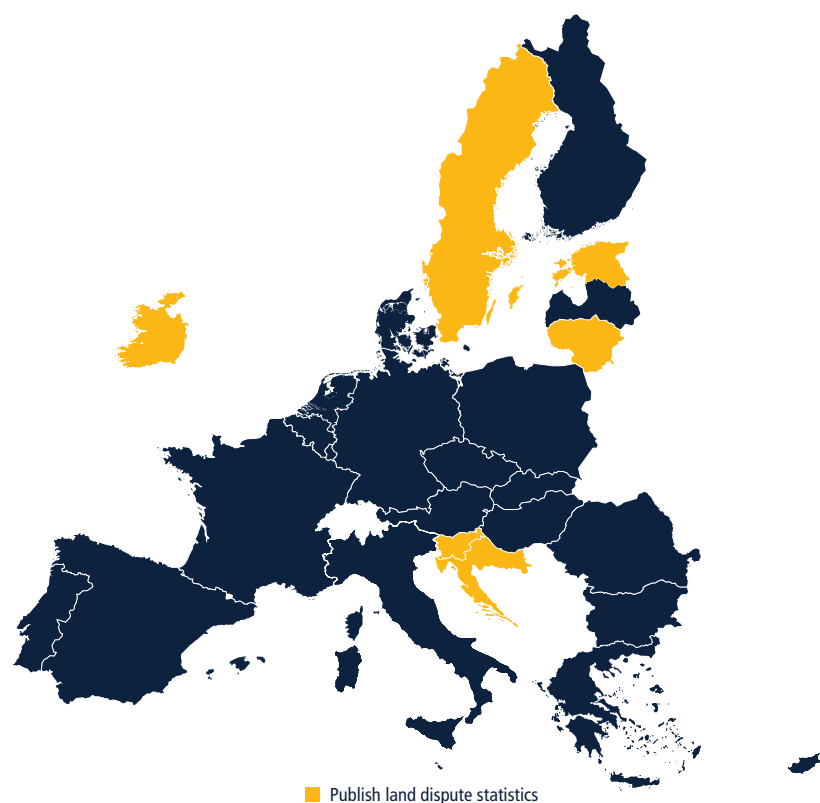
A fully developed complaints system facilitates the correction of mistakes and increases the land system's reliability. Denmark does not have a dedicated and independent mechanism for filing complaints on property transactions. Establishing an independent complaints

mechanism that handles issues specific to property transfers would allow for better monitoring of land registration activity, potentially revealing patterns of mistakes and systemic issues that might be addressed through corrective action. The United Kingdom has a specialized complaints mechanism that provides detailed information to the public on how a complaint will be received, processed, and resolved. Besides having detailed complaint procedures that can be addressed to the HM land registry, the United Kingdom also allows people to file a complaint with the Independent Complaints Reviewer (ICR). The ICR handles complaints related to the HM land registry only. The ICR is neither a civil servant nor an employee of the HM land registry. The ICR office's funding and staff come from the HM land registry but are managed independently by the ICR.

### *Increase transparency by collecting and compiling statistics on land disputes and ensure that the data are publicly available online*

When land disputes occur, ensuring that they clear the courts quickly is important—citizens' resources should not be unnecessarily tied up in the legal system. However, Denmark does not make information on land disputes in the courts publicly available.<sup>81</sup> Such statistics inform citizens about the court's true performance. They also provide the court with information on current bottlenecks and challenges that can inform future reform initiatives. Court statistics should be published continuously and updated regularly. Croatia, Estonia, Ireland, Lithuania, Slovenia, and Sweden publish court statistics on land disputes (figure 1.24). Danish authorities should consider making such data publicly available in a user-friendly format, updated regularly or in real time.

FIGURE 1.24 Six EU member states make statistics on land disputes publicly available



Source: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

# Commercial litigation

Court proceedings across Denmark are governed by the Danish Administration of Justice Act (Retsplejeloven),<sup>82</sup> which sets out detailed rules for civil, criminal, and enforcement procedures. There are 24 district courts in Denmark which, as courts of first instance, hear both civil and criminal cases. Commercial cases are handled as ordinary civil cases, and district courts do not separate them in their caseloads. Bailiff's courts, as divisions of district courts, are responsible for the enforcement process.

## Time and cost vary slightly across locations

Court efficiency varies across the country. The data show that courts are more efficient in Næstved and that Aarhus has the most room for improvement. To make the data comparable, this study considers a standardized commercial dispute between two local companies, valued at DKK 820,582 (EUR 110,271).<sup>83</sup> The commercial litigation process—initiating the case, resolving the dispute, and enforcing the judgment—is fastest in Næstved, where it takes 19 months (table 1.6). This is slightly faster than the 19.5 months the process takes in Odense and the 20 months in Aalborg and Copenhagen. In Aarhus, the slowest city benchmarked

in this study, a similar case would be resolved in 22.5 months. At 17.1% of the claim value, litigating is more expensive in Copenhagen than in the other five analyzed cities. Litigation is the least expensive in Næstved and Kolding, where the cost represents 13% and 13.2% of the value claim, respectively. Attorney and expert fees are the main drivers of cost variations among the cities. The quality of judicial processes index, which evaluates the implementation of good judicial practices, is uniform across the country: all cities benchmarked in this study score 13 out of a maximum of 18 points.

## Litigating a commercial dispute in Denmark is faster and less costly than in the EU on average

Compared with the EU average of 22 months, litigating a commercial case is somewhat faster across Denmark, except in Aarhus. The capital, Copenhagen, is almost two months faster than the EU member states on average. Still, there is room for further improvement. The fastest Danish city—Næstved—is more than three months slower than Sweden (figure 1.25).

Commercial litigation in Denmark is relatively inexpensive: at 14.3% of the claim

value on average, it is 30% cheaper than the EU average. Similarly, on the quality of judicial processes index, Denmark scores above the EU average of 11.5 points out of the maximum of 18. All benchmarked Danish cities score 13 points, above Germany but below Estonia and Lithuania.

## Commercial litigation follows a consistent process across the country

District courts (Byretterne) have jurisdiction over the type of breach of contract dispute considered in this study. Denmark has a specialized court for certain types of commercial cases—the Danish Maritime and Commercial Court (Sø- og Handelsretten)—but it handles only matters such as intellectual property and competition and would not hear the hypothetical case at hand.<sup>84</sup>

The plaintiff initiates the litigation process by filing a writ of summons at the digital case portal administered by the Courts of Denmark.<sup>85</sup> Civil cases are processed digitally and no longer exist on paper in the court.<sup>86</sup> After ensuring that the writ meets all formal requirements, the court serves the summons on the defendant via Digital Post, an online mailbox that allows Danish citizens to receive digital communications from public authorities.<sup>87</sup>

The defendant usually has seven days to acknowledge the service through the digital case portal. If the defendant fails to do so, the court will serve the defendant via regular mail or personal service by a bailiff. Written response to the summons is provided through the digital portal at least 14 days after acknowledgment of the service. Upon request of the defendant, this time limit can be extended.

Once the court receives the written response, it convenes the parties to a

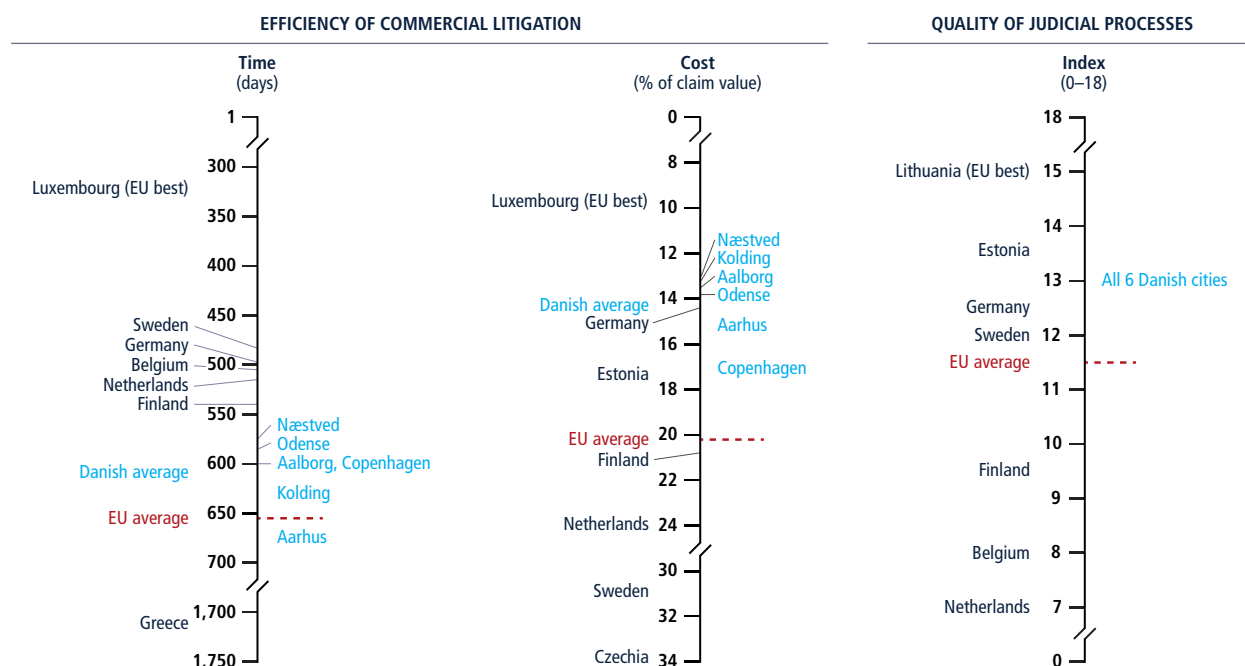
**TABLE 1.6** Næstved ranks at the top of the commercial litigation indicator

City	Rank	Score (0–100)	Time (day)	Cost (% of claim)	Quality of judicial processes index (0–18)
Næstved	1	73.47	575	13.0	13
Odense	2	72.90	585	13.8	13
Aalborg	3	72.60	600	13.5	13
Kolding	4	71.89	630	13.2	13
Copenhagen	5	71.25	600	17.1	13
Aarhus	6	69.91	675	15.2	13

Source: Data collected for this publication.

Note: Rankings are calculated on the basis of the unrounded scores, while scores are displayed in the table with only two digits. Rankings are based on the average scores for time and cost associated with commercial litigation, as well as for the quality of judicial processes index. The score is normalized to range from 0 to 100 (the higher the score, the better).

FIGURE 1.25 Danish courts outperform the EU average on both efficiency and judicial quality



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

pretrial hearing to discuss each party's positions and the participation of experts, explore a settlement, and organize the time frame for the preparatory phase and the main hearing.<sup>88</sup> The pretrial hearing typically takes place via conference call between the lawyers representing each party and the judge. Additional pretrial hearings may be held if the court deems necessary. According to lawyers consulted for this study, adjournments are frequent at this stage and hearings are often postponed. During the preparatory phase, the court may decide that parties must submit a written pleading on a specific matter within a time limit set by the judge. This deadline is often extended upon parties' request. The court decides when the preparatory phase ends, which often depends on the nature and complexity of the case. If the court does not make that decision, the preparatory phase is considered completed four weeks before the date set by the court for the start of the main hearing.<sup>89</sup> If the

court finds that further preparation is necessary, it may order a resumption of preparatory proceedings.

Once the date for a main hearing is set, further delays are rare. At the in-person main hearing, the parties discuss their claims, present evidence, and hear the experts' opinions. Once the presentation of evidence is completed, the parties have the opportunity to state their final view on the case. The judge renders a decision no later than four weeks after the evidence period has closed.<sup>90</sup> The losing party may appeal the judgment within four weeks.

The enforcement procedure is regulated by the Danish Administration of Justice Act.<sup>91</sup> Within the district courts, bailiff's courts are authorized to oversee the enforcement process. Judgments become enforceable 14 days after they are rendered.<sup>92</sup> The creditor initiates enforcement by filing the enforcement application via email.

The bailiff's court checks the enforcement application and serves a summons on the debtor via Digital Post. This court also summons the parties to a mandatory meeting at which the debtor's financial situation is disclosed. The meeting is scheduled up to a month after the initiation of enforcement. During this meeting, the bailiff's court will instruct the debtor to pay the debt in 10 monthly installments if payment of the full amount is not possible. If no installment plan is agreed upon, the bailiff's court will take around four weeks to seize the assets and authorize a private auction house to organize a public auction. Unlike with real estate auctions, which are organized by the bailiff's court, private auction houses hold public sales to sell cars and other movable assets. Compulsory auctions are usually held in person. Auctions for movable assets are organized every three to four weeks. The creditor recovers the value of the claim usually within a month after the auction is completed.

### Resolving a commercial dispute is fastest in Næstved and Odense and takes the longest in Aarhus and Kolding

No subnational differences exist in the filing and serving phase, which is completed in one month in all cities. Similarly, the enforcement phase is consistent across Denmark, with judgments enforced within four months. It is the trial and judgment phase that drives the variations across cities (figure 1.26).

According to official statistics, the overall case processing time in Danish district courts has increased over the years, due to more complex cases and the prioritization of criminal matters.<sup>93</sup> For ordinary civil cases resolved through the main hearing, the average processing time increased from 16.6 months in 2017 to 18.4 months in 2020 and 20.6 months in 2021.<sup>94</sup>

Lawyers consulted for this study mentioned that the time required for the trial and judgment phase varies mainly depending on the local court's hearing

schedule, the judge's caseload, and the approach to adjournment and continuances. Because district court judges hear both criminal and civil cases, they may not always have enough room on the docket for civil cases. Judges often grant more time for written pleadings, thus prolonging the preparatory phase and the main hearing.

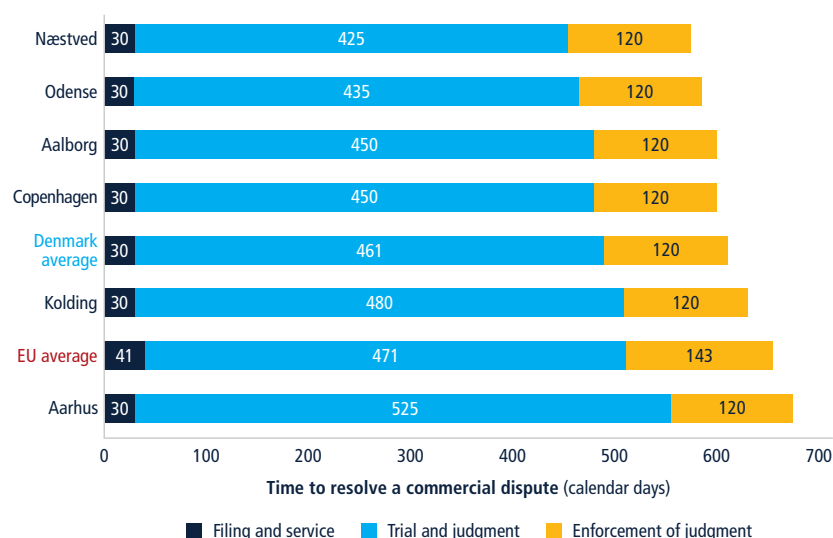
In Aarhus, the slowest city benchmarked in this study, it takes 15 months to schedule the main hearing from the time the defendant is served; the same hearing is scheduled in 12 months in Copenhagen.<sup>95</sup> With 14 months to complete the entire trial and judgment phase, Næstved is the fastest benchmarked city. The court in Næstved sets a date for the main hearing during the preparatory phase. This is different than in Kolding and Odense, where the main hearing is often scheduled only after the preparatory phase has concluded. It takes seven and half months to hold the main hearing after the end of preparatory phase in Odense and nine months in Kolding.

### Enforcement fees in Denmark are among the lowest in the EU

Resolving the commercial dispute laid out in this study is the cheapest in Næstved and Kolding, while Aarhus and Copenhagen are the most expensive among the benchmarked cities. However, on average, each component of commercial litigation costs less in Denmark than in the European Union as a whole (figure 1.27). The low cost is the result of moderate attorney fees and an inexpensive process of enforcing a judgment.

Attorney fees, which comprise the bulk of the costs, are unregulated. The Danish Administration of Justice Act stipulates only that attorney remuneration must be reasonable.<sup>96</sup> Attorneys in Denmark generally charge per hour of work. The hourly rate is higher in Aarhus and Copenhagen, the two largest Danish cities, than in the rest of the country. Lawyers in Copenhagen would charge around 4,000 DKK (EUR 538), while a lawyer in Aarhus would charge around DKK 3,200 (EUR 430) for an hour of work.<sup>97</sup>

**FIGURE 1.26** The trial and judgment phase in Næstved is three months faster than in Aarhus



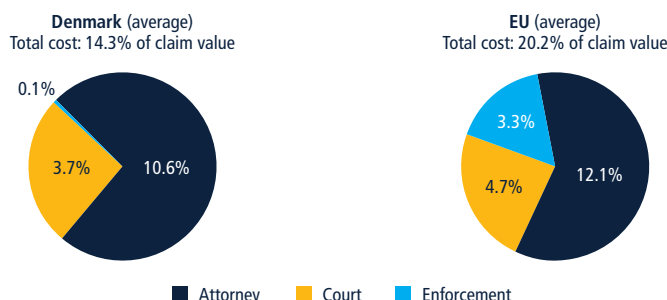
Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: The average time for Denmark is based on the average time for commercial litigation in the six cities benchmarked. EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

The Court Fees Act, adopted in 2021, regulates court expenses nationwide.<sup>98</sup> The plaintiff pays DKK 1,500 (EUR 202) to initiate the case and an additional DKK 14,000 (EUR 1,881) if the case proceeds to the main hearing. What varies across Danish cities are costs charged by experts, which are not uniform across the country. Expert fees are significantly higher in Copenhagen than in any other city benchmarked. For 10 hours of work, an expert in Copenhagen would charge around DKK 22,250 (EUR 2,990). That compares with DKK 15,000 (EUR 2,016) in Aarhus, DKK 12,500 (EUR 1,680) in Næstved, and DKK 10,000 (EUR 1,344) in Kolding.

Enforcement fees are among the lowest in the EU.<sup>99</sup> The creditor pays DKK 750 (EUR 101) for the enforcement of judgment, a fee that is the same throughout Denmark.<sup>100</sup> Private auction houses, which organize auctions and sell movable property, are paid out of the proceeds of the public sale.<sup>101</sup>

**FIGURE 1.27** Each component of the cost of commercial litigation is lower in Denmark than in the EU on average



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: The cost values, expressed as % of claim, are rounded up to one decimal point. The average cost for Denmark is based on the average cost for commercial litigation in the six cities benchmarked. EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

### Denmark is at the forefront of court automation in the EU

To complement the measures of efficiency, the judicial quality measure reflects the courts' adoption of various international good practices in four areas: court structure and proceedings, case management, court automation, and alternative dispute resolution.<sup>102</sup> Danish courts exhibit the same good practices

in all areas and score 13 out of the maximum of 18 points (figure 1.28).

All benchmarked locations score 3 out of a maximum of 5 points on the court structure and proceedings component. Courts implement fast-track procedures for small claims and allow self-representation in these cases.<sup>103</sup> Pretrial attachment is allowed, and court cases are

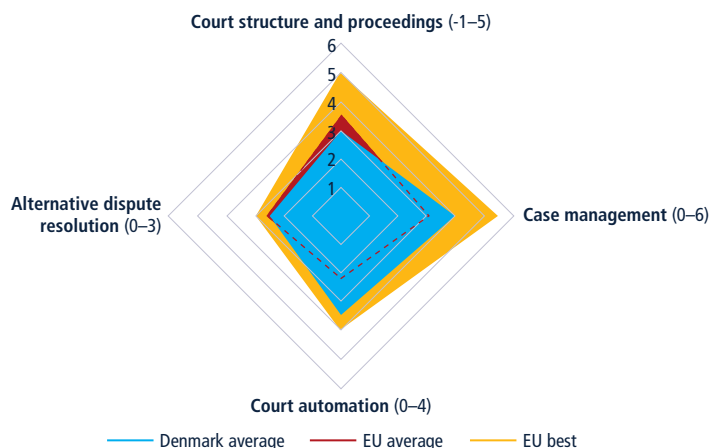
assigned to judges manually. Denmark has a specialized commercial court, the Maritime and Commercial Court, but its jurisdiction is limited to certain legal matters and it does not hear general commercial cases.

On the case management component, the benchmarked cities score 4 out of 6 points. Denmark publishes reports that show the courts' performance. Courts widely use pretrial conferences as a management technique to organize evidence, explore settlements, and agree on litigation time frames. Denmark is among 13 EU member states that have developed electronic case management systems that work well for both judges and lawyers.<sup>104</sup> However, Danish laws do not regulate most time standards for key litigation events, nor do they limit the maximum number or reasons for adjournments and continuances.

Within the EU, Denmark is at the forefront on court automation (box 1.5). Cities covered in this study score 3.5 points out of a maximum of 4, which places Denmark on par with Germany and slightly behind Estonia, Lithuania, and Slovakia. Plaintiffs can file a writ of summons electronically and pay court fees at the same digital portal. Moreover, defendants are served electronically through a digital mailbox. Appellate and Supreme Court judgments are available to the general public. Although the country does not publish judgments at all levels, the Courts of Denmark recently opened a new judgment database.<sup>105</sup> Since its opening, rulings from the Supreme Court and high courts have been prioritized for publishing. The database will be gradually expanded with the publication of judgments from courts of first instance.

Regarding alternative dispute resolution, all benchmarked cities score 2.5 out of a maximum of 3 points. Commercial arbitration and mediation are governed by consolidated laws. Denmark permits voluntary mediation and, in practice, enforces valid arbitration clauses. To

**FIGURE 1.28** Court automation in Denmark is among the most developed in the EU



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: EU averages use capital city data for the 27 member states of the European Union. Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states. Among EU member states, Croatia, Poland, and Romania have the highest score on court structure and proceedings; Latvia has the highest score on case management; Estonia, Lithuania, and Slovakia have the highest score on court automation; and Germany, Spain, Hungary, Italy, Lithuania, Latvia, Poland, and Romania have the highest score on alternative dispute resolution.

### BOX 1.5 Denmark is a leader in digitalization of the court system

Denmark has been digitalizing public services for more than two decades.<sup>a</sup> Since 2014, it became mandatory for Danish citizens to use the Digital Post, an online mailbox, for all communication with public authorities. Courts serve summonses through this mailbox, and parties use a digital signature (NemID) to log in to their personal Digital Post.<sup>b</sup>

Denmark has also developed a highly digitalized system for civil cases. In 2018, the country introduced a digital case portal, Sagsportalen.<sup>c</sup> All civil cases in Denmark must be filed and processed digitally through the portal since they no longer exist on paper in courts. Parties access Sagsportalen by using a digital signature.

Once a writ of summons is filed, all parties have access to documents and information relevant to the case. The plaintiff pays the court fees, and the defendant acknowledges the service of a summons through Sagsportalen. All written communication between litigants and the judge is also conducted through this portal.<sup>d</sup> The defendant provides a written response to the summons, and both parties can upload written pleadings during the litigation process. The losing party may appeal the judgment through the portal.<sup>e</sup>

The digital case portal is also used internally by court staff. Sagsportalen allows judges to automatically generate a hearing schedule; send notifications to lawyers; track the status of a case; view and manage case documents; and view court orders and judgments.<sup>f</sup>

a. The Danish Digital Journey, Agency for Digital Development, Ministry of Finance, available at <https://en.digst.dk/policy/the-danish-digital-journey/>.

b. Electronic ID (eID) in Denmark, Agency for Digital Development, Ministry of Finance, available at <https://en.digst.dk/systems/mitid/eid-in-denmark/>.

c. The digital portal Sagsportalen is available at <https://minretssag.dk/frontpage>.

d. Waage, Frederik, and Hanne Marie Motzfeldt. 2022. *Digitalization at the courts*. Nordic Council of Ministers, Copenhagen, available at <https://norden.diva-portal.org/smash/get/diva2:1656106/FULLTEXT01.pdf>.

e. Minretssag.dk guides, Courts of Denmark, available at <https://domstol.dk/selvetjening/blanketter-og-vejledninger/minretssagdk/>.

f. Conversation with district court judges from Kolding, held during the consultation period of this study (April to June 2022).

achieve a full score in this area, Denmark could offer financial incentives for parties that attempt mediation.

## WHAT CAN BE IMPROVED?

### *Strengthen case management practices during the preparatory phase and set deadlines for key litigation events*

The Danish Administration of Justice Act establishes some deadlines for key litigation events. However, in most cases, these deadlines are flexible, and parties can request extensions to file and exchange documents. Such extensions are particularly frequent during the preparatory phase, as judges tend to be amenable to parties' requests so as to manage their own workload and put off the date of the main hearing. Attorneys consulted for this study confirmed that judges often grant additional time to parties or use the law's flexible time standards, potentially extending the duration of court proceedings.

Case management refers to a set of principles and techniques intended to ensure the timely and organized flow of cases through the court, from initial filing through disposition. It enhances processing efficiency and promotes early court control of cases.<sup>106</sup> While the case management principles adopted by courts vary depending on their needs and the local legal culture, some have been applied so consistently worldwide that they have evolved into a set of internationally recognized core principles. These include, among others, establishing firm time frames for procedures and for disposition of cases, creating realistic schedules such that events can reasonably be expected to occur as scheduled, and establishing firm and realistic appearance dates. Denmark could consider introducing new time limits to strengthen its procedural legislation and practice, leaving less discretionary power to parties and courts. Within the EU, 10 member states have laws in place that set time standards for various court events and respect them in practice.<sup>107</sup>

### *Limit the number, duration, and grounds for granting adjournments*

Adjournments, while unavoidable at times, often lead to additional hearings and can limit court efficiency. Establishing regulations to limit their excessive use promotes timely justice. Currently, Denmark has no regulation limiting the number, duration, or basis for adjournments. The presiding judge has complete discretion to grant postponements and often does so during the preparatory phase. Such discretionary decision-making may lead to inconsistencies across the legal system. Moreover, a lack of explicit rules governing adjournments affords parties more latitude to ask for leave from court as a delaying tactic. Frequent postponements are also a hindrance to efficient dispute resolution because they delay the final judgment. Denmark should consider adopting clear rules on adjournments.

In the European Union, nine EU member states impose limitations on adjournments that are respected in practice.<sup>108</sup>



With the exception of Greece, all of them focus on limiting adjournments to unforeseen and exceptional circumstances rather than limiting the total number of adjournments that may be granted. Outside the EU, Norway regulates adjournments strictly and ensures that hearings and trials are held as scheduled.<sup>109</sup> At the Tingrett Nedre Romerike District Court in Norway, the court's case administrators work actively to schedule cases within the set deadlines and targets, and lawyers are expected to conduct the case within official time limits. If the lawyer is unavailable, the administrators push for a transfer of the case to another lawyer at the same firm. The court's practice on adjournments is restrictive and mainly limited to illness documented by a doctor's certificate.<sup>110</sup>

### **Consider creating specialized commercial sections at the courts or expand the jurisdiction of the Maritime and Commercial Court**

Having courts or divisions with general commercial jurisdiction is an internationally recognized good practice. When properly established, such courts can improve efficiency because they tend to have streamlined procedures and offer an alternative forum for litigants.<sup>111</sup>

Establishing standalone commercial courts in all of Denmark's district court jurisdictions may not make sense from an organizational perspective. In locations with fewer commercial cases, specialized commercial sections could provide a less expensive alternative to a commercial court. By contrast, court jurisdictions with large and complex commercial caseloads could consider introducing specialized commercial courts to deal exclusively with commercial cases. Danish courts could analyze their respective caseloads to determine the largest sources of delay, including the share of civil commercial cases on the docket and whether these types of cases are backlogged. The results of such an analysis may justify channeling resources to the creation of a specialized commercial court.

Since Denmark already has a specialized commercial court—the Maritime and Commercial Court, based in Copenhagen—expanding its jurisdiction to cover all general commercial cases could help alleviate the caseload at the district courts. Another option could be to turn that court into an online court with jurisdiction over general commercial cases filed across the country. The number of cases received from other regions could help determine where to add commercial divisions in existing courts or create additional standalone courts across the country.

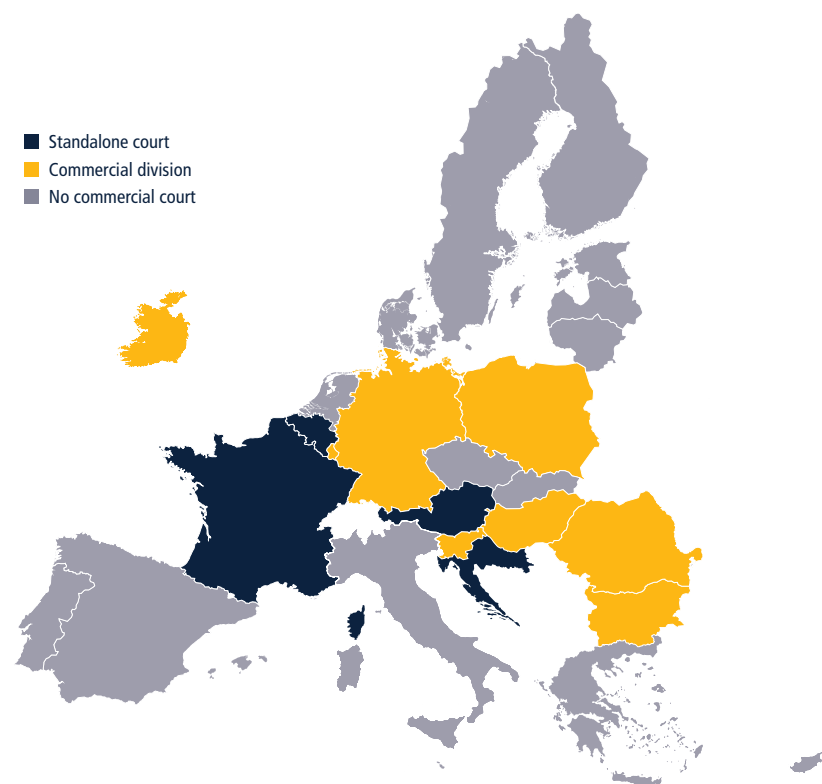
Within the European Union, 12 member states have a specialized commercial jurisdiction—established by setting up a dedicated standalone court or a

specialized commercial division within an existing court (figure 1.29).<sup>112</sup> Belgium is one of them, with nine commercial courts, including two in Brussels. Austria has one specialized commercial court located in Vienna. This court is highly regarded for its level of expertise in complex cases; many companies in Austria designate this court in the forum selection clause of their business agreement.

### **Provide financial incentives for parties that attempt mediation**

Commercial arbitration and mediation are regulated in Denmark. The country has consolidated arbitration and mediation laws, and courts enforce valid arbitration clauses in practice. However, Denmark does not yet offer financial incentives to mediate disputes. As suggested by the

**FIGURE 1.29** EU member states with standalone commercial court or commercial division



Sources: Data collected for this publication; *Subnational Doing Business* and *Doing Business* databases.

Note: Data are current as of the date of the most recent *Doing Business* measurement and EU subnational assessment: April 2022 for Denmark, Finland, and Sweden; December 2020 for Austria, Belgium, and the Netherlands; and May 2019 for all other EU member states.

guidelines on mediation published by the European Commission for the Efficiency of Justice, granting monetary stimulus to parties could facilitate the use of alternative dispute resolution methods.<sup>113</sup>

Various countries in the EU have incentivized the use of alternative dispute resolution methods, offering financial stimulus to parties. For example, the German Court Fee Code<sup>114</sup> allows the federal states to reduce or completely waive court fees if the court procedure is ended after mediation or some other out-of-court settlement. Italy introduced a new Legislative Decree in 2010 (amended in 2013) which established specific financial incentives for parties to attempt mediation, as well as negative consequences for parties who refuse to attempt mediation in good faith.<sup>115</sup> Following the adoption of the decree, Italy reported over 200,000 mediations annually.<sup>116</sup>

## NOTES

- Denmark's public administration is among the most effective in the European Union, as measured by the World Bank's Worldwide Governance Indicators (2020).
- European Commission. 2022. *2022 Country Report – Denmark*. Brussels: European Commission. Available at [https://ec.europa.eu/info/publications/2022-european-semester-country-reports\\_en](https://ec.europa.eu/info/publications/2022-european-semester-country-reports_en).
- European Commission. 2022. *2022 Country Report – Denmark*.
- World Bank Enterprise Surveys. 2020. *Denmark 2020 Country Profile*, available at <https://www.enterprisesurveys.org/en/data/exploreconomies/2020/denmark#1>. See also European Investment Bank. 2021. *EIB Investment Survey 2021 – European Union Overview*, available at <https://www.eib.org/en/publications/econ-eibis-2021-eu>.
- European Commission. Digital Economy and Society Index (DESI), 2021 edition available at <https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2021> and 2022 edition at <https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2022>.
- European Commission, Directorate-General for Structural Reform Support. Public administration and governance: “European Public Administration Country Knowledge, Country brief 2021, Denmark.” Publications Office, 2022.
- The six cities represent all five NUTS2 regions in Denmark. (The Nomenclature of Territorial Units for Statistics, or NUTS, is a geocode standard developed by the European Union for referencing the subdivisions of countries for statistical purposes.)
- The cities were selected based on demographic and geographical criteria. The selection of cities was agreed upon between the World Bank project team, the European Commission's Directorate-General for Regional and Urban Policy, and the Danish Business Authority.
- Farole, Thomas, Issam Hallak, Peter Harasztosi, and Shawn Tan. 2017. “Business Environment and Firm Performance in European Lagging Regions.” Policy Research Working Paper 8281, World Bank, Washington, DC. Available at <https://openknowledge.worldbank.org/handle/10986/29073>.
- Copenhagen has a population of 646,812. It is followed by Aarhus (355,607), Aalborg (221,093), Odense (206,144), Kolding (93,810), and Næstved (84,046). Source: Statistics Denmark. Data as of June 1, 2022.
- The construction sector in Denmark is regulated at the national level by the Building Act of 2016 and by building regulations adopted in 2018.
- In each Danish city, a different local company (owned by the municipality) is responsible for water and sewerage connections.
- Central Denmark—home to Aarhus—is also the fastest region for obtaining an electrical connection, according to the World Bank Enterprise Surveys. It is followed by Zealand (where Næstved is located), the Capital Region (Copenhagen), North Jutland (Aalborg), and Southern Denmark (Kolding and Odense).
- World Bank Enterprise Surveys. 2020. *Denmark 2020 Country Profile*.
- Belgium, Cyprus, Finland, Ireland, and the Netherlands do not require any paid-in minimum capital at the time of business start-up. In Bulgaria, Czechia, France, Greece, Italy, Latvia, and Portugal, the paid-in minimum capital requirement is less than 0.1% of income per capita.
- Registration of new businesses is regulated by the Danish Companies Act and the Central Business Register Act.
- The EU member states that have been benchmarked at the subnational level are Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Finland, Greece, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, and Sweden. The full data set is available at: [www.doingbusiness.org/eu](http://www.doingbusiness.org/eu).
- The register, available at <https://datacvr.virk.dk/>, provides information on existing company names, CVR numbers, addresses, business type, and other information.
- NemID is a digital identity system created in 2010 for Danish citizens which facilitates their communication with public authorities as well as the use of online banking and other private websites. Starting in 2021, NemID is being replaced by a new digital ID, called MitID.
- According to section 48 of the Danish Value Added Tax Act, companies are required to register for VAT when turnover exceeds DKK 50,000 (EUR 6,719) within a period of 12 months. The case study company in this study is assumed to have a turnover of DKK 41,029,090 (EUR 5,513,551).
- Since July 2018, Denmark has required companies to include information on beneficial owners in the public register of shareholders as part of the initial registration of the company.
- As part of the transition to MitID, the NemID employee signature will be replaced by MitID Business (MitID Erhverv) in the course of 2022.
- Workers' compensation insurance is regulated by the Workers' Compensation Act.
- Geoffrey Elkind, “Minimum Capital Requirements: A Comparative Analysis” (U.S. Agency for International Development, Washington, DC, 2007). Other relevant studies include John Armour, “Legal Capital: An Outdated Concept?” *European Business Organization Law Review* 7, no. 1 (2006): 5–27; Friedrich Kübler, “A Comparative Approach to Capital Maintenance: Germany,” *European Business Law Review* 15, no. 5 (2004): 1031–35; Joelle Simon, “A Comparative Approach to Capital Maintenance: France,” *European Business Law Review* 15, no. 5 (2004): 1037–44; and Peter O. Mülbert and Max Birke, “Legal Capital—Is There a Case against the European Legal Capital Rules?” *European Business Organization Law Review* 3, no. 4 (2002): 695–732.
- The Finnish Tax Administration's employer register contains information on employers who regularly pay wages. A company that acts as a regular employer must always register with the employer register.
- The Building Act stipulates the general rules, whereas the regulations contain the detailed requirements for the construction industry. See the Building Act at <https://www.retsinformation.dk/eli/ta/2016/1178> and the building regulations at <https://byggningsreglementet.dk/>.
- For background information on the shift of responsibilities, see [https://byggningsreglementet.dk/Vejledning/Andre\\_vejledninger/Vejledning/Spoergsmaal-og-svar-om-certificeringsordningen/](https://byggningsreglementet.dk/Vejledning/Andre_vejledninger/Vejledning/Spoergsmaal-og-svar-om-certificeringsordningen/).
- The online platform, accessible at <https://www.byggomiloe.dk/>, was introduced in 2014 and incorporates all the construction permit processing steps required between the municipality and the developer.
- Documents include the fire and structural engineering advisers' declarations, property details, drawing materials, and information about the use of the building and utility connections.
- If the application gets rejected, the applicant can make a formal complaint, at no cost, to the independent administrative body for building cases, called Byggeklageenheden.
- Virk.dk is an online platform managed by the Danish Business Authority. It is also used to perform other tasks, such as registering a new business. The WEA inspects some of the construction sites in connection with worker safety, most typically in the case of large construction projects.

32. The manual includes documents on the drainage, heating, cooling, water, and ventilation installations and energy supply systems. This manual must be available before the building is occupied, as it includes drawings indicating the location of installations requiring maintenance as well as specifications on how often maintenance is to be carried out.
33. The permitting platform Byg og Miljø randomly selects 10% of occupancy permit documents for more detailed examination.
34. The national guidelines on turnaround times for different types of construction are prepared by Local Government Denmark, the association of Danish municipalities, and include the following time frames: simple buildings (40 days); single-floor industrial and warehouse buildings (50 days); industrial buildings with multiple floors (55 days); and residential buildings with multiple floors (60 days). More information can be found at <https://www.kl.dk/media/24271/aktivitetstyper-koblet-til-servicemaalsaftalens-kategorier.pdf>.
35. Copenhagen received 9% fewer building permit applications in 2021 than in 2020, whereas the other cities saw an increase in applications. Information regarding the number of applications received in 2020 and 2021 is available at <https://www.kl.dk/media/26698/kl-servicemaalsstatistik-2020.pdf> and <https://www.kl.dk/media/48542/kl-servicemaalsstatistik-2021.pdf>.
36. For information about the increasing processing time for building permit applications, see <https://www.danskindustri.dk/arkiv/analyser/2022/3/ventetiden-pa-byggesagsbehandling-bliver-ved-med-at-stige/>.
37. The law laying out the wastewater fee is available at <https://www.retsinformation.dk/eli/lt/2010/633>.
38. For information about the development over the years of fee policies in Copenhagen, see <https://www.kk.dk/>. Information about the decision to change the fee method can be found at <https://www.dr.dk/nyheder/regionale/hovedstadsomraadet/koebenhavnske-politikere-goer-byggetilladelser-gratis-men>.
39. World Bank Group. 2013. *Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers*. Investment Climate. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/handle/10986/16612>.
40. World Bank Group. 2011. "Leveraging Technology to Support Business Registration Reform: Insights from recent country experience." The Investment Climate in Practice Note Series No. 17. Washington, DC: World Bank Group.
41. This fast-track application model, known as an Article 7-a model, was introduced as part of reforms in 1999 to allow for construction to begin more quickly for certain categories of low-risk projects. See <https://www.ris.bka.gv.at/eli/lgb/LWI/1930/11/P70a/LWI4001012>.
42. World Bank Group. 2013. *Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers*. Investment Climate. Washington, DC: World Bank Group.
43. In Sweden, the permit fee paid by the developer is reduced by one-fifth for every additional week exceeding the statutory time limit.
44. The Aarhus platform is available at <https://www.aarhusvand.dk/erhverv/ansog-vand/>.
45. Srinivasan, Jayashree, Enrique Orellana Tamez, Kamal Chakaroun, Farrukh Umarov, and Lodovico Onofri. 2020. "From Paper to the Cloud: Improving Building Control through E-permitting." *Doing Business* Case Studies, World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/705331592344507733/From-Paper-to-the-Cloud-Improving-Building-Control-through-E-permitting>.
46. The Netherlands' centralized platform is available at <https://www.mijnnaansluiting.nl>. It allows users to go through a practice application, do a preliminary consultation with the utilities, calculate estimated costs, track an application, make online payments, and consult the knowledge center.
47. As of 2021, sewerage connection requests were limited to certain regions.
48. These data are automatically generated on the online application platform Byg og Miljø. Each year, the figures are made publicly available on the website of Local Government Denmark.
49. Srinivasan, Jayashree et al. "From Paper to the Cloud: Improving Building Control through E-permitting."
50. European Commission. European Construction Sector Observatory, Country profile Denmark, 2021, available at [https://ec.europa.eu/growth/system/files/2021-11/ECSCO\\_CFS\\_Denmark\\_2021.pdf](https://ec.europa.eu/growth/system/files/2021-11/ECSCO_CFS_Denmark_2021.pdf).
51. World Bank Group. 2013. *Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers*. Investment Climate. Washington, DC: World Bank Group.
52. Denmark's electricity sector is regulated by the Electricity Supply Act, which was promulgated by Law No. 984 of May 5, 2021 (available at <https://www.retsinformation.dk/eli/lt/2021/984>). Additional information on the Danish Utility Regulator can be found at <https://forsyningstilsynet.dk/> and on the Danish Energy Agency site at <https://ens.dk/>.
53. For more information on the power sector business association, see <https://www.danskeenergi.dk/> and <https://greenpowerdenmark.dk/>.
54. The standard connection fees and electricity tariffs are published on the website of the association previously called Danish Energy (<https://www.danskeenergi.dk/vejledning/nettariffer-priser-gebyrer>).
55. A 140-kVA connection would be classified by the utility as either a B-low or a C-level customer, based on local technical conditions.
56. To measure the reliability of supply and transparency of tariffs, this study uses an index scored from 0 to 8 points. The index measures the monitoring of power outages by the energy regulator; the use of automated systems to monitor service interruptions and restore supply; the existence of financial deterrents aimed at limiting outages; and whether effective tariffs are available online and customers are notified of a change in tariffs a full billing cycle in advance. For more details, refer to the *Doing Business* methodology at <https://archive.doingbusiness.org/en/methodology>.
57. The financial deterrents to promote a reliable electricity supply are established in Chapter 4, Paragraphs 16 and 17, of the Executive Order on Revenue Limits for Network Companies (BEK No. 2248 of December 29, 2020, available at <https://www.retsinformation.dk/eli/lt/2020/2248>).
58. In line with the SAIDI and SAIFI indicators collected in this study, firm representatives who responded to the World Bank Enterprise Surveys 2020 in Denmark reported that the power supply across the country was outstanding. In all regions, they reported experiencing between zero and 0.1 outages in a typical month. These outages were reported to have caused losses no greater than 0.2% of annual sales in Denmark, compared with a global average of 4.3% for 153 economies. For more information, please refer to <https://www.enterprisesurveys.org/en/data/exploreeconomies/2020/denmark>.
59. The Installationsblanket portal is accessible at <https://installationsblanket.dk/>. In Copenhagen, the application and other online steps are completed at the utility's own system (ISB), which can be accessed at <https://radiuselnet.dk/professionelle-aktoerer/elinstallation-og-isb/log-paa-isb/>.
60. The portal is managed by the Agency for Data Supply and Efficiency and is accessible at <https://ler.dk/Portal/P1.Forside.aspx>.
61. The list of electricity providers (including prices) can be found at <https://elpris.dk/#/home>.
62. As mentioned during consultations with the team preparing this study and on the utility's website (<https://radiuselnet.dk/om-radius/>).
63. The standards and technical conditions for new electricity connections are publicly available at <https://www.danskeenergi.dk/vejledning/nettilslutning/aftaler-vedroerende-tilslutning-til-elnettet>.
64. The Austrian regulator's website can be accessed at <https://www.e-control.at/marktteilnehmer/erhebungen/erhebungen-zur-qualitaet-der-netzdienstleistung>.
65. The French Energy Code (Article L342-11) specifies that urban planning commissions are to bear the cost of extension works for the electricity grid provided that the network extension can benefit future residents and firms.
66. Information about the Danish Geodata Agency can be found at <https://gst.dk/om-os/lovgrundlag>.
67. Nielsen, Søren R., and Birgit Kristiansen. 2008. "Reorganising Land Registration in Denmark." Paper presented at FIG Working Week: Integrating Generations, June 14-19, 2008, Stockholm, Sweden.
68. This amendment was part of a large centralization reform of the judicial system. Beginning in January 2007, 82 judicial district courts were converted into 25 new judicial district courts.
69. The land registration website can be accessed at [www.tinglysning.dk](http://www.tinglysning.dk).
70. Nielsen and Kristiansen. 2008. "Reorganizing Land Registration in Denmark."
71. The Civil Registration System includes information on everyone who has lived in

- Denmark or has been registered in a Danish municipality since April 2, 1968.
72. The Central Business Register contains primary information on all businesses in Denmark, regardless of economic and organizational structure, except for personal companies with a turnover under DKK 50,000 (EUR 6,719).
  73. The Municipal Property Data System links properties with street codes and street names, as determined by municipal councils.
  74. Enemark, Stig, and Pia Dahl Højgaard. 2017. "Transforming Society: The Story of the Danish Cadastre from late 1700s." Paper presented at FIG Working Week: May 29-June 2, 2017, Helsinki, Finland.
  75. Information about land registry documents can be found at [https://domstol.dk/tinglysningssretten/tingboegerne/fast-nejendom/udskifter-fra-fast-nejendom/#tingbogsattest](https://domstol.dk/tinglysningssretten/tingboegerne/fast-ejendom/udskifter-fra-fast-nejendom/#tingbogsattest).
  76. NemID is being gradually replaced by a new digital signature, MitID. For more information, see: <https://digst.dk/it-loesninger/mitid/fra-nemid-til-mitid/>.
  77. Transcripts are accessible at <https://datacvr.virk.dk/>.
  78. Information about the requirements for the deed can be found at <https://boligejer.dk/skoede#:~:text=5k%C3%B8det%20indeholder%20de%20helt%20basale,den%20offentlige%20ejendoms vurdering%20og%20overtagelsesdag>.
  79. Information about the payment methods for property transactions can be found at <https://www.skat.dk/skat.aspx?oID=2048615>.
  80. The fifth component of the quality of land administration index measures legal provisions on equality of access to property rights for women and men. This subindicator is not discussed in this study, as women and men enjoy the same ownership rights in all EU member states.
  81. Only statistics about general civil cases are made publicly available. For more information, see <https://domstol.dk/om-os/tal-og-fakta/civile-sager/>.
  82. The Danish Administration of Justice Act, LBK No. 1835 of September 15, 2021, available at <https://www.retsinformation.dk/eli/ta/2021/1835>.
  83. The value of the claim is 200% of income per capita.
  84. The Maritime and Commercial Court has national jurisdiction with regard to certain types of cases specified in Sections 225 and 227 of the Danish Administration of Justice Act. These cases concern EU trademarks and European Community design, as well as international business, transport, intellectual property, consumer ombudsman matters, competition, marketing, and trade secrets. Information available at <https://domstol.dk/soeoghandsretten/sagsbehandling-og-vejledning/civile-sager/>.
  85. The digital portal Sagsportalen is available at <https://www.minretssag.dk/frontpage>.
  86. More information on case processing is available at <https://domstol.dk/selvbetjening/blanketter-og-vejledninger/minretssagdk/vejledning-til-sagsbehandling/>.
  87. Digital Post is available at <https://www.borger.dk/>. Messages from public authorities can also be received with the Digital Post app and private platforms, such as, e-Boks and mit.dk. More information is available at <https://lifeindenmark.borger.dk/apps-and-digital-services/Digital-Post>.
  88. The Danish Administration of Justice Act, Article 353 (1).
  89. The Danish Administration of Justice Act, Article 356 (1).
  90. The Danish Administration of Justice Act, Article 219 (3).
  91. The Danish Administration of Justice Act, Chapter 45.
  92. The Danish Administration of Justice Act, Article 478.
  93. In 2021, the average processing time increased in both civil and criminal cases. The resolution of serious criminal cases takes 7.3 months, a 1.7-month increase over 2020. The same case in 2017 would be resolved in 4.1 months. The past five years have seen a 50% increase in cases received by district courts in which the prosecutor demands a prison sentence of at least four years. At the same time, the number of confession cases, which require a significantly lower use of resources, has been declining. See more in "Even longer processing times in 2021," March 18, 2022, Courts of Denmark (<https://www.domstol.dk/aktuelt/2022/3/endnu-laengere-sagsbehandlingstider-i-2021/>) and the Courts of Denmark 2021 Annual Report (<https://domstol.dk/media/qcnnslh/danmarks-domstoles-aarsrapport-2021.pdf>).
  94. Report "Key figures on case flow and case processing times," January 21, 2022, Courts of Denmark, available at <https://domstol.dk/media/1qbewjdg/noegletal-2021.pdf>.
  95. Interviews with litigation attorneys from Aarhus and Copenhagen (April 2022).
  96. The Danish Administration of Justice Act, Article 126 (2).
  97. In Aarhus and Copenhagen, most of the legal work for a standardized commercial case would be done by associates who charge DKK 2,000 (EUR 269) per hour. Interviews with attorneys from Aarhus and Copenhagen (March to June 2022).
  98. Court Fees Act, March 9, 2021, Articles 1 and 2, available at [https://www.ft.dk/ripdf/samling/20201/lovforslag/166/20201\\_l66\\_som\\_vedtaget.pdf](https://www.ft.dk/ripdf/samling/20201/lovforslag/166/20201_l66_som_vedtaget.pdf).
  99. At 0.1% of the claim value, Denmark is on par with Slovakia and Sweden. Only Spain, with no enforcement fees, is more affordable in the EU.
  100. Under the Court Fees Act, Article 13, the fee of DKK 750 (EUR 101) is payable once the request for enforcement is submitted at the bailiff's court.
  101. Interview with representatives of the private auction house in Kolding (June 2022).
  102. For more details, refer to the *Doing Business* methodology at <https://archive.doingbusiness.org/en/methodology>.
  103. Small claims involve cases with a financial value of no more than DKK 50,000 (EUR 6,719). The Danish Administration of Justice Act, Chapter 39.
  104. In addition to Denmark, the following countries EU member states have a fully developed electronic case management system for judges and lawyers: Austria, Estonia, France, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Portugal, Romania, and Slovakia.
  105. The judgment database, which opened on January 6, 2022, is available at <https://domsdatabasen.dk/>.
  106. Michigan State Court Administrative Office. 2004. *Caseflow Management Guide*. Lansing, MI.
  107. Bulgaria, Croatia, Greece, Hungary, Italy, Latvia, Malta, Portugal, Romania, and Slovenia all have laws that set time standards for key court events and respect them in practice.
  108. Adjournments are regulated and respected in practice in the following EU member states: Bulgaria, Croatia, Estonia, Germany, Greece, Latvia, Lithuania, the Netherlands, and Poland.
  109. Gramckow, Heike, Omniah Ebeid, Erica Bosio, and Jorge Luis Silva Mendez. 2016. "Good practices for Courts: Helpful Elements for Good Court Performance and the World Bank's Quality of Judicial Process Indicators." World Bank, Washington, DC.
  110. European Commission for the Efficiency of Justice. 2011. *Reports on the implementation of the CEPEJ guidelines for judicial time management in 7 pilot courts/institutions*. Strasbourg: European Commission for the Efficiency of Justice. Available at <https://rm.coe.int/168074828a>.
  111. Botero, Juan Carlos, Rafael La Porta, Florencio López-de-Silanes, Andrei Shleifer, and Alexander Volokh. 2003. "Judicial Reform." *World Bank Research Observer* 18 (1): 67–8.
  112. Courts with specialized commercial jurisdiction are available in Austria, Belgium, Bulgaria, Croatia, France, Germany, Hungary, Ireland, Luxembourg, Poland, Romania, and Slovenia.
  113. European Commission for the Efficiency of Justice. 2019. *European Handbook for Mediation Lawmaking*. Strasbourg: European Commission for the Efficiency of Justice. Available at [https://rm.coe.int/cepej-2019-9-en-handbook/168094ef3c#\\_Toc9936429](https://rm.coe.int/cepej-2019-9-en-handbook/168094ef3c#_Toc9936429).
  114. Article 69b of the German Court Fee Code (Gerichtskosten gesetz - GKG) available (in German) at [https://www.gesetze-im-internet.de/gkg\\_2004/BJNR071810004.html#BJNR071810004BJNG001101311](https://www.gesetze-im-internet.de/gkg_2004/BJNR071810004.html#BJNR071810004BJNG001101311).
  115. Article 17 of Italian Legislative Decree 28/2010 states that all acts and documents related to mediation are exempt from stamp duty, all expenses, taxes, and other charges. The court may also order sanctions for parties who refuse to attempt mediation in good faith. The judge can condemn a party who declines participation in the mediation process without a valid justification by ordering that party to make an additional payment.
  116. European Parliament. 2014. *Rebooting' the Mediation Directive: Assessing the Limited Impact of its Implementation and Proposing Measures to Increase the Number of Mediations in the EU*. Brussels: European Parliament. Available at [https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JURI\\_ET\(2014\)493042](https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL-JURI_ET(2014)493042).

# City snapshots and indicator details

## DENMARK

### Aalborg

<b>Business start-up (rank)</b>	<b>1</b>
Score for business start-up (0–100)	92.11
Procedures (number)	5
Time (days)	6
Cost (% of income per capita)	0.2
Paid-in minimum capital (% of income per capita)	9.7

<b>Building permits (rank)</b>	<b>4</b>
Score for building permits (0–100)	87.75
Procedures (number)	7
Time (days)	118
Cost (% of warehouse value)	1.6
Building quality control index (0–15)	14

<b>Electricity connection and supply (rank)</b>	<b>3</b>
Score for electricity connection and supply (0–100)	83.51
Procedures (number)	6
Time (days)	53
Cost (% of income per capita)	61.7
Reliability of supply and transparency of tariffs index (0–8)	8

<b>Property transfer (rank)</b>	<b>1</b>
Score for property transfer (0–100)	92.79
Procedures (number)	3
Time (days)	4
Cost (% of property value)	0.6
Quality of land administration index (0–30)	28

<b>Commercial litigation (rank)</b>	<b>3</b>
Score for commercial litigation (0–100)	72.60
Time (days)	600
Cost (% of claim value)	13.5
Quality of judicial processes index (0–18)	13.0

### Aarhus

<b>Business start-up (rank)</b>	<b>1</b>
Score for business start-up (0–100)	92.11
Procedures (number)	5
Time (days)	6
Cost (% of income per capita)	0.2
Paid-in minimum capital (% of income per capita)	9.7

<b>Building permits (rank)</b>	<b>2</b>
Score for building permits (0–100)	88.85
Procedures (number)	7
Time (days)	103
Cost (% of warehouse value)	1.5
Building quality control index (0–15)	14

<b>Electricity connection and supply (rank)</b>	<b>1</b>
Score for electricity connection and supply (0–100)	85.35
Procedures (number)	6
Time (days)	36
Cost (% of income per capita)	61.7
Reliability of supply and transparency of tariffs index (0–8)	8

<b>Property transfer (rank)</b>	<b>1</b>
Score for property transfer (0–100)	92.79
Procedures (number)	3
Time (days)	4
Cost (% of property value)	0.6
Quality of land administration index (0–30)	28

<b>Commercial litigation (rank)</b>	<b>6</b>
Score for commercial litigation (0–100)	69.91
Time (days)	675
Cost (% of claim value)	15.2
Quality of judicial processes index (0–18)	13.0

Copenhagen			
<b>Business start-up (rank)</b>	<b>1</b>	<b>Building permits (rank)</b>	<b>6</b>
Score for business start-up (0–100)	92.11	Score for building permits (0–100)	84.74
Procedures (number)	5	Procedures (number)	7
Time (days)	6	Time (days)	162
Cost (% of income per capita)	0.2	Cost (% of warehouse value)	1.4
Paid-in minimum capital (% of income per capita)	9.7	Building quality control index (0–15)	14
<b>Electricity connection and supply (rank)</b>	<b>6</b>	<b>Property transfer (rank)</b>	<b>1</b>
Score for electricity connection and supply (0–100)	81.66	Score for property transfer (0–100)	92.79
Procedures (number)	6	Procedures (number)	3
Time (days)	70	Time (days)	4
Cost (% of income per capita)	59.5	Cost (% of property value)	0.6
Reliability of supply and transparency of tariffs index (0–8)	8	Quality of land administration index (0–30)	28
<b>Commercial litigation (rank)</b>	<b>5</b>		
Score for commercial litigation (0–100)	71.25		
Time (days)	600		
Cost (% of claim value)	17.1		
Quality of judicial processes index (0–18)	13.0		
Kolding			
<b>Business start-up (rank)</b>	<b>1</b>	<b>Building permits (rank)</b>	<b>3</b>
Score for business start-up (0–100)	92.11	Score for building permits (0–100)	88.65
Procedures (number)	5	Procedures (number)	7
Time (days)	6	Time (days)	106
Cost (% of income per capita)	0.2	Cost (% of warehouse value)	1.5
Paid-in minimum capital (% of income per capita)	9.7	Building quality control index (0–15)	14
<b>Electricity connection and supply (rank)</b>	<b>4</b>	<b>Property transfer (rank)</b>	<b>1</b>
Score for electricity connection and supply (0–100)	82.96	Score for property transfer (0–100)	92.79
Procedures (number)	6	Procedures (number)	3
Time (days)	58	Time (days)	4
Cost (% of income per capita)	61.7	Cost (% of property value)	0.6
Reliability of supply and transparency of tariffs index (0–8)	8	Quality of land administration index (0–30)	28
<b>Commercial litigation (rank)</b>	<b>4</b>		
Score for commercial litigation (0–100)	71.89		
Time (days)	630		
Cost (% of claim value)	13.2		
Quality of judicial processes index (0–18)	13.0		

Næstved			
<b>Business start-up (rank)</b>	<b>1</b>	<b>Building permits (rank)</b>	<b>1</b>
Score for business start-up (0–100)	92.11	Score for building permits (0–100)	90.00
Procedures (number)	5	Procedures (number)	7
Time (days)	6	Time (days)	85
Cost (% of income per capita)	0.2	Cost (% of warehouse value)	1.7
Paid-in minimum capital (% of income per capita)	9.7	Building quality control index (0–15)	14
<b>Electricity connection and supply (rank)</b>	<b>5</b>	<b>Property transfer (rank)</b>	<b>1</b>
Score for electricity connection and supply (0–100)	82.74	Score for property transfer (0–100)	92.79
Procedures (number)	6	Procedures (number)	3
Time (days)	60	Time (days)	4
Cost (% of income per capita)	61.7	Cost (% of property value)	0.6
Reliability of supply and transparency of tariffs index (0–8)	8	Quality of land administration index (0–30)	28
<b>Commercial litigation (rank)</b>	<b>1</b>		
Score for commercial litigation (0–100)	73.47		
Time (days)	575		
Cost (% of claim value)	13.0		
Quality of judicial processes index (0–18)	13.0		
Odense			
<b>Business start-up (rank)</b>	<b>1</b>	<b>Building permits (rank)</b>	<b>5</b>
Score for business start-up (0–100)	92.11	Score for building permits (0–100)	85.42
Procedures (number)	5	Procedures (number)	7
Time (days)	6	Time (days)	151
Cost (% of income per capita)	0.2	Cost (% of warehouse value)	1.5
Paid-in minimum capital (% of income per capita)	9.7	Building quality control index (0–15)	14
<b>Electricity connection and supply (rank)</b>	<b>2</b>	<b>Property transfer (rank)</b>	<b>1</b>
Score for electricity connection and supply (0–100)	85.03	Score for property transfer (0–100)	92.79
Procedures (number)	6	Procedures (number)	3
Time (days)	39	Time (days)	4
Cost (% of income per capita)	61.7	Cost (% of property value)	0.6
Reliability of supply and transparency of tariffs index (0–8)	8	Quality of land administration index (0–30)	28
<b>Commercial litigation (rank)</b>	<b>2</b>		
Score for commercial litigation (0–100)	72.90		
Time (days)	585		
Cost (% of claim value)	13.8		
Quality of judicial processes index (0–18)	13.0		



BUSINESS START-UP IN DENMARK – PROCEDURES REQUIRED TO SET UP A BUSINESS, BY CITY						
Standard company/legal form: Anpartsselskab (ApS) Paid-in minimum capital requirement: DKK 40 000.00 Data as of: April 30, 2022		Aalborg	Aarhus	Copenhagen	Kolding	Næstved
		Odense				
		Comments				
1. Deposit startup capital at a bank	Time (days)	1				
	Cost (DKK)	No cost				
2. File for company, tax and VAT registration with the Danish Business Authority (DBA)	Time (days)	A few hours for business incorporation + 2-3 days for tax and VAT registration				
	Cost (DKK)	670				
3. Obtain an electronic employee signature (NemID/MitID)	Time (days)	Less than one day (online procedure)				
	Cost (DKK)	No cost				
4. Register as an employer with the Danish Business Authority (DBA) on Virk	Time (days)	Less than one day (online procedure)				
	Cost (DKK)	No cost				
5. Register employees for workers' compensation insurance	Time (days)	1				
	Cost (DKK)	No cost				

Source: Data collected for this publication.

\*Takes place simultaneously with previous procedure.

BUILDING PERMITS IN DENMARK – PROCEDURES REQUIRED TO OBTAIN A BUILDING PERMIT, BY CITY									
Warehouse value: DKK 20,514,545 (USD 3,136,000) Data as of: April 30, 2022		Aalborg	Aarhus	Copenhagen	Kolding		Næstved	Odense	Comments
1. Hire a certified fire advisor to supervise the technical conditions of the building	Time (days)	1	1	1	1		1	1	The developer must hire a certified fire advisor to conduct the fire supervision, including any necessary inspections. The certified advisor prepares a start declaration on the fire conditions of the building, which is submitted for the building permit application, and prepares a final declaration, which is submitted for the occupancy permit application.
	Cost (DKK)	100,000					100,000		
2. Hire a certified static advisor to supervise technical conditions of the building*	Time (days)	1	1	1	1		1	1	The developer must hire a certified static advisor to conduct construction supervision, including any necessary inspections. The certified advisor prepares a start declaration on the static conditions of the building, which is submitted for the building permit application, and prepares a final declaration, which is submitted for the occupancy permit application.
	Cost (DKK)	75,000					75,000		
3. Request and obtain building permit from the Municipality	Time (days)	72	55	73	67		30	101	Once the municipality receives the building permit application online through the centralized national platform Byg og Miljø, it checks if the application is complete, reviews the building's exterior drawings according to the local plan, approves the overall project and issues a building permit. The municipalities charge an hourly fee based on the time spent on processing the application, except for Copenhagen, where the municipal processing is free of charge. On January 1, 2018, Denmark introduced the so-called “certification scheme”, which shifted from a traditional public enforcement approach centered on municipal building authorities toward a certified practitioner/third party-focused review. Since 2020, developers have been required to hire certified fire and static advisors to review the building structures and fire safety measures that are submitted as part of the building permit application.
	Cost (DKK)	2,940 (DKK 490 fee per hour of permit processing)	4,926 (DKK 821 fee per hour for permit processing)	No cost	4,734 (DKK 789 fee per hour for permit processing)		2,136 (DKK 356 fee per hour for permit processing)	4,140 (DKK 690 fee per hour for permit processing)	
4. Notify the Workers' Environment Authority of commencement of work	Time (days)	Less than one day (online procedure)					Less than one day (online procedure)		The developer notifies the Workers' Environment Authority (WEA) as soon as the construction site has been established and before the construction work can commence. The developer fills out a standard form and sends it electronically via Virk.dk to WEA—a digital platform managed by the Danish Business Authority.
	Cost (DKK)	No cost					No cost		
5. Notify the Municipality of commencement of work*	Time (days)	Less than one day (online procedure)					Less than one day (online procedure)		Before the construction work can start, the developer must notify the municipality through the centralized online platform, Byg & Miljø. The municipality does not inspect the site. The municipalities, except for Copenhagen, charge an hourly fee based on the time spent for this procedure at the end of the building case processing.
	Cost (DKK)	No cost					No cost		
6. Request and obtain connection to water and sewage	Time (days)	25	25	56	18		34	26	The developer submits the water and sewage request at the utility. After the request has been submitted, an invoice of the full cost must be paid. After payment, the supply lines will be connected to the property. The connection from the supply line and into the building is then made by an independent constructor.
	Cost (DKK)	140,188 [DKK 53,594 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 33,000 (water connection fee)]	132,539 [DKK 53,594.7 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 25,350 (water connection fee)]	120,167 [DKK 53,594.4 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 12,978 (water connection fee)]	131,153 [DKK 53,594 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 23,965 (water connection fee)]		162,557 [DKK 53,594.7 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 45,000 (water connection fee) + 11.16 (water connection fee for industrial and commercial per sq.m. of the plot size) * 929 (the plot size of the warehouse in m²)]	130,880 [DKK 53,590 (wastewater connection fee) * 2 (as a rounded number of the property's plot size per the utility's fixed plot size of 800 m²) + DKK 12,750 (water connection fee) + DKK 10,950 (water connection fee for establishing on public ground)]	
7. Send notice of completion and receive occupancy permit	Time (days)	18	20	30	18		18	21	Once the municipality receives the notice of completion, it checks that all documentation required by the building regulations is included to issue the occupancy permit. However, the municipality no longer reviews the application in detail. The municipalities, except for Copenhagen, charge an hourly fee for processing this request.
	Cost (DKK)	2,695 (DKK 490 processing fee per hour)	4,516 (DKK 821 processing fee per hour)	No cost	4,340 (DKK 789 processing fee per hour)		1,958 (DKK 356 processing fee per hour)	3,795 (DKK 690 processing fee per hour)	

Source: Data collected for this publication.  
\*Takes place simultaneously with previous procedure.

## BUILDING PERMITS IN DENMARK – BUILDING QUALITY CONTROL INDEX

	All cities	
	Answer	Score
<b>Building quality control index (0–15)</b>		<b>14</b>
Quality of building regulations index (0–2)		2
How accessible are building laws and regulations in your economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required preapprovals.	1
<b>Quality control before construction index (0–1)</b>		<b>1</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed architect; Licensed engineer.	1
<b>Quality control during construction index (0–3)</b>		<b>3</b>
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer; Risk-based inspections.	2
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
<b>Quality control after construction index (0–3)</b>		<b>3</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
<b>Liability and insurance regimes index (0–2)</b>		<b>1</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	No party is held liable under the law.	0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use? (0–1)	No party is required by law to obtain insurance; Insurance is commonly taken in practice.	1
<b>Professional certifications index (0–4)</b>		<b>4</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum years of experience, University degree in architecture or engineering, Qualification exam.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum years of experience, University degree in architecture or engineering, Qualification exam.	2

Source: Data collected for this publication.

## ELECTRICITY CONNECTIONS AND SUPPLY IN DENMARK – PROCEDURES REQUIRED TO OBTAIN A NEW ELECTRICITY CONNECTION, BY CITY

Data as of: April 30, 2022

Name of utility:		Nord Energi Net	Konstant	Radius Elnet	Trefor El-net	Cerius	Vores Elnet	Comments
		Aalborg	Aarhus	Copenhagen	Kolding	Næstved	Odense	
1. Submit application to the utility and await conditions for connection	Time (days)	12	9	22	14	15	14	The electricity contractor submits an online application form to the electricity distribution utility (DSO) through the online system “www.installationsblanket.dk”. For connections greater than 63 amperes, the electrician also needs to submit drawings of the meter and installations board, and a test protocol for the power transformers. The installation department of the DSO reviews the application, assesses the capacity in the system, and determines the connection point to which the contractor needs to connect the cables. The connection point will typically be no further than 30 meters from the border of the land plot. The DSO uses detailed GIS maps in determining the connection point, thus it does not need to physically visit the site location. The DSO also determines the connection fee based on standard prices from the trade organization “Green Power Denmark”. The electrical contractor responsible for the external works needs to be registered with and authorized by the Danish Safety Technology Authority.
	Cost (DKK)	No cost						
2. Pay connection fee and await completion of external works by utility	Time (days)	33	21	40	35	40	18	The DSO is responsible for the external connection works between the connection point (usually in a cable box) and the electricity network, in this case 120 meters from the connection point. The difference in costs between Copenhagen and the other cities is due to a difference in the classification of customer type. In Copenhagen, a customer would be classified as a B-low type customer; in the other cities, they would be classified as C-customers. Before starting the connection works, the DSO – or the contractor hired by the DSO – need to make sure that all necessary permits and approvals have been obtained. This includes the excavation permit from the municipality and obtaining information about cables underground through the Danish Register of Underground Cable Owners (LER).
	Cost (DKK)	227,400 (Connection fee of DKK 15,650 for the first 25 Amperes for businesses + DKK 1,210 per Ampere (over 25 Amperes) for C-type business customers)	218,650 (Connection fee of DKK 15,650 for the first 25 Amperes for businesses + DKK 1,210 per Ampere (over 25 Amperes) for B-low-type business customers)	227,400 (Connection fee of DKK 15,650 for the first 25 Amperes for businesses + DKK 1,210 per Ampere (over 25 Amperes) for C-type business customers)				
3. Obtain excavation permit from local authority*	Time (days)	4	5	13	4	4	5	The electrical contractor hired by the client needs to obtain an excavation permit in order to dig in public land and lay out the cables. As a part of the preparation phase of the works, they will also need to obtain information about existing cables underground through the Danish Register of Underground Cable Owners (LER).
	Cost (DKK)	No cost						
4. Await completion of external connection works by the client’s contractor*	Time (days)	9	9	9	9	9	9	The authorized contractor is responsible for the external connection works (layout of cables) from the building up to the connection point, usually a cable box 30 meters from the land plot (in cases similar to this scenario). When the authorized electrical contractor has received information about the connection point from the DSO (cable box number), they can start the works. The contractor will also need to purchase the cables and obtain municipal permits for the external works.
	Cost (DKK)	25,575						
5. Sign a supply contract with an electricity provider*	Time (days)	1	1	1	1	1	1	The electricity market in Denmark is liberalized and consumers can choose among several electricity providers. Choosing an electricity provider is an integrated part of the process of obtaining a new electricity connection. It is done entirely online, and there is no need for any kind of paperwork to be submitted. The client is required to choose an electricity provider to be able to have the meter installed.
	Cost (DKK)	No cost						
6. Register works with the utility and obtain meter installation and electricity flow	Time (days)	8	6	8	9	5	7	When the authorized electricity contractor has completed the works from the building to the connection point, they need to notify the DSO. This is done through the online platform www.installationsblanket.dk. The DSO will then come and install the meter and turn on electricity.
	Cost (DKK)	No cost						

Source: Data collected for this publication.

\*Takes place simultaneously with previous procedure.

ELECTRICITY CONNECTIONS AND SUPPLY IN DENMARK – RELIABILITY OF SUPPLY AND TRANSPARENCY OF TARIFFS INDEX	
Reliability of supply and transparency of tariffs index (0–8)	8 (all cities)
Total duration and frequency of outages per customer a year (0–3)	3 (all cities)
System average interruption duration index (SAIDI)	0.14 (Aarhus) 0.15 (Aalborg) 0.29 (Odense) 0.31 (Copenhagen) 0.34 (Næstved) 0.70 (Kolding)
System average interruption frequency index (SAIFI)	0.22 (Aalborg) 0.31 (Aarhus) 0.37 (Odense) 0.38 (Næstved) 0.43 (Copenhagen) 0.64 (Kolding)
Mechanisms for monitoring outages (0–1)	1 (all cities)
Does the distribution utility use automated tools to monitor outages?	Yes (all cities)
Mechanisms for restoring service (0–1)	1 (all cities)
Does the distribution utility use automated tools to restore service?	Yes (all cities)
Regulatory monitoring (0–1)	1 (all cities)
Does a regulator—that is, an entity separate from the utility—monitor the utility’s performance on reliability of supply?	Yes (all cities)
Financial deterrents aimed at limiting outages (0–1)	1 (all cities)
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes (all cities)
Communication of tariffs and tariff changes (0–1)	1 (all cities)
Are effective tariffs available online?	Yes (all cities)
Are customers notified of a change in tariff ahead of the billing cycle?	Yes (all cities)

Source: Data collected for this publication.

## PROPERTY TRANSFER IN DENMARK – PROCEDURES REQUIRED TO TRANSFER A PROPERTY, BY CITY

<i>Property value: DKK 20,514,545 (USD 3,136,000) Data as of: April 30, 2022</i>		Aalborg	Aarhus	Copenhagen	Kolding	Næstved	Odense	Comments
Obtain relevant documents at the Land Registry online	Time (days)	0.5						The following documents are obtained at the Land Registry: - copy of entries on the Land Register - transcript of owner's property return - copies of easements and other encumbrances registered on the property  These documents are obtained online. It is necessary to previously register with the Land Registry and get a user name. In general, professionals are the usual subscribers to the Land Registry.
	Cost (DKK)	No cost						
Obtain a transcript from the Danish Business Authority documenting the power to bind the buyer	Time (days)	0.5						The buyer or the representative obtains transcript from the Danish Business Authority documenting the power to bind the buyer. The buyer or the buyer's representative prepares a conveyance (sale contract), which is signed by the buyer and the seller.
	Cost (DKK)	No cost						
Apply for registration with the Land Registry online	Time (days)	3						A deed is prepared containing the relevant details from the Sale Agreement. Anyone can write the deed. Normally a lawyer (conveyancer) writes the deed, but it is not mandatory.  The title deed must be prepared in accordance with formal requirements laid down in or pursuant to the Land Register Act. There is no longer a requirement that the seller's signature is confirmed by two witnesses, instead a digital signature is used.  At this moment, ownership is transferred, but it is still necessary to register with the Land Registry in order to make it opposable to third parties. Registration is made online and the system sends back an email immediately mentioning that the transaction is now complete. The registration fee is paid online.
	Cost (DKK)	124,837.27 (Registration fee: DKK 1,750 + 0.6% of transaction price)						

Source: Data collected for this publication.

## PROPERTY TRANSFER IN DENMARK – QUALITY OF LAND ADMINISTRATION INDEX

	Answer	Score
<b>Quality of the land administration index (0–30)</b>		<b>28 (all cities)</b>
<b>Reliability of infrastructure index (0–8)</b>		<b>8</b>
In what format land title certificates are kept at the immovable property registry—in a paper format or in a computerized format (scanned or fully digital)? (0–2)	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)? (0–1)	Yes	1
In what format cadastral plans are kept at the mapping agency—in a paper format or in a computerized format (scanned or fully digital)? (0–2)	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)? (0–1)	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases, or in separate databases? (0–1)	Single database	1
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties? (0–1)	Yes	1
<b>Transparency of information index (0–6)</b>		<b>4.5</b>
Whether information on land ownership is made publicly available without providing the title certificate number at the agency in charge of immovable property registration? (0–1)	Freely accessible by anyone	1
Is the list of documents that are required to complete all types of property transactions made publicly available—and if so, how? (0–0.5)	Yes, online	0.5
Is the applicable fee schedule for all types of property transactions at the agency in charge of immovable property registration made publicly available—and if so, how? (0–0.5)	Yes, online	0.5
Does the agency in charge of immovable property registration formally commit to deliver a legally binding document proving ownership within a specific timeframe—and if so, how does it communicate the service standard? (0–0.5)	Yes, online	0.5
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration? (0–1)	No	0
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency? (0–0.5)	Yes, online	0.5
Are cadastral plans made publicly available? (0–0.5)	Freely accessible by anyone	0.5
Is the applicable fee schedule for accessing maps of land plots made easily publicly available—and if so, how? (0–0.5)	Yes, online	0.5
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard? (0–0.5)	No	0
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency? (0–0.5)	Yes	0.5
<b>Geographic coverage index (0–8)</b>		<b>8</b>
Are all privately held land plots in the economy formally registered at the immovable property registry? (0–2)	Yes	2
Are all privately held land plots formally registered at the immovable property registry in the measured city? (0–2)	Yes	2
Are all privately held land plots in the economy mapped? (0–2)	Yes	2
Are all privately held land plots mapped in the measured city? (0–2)	Yes	2
<b>Land dispute resolution index (0–8)</b>		<b>7.5</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties? (0–1.5)	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee? (0–0.5)	Yes, state guarantee	0.5
Is there a specific out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry? (0–0.5)	Yes	0.5
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)? (0–0.5)	Yes, registrar	0.5
Does the legal system require verification of the identity of the parties to a property transaction? (0–0.5)	Yes, registrar	0.5
Is there a national database to verify the accuracy of government issued identity documents? (0–1)	Yes	1
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)? (0–3)	< 1 year	3
Are there publicly available statistics on the number of land disputes in the first-instance court? (0–0.5)	No	0



## PROPERTY TRANSFER IN DENMARK – QUALITY OF LAND ADMINISTRATION INDEX (continued)

	Answer	Score
Equal access to property rights index (-2–0)		0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Source: Data collected for this publication.

## COMMERCIAL LITIGATION IN DENMARK – TIME, COST AND QUALITY OF JUDICIAL PROCESSES, BY CITY

	Time (days)				Cost (% of claim)				Quality of judicial processes index (0–18)				
City	Filing and service	Trial and judgment	Enforcement of judgment	Total time	Attorney fees	Court costs	Enforcement costs	Total cost	Court structure and proceedings (-1–5)	Case management (0–6)	Court automation (0–4)	Alternative dispute resolution (0–3)	Total score (0–18)
Aalborg	30	450	120	600	10.0	3.4	0.1	13.5	3.0	4.0	3.5	2.5	13.0
Aarhus	30	525	120	675	11.4	3.7	0.1	15.2	3.0	4.0	3.5	2.5	13.0
Copenhagen	30	450	120	600	12.4	4.6	0.1	17.1	3.0	4.0	3.5	2.5	13.0
Kolding	30	480	120	630	10.0	3.1	0.1	13.2	3.0	4.0	3.5	2.5	13.0
Næstved	30	425	120	575	9.5	3.4	0.1	13.0	3.0	4.0	3.5	2.5	13.0
Odense	30	435	120	585	10.0	3.7	0.1	13.8	3.0	4.0	3.5	2.5	13.0

Source: Data collected for this publication.

## COMMERCIAL LITIGATION IN DENMARK – QUALITY OF JUDICIAL PROCESSES INDEX

	Answer	Score
<b>Quality of judicial processes index (0–18)</b>		<b>13 (all cities)</b>
<b>Court structure and proceedings (-1–5)</b>		<b>3</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases? (0–1.5)	No	0
2. Small claims court (0–1.5)		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available? (0–1)	Yes	1
4. Are new cases assigned randomly to judges? (0–1)	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's? (-1–0)	Yes	0
<b>Case management (0–6)</b>		<b>4</b>
1. Time standards (0–1)		0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	No	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments (0–1)		0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report? (0–1)	Yes	1
4. Is a pretrial conference among the case management techniques used before the competent court? (0–1)	Yes	1
5. Are there any electronic case management tools in place within the competent court for use by judges? (0–1)	Yes	1
6. Are there any electronic case management tools in place within the competent court for use by lawyers? (0–1)	Yes	1
<b>Court automation (0–4)</b>		<b>3.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court? (0–1)	Yes	1
2. Is it possible to carry out service of process electronically for claims filed before the competent court? (0–1)	Yes	1
3. Can court fees be paid electronically within the competent court? (0–1)	Yes	1
4. Publication of judgments (0–1)		0.5
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0–3)</b>		<b>2.5</b>
1. Arbitration (0–1.5)		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation (0–1.5)		1
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

Source: Data collected for this publication.

n.a. = not applicable

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