

The Danish Government

Denmark's National Reform Programme 2023

MAY 2023

Content

1. Introduction	5
2. Economic Framework	9
2.1 Prospects for the Danish Economy	9
2.2 Reform Targets and Macroeconomic Effects of Structural Reforms.....	10
3. Reforms and Investments.....	15
3.1 Growth and Productivity	15
3.2 Childhood Education and Educational Programmes.....	18
3.3 Employment and Social Affairs.....	21
3.3.1 The European Pillar of Social Rights and the National 2030 Targets for Employment and Social Affairs.....	25
3.4 Health.....	26
3.5 Digitalisation	29
3.6 Climate, Environment and Circular Economy.....	31
3.7 The Housing Market	36
3.8 Energy Supply	37
3.9 De-bureaucratisation of the Public Sector.....	41
4. Denmark's Action Towards the Sustainable Development Goals.....	45
5. EU Funds	53
6. Institutional Issues and Stakeholder Involvement	57
Appendix 1. State of Play of CSRs for Denmark in 2022, 2021, 2020 and 2019.....	61
Appendix 2. State of play of milestones and goals in the RRP	93

1. Introduction

The Danish economy is fundamentally strong with a very high level of employment. The economy has come through the COVID-19 pandemic well and has been resilient to high uncertainty arising from Russia's invasion of Ukraine, high inflation and concerns about recession in Europe. Thus, there was continued growth in the Danish economy through most of 2022, although growth was not as high as in 2021, where policy measures and strong demand after the COVID-19 pandemic led to significant growth in GDP.

However, there are signs that a slowdown in the Danish economy is on the way. Households have reduced their consumption, and firms are reporting a lack of demand. After above-average growth in the past two years, GDP is expected to grow slowly this year and rise moderately in 2024, while inflation is expected to fall gradually. A period of weaker growth comes from a high level of activity and a historically high level of employment. Even with the expected slowdown, a certain capacity pressure in the economy and a relatively tight labour market must be expected.

The government has planned a range of ambitious reforms in the coming years. This includes *Welfare 2.0 – a reform programme that develops Denmark*, which consists of eight parts which in different areas will contribute to developing and future-proofing Denmark and the Danish welfare society. The reforms will strengthen the employment and provide new funding for investments in health, well-being, security, safety, climate and growth, among others. The government's target is, among other things, to implement reforms that will contribute to an increase in employment by 45.000 full-time persons in 2030.

On April 30th, 2021, The Danish Recovery and Resilience Plan was submitted to the European Commission and later approved by the Council on July 13th, 2021. The Danish Recovery and Resilience Plan consists of a range of initiatives amounting to approximately DKK 11.6 bn. and contributes to the funding of a wide range of green agreements, that the former government and a majority in the Danish Parliament agreed on in the end of 2020. This involves, among other things, the first phase of the Agreement on Green Tax Reform, the Agreement on Green Road Transportation and the Agreement on Green Stimuli and Economic Recovery. Furthermore, The Recovery and Resilience Plan includes investments in digitisation, e.g. through the SVM:Digital initiative as well as the former government's digitisation strategy, which is based on recommendations from the digitisation partnership. The Recovery and Resilience Plan thus has a particular focus on green and digital reforms and investments and consists of the following seven components:

1. COVID-19 authority efforts on health
2. Green transition of agriculture and environment
3. Energy efficiency etc.
4. Green Tax Reform
5. Green transition of road transportation

6. Digitisation

7. Green research and Development

Implementation of The Danish Recovery and Resilience Plan has commenced and is proceeding according to plan. On August 4th, 2022, Denmark made the operational agreement with the Commission which contains the technical terms of fulfilment of the plan's 77 goals and milestones. Completion of goals and milestones is a prerequisite for Denmark receiving recovery funds by payment requests, where the fulfilment must be documented to the Commission.

The first payment request for the Danish Recovery and Resilience Plan was submitted on December 16th, 2022 and adopted on April 13th, 2023. Denmark received DKK 2.2 bn. on April 27th, 2023. The first payment request hinges on fulfilment of 25 of 77 total goals and milestones in The Danish Recovery and Resilience Plan. The remaining goals and milestones must be realised in forthcoming payment requests towards year 2026.

Denmark's National Reform Programme describes, among other things, the measures Denmark has taken to comply with the new Country Specific Recommendations (CSRs) from the European Commission, which Denmark received in June 2022, but also past year's country specific recommendations for Denmark from the European Commission in 2019-2021. Furthermore, the programme presents the overall economic framework for the Danish economy.

Finally, the programme describes relevant reforms and investments related to a range of central areas. The structure of Denmark's National Reform Programme 2023 is as follows:

- Chapter 2 describes the overall economic framework for Denmark including the economic developments and the macroeconomic effects of structural reforms.
- Chapter 3 report on reforms and investments related to the topics of growth and productivity, childhood education and educational programmes, employment and social affairs, health, digitalisation, climate, environment and circular economy, the housing market, energy supply as well as de-bureaucratisation of the public sector.
- Chapter 4 concerns a range of measures that Denmark has introduced and is planning to introduce in order to promote the achievement of the Sustainable Development Goals (SDGs).
- Chapter 5 describes the Partnership Agreement between Denmark and the European Commission regarding the European structural and investment funds in 2011-2017 as well as connection between and complementarity of the initiatives in The Danish Recovery and Resilience Plan.
- Chapter 6 describes the involvement of the Danish Parliament as well as relevant stakeholders in the preparation of the National Reform Programme.
- Appendix 1 contains a table with the status on the European Commission's Country Specific Recommendations (CSRs) for Denmark from 2019, 2020, 2021 and 2022.
- Appendix 2 provides the state of play of milestones and goals in The Danish Recovery and Resilience Plan.

2. Economic Framework

2.1 Prospects for the Danish Economy

The Danish economy has long proved to be very strong and has been resilient to high uncertainty arising from Russia's invasion of Ukraine, high inflation and concerns about recession in Europe. Thus, there was continued growth in the Danish economy through most of 2022, although growth was not as high as in 2021 when policy measures and strong demand after the corona pandemic led to significant growth in GDP.

However, a number of factors are contributing to slow down the economy at home and abroad. Although price increases appear to have peaked across countries, inflation remains high, affecting the purchasing power of families. The tightening of the monetary policy that has been implemented or is expected to be implemented in order to bring inflation in line with the monetary policy objectives has led to significantly higher market interest rates. This makes it more expensive to borrow for consumption and house purchases, and it makes it more expensive for companies to borrow for investments.

There are signs that a slowdown is underway in the Danish economy. Households have reduced their consumption, and companies are increasingly reporting a lack of demand. After above-average growth in the past two years, GDP is expected to grow slowly this year and rise moderately in 2024, while inflation is expected to fall gradually. A period of weaker growth comes from a high level of activity and historically high level of employment. Even with the expected slowdown, a certain capacity pressure in the economy and a relatively tight labor market must be expected.

The slowdown in economic growth is basically reflecting that demand of households and firms is adjusting to higher prices, which are, among other things, a consequence of changes in the energy supply and other supply conditions. A lower demand is a crucial adjustment mechanism and an essential prerequisite for inflation to be brought down again. Normalisation of conditions on the supply side can also contribute to this adjustment. For example, the high freight rates on maritime transport have come down again after disruptions in the global supply chains during the COVID-19 shutdowns.

The housing market is already in clear decline. Thus, the volume of sales has fallen significantly in the past year. The turnaround must be seen in the context of significant interest rate increases and the high level of activity on the housing market during the COVID-19 pandemic.

There are several signs that a turnaround in the labour market is underway. The downward trend in unemployment since mid-2020 has ended, and the increase in unemployment since May 2022 has continued into 2023. At the same time, the number of vacancies has fallen from a high level. Furthermore, the increase in employment has slowed down a bit in the latter part of 2022 and into 2023 after almost a decade of increasing employment, when periods of fluctuations during the COVID-19 pandemic are disregarded. The long period of increasing employment must be seen, among other things, in the context of the inflow of foreign labour, later retirement, and the fact that more immigrants have entered the labour market. This has contributed to a balanced upturn before the pandemic and rapid

economic growth after the pandemic. However, an economic turnaround is now taking place, and in several industries, including trade and transport as well as construction, there have already been significant decreases in employment during 2022.

The turnaround in the labor market is taking place from a situation with very high employment, and there are still relatively many vacancies relative to unemployed. This can lead to wage pressure. So far, wage growth has been moderate in relation to the pressure on the labour market. In the cyclically sensitive building and construction industries, there was actually a slight drop in the rate of wage increase at the end of last year. The agreed wage increases in connection with the collective agreement negotiations are pulling in the direction of clearly higher wage increase rates in 2023 and 2024, which in isolation can lead to further price pressure. It is assumed that this will not lead to a self-reinforcing development, where price and wage increases mutually reinforce each other.

2.2 Reform Targets and Macroeconomic Effects of Structural Reforms

In the government platform *Ansvar for Danmark* from December 2022, and with the plan *Welfare 2.0 – a reform program that develops Denmark*, the government has outlined an ambitious reform agenda aiming at strengthening employment and providing funding for targeted investments in areas such as health, security, climate, and growth enhancing initiatives.

The government's goal is to implement reforms that will contribute to an increase in the employment by 45,000 full-time persons by 2030, cf. *table 2.1*. Based on *Ansvar for Danmark* and *Welfare 2.0 – a reform program that develops Denmark*, the government will make political decisions that will increase structural employment by approximately 31,500 full-time persons in 2030, of which 4,000 full-time persons stem from a new prioritization in business support.

Table 2.1
Effect on structural employment and GDP of completed and planned reforms

	2030
Effect on structural employment, full-time persons	
Completed reforms (A)	8,500
Abolishment of a public holiday	8,500
Planned reforms in government platform (B)	19,000
Welfare 2.0 etc. ¹⁾ (education, taxation, retirement, public allowances etc.)	19,000
Others (C)	17,500
Goal through new prioritization in business support	4,000
Potential for further increase in structural employment	13,500
Total employment target in government platform (A+B+C)	45,000
Effect on structural GDP, DKK bn., 2023 level	
Completed (A)	9
Planned (B)	17
Total effect	26
Total effect, percent of GDP	1.0

1) Incl. expansion of the basic integration training programme (IGU), 37 hours work duty, aviation tax etc.
 Structural employment is rounded to 500 full-time persons on the level of each initiative.
 Source: Own calculations.

Since the government took office in December 2022, the government and the Danish Parliament have implemented initiatives that are expected to raise the structural employment by 8,500 full-time persons in 2030. This reflects that from 2024 and onwards, the Parliament has abolished a public holiday, the so-called Great Prayer Day, which increases the normal number of working days in a year, contributing to an increase in labour supply measured in hours. In addition, an agreement on strengthened international recruitment (including a reduction in the minimum amount in the pay limit scheme, among other things) has been made permanent, including some other adjustments to the original agreement. The permanent implementation of the previous agreement on strengthened international recruitment (including adjustments) will have a positive impact on structural employment, although there is not enough empirical basis to quantify the size.

Furthermore, there are initiatives planned in the government platform that can contribute to an increase in the employment by an additional 19,000 full-time persons in 2030. In addition, the government will continuously present other initiatives that increases employment.

Education

The government has proposed a reform of the university sector, including a restructuring of up to half of the master's programs into 1½-year master's programmes and by establishing more business master programmes. Furthermore, the government proposes new criteria for student grants, i.e. reducing student grants to the standardised study duration and reducing the maximum grant allowance to 58 months. It is estimated that a reform of the masters' programmes will increase the labour supply by just under 6,000 full-time persons in 2030, while new criteria for student grants, i.e. reducing student grants to the standardised study duration and reducing the maximum grant allowance to 58 months, will increase the labor supply by 5,500 full-time persons in 2030.

Tax

The government plans to implement a tax reform that increases employees' disposable income and makes it more attractive to work and make an extra effort. The government will allocate DKK 5 bn. to the tax reform, which, among other things, includes increasing the EITC (including the special EITC for single parents) and lowering the top bracket income tax rate by 7.5 percentage points for incomes (before labour market contributions) up to DKK 0.75 mn., while at the same time increasing the top bracket income tax rate by 5 percentage points for incomes (before labour market contributions) above DKK 2.5 mn. In total, the government's tax reform is estimated to increase structural employment by 4,000 full-time persons in 2030.

Retirement

The government plans to merge senior pension and the right to early retirement into a single new scheme with two entries: a rights-based model and a needs-based model, both of which can be accessed up to three years before the retirement age with the possibility to opt in to the pension schemes every six months. In addition, the senior job scheme will be abolished. The estimated effect on employment of 2,500 full time persons consists of opposing effects, with the improvement in early retirement tending to reduce employment while the changes for those who will now be covered by the new early retirement scheme rather than senior pension will tend to increase employment. Furthermore, the estimated impact includes a positive effect on employment due to the abolition of the senior job scheme. This is a preliminary estimate, which will be further consolidated in the final design of the new rules.

Public allowances

The estimate of an increase in structural employment by 1,000 full-time persons due to changes in public allowances reflects, among other things, recommendations from Commission on Benefits (Ydelseskommissionen). The government will propose changes to the cash benefit system based on these recommendations. At the same time, the government will initiate work on possible solutions to the problem of inadequate pension savings among individuals with loose ties to the labour market, such as self-employed persons etc.

Business Support

Changes to business support will be made on the basis of recommendations from an expert group on the future of business support (Ekspertgruppe for fremtidig erhvervsstøtte), and with measures that provides better conditions for the business sector as a whole. The expert group's forthcoming report will provide more information on how the different schemes work.

Further target for increasing structural employment

In addition, the government will propose initiatives that will contribute to increasing structural employment by an additional 13,500 full-time persons in 2030. This could be achieved by fulfilling potentials by getting more people to work, including non-Western immigrants, enabling more people to choose full-time work instead of part time work, and ensuring that more people have the right skills.

The government will also ensure faster and more efficient processing of proceedings in the Danish Agency for International Recruitment and Integration (SIRI) and will allocate funds for this purpose in the budget bill.

The government has asked the Reform Commission (Reformkommissionen) to complete its work and provide recommendations for increasing structural employment. The Reform Commission was established in the autumn of 2020 under the former government and published its first recommendations – *New Reform Paths 1* – focusing on higher education, retraining and lifelong education, and the business sector in April 2022. The Reform Commission will present recommendations regarding young people with unrealised potential and adults without a foothold in the labour market in the first half of 2023.

3. Reforms and Investments

In Denmark we have a long history of implementing reforms that has strengthened Denmark. The government will continue to build on that course of action. The government will, among other things, implement reforms which promotes progress in the Danish economy, ensuring fiscal sustainability, investments in public welfare and education, climate and environmental preservation, reductions in taxes for the individual Dane and the Danish businesses as well as a fair social balance.

This chapter describes relevant reforms and investments on a range of areas which have already been implemented or is planned to be implemented. This regards Denmark's effort to promote growth and productivity, childhood education and educational programmes, employment and social affairs, health, digitalisation, climate, environment and circular economy, the housing market, energy supply as well as de-bureaucratisation of the public sector. Furthermore, this chapter presents a status of the national 2030 targets on employment and social affairs, which were submitted to the European Commission in 2022.

The subsections in this chapter are divided by initiatives which form part of the government's general policy and initiatives that are a part of the Danish Recovery and Resilience Plan. Furthermore, it includes initiatives implemented by former governments.

3.1 Growth and Productivity

The government platform *Ansvar for Danmark and Welfare 2.0 – a reform programme that develops Denmark* presents initiatives to increase GDP in Denmark by 1 percent by 2030 corresponding to approximately DKK 26 bn. This includes increasing structural employment by 31,500 full-time persons by 2030, *cf. section 2.2*. In addition, the government has a target to increase structural employment with another 13,500 full-time persons by fulfilling potentials to get more people into the labour market, have more people working more hours, and ensuring that more people have the right skills. This will add to a further increase in GDP.

The government wants to strengthen growth and competitive conditions for businesses, promote foreign direct investments in Denmark and work actively to reduce the overall burdens for businesses. The government is committed to continue and implement initiatives to improve conditions for firms in Denmark, *cf. box 3.1*.

Box 3.1**Selected planned initiatives outside The Danish Recovery and Resilience Plan within growth and productivity***Planned initiatives***Strategy of entrepreneurship (Iværksætterstrategi)**

The government will present a strategy of entrepreneurship to strengthen entrepreneurship in Denmark making it easier for Danes to invest in startups, making it more attractive to found a startup regardless of gender and easier to attract capital. DKK 300 mn. is earmarked for this strategy.

Strategy of globalization (Globaliseringsstrategi)

The government will make a comprehensive strategy of globalization for the Danish business sector as an acknowledgement of the export businesses and their central role for the society of Denmark.

Digitalisation and Automatic Business Reporting

The government will continue ambitious investments in digitalisation and automation across the public and private sector. The government will continue their work with Automatic Business Reporting (*Automatisk Erhvervsrapportering*) to support businesses and the society to realize the full potential of DKK 3 bn. by digitalising and automating processes within bookkeeping and accounting.

A new system of business support

The government will establish a new system of business support. This includes a prioritizing of the business support that should provide DKK 2 bn. of which 1 bn. among other things can finance R&D-deduction. The changes is to be implemented on the basis of recommendations from an expert group on the future of business support (Ekspertgruppe for fremtidig erhvervsstøtte),

Support and develop positions of strength

The government will support and develop Danish positions of strength like life science, maritime transportation and processed foods – while facilitating the development of new positions of strength within environmental and welfare technologies. Resting on a fundamentally sound framework conditions this will be supported by targeted growth strategies.

Minimizing burdens for businesses

The government will focus on avoiding unintended excess implementation of EU-rules. The government will also work to secure an even better coordination between regulatory agencies and businesses. The goal is to deliver a plan for how to decrease the number of errors made, secure less unnecessary bureaucracy and better planning. Part of this work entails that the authorities' control and supervision are targeted towards the firms where the risk of circumvention of the rules as well as fraud is highest. The firms that comply with the rules shall be subject to control to a much lesser extent. The goal is a coherent relief from unnecessary burdens for businesses.

Within the Danish Recovery and Resilience Plan, a number of initiatives have been initiated to support both short term and long term economic activity as well as to support the green transition, *cf. box 3.2.*

Box 3.2**Initiatives in the Danish Recovery and Resilience Plan with effects on GDP****Energy efficiency etc.**

The Recovery and Resilience Plan sets aside DKK 315 mn. to increasing the energy efficiency of public buildings, DKK 565 mn. in grants for green housing improvements, DKK 200 mn. in grants for CO₂ reduction and preliminary studies of CCS storage. In total DKK 1,745 mn. is invested in initiatives that contribute to reducing Denmark's green house gas emissions by 0.1 mn. tons in 2030.

Green Tax Reform

The first phase of the Green Tax Reform includes an investment window of DKK 3,905 mn., where the depreciation basis for investments in fixed assets (machinery, equipment etc.) was increased by 16 percent in 2020-2022 along with an increase in the immediate depreciation limit to DKK 30,000.

Green transition of road transport

Policies will contribute to increase incentives to purchasing green cars, through changing tax policies and supporting green transport and infrastructure.

Digitisation

Initiatives within digitalization for a total of DKK 665 mn. have been launched in the period of 2021-2025. The Digitisation Fund of DKK 500 mn. makes up the largest share and is aimed at following up on the ten recommendations from the Digitisation Partnership. In addition, it includes a strengthening of SMV Digital and a broadband pool.

Green research and development

The Recovery and Resilience Plan sets aside DKK 1.8 bn. for green research and development, including a tax deduction of 130 percent in 2020-2022 for research and development expenses of DKK 1.1 bn. That gave Danish companies a greater incentive to invest in research on green and digital solutions.

Source: Danish Recovery and Resilience Plan, April 2021.

The effects on growth are largely driven by the Green Tax Reform and green research and development, *cf. table 3.1*. The Green Tax Reform includes an investment window and accelerated depreciations that support private investments in 2021 and 2022. Increased investments increase productivity, and productivity is also strengthened by a larger research and development effort including the tax deduction for research and development expenses in 2022.

Furthermore, the Danish Recovery and Resilience Plan includes public investments in energy efficiency and green transport, which is expected to increase long-term productivity and potential GDP.

At the announcement of the Recovery and Resilience Plan, the European Commission expected, by using the QUEST-model, that the entire *Next Generation EU* recovery instrument would increase Danish GDP by 0.4 to 0.6 percent in 2024.

Table 3.1
Macroeconomic impact of initiatives in the Danish Recovery and Resilience Plan

Percent of GDP	2021	2022	2023	2024	2025
Short-term effects on GDP					
1.1 Strengthening the Resilience of the Healthcare System	0.01	0.00	0.00	0.00	0.00
1.2 Green Transition of Agriculture and Environment	0.00	0.00	0.00	0.00	0.00
1.3 Energy Efficiency, Green Heating and CCS	0.02	0.03	0.02	0.02	0.00
1.4 Green tax reform (phase 1)	0.12	0.22	0.00	-0.07	-0.04
1.5 Sustainable Road Transport	0.02	0.02	0.02	0.01	0.00
1.6 Digitisation	0.00	0.01	0.01	0.01	0.01
1.7 Green Research and Development	0.03	0.03	0.01	0.00	0.00
Total	0.21	0.31	0.07	-0.03	-0.02
Effect on structural productivity, percent of GDP	0.06	0.10	0.12	0.13	0.14

3.2 Childhood Education and Educational Programmes

Education is a cornerstone in the Danish society. High quality childhood education and educational programmes are crucial for a strong welfare state. In a number of specific areas, the government plans to strengthen and future-proof the Danish childhood education and educational programmes. These focus areas are described in the following sections.

The government's planned initiatives, which will help to strengthen the quality of the Danish childhood education and educational programmes, are summarized in *box 3.3*.

Box 3.3

Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that intend to improve the quality of Danish day care, primary education and educational programmes

Implemented and agreed upon initiatives

Transversal:

With the Agreement of the 10-year Psychiatry and Mental Health Plan from 2022, DKK 250 mn. annually have been allocated for an easily accessible offer in the municipalities for children and youths that experience psychological distress and psychological symptoms.

Box 3.3 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that intend to improve the quality of Danish day care, primary education and educational programmes****Primary and lower secondary education:**

Despite the general increase in educational attainment, too many children and young people complete primary and lower secondary education without obtaining the sufficient knowledge and skills to start upper secondary education. Therefore, significant investments have been made in primary and lower secondary education. Among other things, permanent funds have been allocated to hire more teachers.

Upper secondary education:

The objective of the Agreement on Better and More Attractive Vocational Education and Training from 2014 is that more people should choose a vocational education programme immediately after graduating from 9th or 10th grade. Several political agreements have been made to achieve this goal. The Agreement on Strengthened Practical Skills in Primary School and the Agreement on From Primary School to Skilled Labour – Vocational Education and Training for the Future, both from 2018, focused on practical skills in primary, secondary and upper secondary school programmes related to transitioning to vocational education and training.

Former governments and the labour market partners have agreed to a number of initiatives to promote more apprenticeships in vocational education and training. These include three major tripartite agreements in 2020 - Tripartite Agreement on Extraordinary Assistance for Students and Apprentices and Companies (handling imbalance in Employers' Reimbursement System) from 2020, Tripartite Agreement on More Apprenticeships and Clear Responsibility from 2020, and Tripartite Agreement on Strengthened Recruitment to the Public Labour Market from 2020.

Adult education and continuing training:

The former government and the labour market partners signed the Agreement on Strengthened and More Flexible Adult Education, Continuing Training and Further Education in 2017. The agreement included a range of initiatives to improve adult and vocational education programmes. These include improving basic skills and supporting labour market education. The agreement was initially set to expire by the end of 2021, but was later prolonged to 2023. New tripartite negotiations in 2023 will follow up on these initiatives.

*Planned initiatives***Transversal:**

Across educational areas, the government aims to invest more in childhood education and educational programmes. At the same time, the government strives to ensure stronger coherence between educational areas and higher quality of educational programmes.

The government's policy for children and young people is based on individual well-being, empowerment and motivation. The vast majority of children and young people are doing well, but the number of children and young people who are not thriving is increasing. Therefore, the government wants to initiate a debate on how to create a stronger foundation for children and young people. The government will establish a commission for the well-being of children and young people. The purpose of the commission is to identify initiatives on how to prevent and mitigate distress and vulnerability, how to strengthen resilience and empowerment, as well as examine the influence of social media and other major societal trends.

Approximately 42,000 young people are in neither active in education, training nor in employment. The government will initiate tripartite negotiations to find new solutions that can help young people onto a new track, including giving more young people a way into a working community or supporting them as they complete education.

Box 3.3 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that intend to improve the quality of Danish day care, primary education and educational programmes****Primary and lower secondary education:**

The government aims to increase local freedom in decision-making for public schools and adjust the balance between academic, creative, and practical content in the curriculum. Additionally, the government will increase local freedom for deciding the length of school days in public schools by allowing schools and municipalities to convert classes of so-called “supporting education” to other activities thereby shortening the school day. Funds freed up from the conversion of classes of “supporting education” will be reinvested in the public school system.

The government believes that the challenges and potential solutions of public schools should continue to be developed in collaboration with the central partners of public schools in the forum Collaboration on Schools (Sammen om Skolen)..

Upper secondary education:

The government aims to significantly strengthen vocational education and increase the number of young people that choose and complete a vocational education rather than choosing a general upper secondary education (the Gymnasium). The government will examine the economic management models of the various upper secondary education programmes with the aim of increasing equality in economic conditions in, for example, the general upper secondary education and vocational schools. It will be examined if co-locating upper secondary education programmes can be an element in this. The government will examine ways to raise admission requirements to general high school education (the Gymnasium). The government also aims to invest in ensuring that vocational schools have proper equipment and proper teacher competencies. Furthermore, the government aims to ensure that vocational schools focus on the needs of the labor market, including in relation to the green transition.

Higher educational programmes:

The government will establish new flexible education paths at university level. To do this, up to half of the master programmes will be offered as new 1½-year master programmes with emphasis on labour market relevance, and by establishing more business master programmes. Concurrently, the government will improve the quality of university degrees by ensuring additional hours in active education, smaller class sizes, better student guidance and high quality continued education opportunities for graduates from 1½-year programmes.

The government will also consider reducing the number of students at selected higher educational programmes to better match demand in the labour market, as well as improving the merit system for students, who wish to alternate from one higher educational programme to another.

The government aims at increasing the number of international students in areas that require a highly educated workforce. In consideration of previous political agreements, including agreements in the field of student financial support (SU), the government proposes that universities can offer 1,100 study places in English per year in the period 2024-2028 and 2,500 study places in English annually from 2029.

In addition, the government proposes that business master programmes in English are established in fields that have the potential to recruit highly skilled foreign labor. The government aims at a target of 2,500 students in business master programmes in English annually.

Furthermore, the government proposes new criteria for student grants, i.e. reducing student grants to the standardised study duration and reducing the maximum grant allowance to 58 months. Concurrently, the possibility of student loan extension will be expanded. Additionally, the possibilities for introducing extended exemption possibilities for selected groups, such as single parents or students receiving disability grants, will be examined. At the same time, the government will conduct an analysis of the entire student grant system to identify ways in which it can be future-proofed.

Box 3.3 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that intend to improve the quality of Danish day care, primary education and educational programmes****Adult education and continuing training:**

The government will work to strengthen opportunities for qualification and continuing education throughout working life. This includes the ability to study, reskill, and upskill throughout a career, including upskilling more unskilled adults.

The government will explore the possibility of establishing "individual learning accounts." Additionally, the government will establish a panel of experts that will examine barriers to education throughout working life.

Research:

With the Finance Act of 2023, the government has allocated DKK 19.8 bn. in 2023 for research and development, bringing the total public research budget to approximately DKK 27 bn. With the political agreements on the research reserve for 2023, a total of DKK 2.4 bn. is earmarked for green research. Finally, the government will retain the goal that public investments in research and development should account for at least 1 percent of GDP.

In the first half of 2023 the Reform Commission will put forward recommendations on reducing the number of young people between the age of 15-24 without an education or a job.

It is noted that no initiatives have been launched in the education sector as part of the specific Danish Recovery and Resilience Plan.

3.3 Employment and Social Affairs

The Danish labor market ensures a high level of security for the citizens and flexibility for businesses. It has proven resilient in the face of current crises, and employment is currently at a high level. However, there are still challenges that need to be addressed to support a robust future for the labor market.

The Danish government has initiated an ambitious government platform with reforms that strengthen employment and help Danish citizens in the periphery of the labor market enter the workforce. The initiatives in the government platform as well as selected recent agreements in the area of employment are summarized in *box 3.4*.

In addition, the government wants to include knowledge from commissions and expert committees. This includes, for example, the Reform Commission's work with adults in the periphery of the labor market as well as young people with an unrealized potential. The government will also establish an expert committee that will contribute with knowledge about barriers to lifelong learning in order to strengthen opportunities for continuing education and upskilling.

Box 3.4**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan regarding employment***Implemented and agreed upon initiatives***Improved work injury system**

In 2022, the former government made an agreement to strengthen and improve the workers' injury compensation system, particularly to improve the connection of injured persons to the labor market and shortening the processing time for work injury cases.

The agreement makes it more attractive for injured persons to take a qualifying education if they can no longer perform their previous job. In this context, a new scheme is introduced in which injured individuals during their education can get strong financial security with 83 percent of their previous salary. This will create better conditions when returning to employment and utilizing individuals' work capacity after a work injury. The agreement also includes several initiatives aimed at shortening the processing time for work injury cases.

Second partial agreement about the Rethinking of the Employment Efforts

As part of the agreement on the new right to early retirement (2020), it was agreed that the overall rethinking of the employment efforts should provide a financial contribution of DKK 300 mn. in 2022, DKK 750 mn. in 2023, and an annual budget cut of DKK 1.1 bn. from 2024 and onwards (2020-prices). With the first part of the agreement on the rethinking of the employment efforts (2021), a budget cut of approximately DKK 345 mn. in 2022 and about DKK 370 mn. annually from 2023 was achieved. With the second part of the agreement on the rethinking of the employment efforts (2022), the remaining part of the savings from 2023 and onwards will be achieved.

Abolition of a public holiday

The government has abolished one annual holiday from 2024 to increase the labor supply. The initiative is expected to increase structural employment by approximately 8,500 full-time persons. The proposal is estimated to strengthen the structural public balance by around DKK 3 bn., and increase structural GDP by approximately DKK 9.4 bn.

*Planned initiatives***Reform of the employment efforts and closure of the job centers**

The government platform includes an ambition to rethink and reform the employment efforts and thereby reduce expenditures by DKK 3 bn. in 2030. This will be achieved, *inter alia*, by abolishing the job centers, giving the municipalities freedom from state process requirements, and prioritizing the measures that actually help the unemployed into the labor market. The aim of these initiatives is to help the unemployed find employment more quickly.

Strengthened international recruitment

The government will initiate initiatives that facilitate access to foreign labor, as long as unemployment is low. Therefore, the previously agreed-upon agreement on strengthened international recruitment, which establishes an additional monetary scheme that includes a lower monetary threshold, will be made permanent.

Longer tenure in the labor market

The government has an ambition to encourage more seniors to stay longer in the labor market.

Specifically, the government will merge senior pension and the right to early retirement into one new scheme with two entry points: a rights-based model and needs-based model, both of which can be obtained up to three years before the state pension age, with the possibility of pension allocation in six-month increments and with a monthly benefit level of approximately DKK 15,000. As part of the reform, the government will also abolish the senior job scheme.

Box 3.4 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan regarding employment****Strengthened international recruitment**

The government will introduce a new scheme with lower monetary thresholds for certified companies subject to regulated wages and working conditions. This will increase the possibility of accessing international labor, while taking into account regulated conditions in the labor market.

Work obligation

The government has an ambition to increase the number of non-Western immigrants with labor market attachment. As part of this ambition, the government will work to introduce a new work obligation for citizens in the cash benefit system with integration needs. This work obligation will replace passive support and require citizens to contribute up to 37 hours per week.

Reform of the cash benefit system

The government aims to ensure a fair safety net for individuals with children and without a job, including providing opportunities for the children to have an active leisure life. The government will take the recommendations of the Commission on Benefits (Ydelseskommisionen) into account and propose changes to the cash benefit system based on those recommendations.

Danish citizens have access to a range of social services. Vulnerable citizens and citizens with permanent physical or mental disabilities or social problems are helped and supported, with the aim of supporting individual progression and pave the way for making individuals capable of mastering their own lives.

It is a priority for the government that the society can accommodate the most socially vulnerable citizens, enabling them to live a dignified life. Therefore, the government will support improved social work efforts for the most socially vulnerable citizens and rethink their interaction with public institutions and social workers. Hence, enabling that the interaction is dictated on the terms of the citizens to a greater extent than is the case today.

Initiatives included in the government platform as well as recent agreements on the social area are summarised in *box 3.5*.

Box 3.5**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan on the social area***Implemented and agreed upon initiatives***Children First (Børnene Først)**

In May 2021, the former government, The Red-Green Alliance, The Danish Social Liberal Party, The Green Left [SF], The Alternative, Denmark's Liberal Party, The Conservative People's Party, The Liberal Alliance, The Danish People's Party, and The Christian Democrats agreed on the reform Children First. The aim of the reform is to provide earlier and improved support to vulnerable children and families than is the case today. The agreement bolsters the area with DKK 2 bn. during the years 2022-2025, and when permanently phased in with DKK 734 mn. yearly.

Homelessness

It is a government priority to combat homelessness, among other things by extending the Housing First approach in the homelessness area. The government has proposed a bill with a significant reorganisation of the current homelessness effort, to make it more cost-effective for municipalities to help people in the comfort of their own home than is currently the case. The bill build upon Agreement on the fund for Mixed Cities (Aftalen om fonden for blandede byer). The agreement ensures that 4,050 affordable homes will be provided, which can be used for Housing First efforts for the homeless.

The expert committee in the social area

As part of the budget agreement of the municipalities for 2022, the former government and Local Government Denmark (KL) agreed that the expenditure burden on the social area will require difficult priorities in relation to the other welfare areas in the municipalities going forward. Consequently, the former government and KL agreed to set up an expert committee, tasked with making recommendations on how to ensure a sustainable professional and economic development on the social area. The expert committee will publish the first interim report with recommendations in spring 2023.

*Planned initiatives***New approach for the most vulnerable**

It is a priority for the government to lay the foundations for a new policy which caters to the needs of most vulnerable. A policy where they are met with dignity. The most vulnerable citizens should be excluded from the employment system entirely and instead be met with a substantiated effort directed at the specific challenges of the individual.

Specialisation planning

The government aims to provide comfort and safety for people with disabilities who need highly specialised care by introducing specialisation planning in the highly specialised part of the disability field.

Extension and improvement of the social welfare card

The government aims to continue and improve the scheme of the social welfare card. As a part of the *Agreement of the utilisation of reserve measures in the social-, health-, and labour market areas 2023-2026*, funds have been set aside to continue the scheme in 2023 and 2024 with an increased spending limit of DKK 40,000. Additionally, the government will look into how the scheme can be continued beyond 2024.

Implementation of the Children's Act (Barnets Lov)

Furthermore, the government will continue the efforts to support socially vulnerable families and children, i.a. by implementing the Children's Act with the aim of ensuring better and earlier support for vulnerable children.

It is an important priority for the government that the society provide better opportunities to be part of the labour market for people with disabilities who has the capacity to work. The government will make an action plan with the aim of providing better opportunities for people with disabilities.

Finally, it is a government priority to combat homelessness, among other things to expand the *Housing First* approach.

It should be noted that the Danish Recovery and Resilience Plan does not include specific initiatives or reforms regarding employment policy. However, the plan does contain investments in digitalisation and the green transition which can contribute to job creation in Denmark. Additionally, the Danish Recovery and Resilience Plan does not contain initiatives on the social area.

3.3.1 The European Pillar of Social Rights and the National 2030 Targets for Employment and Social Affairs

Last year, Denmark assigned three national targets within employment, lifelong learning and social inclusion. The targets were assigned based upon three European 2030 targets, which were presented in 2021 as part of the European Commission's Action Plan of the European Pillar of Social Right.

The European Pillar of Social Rights

The European Pillar of Social Rights (the Social Pillar) is an inter-institutional declaration, which was signed by the Council, the European Parliament and the Commission at the social summit in Gothenburg on November 17th, 2017. The pillar consists of 20 principles grounded in the chapters I) equal opportunities and access to the labour market, II) fair working conditions and III) social protection and inclusion. The pillar is not legally binding and does not grant the EU additional competences.

European and National 2030 Targets

The European Commission presented the Action Plan of the European Pillar of Social Rights on March 4th, 2021. The Action Plan introduces the Commission's current and future initiatives on the social agenda. The Action Plan also presented three political 2030 targets for employment and the social agenda in the EU.

In view of this, the former government has set three national 2030 targets in 2022:

- *The target for employment:* 80 percent of people aged 20 to 64 should be employed by 2030 (structural rates).
- *The target for training:* 60 percent of adults aged 25 to 64 should participate in training every year by 2030. However, this target may be revised in the light of upcoming new data on Denmark's current rates for 2023.
- *The target for social inclusion:* The number of people living in households with low work intensity (LWI) should be reduced by 30,000 people relative to the 2019 levels by 2030.

Denmark's Starting Point

Denmark's current rates – measured by the indicators for the three national targets – are presented in the following table, cf. *table 3.2*.

Denmark's employment rate for people aged 20 to 64 was at a structural level of 80 percent in 2022.

Tabel 3.2
Current rates and the national 2030 targets

	Current rates	National 2030 targets
The target for employment (percent-ages)	80.1 ¹⁾ (2022)	80 ¹⁾
The target for training (percentages)	50.4 (2016)	60
The target for social inclusion (number of people)	429,000 ²⁾ (2021)	384,000 ²⁾

1) The national target for employment is measured in structural rates.

2) People in households with low rates of employment (LWI), which is one of the AROPE indicators.

Source: Eurostat and The Danish Ministry of Finance's calculations.

There is a considerable statistical uncertainty concerning Denmark's starting point as regards the target for training. The latest data from 2016 concludes that 50.4 percent of people aged 25 to 64 participated in training activities. However, the approach to calculating the rates of training in 2016 differs from the approach to calculating the rates towards 2030. Therefore, it will only be possible to assess Denmark's actual starting point when new data from 2023 is at disposal.

The target for social inclusion is based on a sub-indicator from the EU indicator for "at risk for poverty or social exclusion" (AROPE). The indicator measures "people in households with low work intensity". 429,000 people were considered part of that group in 2021. It is 45,000 more persons than the target for social inclusion in 2030. It should be noted that the indicator is defined on the basis of employment from the EU SILC measurement (Living Conditions survey) and labor market attachment in the previous calendar year. The latest data available consequently show a slight increase in 2021 due to the COVID-19 pandemic. It is expected that data for 2022, which will be based on labor market affiliation of the SILC population, will be less affected by COVID-19, and that the current positive development on the labor market will be fully reflected in data for 2023.

3.4 Health

A well-functioning health care system is a key priority for the Danish government. Therefore, the government is focused on securing the necessary decisions and substantial changes to support a robust and sustainable health care system in the future.

The Danish health care system delivered a considerable effort in the COVID-19 pandemic which constituted a significant contribution for the overall Danish handling of the pandemic and a limitation of the derived health and socio-economic consequences.

However, the pandemic also exposed the need to secure a robust health care system. The demographic development with an increasing number of elderly and limited resources to caring personnel is putting pressure on the health care system both in the short and long term. A number of major initiatives regarding the health care system have been implemented or are planned to be implemented.

These initiatives has focus on strengthening the robustness of the health care system, improving psychiatric care, and the future organisation of the health care sector, *cf. box 3.6*.

Box 3.6

Selected implemented and planned health related initiatives outside the Danish Recovery and Resilience Plan

Implemented and agreed upon initiatives

Agreement on a health reform

In May 2022, a broad political majority made an agreement on a health reform. Especially, the reform focus on strengthening the coherence and proximity to citizens within the health care system through various steps aimed at raising the quality and competence of the local health care system. These steps include a national quality assurance plan with requirements for the quality and competence for the local health care system, attempts to promote digital solutions in the home of the citizen, as well as initiatives to contribute to a larger number of doctors and improved medical coverage in areas with a shortage of doctors etc.

The Robustness Commission (Robusthedskommission)

As a part of the agreement on the health care reform in May 2022, the former government set up a commission for robustness in the health care system. The aim of the commission is to recommend solutions to handle the fundamental challenges in the health care system. Specifically, ensuring robustness in the completion of tasks and access to trained and competent personnel throughout the country. The commission is expected to hand in its final report in 2023.

10-year plan for psychiatric care

In September 2022, a broad majority of the Danish Parliament made a political agreement on a 10-year plan regarding psychiatric care and mental health. Among other things, the plan must ensure the necessary treatment capacity in psychiatric care and strengthen the area through an annual funding boost of DKK 0.5 bn. As a part of the government platform *Ansvar for Danmark* (December 2022) the government wants to further strengthen the area through a prioritization of an additional DKK 3 bn. for initiatives over the total 10-year period.

The Health Structure Commission (Sundhedsstrukturkommission)

The government has set up a commission to conduct and investigate models of the future organisation of the health care system. Among other things the commission must take into account geography, organisation and financial management, quality standards, patient rights and free choice. The commission is expected to hand in its final report in the spring of 2024.

Planned initiatives

Emergency plan for the health care system

The government and the Danish Regions (Danske Regioner) has made an agreement of an emergency plan for the health care system (February, 2023). With the emergency plan the government prioritize DKK 0.2 bn. in 2022, DKK 0.8 bn. in 2023, and DKK 1 bn. in 2024 for the health care system. The government and the Danish Regions has agreed to take measures which should contribute to reduce waiting lists and resist capacity pressure. The goal is to clear the current treatment backlog and normalise the waiting times in hospitals before the end of 2024.

Health Fund

The government platform *Ansvar for Danmark* from December 2022 contains an agreement to propose a health fund to ensure easy and equal access to treatment in the health care system, alleviate the labour shortages through the maintenance and modernisation of hospitals as well as increase the use of technology and digitalisation.

Box 3.6 (continued)**Selected implemented and planned health related initiatives outside the Danish Recovery and Resilience Plan****The National Prioritisation Council**

The government platform *Ansvar for Danmark* from December 2022 contains an initiative to set up a cross-cutting national prioritisation council which aims to reduce overtreatment in the health care system and ensure increased patient involvement in the choice of treatment, with the purpose of ensuring optimal health care efficiency.

The initiatives should be seen in the context of both current challenges in the health care sector, including recruitment of health care personnel, as well as the structural challenges that the health care system is facing, including the demographic development, which imply an increasing need for treatment.

In the Danish Recovery and Resilience Plan funding has been earmarked to initiate a range of initiatives with the purpose of strengthening the emergency preparedness in the end of the COVID-19 pandemic as well as ensuring the future robustness of the Danish health care system, *cf. box 3.7*.

Box 3.7**Initiatives in the Danish Recovery and Resilience Plan regarding health care**

- DKK 102 mn. for a clinical study on the effects of the COVID-19 vaccines: The research project which includes 6,950 participants has been initiated and continuously examines the effects and side effects of the vaccines.
- DKK 52 mn. for drug inventory in 2021: There has been established an excess inventory of critical drug medications for the secondary sector, which has contributed to preventing or reducing possible shortages of critical drugs.
- DKK 76 mn. to an improved pharmaceutical preparedness: Drug preparedness has generally been reinforced through, i.a. a strengthened system for insights into pharmacists' and wholesalers' stocks, preparation of lists of critical drugs in situations where the pharmaceutical preparedness is active, and an increased monitoring of side effects, i.a. through the development of an IT system which general practitioners can use for reporting side effects.
- A strengthened digitalisation in the health care sector of DKK 14 mn.: An initiative regarding on offer of tele-medical treatment for patients with COVID-19-triggered health anxiety has been finished. The application *Kontakt Læge* (Contact Doctor) has been extended to several platforms and municipalities. General practitioners can now issue PRO-questionnaires (Patient Reported Information) for pneumococcal vaccination and the pregnancy area as well as other messages to patients through the *Min Læge* (My Doctor) application.

3.5 Digitalisation

Denmark has long been a digital pioneer where digitalisation creates value for citizens, companies, personnel in the public sector, and for the country as a whole.

The Danish digital agenda is ambitious and in order to maintain this position digital tools are continuously developed and implemented across both the public and private sector. However, when society is evolving and public and private services become increasingly digital, it must be ensured that everyone is able to participate, regardless of their digital skill level.

Various initiatives to strengthen the digital agenda have been implemented, *cf. box 3.8*.

Box 3.8

Selected implemented and planned digital initiatives outside the Danish Recovery and Resilience Plan

Implemented and agreed upon initiatives

The Danish Digitalisation Strategy (Danmarks Digitaliseringsstrategi) – collaboration on digital development

In May 2022, the former government presented a comprehensive digitalisation strategy for Denmark with 61 initiatives, setting the direction for the digital development of Denmark as a digital pioneer and addressing the challenges that accompany digitalisation.

The Joint Public Digitalisation Strategy (Den fællesoffentlige digitaliseringsstrategi) – Digitalisation that lifts society

In June 2022, the former government presented a new joint public digitalisation strategy for Denmark for 2022-2025. The purpose of the strategy is to make digitalisation a central part of the solution to the major societal challenges that Denmark faces and simultaneously aid those citizens who find digitalisation challenging. The Joint Public Digitalisation Strategy ensures that the strong digital foundation created through the last 20 years of digital investments is maintained and improved upon.

Establishment of a digitalisation council to advise the government on digitalisation

With the launch of the former government's digitalisation strategy, the former government decided to establish a digitalisation council consisting of top managers and experts in the digital field to advise governments on the potentials and challenges of digitalisation and monitor the progress with the digitalisation strategy.

10-year plan for new technology and automation in the public sector

New technological solutions and automation must contribute to alleviate the labour shortages in the public sector.

The former government has in collaboration with KL and the Danish Regions agreed to initiate a long-term project for the expansion of new technology in the public sector which should release resources equivalent to 10,000 full-time workers over a 10-year period.

In December 2022, the continued work with digitalisation was amalgamated in the newly created Ministry for Digital Government and Gender Equality, which is responsible for the future strategic direction of digitalisation in the public sector and business sector.

In May 2022, the former government presented a new overall digitalisation strategy for Denmark, which built upon the recommendations from the Digitalisation Partnership (Digitaliseringspartnerskabet) and presented 61 initiatives across a number of areas. As a part of the forthcoming

agenda with the digitalisation strategy, a digitalisation council was established consisting of 11 member, each of whom contributes with relevant perspectives on the digital development and its impact on society. The Digitalisation Council (Digitaliseringsrådet) is tasked to monitor the implementation of the digitalisation strategy as well as advising the government on new trends and digital development.

Additionally in June 2022, the former government made an agreement between the state, municipalities, and regions regarding a new joint public digitalisation strategy which sets the future direction for the public digital service.

Furthermore in June 2022, the former government initiated a 10-year plan for new technology and automation in the public sector in collaboration between the state, municipalities, and regions. The target of the 10-year plan is to alleviate the labour shortages in the public sector, and the plan aims to release resources equivalent to 10,000 full-time workers over 10 years directed at, i.a. the local welfare of citizens.

A number of digital initiatives were launched under the auspices of Danish Recovery and Resilience Plan including a Digitisation Fund (Digitaliseringsfond) that supports public and business-oriented digital development, *cf. box 3.9.*

Box 3.9

Initiatives in the Danish Recovery and Resilience Plan regarding digitalisation

Digitalisation Fund (Digitaliseringsfond) of DKK 500 mn. in the period 2022-2025

The Digitalisation Fund (Digitaliseringsfonden) allocated DKK 125 mn. annually in the period 2022-2025 to support targeted digital initiatives that follow up on the recommendations of the Digitisation Partnership (Digitaliseringspartnerskabet). The Digitisation Fund was implemented in the Budget Bill for 2022 and contains initiatives with a focus on supporting a greener and more digital business sector, increased use of public data, green solutions and new technology in the public sector, as well as a legal and ethical foundation in a digital reality. The initiatives under the Digitalisation Fund comprise a total of 10 initiatives and cover both digitisation in the public sector, digitisation in companies, green digital initiatives and initiatives with a focus on data ethics and legislation.

Promoting SMEs' digital transition (SMV:Digital)

Generally, small medium enterprises (SMEs) do not invest in digitalisation to the same extent as larger companies, which risks putting them at a disadvantage in competition with larger companies. SME:Digital supports the digital transformation of companies, i.a. giving grants for purchases of private consultancy, competence courses, sparring and networking as well as guidance on regulation and competition conditions, which should contribute to the integration of digitalisation, automation and e-commerce in SMEs. With the Budget Bill for 2022, nearly DKK 120 mn. were prioritised for SME:Digital in the period 2022-2025. Additionally, nearly DKK 65 mn. was allocated for SME:Digital in 2021 as a part of the Recovery and Resilience Plan, which was implemented with the Budget Bill of 2021 and the summer and business package of June 2021 (Sommer- og erhvervspakke). A total of 550 SMEs are expected to receive a share of the DKK 65 mn.

Continuation of the Broadband Pool

The Broadband Pool (Bredbåndspuljen) ensures that a larger number of households and businesses gain access to high-speed broadband (100/30 Mbit/s). Around four percent of all addresses in Denmark, corresponding to 97,000 households and businesses, does not currently have access. The Danish Recovery and Resilience Plan allocates DKK 100 mn. to continuing the broadband pool in 2021. This implied that approximately 3,500 households and businesses are guaranteed access to high-speed broadband in areas where the market does not deliver.

3.6 Climate, Environment and Circular Economy

With the Climate Act a large majority in the Danish Parliament has determined Denmark to be a leading nation in the international climate effort, and climate policies must be designed to achieve this. The Danish government aims for Denmark to be a green pioneer country that sets and fulfils ambitious climate targets as well as climate and environmental action and inspire and influence the rest of the world. Meanwhile, the government will work to make Denmark – and Europe – independent of Russian gas.

A large majority in the Danish Parliament has set a binding target of reducing total Danish CO₂-emissions by 70 percent by 2030 compared to 1990. Furthermore, a sectoral target has been agreed on for the agricultural sector, which accounts for a significant part of total Danish emissions. In addition, the government will meet the target of a 50 to 54 percent reduction in 2025 compared to 1990.

In the government platform *Ansvar for Danmark*, the government has raised ambitions and will advance the long-term goal of climate neutrality to 2045 as well as set a new target of a 110 percent reduction in 2050 compared to 1990. In addition, the government will propose an ambitious reduction target for 2035 and consider whether the 2030 reduction target shall be raised. Furthermore, the government will reduce the climate impact of public spending, including procurement of transport and construction of public buildings, and examine the consequences of setting a target for the CO₂e-imprint of Danish consumption.

Moreover, the government will introduce a joint act on nature and biodiversity with targets and means for a greener Denmark. The aim is to contribute to the EU's biodiversity strategy for 2030, which target is that 30 percent of the EU's land and sea area should be protected nature, of which 10 percent should be strictly protected. The government will also take initiative to an acute plan for areas designated for water drilling purposes and conduct a mapping of the 640,000 hectares that are identified as focus areas for drinking water protection today. In addition, a plastic action plan will be initiated to reduce the quantity of plastic in the nature. The government will look at the requirements for wastewater cleansing so that the spread of environmentally damaging materials – including PFOS/PFAS – is minimized, and make it easier for water supply companies to establish biogas, pyrolysis and lime cleaning as well as other green solutions. The government will initiate a raw material plan that supports sustainable mining of sand and aggregate as well as more reutilization of building materials. It needs to be ensured that Denmark has raw materials to the energy islands and construction in sufficient quantities – without jeopardizing the nature. Meanwhile, the government will focus on implementing, among other things, waste separation in 10 units as agreed in the *Climate Plan for a green waste sector and circular economy* from 2020 as well as an extended producer responsibility for packaging and single-use plastic products.

During 2022, a large majority in the Danish Parliament made several 'green' agreements that will contribute to reducing greenhouse gas emissions by 5.1 mn. tons in 2030, cf. box 3.10. *Climate Status and Outlook 2023* estimates that there is a lack of approximately 5.4 mn. tons of CO₂e reductions to achieve the 70 percent target. In 2021, a broad majority in the Danish Parliament agreed on a green transformation of Danish agriculture to ensure greenhouse gas reductions and a reduction in the release of nitrogen to the aquatic environment. In addition, a binding reduction target of 55-65 percent for the agriculture and forestry sector was set for 2030 compared to emissions in 1990.

Box 3.10**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that help reduce greenhouse gas emissions***Implemented and agreed upon initiatives*

Agreement on Green Tax Reform for the industry etc.: The agreement was reached following the expert group on Green Tax Reform's first sub report with recommendations on regulation of greenhouse gases based on a higher and uniform CO₂e tax. The Agreement on Green Tax Reform for the industry etc. contains, among other things, a uniform CO₂ tax on greenhouse gas emissions from the industry, further investments in carbon capture and storage (CCS) as well as other compensating initiatives. With this agreement, Denmark's CO₂e emissions are expected to be further reduced by 4.3 mn. tons by 2030. In the expert group's final report the agricultural non-energy related emissions of methane and nitrous oxide will be examined among other things. The government will present a proposal for a climate tax on the agriculture sector when the expert group has presented its conclusions.

Agreement on kilometre based road taxation for trucks: An agreement to implement a new kilometre-based and CO₂-differentiated toll for trucks from 2025 has been made, which shall replace the existing period based road usage toll for trucks (the Eurovignette). Furthermore, the agreement includes a change in national regulations for weight and dimensions of trucks in road freight transportation. This involves streamlining the road freight transportation and contributes with CO₂ reductions as well as reduces the economic consequences of the road taxation.

Climate agreement on green power and heating 2022: It has been agreed to ensure conditions that can enable a quadrupling of the production from wind energy on land by 2030. In addition, 4 GW of offshore wind energy should be offered by the end of 2030 on the condition that the offshore wind energy does not affect state finances negatively throughout the project period and that there is capacity in the power grid. In addition, it has been agreed to initiate a service check and analytical work to remove barriers in the legislation and make processing smoother and authorisation and permission procedures related to offshore windmills shorter. An ambition has been set, that gas shall not be used for house heating by 2035 and that Denmark by 2030 shall be 100 percent supplied by green gas, among other things by speeding up the rollout of district heating.

Agreement on expanded producer responsibility for packaging and single-use plastic products: It has been agreed to implement an expanded producer responsibility for packaging and single-use plastic products. The agreement contributes to a CO₂ reduction of 0.12 mn. tons by 2030 and is part of securing the accomplishment of expected CO₂ reductions of 0.7 mn. tons in all by 2030, which was decided with the *Climate Plan for a green waste sector and circular economy* from 2020.

Follow-up on Agreement on Climate Plan for a green waste sector and circular economy: Under the agreement, the waste inspection and control of export and import of waste are strengthened. At the same time, an ambitious deadline for the municipalities' household near and separate collection of textile waste has been set. The agreement is a follow-up on the *Climate Plan for a green waste sector and circular economy* and helps ensuring the achievement of the expected CO₂ reduction of 0.7 mn. tons by 2030.

Establishment of a national energy crisis staff (NEKST): The government has set up a national energy crisis staff (NEKST) inspired by the national operational staff (NOST). NEKST shall ensure faster action on acute green challenges such as district heating rollout, identify barriers to the agreed ambitions for scaling solar and wind energy on land as well as offshore wind energy and recommend the government any measures that can accelerate the expansion. NEKST should also support the expansion of the power grid in places where there are already challenges with capacity, and contribute to ensuring that the expansion is ahead of electricity consumption and the production of power from renewable energy.

Box 3.10 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that help reduce greenhouse gas emissions***Planned initiatives:*

Forest plan: The government will present an ambitious forest plan with a goal of establishing 250,000 hectares of new forest in Denmark. The establishing of new forest significantly contributes to achieving climate neutrality and, in the long term, net negative emissions. The forest plan must ensure the greatest possible synergy and balance between the many purposes of new forests.

Green domestic flight route by 2025: The government will make it possible to establish a green domestic flight route in 2025 and at the latest by 2030 fully green domestic flights financed by a passenger tax.

In addition, initiatives has been implemented to strengthen the green transition, *cf. box 3.11*.

Box 3.11**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan within climate, environment and circular economy***Implemented and agreed upon initiatives*

Agreement on the establishment of a green fund: DKK 1½ bn. have been reserved in 2024 and DKK 3¼ bn. annually from 2025 to 2040 to establish of a new green fund. Thus, DKK 53½ bn. (2022-prices) are reserved for the green transition towards 2040. Of this, a total of DKK 10.6 bn. will be reserved to the Agreement on Green Tax Reform, *cf. box 3.10*. The green fund will be prioritized for larger and longer-termed investments in climate, green energy and the environment.

Agreement on the development and promotion of hydrogen and green fuels (Power-to-X strategy): With the PtX agreement, the first steps are taken to establish conditions that can promote the development of a PtX market in Denmark. With the agreement, Denmark will aim to build an electrolysis capacity of 4-6 GW by 2030. The expansion of PtX must, as far as possible, take place on market terms and with consideration for the Danes' security of supply. The PtX agreement also consists, among other things, of a subsidy scheme of DKK 1.25 bn. in the form of a government tender for hydrogen production. In addition, the PtX agreement also states that the necessary framework must be created to enable establishment of a hydrogen infrastructure in Denmark for the transport of hydrogen in pipes and for storage underground. Furthermore, it is stated that DKK 344 mn. from REACT-EU funds under EU's Structural Funds and EU's Just Transition Fund will be allocated for the establishment of a new investment support scheme to accelerate the development and scale-up of innovative green technologies with a focus on PtX and hydrogen in particular.

Additional agreement on Energy Island Bornholm 2022: In 2022, a large majority in the Danish Parliament decided to expand Energy Island Bornholm from the assumed 2 GW to 3 GW with expected realization in 2030 and under the condition that the project is profitable. In the agreement, the decision on the establishment of an international connection between Denmark and Germany of July 26th, 2022 is acknowledged. The tender conditions for the offshore wind energy connected to Energy Island Bornholm are expected to be determined in 2023.

Box 3.11 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan within climate, environment and circular economy**

Tender preparing agreement for the North Sea Energy Island 2022: The agreement specifies the framework for the preparation of the tender for the North Sea Energy Island, including technical concept, business form and requirements for private co-owners and for the construction of the energy island. It is stated that the agreement group will make a final decision on the continuation of the project on the basis of, among other things, final rollover model of Energinet's net costs and updated profitability calculations regarding the condition that the project must be profitable.

Agreement on Pesticide Strategy 2022-2026: With the agreement, a total of DKK 368.4 mn. will be allocated in the period 2022-2026 to reduce the pesticide load in Denmark. The strategy must strengthen the protection of the aquatic environment, groundwater and biodiversity, as well as the health and food safety of Danes.

Agreements on Chemicals and Biocides Initiatives: With the agreements, a total of DKK 304.1 mn. is allocated in the period 2022-2025 to raise Danish key issues in negotiations on future EU chemical regulation, ensure control of chemicals, increase knowledge, and regulation of endocrine disruptors and allergenic substances. At the same time, funds is allocated to inform consumers to avoid products with dangerous chemicals. The biocide agreement introduces, among other things, an authorization scheme for insect killers.

Agreement on IPCEI hydrogen projects: The agreement allocates DKK 850 mn. for Danish participation in a large-scale European project, Important Project of Common European Interest (IPCEI) on hydrogen. Two projects were selected to support PtX development in Denmark.

Planned initiatives:

New act on nature and biodiversity: The government will introduce a joint act on nature and biodiversity with targets and means for a greener Denmark. The aim is to contribute to the EU's biodiversity strategy for 2030, which target is that 30 percent of the EU's land and sea area should be protected nature, of which 10 percent should be strictly protected. The Danish targets must be developed taking into account the total land use in Denmark, including coexistence with agriculture and expansion of renewable energy.

New action plan on plastic: The government will implement an action plan on plastic aiming at reducing plastic in Danish nature.

New national action plan on PFAS: In 2023, the government will present a new national action plan on PFAS that ensures future monitoring and control and will suggest prioritised actions in Denmark, the EU and internationally.

Marine plan: The government will present a new updated marine plan, with an ambition of 10 percent strictly protected and 20 percent protected sea area. The marine plan will be eco system-based, based on the marine strategy and will include a more detailed definition of the 20 percent protected area, where the government assumes coexistence between offshore wind parks, fishery and the necessary considerations for nature and biodiversity.

Just Transition Fund (Fonden for Retfærdig Omstilling): The fund is targeted those parts of the country which are most negatively affected by the transition process towards a climate neutral economy in 2050. The fund is targeted at Nordjylland and Syddjylland and provides approx. DKK 663 mn., which, as a result of political agreements, e.g. supports technology and business development within Power-to-X, better conditions for a green transition in SMEs, development of brown biorefining such as pyrolysis, development of local value chains for CO₂ capture, usage and storage.

Box 3.11 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan within climate, environment and circular economy**

Development of local business lighthouses (lokale erhvervsfyrtårne): DKK 1 bn. from the EU European Regional Development Fund and the EU Structural Funds has been dedicated to develop 8 local business lighthouses which will support the development of existing and new positions of strength, including green topics (Power-to-X, water technology, biosolutions, sustainable construction and CO₂ capture). A range of activities have been initiated locally to develop the business lighthouses, including a number of test and demonstration projects within green technologies as well as measures to support the rollout of the green infrastructure. The business lighthouses are further developed in partnerships between e.g. the state and local actors which will support the long-term development of local business lighthouses.

The path towards achieving the target of reducing Danish CO₂-emissions by 70 percent has been largely supported by the initiatives in the Danish Recovery and Resilience Plan, *cf. box 3.12.*

Box 3.12**Initiatives in the Danish Recovery and Resilience Plan within climate, environment and circular economy**

Green tax reform: In December 2020, a broad political agreement was reached on a green tax reform in several phases.

- **The first phase of the agreement on a green tax reform** is estimated to result in a reduction of Denmark's CO₂ emissions by 0.5 mn. tons in 2025 due to an increase in the energy tax on fossil fuels for businesses. The tax will be implemented from 2023 to 2025. For mineralogical processes as well as agriculture and horticulture, the tax increase will not be implemented until 2025 because these industries are energy-intensive and particularly exposed to competition. The agreement also includes measures aimed at giving Danish companies an incentive to research, invest and develop their production in a more sustainable direction. This includes the introduction of a green investment window up to and including 2022 as well as the extension of the relaxation of the deduction for research and development of 130 percent (from 110 percent) up to and including 2022.

Green transition of agriculture: The Danish Recovery and Resilience Plan contains initiatives within the agricultural and environmental areas, where a total of more than DKK 1.3 bn. is invested from the Recovery and Resilience Plan and the initiatives are estimated to reduce CO₂ emissions by 0.1 mn. tons. Of this, the initiative to remove carbon-rich land from agriculture constitutes the largest share of DKK 660 mn.

Energy efficiency improvements, storage, etc.: Among other things, DKK 315 mn. has been allocated for energy efficiency improvements in public buildings (primarily municipal and regional), DKK 565 mn. for subsidies for green construction improvements and DKK 200 mn. for development and demonstration projects for CO₂ storage in the North Sea. A total of DKK 1.745 mn. is invested in the initiatives, which contribute to reducing Denmark's greenhouse gas emissions by 0.1 mn. tons in 2030.

3.7 The Housing Market

Danish households' gross debt is high compared to other European countries. However, when taking into account households' assets, Danish households have a high net worth.

Since the financial crisis, a number of regulatory measures have been implemented to strengthen homeowners' financial resilience, so-called macro-prudential measures. Among other things, a 5 percent down payment requirement has been introduced for home purchases and restrictions on homeowners' access to interest-only and/or variable-rate mortgages based on debt-to-income ratios and loan-to-value ratios. The restrictions are more stringent for mortgages in Copenhagen and Aarhus. In addition, a number of measures have been introduced to strengthen credit institutions' resilience, including the Supervisory Diamond for mortgage credit institutions and increased capital and liquidity requirements.

Household debt as a percentage of GDP is currently significantly below the level prior to the financial crisis, and credit growth has not reached alarming rates at any time since the financial crisis, including in recent years, which limits the build-up of risks.

The new property tax system, which ensures coherence between property value and property tax, will take effect from January 1st, 2024. No homeowners will experience rising property taxes when transitioning to the new system.

Box 3.13

Selected implemented and planned initiatives regarding the housing market outside the Danish Recovery and Resilience Plan

Implemented and agreed upon initiatives

Macroprudential measures in the housing market

A number of regulatory measures have been implemented to strengthen homeowners' financial resilience, so-called macroprudential measures, including the Good Practice for Mortgage Credit Regulation from 2013 with the introduction of the 5 percent down payment requirement for home purchases in 2015, the Growth Guidance from 2016, and the introduction of a debt-to-income ratio limit that determines which types of loans borrowers can choose from in the Good Practice for Mortgage Credit Regulation in 2018.

Planned initiatives

Housing tax system

A new housing tax system will take effect from January 1st, 2024. With the new housing tax system, property taxes will follow the development of property values. If housing prices fall, property taxes will be reduced accordingly. At the transition to the new system in 2024, no current homeowners will be taxed higher than under the current system. With the new housing tax system, the temporary deferral scheme will become permanent, so it will still be possible to defer increases in property taxes from 2024. Deferred property taxes must be paid no later than when the property is sold.

In recent years, high prices for owner-occupied housing and long waiting times for public rental housing in large urban areas have emphasized the need to increase the supply of cheap (affordable) housing. The former government made a political agreement about new initiatives to increase construction of primarily low-cost public housing.

Box 3.14**Selected implemented and planned initiatives regarding new housing construction outside the Danish Recovery and Resilience Plan***Implemented and agreed upon initiatives***Agreement on the Fond for Mixed Cities – Cheaper Housing and a Way out of Homelessness**

The agreement reached on the 26th of November 2021 earmarks DKK 5 bn. to new initiatives until 2031, which will noticeably increase the construction of affordable housing. The initiatives are primarily aimed at increasing public housing in the metropolitan area where affordable housing can be scarce. The legislation implementing the various initiatives entered into force on the July 1st, 2022. Among others, the initiatives include:

- Plot purchase loans for new public housing developments (DKK 1,778 mn.)
- The conversion of private rental housing and commercial buildings into public housing (DKK 1,545 mn.)
- Support for the establishment of particularly low-cost public housing (DKK 900 mn.)
- Support for the densification of new public housing (DKK 422 mn.)

The fund will receive an additional DKK 5 bn. in the period 2021-2035 which has yet to be allocated to specific initiatives.

*Planned initiatives***A comprehensive plan for housing policy**

The government aspires for a diversified housing market where more people can own their home, and where there is a diversified supply of owner-occupied housing, public housing, cooperative housing, and private letting. The government will present a comprehensive plan on housing policy.

3.8 Energy Supply

A stable and well-functioning energy supply is central to important social functions and to Denmark's wealth. If the energy supply is scarce, it can have a significant impact on Danes' everyday life as well as growth and productivity. Especially, it can imply uncertainty for households as to whether there is power in the outlet and possible to heat their homes. For companies, it is essential whether they have sufficient energy to be able to produce. At the same time, the war in Ukraine and the resulting uncertainty about the energy supply have emphasized the need for a continued green transition and independence from fossil fuels, including Russian gas.

Denmark's energy supply situation is currently stable with regard to gas, electricity, oil and wood pellets. Despite the current stable situation, the supply situation in the coming heating season (2023/24) may be challenged due to risk factors, such as a complete stop of Russian gas to the EU, increased global demand if gas consumption increases due to cold weather conditions or external events, market interventions, etc. Factors Denmark has no control over. The stable situation is due to, among other things, the fact that Danish consumers have reduced their energy consumption considerably. For example, the Danes' gas consumption since January 2022 up to and including December 2022 is approx. 19 percent lower than the expected gas consumption in *Climate Status and Outlook 2022*. In addition, a number of initiatives have been launched with the aim to support a stable and increased energy supply, cf. box 3.15. The former government has also presented initiatives, which will further

accelerate the development of renewable energy and reduce dependence on fossil fuels, *cf. box 3.15*.

From the winter of 2023/24, the energy supply will be strengthened, including especially gas and oil supply, because of the gradual restarting of the Tyra Field from the winter of 2023/24. When the Tyra Field is back up and producing at full capacity, Denmark expects to be a net exporter of gas again until 2042.

Finally, the foreign connection, *Viking Link*, which connects England and Denmark, is expected to be completed by the end of 2023 (it will be fully operational in the first quarter of 2025) and will ensure the transport of electricity for up to 1.4 mn. households. Moreover, an agreement was reached between Denmark and Germany in 2022 to establish an international connection in connection with Energy Island Bornholm, *cf. box 3.15*.

Box 3.15

Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that have strengthened or will strengthen the energy supply in the coming years

Implemented and agreed upon initiatives

National compromise on Danish security policy (March 2022)

An agreement was reached to launch initiatives that would accelerate the phasing out of gas in Denmark with the aim on achieving independence from Russian gas. Additionally, it was agreed to examine the possibilities for temporarily increasing gas extraction in the North Sea, increasing the use of biogas, advancing the Baltic Pipe or similar projects, so that Denmark can help to reduce Europe's dependence on Russian gas.

In continuation of this, it should be noted that Baltic Pipe was fully commissioned on November 30th, 2022, one month before the planned opening in January 2023. Ørsted and Andel have entered into contracts with Equinor about the delivery of Norwegian gas to Denmark via the Baltic Pipe, which supports Danish energy security. To increase the share of green gas in the Danish gas consumption, the former government and a majority in the Danish Parliament made the *Agreement on the temporary retention of the energy crop limit* (April 2022), where the current energy crop limit of 12 percent is maintained for one additional year to increase biogas production in 2022 and 2023.

Climate agreement on green electricity and heat (June 2022)

The agreement build upon the *National compromise* (March 2022), *cf. above*, and consists of two sub-agreements, including a sub-agreement on more green electricity and a sub-agreement on green heating and phasing out of natural gas. With the agreement, the green transition is being further intensified, while reducing Denmark's reliance on Russian energy. This involves, for example, ensuring a framework for quadrupling the production of solar and wind energy by 2030, as well as the possibility of a fivefold increase in offshore wind power.

A central prerequisite for the green transition is a well-functioning and sufficient power grid and flexible consumption. Funds are therefore allocated for initiatives and analyses regarding more proactive expansion of the power grid and support for more flexible electricity consumption.

Box 3.15 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that have strengthened or will strengthen the energy supply in the coming years**

At the same time, measures are being implemented to accelerate the roll-out of green heating and increase the production of biogas, including increasing the supply of biogas to reduce the number of households that are heated with natural gas and thus the vulnerability of Danish gas supply.

Agreement on accelerated planning for phasing out gas for heating and clear message to citizens (June 2022)

With the agreement, the former government and the Local Government Denmark agreed to speed up the rollout of district heating. The agreement involves that the municipalities had to carry out a planning effort and send out letters about the possibility of converting to green heat for oil and gas boiler owners in areas that are supplied with gas. Based on this, concrete project proposals must be developed in 2023 for the rollout of district heating before 2028, where feasible.

Supplementary agreement on Energy Island Bornholm (August 2022)

With the agreement, the contracting parties agreed to expand Energiø Bornholm from 2 to 3 GW. Energiø Bornholm is still expected to be completed in 2030. The agreement notes the decision to establish an international connection between Denmark and Germany, including more specifically the establishment of a cable from the energy island to Germany, which means that power can be sent from the energy island to the German electricity network and to the rest of Europe.

"Fire your boiler" (May 2022)

"Fire your boiler" is an agreement on partnership between the former government and Finance Denmark on attractive green loans for households to replace oil boilers and gas stoves that cannot be connected to the district heating network. The partnership was confirmed by the parties to the *Climate Agreement on Green Power and Heat* (June 2022). The implementation is ongoing. Before the end of 2024, an evaluation of the partnership between the current government and Finance Denmark will be conducted.

EU reduction targets introduced (July 2022)

EU reduction targets for gas consumption of at least 15 percent (compared to the average consumption over the past five years) was introduced in the period from August 1st, 2022 to March 31st, 2023. The target is voluntary, but it can be made mandatory if the EU declares a so-called "Union Alarm". In May 2023, the EU Commission will – due to the general European gas supply situation – evaluate whether there is a need to impose requirements on gas consumption going forward. For electricity consumption, there is a voluntary target of 10 percent as well as a binding target of 5 percent during peak periods.

The energy saving campaign (June 2022)

With the *Sub-agreement on the allocation of funds from the agreement on targeted 'heat checks' and the phasing out of black heat*, funds were allocated for a number of energy-saving activities, including an energy-saving campaign in 2022. The campaign is targeted several groups, including the general public, gas boiler owners, businesses and public workplaces. There was a special effort aimed at owners of gas boilers. The campaign was financed until the end of 2022. The campaign has been continued to a more limited extent in 2023 as part of the Danish Energy Agency's general work with Spareenergi.dk.

Box 3.15 (continued)**Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan that have strengthened or will strengthen the energy supply in the coming years****Life extension of three power plants (October 2022)**

In order to strengthen the electricity supply situation in the short run, a political mandate has been issued to temporarily postpone the closure of three power plants. The closure of the power plants has been postponed until June 30th, 2024. The Danish Energy Agency is currently the process of implementation. The temporary postponement concerns three plants owned by Ørsted; Kyndbyværkets block 21 (light oil), Studstrupværkets block 4 (coal) and Esbjergværkets block 3 (coal).

Sustainability requirements for wood pellets for individual heating (households) is temporarily removed (September 2022)

With this decision, the possibilities to import wood pellets are increased, which thus supports that there is a sufficient supply of wood pellets. In addition, cooperation and dialogue with the industry on new opportunities for imports has been initiated. The decision was implemented in November 2022. The relaxed sustainability requirements expire on April 30th, 2024.

Establishment of a national energy crisis staff (NEKST)

Following inspiration from the national operational staff (NOST), the government has set up a national energy crisis staff (NEKST). NEKST must, with the involvement of relevant social actors, i.a.:

- Ensure national coordination of the rollout of green heating and other efforts with the aim of reducing the consumption of natural gas as quickly as possible and replace it with renewable energy.
- Identify barriers to the agreed ambitions for scaling solar and wind on land as well as offshore wind and give recommendations to the government about any measures that can accelerate the expansion.
- Support expansion of the power grid in places where there are already challenges with capacity today, and contribute to ensuring that the expansion is at the forefront of electricity consumption and the production of power from renewable energy.
- Initiate an expansion plan for the power grid and uncover measures to support timely and effective investments in the power grid. The government will examine whether there is a need for further measures to utilize the power grid more efficiently, including, among other things, via a more flexible electricity consumption.

*Planned initiatives***Increase the production of biogas**

The government will increase the production of biogas with the purpose of Denmark more quickly is able to displace Russian natural gas.

Shorten case processing time and analyze the division of tasks between the state, regions and municipalities

The government will shorten the processing time for the establishment of renewable energy. It would imply that unnecessary bureaucracy causing delays. The government will also initiate an analysis of the current division of tasks between the state, regions and municipalities in order to ensure a high pace in the development of renewable energy on land.

Within the Danish Recovery and Resilience Plan no specific initiatives regarding energy supply have been initiated. However, the Danish Recovery and Resilience Plan contains initiatives regarding energy efficiency, which also supports a well-functioning energy supply.

3.9 De-bureaucratisation of the Public Sector

In the government platform *Ansvar for Danmark* the government has outlined its ambitions to implement a comprehensive de-bureaucratisation (“frisættelse”) of the public sector. The government wants to change the way welfare is currently managed, registered, controlled and delivered to citizens. The vision is to move Denmark towards becoming a welfare society characterised by less bureaucracy and more local freedom, responsibility and commitment. The plan is related to the demographic development where more elderly and children is expected in the coming years. Although the government wants to ensure additional funding to welfare equals the development in numbers of children and elderly etc., innovation in the public sector can also be an important source to improve welfare in the future.

Furthermore, the government wants to strengthen the freedom of choice, by giving the individual citizen more choices regarding welfare services. In addition, the government has ambitions to abolish all unnecessary state and municipal regulation and reduce the number of control-related tasks in order to empower local management and ensure that employees are met with confidence and have a higher degree of freedom when they are carrying out their work. Finally, the government wants to strengthen the involvement of civil society and cooperation with the private sector by promoting development and innovation through a range of public and private services and partnerships.

Box 3.16

Selected implemented and planned initiatives outside the Danish Recovery and Resilience Plan regarding de-bureaucratisation of the public sector

Implemented and agreed upon initiatives

Welfare agreements in seven municipalities regarding primary school, day care, and the elderly (2021-2024)

In 2021, the Danish Parliament adopted legislation which de-bureaucratizes seven municipalities from the majority of state regulation in the areas of primary schools, day care and the elderly for a three-year trial period. At the same time, the seven municipalities have committed to removing as much municipal and local regulation as possible. The purpose of these mutually binding welfare agreements between the state and the municipalities is to set a new and ambitious direction for the development of local welfare with an outset in greater local freedom and room for employees' expertise. The welfare agreements are continuously evaluated, and the final evaluation is expected to be available at the end of 2024. The experiences of the welfare agreements are included in forthcoming work with the de-bureaucratisation agenda.

Planned initiatives

Scheme for the elderly and the new Elderly Act

The government wants to initiate the work on the de-bureaucratisation of the elderly area by proposing a new Elderly Act with few clear values which must improve the framework for an old age with joy and time for presence and care. The target is to give the elderly person genuine self-determination, expand their freedom of choice enabling private firms to have increased opportunities to deliver elderly care, increase the continuity of care which the elderly person receives as well as removing unnecessary regulation and control.

Committee on welfare institutions of the future

The government has outlined its ambitions to set up a committee to investigate the various forms of welfare institutions of the future. This includes models where the institutions are self-governing units with boards of directors and operating economics and with the same degrees of freedom as private companies and self-governing institutions. The committee's first point of enquiry should be the elderly area.

The government will continuously work towards fulfilling its ambitions regarding de-bureaucratisation of the public sector, and will present initiatives to develop the public sector and reduce regulation.

4. Denmark's Action Towards the Sustainable Development Goals

The aim of the Sustainable Development Goals (The SDGs) is to create a shared vision and set a direction for an equal, just and sustainable world. Denmark shares this vision.

The Danish society is on board with the SDGs. The broad support pays off when it comes to solving the challenges that the SDGs reflect. It is therefore crucial that we continue to stand together in order to create the best solutions.

In June 2021, the former Danish government presented a national action plan on the 2030 Agenda and the 17 SDGs. The government platform *Ansvar for Danmark* outlines: "...the government will - within the framework of the implementation of SDGs – put a spotlight on social welfare services and the security net, and related to this, strengthening the local civil society."

Globally, Denmark ranks among the top countries related to compliance with the SDGs. The results in *Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2022 edition* indicate that Denmark performs better than the EU average when it comes to many of the SDGs. Even though Denmark performs relatively better than many other countries, this does not mean that the job is done.

The following section highlights a range of initiatives related to specific SDGs where Denmark are assessed to have the most prevalent challenges, cf. *table 4.1*.

Table 4.1
SDGs where it has been assessed that Denmark has challenges and relevant initiatives

SDG	Relevant initiatives
4 – Quality education	<p><u>The European Commission country report (2022)</u>: The number of early leavers has increased from 2016 to 2021. The share of underachieving pupils in science has increased from 2015 to 2018.</p> <ul style="list-style-type: none">• Among other things, the Reform Commission has been established to investigate the need for a more systematic and targeted effort towards the group of young people that are not in education or employment.• Denmark has addressed the needs following primary school through the specially designed youth

Table 4.1
SDGs where it has been assessed that Denmark has challenges and relevant initiatives

SDG	Relevant initiatives
<p>12 – Responsible consumption and production</p>	<p>education for young people with special needs (STU) and most recently the preparatory basic education and training (FGU). The programmes serve as preparation for adulthood and further education and employment.</p> <ul style="list-style-type: none"> • Since 2018, there has been a strong focus on improving the quality of education in the natural sciences. Among other measures, a new Science Strategy has been implemented including the Science ABC and the establishment of the new master's degree programmes targeted at teachers in science and mathematics in primary school. • At July 1 2022 the law for a new framework for recyclable household waste management was adopted, which includes that private actors must prospectively process the garbage with a view for development of new technologies and the economic benefits of scale. • Denmark has agreed to the EU's circular economy action plan from 2020. The plan must be implemented, including the eco-design regulation, the transport regulation, the battery regulation, the packaging regulation, the regulation on green claims, the regulation on critical raw materials, the soil framework directive and the waste reduction targets under the auspices of the waste framework directive. • The Danish action plan for circular economy from 2020, which contains 129 initiatives, has been adopted. The action plan and the political agreement on a Climate Plan for a green waste sector and circular economy must be implemented. It contains i.e. an extended producer responsibility for packaging and single-use plastic products, standardized demolition plans and competence requirements for selective demolition, separate and close-to-household collection of textile waste, as well as a strengthened waste supervision. • A follow-up agreement on a Climate Plan for a green waste sector and circular economy from 2022 has been adopted.

Table 4.1
SDGs where it has been assessed that Denmark has challenges and relevant initiatives

SDG	Relevant initiatives
<p>13 – Climate action</p> <p><u>The EU Commission's country report (2022)</u>: Net greenhouse gas emissions per capita in Denmark ranges above the EU average.</p>	<ul style="list-style-type: none"> • The government will investigate the consequences of setting a target for the CO₂e footprint for Danish consumption. • The government will reduce the climate footprint of public procurement, including the procurement of transport and the construction of public buildings. • The government will make a plastic action plan. • Denmark will reduce greenhouse gas emission by 70 per cent in 2030 compared to the level in 1990. • The government will propose an ambitious reduction target for 2035 and assess whether the reduction target in 2030 should be adjusted. • The government will advance the goal of climate neutrality to 2045 and set new target of 110 per cent reduction in 2050 compared to 1990. • The government will present a proposal for a climate tax on agriculture. • The government will reduce the climate footprint of public procurement, including the procurement of transport and the construction of public buildings. • The government wants to raise the ambitions for Denmark's footprint in the world by setting a target for the Danish climate effect understood as the international climate effect resulting from the Danish export of energy technology and services. • The government will introduce a passenger tax on air travel. • The government has established a national energy crisis team (NEKST), which, among other things, must ensure national coordination of the rollout of district heating and support the expansion of the electricity grid with the aim of reducing the consumption of natural gas and replacing it

Table 4.1
SDGs where it has been assessed that Denmark has challenges and relevant initiatives

SDG	Relevant initiatives
	<p>with renewable energy.</p> <ul style="list-style-type: none"> • The government will present an ambitious forest plan with a goal of establishing 250.000 hectares of new forest in Denmark. Establishing new forest contributes significantly to achieving climate neutrality and, in the long term, net negative emissions. The forest plan must ensure the greatest possible synergy and balance between the many purposes of new forests. • Denmark has had its first government investment in CO₂ capture. • DKK 10.6 bn. has been allocated towards 2040 for an agreement on a green tax reform, which must be prioritized for larger and long-term investments in climate, green energy and the environment, such as new green transition technologies. • Denmark has got its first strategy for developing hydrogen and green fuels (Power-to-X strategy) • Political ambition to enable 6 GW offshore wind in 2030 via public tenders. • Political ambition to enable a fourfold increase in electricity production from solar energy and on-shore wind by 2030.
<p>14 – Life below water</p>	<p><u>National action plan on the 2030 Agenda and the 17 SDGs (2021)</u>: In general, a good environmental condition has not been achieved in the Danish marine areas, and the acidification of the sea is increasing.</p> <ul style="list-style-type: none"> • As part of the implementation of the EU's Water Framework Directive, the third generation of the river basin management plans, which run from 2021-2027, has been under cultivation and awaits final publication, with the aim of ensuring fulfillment of the agreed targets for nitrogen reduction in the Agreement on the green transition of the Danish agriculture. • In 2023, preliminary declarations on contribution to achieving the objectives of protected nature and the improvement of species under the EU's biodiversity strategy for 2030, will be submitted.

Table 4.1
SDGs where it has been assessed that Denmark has challenges and relevant initiatives

SDG	Relevant initiatives
	<ul style="list-style-type: none"> • Five rock reefs will be placed in Danish waters. The stone reefs will be placed in Køge Bugt, at Nivå Strandpark, north of Hundested and in Lillebælt at Helnæshoved Flak and Lyø W Flak. • Denmark must implement the EU directive 2019/904 of June 5th 2019 about reduction of the environmental impact of certain plastic products. The purpose of the directive is, among other things, to prevent and reduce the impact of certain plastic products on the environment, in particular the aquatic environment. • The government will present a new updated marine plan with an ambition of 10 percent strictly protected and 20 percent protected sea. • The government will introduce a unified law on nature and biodiversity with targets and means of action for a greener Denmark. The aim is to contribute to the EU's biodiversity strategy for 2030, which contains the goal of 30 percent protected nature out of EU's total land and sea area, of which 10 percent must be strictly protected nature. • The government will prepare an action program under Denmark's Sea Strategy II and develop Denmark's Sea Strategy III.
<p>15 – Life on land</p> <p><u>The EU Commission's country report (2022)</u>: The share of forest area in Denmark is below the EU average.</p> <p><u>National action plan on the 2030 Agenda and the SDGs (2021)</u>: A large part of the Danish natural areas is in a non-favorable condition. The red list index value has decreased from 2010 to 2019.</p>	<ul style="list-style-type: none"> • In 2023, preliminary declarations of contribution to achieving the objectives of protected nature and the improvement of species under the EU's biodiversity strategy for 2030, will be submitted. • The government has decided to establish 15 nature national parks. Local municipal councils/city councils are involved in the implementation and future operation of the parks. Up to five additional areas can be designated for the establishment of nature national parks. • The government will publish revised plans for 250 designated Natura 2000 areas. The plans apply to the period 2022-2027.

Table 4.1**SDGs where it has been assessed that Denmark has challenges and relevant initiatives**

SDG	Relevant initiatives
	<ul style="list-style-type: none"> <li data-bbox="842 566 1284 772">• The government will introduce a unified law on nature and biodiversity with targets and means of action for a greener Denmark. The aim is to contribute to the EU's biodiversity strategy for 2030, which contains the goal of 30 percent protected nature out of EU's total land and sea area, of which 10 percent must be strictly protected nature. <li data-bbox="842 806 1284 1023">• The government will present an ambitious forest plan with a goal of establishing 250,000 hectares of new forest in Denmark. Establishing new forest contributes significantly to achieving climate neutrality and, in the long term, net negative emissions. The forest plan must ensure the greatest possible synergy and balance between the many purposes of new forests.

5. EU Funds

This chapter outlines The Partnership Agreement between Denmark and the European Commission on the European Structural and Investment Funds 2021-2027. Moreover, the chapter describes the complementarity with the initiatives in the Danish Recovery Plan, especially complementarity related to the green and digital transition.

The Partnership Agreement between Denmark and the European Commission

The Partnership Agreement covers EU's Regional Development Fund, Social Fund Plus, Just Transition Fund as well as the Maritime, Fisheries and Aquaculture Fund. The agreement also features information on Interreg and funds in the immigration and integration area.

In the period 2021-2027 EUR 657 mn. has been allocated to Denmark through funds covered by the Danish Partnership Agreement, cf. *table 5.1*. In addition to this, there is also national co-financing.

Table 5.1
EU allocation 2021-2027 from the funds covered by the Danish Partnership Agreement (mn. EUR)

	EU allocation 2021-2027
EU fund	
European Regional Development Fund (ERDF)	247
European Social Fund Plus (ESF+)	120
European Maritime, Fisheries and Aquaculture Fund (EMFAF)	201
Just Transition Fund (JTF)	89
Total	657

Complementarity with the Danish Recovery Plan

In Denmark, the Recovery and Resilience Plan complements investments from the funds covered by the Danish Partnership Agreement through tax initiatives that strengthen the green transition. The Recovery and Resilience Plan's green tax reform facilitates a more sustainable agriculture sector, among other things, while the Regional Development Fund Program invests in business development and the primary sector's cooperation with other sectors on e.g. green innovation. The Social Fund Program complements the Recovery and Resilience Plan, among other things by investing in competences demanded by the companies in relation to the green and digital transition.

The Recovery and Resilience Plan also finances a digitalization fund that will be implemented 2022-2025 based on recommendations from the government's digitalization partnership. Among other things, the digitalization partnership has come up with recommendations on how the government can strengthen Danish companies in a digital future and how Denmark as a society can support digital occupations and jobs of the future. Hence, the aim of these recommendations is to keep the position of

Denmark as a digital pioneer country, which will support future Danish export of digital solutions and technology. The efforts under the digitalization fund will follow up on these recommendations and are expected to create synergies with the Regional Development Fund Program, which can support the spread of digital technologies and the development of new digital solutions, while the Social Fund Program contributes by enhancing the digital skills in the labour force.

Safeguard against double financing

Denmark receives funds from both EU's Recovery and Resilience Facility and other EU funds in three areas. To counter the risk of double financing, safeguards and controls have been implemented in these areas, ensuring that financing from multiple EU funds will not be allocated to the same project.

Denmark receives funds under the Recovery and Resilience Plan as well as EU's rural development program for taking carbon rich soils out of production. In the Danish Agricultural Agency, Environmental Protection Agency and Nature Agency demarcations have been integrated, meaning that in the processing of applications it is examined on a map basis whether there has been applied for subsidies through other funds with similar purposes. All maps are continuously updated.

With regard to the digitalization strategy, the initiatives Automatic Business Reporting and SME-Friendly Procurement System are co-financed by the Regional Development Fund Program. The backed expenses relate to IT development of systems and digital infrastructure. In addition, the Recovery and Resilience Plan is, financing the digitalization fund, which in the Danish National Budget 2022 was implemented through a series of separate digital initiatives under the digitalization strategy. There are no overlaps between the initiatives financed by the Recovery and Resilience Plan and the initiatives co-financed by the Regional Development Fund Program.

Subsidies to companies under the SMV:Digital Program are financed by the Recovery and Resilience Plan. As part of the subsidy administration, applications are controlled to secure that there are no overlaps with a company's other projects under SMV:Digital, ensuring that double funding with previous financing from the EU programs REACT-EU and the Brexit Adjustment Reserve is avoided.

6. Institutional Issues and Stakeholder Involvement

Denmark has an established procedure for the Parliament's involvement in the Danish and European growth and employment agenda. This is a prioritised part of the Danish EU decision procedure when the European Semester is on the agenda in the EU in various Council formations and in the European Council.

The government and the Danish Parliament have agreed on an extended involvement of the European Affairs Committee and the Finance Committee in relation to discussions on the European Semester and the National Reform Programme. This implies that the government (in addition to current discussions of the European growth and employment agenda) will brief the European Affairs Committee and the Finance Committee of the Danish Parliament and discuss the most important questions in those committees. Among other things, a joint consultation in the Parliament's European Affairs Committee and the Finance Committee on Denmark's National Reform Programme and the Convergence Programme was held, *cf. box 6.1*.

The Contact Committee for European Growth and Employment (former The Contact Committee for the Europe 2020 Strategy) is the focal point of the national anchoring of the European Semester in Denmark. The committee was already established in 2001 with reference to the adoption of the Lisbon Strategy and continued after the end of the Europe 2020 Strategy. The committee consists of a wide range of regional and local authorities and organisations with an interest in the European growth and employment agenda. Regional and local authorities are of key importance in reference to national implementation of growth and employment policies.

The Contact Committee does not replace the various special EU committees within the framework of the Danish EU decision-making procedure, but acts as a parallel consultation forum in the growth and employment area. The Committee is an important forum for dialogue between decision-makers and interest groups on the European growth and employment agenda and is of key importance in terms of achieving a consensus on Danish priorities in this area.

The members of the Contact Committee typically meet annually at both official and ministerial level. The Contact Committee is continuously briefed on the development of the European Semester, the current European growth and employment agenda as well as the preparation of the National Reform Programme. For instance, a meeting was held in January 2022 where the Danish Minister of Foreign Affairs focused on the government's European political priorities. This especially included the handling of the challenges of unfair competition, vulnerable supply chains and dependence on third countries for some critical technologies that supports growth and employment within Denmark and the EU.

The draft version of Denmark's National Reform Programme 2023 was presented to the Contact Committee and discussed at a meeting of the Committee on March 29th, 2023. The Committee

members subsequently had the opportunity to submit comments in writing. To the extent possible, the comments submitted by the Committee are reflected upon and incorporated in the National Reform Programme.

Box 6.1

The government's briefing of the Parliament on the European Semester and the National Reform Programme (the National Semester)

January 2023: Joint consultation in the Parliament's European Affairs Committee and the Finance Committee on the Commission's annual strategy for sustainable growth 2022 and the Commission's early warning report 2022 under the procedure for macroeconomic imbalances.

April 2023: Joint consultation in the Parliament's European Affairs Committee and the Finance Committee on Denmark's National Reform Programme and the Convergence Programme.

June 2023: Joint consultation in the Parliament's European Affairs Committee and the Finance Committee on Commission draft country-specific recommendations.

Stakeholder involvement in the preparation of the Danish EU Recovery and Resilience Plan

There has been a wide involvement of both Members of Parliament and several stakeholders in regards to the preparation of the Danish EU Recovery and Resilience Plan.

First and foremost, the Danish EU Recovery and Resilience Plan consists of several initiatives that the government has decided in agreement with national parties in Parliament. For example, this applies to the agreements on a green tax reform and green road transportation as well an agreement on stimuli and green recovery. Hence, the Danish Parliament has participated in deciding which initiatives should be financed with the funds from the EU's Recovery Facility.

The political agreements, which are the foundation for the Danish EU Recovery and Resilience Plan, are, among other things, based on recommendations from the 13 climate partnerships that the government set up. The climate partnerships consist of several key stakeholders and companies that prepare recommendations for the government. The government set up several green restart teams in August 2020 with the purpose of advising the government on how Danish positions of strength in export can be properly supported during COVID-19.

The preparation of the Danish EU Recovery and Resilience Plan is in itself coordinated by the Ministry of Finance. In this context, both the Ministry of Finance and the minister have received several inquiries from key stakeholders with input to the Danish EU Recovery and Resilience Plan. The Ministry of Finance has also held an information meeting for more than 100 stakeholders, where they were informed about the content of the Recovery Plan and had the opportunity to ask questions about the Recovery and Resilience Plan.

Finally, the Danish EU Recovery and Resilience Plan is designed in a way, where stakeholders and citizens have influence on what the funds should be used for. The Recovery and Resilience Plan consists of several initiatives, where pools or tax deductions are included and therefore it is to a large extent the individual grant recipient who decides the specific implementation.

Appendix 1. State of Play of CSRs for Denmark in 2022, 2021, 2020 and 2019

2022 recommendations

Appendix table 1

State of play on country-specific recommendations for Denmark in 2022

2022 recommendations	State of play and measures
<p>1) In 2023, ensure that the growth of nationally financed primary current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU initiative, including by making use of the Recovery and Resilience Facility and other Union funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions. Implement the new property tax system in order to restore the link between market prices and taxes and ensure fairer taxation. Stimulate investment in construction of affordable housing to alleviate the most pressing needs. Increase the financial resilience of highly indebted borrowers..</p>	<p>In 2023, ensure that the growth of nationally financed primary current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation.</p> <p><u>State of play:</u> The Danish economy recovered fast after the pandemic. The economy had already recovered fully by the summer of 2021 and is still booming. With the budget proposal for 2023, fiscal policy contributes to a substantial fiscal tightening. The Danish parliament by a broad majority has agreed on multiple initiatives due to inflation and has also taken measures to ensure funding to help people fleeing Ukraine.</p> <p><u>Measure – announced – January 1st, 2023:</u> The budget bill for 2023 was adopted on April 24th, 2023. Fiscal policy for 2023 dampens total demand in the Danish economy.</p> <p>Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU initiative, including by making use of the Recovery and Resilience Facility and other Union funds.</p> <p><u>State of play:</u> Denmark has continued its ambitious efforts to reach a 70 percent reduction of CO2e-emissions by 2030. The government has adopted a target of net neutrality by 2045 and a 110 percent reduction by 2050. Among other initiatives, the establishment of a green fund will contribute significantly to obtaining the targets.</p> <p><u>Measure – adopted – June 24th, 2022:</u></p>

Appendix table 1
State of play on country-specific recommendations for Denmark in 2022

2022 recommendations	State of play and measures
	<p>A political agreement (between the former government and a broad majority in the parliament) has been reached to compensate households for the significant increase in energy prices with a total of DKK 3.1 bn. The agreement includes, among other things, a DKK 5,000 pension check and a temporary reduction in the electricity tax.</p> <p><i><u>Measure – adopted – June 24th, 2022:</u></i> Political agreement on the establishment of a new green fund. The goal of the green fund is to accelerate Denmark's green transition and the phase-out of fossil fuels. A total of DKK 53.5 bn. is set aside for investment from 2024 to 2040.</p> <p><i><u>Measure – adopted – September 23rd, 2022:</u></i> Winter aid package: As a result of the energy crisis, a broad majority in the Danish Parliament reached a political agreement on a winter aid package for households. Among other things, the package includes a provision to postpone payment of excess energy bills and a temporary reduction in the electricity tax.</p> <p><i><u>State of play (digitalisation):</u></i> The government is working to develop and maintain Denmark as a leading digital country. Digitization must be used to create value for citizens, companies, welfare workers and the country as a whole. Therefore the government will continue the ambitious investments in digitization and automation across both the public and private sectors. At the same time, the government will work to ensure that everyone can participate, regardless of what digital skills they possess.</p> <p><i><u>Measure – announced – May 5th, 2022</u></i> In May 2022 the former government announced a new National Strategy for Digitalisation 2022-2026 setting out investments across a number of digital priorities including using digital for the green transition.</p> <p><i><u>Measure – adopted – May 16th, 2022</u></i> Denmark's central, regional and local governments agreed upon a new Joint Government Digital Strategy 2022-2025. The strategy includes initiatives, which will remedy worker shortage, support climate change mitigation and digital inclusion.</p> <p><i><u>Measure – implemented – November 1st, 2022:</u></i> In an effort to improve access to data held by the Danish public sector, the former government launched a new national data portal. The Data Portal will help data users by providing descriptions of and links to valuable public-sector data.</p> <p>For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions.</p>

Appendix table 1
State of play on country-specific recommendations for Denmark in 2022

2022 recommendations	State of play and measures
	<p><u>State of play:</u> Danish public finances are sound with current public surpluses, low public debt and a sustainable long-term debt path.</p> <p><u>Measure – announced – September 30th, 2022:</u> On the medium term, the fiscal policy is planned in accordance with an aim of structural balance of -0.5 percent of GDP in 2030.</p> <p>Implement the new property tax system in order to restore the link between market prices and taxes and ensure fairer taxation.</p> <p><u>State of play:</u> From 2024, a new housing taxation system will target the growth in housing prices. The updated housing valuation will result in heavier taxation on new sales in urban areas that has increased in price since the last housing valuation from 2011.</p> <p><u>Measure – adopted – November 18th, 2016:</u> In 2013, the housing valuations, on which the housing taxation are based, were suspended. New housing valuations are introduced by 2018 through a new system aiming for harmonized and more transparent valuations.</p> <p><u>Measure – adopted – May 2nd, 2017:</u> A new housing taxation system under which the housing taxes are linked to market prices are introduced.</p> <p>To ensure that no property owner will have to pay a higher housing tax in 2021 upon transition to the new system than they would have otherwise, a tax rebate is carried out.</p> <p>Until 2021, increases in housing taxes can be frozen by property owners with no interest. The frozen amounts must be paid when the property is sold and realizes a gain. From 2021, increases in housing taxes can be frozen at an interest rate.</p> <p><u>Measure – adopted – May 15th, 2020:</u> The implementation of the housing taxation system is postponed to 2024, and furthermore property owners are compensated for the tax effects of this delay. The compensation entails:</p> <ol style="list-style-type: none"> 1. The delay of the housing tax reform should not imply higher housing taxes. 2. Housing taxes should not increase more from 2021 to 2024 than was anticipated so far in previous measures on housing taxation.

Appendix table 1
State of play on country-specific recommendations for Denmark in 2022

2022 recommendations	State of play and measures
	<p data-bbox="778 539 1286 584">Stimulate investment in construction of affordable housing to alleviate the most pressing needs.</p> <p data-bbox="778 613 890 636"><i>State of play:</i></p> <p data-bbox="778 636 1286 853">The former government and a majority in parliament made a political agreement, Establishment of the Fund for Mixed Cities – Cheaper Housing and a Way out of Homelessness of 26th of November 2021 allocates DKK 5 bn. until 2031 to a range of new initiatives, which significantly increase the construction of affordable housing. The initiatives primarily target social housing in the metropolitan area and larger cities where affordable housing can be scarce. The fund will accumulate another DKK 5 bn. in the period 2031-2035 but have not yet been appropriated to specific initiatives.</p> <p data-bbox="778 882 1118 904"><i>Measure – implemented – July 1st, 2022:</i></p> <p data-bbox="778 904 1286 987">The bill implementing the different initiatives came into force in Danish law by 1st July 2022. The construction of new affordable homes will take place in the coming years and is expected to be finished by 2035.</p> <p data-bbox="778 1016 1270 1061">Increase the financial resilience of highly indebted borrowers.</p> <p data-bbox="778 1090 890 1113"><i>State of play:</i></p> <p data-bbox="778 1113 1286 1308">There is an ongoing focus on housing credit and the risks stemming from highly indebted households, as they represent a structural vulnerability in the financial system. However, the post-financial crisis period has seen a steady decline in the debt-to-GDP ratio, which is now well below the levels seen in the period leading up to the financial crisis. This trend coincides with a moderate growth in credit institutions' lending as opposed to credit institutions' excessive lending prior to the crisis.</p> <p data-bbox="778 1337 1110 1359"><i>Measure – implemented – March, 2013:</i></p> <p data-bbox="778 1359 1262 1420">Borrowers must be able to service a 30 year fixed interest rate and amortisation loan irrespective of the chosen loan type.</p> <p data-bbox="778 1449 1145 1471"><i>Measure – implemented – November, 2015:</i></p> <p data-bbox="778 1471 1286 1554">Homebuyers are required to make a suitable down payment when purchasing a home. According to the accompanying guideline, a down payment of 5 per cent is in general considered suitable.</p> <p data-bbox="778 1583 1161 1606"><i>Measure – implemented – January 29th, 2016:</i></p> <p data-bbox="778 1606 1286 1688">Areas with high property price growth and price levels (Copenhagen area and Aarhus): Homebuyers subject to higher interest rate stress test and – if debt-to-income, DTI, levels are above 4 – specific net wealth requirements</p> <p data-bbox="778 1718 1126 1740"><i>Measure – implemented – January, 2018:</i></p> <p data-bbox="778 1740 1286 1800">Lending restriction for households with a debt-to-income, DTI, greater than 4 and loan-to-value, LTV, greater than 60</p>

Appendix table 1**State of play on country-specific recommendations for Denmark in 2022**

2022 recommendations	State of play and measures
2) Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Swiftly finalise the negotiations with the Commission on the 2021–2027 cohesion policy programmes and proceed with their implementation.	<p data-bbox="778 539 1278 607">per cent: (a) the interest rate fixation of floating-rate mortgages needs to be at least 5 years, and (b) deferred amortisation is only an option on 30-year fixed-rate loans.</p> <p data-bbox="778 640 1278 719">Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021.</p> <p data-bbox="778 752 1278 898"><u>State of play:</u> The implementation of the Danish Recovery and Resilience plan is progressing as planned. The Danish Recovery and Resilience plan includes reforms and investments amounting to DKK 11.6 bn. These reforms and investments will be implemented through 77 milestones and targets in the period 2021-2026.</p> <p data-bbox="778 931 1278 1055"><u>Measure – adopted – August 4th, 2022:</u> The operational arrangement between the European Commission and Denmark was signed on 4 August 2022. The operational arrangement contains detailed requirements for the implementation of the 77 milestones and targets in the Danish RRP.</p> <p data-bbox="778 1088 1278 1200"><u>Measure – implemented – December 16th, 2022:</u> The first payment request was submitted on 16 January 2022. The payment request contains documentation for the fulfilment of 25 of the 77 milestones and targets to be implemented in the Danish RRP.</p> <p data-bbox="778 1234 1278 1335"><u>Measure – implemented – April 13th, 2023:</u> On the April 13th, 2023 the Commission adopted its implementing decision on the disbursement of DKK 2.2 bn. based on the first payment request from Denmark. Denmark received the funds on the April 27th, 2023.</p> <p data-bbox="778 1368 1278 1424">Swiftly finalise the negotiations with the Commission on the 2021–2027 cohesion policy programmes and proceed with their implementation.</p> <p data-bbox="778 1458 1278 1536"><u>State of play:</u> All Danish cohesion policy programmes 2021-2027 have been adopted by the Commission in 2022 and are being implemented.</p> <p data-bbox="778 1570 1278 1682"><u>Measure – adopted – July 20th, 2022:</u> The Danish operational programme for the European Social Fund Plus was adopted on July 20 2022, and implementation began in first quarter of 2022. First grants under the programme were issued in December 2022.</p> <p data-bbox="778 1715 1278 1798"><u>Measure – adopted – August 3rd, 2022:</u> The Danish operational programme for the European Regional Development Fund was adopted on August 3 2022, and implementation began in first quarter of 2022. First</p>

Appendix table 1
State of play on country-specific recommendations for Denmark in 2022

2022 recommendations	State of play and measures
3) Strengthen circular economy and waste management policies including by promoting waste prevention and reuse, increasing recycling, and gradually shifting away from incineration of municipal waste to greener sources of heat generation.	<p>grants under the programme were issued in December 2022.</p> <p><u>Measure – adopted – November 24th, 2022:</u> The Danish operational programme for the Just Transition Fund was adopted on November 24 2022, and implementation is planned for 2023.</p> <p><u>Measure – adopted – December 5th, 2022:</u> The Danish operational programme for the European Maritime, Fisheries and Aquaculture Fund was adopted on December 5 2022, and implementation is well underway.</p> <p>Strengthen circular economy and waste management policies including by promoting waste prevention and reuse, increasing recycling, and gradually shifting away from incineration of municipal waste to greener sources of heat generation.</p> <p><u>State of play:</u> The government aims to ensure a climate-neutral waste sector by 2030. Several initiatives have been undertaken in 2022 to achieve this goal. Furthermore, there has been continuous investing in new policies aimed at accelerating the transition to green heating.</p> <p><u>Measure – adopted – June 16th, 2020:</u> The former government and a broad majority in the parliament concluded a political agreement to ensure a green Danish waste sector. The agreement entails increased recycling of waste, including increased waste sorting. Furthermore, Denmark's incineration plants should import and incinerate significantly less.</p> <p><u>Measure – adopted – June 22nd, 2020:</u> Climate Agreement for Energy and Industry: The agreement includes a plan to replace oil and gas furnaces with green heating. It is estimated that the overall effort to phase out oil and gas furnaces will reduce CO₂e emissions by 0.5 mn. tonnes in 2025 and 0.7 mn. tonnes in 2030.</p> <p><u>Measure – adopted – September 28th, 2020:</u> A new green research strategy was launched in September 2020. The strategy entails a greater research effort in the areas of plastic reduction and recycling.</p> <p><u>Measure – implemented – January 1st, 2021:</u> Danish Climate Agreement for Energy and Industry: The rate of the room heating tax has been increased while the rate of the electricity tax was reduced. This measure aims at accelerating the transition to green heating.</p> <p><u>Measure – adopted – June 25th, 2022:</u> Climate Agreement on Green Electricity and Heating: The agreement entails initiatives to support the implementation of district heating. District heating projects should be approved by the end of 2023 and implemented by the end of</p>

Appendix table 1**State of play on country-specific recommendations for Denmark in 2022**

2022 recommendations	State of play and measures
	<p>2028. The political ambition is that no homes in Denmark will be heated by gas boilers by 2035.</p> <p><i>Measure – adopted – August 30th, 2022:</i> Political agreement to introduce extended producer responsibility for packaging and single-use plastic products was adopted. The agreement contributes to a CO2 reduction of approximately 0.12 mn. tonnes in the waste sector by 2030.</p> <p><i>Measure – adopted – August 30th, 2022:</i> A political agreement has been reached to strengthen waste supervision and control of waste import and export, to ensure that waste is treated in an environmentally and health-friendly manner.</p> <p>Reduce overall reliance on fossil fuels. Further diversify energy supply and...</p> <p><i>State of play:</i> Given the current energy crisis, it has become necessary to accelerate the phase-out of Russian gas and other fossil fuels even further. This has played a part in a number of broad political green agreements over the last year.</p> <p><i>Measure – announced – December 14th, 2022:</i> Most recently, the government drafted a new government platform with more ambitious climate targets, with a special emphasis on becoming independent of fossil fuels. It includes, among other things, the establishment of a new national energy crisis committee and the initiation of a plan for upgrading the power grid and to support timely and effective investments in the power grid.</p>
<p>4) Reduce overall reliance on fossil fuels. Further diversify energy supply and help decarbonise the economy by accelerating the deployment of renewables, including by introducing reforms to simplify and expedite administrative and permitting procedures, upgrading energy transmission networks, increasing interconnections with neighbouring countries and improving energy efficiency.</p>	<p>...help decarbonise the economy by accelerating the deployment of renewables, including by introducing reforms to simplify and expedite administrative and permitting procedures,</p> <p><i>State of play:</i> For many years, the green transition has been an important priority. The government has maintained its ambitious goal of reducing greenhouse gas emissions by 70 pct. by 2030. The government has launched several initiatives to accelerate the decarbonisation of the economy.</p> <p><i>Measure – adopted – June 24th, 2022:</i> Agreement on Green Tax Reform: The agreement includes a new and ambitious carbon tax on industry, which should provide incentives and time for companies to improve energy efficiency, adapt, and create predictable framework conditions. Denmark's CO2 emissions will be reduced by an additional 4.3 mn. tonnes by 2030, as a result of this agreement.</p>

Appendix table 1**State of play on country-specific recommendations for Denmark in 2022****2022 recommendations****State of play and measures**Measure – adopted – June 24th, 2022:

Kilometer-based and CO₂-differentiated toll for trucks:
The agreement entails that from 2025, trucks must pay road toll depending on how much CO₂ they emit.

Measure – adopted – June 25th, 2022:

Climate Agreement on Green Electricity and Heating:
The agreement involves a significant increase in renewable energy. Denmark aspire to quadruple its land-based solar and wind energy production by 2030, with the potential for a fivefold increase in offshore wind power.

...upgrading energy transmission networks, increasing interconnections with neighbouring countriesState of play:

The government prioritizes the green transition and independence from fossil fuels. This prioritization is manifested, among other things, by a stronger focus on upgrading energy transmission networks.

Measure – adopted – August 29th, 2022:

Supplementary agreement in relation to Energy Island Bornholm: Among other things, the agreement includes increasing interconnections with neighbouring countries including Germany.

...and improving energy efficiency.State of play:

Denmark has developed great expertise in the area of energy efficiency. The Danish government wants to ensure that energy efficiency is prioritized in private homes, businesses, and public buildings.

Measure – adopted – June 24th, 2022:

Agreement on Green Tax Reform:
The agreement includes a new and ambitious carbon tax on industry, which should provide incentives and time for companies to improve energy efficiency, adapt, and create predictable framework conditions. Denmark's CO₂ emissions will be reduced by an additional 4.3 mn. tonnes by 2030, as a result of this agreement.

2021 recommendations

Appendix table 2

State of play on country-specific recommendations for Denmark in 2021

2021 recommendations	State of play and measures
	<p data-bbox="766 611 1286 683">In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility...</p> <p data-bbox="766 705 1286 840"><i>State of play:</i> The Danish Recovery and Resilience Plan includes reforms and investments amounting to DKK 11.6 bn. in the period 2021-2026. The implementation is well under way and the first payment request was submitted on December 16th, 2022.</p> <p data-bbox="766 862 1286 974"><i>Measure – adopted – July 13th, 2021:</i> The Council adopted the Danish Recovery and Resilience Plan on July 13th, 2021. The plan includes investments in the green transition and tax reform measures boosting private sector investments.</p>
<p data-bbox="306 996 766 1444">In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. Pay particular attention to the composition of public finances, both on the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, notably supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.</p>	<p data-bbox="766 996 1286 1030">...and preserve nationally financed investment.</p> <p data-bbox="766 1052 1286 1164"><i>State of play:</i> In 2022, a high level of nationally financed investments is maintained. Public investments are estimated at approximately DKK 86.7 bn. (incl. research and development) corresponding to 3.2 percent of GDP.</p> <p data-bbox="766 1187 1286 1321"><i>Measure – implemented – April 13th, 2021:</i> Green investment window: The former government has implemented an increased depreciation basis for investments in green fixed assets (excl. fossil-fueled powered machinery) by a further 16 percent of the investment cost. This concern to investments done until the end of 2022.</p> <p data-bbox="766 1344 1286 1456"><i>Measure – implemented – June 28th, 2021:</i> Infrastructure plan 2035. From 2022 until 2035, there will be allocated an additional DKK 106 bn. in new investment projects to improve Danish infrastructure, hereby improving Danish infrastructure and easing traffic congestion.</p>
	<p data-bbox="766 1489 1286 1579">When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.</p> <p data-bbox="766 1601 1286 1780"><i>State of play:</i> The Danish economy exhibited a fast recovery after the onset of the pandemic. Already during the summer of 2021, the economy had fully recovered and entered into an economic boom. This allowed the former government to announce and adopt a historically prudent budget for the public finances in 2022. Moreover, the fiscal policy was planned in accordance with an aim of having structural balance at net zero in 2025.</p>

Appendix table 2**State of play on country-specific recommendations for Denmark in 2021**

2021 recommendations	State of play and measures
	<p data-bbox="766 533 1283 600"><u>Measure – adopted – December 6th, 2021:</u> Annual law determining budget and allocation of public finances.</p> <p data-bbox="766 629 1283 674">At the same time, enhance investment to boost growth potential.</p> <p data-bbox="766 703 1283 898"><u>State of play:</u> Denmark has carried out a number of investments in the wake of the COVID-19 crisis to ensure and enhance the economic growth potential. These investments focus mainly on improving the Danish infrastructure (DKK 106 bn. in new investments) in the period 2022-2035 and on supporting and incentivising investments in R&D in the green agenda (DKK 10.7 bn.) where Denmark traditionally has had a strong presence.</p> <p data-bbox="766 927 1283 1032"><u>Measure – implemented – June 28th, 2021:</u> Infrastructure plan 2035: There will be allocated an additional DKK 106 bn. in new investments in the period 2022-2035 to improve the Danish infrastructure, thereby easing congestion and further connecting Denmark.</p> <p data-bbox="766 1061 1283 1234"><u>Measure – adopted – June 13th, 2021:</u> Denmark's recovery and resilience plan: As a part of the Next Generation EU package. Denmark received DKK 11.6 bn. in response to the COVID-19 crisis. The plan included approx. DKK 10.7 bn. in support to further the green transition and green investments and thereby ensuring growth potentials and job creation both now and in the coming years.</p> <p data-bbox="766 1263 1283 1346"><u>Measure – adopted – January 21st, 2021:</u> Agreement to prioritise DKK 100 mn. each year in 2021-2022 for "green" retraining (vocational adult education and training).</p> <p data-bbox="766 1375 1283 1435"><u>Measure – announced – November 11th, 2021:</u> Funding of DKK 8 mn to a business hub for the construction sector.</p> <p data-bbox="766 1464 1283 1592"><u>Measure – adopted – January 13th, 2022:</u> Denmark received DKK 2.049 mn. from the Brexit Adjustment Reserve of which the Ministry of Industry, Business and Financial Affairs received approx. DKK 775 mn.. The purpose of the funds is to alleviate the negative consequences of Brexit, especially for small and mid-sized firms.</p> <p data-bbox="766 1621 1283 1767"><u>Measure – adopted – January 21st, 2022:</u> Investments in research, education, green transition and tax reliefs. Annually, DKK 0.8 bn. will be allocated to R&D, 1 bn. DKK will be allocated to green transition, DKK 1.3 bn. to quality education, and 1.2 bn. DKK to increased maximum employment allowance.</p>

Appendix table 2**State of play on country-specific recommendations for Denmark in 2021****2021 recommendations****State of play and measures**Measure – announced – June 24th, 2022:

Establishment of a “green fund” which will prioritize 1½ bn. DKK in 2024 and DKK 3¼ bn. from 2025-2040 towards green investments. DKK 10.6 bn. of which will be used for a Danish carbon tax on the production sector. The rest of the fund will be aimed at larger investments with long horizons.

Measure – implemented – June 7th, 2022:

Merger of three state investment funds to one fund, Denmark’s Export & Investment Fund. The fund will receive an additional 5.6 bn DKK in capital contributions as a part of the consolidation. The fund aims to ensure a coherent and internationally competitive financing effort for Danish companies, export companies as well as SMEs and entrepreneurial companies.

Pay particular attention to the composition of public finances, both on the revenue and expenditure sides of the budget, and to the quality of budgetary measures, to ensure a sustainable and inclusive recovery.

State of play:

Since the beginning of the corona crisis, Denmark has pursued an expansive fiscal policy to support the economy. Policies have been focused on e.g. 1) frontloading public investments in municipalities and regions, 2) tax measures aimed at stimulating private investment and 3) measures aimed at supporting the green transition.

Due to the current beneficial state of the Danish economy with low unemployment and high growth, the government’s focus has gradually shifted towards long term structural improvements of the economy.

Measure – implemented – April 7th, 2020:

Releasing municipalities and regions from investment limits in 2020, thereby giving them the opportunity to frontload investment projects that otherwise would have been carried out later.

Measure – announced – May 29th, 2020:

A large increase in the agreed upon investment limits for municipalities in 2021, which allows municipalities to increase their total level of investments – and potentially carry out investments projects that were planned to be carried out at a later stage.

Measure – implemented – November 23rd, 2020:

Green investment window: The former government has implemented an increased depreciation basis for investments in green fixed assets (machinery, equipment, software etc., excl. fossil machinery) by a further 16 percent of the investment cost. This concerns investments made in 2020 (from the time of the proposal) until 2022.

Appendix table 2**State of play on country-specific recommendations for Denmark in 2021****2021 recommendations****State of play and measures*****Measure – adopted – January 21st, 2022:***

The former government has agreed with a parliamentary majority on a range of reform measures aimed at improving structural conditions in the labour market by increasing structural employment etc. Among other measures, this includes encouraging graduates to become labour market participants quicker after graduation and by removing set-off rules for pensioners etc.

Prioritise sustainable and growth-enhancing investment, notably supporting the green and digital transition.***State of play:***

Throughout 2021 the former government has continued its ambitious efforts to achieve a 70 percent reduction in greenhouse gas emissions by 2030 (compared to 1990) and has thus focused on the implementation of previous climate agreements (including the Danish RRP), which contain massive green investments from 2020 and forward.

Measure – adopted – June 18th, 2021:

The former government and a wide majority in parliament decided to prioritise DKK 850 mn. for Danish participation in the IPCEI on PtX.

Measure – adopted – October 4th, 2021:

The former government and a wide majority in parliament concluded a political agreement on the green transition of Danish agriculture. The agreement prioritised DKK 27.5 bn. from 2021-2030 (including CAP-support) and paves the way to reduce emissions from agriculture with 7.4 mn. tonnes CO₂e by 2030.

Measure – adopted – December 4th, 2021:

The former government and a majority in parliament agreed in the budget bill for 2022 to prioritise DKK 1.3 bn. in 2022-2025 for new green measures. This includes decisions on new off-shore wind and investments in CCS which are set to reduce Danish emissions by 0.5 mn. tonnes in 2025 and 2030.

Measure – announced – February 8th, 2022:

An expert group on green tax reform has published its first report on how to construct a uniform CO₂e tax in Denmark. A uniform CO₂e tax is considered a central lever to realise the Danish 2030 climate target. The expert group will deliver its final report in the autumn of 2022.

Measure – announced – March 15th, 2022:

Agreement to the development and promotion of hydrogen and green fuels (Power-to-X strategy). The agreement aims at developing an electrolysis capacity of 4-6 GW before 2030. DKK 1.25 bn. are to be used for a public tender procedure for hydrogen production and better framework conditions for the producer.

Appendix table 2**State of play on country-specific recommendations for Denmark in 2021****2021 recommendations****State of play and measures***State of play (digitalisation):*

Denmark has long been a frontrunner in digitalisation. To maintain this position and further develop the digital society for the benefit of citizens and businesses across society, the Danish government continues to prioritize and work purposefully with the digital transition.

Measure – implemented – October 1st, 2021:

The former government has set up a Digitization Partnership consisting of experts, business leaders, trade unions, KL and Danish Regions, which has provided 46 recommendations to the government that can help maintain Denmark as a digital pioneer country.

Measure – announced – December 6th, 2021:

With the budget bill for 2022, the former government announced that it will launch a national digitalisation strategy in 2022. The digitalisation strategy will outline the next steps for the digitalisation of Denmark with focus on digital competencies in the population, digitalisation of businesses and SME's, data ethics, data security, trust and transparency, green digital solutions as well as digital inclusion. The strategy will build upon the 46 recommendations provided by the Digitization Partnership.

With the finance act the former government also prioritised DKK 500 mn. in 2022-2025 for digital measures such as open public data, aid for the digital transition of small and medium sized corporations and digital climate adaptation initiatives.

Measure – adopted – December 15th, 2021:

The former government adopted a new Danish Cyber and Information Security Strategy 2022-2024 that constitutes the framework for cyber and information security in Denmark over the next three years. The overall aim of the strategy is to strengthen society's resilience to cyber threats.

Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances,

State of play:

Current and former Danish governments adheres to structural measures aimed at combating the impacts of changing demographic composition on the public finances. Herein lies an automatic increase in the eligible age for national pension by a half year in both 2021 and 2022 to 66½ and 67 respectively. Beyond this horizon, the eligible pension age is indexed with respect to life expectancy.

Measure – implemented – January 1st, 2021:

Increase in the eligible national pension age from 66 to 66½ years.

Appendix table 2**State of play on country-specific recommendations for Denmark in 2021****2021 recommendations****State of play and measures**

... including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.

State of play:

In Denmark, the social protection system is an essential aspect of the welfare model. It is a priority for current and former governments to continuously ensure good conditions for the social protection system and provide a sufficient security net for all citizens while ensuring economic incentives etc. The Danish health and social protection system has especially shown great strength and reliability during the COVID-19 pandemic in order to limit consequences to the health and social status of Danish citizens.

The main long-term challenges for the Danish healthcare system is changing demographics, with an ageing population and more patients with chronic diseases, combined with a reduced workforce. The spending pressure from demographics alone is DKK 1 bn. (approximately 133 mn. Euros) every year for the regional healthcare system, with a similar pressure on long-term care.

The current and former governments have therefore embarked on a comprehensive reform-programme with the overall objective to strengthen the resilience and sustainability of the healthcare system. Main initiatives in a reform-agreement (2022) centre on structural changes, to expand primary healthcare and take pressure off hospitals, securing efficient use of health professionals, and on better health and prevention, expanding medical coverage, and strengthening working conditions, retainment and recruitment of healthcare personnel.

A Commission is planned for 2023 with the aim of setting out paths to further structural reforms to secure equal access to high quality health care across the country and to strengthen primary care to shift care from secondary care/hospitals.

Measure – adopted – 2022:

Investment program to establish up to 25 local hospitals to deliver care closer to the patient's home. Total investment of DKK 4 bn. (approximately 533 mn. euro).

Measure – announced – 2021:

Expanded programme for acute care on regional and community level, with the aim to prevent unnecessary hospitalizations, increase survival and obtain an efficient approach.

Measure – implemented – July 1st, 2022:

New organisation with establishment of 22 population based areas, where hospitals, general practice and municipalities have a shared responsibility for the local population, focusing not least on patients with cross-sector procedures.

2020 recommendations regarding COVID-19

Appendix table 3

State of play on country-specific recommendations for Denmark in 2020 regarding COVID-19

2020 recommendations regarding COVID-19	State of play and measures
<p>Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers.</p>	<p>Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.</p> <p><i>State of play:</i> Since the beginning of the corona crisis, Denmark has pursued a very expansive fiscal policy to support the economy. The former government has implemented both comprehensive temporary compensation schemes and a range of stimulus packages supporting economic activity.</p> <p>Various listings of all the fiscal measures taken to address the corona crisis can be found in the economic surveys, the budget bill for 2021, <i>Denmark's Convergence Programme 2021</i>, etc.</p> <p><i>Measure – August 2020:</i> In August 2020, the former government presented an updated framework for the fiscal policy towards 2025. This updated framework sets out an expansionary fiscal policy in the coming years to support economic recovery, including a boost of public investment. In 2021, the structural budget balance goes to the normal limit of the Danish budget law with a structural deficit of 0.5 percent of GDP (large one-offs primarily related to COVID-19 handling and disbursement of previously saved holiday pay are not included in this measure). In 2022 fiscal policy is tightened compared to 2021 in accordance with the economic upswing. Towards 2025, fiscal policy is planned based on an adjusted profile for the structural budget balance, which supports the recovery of the economy. The updated framework includes an unchanged objective of structural balance in 2025, which contributes to stabilize the development of public debt and to support the credibility of public finances. On this basis, it is not necessary to tighten fiscal policy beyond the planned path in order to reach the objective of structural balance in 2025.</p> <p><i>Measure – August 2021:</i> In the updated medium-term projection in Updated 2025-projection, August 2021, the profile of the structural budget balance towards 2025 corresponds to the planned profile in August 2020.</p> <p>With the updated framework for the fiscal policy towards 2025, including allocation of expected funds (grants) to Denmark under the Recovery and Resilience Facility, fiscal policy is assessed to very substantially support economic activity in the coming years. The planned fiscal policy is considered to be aligned with the cyclical stance of the economy,</p>

Appendix table 3**State of play on country-specific recommendations for Denmark in 2020 regarding COVID-19**

2020 recommendations regarding COVID-19	State of play and measures
	<p data-bbox="774 533 1287 584">which according to <i>Updated 2025-projection, august 2021</i> is expected to be roughly neutral by 2025.</p> <p data-bbox="774 607 1287 678">Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers</p> <p data-bbox="774 701 1287 857"><u>State of play:</u> In the context of the COVID-19 pandemic and the general demographic changes, it is and has been a priority for the current and former governments to continuously work to strengthen the resilience of the healthcare system with sufficient access to medicinal products and high quality healthcare services.</p> <p data-bbox="774 880 1287 931">The emergency management in the Danish Medicines Agency has been strengthened.</p> <p data-bbox="774 954 1287 1081">Initiatives to address the challenges experienced by nurses and the shortage of specialized doctors in some parts of the country and in certain medical specialities have also been taken. This includes an initiative to increase the number of general practitioners and nurses in agreement with the regions.</p> <p data-bbox="774 1104 1287 1167">In addition, the previous and current governments have pledged additional funding of the expenses incurred by changing demographics.</p> <p data-bbox="774 1189 1287 1346">Denmark has also invested in a large-scale clinical cohort study of the effects and side effects of the various COVID-19 vaccines. The aim is to study the effect and safety of the COVID-19 vaccines on all types of populations, including the long-term effects, and to assess the effects and side effects of the new mRNA vaccine technology that have not previously been widely used. The study ends in 2023.</p> <p data-bbox="774 1368 1287 1496">During the COVID-19 pandemic new digital solutions have been used to connect citizens and the healthcare system, which has helped to protect vulnerable patient groups. A strategic digitalization effort is used to create a more resilient and sustainable healthcare system, which is more coherent and closer to the citizen.</p> <p data-bbox="774 1518 1287 1675">The Danish approach to control COVID-19 has been to act timely and decisively with actions taken both on a national level and on a local level depending on the specific situation and outbreak. In the current phase of the pandemic, the objective is to avoid serious disease through vaccination, high immunity, and a special preventive effort aimed at the elderly and the vulnerable.</p> <p data-bbox="774 1697 1287 1803"><u>Measure – implemented – March 2020:</u> In light of the pandemic Denmark has established stocks of critical medicinal products until the end of 2021. The stocks of critical medicinal products covers a period of 2 to 9 months depending on criticality.</p>

Appendix table 3**State of play on country-specific recommendations for Denmark in 2020 regarding COVID-19**

2020 recommendations regarding COVID-19	State of play and measures
	<p data-bbox="778 539 1102 562"><u>Measure – implemented – March 2020</u></p> <p data-bbox="778 562 1286 667">A Task Force for Hospital Capacity has been established in the Danish Health Authority to give guidance on the planning of hospital capacity. This is done to ensure sufficient capacity to treat COVID-19 patients alongside regular treatment of patients.</p> <p data-bbox="778 701 1086 723"><u>Measure – implemented – April 2020</u></p> <p data-bbox="778 723 1286 806">Additional grants given to the regions – DKK 3.1 bn. (approximately 413 mn. euro) and municipalities DKK 2.7 bn. (approximately 360 mn. euro) to cover covid-19 expenses such as testing, protective equipment etc.</p> <p data-bbox="778 840 1134 862"><u>Measure – implemented – November 2020</u></p> <p data-bbox="778 862 1286 945">Additional grants given to the regions – 1.7 bn. DKK (approximately 226 mn. euro) and municipalities 1 bn. DKK (approximately 133 mn. euro) to cover covid-19 expenses such as testing, protective equipment etc.</p> <p data-bbox="778 978 1134 1001"><u>Measure – implemented – November 2021</u></p> <p data-bbox="778 1001 1286 1081">Additional grants given to the regions – DKK 4.0 bn. (approximately 533 mn. euro) and municipalities DKK 1.3 bn. (approximately 173 mn. euro) to cover COVID-19 expenses such as testing, protective equipment etc.</p>

2020 and 2019 recommendations regarding investments

Appendix table 4

State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments

2020 og 2019 recommendations on investments	State of play and measures
<p>2020 recommendations: Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, sustainable transport as well as research and innovation. Support an integrated innovation strategy with a broader investment base.</p> <p>Fremryk ældre offentlige investeringsprojekter og promover private investeringer for at fremme den økonomiske genopretning.</p> <p>Fokuser på investeringer i den grønne og digitale omstilling, med særligt fokus på ren og effektiv produktion samt brug af energi, bæredygtig transport og forskning og udvikling. Støt en integreret innovationsstrategi med et bredere investeringsgrundlag</p>	<p>Front-load mature public investment projects</p> <p><u>State of play:</u> Since the beginning of the corona crisis, Denmark has pursued an expansive fiscal policy to support and stimulate the economy. This also entails efforts to frontload public investment projects in order to stimulate the economy – with a particular focus on investments in municipalities and regions.</p> <p>In 2020, frontloaded investment projects in municipalities and regions partly caused the total public investments in properties and structures to increase with DKK 2 bn. compared to the projection in December 2019.</p> <p><u>Measure – implemented – April 7th, 2020:</u> Releasing municipalities and regions from their construction ceilings in 2020, thereby giving them the opportunity to front-load investment projects that would otherwise have been carried out later.</p> <p><u>Measure – implemented – May 29th, 2020:</u> A large increase in the agreed upon construction ceilings for municipalities in 2021, which allows municipalities to increase their total level of investments – and potentially carry out investments projects that were planned to be carried out at a later stage.</p> <p><u>Measure – implemented – August 31st, 2020:</u> In August 2020, the former government presented an updated frame for the fiscal policy towards 2025. This updated frame sets out an expansionary fiscal policy in the coming years to support economic recovery, including a boost of public investment by allocating around 15 bn. DKK more over the years 2021-2025 to public investment expenditure than previously.</p> <p><u>Measure – implemented – June 28th, 2021:</u> Infrastructure plan 2035: From 2022-2035, there is allocated an additional DKK 106 bn. in new investment projects to improve Danish infrastructure, hereby connecting Denmark further and easing congestion.</p> <p>... and promote private investment to foster the economic recovery.</p> <p><u>State of play:</u> The former government has implemented four policies with a potential to foster private investments: 1) investment window with accelerated depreciation 2) increased ceiling for immediate depreciation 3) increased deduction for investments in</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>R&D and 4) allocated approx. DKK 100 mn. from 2022-2024 to support green initiatives and improved energy efficiency.</p> <p><i>Measure – implemented – April 13th, 2021:</i> Green investment window: The former government has implemented an increased depreciation basis for investments in green fixed assets (machinery, equipment, software etc., excl. fossil machinery) by a further 16 pct. of the investment cost. This concern to investments done in 2020 (from the time of the proposal), until 2022.</p> <p>The deduction will mean that the companies' capital costs for investments in fixed assets will be temporarily lower, and therefore it is expected to lead to an increase in investments in 2020, 2021 and 2022. In addition, companies are expected to advance and frontload investments that are otherwise planned for 2023 and later. A frontloading of investments can be expected to increase employment (demand effect) to a certain extent in the coming years, especially in a situation where Denmark is hit by a significant down-turn. Furthermore, a temporary increase in the depreciation basis will improve the companies' liquidity in the short and medium term.</p> <p>Thus, the initiative complies with the recommendations for Denmark in the CSR to frontload investments in a green and digital transition, but also by ensuring a just transition for the most affected companies with the implementation of a green tax reform.</p> <p><i>Measure – implemented – April 13th, 2021:</i> Raising the threshold for immediate depreciation permanently: According to current rules, companies' investments in fixed assets (machinery, equipment, software etc) with an acquisition price below DKK 14,100 (2020-prices) can be depreciated immediately. It is proposed that this lower limit is raised to DKK 30,000 (2020-prices).</p> <p>An increase in the threshold will in particular strengthen the incentive to invest in ICT, and can help strengthen liquidity among companies that earn profits. If the threshold is increased to DKK 30,000, it is estimated with some uncertainty to increase the scope of investments that can be depreciated immediately by approx. 3 bn. DKK.</p> <p>Thus, the initiative complies with the recommendations for Denmark in the CSR to frontload investments in a green and digital transition, but also by ensuring a just transition for the most affected companies with the implementation of a green tax reform.</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p data-bbox="778 562 1134 589"><u>Measure – implemented – April 13th, 2021:</u></p> <p data-bbox="778 589 1262 651">Increased tax incentives for R&D: The former government has increased the corporate tax deduction for R&D to 130 percent throughout 2020-2022.</p> <p data-bbox="778 680 1283 790">The initiative complies with the recommendations for Denmark in the CSR to frontload investments in a green and digital transition, but also by ensuring a just transition for the most affected companies with the implementation of a green tax reform.</p> <p data-bbox="778 819 1142 846"><u>Measure – adopted – December 12th, 2020:</u></p> <p data-bbox="778 846 1275 884">Increased support for green initiatives and improved energy efficiency:</p> <p data-bbox="778 884 1276 990">The former government has allocated an additional 100 mn. DKK annually in 2022 and 2023, 105 mn. DKK in 2024 and DKK 10 mn. in 2025 to support investments in the green transition and increased energy efficiency in fossil fuel production.</p> <p data-bbox="778 1019 1166 1046"><u>Measure – announced – December 14th, 2022:</u></p> <p data-bbox="778 1046 1267 1108">Increased tax incentives for R&D: The government has announced that it will prioritize DKK 1. bn a tax deduction for corporate R&D expenditures among other things.</p> <p data-bbox="778 1137 1275 1202">Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,</p> <p data-bbox="778 1232 890 1258"><u>State of play:</u></p> <p data-bbox="778 1258 1233 1299">Throughout 2020, the former government has invested heavily in the green transition.</p> <p data-bbox="778 1328 1126 1355"><u>Measure – implemented – May 19th, 2020</u></p> <p data-bbox="778 1355 1267 1435">Political agreement on green renovation of social housing. The agreement earmarks DKK 30.2 bn. from the National Building Foundation for social housing sector renovation in 2020-2026.</p> <p data-bbox="778 1464 1096 1491"><u>Measure – adopted – June 22nd, 2020</u></p> <p data-bbox="778 1491 1262 1554">Danish Climate Agreement for Energy and industry: The agreement prioritised 22.5 bn. DKK to the green transition towards 2030.</p> <p data-bbox="778 1583 1283 1711">Some of the agreement's measures such as investments in electrification of industry and green heating have already been implemented while other large scale projects such as investments in CC(U)S, PtX and off-shore wind (energy islands) are currently being implemented. The agreement also frontload and increase funds in the green transport scheme.</p> <p data-bbox="778 1740 1126 1767"><u>Measure – adopted – December 6th, 2020</u></p> <p data-bbox="778 1767 1283 1805">Agreement on stimulus and green recovery: With the agreed budget for 2021 (finanslovsaftale 2021), DKK 3 bn. is priori-</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>tised for a green recovery (2021-2025). This includes investments in CCS, green housing renovations, green heating and increased funds for the green transportation scheme. The initiatives take effect from 2021.</p> <p><i>Measure – adopted – December 8th, 2020</i> Agreement on Green Tax Reform – phase 1: As part of the reform, DKK 5.8 bn. are prioritised for schemes and tax-deduction, for increasing investments in green and digital production capabilities, ensuring that companies have the incentive and the opportunity to prepare for increased and harmonised carbon taxation.</p> <p><i>Measure – adopted – November 4th, 2020</i> Agreement on The Danish research reserve 2021, earmarked DKK 2.7 bn. to green research including DKK 0.7 bn. for mission-driven green research in inter alia PtX and CCS. The measure will take effect from 2021.</p> <p><i>State of play (digitalisation):</i> Digitalisation is an important priority for the current and former governments, and Denmark is generally a front-runner in international comparisons regarding digitalisation. For instance, Denmark was ranked among the top five OECD countries with regard to digitalization of the public sector. European Commission reports also show that Denmark is considered among the top performing EU countries concerning digitalisation. Accordingly, Denmark ranks third in the <i>Digital Economy and Society Index (DESI)</i>, an index by the European Commission, which ranks EU member states' digital performance.</p> <p>The government aspires to continue its efforts with regard to digitalisation.</p> <p>Among others, the former government has commenced work on a new national digital strategy and initiated work on a new national strategy for cyber and information security, which aims at raising digital security in the Danish society and strengthen defence against cyber threats.</p> <p><i>Measure – announced – October 6th, 2020:</i> New national digital strategy.</p> <p><i>Measure – announced – September 17th, 2020:</i> New national strategy for cyber and information security.</p> <p><i>Measure – adopted – March 16th, 2021:</i> Digitalisation partnership with the industry: The former government has gathered representatives from the industry, the labour market and leading experts to join a digitalization partnership. The partnership aims at delivering</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>recommendations on a range of topics relating to digitalization. The recommendations will form the basis for a new governmental digital strategy.</p> <p><u>Measure – adopted – December 6th, 2020:</u> Digitalisation fund: With the agreement on the budget for 2021 (finanslovsaftale for 2021) it is agreed to allocate DKK 125 mn. yearly in the period 2022-2025 to a digitalisation fund. The allocation of the means will be decided on later.</p> <p>...sustainable transport</p> <p><u>Measure – adopted – June 28th, 2021:</u> Funds for the green transportation scheme, public transport, charging infrastructure and increased road capacity has been increased and frontloaded in relation to the Infrastructure Plan 2035 agreement from 28th June 2021, as well as the Danish Recovery and Resilience Plan, adopted by the Council 13th July 2021.</p> <p>...as well as research and innovation.</p> <p><u>State of play:</u> Investments in research is a priority for Denmark. The public research and development budget has been approx. 1 pct. of GDP since 2009. The public research and development budget amounted to approx. DKK 25.3 bn. in 2022, equal to 1 percent of GDP, making Denmark one of the European countries spending the most public funds on research and innovation measured in percent of GDP.</p> <p>In 2022, Denmark's earmarked public spending on green research and innovation amounted to Dkk 2.4 bn.</p> <p><u>Measure – adopted – December 22nd, 2021:</u> In 2022, the Danish public budget for research and innovation amounted to 1.00 percent of GDP.</p> <p><u>Measure – adopted – September 28th, 2020:</u> The former government presented a new green research strategy in September 2020 that sets a clear direction for the green research and innovation in Denmark.</p> <p>Support an integrated innovation strategy with a broader investment base.</p> <p><u>State of play:</u> Denmark is one of the countries in Europe that invests most in research and innovation measured in percent of GDP. The public investment in research and development amount to around 1 pct. of GDP whereas the private sector invest for around 2 pct. of GDP. In 2020, The former government has undertaken several initiatives with the potential to support an</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>integrated innovation strategy and broaden the investment base.</p> <p><u>Measure – adopted – December 8th, 2020:</u> The former government has increased the research and development tax credit in 2020, 2021 and 2022 to strengthen research and innovation in the private sector, which lowers the cost of R&D and thereby may broaden the investment base.</p> <p><u>Measure – announced – September 28th, 2020:</u> In September 2020, the former government presented a new green research strategy. The green research strategy sets a clear direction for the green research and innovation in Denmark, and covers the whole innovation value-chain. One of the new initiatives in the strategy is the green research and innovation partnership. The green partnerships enhances the cooperation between private and public institutions by helping them share knowledge and best practice to focus and accelerate innovations targeting specific challenges of the green transition. The partnerships cover the whole value chain, from basic science to large-scale demonstration projects.</p> <p>The Danish parliament and the former government has agreed to set aside DKK 700 mn. in 2021 for the new green research and innovation partnerships. The funding of the program is part of an extraordinary priority of research in green innovation and solutions.</p> <p><u>Measure – announced – September 14th, 2020:</u> Agreement to create <i>Danmarks grønne fremtidsfond (DGF)</i>. The agreement included an investment capacity of DKK 25 bn. to invest in green solutions in Denmark. The investments from DGF comes with a demand of private co-investments. It is expected that DGF can help clear the path of private investments corresponding to DKK 85 bn.</p> <p><u>Measure – announced – June 15th, 2020:</u> Agreement to make a 3 bn. DKK public “Reboot” fund administered through <i>Vækstfonden</i>. The fund provides solvency to healthy SMV’s. This aids in fostering a continued innovative business environment.</p> <p><u>Measure – announced – December 14th, 2022:</u> Increased tax incentives for R&D. The government has announced that it will prioritize DKK 1 bn. a tax deduction for corporate R&D expenditures among other things.</p>
<p><u>2019 recommendations:</u> Focus investment-related economic policy on education and skills, research and innovation to broaden the innovation base to include more companies, and on sustainable transport to tackle road congestion.</p>	<p>Focus investment-related economic policy on education and skills,</p> <p><u>State of play:</u></p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>Current and former governments has continuously invested in new policies targeted at education and skills, increasing funding for these areas significantly.</p> <p><i>Preschool:</i> In 2021, Denmark passed a law on the minimum amount of preschool teachers' pr. child in preschool. With the law in effect from 2024, Denmark will be investing an additional approx. DKK 1.8 bn. yearly in extra preschool teachers.</p> <p><i>Basic education:</i> The funding for basic education increased by DKK 275 mn. in 2020, DKK 400 mn. in 2021, DKK 550 mn. in 2022, and DKK 807 mn. annually in 2023 and onwards. The funding is used to hire more teachers.</p> <p>Furthermore, with the finance act for 2022 (aftale om finansloven for 2022), DKK 109 mn. in 2023 and DKK 200 mn. yearly from 2024 and onwards have been prioritized for better options for starting basic education one year later. Additionally, with the finance act for 2022 (aftale om finansloven for 2022), DKK 65 mn. in 2022 and DKK 125 mn. from 2023 and onwards have been prioritized for strengthening the teacher education.</p> <p>Finally, the funding for after-school program has increased by approx. DKK 400 mn. in 2022-2025 in order to support the development and well-being of vulnerable children and adolescents throughout the whole day.</p> <p><i>Secondary and Tertiary Education:</i> From 2020 and onwards, the existing re-prioritization contribution' (omprioriteringsbidraget) has been cancelled. With the Financial Act of 2021, the vocational education and training system (VET) has been strengthened with DKK 160 mn. annually from 2021-2024. Furthermore, additional funds has been allocated to the VET-system via the following initiatives:</p> <p>DKK 144 mn. annually from 2020-2024 to "knowledge centers" DKK 168 mn. annually from 2020-2023 to increase the quality of the VET-system. DKK 100 mn. annually in 2021-2022 to green continuing training and up-skilling – and an additionally DKK 100 mn. annually in 2025-2026.</p> <p>In addition, more than DKK 200 mn. per year have been prioritized for strengthening the Upper Secondary Education Programmes in 2021-2024. Furthermore, the temporary increased budget of approx. DKK 300 mn. yearly for university degrees within humanities and social sciences has been extended until 2023, and the cap on "double-degrees" has been removed from 2020 onwards, meaning additional approx. DKK 170 mn. yearly in spending on tertiary education from 2023 and onwards.</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<p>Furthermore, the former government and the Danish employee and labor organizations reached a number of tripartite agreements in 2020 aimed at vocational education and training. With these agreements, a total of DKK 6.1 bn. have been invested in vocational education in 2020, with an additional DKK 500 mn. yearly earmarked to new initiatives from 2021 and onwards.</p> <p><i>Research:</i> In 2022 the former government allocated approx. DDK 18.8 bn. on research and development, where DKK 2.4 bn. was targeted at research areas within the green transition and climate change.</p> <p><u>Measure – implemented – January 1st, 2020:</u> Cancellation of re-prioritization contribution.</p> <p><u>Measure – adopted – December 28th, 2021:</u> Law on the minimum amount of preschool teachers pr. children.</p> <p><u>Measure – adopted – January 1st, 2020:</u> Increased funding for basic education (folkeskolen).</p> <p><u>Measure – adopted – May 28th, 2020 and November 21st, 2020:</u> Tripartite agreements on vocational education and training</p> <p><u>Measure – announced – December 6th, 2021:</u> With the agreed budget for 2022 (aftale om finansloven for 2022), DKK 95 mn. in 2023, DKK 146 mn. in 2024, DKK 199 mn. in 2025 and DKK 154 mn. from 2026 and onwards are prioritised for reducing the maximum class size from 28 to 26 students in level 0-2 in primary school.</p> <p>...research and innovation to broaden the innovation base to include more companies</p> <p><u>State of play:</u> In 2020, The former government undertook several initiatives to support an integrated innovation strategy to broaden the investment base.</p> <p>The former government has increased the research and development tax credit in 2020, 2021 and 2022 to strengthen research and innovation in the private sector, which may broaden the investment base. Moreover, with the Danish recovery plan, the government presented plans to diversify research by supporting the green and digital transition, long-term growth and boosting incentives for R&D in companies.</p> <p>... and on sustainable transport to tackle road congestion</p>

Appendix table 4**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding investments**

2020 og 2019 recommendations on investments	State of play and measures
	<u>Measure – adopted – June 28th, 2021:</u> Funds for the green transportation scheme, public transport, charging infrastructure and increased road capacity has been increased and frontloaded in relation to the Infrastructure Plan 2035 agreement from 28th June 2021, as well as the Danish Recovery and Resilience Plan, adopted by the Council 13 th July 2021.

2020 and 2019 recommendations regarding anti-money laundering

Appendix table 5

State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding anti-money laundering

2020 and 2019 recommendations regarding anti-money laundering	State of play and measures
<p><u>2020 recommendations:</u> Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework.</p>	<p>Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework</p> <p><u>State of play:</u> Combating money laundering and terrorist financing is of high priority to the government. In the recent years, Denmark has made significant progress in the efforts against money laundering and financing of terrorism. A broad majority in the Danish Parliament has adopted several measures from 2017 onwards to strengthen the AML and CTF framework and intensify the AML/CTF supervision, as described below. The government will continue the efforts against ML and TF and take the necessary measures to further improve the effectiveness of the anti-money laundering supervision and effectively enforce the anti-money laundering framework.</p> <p><u>Measure – adopted – July 2022:</u> The Danish Strategy for Anti Money Laundering and Terror Financing was adopted. The strategy aims at strengthening the efforts to combat money laundering and terror financing.</p> <p><u>Measure – adopted – July 2021:</u> The proposal to lower the legal limit on the size of cash transactions from DKK 50,000 to DKK 20,000 was implemented in the Danish Anti Money Laundering Act.</p> <p><u>Measure – adopted – June 2021:</u> In June 2021, a catalogue was published concerning the possibilities for the development of an effective joint system for monitoring of cash flows across banks in the fight against money laundering, terror financing and value added tax fraud with regard to associations. An initial study completed in 2020 has shown that, by correlating banks' transaction data with value added tax, business and reporting data, the authorities can better identify suspicious behaviour, take more proactive action against criminals and discard non-relevant cases.</p> <p>The project group presented their report in July 2021. The report consisted of three main recommendations:</p> <ul style="list-style-type: none"> A new model of risk classification (adopted November 2020, see above, and published in October 2022) A new model for digital registration A guide to the formal framework organizations has to act within when interacting with financial institutions

Appendix table 5**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding anti-money laundering****2020 and 2019 recommendations regarding anti-money laundering****State of play and measures**Measure – adopted – June 2021:

In June 2021, the government introduced a task force, set in place to analyse the possibility of strengthening the laws governing non-profit funds in an enhanced effort to combat money laundering and terrorist financing.

Measure – adopted – April 2020:

A broad majority in the Danish Parliament agreed on a strengthening of the AML-framework in the tax authorities by 1.000 FTE and eight new tax offices across the country in four stages from 2020-2023, with an immediate increase of 250 FTE and two new tax offices.

The initial 250 FTE will aid in:

- The AML and legal enforcement effort.
- The fight against tax avoidance and tax evasion
- Additional governance of the VAT

In March 2021, the parties reached an agreement regarding the second stage. This included an additional 250 FTE and two new tax offices. The additional 250 FTE will aid in the:

Governance effort with respect to SMEs
Focus on large enterprises and organized crime.
Governance of new business models.

Measure – adopted – January 10, 2020:

In March 2019, a broad majority in the Danish Parliament adopted legislation, including 16 new comprehensive initiatives to strengthen the AML and CTF framework and intensify the AML/CTF supervision. All measures goes beyond the requirements in the 4th and 5th AMLD.

The initiatives include:

- Significant strengthening control and intervention powers
- Significant increase in pecuniary and other sanctions
- Increased resources and clearer organisational focus.

The first category includes, among other things, that the Danish Financial Supervisory Authority now will have access to issuing administrative fine notices in cases of violation of the AML legislation. This ensures that the Danish FSA can enforce these cases more effectively. In addition, the Danish FSA has been given the option of appointing an expert who may oversee the daily operations of the banks where it is necessary to assess the bank's compliance with AML/CTF legislation. From February 2021, the Danish FSA has used this instrument in a large bank.

The second category includes higher sanctions for giving incorrect information to the Danish Financial Supervisory Authority or not correcting incorrect information and for serious violation of certain provisions of the AML act. The penalties

Appendix table 5**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding anti-money laundering****2020 and 2019 recommendations regarding anti-money laundering****State of play and measures**

has been increased to include imprisonment for up to 2 years (3 years for SIFI management) for violation of the rules and regulations. It also includes that for serious violations of the Anti-Money Laundering Act and the Financial Business Act, the limitation period has been extended to 10 years.

The third category implies a further significant increase of resources allocated to the Danish Financial Supervisory Authority for AML supervision, and based on this the AML/CFT Division in the Danish FSA has been allocated a 60 per cent staff increase in 2019. Currently, the Danish FSA has 21 FTEs in the AML/CTF Division. This has made possible a substantial increase in the supervisory activities.

The legal framework that implemented the initiatives entered into force in January 2020.

Measure – implemented – January 2023:

In November 2019, the former government of the time set up the Operational Government Forum, now called Operational Danish Information and Intelligence network (ODIN) as part of the national strategy for combatting money laundering and terror financing. The forum has been set up in an effort to strengthen the operative cooperation and coordination between Danish police authorities, tax authorities and other authorities involved in combatting money laundering and terror financing. Since January 2023 the forum has been extended to include a Public Private Partnership with three of the largest banks in Denmark participating. The members of the PPP convene on a monthly basis to share multilateral and bilateral information, subjects, trends and coordination of specific cases.

Measure – adopted – January 10, 2020:

The Danish Financial Supervisory Authority has built a new risk assessment model to support the risk-based approach, and in 2020 the legal basis for the FSA to collect/gather data necessary for the individual risk assessment of all obliged entities in the financial sector was created. The model strengthens the risk-based approach by allowing the Anti-Money Laundering/Counter-Terror Financing Division of the Danish FSA to target its activities toward high-risk areas. Based on data submitted by obliged entities, the scoreboard model estimates the inherent risk on a variety of data points. In addition, it makes an estimation of the compliance risk, using various indicators as proxies for control effectiveness. The risk assessment is based on quarterly/annual reports from all 1,500 obliged financial entities. They will report on 26 parameters plus data from the prudential supervision. The new databased risk assessment started with the first dataset in May 2021, and the model has since been a key part of the Danish Financial Supervisory Authority's risk assessments and inspection plans.

Appendix table 5**State of play on country-specific recommendations for Denmark in 2020 and 2019 regarding anti-money laundering****2020 and 2019 recommendations regarding anti-money laundering****State of play and measures**Measure – announced – July 1, 2021:

In 2020, the former government put forward a draft bill containing a proposal to include exchange services providers regarding virtual currencies, transfer of virtual assets and providers of administration services related to virtual asset activity under the scope of the Anti-Money Laundering act, in full compliance with the Financial Action Task Force definition of virtual asset service providers. The draft bill also included a proposal to lower the legal limit on the size of cash transactions from DKK 50,000 to DKK 20,000.

Measure – adopted – 2020:

The Danish Financial Intelligence Unit has since 2018 been granted additional resources. The number of staff has increased from 28 in 2019 to 35 full-time equivalents by the end of 2020. Since 2017, the number of employees has more than doubled.

The number of suspicious transaction reports, suspicious activity reports and terror financing reports disseminated from the Danish Financial Intelligence Unit to the police, the State Prosecutor of Serious Economic and International Crime and other authorities has increased significantly, from 14,826 in 2019 to 23,263 in 2022. In comparison, the number of reports disseminated to the police, the State Prosecutor of Serious Economic and International Crime and other authorities was 5,205 in 2017.

Ensure effective supervision and the enforcement of the anti-money laundering framework.State of play:

Please see state of play reported in relation to the 2020-CSR3.

2019 recommendations:

Ensure effective supervision and the enforcement of the anti-money laundering framework.

Measure – adopted – January 10, 2020:

In March 2019, a broad majority in the Danish Parliament adopted new legislation, including 16 new comprehensive initiatives to strengthen the AML and CTF framework and intensify the AML/CTF supervision. All measures goes beyond the requirements in the 4th and 5th AMLD. For further description, please see the above response to the 2020-recommendation.

Appendix 2. State of Play of Milestones and Goals in the RRP

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2020.CSR1.subpart2	Measures to ensure stocks of critical drugs	Report of the assessment of stocks of critical drugs by the Danish Medicines Agency to be made available aiming to avoid situations with a shortage of important drugs in Denmark.	Q4/2021	Completed
2020.CSR1.subpart2	Digital solutions in the healthcare sector	Evaluation of patient involvement and wide-spread use of telemedicine to be made available by the Danish Ministry of Health in close collaboration with Danish Regions.	Q4/2021	Completed
2020.CSR1.subpart2	Digital solutions in the healthcare sector	Develop and make available facilities for telemedicine consultation (KontaktLæge) for multiple platforms.	Q4/2021	Completed
2020.CSR1.subpart2	Digital solutions in the healthcare sector	Implementation of a digital questionnaire in the app "MinLæge" ("My Doctor")	Q1/2022	Not completed
2020.CSR1.subpart2 2020.CSR2.subpart3	Clinical study on effect of COVID-19 vaccines	Report on a study conducted by Trial Nation and Aarhus University Hospital on the effects and side effects of COVID-19 vaccines to be made available to the Danish Ministry of Health.	Q3/2023	Delayed
2020.CSR1.subpart2	Emergency management & monitoring of critical medical products	Implement an optional IT-system to report on the side effects of the COVID-19 vaccines into 1 250 general practitioners' local digital platforms.	Q3/2021	Completed
2020.CSR2.subpart3	Organic Farming	At least 40 projects under The Foundation for Organic Farming completed	Q4/2025	Not completed
-	Organic transition of Public Kitchens	Increase the share of organic products used in public kitchens to at least 35%	Q4/2025	Not completed
2020.CSR2.subpart5	Organic innovation Centre	At least 6 projects supporting organic innovation have been complete	Q4/2025	Not completed
2020.CSR2.subpart5	Plant-based Organic projects	At least 10 projects that aims to support the development of more organic, plant-based food is completed	Q4/2025	Not completed
2020.CSR2.subpart5	Climate technologies in agriculture	Call for applications for the subsidy schemes for climate technologies in agriculture (brown biorefineries) is completed	Q4/2021	Completed
2020.CSR2.subpart5	Climate technologies in agriculture	Setup of 1 full-scale biorefinery	Q4/2025	Not completed

¹The progress status in appendix table 6 is based on data from the latest update in FENIX with deadline for reporting by the end of November 2022.

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
-	Carbon rich soils	Call for applications for the subsidy scheme for rewetting and taking out carbon rich soils out of production is completed	Q4/2021	Completed
-	Carbon rich soils	Projects that represent taking 2350 hectares of carbon rich soil out of production have had undertakings providing a halfway mark on the removal.	Q4/2024	Not completed
-	Carbon rich soils	Projects that represent taking 4 700 hectares of carbon rich soil out of production have been awarded.	Q2/2026	Not completed
-	Rehabilitation of industrial sites and contaminated land	Minimum 4 project application to rehabilitate an industrial site or contaminated land have been approved.	Q1/2022	Completed
-	Rehabilitation of industrial sites and contaminated land	Report on midway status for work realised on approved projects and corrective action taken where needed	Q4/2023	Not completed
-	Rehabilitation of industrial sites and contaminated land	The remediation of at least 4 different contaminated sites is initiated.	Q2/2026	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1 2022.CSR4.subpart2	Replacing oil burners and gas furnaces	Political agreement has been adopted on the allocation of the funds for the schemes for replacing oil burners and gas furnaces with electric heat pumps and district heating.	Q2/2021	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1 2022.CSR4.subpart2	Replacing oil burners and gas furnaces	Selection of recipients of funds for replacing oil burners and gas furnaces.	Q1/2025	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1 2022.CSR4.subpart2	Replacing oil burners and gas furnaces	At least 10 100 individual oil burners or gas furnaces have been replaced with district heating or heat pumps	Q2/2026	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy efficiency in industry	Entry into force of the legal framework for a subsidy scheme for energy efficiency in industry.	Q3/2021	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy efficiency in industry	The annual application rounds for the subsidy scheme to achieve energy savings in the industry are completed.	Q4/2022	On track

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy efficiency in industry	At least 16 PJ (Peta Joule) of energy saved in the industry thanks to the energy efficiency scheme.	Q4/2024	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart1 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy renovations in public buildings	The government issues statutory order establishing a subsidy scheme for energy renovations in public buildings.	Q4/2021	Completed
2020.CSR2.subpart3 2020.CSR2.subpart1 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy renovations in public buildings	Improvement of energy rating for 40% of supported municipal and regional buildings with D-G rating	Q4/2025	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1	CCS-storage potential	Award of contracts for selected applicants for the CCS feasibility study	Q4/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1	CCS-storage potential	Completion of feasibility study for CCS-storage. The government takes a decision for follow-up.	Q4/2023	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy efficiency in households	Selection of beneficiaries of funds for energy renovation in private households.	Q1/2025	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart4 2022.CSR4.subpart1	Energy efficiency in households	At least 6125 energy renovation projects in private households have been completed	Q2/2026	Not completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2 2022.CSR4.subpart1	Investment window	A political agreement on an investment window has been adopted by the Danish Parliament and the relevant legislative procedures in the Parliament have been launched.	Q4/2020	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2 2022.CSR4.subpart1	Investment window	The bill on the green tax reform including the investment window is adopted by the Danish parliament and the initiative enters into force.	Q2/2021	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2	Investment window	1 000 companies have used the tax deduction provided by the investment window	Q2/2024	Not completed

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2022.CSR4.subpart1				
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2 2022.CSR4.subpart1	Accelerated depreciation	A political agreement on an accelerated depreciation has been adopted by the Danish Parliament and the relevant legislative procedures in the Parliament have been launched.	Q4/2020	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2 2022.CSR4.subpart1	Accelerated depreciation	Milestone 2: The bill on the green tax reform including the accelerated depreciation is adopted by the Danish parliament and the initiative enters into force	Q2/2021	Completed
2020.CSR2.subpart3 2020.CSR2.subpart2 2022.CSR4.subpart2 2022.CSR4.subpart1	Accelerated depreciation	1 000 companies have used the tax deduction provided by the accelerated depreciation.	Q2/2024	Not completed
2020.CSR2.subpart3 2022.CSR4.subpart2 2022.CSR4.subpart1	Expert group to prepare proposals for a CO2e-tax	In line with the conclusions of the report by the expert group for a uniform CO2e tax regulation, the government shall convene the parties behind the green tax reform to agree on next steps.	Q1/2023	Completed
2020.CSR2.subpart3 2022.CSR4.subpart1	Emission taxes on industries	A political agreement on an increase in the emissions tax on industry has been adopted by the Danish parliament.	Q4/2021	Completed
2020.CSR2.subpart3 2022.CSR4.subpart1	Emission taxes on industries	The bill on the green tax reform including the increased emissions tax on industry is adopted by the Danish parliament and the initiative enters into force for all industries except agriculture and mineral proc.	Q1/2023	On track
2020.CSR2.subpart3 2022.CSR4.subpart1	Emission taxes on industries	Tax increase on emissions from industry enter into force for all industries including agriculture and mineral proc.	Q1/2025	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Re-prioritisation of the registration tax of vehicles and low electricity tax on charging electric vehicles	Entry into force of legal act to re-prioritise the registration tax of vehicles and low electricity tax on charging electric vehicles	Q1/2021	Completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Temporary increase in the scrapping premium for old diesel cars	36 000 old diesel cars are scrapped due to the raised scrapping premium	Q1/2022	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Re-prioritisation of the registration tax of vehicles and low electricity tax on charging electric vehicles	At least 225 000 zero- and low emission cars in the Danish car stock.	Q4/2025	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4	Development test of road-pricing	Political agreement between has been adopted by the government and a majority of the parliament on the conduction of the test scheme	Q4/2021	Completed

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2022.CSR4.subpart1				
2019.CSR1.subpart3 2020.CSR2.subpart4 2022.CSR4.subpart1	Development test of road-pricing	Publication of the results from the test scheme on road pricing.	Q1/2024	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2022.CSR4.subpart1	Analysis of the regulation on weight and dimensions to optimise heavy haulage	Publication of a report on the analysis of the national regulation on weight and dimensions.	Q4/2021	Completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2022.CSR4.subpart1	Car sharing and carpooling (awareness)	Information campaigns regarding transportation congestion and car sharing has been exposed at least 30 000 000 times.	Q4/2022	Delayed
2019.CSR1.subpart3 2020.CSR2.subpart4	Analysis of test scheme with double trailers	Publication of an analysis on double trailers analysing road safety, vehicle engineering, road engineering and environmental conditions.	Q4/2021	Completed
2020.CSR2.subpart3 2022.CSR4.subpart1	Subsidy scheme to green ferries	A political agreement has been adopted among a majority of parties in the Danish Parliament on green transition of ferries.	Q2/2021	Completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Subsidy scheme to green ferries	At least 15 ferries has been exchanged or retrofitted to green ferries.	Q4/2025	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Investments in bike paths in state roads and bicycle subsidy scheme for municipalities	The construction of at least 45km of new bike paths has been initiated.	Q4/2024	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Investments in bike paths in state roads and bicycle subsidy scheme for municipalities	40 % of supported projects have been completed	Q4/2025	Not completed
2019.CSR1.subpart3 2020.CSR2.subpart4 2020.CSR2.subpart3 2022.CSR4.subpart1	Scheme to infrastructure for electric bicycles	At least 75 bike charging stations have been built	Q4/2024	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Digital strategy	Adoption of a new "Digital Strategy" in the Finance Act 2022 and of the implementation plan.	Q1/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Digital strategy	Implementation of the digital strategy into relevant regulatory and legislative acts.	Q4/2023	Not completed
2019.CSR1.subpart2	Digital strategy	Independent report on the achievements of the digital strategy	Q4/2025	Not completed

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2020.CSR2.subpart6				
2020.CSR2.subpart5				
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Strategy for the digital public sector and services of the future (Sub-reform A)	At least 7 public authorities have received funding for AI projects	Q4/2025	Not completed
2020.CSR2.subpart2 2020.CSR2.subpart1	Strategy for the digital professions and jobs of the future (Sub-reform B)	At least 550 SMEs have received funding for digital projects	Q4/2025	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Framework for innovation, public-private partnerships and use of new technology (Sub-reform C)	At least 30% of public innovations is done in public-private partnerships	Q4/2025	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Framework for data data-driven society (Sub-reform D)	At least 4 public institutions have developed or received support to develop solutions to store and reuse personal information	Q4/2025	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	Framework for Denmark fit for a digital future (Sub-reform E)	Adoption of a new National Cybersecurity strategy	Q4/2022	Completed
2020.CSR2.subpart2	Broadband pool	At least 3500 households and/or businesses covered with very high speed internet (at least 100 Mbps connection).	Q1/2022	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart6 2020.CSR2.subpart5	SME's digital transition and trade	At least 500 SME's have received funding for digital projects	Q4/2023	Not completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of mission roadmaps for 'carbon capture and storage or use of CO2'.	Q3/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of partnerships for 'carbon capture and storage or use of CO2'.	Q1/2022	Completed

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	At least one research and innovation partnership(s) has received funding on 'carbon capture and storage or use of CO2'	Q4/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of mission roadmaps for 'green fuels for transport and industry'.	Q3/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of partnerships for 'green fuels for transport and industry'.	Q1/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	At least one research and innovation partnership(s) has received funding on 'green fuels for transport and industry'.	Q4/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of mission roadmaps for 'climate- and environment friendly agriculture and food production'.	Q3/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of partnerships for 'climate- and environment friendly agriculture and food production'.	Q1/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3	Research in green solutions	At least one research and innovation partnership(s) has received funding on 'climate- and environment friendly agriculture and food production'.	Q4/2022	Completed

Appendix table 6
State of play of milestones and goals in the Recovery and Resilience Plan

CSR Subpart	Measure name	Milestone name	Due date	Progress status ¹
2022.CSR4.subpart1				
2022.CSR4.subpart2				
2022.CSR3.subpart1				
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of mission roadmaps for 'circular economy focusing on reuse and reduction of plastic and textile waste'.	Q3/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	Selection of partnerships for 'circular economy focusing on reuse and reduction of plastic and textile waste'.	Q1/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart3 2022.CSR4.subpart1 2022.CSR4.subpart2 2022.CSR3.subpart1	Research in green solutions	At least one research and innovation partnership(s) has received funding on 'circular economy focusing on reuse and reduction of plastic and textile waste'.	Q4/2022	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart6	Incentives to boost R&D in companies	The bill on deductions for research and development work enters into force	Q2/2021	Completed
2019.CSR1.subpart2 2020.CSR2.subpart5 2020.CSR2.subpart6	Incentives to boost R&D in companies	500 firms have used the tax deduction provided by the deductions for research and development work	Q3/2023	On track

May 2023

Ministry of Finance
Christiansborg Slotsplads 1
1218 Copenhagen K

Phone: +45 3392 3333
E-mail: fm@fm.dk

ISBN 978-87-94224-46-8
2022/23:07

The publication is available for download at
www.en.fm.dk
www.regeringen.dk

Ministry of Finance
Christiansborg Slotsplads 1
1218 Copenhagen K
Phone: +45 3392 3333
E-mail: fm@fm.dk