The Danish Government

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# Denmark's National Reform Programme 2022

Ministry of Finance

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# 1. Introduction

After a turbulent period during the corona pandemic, Russia's invasion of Ukraine has created new disruptions to the world economy. Particularly, limitations and uncertainties about energy supplies from Russia have emerged, but also deliverances and prices on other raw materials, foods and intermediate goods are affected by the war and the imposed sanctions. Along with other countries, the Danish economy will be affected. However, Denmark is in a good positon with record high employment rates and low unemployment. At the same time, initiatives that will support employment in the years to come have been taken.

In 2021, the Danish government launched *Denmark Can Do More,* which focuses on ten areas to strengthen the Danish economy and society, in areas that are crucial for Denmark's development in the next ten years. The reforms focus on long-term solutions through reforms, innovation, education, job creation and growth.

In January 2022, the Government and a majority of the parties in the Danish Parliament agreed upon the first reform package in the new reform agenda. The package includes a number of reforms that all strengthen potential employment by around 12,000 persons in 2025 and 2030 and increase Danish GDP by around 0.7 per cent in 2030 amounting to around DKK 17.5 billion. The agreement works to support a strong and robust labour market, the Danish labour market model, innovative and strong businesses as well as investments in future education and the green transition.

The 30th of April 2021, The Danish Recovery and Resilience Plan was handed in to the European Commission and later accepted by the Council on the 13th of July 2021. The Danish Recovery and Resilience Plan consists of a range of initiatives amounting to approximately DKK 11.6 billion and contributes to the financing of a wide range of green agreements the Government and a majority in the Parliament agreed upon at 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 Economic Recovery and Green Stimuli. Furthermore, The Recovery and Resilience Plan includes investments in digitisation, e.g. the SVM:Digital initiative as well as the Government's digitisation strategy, which is based on recommendations from the digitation partnership. The Recovery and Resilience Plan thus has a particular focus on green and digital reforms and investments, which 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

The Danish National Reform Programme for 2022 emphasises the initiatives that Denmark has introduced in order to achieve the country specific recommendations from the EU. These recommendations were presented to Denmark in July 2022. Furthermore, the programme presents the economic framework for the Danish economy. Finally, the programme describes relevant reforms and investments related to a range of important, central areas.

The structure of the Danish National Reform Programme for 2022 is as follows:

- Chapter 2 describes the economic frame for Denmark including the economic development and the current extent of investments in the Danish economy.
- Chapter 3 reports reforms and investments relate to the areas of growth and productivity, education, employment, the social agenda, health, digitization as well as climate and environment.
- Chapter 4 concerns the initiatives that Denmark has introduced and is planning to introduce in order to promote the achievement of the SDGs.
- Chapter 5 describes the involvement of the Danish Parliament as well as relevant stakeholders.
- Appendix 1 contains a table illustrating the status the EU's specific recommendations for Denmark from July of 2022.
- Appendix 2 assesses the current status on the targets and milestones from the Danish Recovery and Resilience Plan.

# 2. Economic Framework

## 2.1 Prospects for the Danish Economy

After a turbulent period during the corona pandemic, Russia's invasion of Ukraine has created new disruptions to the world economy. Particularly, limitations and uncertainties about energy supplies from Russia have emerged, but also deliverances and prices on other raw materials, foods and intermediate goods are affected by the war and the imposed sanctions. Along with other countries, the Danish economy will be affected. Firstly, many households will feel consequences in form of price increases, especially energy prices which had risen to a high level already before the war. Secondly, the war will have a number of other consequences including a large number of displaced persons from Ukraine, emergency efforts for independence of Russian energy as well as new demands for defense and security policy, which will also be costly.

The Russian attack on Ukraine has come at a point in time where the Danish economy is in strong boom. The direct exposure of the Danish economy to Russia and Ukraine is relatively limited, but the increase in energy prices and other prices will have a dampening the activity in the Danish economy, while the inflation is expected to remain at a high level for the rest of the year.

It is the assessment that the basis for continued growth in the Danish economy is present although the activity can stagnate or even decline in parts of 2022. However, the activity is expected to remain above the level for normal capacity utilization and a pressure on the idle resources in the economy should be expected to continue. The possibility for a high activity level must be seen in context with the fact that households overall have been saving extraordinarily much during the corona pandemic and thus have the possibility to maintain its consumption in spite of rising costs. Simultaneously, demand is being supported by a historically high rate of employment and by the fact that Danish companies are in a robust position to hire labour and to invest.

The Danish economy came out of 2021 with strong growth in GDP. This implies that even with a slowdown of growth during 2022, GDP will grow significantly from 2021 to 2022.

In the assessment of the prospects, it is assumed that the difficulties of supply derived from the war in Ukraine do not escalate as well as decisions with respect to transition of the energy sector in Europe will contribute to gradual decreasing energy prices from the current high level. Domestically, the government has presented the reform proposal *Denmark Can Do More II* (*Danmark kan mere II*) in order to ensure independence from Russian gas as soon as possible and speed up the green transition. However, a complete halt in delivery of gas from Russia will increase the economic consequences considerably in the short run. Other factors also contribute to a high level of uncertainty, and new lockdowns in China emphasizes that the corona pandemic still can affect the global supply chains.

The development of the Danish economy must be seen in conjunction with the very supportive fiscal policy that has been carried out since the outbreak of the corona pandemic. The fiscal policy has included compensation schemes, payment of frozen holiday allowances and other stimulus measures. The economic policy has reduced the setback in the Danish economy and contributed to a rapid increase in economy activity as restrictions gradually were lifted. In 2022 fiscal policy is tightened, which reduces the effect on employment.

The prospects for the Danish economy are explained in more details in *Denmark's Convergence Programme 2022.*

## 2.2 Macroeconomic Effects of Structural Reforms

The government has set forward an ambitious reform agenda with a ten-year perspective, which amongst other things aims to increase growth and prosperity, including securing the necessary qualified labour force. The reform agenda *Denmark Can Do More* sets the direction for ten significant advances.

In September 2021, the government launched *Denmark Can Do More I*, which is the proposal of the new reform agenda. Based on this proposal the government and a majority of the parties in the Danish parliament agreed upon the agreement *A New Reform Package for the Danish Economy* (January 2022). The agreement includes changes to both the unemployment insurance benefit system and rules related to the set-off in social pensions of labour income, *cf. chapter 3.3.*

The reforms in the package are expected to increase potential employment by around 12,000 persons in 2025 and 2030 and increase potential GDP by around 0.7 per cent in 2030 amounting to around 17.5 billion DKK, *cf. table 2.1.*

**Table 1.1**
**Effects on potentiel employment and GDP of *A New Reform Package for the Danish Economy* (January 2022)**

| | 2025 | 2030 |
|---|---|---|
| **Effect on potential employment, number of persons** | | |
| *Subset of reform package "Quicker to work and a stronger labour market"* [1)] | 11,550 | 11,700 |
| *Subset of reform package "Strong and innovative businesses"* [1),2)] | 400 | 550 |
| **Total effect** | 11,950 | 12,200 |
| ***Memo:** Proposal for a new, temporary and supplementary Pay Limit Scheme* | Positive contribution in 2022 and in a subsequent number of years. | |
| | | |
| **Effect on GDP** | | |
| **Effect on GDP, billion DKK** | 11¾ | 17½ |
| From the initiative *Automatic business reporting* | -[3)] | 6 |
| From other initiatives | 11¾ | 11½ |
| | | |
| **Effects on potential GDP, per cent of potential GDP** | 0.5 | 0.7 |
| From the initiative *Automatic business reporting* | -[3)] | 0.2 |
| From other initiatives | 0.5 | 0.5 |

Note: The effect on potential employment is rounded to the nearest 50 persons. Therefore, total effects are not necessarily the same as the sum of each initiative. Effects in 2030 are corrected for temporary effects in that year steming from the life expectancy indexation of the retirement age. The total effect on potential GDP includes effects from intitiatives in the subset of the reform package *Strong and innovative businesses*. These initiatives can only be included in economic projections etc. once the specific financing from the restructuring of the state subsidies to businesses are implemented so that the initiatives can be put in place.

1) The increase in the maxsimum employment allowance is financed partly from the subset of the reform package *Quicker to work, a stronger labour market* (0.5 billion DKK in 2030) and partly from the restructuring of the state subsidies to businesses included in the subset of the reform package *Strong and innovative businesses (*0.7 billion DKK in 2030). Effects on potential employment are distributed accordingly in the table.
2) Can only be included in economic projections etc. when the financing from the restructuring of the state subsidies to businesses are implemented so that the initiatives can be put in place.
3) The effect on potential GDP from the initiative related to automatic business reporting reflects the effect when the iniative is fully implemented. Since the initiative are only expected to be fully implemented by 2026, the effect is not shown in 2025.

Source: Own calculations.

On top of this, the government and a number of parties in the Danish parliament have proposed a new, temporary and supplementary Pay Limit scheme, aimed at easing the labour force shortage in the coming years.

As part of the Government's reform effort, a commission for *Second Generation reforms* (The Reform Commission*)* was launched in the fall of 2020. The Reform Commission focuses, amongst other things, on education and retraining adults on the edge of the labour market and young people with untapped potential. In April 2022, the commission published its first recommendations – *New reform paths 1* – with focus on higher education, retraining and lifelong education. Two more reports with recommendations are expected to be published in the fall and in December 2022.

# 3. Reforms and Investments

Throughout the latest years, Denmark has implemented a range of reforms and investments that contribute to Denmark's effort for growth and productivity, education, employment as well as the social agenda, digitisation, climate and environment.

This chapter describes a selected range of these reforms and investments in the respective areas. Furthermore, the chapter illustrates the work with setting the national 2030 targets on employment and the social agenda, which were reported to the European Commission.

## 3.1 Growth and Productivity

Since the outbreak of COVID-19 in Denmark in 2020, the Government has implemented a determined fiscal policy. Fiscal policy was expansionary in 2020 and 2021, which reduced the setback of the Danish economy and contributed to a swift recovery. The economic policy has been implemented to support economic activity and employment during the crisis and at the same time focused on investments in long-term development.

Within Denmark's 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 3.1*.

**Box 3.1**
**Initiatives in the Danish Recovery and Resilience Plan with effects on GDP**

**Energy efficiency etc.**
The Recovery and Resilience Plan sets aside DKK 315 million to increasing the energy efficiency of public buildings, 565 million DKK in grants for green housing improvements, DKK 200 million in grants for $CO_2$ reduction and preliminary studies of CCS storage. In total DKK 1,745 million is invested in initiatives that contribute to reducing Denmark's green house gas emissions by 0.1 million tons in 2030.

**Green Tax Reform**
The first phase of the Green Tax Reform includes an investment window of DKK 3,905 million, where the depreciation basis for investments in fixed assets (machinery, equipment etc.) by 16 percent in 2020-2022 along with this is an increase in the immediate depreciation limit to DKK 30,000, *cf. section 3.6.*

**Green transition of road transport**
Policies must contribute to increase incentives to purchasing green cars, through changing tax policies and supporting green transport and infrastructure.

**Box 3.1 (continued)**
**Initiatives in the Danish Recovery and Resilience Plan with effects on GDP**

**Digitisation**
There have been started initiatives on digitisation for a total of DKK 665 million between 2021 and 2025. The Digitisation Fund of DKK 500 million makes up the largest share and is aimed at following up on the ten recommendations from the Digitisation Partnership. Also included is a strengthening of SMV Digital and a broadband pool, *cf. section 3.5.*

**Green research and development**
The Recovery and Resilience Plan sets aside DKK 1.8 billion for green research and development, including a tax deduction of 130 percent for research and development expenses of DKK 1.1 billion. This will give 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 investment increases 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 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 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, per cent of GDP** | **0.06** | **0.10** | **0.12** | **0.13** | **0.14** |

In addition to the Recovery and Resilience Plan, a range of initiatives have been adopted that promote growth in the coming years. Some of the central intiatives are the *Agreement on Denmark's Infrastructure Plan 2035* and *A new reform package for the Danish Economy* from January 2022, *cf. box 3.2*.

**Box 3.2**

**Selected agreements that promote growth in the coming years**

**Agreement on Denmark's Infrastructure Plan 2035 (June 2021)**
The agreement includes investments and new initiatives in the transport sector of around DKK 105.8 billion from 2022 to 2035. Along with current investments, renewal and maintenance, investments in the transport sector amount to approximately DKK 161 billion towards 2035.

**Reform package: A New Reform Package for the Danish Economy (January 2022)**
The initiatives in the reform package are estimated to increase potential employment with around 12,000 people in 2025 and 2030 while increasing potential GDP with around 0.7 percent in 2030 amounting to about DKK 17.5 billion. The initiatives are described in detail in section 3.3

A number of political agreements, including **Climate Agreement for Energy and Industry** (June 2020) and **Climate Plan for a Green Waste Sector and Circular Economy** (June 2020) contribute to developing, expanding and integrating green technologies in the energy sector and industry, which reduce greenhouse gas emission as well as contribute to increasing productivity.

Public investments are estimated to remain at a high level until 2025, partly due to the *Agreement on Denmark's Infrastructure Plan 2035* from June 2021. The agreement sets aside funds for a number of

infrastructure projects in the period 2022 until 2035 that raise the public investment ceiling. The larger public capital stock supports and increases productivity in the private sector.

Furthermore, the Government has initiated a larger reform effort named Denmark Can Do More, *cf. section 3.3. A new reform package for the Danish Economy* from January 2022 makes up the first reform of this new reform effort and the package is estimated to increase potential GDP by around 0.7 percent in 2030. This primarily reflects that the reform package is estimated to increase potential employment by around 12,000 people in 2025. Beyond this, the reforms include policies that affect potential GDP by altering productivity. This reflects that the reform package includes initiatives that make it easier to run a business with digital tools. The initiative on automatic business reporting is estimated to increase potential GDP by around DKK 6 billion in 2030 based on efficiency gains that increase productivity. Additionally, a series of initiatives, e.g. the creation of Denmark's Export and Investment Fund, aims to ensure that Danish companies have access to adequate financing and strengthen the retention of scale-up companies in Denmark.

Moreover, the Government has continuously initiated initiatives in the education and research field and on digitisation that also contribute to increasing growth. The initiatives are elaborated on in the following section.

Conversely, a number of agreements that in isolation reduce productivity in the coming years have also been implemented, including part of the financing of the *Agreement on a New Right for Early Retirement* from October 2020 and initiatives in the *Agreement on Sustainable Road Transport* from December 2020 and *Agreement on Green Transition of Agriculture and Environment* from October 2021.

## 3.2 Childhood Education and Educational Programmes

High quality day care, early childhood education and educational programmes are essential for the Danish society. It is essential both for individuals to pursue their dreams and for businesses to obtain the necessary skilled labour. The Government has implemented a range of initiatives to improve the quality of Danish day care, primary education, and educational programmes. These initiatives are described in the following sections.

There have not been launched concrete initiatives regarding primary education and education programmes in relation to the specific *Danish Recovery and Resilience Plan*.

A number of major agreements have been implemented in order to improve the quality of Danish day care, early childhood education, and educational programmes, *cf. box 3.3*.

**Box 3.3**

**Selected agreements that intend to improve the quality of Danish day care, primary education and educational programmes**

**Transversal**

Across various fields of education, the Government has cancelled the education reprioritisation contribution from 2020 with the Budget Bill of 2020. Prioritizing educational institutions put an end to otherwise planned reductions and creates a basis for supporting a stable foundation for quality education.

The agreement A new reform package for the Danish economy from 2022 initiated a significant financial boost for primary education and educational programmes. More specifically, this entails establishing three new climate business schools, which will act as powerhouses for education and skill development in the green transition. In addition to this, the agreement includes funds to boost higher education programmes, including educational programmes on welfare. A significant economic frame has also been set aside for future investment in childhood education and educational programmes.

**Day care**

High quality day care is supported by sufficient and qualified pedagogical staff. The 2020 Budget Bill and the 2021 Budget Bill introduced statutory minimum standards for the number of pedagogical staff in day care from 2024 and onwards. Minimum staffing levels will ensure a maximum of three children per pedagogical staff in nurseries and six children per pedagogical staff in kindergartens, measured as an annual average at the municipal level.

In addition to the investments in minimum standards in day care, it has been decided to continue the two funds for day care institutions with many socially vulnerable children, namely the fund for staff for institutions working with vulnerable children in the age of 0 to 2 years and the fund for more staff for institutions with many children in vulnerable positions. Furthermore, there has been allocated funds to educate existing staff and to improve educational research on younger children.

**Primary and lower secondary education**

Despite a general increase in educational attainment, too many children and youths finish primary and lower secondary education without obtaining sufficient knowledge and skills to start upper secondary education. There has been made significant investments in primary and lower secondary education in order to prevent this. The Budget Bill of 2020 allocated funds to recruit more teachers. The Budget Bill of 2022 provides funding to improve training of teachers as well as to reduce class sizes for the youngest pupils and improve possibilities for starting school later in childhood.

**Vocational education and training**

The objective of the Agreement on better and more attractive vocational education and training from 2014 is that more people should choose vocational education immediately after graduating 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 vocational - 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. Furthermore, there has been established a national programme that intends to challenge pupils in their choice of upper secondary education. Finally, there has been made investments in research centres, a quality fund as well as an increased funding for vocational education and training.

**Box 3.3 (continued)**
**Selected agreements that intend to improve the quality of Danish day care, primary education and educational programmes**

The Government and the social partners have agreed to a number of initiatives to promote more apprenticeships in vocational education and training. The agreements include the Tripartite Agreement on sufficient and qualified labour throughout Denmark and apprenticeships from 2016, as well as three major tripartite agreements in 2020, which contain a number of initiatives to help companies maintain new apprenticeships during COVID-19 and ensure more skilled workers. The three agreements are the 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.

**Upper secondary education**
A general increase in the funding for full time upper secondary education on the 2021 Budget Bill.

**Adult education and continuing training**
The Government and the social 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 2022 with the Agreement on a one-year extension of the Tripartite Agreement on strengthened and more flexible adult, continuing and further education. The new tripartite negotiations in 2022 will follow up on these initiatives. With the Agreement on Strengthened upskilling from 2020 and the Agreement on Extraordinary upskilling of the unemployed from 2020, there was allocated a total of DKK 730 million to upskilling and training initiatives from 2020 to 2023. These agreements are part of the rebuilding of the Danish economy after COVID-19 and aim to further qualify workers in order for them to transition from unskilled to skilled jobs, improve the basic skills of unemployed workers and ensure retraining and recruitment for new job openings.

Finally, the funding for adult education has been prolonged with the 2022 Budget Bill, and there has been set aside a fund for institutions that risk closing between 2020 and 2023.

## 3.3 Employment and Social Affairs

The Danish labour market model ensures a high level of security for the citizens and a flexible labour force for Danish businesses. The Danish labour market still faces challenges despite being well prepared for the future. Challenges such as the green transition, technological evolution and globalization change the needs of companies and set new demands for the skills of the workforce. The labour market is changing rapidly and there is therefore a need to invest in the future labour market.

The Danish Government has initiated an ambitious reform agenda with a ten-year perspective due to the mentioned challenges. The Government along with a majority in the Parliament agreed upon the first reform package in the new reform agenda in January 2022. The reforms support a solid and robust labour market, the Danish labour market model, innovative and robust Danish businesses, as well as investments in the education of the future and in the green transition. The initiatives on

employment in the reform package, as well as other selected new agreements and reforms, are further elaborated in Box 3.4.

It it should be noted, that the Danish Recovery and Resilience Plan does not include initiatives directly related to employment policies. However, the plan includes initiatives that aim to support short-term economic activity. These initiatives have supported employment during the economic setback caused by COVID-19.

Box 3.4 presents an overview of significant initiatives and agreements on employment that were implemented in recent years. In addition to this, there has been established several commissions with the purpose of providing suggestions and recommendations to support and strengthen the labour market. This includes the Reform Commission, which focuses on education and upskilling, adults with weak ties to the labour market as well as untapped potential of youths etc. Furthermore, there has been established the Commission for Withdrawal from the Labour Market and Attrition, which will review the pension system in regards to central areas such as regulating the retirement age in correspondance to changes in life expectancy as well as expected healthy life years.

**Box 3.4**
**Significant initiatives and agreements related to employment policies in 2020 to 2022**

**A new reform package for the Danish Economy (January 2022)**
The reform package includes several initiatives to support a strong and robust labour market.

First, the reform package seeks to have more graduates enter the work force sooner after graduation. Therefore, unemployment benefits for graduates under the age of 30 years without children will be reduced after three months of receiving benefits. Furthermore, the period of graduates receiving benefits will be reduced from to one year. These initiatives aim to establish a stronger connection between education and employment in order to reduce the current high unemployment levels among graduates in Denmark. Furthermore, the agreement increases the monthly deductible that students can earn alongside their student grants by DKK 4,000 per month. This initiative also seeks to build a stronger connection between students and the labour market.

Second, the agreement strengthens the unemployment benefit system by increasing income security for long-term employed workers who are temporarily unemployed. In order to qualify for the subsidy, one must have been registered in an unemployment insurance fund for the last four years as well as have been employed for at least two out of the previous three years. Those who fulfil the requirements receive a subsidy to their unemployment benefits in the initial three months of unemployment.

Third, the agreement abolishes the set-off in social pensions of one's own and partner's income. This will make it more lucrative for seniors to contribute to the active labour market, which will boost the labour supply in Denmark.

Furthermore, the agreement contains several initiatives that strengthen the organized labour market, *cf. Agreement on a New Reform Package for the Danish Economy (January 2022) published on www.fm.dk.*

**Box 3.4 (continued)**
**Significant initiatives and agreements related to employment policies in 2020 to 2022**

**Tripartite agreement on labour shortage (October 2021)**
Due to low unemployment rates as well as recruitment challenges among Danish businesses, the Government entered a tripartite agreement with the social partners and the Local Government Denmark (KL) in October 2021. The agreement seeks to reduce labour shortages by instigating more workers to enter the labour market in the short term. These efforts target especially four areas: Matching unemployed workers and businesses, tightening the rules on unemployed workers availability to the labour market, strengthening efforts to get unemployed seniors into jobs, and reinforcing businesses in recruiting foreign labour.

**Earmarked parental leave (October 2021)**
Following the adoption of the EU's Directive 2019/1158 on work-life balance, the Government and the Liberal Party, the Socialist People's Party, the Social Liberal Party, the Red-Green Alliance, and the Alternative has agreed upon an agreement on earmarked parental leave. The agreement applies to all wage earners and earmarks 11 out of a total of 24 weeks of parental leave for both parents. By securing earmarked parental leave, the agreement promotes equality between men and women in the labour market and within families by encouraging a more equal distribution of parental leave. This regulation comes into effect on August 2, 2022.

**First partial agreement about the Rethinking of the Employment Efforts (June 2021)**
It was established with the *New Right to Early Retirement* agreement that the employment effort should undergo a rethinking in order to provide a financial contribution of DKK 300 million by 2022. The purpose of this is to ensure more cost-efficient public employment services in the future.

The agreement eases process requirements for recipients of unemployment benefits who are under the age 30 and considered capable in terms of getting an education. The purpose of this is to ensure flexible conditions for organizing the proper efforts to improve the rights and services available to youths when they transition to education.

Furthermore, the agreement builds on positive experiences with digital interviews in public employment service and unemployment insurance funds during COVID-19. The agreement therefore entails that unemployed workers get the opportunity to conduct interviews online or by telephone after six months of unemployment.

**New Right to Early Retirement (October 2020)**
The Government, the Danish People's Party, the Socialist People's Party, and the Red-Green Allience entered the agreement *the New Right to Early Retirement* in October 2020. This agreement ensures that workers performing physically demanding labour obtain the right to earlier retirement. The right to earlier retirement is based on objective criteria and depends on the amount of years the worker has been in the labour market. The initiative benefits workers with the lowest incomes and pension savings. This especially applies to skilled and unskilled workers. The retirement benefit will initially be disbursed in 2022. Approximately 3,700 people have chosen early retirement as of January 1, 2022.

**Employment initiatives due to COVID-19**
The Government and a broad majority in the Parliament have entered several agreements to support employment during the COVID-19 pandemic. These initiatives have intended to support Danish jobs while strengthening the social safety net for vulnerable people outside the labour market.

Danish citizens have access to a range of social services that support vulnerable citizens and citizens with permanent physical or mental disabilities. Such services are in place to ensure necessary help as well as to contribute to individual progression and to create favorable conditions for making individuals capable of mastering their own lives.

In 2021, the Danish Government entered several agreements with the parties of the Danish Parliament that are meant to contribute to better social inclusion. With the political agreement *Children First* a range of initiatives are initiated in order to make sure that more children and youths receive help earlier than they do as of today. The political agreement *Establishment of the Fund for Mixed Cities – Cheaper Housing and a Way out of Homelessness* reorganises the efforts on homelessness so that there is a greater economic incentive to invest in the right solutions for the individual homeless person. At the same time, 1 billion DKK han been spent on providing cheap housing for the target group. The goal is to markedly reduce the number of homeless people and put an end to long-term homelessness.

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

The Government has in the past year worked towards setting three national targets related to employment, lifelong learning and social inclusion. The targets were set 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 Rights.

*The European Pillar of Social Rights*

The European Pillar of Social Rights (the Social Pillar) is an inter-institutional proclamation, which was signed by the Council, the European Parliament and the Commission at the social summit in Gothenburg on November 17, 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 any additional competences.

*European and National 2030 Targets*

The European Commission presented the Action Plan of the European Pillar of Social Rights on March 4, 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 the EU for the areas of employment and social affairs.

The EU heads of state and government welcomed the three European 2030 targets at the Porto social summit on May 7 to 8, 2021. Furthermore, the targets were welcomed at a formal summit in the European Council on June 24 to 25, 2021.

The EU's 2030 targets are:

- At least 78 percent of people aged 20 to 64 should be in employment by 2030 (EU average in 2019: 73.1 percent).
- At least 60 percent of all adults aged 25 to 64 should participate in training every year by 2030 (EU average in 2016: 37.4 percent).
- The number of people at "risk of poverty or social exclusion" should be reduced by at least 15 million by 2030 (EU average in 2019: 91 millions).

The European Commissioner for Jobs and Social Rights Nicolas Schmit has subsequently encouraged EU member states to set national targets in order to help achieve the European 2030 targets.

Considering this, the Danish Government has set three national 2030 targets:

- *The target for employment:* 80 percent of people aged 20 to 64 should be employed by 2030 (structural employment 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 2022.
- *The target for social inclusion:* The number of people living in households with low work intensity (LWI) should be reduced by 30,000 people in 2030 compared to the 2019 level.

The national 2030 targets have been subject to written consultations in both the *Contact Committee for Fair and Sustainable Growth in the EU* and the *EU Special Committee for Labour Market and Social Affairs*.

*Denmark's Starting Point*

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

Denmark's employment rate for people aged 20 to 64 was at 78 percent (structural level) in 2020, which is 2 percentage points lower than the national 2030 target for employment.

**Table 3.2**
**Current rates and the national 2030 targets**

| | Current rates | National 2030 targets |
|---|---|---|
| The target for employment (percentages) | 78.0[1)] (2020) | 80[1)] |
| The target for training (percentages) | 50.4 (2016) | 60 |
| The target for social inclusion (number of people) | 414,000[2)] (2019) | 384,000[2)] |

1) The national target for employment is measured in structural rates.
2) People in households with low work intensity (LWI), which is one of the three sub-indicators in AROPE.
Source: Eurostat and calculations by The Danish Ministry of Finance.

There is a considerable statistical uncertainty concerning Denmark's starting point in regards to the target for training. According to the latest data from 2016, 50.4 percent of people aged 25 to 64 had participated in a training activity during the last 12 months. However, the method of calculating the rates of training in 2016 differs from the method of calculating the rates towards 2030. Therefore, it will not be possible to assess Denmark's actual starting point before new data from 2022 is available.

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". In 2019, there were 414,000 people in that group.

The Danish Government expects to follow future development as well as provide reports on the targets as part of the national reform programme.

## 3.4 Health

Denmark has focused on securing the necessary resources and investments in the healthcare sector throughout the COVID-19 pandemic.

The substantial effort with testing, infection detection, vaccine rollout, expansion and development of digital solutions, as well as securing capacity and medicine for treatment, has played a significant part in Denmark's handling of the pandemic and the derived health related and economic consequences.

The pandemic has emphasized the importance of a healthcare system that is durable and robust on the long term, in order to ensure capacity and flexibility to handle future pandemics. This is also to ensure that the healthcare system in general is properly equipped for future developments in regards to increasing amounts of elderly and chronically ill citiziens.

There has been implemented a range of initiatives under the auspices of the Recovery and Resilience plan, which among other things ensure financing for specific initiatives. This is in order to strengthen emergency preparedness and the robustness of the healthcare system, *cf. box 3.5*.

**Box 3.5**
**Health related initiatives in the Danish Recovery and Resilience plan for a total of DKK 244 million**

- DKK 102 million DKK allocated to a clinical study on the effects of the COVID-19 vaccines. The research project has been initiated and has 6,950 participants. The project continuously investigates effects and possible side effects of COVID-19 vaccines.
- DKK 52 million has been set aside for an increased drug inventory: There has been established an excess inventory of critical drugs medicaments for the secondary sector in order to prevent or reduce potential shortages of critical drugs.
- DKK 76 million to an improved strengthened drug preparedness agency: A general improvement of the Danish drug preparedness section has been established. This partly been through an improved system for insight into the inventories of the pharmacies and wholesalers as well as a list of critical drugs in situations where the drug emergency preparedness is activated. Finally, the section has strengthened the adverse drug reaction monitoring which includes developing an IT system that general practitioners can use to report side effects.
- DKK 14 million to promote digitisation in the health sector: Initiation of a telemedicine treatment offer for patients with health anxiety triggered by COVID-19. The Kontakt Læge (contact doctor) app has been developed and extended to several platforms and is in stable operation. There are developed questionnaires in order to collect PRO-data in the Min Læge (my doctor) app for pneumococcal vaccination and pregnancy.

In addition to the Recovery and Resilience Plan, a number of other initiatives have been implemented including a focus on strengthening the robustness of the health care sector, *cf. Box. 3.6*.

The reform proposal should be considered in conjunction with the demographic development in

**Box 3.6**
**Proposal for a health care reform**

The Danish Government presented a comprehensive proposal for a health care reform in March 2022, which include:

- A new direction for prevention: Amongst other initiatives, this includes a proposal for an alcohol action plan, which contains a proposal to raising the age limit for the sale of all alcohol to 18 years. There is also a proposal for a nicotine-free generation 2010+, which means that no one born in or after 2010 should start smoking or use other nicotine products. Finally, a number of initiatives are proposed to strengthen the well-being of children and young people through movement and healthy communities.

- Better quality of local health service: This includes a proposal for investing DKK 4 billion in fixed asset investments for building local hospitals, which will bring health services closer to the citizens and offer coherent treatment options. There will additionally be established new health clusters around the 21 emergency hospitals in order to facilitate political dialogue as well as a professional and strategic collabouration between the emergency hospital, municipalities and general practice located around the hospital. The efforts for people with chronic illness in the municipalities will be improved as part of the national quality plan. In addition to this, municipal emergency services will be improved, partly by improving access to specialist advice from hospitals. The reform also focuses on recruitment difficulties of general practitioners in areas with low density of GPs.

- Improved investments in gathering and using data to improve the quality of the local health care sector and in the prevalence of digital solutions.

- A commission on robustness in the health care system: The commission will recommend solutions to the fundamental challenges in the health care system in terms of staff capacity. The recommendations will seek to ensure adequate staff and time for patients. The commission will moreover investigate how to increase flexibility and multidisciplinarity in the procedures. Furthermore, the commission will investigate how to improve employee retention in challenging sectors such as emergency care, shift work etc. and how to increase retention in full-time work and reduce bureaucracy.

- Coverage of demographically derived additional expenses: The Government has committed to cover municipalities' and regions' expenses associated with more elderly citizens among other things. There has since 2020 been an annual economic boost of the health care system, which corresponds to the demographic development in order to maintain quality and service.

Denmark, which includes more elderly and more people in need of treatment and care in general. Chronic diseases are particularly prevalent among the elderly, which is why there will be more citizens who live longer and therefore require treatment and care. There will simultaneously be a smaller work force due to fewer citizens in the work eligible age group. This requires an effort to ensure that the healthcare system will be robust in the future.

The Government will invite to political negotiations aimed at a broad agreement on the health reform in 2022.

# 3.5 Digitisation

Denmark has long been a world leader when it comes to digitisation. Digitisation benefits citizens and is a driving force for economic growth and prosperity, which also became evident during COVID-19. If this leading position is to be maintained and the digital society further developed for the benefit of citizens and businesses, there is a need for continous work with digital development.

Several digital initiatives were therefore launched as part of the Danish Recovery and Resilience Plan, including a digitisation fund to support public and business-oriented digital development, *cf. Box 3.7.*

**Box 3.7**
**Digital initiatives in the Danish Recovery and Resilience Plan plan**

**Digitisation fund of DKK 500 million from 2022 to 2025**
The new digitisation fund allocated DKK 125 million annually from 2022 to 2025 to support targeted digital initiatives that follow up on the recommendations of the digitisation partnership. The digitisation fund was implemented in the Budget Bill of 2022 and contains initiatives that focus on supporting a green and digital business community, 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 digitisation fund includes ten initiatives and covers digitisation in both the public sector and companies, green digital initiatives, and initiatives that focus on data ethics and legislation.

**Promoting SMEs' digital transition and export (SME:Digital)**
SMEs do not invest in digitisation to the same extent as larger companies. This potentially disadvantages SMEs relative to larger companies. SME:Digital assists companies in their digital transition by e.g. giving grants for purchases of private consultancy, competence courses, sparring, and networking, as well as guidance on regulation and conditions of competition. SME:Digital will contribute to digitisation, automation, and e-commerce in SMEs in Denmark. With the Budget Bill of 2022, almost DKK 120 million were allocated for SME:Digital from 2022 to 2025. In addition to this, almost DKK 65 million have previously been allocated to 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 package of June 2021. 550 SMEs are expected to receive a share of the DKK 65 million.

**Continuing the broadband pool**
The broadband pool ensures that more households and companies have access to high-speed broadband (100/30 Mbit/s). Approximately four percent of all addresses, equivalent to 97,000 households and businesses, do not have access to it as of today. The Recovery and Resilience Plan allocated DKK 100 million to continuing the broadband pool in 2021. This implied that around 3,500 households and businesses are ensured access to high-speed broadband in areas that the market does not cover by itself.

Digitisation is a central part of the Government's agenda to strengthen the Danish economy, growth and employment. The Government therefore established a digitisation partnership in 2021 consisting of 28 digital experts, business leaders, professional organisations, as well as representations from Local Government Denmark and Danish Regions. The digitisation partnership advised the Government on how to continue digital development in Denmark.

Based on the digitisation partnership's recommendations, the government will launch a new Digital Strategy for Denmark in 2022. The Digital Strategy will include initiatives targeting data ethics, data

security, digital competencies, trust and transparency. The strategy will also ensure close collaboration between the state, municipalities, and regions.

In addition to the Recovery and Resilience Plan there have been implemented further measures to strengthen the digital agenda, *cf. Box 3.8.*

**Box 3.8**
**Digital initiatives in addition to the Recovery and Resilience Plan**

**Establishing a digitisation partnership**
The Government established a digitisation partnership in the beginning of 2021, which consists of experts, business leaders, professional organisations, Local Government Denmark and Danish Regions. The partnership presented 28 specific recommendations for the Government in the autumn of 2021 to maintain Denmark as a digital front-runner.

**New upcoming Digital Strategy for Denmark**
As a follow-up to the recomdations of the digitisation partnership and as part of the Government's overall reform programme, the Government will launch a new Digital Strategy for Denmark in 2022. The strategy will differ from previous Danish Digital Strategies, as it will include initiatives targeting both the public sector and business sector.

**New upcoming public digitisation strategy**
The Government's new Digital Strategy entails that the priorities of the joint public sector work on digitisation for the coming years must be agreed upon. This will ensure that the Government builds on the strong digital foundation created through the last 20 years of joint public digital collaboration.

**New cyber and information security strategy**
The Government launched a national cyber and information security strategy by the end of 2021, which will ensure a high level of cyber and information security in Denmark.

## 3.6 Climate and Environment

The Danish Government is continuously looking to reform society in a more sustainable direction for the benefit of both climate and the environment.

The Government has set a binding target of reducing total Danish $CO_2$-emissions by 70 percent by 2030 compared to 1990. Furthermore, a binding reduction target has been agreed on for the agricultural and forestry sector, which accounts for a significant part of Danish emissions. Below is a description of the Government’s key initiatives on climate and environmental action.

Since taking office, the Government has agreed on decisions with the Parliament and business sector that will contribute to reducing greenhouse gas emissions by 9.6 million tons by 2030 and bring Denmark closer to reaching the 70 percent reduction target, *cf. Box 3.9.*

**Box 3.9**
**Selected green agreements that help reduce greenhouse gas emissions**

**Climate agreement for energy and industry (2020)**
With the agreement, Denmark is facing an ambitious expansion of green energy and a significant investment in the green technologies of the future, such as $CO_2$ capture and Power-to-X. Furthermore, the heat of Danish households must be green. This implies that the choice of fossil fuel must be more expensive and the green energy cheaper. Oil and gas boilers must be phased out and replaced with green alternatives. The agreement contributes with a total of reductions of 2.7 million tons $CO_2$ in 2030.

**Agreement on a green transition of road transport**
The government and other parties of the Danish parliament have agreed to raise the number of zero and low emission cars to 775,000 by 2030 as well as agreeing on an ambition of 1 million green cars by 2030. In addition to this, the government is currently working to stop the sale of new fossil cars in 2030 as well as a new displacement requirement for renewable fuels.

**Agreement for the Budget Bill for 2021**
A total of DKK 0.9 billion have been prioritized for more nature and increased biodiversity in the period 2021-2024.

**Agreement on the green transition of Danish agriculture**
The agreement contains a binding reduction target for the agricultural and forestry sectors' greenhouse gas emissions of 55-65 percent in 2030 compared to 1990. The agreement provides an emission reduction of 1.9 million tons $CO_2e$ in 2030 and paves the way for significant further reductions through investments in research and development of new technologies to meet the reduction target.

**Agreement on stimuli and green recovery**
Nearly DKK 3 billion have been set aside to follow up on the climate partnerships' prioritized recommendations (including subsidies for phasing out oil and gas furnaces, green housing improvements, etc.) as well as 2 billion DKK for other conversion efforts.

**Agreement on Green Tax Reform**
First steps have been made towards a higher and uniform tax on $CO_2e$ emissions. An expert group has been established with the aim of drafting proposals for a uniform $CO_2e$ regulation in the second phase of the tax reform. An investment window up to and including 2022 has been set up as well as DKK 700 million as direct subsidy. Moreover, the R&D-deduction of 130 percent have been prolonged to cover 2022.

**Agreement on roadmap for capture, transport and storage of $CO_2$ (2021)**
The agreement sets the direction for Carbon Capture and Storage (CCS) in Denmark with more than DKK 20 billion in allocated funds and expected reductions of 1.4 million tons $CO_2$ in 2030.

Several of these climate and environmental initiatives are financed in part through the Danish Recovery and Resilience Plan, *cf. Box 3.10*.

**Box 3.10**
**Climate and environmental initiatives in the Danish Recovery and Resilience Plan**

**Green Tax Reform**
In December 2020, a broad political agreement was reached an a green tax reform in several phases, which paves the way for a green transition in the business sector:

- **First phase (2020-2022)** includes the first steps towards a uniform tax on $CO_2$ emissions based on the existing energy taxation system. The government and the parties behind the agreement have agreed to raise the taxes on companies' consumption of fossil fuels by DKK 6 per ton GJ until 2025. Afterwards, a uniform $CO_2$ tax will be ensured by extending the tax base to relatively well-defined areas. Simultaneously, efforts are being made to convert energy taxes into a more direct and uniform tax on $CO_2$ emissions.

- **Second phase (2023)** will include a uniform $CO_2$ tax or regulation of areas that are not yet covered by regulation today.

**Green transition of agriculture**
The Recovery and Resilience Plan includes several initiatives concerning agriculture and environment with a total investment of DKK 1.3 billion from the Recovery and Resilience Plan. The initiatives are estimated to reduce emissions by 0.1 million tons $CO_2$. The initiative to take carbon rich soils out of production constitutes the largest share of this with an investment of 660 million DKK. Another climate-related initiative is bio refining such as pyrolysis and production of bio-char that has significant reduction potential. Financial support to the development and demonstration of these technologies is financed by the Recovery and Resilience Plan funds for DKK 200 million as decided in the annual Budget Bill for 2021. Further funding of DKK 196 million has been allocated in the 'Agreement on the Green Transition of Danish Agriculture' to support the development of the technologies.

**Energy efficiency**
DKK 315 million has been allocated to energy efficiencies in public buildings, DKK 565 million funding green housing improvements and DKK 200 million for grants to $CO_2$ reductions and preliminary study of CCS-storage. In total DKK 1,745 million is invested in initiatives that contributes to reduce the Danish greenhouse gas emissions by 0.1 million tons in 2030.

Besides the green tax reform and initiatives regarding agriculture and the environment that were included in the Recovery and Resilience Plan, the government has adopted political initiatives to support the green transition, *cf. Box 3.11.*

**Box 3.11**

**Initiatives regarding climate and enviroment in addition to the Danish Recovery and Resilience Plan**

**Off shore wind, drinking water, stone reef, a forest plan and climate assistance**

The Government and a majority in the Danish Parliament have decided to prioritize DKK 2.5 billion to negative emissions and off shore wind energy. Within the annual Budget Bill for 2022 it has been decided to offer the location to establish further 2 GW from off shore wind energy and contribute to negative emissions (e.g. through BECCS biochar and pyrolysis) by -0.5 million tons each year from 2025 and -0.3 million tons from 2024. Furthermore, DKK 0.3 billion has been set aside to improved quality of drinking water, stone reef, a forest plan and increased climate assistance.

**Extraction of lowland soils and investment in climate technologies**

Several political agreements have been made that support reductions in greenhouse gas emissions from the agricultural sector by taking carbon rich soils out of production. The reductions in greenhouse gas- and nitrogen emissions are achieved from taking lowland soils out of use by compensating the owners of the land. DKK 5.4 billion has been prioritized to taking carbon rich agricultural land out of use as a part of the Budget Bill for 2020, the Budget Bill for 2021 and the agreement on the green transition of Danish agriculture. Furthermore, the effort contributes to reduce the emission of nitrogen to the aquatic environment.

The initiatives on the carbon rich soils should be seen in relation to the agreement of the 'Green Transition of the Danish Agriculture' with total economy of approx. DKK 58 billion of which a large share of the CAP is reprioritized towards initiatives regarding climate and the environment.

**Generational pollutions**

Generational pollutions is a term for more severe pollutions of land that are estimated to cost at least 50 million DKK to counteract.

The Budget Bill for 2021 sets aside DKK 630 million to counteract 10 cases of generational pollutions of which DKK 280 million are financed by the Danish Recovery and Resilience Plan. The counteraction of generational pollutions reduces the environmental risks connected to the pollutions benefitting procreative opportunities of development, the environment and nature.

**Organic agriculture**

In the field of organic agriculture, a political agreement has been made on the green transition of the Danish agriculture, funds have been implemented from the EU's recovery facility and funds from the rural development programme 2021 has been allocated. In total, DKK 4.2 billion has been prioritized to the support of organic areas and support of organic agricultural production in the period 2021-2030. This includes organic area subsidies from 2021-2030, organic investment support in 2021 onwards as well as funds from the recovery facility.

The funds support organic agricultural production by providing financial support in addition to the financial support from the CAP to produce organic and to promote organic agriculture through the Foundation for Organic Agriculture and an organic innovation center.

# 4. Denmark's Action Towards the Sustainable Development Goals

## 4.1 The 17 Sustainable Development Goals for Sustainable Development

The aim of the SDGs is to create a shared vision and set a direction for an equal, just and sustainable world. Denmark shares this vision and the Danish government seeks to provide an ambitious effort.

The Danish society is on board with the SDGs. The strong 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 Danish Government presented a national action plan on the 2030 Agenda and the 17 SDGs. With the action plan, the Danish Government has created a framework for working with the SDGs in Denmark. The sustainability agenda is complex and requires a great effort from us all to not endanger the possibilities and needs of future generations. There has to be sustainable and responsible solutions – not only today, but also in the future.

## 4.2 Denmark's Action Towards and Achievement of the SDGs

Globally, Denmark ranks among the top countries related to compliance with the SDGs. Moreover, the results in *Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2021 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.

With the action plan, the Danish Government assessed how successful Denmark is when it comes to achieving and implementing the 17 SDGs. Among the conclusions were that Denmark maintains a strong position when it comes to good health and well-being (SDG 3), quality education (SDG 4), affordable and clean energy (SDG 7) as well as peace, justice and strong institutions (SDG 16). The most prevalent challenges, and the areas where Denmark is the furthest from achieving ambitions, are related to responsible consumption and production (SDG 12), climate action (SDG 13), life below water (SDG 14) and life on land (SDG 15).

The following section highlights a range of political agreements, initiatives and existing policies, legislation and efforts related to specific SDGs where the Danish Government assesses that Denmark has the most prevalent challenges, and the areas where Denmark is furthest from achieving ambitions, *cf. box 4.1-4.4.*

**Box 4.1**
**SDG 12 – Responsible consumption and production**

**Recycling**
To increase recycling, reduce the incineration of waste and carbon emissions from the waste sector, the Danish Government entered into an agreement in June 2020 on a climate plan for a green waste sector and circular economy. The agreement includes measures for an increased and more streamlined waste sorting requirements for reducing loss in the recycling of plastic waste as well as a resolution to implement an EU directive on an expanding producer liability when it comes to packaging. The agreement will furthermore improve the inspection of waste and make the inspection risk based in order to prevent incineration of recyclable waste. The conditions of the recycling sector will change, so future investments will be in recycling plants instead of incineration. The capacity at Danish incineration plants will also be reduced in order to reduce the imports of plastic waste for incineration (sub goal 12.1, 12.2 and 12.5).

**Environmentally friendly design**
The Danish Government works continuously to promote a more circular economy through the Eco-design Directive and the Nordic Swan and Flower eco-labels. Eco-labels help to raise awareness and understanding of sustainable production and consumption in a life-cycle perspective.

**Sustainable building**
In March 2021, the Government entered into a political agreement on a national strategy for sustainable building, which seeks to bring about increased quality, durability and sustainability in the building sector. The agreement emphasizes a life cycle perspective and focuses on reducing the climate footprint of construction in order to construct sustainable buildings of high quality as well as to support resource efficient constructions.

**Combating food waste**
Denmark has continuous experience with the prevention and reduction of food waste. Public-private partnerships have been established on the area, and legislation changes have also been amended in an effort to reduce food waste. Furthermore, awareness campaigns have been initiated to ensure that consumers understand date marking, as well as the options available to business for donating food. Denmark has an official food waste day, which includes a digital awareness campaign conducted on this day. Furthermore, a think tank on prevention of food waste and food loss was established in 2019. The think tank oversees the implementation of Denmark's voluntary agreement related to the reduction of food waste, where the Danish food industry representatives sign a pledge in order to reduce food waste by 50 percent before 2030.

**The Official Dietary Guidelines – Good for Health and Climate**
In 2021, new official dietary guidelines were launched. The guidelines promote a healthier and more climate friendly diet based on research from DTU (2020) which gives advice for a more sustainable and healthy diet. The Danish Council on Climate Change states that consumer related emissions can be reduced by 2.6 to 3.9 million tons CO2e a year if everyone follows the official dietary guidelines. In 2022, the dietary guidelines were expanded to also include professional kitchens in order to make kitchens in the public sector more organic and green.

Source: The Danish national action plan on the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.1 (continued)**
**SDG 12 – Responsible consumption and production**

**Green public procurement**
In October 2020, the Danish Government launched a strategy for green public procurement. The strategy includes requirements on purchasing eco-labelled products in certain areas as well as requirements on using total costs as an economic parameter for prices. Other initiatives include a competence development program, a Charter for Good and Green Public Procurement as well as a continued effort to develop guidelines, requirements and instruments that promote green public procurement. The strategy furthermore includes an initiative on a joint international food policy based on the Official Dietary Guidelines – For the Good of Health and Climate.

**The Danish Green Future Fund**
In 2020, the Government established The Danish Green Future Fund with the aim of contributing to the green transition in Denmark and in the rest of the world. The Funding for the Investment Fund for Developing Countries was increased by DKK 1 billion, which will be used for investments and loans for projects in developing countries that support the establishment of sustainable development. The fund mobilizes private sector green financing, hence supplementing private actors and helping to build the necessary bridges between green projects and private sources of financing (targets 17.5 and 17.17).

**Pilot scheme for state guarantees on development**
The government and the parties behind Denmark's Finance Act for 2022 have decided to establish a new pilot scheme for state guarantees on development in an effort to enhance the mobilisation of private capital for developing countries. The Investment Fund for Developing Countries (IFU) administrates the allocated guarantees of 2 billion DKK, which can be implemented in 2022-2025. The guarantees can support initiatives concerning climate, growth and jobs in fragile states or states with high poverty rates. Therefore, the guarantees help support the implementation of Denmark's strategy for development cooperation as well as the long-term strategy for global climate action including the mobilisation of climate funding.

Source: The Danish national action plan on the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.2**
**SDG 13 – Climate action**

**The Danish Climate Act and follow-up agreements**
The Danish Climate Act, adopted on 18 June 2020 by a broad majority of the Danish Parliament, establishes the framework for Denmark's national climate-related efforts. The Climate Act contains a binding target of a 70% reduction in greenhouse gas emissions by 2030 compared to 1990, and a long-term goal of climate neutrality by 2050 in support of the 1.5-degree target of the Paris Agreement. With the adoption of the Climate Act, Denmark has further integrated measures to fight climate change through national policies (target 13.2).The Government has since the adoption of the Climate Act passed several political agreements within all sectors of society that delivers substantially on the ambitions. Since the current government entered office, a list of political agreements reduce emissions by approximately 9.6 million tons CO2e in total by 2030. This applies to the agreement on a green transition of Danish agriculture, the agreement on green transition of road transportation as well as the climate agreement on energy and industry and green tax reform – phase 1.

**Box 4.2 (continued)**
**SDG 13 – Climate action**

**Information and citizens panel**
The Government has taken a number of initiatives to ensure broad involvement of Danish stakeholders and further raise awareness to fight climate change, which contribute to fulfil target 13.3. The Government initiated Denmark's first citizens' panel on climate change, launched a number of initiatives related to the food area, and maintained its support of the Youth Climate Council, which works to inform and engage the Danish youth in climate change efforts. The Government has furthermore established 13 climate partnerships to involve the private sector in efforts related to the Danish climate goals.

**Green tax reform**
In December 2020, the Government reached an agreement with the Liberal Party, the Social Liberal Party, the Socialist People's Party, and the Conservatives on a green tax reform, which between now and 2030 will introduce higher taxes on emissions of climate-damaging greenhouses gases. The reform establishes a basis for a green transition of Danish businesses and will be carried out in two phases. The purpose is to provide time for businesses to invest in and develop sustainable solutions to protect and preserve Danish jobs and competitiveness. The expert group on the green tax reform delivered their first sub-report in February 2022 related to a uniform duty on CO2e. Following this sub-report, the Danish Government presented its proposal for a green tax reform in April 2022 and initiated negotiations with the political parties. The final report of the expert group is expected by autumn 2022.

**Climate adaptation**
The Danish Government has introduced new rules on climate adaptation for wastewater management companies, which will ensure the initiation of more projects. Furthermore, a new comprehensive climate adaptation plan has also been initiated in 2020. This plan will be released in 2022, and will help to ensure that future climate adaptation efforts are managed with an integrated approach to groundwater, cloudbursts, coastal areas and watercourses (targets 13.1 and 13.2). Following the work on climate adoption, the Danish Government has devoted 59.6 million DKK in order to provide new data and digital tools that will qualify decision making on the area.

Source: The Danish national action plan on the 2030 Agenda and the 17 SDGs, 2021

**Box 4.3**
**SDG 14 – Life below water**

**Combating plastic pollution**
Between 70-90 percent of marine waste consists of plastic. Therefore, Denmark works to reduce plastic waste in marine environments. This includes adoption of a plastic action plan and the implementation of the EU Single-Use Plastics Directive. In addition, EU member states, including Denmark, have committed themselves to work for a global agreement on plastic. Together with France and the Netherlands, Denmark has also taken initiative for the European Plastics Pact, which aims to stop unnecessary use and increase recycling of plastic (target 14.1).

**Fishing**
Denmark works within the EU Common Fisheries Policy's framework to support sustainable fishing, better utilization of resources, and ecosystem-based fishery management. The landing obligation contributes to a more sustainable utilization of fish stocks. Denmark is introducing electronic monitoring on fishing vessels in the Kattegat to ensure compliance with the landing obligation. Denmark also supports coastal fishing through a special voluntary scheme that makes gentle coastal fishing more attractive (targets 14.4, 14.b. and 14.6).

**Box 4.3 (continued)**
**SDG 14 – Life below water**

**Protected areas**
Denmark has designated nearly 20% of its coastal and marine areas as protected. The Government has also proposed the designation of six new marine bird protection areas and 13 new marine strategy areas, bringing the total of protected areas up to almost 30 pct. In the marine strategy areas, fishing with bottom trawling gear, the extraction of resources such as oil, dumping, and the construction of wind turbines are prohibited. For 12 of the marine strategy areas it is proposed that parts of the areas will be designated as strictly protected, which means a ban on all fishing. With the new designations, approximately 30% of Danish marine areas will be protected. Furthermore, there will be established two marine national parks in Oresund and Little Belt, where there will be facilitated initiatives to promote and preserve nature in the areas. Finally, there will be allocated funds for the reestablishment of stone reef in the area.

**Green shipping**
Both in international forums and through strategic sector collaborations Denmark works to strengthen efforts in green shipping, which includes making ships more energy-efficient so that they emit fewer harmful particles, and by **implementing and developing the Ballast Water Convention in the IMO (target 14.1).**

Source: The Danish national action plan on the 2030 Agenda and the 17 SDGs, 2021

**Box 4.4**
**SDG 15 – Life on land**

**Denmark's nature**
In December 2020, the Government reached an agreement with the Social Liberal Party, the Socialist People's Party, the Red-Green Alliance, and The Alternative on a nature and biodiversity package (targets 15.1, 15.2 and 15.5). Denmark's national forest programme from 2018 maps out challenges and opportunities in forestry and sets goals and a direction for sustainable development of Denmark's forests, including goals for the total forest area and biodiversity. Forests currently cover nearly 15% of Denmark's total land mass, and the Danish Forest Act aims to promote sustainable forestry and increase the total forest area.

Furthermore, in October 2021, the Government reached a broad agreement on green transition for Danish agriculture. Among other things, the agreement implements the EU Common Agricultural Policy in Denmark and entails positive nature effects in agriculture, e.g. due to the introduction of the gross area model, which allows smaller natural areas to remain in the fields.

**Framework for nature management**
As a small country with a dense population and intensive land utilisation, Denmark is continuously working to optimise the utilization of resources and land in a sustainable and environmental-friendly way. A significant framework for Danish nature policy is the Danish Nature Conservation Act, as well as the EU nature directives and the EU Regulation on Invasive Alien Species, including the Birds Directive, the Habitat Directive and the Water Framework Directive (targets 15.1, 15.5 and 15.8).

**Box 4.4 (continued)**
**SDG 15 – Life on land**

**International responsibility**
The Government supports the conservation of the world's biodiversity and nature areas, and works to ensure protection of 30% of the world's land areas to ensure biodiversity globally (target 15.5). Denmark is participating actively in the international fight against deforestation, including the Amsterdam Partnership, which aims to support initiatives that promote responsible production of agricultural commodities – such as soy, palm oil and cocoa – without deforestation (target 15.2).

Source: The Danish national action plan on the 2030 Agenda and the 17 SDGs, 2021.

## 4.3 New policy initiatives under the Danish national action plan on the 2030 Agenda and the 17 SDGs

With the Danish national action plan, the Danish Government has launched a range of new initiatives to strengthen the efforts related to areas where Denmark continuously face challenges.

The Danish Government wishes to promote the integration of the SDGs into the governmental work and public sector – seeking to inspire the sustainable transformation of other parts of the Danish society as well. The Government wishes to support an already strong anchoring of the sustainability agenda among the Danish population.

The Danish Government stands firmly behind the Leave No One Behind agenda. This, among other things, requires a deep anchoring of the SDGs in the legislative process in Denmark, as well as an even closer cooperation between the Danish Government and other organisations that are vital for the realization of the sustainability agenda by 2030. Hence, the Danish Government has decided that all new legislation will be assessed in terms of its impact on the realization of the SDGs.

Some areas where Denmark faces challenges are, as mentioned above, SDG 13 on climate action and SDG 12 on responsible consumption and production. The Danish Climate Act works towards an even greener and more sustainable Denmark that can inspire countries across the world. The agenda has been further strengthened with new initiatives to promote sustainable and responsible business models in Denmark as well as abroad. Furthermore, The Danish Government supports a broad anchoring of the SDGs by strengthening the secretariat for the 2030-Panel.

The Danish Government also launches initiatives focusing on SDG 4 related to equal access to quality education. All students, regardless of gender, social background or residence, must have the opportunity to reach their full potential. Therefore, two expert groups focusing respectively on gender and mathematics will analyse the causes of differences in skills between boys and girls. The expert groups will also provide policy recommendations related to primary and secondary education.

The following presents the new initiatives presented in the Danish national action plan. The initiatives are divided in five overall categories, *cf. box 4.5-4.9.*

**Box 4.5**
**The SDGs must be systematically incorporated in the development of policy and public administration**

New initiatives:

- The SDGs must be top of mind in the development of new policies.
- Goals related to sustainability in agencies and institutions.
- Public procurement with a greater emphasis on sustainability.
- Stronger secretarial support of the 2030-Panel.

Source: The Danish National Action Plan On the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.6**
**Sustainable and responsible imports and green value chains**

New initiatives:

- A better baseline for engaging businesses in the UN's sustainability agenda.
- The establishment of better advisory services to help businesses achieve more sustainable and socially responsible value chains.
- Better guidance on establishing ambitious climate goals in global value chains.
- New model for the projection of the climate footprint of Danish imports.

Source: The Danish National Action Plan On the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.7**
**Sustainable business, entrepreneurship and export**

New initiatives:

- Establishing a new partner-driven and sector-focused SDG accelerator scheme for Danish SMEs to promote sustainable exports.
- Further developing and updating the Climate Compass.
- Allocating funding to micro-grants targeted SDG-oriented entrepreneurship among students.

Source: The Danish National Action Plan On the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.8**
**Popular anchoring of the SDGs that create change**

New initiatives:

- Strengthening the activities of libraries to support and disseminate information about the SDGs.
- Developing the learning site at emu.dk (Denmark's learning portal).
- Increased funding for the network of Danish UNESCO SDG schools.

Source: The Danish National Action Plan On the 2030 Agenda and the 17 SDGs, 2021.

**Box 4.9**
**Access to quality education for all**

New initiatives:

- Expert group focusing on the students' skills and motivation in mathematics.
- Expert group focusing on differences in learning and educational outcomes between genders.

Source: The Danish National Action Plan On the 2030 Agenda and the 17 SDGs, 2021.

# 5. 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. Overall, three annual joint briefings are held during the European Semester. The procedure is as follows:

Following the publication of the European Commission's Annual Sustainable Growth Strategy, the Government will in joint consultation inform the European Affairs Committee and the Finance Committee about the content of the Annual Sustainable Growth Strategy.

In addition to this, the Government will in joint consultation inform the two Parliamentary committees about The Danish National Reform Programme and Convergence Programme.

Moreover, the Government will – after the presentation of the Commission's country-specific recommendations – in joint consultation inform the Parliamentary committees about the Commission's draft country-specific recommendations.

The three consultations are referred to as the "National Semester". In light of the closer coordination of the economic policy in the EU, this is a good example of a strengthened role of national Parliaments in the EU.

*The Contact Committee for Just and Sustainable Growth in the EU (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 the Danish National Reform Programme 2022 was presented to the Contact Committee and discussed at a meeting of the Committee on March 29, 2022. 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.

**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 ResiliencePlan.

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.

**Box 5.1**

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

January 2022: 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.

February 2022: Joint consultation in the Parliament's European Affairs Committee and the Finance Committee on Denmark's National Reform Programme and the Convergence Programme.

June 2022: Joint consultation in the Parliament's European Affairs Committee and the Finance Committee on Commission draft country-specific recommendations.

# Appendix 1. State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| 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.<br><br>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. | **In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility…**<br><br>*State of play:*<br>The Danish recovery and resilience plan includes reforms and investments amounting to DKK 11.6 bn. in 2021-2026. The implementation plan, providing the framework for the implementation of the Danish recovery and resilience plan, is currently being drafted.<br><br>*Measure – adopted 13th of July 2021:*<br>The Council adopted The Danish recovery and resilience plan on July 13 2021. The plan includes investments in the green transition and tax reform measures boosting private sector investments.<br><br>**… and preserve nationally financed investment.**<br><br>*State of play:*<br>In 2022, a high level of nationally financed investments is maintained. Public investments will be approximately DKK 66 bn., which is around 2.6 percent of Danish BNP.<br><br>*Measure – implemented 13th of April 2021:*<br>Green investment window: The Danish government has implemented an increased depreciation basis for investments in green fixed assets (excl. fossil-fueled powered machinery) by a further 16 pct. of the investment cost. This concern to investments done until the end of 2022.<br><br>*Measure – adopted 28th of June 2021:*<br>Infrastructure plan 2035. From 2022 until 2035, the government will allocate an additional DKK 106 bn. in new investment projects to improve Danish infrastructure, hereby improving Danish infrastructure and easing traffic congestion. |

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| | **When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.**<br><br>*State of play:*<br>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 Danish government to announce and adopt a historically prudent budget for the public finances in 2022. Moreover, the fiscal policy is planned in accordance with an aim of having structural balance at net zero in 2025.<br><br>*Measure – adopted 6th of December 2021:*<br>Annual law determining budget and allocation of public finances<br><br>**At the same time, enhance investment to boost growth potential.**<br><br>*State of play:*<br>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 (106 bn. DKK in new investments) in the period 2022-2035 and on supporting and incentivising investments in R&D in the green agenda (10.7 bn. DKK) where Denmark traditionally has had a strong presence.<br><br>*Measure – adopted 28th of June 2021:*<br>Infrastructure plan 2035. The government will allocate an additional 106 bn. DKK in new investments in the period 2022-2035 to improve the Danish infrastructure, thereby easing congestion and further connecting Denmark.<br><br>*Measure – adopted 13th of June 2021:*<br>Denmark's recovery and resilience plan. As a part of the *Next Generation EU* package. Denmark received 11.6 bn. DKK in response to the COVID-19 crisis. The plan included approx. 10.7 bn. DKK 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.<br><br>*Measure – adopted 2nd of November 2021:*<br>Agreement to prioritise 100 mn. DKK each year in 2021-2022 for "green" retraining (vocational adult education and training).<br><br>*Measure – announced 11th of November 2021:*<br>Funding of 8 mil. DKK to a business hub for the construction sector.<br><br>**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.**<br><br>*State of play:* |

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| | 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.<br><br>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.<br><br>Selected measures (not exhaustive):<br><br>*Measure – implemented 7th of April 2020:*<br>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.<br><br>*Measure – announced 29th of May 2020:*<br>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.<br><br>*Measure – implemented 23rd of November 2020:*<br>Green investment window: The Danish 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.<br><br>*Measure – adopted 21st of January 2022:*<br>The 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:*<br>Throughout 2021 the Danish government has continued its ambitious efforts to achieve a 70 pct. 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. Furthermore, the government continues to prioritise green investments and has set out a roadmap for realising its 2030 climate target. The measures below are a non-exhaustive list of highlights from this process. |

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| | *Measure – adopted 18th of June 2021:*<br>The government a wide majority in parliament decided to prioritise DKK 850 mn. DKK for Danish participation in the IPCEI on PtX. The Danish projects are pending approval from the European Commission and implementation is set to begin in 2022.<br><br>*Measure – adopted 4th of October 2021:*<br>The government and a wide majority in parliament concluded a political agreement on the green transition of Danish agriculture. The agreement prioritised DKK 27 bn. from 2021-2030 (including CAP-support) and paves the way to reduce emissions from agriculture with up to 7.4 mn. tonnes $CO_2e$ by 2030. The agreement is currently being implemented.<br><br>*Measure – adopted 4th of December 2021:*<br>The Danish government and a majority in parliament agreed in the Danish 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. The budget bill is currently being implemented.<br><br>*Measure – announced 8th of February 2022:*<br>An expert group on green tax reform has published its first report on how to construct a uniform $CO_2e$ tax in Denmark. A uniform $CO_2e$ tax is considered a central lever to realise the Danish 2030 climate target. Following the recommendation by the expert group, the Government has initiated negotiations with the political parties on phase 1 of the green tax reform. The expert group will deliver its final report in the autumn of 2022.<br><br>*State of play (digitalisation):*<br>To maintain this position and further develop the digital society for the benefit of citizens and businesses across society, the Danish Government continues to prioritise and work purposefully with the digital transition.<br><br>*Measure –implemented 1st of October 2021:*<br>The Danish 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.<br><br>*Measure – announced 6th of December 2021*<br>With the budget bill for 2022, the Danish Government has 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.<br><br>**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,** |

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| | *State of play*:<br>The Danish government 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.<br><br>*Measure – implemented 1st of January 2021*:<br>Increase in the eligible national pension age from 66 to 66½ years. |
| | **… including, where relevant, by strengthening the coverage, adequacy, and sustainability of health and social protection systems for all.**<br><br>*State of play*:<br>In Denmark, the social protection system is an essential aspect of the welfare model. It is a priority for the Danish Government 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.<br><br>*State of play (health)*:<br>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.<br><br>The government has therefore embarked on a comprehensive reform-programme with the overall objective to strengthen the resilience and sustainability of the healthcare system. Main initiatives centres on structural changes, to expand primary healthcare and take pressure off hospitals, on initiatives to secure efficient use of health professionals, and on better health and prevention.<br><br>*Measure – adopted January 2020:*<br>To address lack of health workers the Danish Government and Danish Regions have agreed to increase the number nurses in somatic and psychiatric hospitals with 500 in 2020 and an additional 500 in 2021, reaching a total increase of 1.000 nurses during 2021.<br><br>*Measure – proposed 2021:*<br>Investment program for establishing community hospitals to secure more cohesive treatment of chronic care patients outside of hospitals. Total investments of DKK 4 bn. (approximately 533 million Euros) |

**Box 1**

**State of play on country-specific recommendations for Denmark in 2021, 2020 and 2019**

| 2021 recommendations | State of play and measures |
|---|---|
| | *Measure – proposed 2021:*<br>Expanded programme for acute care on regional and community level, with the aim to increase survival and obtain an efficient approach.<br><br>*Measure – proposed 2021:*<br>New organisation with establishment of 21 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 on COVID-19

**Box 2**

**2020 recommendations on COVID-19**

| 2020 recommendations | State of play and measures |
|---|---|
| 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. | **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**<br><br>*State of play:*<br>Since the beginning of the corona crisis, Denmark has pursued a very expansive fiscal policy to support the economy. The Danish government has implemented both comprehensive temporary compensation schemes and a range of stimulus packages supporting economic activity.<br><br>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, *Denmark's Convergence Programme 2021*, etc.<br><br>In August 2020, the Danish 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,<br><br>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. |

**Box 2**

**2020 recommendations on COVID-19**

| 2020 recommendations | State of play and measures |
|---|---|
| | 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.<br><br>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, which according to *Updated 2025-projection, august 2021* is expected to be roughly neutral by 2025.<br><br>**Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers**<br><br>*State of play:*<br>In the context of the COVID-19 pandemic and the general demographic changes, it is a priority for the Danish Government to continuously work to strengthen the resilience of the healthcare system with sufficient access to medicinal products and high quality healthcare services.<br><br>The Danish Government has strengthen the emergency management in the Danish Medicines Agency and has furthermore established The Danish Critical Supply Agency under the Ministry of Justice to amongst other address and handle challenges in the global supply change in PPH and other critical resources.<br><br>The government has also taken initiative to address the challenges experienced by nurses and the shortage of specialized doctors in some parts of the country and in certain medical specialities. This includes an initiative to increase the number of general practitioners and nurses in agreement with the regions.<br><br>In addition, the government has pledged additional funding of the expenses incurred by changing demographics – mainly increased spending on treatments and medicines for the elderly - equivalent to an increase in grants every year since 2002 of DKK 1 billion (approximately 133 million Euros) for the regional healthcare system.<br><br>Denmark has also invested in a large-scale clinical cohort study of the effects and side effects of the various COVID-19 vaccines. The study can help increase the resilience of the healthcare system if the results suggest e.g. that it will be more efficient to target the various vaccines towards specific population groups.<br><br>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.<br><br>The Danish approach to control COVID-19 has been to act timely and decisive with actions taken both on a national level and on a local level depending on the specific situation and outbreak. The aim is to ensure that the spread of COVID-19 is limited and well within the available healthcare capacity. In all actions, testing, contact tracing, isolation and vaccination are the first line of defence against the spread of coronavirus. Funding for new measures is allocated on an ongoing basis. |

**Box 2**

**2020 recommendations on COVID-19**

| 2020 recommendations | State of play and measures |
|---|---|
| | *Measure – implemented March 2020:*<br>In light of the ongoing pandemic Denmark has established stocks of critical medicinal products till the end of 2021. The stocks of critical medicinal products covers a period of 2 to 9 months depending on criticality.<br><br>*Measure – adopted January 2020:*<br>To address lack of health workers the Danish Government and Danish Regions have agreed to increase the number nurses in somatic and psychiatric hospitals with 500 in 2020 and an additional 500 in 2021, reaching a total increase of 1000 nurses during 2021.<br><br>*Measure – implemented March 2020*<br>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.<br><br>*Measure – implemented April 2020*<br>Additional grants given to the regions – DKK 3.1 billion (approximately 413 million euros) and municipalities DKK 2.7 billion (approximately 360 million euros) to cover covid-19 expenses such as testing, protective equipment etc.<br><br>*Measure – implemented November 2020*<br>Additional grants given to the regions – DKK 1.7 billion (approximately 226 million euros) and municipalities DKK 1 billion (approximately 133 million euros) to cover covid-19 expenses such as testing, protective equipment etc.<br><br>*Measure – implemented November 2021*<br>Additional grants given to the regions – DKK 4.0 billion (approximately 533 million euros) and municipalities DKK 1.3 billion (approximately 173 million euros) to cover covid-19 expenses such as testing, protective equipment etc. |

# 2020 and 2019 Recommendations on Investments

**Box 3**

**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| 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. | **Front-load mature public investment projects**<br><br>*State of play:*<br>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. |

**Box 3**

**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | 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.<br><br>*Measure – implemented 7th April 2020:*<br>Releasing municipalities and regions from their construction ceilings in 2020, thereby giving them the opportunity to frontload investment projects that would otherwise have been carried out later.<br><br>*Measure – adopted xx29th May 2020:*<br>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.<br><br>*Measure – adopted 31st august 2020:*<br>In August 2020, the Danish 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.<br><br>*Measure – adopted 28th June 2021:*<br>Infrastructure plan 2035. From 2022-2035, the government will allocate an additional DKK 106 bn. in new investment projects to improve Danish infrastructure, hereby connecting Denmark further and easing congestion<br><br>**… and promote private investment to foster the economic recovery.**<br><br>*State of play:*<br><br>The Danish 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 R&D and 4) allocated approx. DKK 100 mil. from 2022-2024 to support green initiatives and improved energy efficiency.<br><br>*Measure – implemented 13th April 2021:*<br>1) Green investment window:<br>The Danish 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.<br><br>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. |

**Box 3**
**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | 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.<br><br>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.<br><br>*Measure – implemented 13th April 2021:*<br>2) Raising the threshold for immediate depreciation permanently<br>According to current rules, companies' investments in fixed assets (machinery, equipment, software etc.) with an acquisition price below DKK 14,100 can be depreciated immediately. It is proposed that this lower limit is raised to DKK 30,000.<br><br>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. DKK 3 billion.<br><br>Thus, the initiative complies with the recommendations for Denmark in the 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.<br><br>*Measure – implemented 13th April 2021:*<br>3) Increased tax incentives for R&D<br>The government has increased the corporate tax deduction for R&D to 130 pct. throughout 2020-2022<br><br>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.<br><br>*Measure – adopted 12th December 2020:*<br>4) Increased support for green initiatives and improved energy efficiency.<br>The government has allocated an additional DKK 100 mil. annually in 2022 and 2023, DKK 105 mil. in 2024 and DKK 10 mil. in 2025 to support investments in the green transition and increased energy efficiency in fossil fuel production.<br><br>**Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy**<br><br>*State of play:*<br>Throughout 2020, the government has invested heavily in the green transition. |

**Box 3**
**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | *Measure – implemented 19th May 2020*<br>Political agreement on green renovation of social housing.<br>The agreement earmarks DKK 30.2 billion from the National Building Foundation for social housing sector renovation in 2020-2026.<br><br>*Measure – adopted 22nd June 2020*<br>Danish Climate Agreement for Energy and industry.<br>The agreement prioritised DKK 22.5 bn. to the green transition towards 2030.<br><br>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.<br><br>*Measure – adopted 6th December 2020*<br>Agreement on stimulus and green recovery.<br>With the agreed budget for 2021 (finanslovsaftale 2021), DKK 3 bn. is prioritised 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.<br><br>*Measure – adopted 8th December 2020*<br>Agreement on Green Tax Reform – phase 1.<br>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.<br><br>*Measure – adopted 4th November 2020*<br>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.<br><br>*State of play (digitalisation):*<br>Digitalisation is an important priority for the Danish government, 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 *Digital Economy and Society Index (DESI),* an index by the European Commission, which ranks EU member states' digital performance.<br><br>The Danish government aspires to continue its efforts with regard to digitalisation. Among others, the 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. |

**Box 3**
**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | *Measure – announced 6th October 2020*<br>New national digital strategy<br><br>*Measure – announced 17th September 2020*<br>New national strategy for cyber and information security<br><br>*Measure – adopted 16th March 2021*<br>Digitalisation partnership with the industry (announced March 16th 2021): The government has gathered representatives from the industry, the labour market and leading experts to join a digitalization partnership. The partnership aims at delivering recommendations on a range of topics relating to digitalization for the government. The recommendations will form the basis for a new governmental digital strategy.<br><br>*Measure – adopted 6th December 2020*<br>Digitalisation fund (announced December 6th 2020): With the agreement on the budget for 2021 (finanslovsaftale for 2021) it is agreed to allocate DKK 125 mio. yearly in the period 2022-2025 to a digitalisation fund. The allocation of the means will be decided on later.<br><br>**Sustainable transport**<br>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 Plan, adopted by the Council 13th July 2021.<br><br>**…as well as research and innovation.**<br><br>*State of play:*<br>**I**nvestments in research is a priority for Denmark. The public research and development budget has been approx. 1% of GDP since 2009. The public research and development budget amounted to approx. DKK 25.3 billion in 2021, equal to more than 1.00% of GDP, making Denmark one of the European countries spending the most on research and innovation measured in percent of GDP.<br><br>In 2022, Denmark's earmarked public spending on green research and innovation amounted to DKK 2.4 billion.<br><br>In a report published in November 2019, an international expert panel reviewed the Danish innovation system and stated that Denmark performs well but lacks an overarching strategy. The Peer Review was overseen by the Policy Support Facility Team in the European Commissions Directorate-General for Research and Innovation.<br><br>The international expert panel recommends Denmark to have a clear, overarching strategic direction that can raise the level of innovation, and maintain Denmark as an attractive country for research and development. |

**Box 3**
**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | The panel´s general recommendations align well with the government's ambitions, where one of the primary goals for Danish research and innovation is to contribute to the green transition. Therefore, the Government presented a new green research strategy in September 2020 that sets a clear direction for the green research and innovation in Denmark.<br><br>*Measure – adopted 6th December 2020*<br><br>In 2022, the Danish public budget for research and innovation will amount to more than 1.00 percent of GDP.<br><br>*Measure – adopted 28th September 2020*<br>The Danish government presented a new green research strategy in September 2020 that sets a clear direction for the green research and innovation in Denmark.<br><br>**Support an integrated innovation strategy with a broader investment base.**<br><br>*State of play:*<br>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 % of GDP whereas the private sector invest for around 2 % of GDP.<br><br>In 2020, The Danish government has undertaken several initiatives with the potential to support an integrated innovation strategy and broaden the investment base.<br><br>*Measure – adopted 8th December 2020*<br>The Danish 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.<br><br>*Measure – announced 28th September 2020*<br>In September 2020, the 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.<br><br>The Danish parliament and the Danish government has agreed to set aside DKK 700 million 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. |

**Box 3**

**2020 recommendations on investments**

| 2020 recommendations | State of play and measures |
|---|---|
| | *Measure – announced 14th September 2020*<br>Agreement to create *Danmarks grønne fremtidsfond (DGF)*. 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.<br><br>*Measure – announced 15th June2020*<br>Agreement to make a DKK 3 bn. public "Reboot" fund administered through Vækstfonden. The fund provides solvency to healthy SMV's. This aids in fostering a continued innovative business environment. |

**Box 4**

**2019 recommendations on investsments**

| 2019 recommendations | State of play and measures |
|---|---|
| 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. | **Focus investment-related economic policy on education and skills**<br><br>*State of play*<br>The Danish Government has continuously invested in new policies targeted at education and skills, increasing funding for these areas significantly.<br><br>*Preschool:* In 2020, Denmark decided to make a law on the minimum amount of preschool teachers' pr. child. With this law, Denmark will be investing an additional approximately DKK 1.8 billion yearly in extra preschool teachers from 2024 and onwards among other things.<br><br>*Basic education:* The funding for basic education increased by DKK 275 million in 2020, DKK 400 million in 2021, DKK 550 million in 2022, and DKK 807 million annually in 2023 and onwards. The funding is used to hire more teachers.<br><br>Furthermore, with the budget bill for 2022 (finanslovsaftale 2022), KK 109 million in 2023 and DKK 200 million yearly from 2024 and onwards have been prioritized for better options for starting basic education one year later. Additionally, with the budget bill for 2022 (finanslovsaftale 2022), DKK 65 million in 2022 and DKK 125 million from 2023 and onwards have been prioritized for strengthening the teacher education.<br><br>Finally, the funding for after-school program has increased by more than DKK 400 million in 2022-2025 in order to support the development and well-being of vulnerable children and adolescents throughout the whole day. |

**Box 4**
**2019 recommendations on investsments**

| 2019 recommendations | State of play and measures |
|---|---|
| | *Secondary and Tertiary Education:* From 2020 and onwards, the existing re-prioritization contribution' (omprioriteringsbidraget) has been cancelled, increasing funding for educational institutions by approx. DKK 678 million per year. With the budget bill of 2021, the vocational education and training system (VET) has been strengthened with DKK 160 million annually from 2021-2024. Furthermore, additional funds has been allocated to the VET-system via the following initiatives:<br>- DKK 144 million annually from 2020-2024 to "knowledge centers"<br>- DKK 168 million annually from 2020-2023 to increase the quality of the VET-system.<br><br>In addition, more than DKK 200 million per year have been prioritized for strengthening the Upper Secondary Education Programmes in 2021-2024. Furthermore, the temporary increased budget of approx. DKK 300 million yearly for university degrees within humanities and social sciences has been extended until 2022, and the cap on "double-degrees" has been removed from 2020 onwards, meaning additional DKK 170 million yearly in spending on tertiary education from 2023 and onwards.<br><br>Furthermore, the Danish 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 billion have been invested in vocational education in 2020, with an additional DKK 500 million yearly earmarked to new initiatives from 2021 and onwards.<br><br>*Research:* The Danish government has alongside the rest of the parties in the Danish Parliament has allocated DDK 18.8 billion on research and development, where DKK 2.4 billion will be targeted at research areas within the green transition and climate change. Furthermore, the Danish government has permanently increased the R&D tax deduction.<br><br>*Measure – implemented 1st January 2020*<br>Cancellation of re-prioritization contribution<br><br>*Measure – announced 6th December 2020*<br>Law on the minimum amount of preschool teachers pr. children<br><br>*Measure – adopted 1st January 2020*<br>Increased funding for basic education (folkeskolen)<br><br>*Measure – adopted 28th of May 2020 and 21st November 2020*<br>Tripartite agreements on vocational education and training<br><br>*Measure – announced 6th December 2021*<br>With the agreed budget for 2022 (finanslovsaftale 2022), DKK 95 million in 2023, DKK 146 million in 2024, DKK 199 million in 2025 and DKK 154 million from 2026 and onwards are prioritised for |

**Box 4**

**2019 recommendations on investsments**

| 2019 recommendations | State of play and measures |
|---|---|
| | reducing the maximum class size from 28 to 26 students in level 0-2 in primary school.<br><br>**Research and innovation to broaden the innovation base to include more companies**<br><br>*State of play:*<br>In 2020, The Danish government undertook several initiatives to support an integrated innovation strategy to broaden the investment base. The Danish 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.<br><br>**… and on sustainable transport to tackle road congestion**<br>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 Plan, adopted by the Council 13th July 2021. |

# 2020 and 2019 recommendations on anti-money laundering

**Box 5**

**2020 recommendations on anti-money laundering**

| 2020 recommendations | State of play and measures |
|---|---|
| **Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework.** | **Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework**<br><br>*State of play:*<br>Combatting money laundering and terrorist financing is of high priority to the Danish Government. In the recent years, Denmark has made significant progress in the efforts against money laundering and financing of terrorism. The Danish Government, together with a broad majority in the Danish Parliament, adopted several measures to strengthen the AML and CTF framework and intensify the AML/CTF supervision, as described below. The Danish 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. |

**Box 5**

**2020 recommendations on anti-money laundering**

| 2020 recommendations | State of play and measures |
|---|---|
| | *Measure – adopted June 2021:*<br>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.<br><br>*Measure – adopted April 2020:*<br>A broad majority in the Danish parliament agreed on a strengthening of the AML-framework 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.<br><br>The initial 250 FTE will aid in:<br>- The AML and legal enforcement effort.<br>- The fight against tax avoidance and tax evasion<br>- Additional governance of the VAT<br><br>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:<br>- Governance effort with respect to SMEs<br>- Focus on large enterprises and organized crime.<br>- Governance of new business models.<br><br>*Measure – adopted January 2020:*<br>In March 2019, a broad majority in the Danish Parliament adopted a 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.<br><br>The initiatives include:<br>1) Significant strengthening of control and intervention powers<br>2) Significant tightening of sanctions<br>3) Increased resources and clearer organisational focus<br><br>The first category includes, among other things, that the Danish Financial Supervisory Authority now will have broad 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 a qualified person who may monitor the daily operations of the banks where it is necessary to monitor a company in risk of being abused to commit a financial crime. In February 2021, the Danish FSA has inserted independent experts in Danske Bank in relation to the supervision of the execution of the bank's financial crime plan.<br><br>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 has been increased to include imprisonment for up to 2 years (3 years for SIFI management) for violation of the these 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. |

**Box 5**
**2020 recommendations on anti-money laundering**

| 2020 recommendations | State of play and measures |
|---|---|
| | The third category implies a 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 experienced a 60 per cent staff increase in 2019. This has made possible a substantial increase in the number of inspections from 35 in 2019 to 45 in 2020. In 2010, the number of inspections was 0-5 per year.<br><br>The legal framework that implemented the initiatives entered into force in January 2020.<br><br>*Measure – implemented January 2020:*<br>In November 2019, the Danish government set up the Operational Government Forum as part of the national strategy for combatting money laundering and terror financing. The forum was 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. The members of the forum convene on a monthly basis to share multilateral and bilateral information, subjects, trends and coordination of specific cases.<br><br>*Measure – adopted November 2020:*<br>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 obliged entities 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 residual risk, using various indicators as proxies for control effectiveness. The risk assessment is based on quarterly/annual reports from all 1,900 obliged financial entities. They will report on 26 parameters. The new databased risk assessment will start with the first dataset in May 2021, and the model will be used in the Danish Financial Supervisory Authority's inspection plan from 2021.<br><br>*Measure – announced November 2020:*<br>In 2020, the Danish 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 includes a proposal to lower the legal limit on the size of cash transactions from DKK 50,000 to DKK 20,000.<br><br>*Measure – adopted September 2020:*<br>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.<br><br>The number of suspicious transaction reports, suspicious activity reports and terror financing reports disseminated from the Danish Financial Intelligence Unit to the police and the State Prosecutor of Serious Economic and International |

**Box 5**

**2020 recommendations on anti-money laundering**

| 2020 recommendations | State of play and measures |
|---|---|
| | Crime has increased significantly, from 5.234 in 2019 to 8.499 in 2020. In comparison, the number of reports disseminated to the police and the State Prosecutor of Serious Economic and International Crime was 1.588 in 2017.<br><br>*Measure – adopted February 2021:*<br>In February 2021, the Danish government has set up a public-private project group, which will examine 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. 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.<br>The project group presented their report in July 2021. The report consisted of three main recommendations:<br>- A new model of risk classification (adopted November 2020, *see above)*<br>- A new model for digital registration<br>- A guide to the formal framework organizations has to act within when interacting with financial institutions |

**Box 6**

**2019 recommendations on anti-money laundering**

| 2019 recommendations | State of play and measures |
|---|---|
| Ensure effective supervision and the enforcement of the anti-money laundering framework. | Ensure effective supervision and the enforcement of the anti-money laundering framework.<br><br>State of play:<br>Please see state of play reported in relation to the 2020-CSR3.<br><br>Measure – adopted January 2020:<br>In March 2019, a broad majority in the Danish Parliament adopted a 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

**Box 1**
**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. | 2021-12-31 00:00:00 | Completed |
| 2020.CSR1.subpart2 | Digital solutions in the health care sector | Evaluation of patient involvement and widespread use of telemedicine to be made available by the Danish Ministry of Health in close collaboration with Danish Regions. | 2021-12-31 00:00:00 | Completed |
| 2020.CSR1.subpart2 | Digital solutions in the health care sector | Develop and make available facilities for telemedicine consultation (KontaktLæge) for multiple platforms. | 2021-12-31 00:00:00 | Completed |
| 2020.CSR1.subpart2 | Digital solutions in the health care sector | Implementation of a digital questionnaire in the app "MinLæge" ("My Doctor") | 2022-03-31 00:00:00 | On track |
| 2020.CSR1.subpart2<br>2020.CSR2.subpart3 | Clinical study on effect of COVID-19 | 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. | 2024-06-30 00:00:00 | Not completed |
| 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. | 2021-09-30 00:00:00 | Completed |
| 2020.CSR2.subpart3 | Organic Farming | At least 40 projects under The Foundation for Organic Farming completed | 2025-12-31 00:00:00 | Not completed |
| - | Organic transition in Public Kitchens | Increase the share of organic products used in public kitchens to at least 35% | 2025-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart5 | Organic innovation centres | At least 6 projects supporting organic innovation have been complete | 2025-12-31 00:00:00 | 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 | 2025-12-31 00:00:00 | 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 | 2021-12-31 00:00:00 | Delayed |
| 2020.CSR2.subpart5 | Climate technologies in agriculture | Setup of 1 full-scale biorefinery | 2025-12-31 00:00:00 | Not completed |
| - | Rehabilitation of industrial sites and contaminated land | Minimum 4 project application to rehabilitate an industrial site or contaminated land have been approved. | 2022-03-31 00:00:00 | Completed |
| - | Rehabilitation of industrial sites and contaminated land | Report on midway status for work realised on approved projects and corrective action taken where needed | 2023-12-31 00:00:00 | Not completed |

[1] The progress status in box 1 is based on data from the latest update in FENIX with deadline for reporting by the end of November 2021.

**Box 1**
**State of play of milestones and goals in the Recovery and Resilience Plan**

| CSR Subpart | Measure name | Milestone name | Due date | Progress status[1] |
|---|---|---|---|---|
| - | Rehabilitation of industrial sites and contaminated land | The remediation of at least 4 different contaminated sites is initiated. | 2026-06-30 00:00:00 | Not completed |
| - | Carbon rich soils | Call for applications for the subsidy scheme for rewetting and taking out carbon rich soils out of production is completed | 2021-12-31 00:00:00 | 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. | 2024-12-31 00:00:00 | Not completed |
| - | Carbon rich soils | Projects that represent taking 4 700 hectares of carbon rich soil out of production have been awarded. | 2026-06-30 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.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. | 2021-06-30 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Replacing oil burners and gas furnaces | Selection of recipients of funds for replacing oil burners and gas furnaces. | 2025-03-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.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 | 2026-06-30 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Energy efficiency in industry | Entry into force of the legal framework for a subsidy scheme for energy efficiency in industry. | 2021-09-30 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Energy efficiency in industry | The annual application rounds for the subsidy scheme to achieve energy savings in the industry are completed. | 2022-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Energy efficiency in industry | At least 16 PJ (Peta Joule) of energy saved in the industry thanks to the energy efficiency scheme. | 2024-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart1 | Energy renovations in public buildings | The government issues statutory order establishing a subsidy scheme for energy renovations in public buildings. | 2021-12-31 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart1 | Energy renovations in public buildings | Improvement of energy rating for 40% of supported municipal and regional buildings with D-G rating | 2025-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Energy efficiency in households | Selection of beneficiaries of funds for energy renovation in private households. | 2025-03-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Energy efficiency in households | At least 6125 energy renovation projects in private households have been completed | 2026-06-30 00:00:00 | Not completed |

**Box 1**
**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<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | CCS-storage potential | Award of contracts for selected applicants for the CCS feasibility study | 2021-12-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | CCS-storage potential | Completion of feasibility study for CCS-storage. The government takes a decision for follow-up. | 2023-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | 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. | 2020-12-31 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | 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. | 2021-06-30 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Investment window | 1 000 companies have used the tax deduction provided by the investment window | 2024-06-30 00:00:00 | Not completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | 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. | 2020-12-31 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | 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 | 2021-06-30 00:00:00 | Completed |
| 2020.CSR2.subpart3<br>2020.CSR2.subpart2 | Accelerated depreciation | 1 000 companies have used the tax deduction provided by the accelerated depreciation. | 2024-06-30 00:00:00 | Not completed |
| 2020.CSR2.subpart3 | 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. | 2023-03-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3 | Emission taxes on industries | A political agreement on an increase in the emissions tax on industry has been adopted by the Danish parliament. | 2021-12-31 00:00:00 | Completed |
| 2020.CSR2.subpart3 | 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. | 2023-03-31 00:00:00 | Not completed |
| 2020.CSR2.subpart3 | Emission taxes on industries | Tax increase on emissions from industry enter into force for all industries including agriculture and mineral proc. | 2025-03-31 00:00:00 | Not completed |

**Box 1**
**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.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | Temporary increase in the scrapping premium for old diesel cars | 36 000 old diesel cars are scrapped due to the raised scrapping premium | 2022-03-31 00:00:00 | Delayed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | 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. | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>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 | 2021-12-31 00:00:00 | Completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4 | Development test of road-pricing | Publication of the results from the test scheme on road pricing. | 2024-03-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4 | Car sharing and carpooling (awareness) | Information campaigns regarding transportation congestion and car sharing has been exposed at least 30 000 000 times. | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>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. | 2021-12-31 00:00:00 | Completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4 | 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. | 2021-12-31 00:00:00 | Completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | Scheme to infrastructure for electric bicycles | At least 75 bike charging stations have been built | 2024-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | 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. | 2024-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | Investments in bike paths in state roads and bicycle subsidy scheme for municipalities | 40 % of supported projects have been completed | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | 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. | 2021-06-30 00:00:00 | Completed |
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | Subsidy scheme to green ferries | At least 15 ferries has been exchanged or retrofitted to green ferries. | 2025-12-31 00:00:00 | Not completed |

**Box 1**
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| CSR Subpart | Measure name | Milestone name | Due date | Progress status[1] |
|---|---|---|---|---|
| 2019.CSR1.subpart3<br>2020.CSR2.subpart4<br>2020.CSR2.subpart3 | 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 | 2021-03-31 00:00:00 | Completed |
| 2020.CSR2.subpart2<br>2020.CSR2.subpart1 | Broadband pool | At least 550 SMEs have received funding for digital projects | 2023-12-31 00:00:00 | Not completed |
| 2020.CSR2.subpart2 | SME's digital transition and export | At least 3500 households and/or businesses covered with very high speed internet (at least 100 Mbps connection). | 2022-03-31 00:00:00 | Delayed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | Adoption of a new “Digital Strategy” in the Finance Act 2022 and of the implementation plan. | 2022-03-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | Implementation of the digital strategy into relevant regulatory and legislative acts. | 2023-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | Independent report on the achievements of the digital strategy | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | At least 7 public authorities have received funding for AI projects | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | At least 500 SME's have received funding for digital projects | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | At least 30% of public innovations is done in public-private partnerships | 2025-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2 | Digital strategy | At least 4 public institutions have developed or received support to develop solutions to store and reuse personal information | 2025-12-31 00:00:00 | Not completed |

**Box 1**
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| CSR Subpart | Measure name | Milestone name | Due date | Progress status[1] |
|---|---|---|---|---|
| 2020.CSR2.subpart6<br>2020.CSR2.subpart5 | | | | |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart6<br>2020.CSR2.subpart5 | Digital strategy | Adoption of a new National Cybersecurity strategy | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of mission roadmaps for 'carbon capture and storage or use of CO2'. | 2021-09-30 00:00:00 | Completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of partnerships for 'carbon capture and storage or use of CO2'. | 2022-03-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | At least one research and innovation partnership(s) has received funding on 'carbon capture and storage or use of CO2' | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of mission roadmaps for ‘green fuels for transport and industry’. | 2021-09-30 00:00:00 | Completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of partnerships for ‘green fuels for transport and industry'. | 2022-03-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | At least one research and innovation partnership(s) has received funding on ‘green fuels for transport and industry'. | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2 | Research in green solutions | Selection of mission roadmaps for ‘climate- and environment friendly agriculture and food production’. | 2021-09-30 00:00:00 | Completed |

**Box 1**
**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.subpart5<br>2020.CSR2.subpart3 | | | | |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of partnerships for ‘climate- and environment friendly agriculture and food production’. | 2022-03-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>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’. | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of mission roadmaps for 'circular economy focusing on reuse and reduction of plastic and textile waste'. | 2021-09-30 00:00:00 | Completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | Research in green solutions | Selection of partnerships for 'circular economy focusing on reuse and reduction of plastic and textile waste'. | 2022-03-31 00:00:00 | On track |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart3 | 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'. | 2022-12-31 00:00:00 | Not completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>2020.CSR2.subpart6 | Incentives to boost R&D in companies | The bill on deductions for research and development work enters into force | 2021-06-30 00:00:00 | Completed |
| 2019.CSR1.subpart2<br>2020.CSR2.subpart5<br>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 | 2023-09-30 00:00:00 | Not completed |

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Ministry of Finance
Christiansborg Slotsplads 1
1218 København K

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E-mail: fm@fm.dk

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Ministry of Finance
Christiansborg Slotsplads 1
1218 København K
Tlf.: 7228 2400
E-mail: fm@fm.dk