

Summary of the assessment of the Danish recovery and resilience plan

Grants: EUR 1 551 401 105

39 measures: 6 reforms and 33 investments divided into seven components

Number of milestones and targets: 39 milestones and 38 targets

Climate target: 59%

Digital target: 25%

1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	<p>The plan constitutes a balanced response to Denmark's economic and social situation and, given the specific challenges and financial allocation, is an appropriate contribution to the six pillars referred to in Article 3 to the Regulation.</p> <p>The plan's main focus is on accelerating the green transition, with a green tax reform that will raise energy taxes as of 2023 to reduce CO2 emissions. It will be compensated by tax incentives for companies to accelerate their green investments. The plan also includes measures focusing on emission-intense sectors, such as transport and agriculture, as well as financing energy efficiency measures and developing green R&D projects.</p> <p>The digital transformation is addressed though to a more limited extent, given Denmark's advanced position in the digitalisation of the economy. The plan includes a new digital strategy for all sectors of society, an investment aid for digitalising SMEs and the roll-out of very high-speed broadband networks in rural areas.</p> <p>The plan contributes to the pillar on smart, sustainable and inclusive growth, in particular by including SMEs in research activities and by supporting their digitalisation efforts. On a more holistic level, the plan's focus on promoting the green and digital transitions will help the economy to grow on a more sustainable and competitive path.</p> <p>The plan will also help achieving social and territorial cohesion, notably through the measures to improve energy efficiency in industry and in public and private buildings, which are expected to boost local jobs and investments.</p> <p>The plan contributes to the pillar on health, economic, social and institutional resilience, including with measures to strengthen the resilience of the healthcare system such as telemedicine and with measures to prepare the administration for future digital challenges.</p> <p>The plan also contributes to the pillar on policies for the next generation to some extent, notably through the digital strategy that aims to provide digital skills and training.</p>	A
2.2	<p>The plan effectively addresses all or a significant subset of challenges identified in the relevant country-specific recommendations. Notably, the reforms and investments underpinning the plan address the 2019 and 2020 country-specific recommendations (CSRs) in a satisfactory manner. The measures aim at addressing the green and digital transitions, the resilience of healthcare, and research and development, which have been subject to CSRs for the past two years. Some CSRs, namely on investment-related economic policy on education and skills, and measures to address the shortage of health workers and ensure the effective supervision and enforcement of the anti-money laundering framework, are being addressed in a broadly satisfactory manner</p>	A

	outside the plan. Denmark is also increasing investments in human capital in education and vocational training outside the RRF and is addressing the shortage of health workers notably through the Technical Support Instrument. As regards anti-money laundering, Denmark has implemented several reforms and investments in this area over the recent years and before submitting the plan, Denmark had complied or largely complied with 38 out of the total 40 recommendations against money laundering from the Financial Action Task Force.	
2.3	The plan is expected to boost Denmark's economic growth potential through increases in companies' productivity and competitiveness. In 2021-2023, the positive impact is projected to be stronger as firms bring forward their investments to benefit from the tax rebates in the plan in 2021-2023. The plan is also set to lift employment, notably in 2021-2022. Over the medium and longer term, the plan is expected to enhance productivity which has been a long time challenge for Denmark. Model simulations conducted by the Commission using the QUEST model show that the economic impact of the NGEU in Denmark could lead to an increase of GDP of between 0.4% and 0.6% by 2024.	A
2.4	The measures in Denmark's plan comply with the ' do no significant harm ' (DNSH) principle. The DNSH requirements are upheld in the design of the measures, including their milestones or targets.	A
2.5	The plan is expected to accelerate the green transition , enhance biodiversity and protect the environment. Measures supporting the climate objective account for 59% of the plan's total allocation. They support Denmark's decarbonisation and energy objectives, as set out in the 2030 national energy and climate plan and are thus a step towards achieving carbon neutrality by 2050. Biodiversity: The plan contains measures to take carbon-rich soils out of production and promoting the transition to organic farming, which are expected to lead to significant reductions of nitrogen emissions in agriculture. Funds will also be allocated to rehabilitate industrial sites and contaminated lands, thereby removing dangerous substances and hazardous waste from natural ecosystems. The measures in the component 'green transition of agriculture and environment' amount to EUR 89 million, or 8.5% of the plan's total costs.	A
2.6	The plan is expected to accelerate the digital transformation . Measures supporting the digital transition account for 25% of the plan's total allocation. Targeted measures will focus on the digitalisation of SMEs, extending rural broadband coverage and digitalisation in the healthcare sector. An ambitious reform agenda under a new 'digital strategy' is envisaged, with the objective of further digitalising the public administration to address the emerging new digital challenges in this area.	A
2.7	The implementation of the planned reforms and investments is expected to bring about deep structural changes in the economy and have a lasting impact . Raising energy taxes, and subsequently the introduction of a uniform greenhouse gas (GHG) emission tax, is expected to accelerate the green transformation of the economy and make Denmark one of the frontrunners in reducing GHG emissions. The measures to strengthen the resilience of the healthcare system, which include integrating new technologies and digital solutions discovered during the COVID-19 pandemic into the healthcare system to make it more resilient and sustainable, have the potential to become long-lasting solutions and to meet the increasing needs and pressures in the sector.	A
2.8	The plan includes 39 milestones and 38 targets that appropriately reflect the different stages of implementation of reforms and investments. The proposed indicators are relevant, acceptable and robust.	A
2.9	Denmark has provided individual cost estimates for the measures in the plan, showing that the costs are reasonable, plausible, in line with the principle of	B

The information contained in this summary is based on the documents COM(2021) 326 final and SWD(2021) 154 final, which are the authentic documents representing the Commission's assessment of the plan.

	cost efficiency and is commensurate to the expected national economic and social impact. However, less comprehensive information was provided on costs associated with the reforms in the plan and novel projects. As the 2021-2027 partnership agreements are under negotiations, the components do not include full information on the additionality of RRF funding to those programmes. This is compensated by strong governance and control systems, which provide assurance that the total cost is not covered by existing or planned Union financing.	
2.10	Denmark's control and audit system is up to the task of preventing, detecting and correcting potential fraud, corruption and conflicts of interest, and avoiding double funding	A
2.11	The plan is coherent as its components contain measures that are mutually reinforcing and embody the plan's consistent vision of leveraging the twin transitions in recovering from the crisis.	A

2. Horizontal principles and additionality

Horizontal principle	Commission assessment
Complementarity with EU programmes 2021-2027	The measures in the plan are consistent with and complementary to other EU programmes in the period 2021-2027. For example, the plan contains a green research and development programme that will initially be funded through the RRF and may, in the future, seek funding from Horizon Europe.
Principle of additionality	The measures in the plan respect the principle of additionality.
Recurring costs	The plan will finance a limited amount of costs that are recurring but temporary in nature, thus respecting the conditions set out in Article 5(1) of the RRF Regulation. This concerns the setting up of an expert group to present a proposal for a CO2 tax covering the whole economy. These costs are strictly necessary for the implementation of the measure and are not expected to contribute to a fiscal imbalance after the timeline of the RRF.

3. Reply to the European Parliament's questions

Contribution to equality and gender equality: The plan contributes to equality, including gender equality. It contains a dedicated section with information on wider equality initiatives that are not part of, but complement, the plan. The plan contains some measures that are expected to help address the country's challenges in the area of gender equality and equal opportunities for all. These include measures promoting the use of digital solutions in the healthcare sector, which will contribute to supporting the health of vulnerable people (such as the elderly). Provisions are also made to integrate the gender balance and diversity of research teams in the overall assessment of applications for the green R&D programme. Equality considerations are also expected to be integrated in the design of the new digital strategy and any subsequent legislative changes.

Contribution to high-quality employment creation: The plan is also expected to create high-quality employment opportunities. The agricultural component notably includes R&D investments that promote sustainable growth in the sector and the creation of high-quality employment. The plan will

The information contained in this summary is based on the documents COM(2021) 326 final and SWD(2021) 154 final, which are the authentic documents representing the Commission's assessment of the plan.

also finance renovation and measures to ensure energy efficiency, which are expected to temporarily boost local jobs and investments.

Contribution to the implementation of the European Pillar of Social Rights: The plan addresses some employment challenges relevant for the implementation of the Pillar of Social Rights. It has a clear focus on green reforms and envisages the strengthening of the digital skills and competencies necessary for the future, both for the private and public sectors. Furthermore, the digital component of the plan includes a focus on closing the digital divide and ensuring inclusive access to digital public services for all. Concrete initiatives to reach these objectives are to be based on the findings of a recently launched Digital Partnership, consisting of experts and stakeholders.

Addressing regional disparities: The plan is expected to address regional disparities in Denmark. For instance, to strengthen the resilience of the healthcare system the plan aims to integrate new technologies and digital solutions discovered during the COVID-19 pandemic into the healthcare system to make it more resilient and sustainable, have the potential to become long-lasting solutions and to meet the increasing needs and pressures in the sector. To address the structural challenges of the agricultural sector, the plan contains measures that aim to provide farmers with economic incentives to reduce GHG emissions, taking into account their particular circumstances. This is expected to ensure social and territorial cohesion and convergence, in particular given that employment and social cohesion in especially rural areas are dependent on the ongoing competitiveness of the sector.

Contribution to upward economic and social convergence: The plan also contains several measures that are expected to contribute to upward economic and social convergence. In particular, the broadband pool will promote high-speed internet access for citizens, households and companies in less densely populated areas across the country, which will enable everyone to take part in the upward social and economic convergence driven by digitalisation. The strategic digitalisation effort in the component 'strengthening the resilience of the healthcare system' will ensure that the new technologies and digital solutions discovered and increasingly used during the COVID-19 pandemic can be used to create a more resilient and sustainable healthcare system, which is more coherent and closer to the patient.

The information contained in this summary is based on the documents COM(2021) 326 final and SWD(2021) 154 final, which are the authentic documents representing the Commission's assessment of the plan.

Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
Strengthening the resilience of the healthcare system		○	○	●	●	
Green Transition of Agriculture and Environment	●	●	○	○		
Energy Efficiency, Green Heating and Carbon Capture and Storage	●		○	●		
Green Tax Reform	●	●				
Sustainable road transport	●			○		
Digitalisation		●	●	○	○	○
Investing in Green Research and Development	●	○	●			

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar

Table 2: Mapping of country challenges identified in 2019-20 country-specific recommendations and the Denmark RRP components¹

Country challenges	Associated CSR (2019-2020) and European Semester recommendations	Component 1- Strengthening the Resilience of the Health Care System	Component 2- Green transition of Agriculture and the	Component 3- Energy efficiency, green heating and CCS	Component 4- Green Tax Reform	Component 5- Sustainable Road	Component 6- Digitisation	Component 7- Green Research and Development
Education and skills	2019 CSR 1.1 Focus investment-related economic policy on education and skills ²							
Research and development	2019 CSR 1.2 research and innovation to broaden the innovation base to include more companies,							●
Sustainable transport	2019 CSR 1.3 and on sustainable transport to tackle road congestion.					●		
Anti-money laundering	2019 CSR 2 Ensure effective supervision and the enforcement of the anti-money laundering framework ³ .							
Health care	2020 CSR 1.2 Enhance the resilience of the health system, including by ensuring sufficient critical medical products and addressing the shortage of health workers.	○						

¹ The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Denmark's RRP, notwithstanding the fact that Member State has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause.

² This CSR was addressed outside the plan.

³ This CSR was addressed outside the plan.

The information contained in this summary is based on the documents COM(2021) 326 final and SWD(2021) 154 final, which are the authentic documents representing the Commission’s assessment of the plan.

Frontload public investment	2020 CSR 2.1 Front-load mature public investment projects and			○		○		
Promote private investment	2020 CSR 2.2 promote private investment to foster the economic recovery.		○	○	●	○	○	○
Green and digital transition	2020 CSR 2.3 Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy,		○	●	●	●	●	●
Sustainable transport	2020 CSR 2.4 sustainable transport					●		
Research and development	2020 CSR 2.5 as well as research and innovation.							●
Research and development	2020 CSR 2.6 Support an integrated innovation strategy with a broader investment base.							●
Anti-money laundering	2020 CSR 3 Improve the effectiveness of anti-money laundering supervision and effectively enforce the anti-money laundering framework. ⁴							

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge

⁴ This CSR was addressed outside the plan.