



MINISTRY OF FINANCE

# Denmark's Annual Progress Report 2025

April 2025

25

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In tables, rounding may result in the figures not summing to the total.

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## Foreword

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The reform of the common fiscal rules within the European Union entered into force on April 30, 2024, and EU member states submitted the first set of medium-term fiscal and structural policy plans in autumn 2024. As a general rule, the plans are to be submitted every four years. In between, member states submit annual progress reports on the implementation of the medium-term fiscal and structural policy plans. With this publication, the Danish government presents the first annual progress report.

The publication outlines the economic framework for the Danish economy through 2025 based on outturn data through 2024. For 2025 the projections are based on the *Updated Medium-Term Projection, February 2025* and the expenditures related to the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2024). In addition, the report describes both implemented and planned reforms and initiatives that contribute to the fulfilment of the EU's common priorities and the country-specific recommendations issued to Denmark by the European Commission.

On March 19, the European Commission presented a comprehensive defence package aimed at supporting EU member states in building a European defence and ensuring strong and sufficient defence capacity by 2030. The package also includes two key components under the Commission's ReArm Europe/Readiness 2030 plan: a proposal for a defence loan instrument (SAFE), and a call for coordinated activation of the national escape clause in the EU's fiscal rules. Against this background, Denmark has requested activation of the national escape clause.



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# 1. Introduction

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*Denmark's Annual Progress Report 2025 is based on data through 2024. The projections for 2025 are based on the Updated Medium-Term Projection, February 2025, and the Agreement on Strengthening the Armed Forces' Combat Capability (February 2024). As such, Denmark's Annual Progress Report 2025 does not incorporate the effects of tariff increases implemented or announced, e.g. by the United States or the EU, nor does it reflect subsequent information regarding general economic developments. An updated assessment of the outlook for the Danish economy and public finances towards 2026 will be published in the Economic Survey, May 2025.*

The Danish economy has demonstrated unusual strength in recent years. The development has been quite remarkable with high GDP growth, continued job creation, public budget surpluses, and a high and resilient level of activity without any notable signs of macroeconomic imbalances.

The positive developments in the labour market are particularly linked to a significant increase in employment among seniors and resident immigrants, as well as a substantial inflow of international labour, including from Ukraine and EU countries. At the same time, Danish businesses have performed strongly on international markets, increasing their exports despite a general stagnation in global trade.

This strong economic performance has contributed to Denmark recording the largest budget surplus in the EU over the past six years – amounting in total to more than DKK 500 billion, equivalent to 20 percent of GDP. This positive development, combined with implemented reforms, has supported sound and sustainable public finances.

Part of the structural and fiscal measures have been supported through the European Recovery and Resilience Facility and the Danish Recovery and Resilience Plan, which was approved by the Council on July 13 2021. The Danish plan, including the additional REPowerEU chapter, comprises initiatives amounting to approximately DKK 13 billion (around EUR 1.75 billion) and contributes to the financing of, among other things, investments in digitalisation and several of the green agreements that have been implemented. The implementation of the Danish Recovery and Resilience Plan is underway and progressing according to schedule. In total, the plan consists of 87 targets and milestones.

The structure of *Denmark's Annual Progress Report 2025* is as follows:

- Chapter 2 outlines the public finances and the overall economic framework for Denmark. The projections are based on the assessment of the short-term outlook in the *Economic Survey, December 2024*, and the projections in the *Updated Medium-Term Projection, February 2024*.
- Chapter 3 provides an update on reforms and initiatives related to the EU's common priorities or the European Commission's country-specific recommendations for Denmark in the period 2019–2024, as well as measures financed by the Recovery and Resilience Facility or the EU Structural Funds.
- Appendix A presents key economic indicators and underlying assumptions.
- Appendix B presents a comparison between estimates from the Ministry of Finance and estimates based on the European Union's Commonly Agreed Methodology (EUCAM) for key economic indicators.
- Appendixes C and D include tables with references to reforms and initiatives contributing to the European Pillar of Social Rights and the United Nations Sustainable Development Goals, respectively.

The status of the European Commission's country-specific recommendations to Denmark from 2019 to 2024 is provided as an online appendix available at fm.dk.

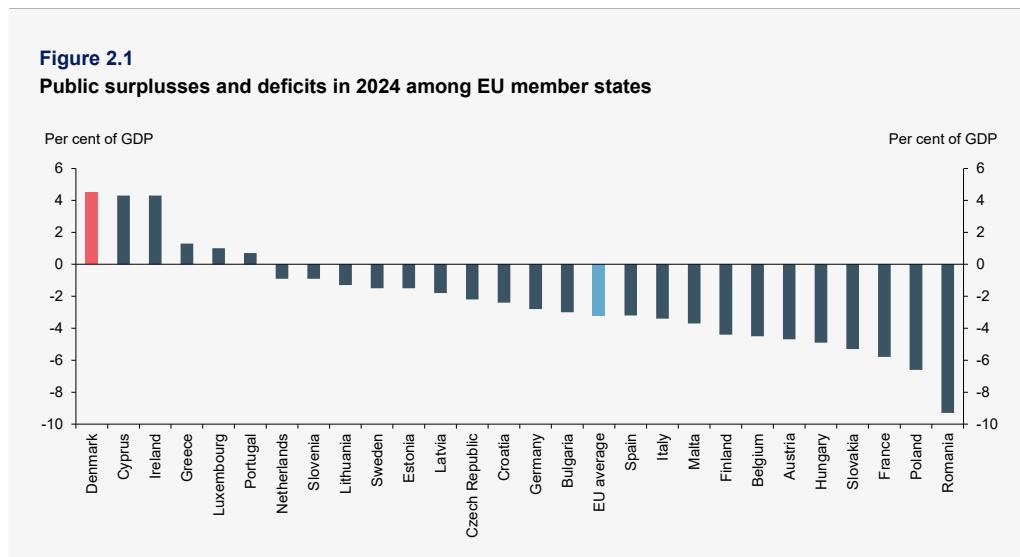




## 2. Economic Outlook

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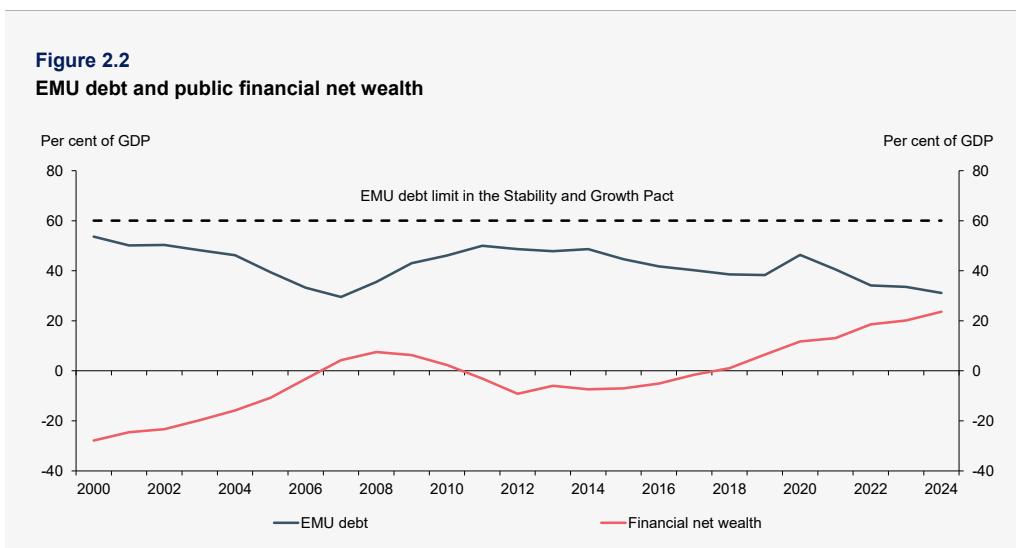
In recent years, the Danish economy has been characterised by strong economic fundamentals, including high GDP growth, a resilient labour market, continued accumulation of household wealth, and competitive Danish businesses that have performed exceptionally well in export markets. This positive development, which has been supported by implemented reforms, has contributed to substantial surpluses in public finances. This is reflected, among other things, in the fact that Denmark recorded a public budget surplus of approximately 4½ percent of GDP in 2024, *cf. figure 2.1.*



Note: The figure shows the EMU balance as percent of GDP across EU member states in 2024.

Source: Statistics Denmark.

Public budget surpluses have contributed to a reduction in public debt and an increase in public net wealth in recent years, including through a larger balance on the government's account in the Danish central bank (*Danmarks Nationalbank*). All in all, public surpluses amounted to more than DKK 500 billion over the period 2019–2024. As a result, Denmark's EMU debt currently stands at just over 30 percent of GDP – approximately half of the Stability and Growth Pact's threshold of 60 percent – and the public sector has accumulated a net financial asset position, *cf. figure 2.2.*



Source: Statistics Denmark and own calculations.

The favorable starting point for public finances provides room to invest in critical societal priorities, particularly defence and security, within a framework of sustainable and responsible economic policy.

The grave security situation, with Russia's ongoing war against Ukraine, places new and heightened demands on both Denmark's and Europe's defence capabilities. The need for military build-up requires swift and substantial investment across the continent. In this context, the European Commission has encouraged all member states to request activation of the national escape clause to allow greater flexibility in increasing defence expenditures and enabling the necessary military strengthening. Against this background, Denmark has requested activation of the national escape clause.

Denmark has already begun to strengthen its national defence. With the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025), a broad majority in the Danish Parliament has agreed to establish an acceleration fund of DKK 50 billion to be used in 2025 and 2026 in support of stronger defence of the Kingdom of Denmark. The increase in expenditure is handled by lowering the structural budget balance, *cf. table 2.1*. This will, in isolation, result in a slight reduction in public net wealth. Nonetheless, public finances will remain more than sustainable, with a substantial margin to the 60 percent of GDP debt threshold set by the Stability and Growth Pact. The projected levels of EMU debt and financial net wealth in 2025 in table 2.1 reflect the estimates in the *Updated Medium-Term Projection, February 2025*. The fiscal expansion linked to the establishment of the Acceleration Fund will, in isolation, tend to increase EMU debt but may also be financed through a reduction in the government's deposit at Danmarks Nationalbank and other means.

**Table 2.1**  
**Key economic indicators for the economic projection**

	2023	2024	2025
<b>Annual growth, per cent</b>			
Potential real GDP	3.2	3.9	2.6
GDP-deflator	-3.8	1.8	1.9
<b>Per cent of GDP</b>			
Actual balance, <i>Updated Medium-Term Outlook, February 2025</i>	3.3	4.5	1.6
Actual balance including isolated impact of relaxation for the Acceleration Fund <sup>1)</sup>	3.3	4.5	0.8
Structural balance, <i>Updated Medium-Term Outlook, February 2025</i>	1.3	1.2	0.5
Structural balance including isolated impact of relaxation for the Acceleration Fund <sup>1)</sup>	1.3	1.2	-0.3
Structural primary balance, <i>Updated Medium-Term Outlook, February 2025</i>	0.7	0.5	-0.2
Structural primary balance including isolated impact of relaxation for the Acceleration Fund <sup>1)</sup>	0.7	0.5	-1.0
EMU-debt <sup>2)</sup>	33.6	31.1	30.0
– annual change	-0.5	-2.5	-1.1
Financial net wealth <sup>2)</sup>	20.4	22.1	22.8

- 1) The estimate for the actual balance in 2025 is based on the *Updated Medium-Term Outlook, February 2025*, but corrected for the isolated effect of the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) in 2025.
- 2) The estimates for the structural balance and structural primary balance are solely based on the *Updated Medium-Term Outlook, February 2025*, and therefore do not include the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) or new information on the economic development in general.
- 3) Calculated based on a relaxation of fiscal policy with 25 billion DKK (approx. 0.8 per cent of GDP) in 2025 for the establishment of the Acceleration Fund.

Source: Statistics Denmark, *Updated Medium-Term Outlook, February 2025*, *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025), and own calculations.

Table 2.1 is based on the Danish Ministry of Finance's estimates and calculation methods, as these form the basis for conducting fiscal policy in Denmark and also served as the foundation for *Denmark's Fiscal and Structural Policy Plan 2024*. In *Appendix B: Comparison of gap estimates based on EU CAM and the Danish Ministry of Finance's method*, a comparison is presented between key economic indicators estimated using the Ministry of Finance's methodology and those calculated according to the European Union's Commonly Agreed Methodology (EU CAM).

### Structural Balance

The structural balance is a calculated measure of the underlying position of public finances under the given fiscal policy. Unlike the actual balance, the structural balance is adjusted for the effects of cyclical fluctuations and other temporary factors, making it a more reliable indicator of the underlying state of public finances.

**Box 2.1****Structural Balance in Fiscal Policy Planning in Denmark**

The structural public balance plays a central role in fiscal planning in Denmark. In the medium-term plans, decisions are made regarding the overall goals and priorities of fiscal policy, including the medium-term goal for the structural balance. Fiscal policy in Denmark is organized within the framework of the *Danish Budget Act* – including a deficit limit for the structural balance of 1 percent of GDP and legally mandated four-year expenditure ceilings for the state, municipalities, and regions – as well as the requirements of the EU's fiscal rules. The reform of the EU's fiscal rules does not change the deficit limit for the actual balance of 3 percent of GDP, nor does it change the fact that fiscal planning in Denmark continues to be based on the structural balance, as calculated by the Ministry of Finance – within the framework of the Budget Act, *cf. also Economic Survey, May 2024, box 8.3.*

Fiscal policy is primarily planned based on the government's medium-term target for the structural balance, which is set at -0.5 percent of GDP by 2030. This target is consistent with maintaining a sustainable fiscal policy and ensuring that public debt (as a percentage of GDP) remains low. At the same time, there is fiscal room to implement discretionary stabilization measures in the event of an economic downturn, with a margin down to the budget law's deficit limit of 1 percent of GDP.

The structural balance is estimated at 1.2 percent of GDP in 2024, *cf. Updated Medium-Term Projection, February 2025*. In the years leading up to 2030, fiscal policy is generally planned with a decreasing profile for the structural balance, moving towards the target of -0.5 percent of GDP by 2030. It should be noted that, among other factors, the impact of the *Agreement on Strengthening the Armed Forces' Combat Capability (February 2025)* – including the establishment of the Acceleration Fund – as well as preliminary national accounts data for 2024, are not reflected in the latest estimates for the structural balance in the *Updated Medium-Term Projection, February 2025*.

### **The Net Expenditure Indicator**

The net expenditure indicator is designed to form the basis for the ongoing monitoring of fiscal and structural policies within the EU. Member states commit to ensuring that the growth in the net expenditure indicator does not exceed the limits set by the budget rules of the EU's Stability and Growth Pact, including an EMU debt-to-GDP ratio that does not exceed 60 percent of GDP (or is reduced at an appropriate pace) and a deficit on the actual public balance that does not exceed 3 percent of GDP, with this deficit limit also being adhered to over the medium term.

For Denmark, which adheres to the budget rules of the Stability and Growth Pact, the introduction of the net expenditure indicator does not alter the planning of fiscal policy in accordance with the expenditure ceilings that are each year set by law in line with the budget law.

The net expenditure indicator is calculated as the annual growth rate in nominal primary expenditure, adjusted for discretionary revenue raising or reducing measures, and further corrected for cyclical fluctuations in unemployment-related income

transfers, expenditure matched by EU funds, expenditure related to co-financing of EU programs, one-off and other temporary factors.

The Ministry of Finance has made a specific calculation of the net expenditure indicator based on national accounts data for 2024, the *Updated Medium-Term Projection, February 2025*, and the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025).

Based on this, the net expenditure indicator is estimated at 5.1 percent in 2024, cf. table 2.2. The expenditure growth in 2024 is therefore lower than the estimate of 7.2 percent from *Denmark's Fiscal and Structural Policy Plan 2024*. This should, among other things, be seen in light of that the preliminary accounts for 2024 show lower public expenditure on, among other things, public consumption and public investments than estimated in the preparation of the fiscal and structural policy plan.

In 2025, the net expenditure indicator is estimated at 8.2 percent, meaning the accumulated growth in the net expenditure indicator from 2023 to 2025 is estimated at 13.7 percent, which exceeds the European Council's recommendation to Denmark by approximately 1.1 percentage points.

The higher accumulated growth in the net expenditure indicator primarily reflects that the government, together with a majority in the Danish Parliament, has agreed on the establishment of an Acceleration Fund, which will contribute to accelerating the enhancement of Denmark's defence capabilities. The Acceleration Fund has a budget of DKK 25 billion in both 2025 and 2026, i.e., DKK 50 billion in total for the two years. Isolated, this fund contributes to increasing the accumulated growth in the net expenditure indicator from 2023 to 2025 by approximately 1.9 percentage points. The funds of the Acceleration Fund is covered by easing the fiscal policy, which follows an underlying improvement in public finances, as outlined in the *Economic Survey, December 2024*, and the *Updated Medium-Term Projection, February 2025*.

The underlying improvement in the structural balance reflects, among other factors, higher estimates for both structural employment and structural corporate tax revenue, cf. *Updated Medium-Term Projection, February 2025*. A strong starting point for public finances means that there is room for a loosening of fiscal policy within sustainable and responsible frameworks. However, the net expenditure indicator does not account for underlying improvements in public finances on the revenue side, i.e., improvements that cannot be attributed to discretionary measures.

The net expenditure indicator does not have any concrete impact on the planned fiscal policy in Denmark, as long as the limits for the public balance (3 percent of GDP) and the debt-to-GDP ratio (60 percent of GDP) in the Stability and Growth Pact are respected.

**Table 2.2**  
**Net expenditure indicator**

	<b>Council recommendation</b>	<b>Projection</b>	
		<b>2024</b>	<b>2025</b>
<b>Annual growth, per cent</b>			
Net expenditure indicator	5.0	5.1	8.2
<i>Cumulative growth</i>	12.6		13.7

Note: It is noted that the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) is included in the calculation of the net expenditure indicator for 2025.

Source: Statistics Denmark, *Updated Medium-Term Outlook, February 2025, Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) and own calculations.





### 3. Reforms and investments

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Denmark's strong economy and sound public finances are the result of structural reforms implemented over many years, which have contributed to a competitive business sector as well as a high level of structural employment. With the government's platform *Responsibility for Denmark* (December 2022) and the 2030 plan *DK2030 – Denmark Prepared for the Future* (November 2023), the government has presented the overarching frameworks and priorities leading up to 2030.

The government aims to increase structural employment by 45,000 full-time equivalents by 2030, of which 31,900 have already been achieved through, among other measures, the *Agreement on Personal Income Tax Reform* (December 2023), the abolition of Great Prayer Day as a public holiday, and more accessible access to international labor via the permanent establishment of the supplementary pay limit scheme. At the same time, it is important that the workforce possesses the skills necessary to support vital societal priorities. The government and labor market partners have also improved wages and working conditions in a range of public welfare professions to strengthen recruitment and retention in these professions, as well as encouraging more public employees to work additional hours.

Simultaneously, the government has implemented reforms and initiatives to strengthen Danish businesses. In the summer of 2024, the government entered into the *Agreement on the Entrepreneur Package* (June 2024) and the *Agreement on a Stronger Business Sector* (June 2024), which contribute to better conditions for Danish entrepreneurs and the business sector. A competitive business sector and high employment are prerequisites for investing in, among other things, the green transition and defence and security.

The development and strengthening of the Danish defence is, and will continue to be, a crucial priority for the government. The increase in defence spending under the defence agreement, the funds for the Ukraine Fund, and the establishment of the Accelerations Fund mean that Denmark's total defence and security spending in 2025 and 2026 are expected to exceed 3 per cent of GDP at the time of budgeting. With the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025), an accelerations fund of 50 billion DKK is established for use in 2025-2026, as well as a framework of 10 billion DKK annually in 2027-2033 to handle expenses resulting from decisions related to the Accelerations Fund, meaning defence expenditures will constitute around 2<sup>1/4</sup> percent of GDP by 2030.

The green transition also requires significant investments, which are partly provided through the *Agreement on a Green Denmark* (June 2024), which the government entered into with the partners in the Green Tripartite, aiming to reduce the agricultural sector's greenhouse gas emissions, decrease nitrogen emissions, strengthen

water quality, and significantly reshape Denmark's land areas. Subsequently, the government, together with a majority in the Danish Parliament, agreed on a political framework agreement for the Green Tripartite, *Agreement on the Implementation of a Green Denmark* (November 2024).

Some of the green initiatives are supported through the European Recovery Facility via the Danish recovery plan, which was approved by the Council on July 13, 2021. The Recovery Facility was later expanded with a REPowerEU chapter, which allocated additional funds to support the phase-out of Russian fossil energy in the EU. Denmark's REPowerEU chapter was approved on November 9, 2023. The Danish recovery plan is described in more detail in box 3.1.

### **Box 3.1**

#### **The Recovery Act in Denmark**

The Recovery Plan includes initiatives totaling approximately DKK 13 billion (around EUR 1.75 billion) and contributes financing to a wide range of green agreements made in December 2020 by the former government and a majority of the parties in the Danish Parliament. This includes the *Agreement on Green Tax Reform*, the *Agreement on the Green Transition of Road Transport*, and the *Agreement on Stimulus and Green Recovery*. The plan also includes investments in digitalization, for example, through the initiative SVM:Digital and the previous government's digitalization strategy, which is based on the recommendations of the digitalization partnership.

The funds from the Recovery Plan have therefore mainly been used with a focus on green and digital reforms and investments and consist of the following nine components:

1. Strengthening the resilience of the healthcare system
2. Green transition in agriculture and the environment
3. Energy efficiency, green heating, and CO2 capture and storage
4. Green tax reform
5. Sustainable road transport
6. Digitalisation
7. Investment in green research and development
8. REPowerEU
9. Revision and control

The implementation of the Danish recovery plan has commenced and is progressing as planned. Overall, Denmark's recovery plan consists of 87 goals and milestones.<sup>1</sup>

The first payment request for Denmark was approximately DKK 2.2 billion (around EUR 300 million). The payment request was submitted to the Commission on December 16, 2022, and approved on April 13, 2023, after which Denmark received the amount on April 27, 2023. The second payment request was approximately DKK 3.1 billion (around EUR 400 million). The payment request was submitted to the Commission on December 21, 2023, and approved on February 29, 2024, after which Denmark received the amount on April 22, 2024. The third payment request for Denmark was approximately DKK 1.0 billion (around EUR 125 million). The payment request was submitted to the Commission on December 19, 2024, and approved on February 17, 2025, after which Denmark will receive the amount on April 2, 2025. With the three first payment requests, Denmark has met 50 goals and milestones. The remaining goals will be fulfilled in future payment requests leading up to 2026.

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<sup>1</sup> The fulfillment of goals and milestones is a prerequisite for Denmark to receive recovery funds through payment requests, where the achievement of the goals must be documented to the Commission.

Below, reforms and investments (both adopted and planned) in various areas is reviewed. The overview primarily focuses on the country-specific recommendations previously given to Denmark by the EU, as well as the objectives outlined in the government's 2030 plan. The review thus covers Denmark's efforts in the areas of growth and productivity, education and training, employment and social affairs, healthcare, digitalisation, climate, environment and energy supply, the housing market, and defence and security.

A number of common priorities have been adopted at the EU level. The national financial and structural policy plans outline how the implemented and planned measures contribute to strengthening four selected EU common priorities, *cf. box 3.2*.

**Box 3.2  
EU's Common Priorities**

1. A fair green and digital transition, including alignment with the European Climate Law.
2. Social and economic resilience, including the European Pillar of Social Rights.
3. Energy security.
4. If necessary, building defence capabilities.

Table 3.1 outlines the general priorities in relation to the four selected EU common priorities, while tables 3.2-3.9 show the status of investments and measures that were included in *Denmark's Fiscal and Structural Policy Plan (2024)*.

**Table 3.1**  
**Initiatives Related to EU's Common Priorities**

Common Priorities	Description of initiatives
A fair green and digital transition, including alignment with the European Climate Law	The Danish government has committed to reducing greenhouse gas emissions by 70 percent compared to 1990 levels by 2030 and aims to achieve climate neutrality by 2045. Achieving these goals will require both investments in new technologies and ongoing allocation of resources. The initiatives include, but are not limited to, the <i>Agreement on a Green Denmark</i> (2024), the <i>Agreement on the Implementation of a Green Denmark</i> (2024), the <i>Agreement on a Green Tax Reform for Industry, etc.</i> (2022), the <i>Climate Agreement for Energy and Industry, etc.</i> (2020), and the <i>Agreement on Green Transition of Road Transport</i> (2020). Furthermore, it is crucial that Denmark maintains a high level of digitalization. Therefore, the government has established a digital taskforce for artificial intelligence, while the <i>Agreement on an Ambitious and Responsible Strategy for Denmark's Digital Development</i> (2024) further aims to strengthen the green digital transition, improve the digital skills of the population, and support the digital transformation of businesses.
Social and economic resilience, including the European Pillar of Social Rights	In the coming years, the demographic development, in isolation, will point to a declining workforce and increasing demand for labor in certain sectors. <i>DK2030 – Denmark Equipped for the Future</i> (2023) presents measures and reforms aimed at increasing employment and ensuring that more people in the workforce possess the necessary skills. At the same time, the plan outlines significant investments in public services, which make it possible to invest in public welfare beyond the costs associated with the demographic shift.
Energy security	Improving energy security requires investments in both current and new technologies. The <i>Climate Agreement on Green Electricity and Heat</i> (2022) contributes to securing the framework conditions that can enable a fourfold increase in renewable energy production on land by 2030. At the same time, the first steps have been taken to establish the framework conditions that can promote the development of a Power-to-X market in Denmark, while energy initiatives in the <i>National Compromise on Danish Security Policy</i> (2022) contribute to phasing out gas to alleviate Europe's dependence on Russian gas.
If necessary, building defence capabilities	The development and strengthening of the Danish defence remain, and will continue to be, a crucial priority for the government. The increase in defence spending under <i>the defence agreement</i> , the funds for the Ukraine Fund, and the establishment of the Acceleration Fund mean that Denmark's total defence and security spending in 2025 and 2026 are expected to exceed 3 per cent of GDP at the time of budgeting. With the <i>Agreement on Strengthening the Armed Forces' Combat Capability</i> (February 2025), an acceleration fund of 50 bn. DKK is established for use in 2025-2026, as well as a framework of 10 bn. DKK annually in 2027-2033 to handle expenses resulting from decisions related to the Acceleration Fund, meaning defence expenditures are expected to be around 2½ percent of GDP by 2030.

The tables review selected reforms and investments in the mentioned areas, indicating, among other things, whether the measures are financed through Denmark's recovery plan under the EU's Recovery and Resilience Facility (RRF) or through Denmark's partnership agreements under the EU's structural funds (PA), which include the EU Structural Funds (the European Social Fund Plus and the European Regional Development Fund) and the Just Transition Fund. It is also noted which of the country-specific recommendations (CSR) the measure addresses. Finally, it is specified whether the measure contributes to fulfilling one or more of the four selected common priorities (CP).

### 3.1 Growth and Productivity

**Table 3.2**  
**Selected reforms and investments regarding growth and productivity**

No.		RRF/PA	CSR	CP	Status
1.1	<b>Entrepreneurship package</b> The government has reached a broad agreement on the <i>Entrepreneurship Package</i> . The package aims to improve access to capital, ease taxation, reduce burdens, and strengthen conditions for knowledge-based entrepreneurs, etc. The ambition is for Denmark to become a world-class entrepreneurial nation. Approximately DKK 2.2 bn. (approx. EUR 300 mn.) has been allocated for the years 2024-2026, with about DKK 1.2 billion (approx. EUR 160 mn.) per year from 2027 onwards.	No	2020.2.2 2020.2.6 2021.1.3 2023.1.4	2	On- Track
1.2	<b>Globalization strategy</b> The government will develop a comprehensive globalization strategy for Danish businesses, recognizing the central role of export industries in the Danish society.	No	2023.1.4 2021.1.3	2	On-Track
1.3	<b>Digitalization and automatic business reporting</b> The government will continue investing in digitalization and automation across both the public and private sectors. This includes ongoing work on Automatic Business Reporting, aimed at helping businesses and society unlock a potential benefit of up to DKK 3.5 billion (approx. EUR 400 mn.) annually through the digitalization and automation of accounting and financial reporting processes in companies.	PA	2023.1.4 2022.1.3	2	On-Track
1.4	<b>Establishing a new business support system</b> With the <i>Agreement on a Stronger Business Sector</i> (2024), it was decided to release approximately DKK 900 million (approx. EUR 120 mn.) from business support funds. The agreement includes initiatives that support making investment in research and development attractive and contribute to creating better conditions for running family-owned businesses. The released funds will benefit businesses through a permanent increase in the deduction for research and development activities to 120 per cent, with a cap of DKK 1 billion (approx. EUR 135 mn.).	No	2023.1.4 2021.1.3	-	On-Track
1.5	<b>Supporting and developing strengths</b> The government aims to support and develop Danish strengths such as life sciences, shipping, and processed foods, while also fostering the establishment of new areas of strength such as environmental and welfare technology. Building on a foundation of favourable general conditions, this will be pursued through targeted growth plans. In spring 2024, the government established a growth team for the Blue Denmark to subsequently develop a green growth plan for the Blue Denmark.	No	2023.1.4 2021.1.3	2	On-Track
1.6	<b>Reducing burdens on businesses</b> The government will focus on avoiding unintended over-implementation of EU regulations. Additionally, it will work to ensure better collaboration between authorities and businesses. The goal is to create a concrete plan to reduce the number of errors, minimize unnecessary bureaucracy, and improve planning. Part of this effort will involve targeting regulatory oversight and inspections more toward businesses where the risk of non-compliance and fraud is deemed highest. Companies that comply with regulations should face significantly less scrutiny and receive fewer advisory inspections. The aim is an overall reduction of burdens on businesses.	No	2023.1.4 2022.1.3	2	On-Track
1.7	<b>Green research and development</b> In Denmark's Recovery and Resilience plan, a total of DKK 1.8 bn. (approx. EUR 240 mn.) was allocated for green research and development, including a deduction of 130 per cent for R&D expenses from 2020 to 2022 amounting to DKK 1.1 bn. (approx. EUR 150 mn.). This provided Danish companies with a greater incentive to invest in research for green and digital solutions. In June 2024, it was agreed to increase the deduction for research and development activities to 114 per cent with a cap of DKK 1 bn. (approx. EUR 125 mn.) in 2026, 116 per cent in 2027, and 120 per cent from 2028 onwards.	RRF	2024.2 2022.1.2	1	On-Track
1.8	<b>Green industrial policy</b> The green Danish industrial policy aims to create a "level playing field" where Denmark's ability to attract new investments in green manufacturing jobs is not weakened compared to other countries providing state aid within the EU's temporary state aid frameworks. For this reason, the government introduced a temporary, targeted green investment scheme in 2024 and	No	2022.1.2	1 & 2	On-Track

**Table 3.2**  
**Selected reforms and investments regarding growth and productivity**

No.		RRF/PA	CSR	CP	Status
	plans to continue it in 2025. The scheme focuses on the production of wind technology and electrolyzer technology for Power-to-X, thereby contributing to Denmark's and the EU's green ambitions.				

## 3.2 Education and Teaching

**Table 3.3**  
**Selected reforms and investments regarding education and teaching**

No.		RRF/PA	CSR	CP	Status
2.1	<b>Primary School</b> <p>In March 2024, the government and the primary school settlement parties entered into Agreement on the Quality Program for Primary Schools – Freedom and Depth. This agreement grants greater influence to school boards, allowing for diversity and local solutions. Additionally, it supports a new balance between academic, creative, and practical content in primary education, with initiatives such as junior master apprenticeships and better classrooms.</p> <p>The agreement provides a permanent financial boost of DKK 740 mn. (approx. EUR 100 mn.) annually, along with a total of DKK 2.6 bn. (approx. EUR 350 mn.) from 2025 to 2027 for enhancements to the school's physical facilities. Furthermore, the removal of supporting instruction classes will free up approx. 2.5 billion DKK (approx. 335 million EUR) annually for new initiatives outlined in the agreement.</p> <p>This boost builds on previous investments in the primary school sector, including the allocation of permanent funds to hire more teachers in primary schools.</p>	No	2019.1.1	2	On-Track
2.2	<b>Youth Education</b> <p>The government has allocated DKK 0.3 bn. (approx. EUR 40 mn.) in 2024, increasing to DKK 0.9 bn. (approx. EUR 120 mn.) by 2030, to strengthen vocational education and support more people in choosing and completing a vocational program. This includes agreements to improve the quality of the Social and Health Care (SOSU) education and to equip future skilled workers with the necessary competencies for the green transition.</p> <p>There is a political agreement on a new funding model designed to create more equitable conditions between general high schools and vocational schools. This model will also ensure that students across the country have access to a wide range of sustainable youth education programs.</p> <p>In February 2025, a political agreement on a reform of the secondary educational system was reached, including the introduction of a new practice-oriented upper secondary educational program (epx), adjustments to 10<sup>th</sup> grade, and higher admission requirements for the three-year upper secondary educational programs. In addition, the agreement includes a consolidation of the institutional landscape within the secondary educational system and a strengthening of the academic level in the three-year upper secondary educational programs. The criteria for the new institutional landscape, the content of epx, and possible changes to the content of the three-year upper secondary educational programs will be negotiated in phases. The agreement involves additional costs of DKK 2.3 bn (approx. EUR 310 mn.) in 2030, of which DKK 2.0 bn. (approx. EUR 270 mn.) will be financed by the fiscal framework.</p>	No	2023.4.7 2019.1.1	2	On-Track
2.3	<b>Higher Education</b> <p>With the <i>Agreement on the Framework for the Reform of University Education in Denmark</i> (2023), new flexible educational pathways are being established at universities. The reform entails that a portion of future master's students will be admitted to new master's programs of 75 ECTS credits or to a professional master's degree, where students work while studying. The reform also permits universities to create 1,100 English-language ordinary study places each year from 2024 to 2028, and 2,500 ordinary study places annually starting in 2029, which will help attract more international students.</p> <p>Furthermore, the admission criteria for bachelor's programs will be adjusted, allowing for eight per cent fewer students to be admitted than today, aimed at encouraging more individuals to pursue professional and vocational education in the future.</p> <p>On June 4, 2024, the Danish Parliament approved a reform of the student grant system. This means that students will only be able to receive grants for the standard study duration, implying that the maximum limit is being reduced to 58 credits. The option to take out student loans will be extended to up to two years, and an additional 12 credits will be granted to recipients of disability allowances and single parents.</p> <p>In March 2025, the Danish government entered an agreement for a reform of Danish Professional Bachelor education programmes as well as Academy Profession programmes. The reform aims to restructure the programmes allowing for significant general increases in the funding and quality of the programmes.</p>	No	2020.2.5	2	On-Track
2.4	<b>Adult and Further Education</b> <p>In 2023, the government and labour market partners reached a tripartite agreement, which, through long-term investments in adult, continuing, and further education, aims to ensure that the workforce is prepared for the future and meets the needs of the labour market. An allocation of DKK 360 mn. (approx. EUR 50 mn.) has been set aside annually from 2024 onwards to support the initiatives outlined in the agreement.</p>	No	2019.1.1	2	On-Track

**Table 3.3**  
**Selected reforms and investments regarding education and teaching**

No.		RRF/PA	CSR	CP	Status
2.5	<b>Research</b> With the proposal for the 2025 budget, the government allocates DKK 22.8 bn. (approx. EUR 3 bn.) in 2025 for research and development. This brings the total public research budget to approx. DKK 30.3 bn. (approx. EUR 4 bn.) in 2025, fulfilling the government's goal that public research investments constitute 1 per cent of GDP.	No	2020.2.5	2	On-Track
2.6	<b>Cross-cutting Initiatives</b> The government aims to invest more in education and training across various educational sectors. At the same time, it will work towards better integration between these sectors and stronger academic programs. In 2023, the government established a well-being commission tasked with providing recommendations on how to prevent and address issues related to distress and vulnerability, as well as how to strengthen resilience and empowerment. The commission will also examine the influence of social media and other significant societal trends. It is expected to publish its recommendations in early 2025. The government will consider the recommendations in the coming period.	No	2019.1.1	2	On-Track
2.7	<b>Green Upskilling:</b> Under the <i>Agreement on Green Tax Reform for Industry, etc.</i> (2022), the government allocates DKK 100 mn. (approx. EUR 15 mn.) annually in 2025 and 2026 to a reserve for green upskilling and reskilling. The funding is sourced from Denmark's allocation under the REPowerEU chapter of the Danish Recovery and Resilience plan.	RRF	2023.4.7 2019.1.1	1 & 2	On-Track

### 3.3 Employment and Social Affairs

**Table 3.4**  
**Selected reforms and investments regarding employment and social affairs**

No.		RRF/PA	CSR	CP	Status
3.1	<b>Improved Work Injury System</b> In 2022, the former government reached an agreement to strengthen and improve the workers' injury compensation system, focusing on improving the injured parties' connection to the labour market and shortening processing times for compensation claims. The agreement makes it more appealing for injured workers to pursue vocational training if they can no longer perform their previous jobs. A new scheme is introduced, providing injured individuals with strong financial security during their education, covering 83 per cent of their previous salary. This aims to create better conditions for returning to employment and utilizing the work capacity they still possess. The agreement also includes several initiatives to reduce processing times for workers' compensation claims.	No	-	2	Completed
3.2	<b>Second Agreement on Rethinking Employment Initiatives</b> As part of the <i>Agreement on a New Right to Early Retirement</i> (2020), it has been agreed that the rethinking of employment initiatives will achieve overall savings of DKK 300 mn. (approx. EUR 40 mn.) in 2022, DKK 750 mn. (approx. EUR 100 mn.) in 2023, and an annual savings of DKK 1.1 bn. (approx. EUR 145 mn.) from 2024 onwards within the overall scope of job centres. With the first agreement on rethinking employment initiatives (2021), annual savings of approx. DKK 345 mn. (approx. 45 million EUR) were realized in 2022, and about DKK 370 mn. (approx. EUR 50 mn.) annually from 2023. The agreement parties fulfil the remaining savings with the <i>Second Agreement on Rethinking Employment Initiatives</i> (2022) from 2023 onwards.	No	-	2	Completed
3.3	<b>Abolition of a public holiday</b> The Danish Parliament has abolished an annual public holiday starting in 2024 to increase labour supply. This initiative is expected to raise structural employment by approximately 8,500 full-time equivalents. The proposal is estimated to strengthen the structural public balance by around DKK 3 bn. (approx. EUR 400 mn.) and increase structural GDP by about DKK 9.4 bn. (approx. EUR 1.25 bn.).	No	-	2	Completed
3.4	<b>Strengthened international recruitment</b> The government will initiate initiatives that facilitate access to foreign labour as long as unemployment is low. Therefore, the previously agreed-upon political agreement on strengthened international recruitment, which establishes an additional pay limit scheme that includes a lower monetary threshold than the regular pay limit scheme, has been made permanent. The agreement also includes, among other things, an expansion of the fast track scheme to companies with as few as 10 employees and an extension of the positive list for individuals with a higher education.	No	-	2	Completed
3.5	<b>Reform of the employment effort</b> The government's platform states its intention to rethink and reform employment initiatives. This will include freeing municipalities from state procedural requirements, and prioritizing initiatives that help the unemployed get closer to the labour market. The goal of the initiatives is to provide greater flexibility, simplification and dignity in the employment effort. In 2023, the government established an expert group that reported its recommendations for the reform of employment initiatives in June 2024. In April 2025, the <i>Agreement on the Reform of Employment Efforts</i> was made. The reform delivers a total permanent fiscal gain of DKK 2.7 bn. annually (approx. EUR 360 mn.) (2025 price level).	No	-	2	On-track
3.6	<b>New residence scheme for certified companies with regulated pay and working conditions</b> The government plans to introduce a new scheme where companies can access international labour with lower salary thresholds for certified companies that adhere to regulated pay and working conditions. This initiative aims to enhance access to international labour while ensuring that working conditions remain orderly in the labour market.	No	-	2	On-track
3.7	<b>Work Requirement</b> The government aims to help more non-Western immigrants integrate into the labour market. Therefore, starting January 1, 2025, the government, together with the Denmark Democrats and the Danish People's Party, will introduce a new work requirement for citizens in the cash assistance system who have integration needs. This requirement will replace passive welfare support with an obligation to contribute up to 37 hours per week. The initiative is expected to permanently increase the labour supply by 300 full-time equivalents.	No	-	2	Completed
3.8	<b>Reform of the cash assistance system</b> The government, along with the Socialist People's Party, the Conservative People's Party, and the Danish Social Liberal Party, has reached an agreement for a new cash assistance system starting July 1, 2025. This reform aims to simplify the cash assistance	No	-	2	Completed

**Table 3.4**  
**Selected reforms and investments regarding employment and social affairs**

No.		RRF/PA	CSR	CP	Status
	system, support more individuals in entering the workforce, and assist children by ensuring that those in the cash assistance system have opportunities for an active leisure life. The agreement is based on the recommendations from the Benefits Commission and is estimated to increase the labour supply by approximately 750 full-time equivalents from 2026 onwards.				
3.9	<b>Workplace Environment and Social Dumping</b> The government and several parties have reached an agreement to allocate approximately DKK 1.3 bn. (approx. EUR 175 mn.) from 2023 to 2026. This funding aims to future-proof workplace safety initiatives and continue developing efforts against social dumping.	No	-	2	On-track
3.10	<b>Social Dumping</b> The government and several parties have reached an agreement to strengthen efforts against social dumping. This includes the ability to stop contractors who repeatedly and seriously violate regulations, better monitoring of housing rented by employers to their employees, and enhanced action against the use of illegal labour in Danish workplaces.	No	-	2	On-Track
3.11	<b>Permanent right to educational boost at 110 per cent unemployment benefits</b> The government and a broad majority of the parties in the Parliament have allocated DKK 230 mn. (approx. EUR 30 mn.) in 2024 and DKK 300 mn. (approx. EUR 40 mn.) annually thereafter in the 2024 budget. This funding is aimed at permanently granting the right for unemployed individuals – who are either unskilled or have outdated qualifications – to up-skill in sectors experiencing labour shortages while receiving 110 per cent unemployment benefit rate.	No 2019.1.1		2	Completed
3.12	<b>Agreement on Simplifying and Targeting of the Sickness Benefit System</b> The government and parties behind the reform of the sickness benefit system reached a political agreement in 2024 on simplifying the sickness benefit system. Key elements in the agreement involve municipalities being granted greater degrees of freedom in managing their efforts to help sickness benefit recipients back into the labour market.	No	-	2	Completed
3.13	<b>Spare Time Jobs</b> With the initiative <i>More Youth Should Have a Part-Time Job</i> , the government has presented a series of measures aimed at improving the opportunities for young people to take on part-time work. As a follow-up to the initiative, the government has entered into a Joint Understanding on <i>More Part-Time Jobs for Youth</i> with the Danish Trade Union Confederation (FH), the Confederation of Danish Employers (DA), Local Government Denmark (KL), and Danish Regions. Additionally, a Political Agreement on <i>More Young People in Part-Time Jobs</i> has been reached with broad support in the Danish Parliament. Among other things, the agreement includes the abolition of the labour market contribution for people under the age of 18.	No	-	2	On-Track
3.14	<b>Young people without education and employment</b> The Youth Commitment (Ungeløftet) is a political initiative designed to support the approximately 43,000 young people who are neither in employment nor in education. A total of DKK 2.3 billion has been allocated up to 2035, followed by a permanent annual allocation of DKK 150 million. Most of the funding is earmarked for the initiatives <i>More Youth Included</i> ( <i>Flere unge skal med</i> ) and IPS, which aim to help young people – including those experiencing mental health challenges – into employment or education. As part of The Youth Commitment, municipalities are establishing local partnerships with businesses and civil society organizations to create new pathways for vulnerable youth. In addition, several other initiatives aim to strengthen the role of community through folk high schools and associations, test new social initiatives via the Social Investment Fund, improve efforts for youth at risk of criminal behaviour, increase youth engagement, and enhance support for young people with disabilities.	No	-	2	On-Track
3.15	<b>New Elderly Care Reform</b> In April 2024, the government, along with the Denmark Democrats, Socialist People's Party, Liberal Alliance, Conservative People's Party, and the Danish Social Liberal Party, agreed on a reform of the elderly care sector. The agreement aims to reduce regulation of the elder care sector and fundamentally reshape how elderly care is organized, executed, and managed. The reform includes several pieces of legislation, notably a new elderly law set to take effect on July 1, 2025. The agreement ensures a permanent quality boost of DKK 1 bn. (approx. EUR 135 mn.) starting in 2027.	No	-	2	On-Track
3.16	<b>Framework Agreement for the Long-Term and Sustainable Development of the Disability Sector</b> On May 2, 2024, the government, along with the Liberal Alliance, Conservative People's Party, and the Danish Social Liberal Party, entered into a framework agreement for the long-term and sustainable development of the disability sector. The main objective of the agreement is to ensure a professional and economically sustainable development in this	No	-	2	On-Track

**Table 3.4**  
**Selected reforms and investments regarding employment and social affairs**

No.		RRF/PA	CSR	CP	Status
	area, focusing on prevention, development, and well-being, while supporting people with disabilities in participating in society. The agreement includes 25 concrete initiatives, including specialized planning in the disability sector and a tariff model for the entire specialized social area.				
3.17	<b>Children First</b>  In May 2021, the previous government, along with a broad majority in the Parliament, agreed on the "Children First" reform. The reform aims to assist vulnerable children and families earlier and more effectively than is currently the case. The agreement provides a boost of DKK 2 bn. (approx. EUR 270 mn.) from 2022 to 2025, with a permanent annual allocation of DKK 734 mn. (approx. EUR 100 mn.) fully phased in.	No	-	2	On-Track
3.18	<b>Homelessness</b>  Combating homelessness is a government priority, particularly through the expansion of the Housing First approach in the homeless area. In spring 2023, the entire Parliament approved a bill to restructure the efforts against homelessness. The changes took effect on October 1, 2023, and aim to broaden the Housing First approach, significantly reduce the number of homeless individuals, and address long-term homelessness.  The background for the bill is the Agreement on the Fund for Mixed Cities (2021). With the agreement, DKK 1.05 bn. has been allocated, which, at the current price level, will provide approximately 3,200 affordable homes for municipal housing social referral, and thus the Housing First initiative for homeless citizens. The expected number of especially affordable homes that can be provided has been adjusted downward due to inflation since the agreement was made.	No	-	2	On-Track
3.19	<b>Implementation of recommendations from the Expert Committee on the Social Sector</b>  The government and Local Government Denmark have reached a partial agreement regarding the specialized social sector as part of the negotiations on municipal finances for 2025. They agree to work on implementing some of the final recommendations from the Expert Committee on the Social Sector, published in April 2024. The agreement includes several measures aimed at increasing the municipal prioritization space, creating greater security and predictability for citizens, and reducing expenses in the specialized social sector.	No	-	2	On-Track
3.20	<b>The Social Exemption Card Scheme</b>  In May 2024, the Parliament passed a law making the social exemption card scheme permanent. The law, which will take effect on January 1, 2025, continues and improves upon the previous trial scheme, allowing socially vulnerable individuals to earn up to DKK 42,766 annually (approx. EUR 5,500) (2025 level) without deductions from public benefits. Funding to make the scheme permanent was allocated in the budget for 2024.	No	-	2	On-Track
3.21	<b>Implementation of the Child's Act</b>  The government will continue its efforts for children, young people, and families in vulnerable positions. This includes ongoing support for the implementation of the Child's Act, which came into effect on January 1, 2024.	No	-	2	On-Track

### Description of status

**3.1 Improved work injury system:** The Education Allowance Scheme came into effect on January 1, 2024, while other initiatives from the agreement will come into effect on July 1, 2024, and January 1, 2025. As part of the agreement, an experiment will be initiated to delegate decision-making authority in work injury cases to insurance companies. The experiment has not yet been initiated.

**3.2 Second Agreement on Rethinking Employment Initiatives:** The second sub-agreement on rethinking employment efforts has been implemented in two laws, which came into effect on March 22, 2023, and January 1, 2024, respectively.

**3.3 Abolition of a public holiday:** The Great Prayer Day has been abolished as of 2024.

**3.4 Strengthened international recruitment:** The law came into effect on April 1, 2023.

**3.7 Work requirement:** The law came into effect on January 1, 2025.

**3.8 Reform of the cash assistance system:** The law came into effect on January 1, 2025.

**3.9 Workplace Environment and Social Dumping:** The law implementing part of the initiatives from the agreement came into effect on February 1, 2024. The agreement also includes a number of initiatives that do not require changes to the law and will be rolled out gradually over the duration of the agreement.

**3.11 Permanent right to educational boost at 110 per cent unemployment benefits:** The right to an educational uplift of 110 per cent of unemployment benefits has been made permanent as of January 1, 2024.

**3.12 Agreement on Simplifying and Targeting of the Sickness Benefit System:** The law implementing the agreement came into effect on January 1, 2025.

## 3.4 Healthcare

**Table 3.5**  
**Selected reforms and investments regarding healthcare**

No.		RRF/PA	CSR	CP	Status
4.1	<b>Robustness Commission</b> As part of the health reform agreement in May 2022, the previous government established a Robustness Commission for the healthcare system. The commission reported in September 2023 with recommendations for solutions to address the fundamental challenges in healthcare, ensuring robustness in task resolution and access to trained and competent personnel across the country. Several initiatives have been implemented, including agreements to increase incentives for participating in irregular shifts and for increasing work hours, as well as measures in the education sector.	No	2020.1.2	2	Completed
4.2	<b>10-Year Plan for Psychiatry</b> In September 2022, a broad majority in the Danish Parliament reached a political agreement on a 10-year plan for psychiatry and mental health. The plan aims to ensure the necessary treatment capacity in psychiatry and strengthen the area through an annual funding increase of DKK 0.5 bn. (approx. EUR 65 mn.). The government seeks to further enhance the overall psychiatric sector by prioritizing an additional DKK 3.2 bn. (approx. EUR 430 mn.) for initiatives leading up to 2030. Of the DKK 3.2 bn. (approx. EUR 430 mn.), about DKK 0.6 bn. (approx. EUR 80 mn.) has already been allocated from 2024 onward. The government launched the initiative <i>A Stronger Psychiatry – A Comprehensive 10-Year Plan for Psychiatry</i> in the spring of 2025 to implement the remaining DKK 2.6 billion by 2030 (approximately EUR 350 million). Additionally, as part of the <i>Health Reform Agreement 2024</i> , a further DKK 0.2 billion (approximately EUR 27 million) will be allocated from 2025 onward. Overall, the sector will be strengthened with approximately DKK 4.6 billion (approximately EUR 610 million) since 2019.	No	2020.1.2	2	Delayed
4.3	<b>Health Initiative</b> In 2023, the government established a Health Structure Commission. In June 2024, the commission reported a series of recommendations for the future organization of the healthcare system, focusing on creating a cohesive system that emphasizes equity and accessibility. Based on these recommendations, the government presented a proposal for a health reform on September 18, 2024.	No	2020.1.2	2	On-Track
4.4	<b>Emergency Plan for the Healthcare System</b> In February 2023, the government and Danish Regions agreed on an emergency plan, prioritizing DKK 2 bn. (approx. EUR 270 mn.) from 2022 to 2024 to reduce waiting times in the healthcare system. The plan aims to stabilize and strengthen hospitals in the short term, enhancing emergency departments and reducing waiting lists. The agreement includes a series of initiatives designed to alleviate pressure on capacity and has set three key objectives for normalizing the situation, including the reduction of waiting lists by the end of 2024.	No	2020.1.2	2	On-Track
4.5	<b>Health Fund</b> In the government platform "Responsibility for Denmark" (2022), the government has agreed to propose a health fund aimed at ensuring easy and equal access to treatment within the healthcare system. The fund will also address workforce challenges by maintaining and modernizing hospitals and increasing the use of technology and digitalization. The Health Fund is part of the <i>Health Reform Agreement</i> , which was concluded in 2024, and amounts to DKK 22 bn. (approximately EUR 3 bn.) from 2026 to 2035.	No	2020.1.2	2	On-Track
4.6	<b>National Prioritization Council</b> In the government platform <i>Responsibility for Denmark</i> (2022), the government has agreed to establish a cross-sector National Prioritization Council. The council's goal is to ensure maximum health outcomes for the investment made, which includes reducing overtreatment and increasing patient involvement in treatment decisions.	No	2020.1.2	2	On-Track
4.7	<b>Tripartite Agreement on Wages and Working Conditions</b> In December 2023, the government and labour market parties reached an agreement for a wage increase of DKK 6.8 bn. (approx. EUR 910 mn.) for various welfare employees, including healthcare personnel. The agreement aims to enhance incentives for working irregular shifts and increasing working hours. The agreement will take effect from 2024 and be fully phased in by 2026.	No	2020.1.2	2	Completed
4.8	<b>Agreement on Foreign Workforce in Healthcare and Elder Care</b> In January 2024, the government reached a broad political agreement with several parties in the Parliament to create better and more flexible frameworks for recruiting foreign healthcare professionals from third countries. The agreement implements measures to facilitate the recruitment of in-demand foreign healthcare personnel from	No	2020.1.2	2	On-Track

**Table 3.5**  
**Selected reforms and investments regarding healthcare**

No.		RRF/PA	CSR	CP	Status
	outside the EU/EEA to Denmark's healthcare system and elder care, while also ensuring a smoother and more efficient authorization process for these professionals				

#### Description of status

**4.1 Robustness Commission:** The Commission presented its report in September 2023.

**4.2 10-Year Plan for Psychiatry:** The government allocated specific funds as part of the 2024 Finance Act, with an additional 3 billion DKK prioritized for the 10-year plan up to 2030. The implementation of the remaining funds from 2025 onwards has been postponed from the fall of 2024 to the spring of 2025.

**4.7 Tripartite Agreement on Wages and Working Conditions:** An agreement on this was reached in December 2023.

## 3.5 Digitalization

**Table 3.6**  
**Selected reforms and investments regarding digitalization**

No.		RRF/PA	CSR	CP	Status
5.1	<b>Denmark's Digitalization Strategy – Together for Digital Development</b> In May 2022, the previous government launched a comprehensive digitalization strategy for Denmark, comprising 61 initiatives aimed at positioning the country as a digital frontrunner. The strategy addresses both the opportunities and challenges that come with digitalization, setting a clear direction for the nation's digital development.	RRF	2022.1.2 2021.1.3 2020.2.3	1	On-Track
5.2	<b>The Joint Public Digitalization Strategy – Digitalization That Elevates Society</b> In June 2022, the previous government launched a new joint public digitalization strategy for Denmark for 2022-2025. This strategy aims to make digitalization a central part of addressing the significant social challenges facing Denmark, while also supporting citizens who find digitalization challenging. The strategy builds upon the strong digital foundation established through 20 years of digital investments.	No	2022.1.2 2021.1.3 2020.2.3	1	On-Track
5.3	<b>Establishment of a Digitalization Council to Advise the Government on Digitalization</b> With the launch of its digitalization strategy, the previous government decided to establish a Digitalization Council for the period 2022-2026. This council, consisting of top leaders and experts in the digital field, is tasked with continuously advising the government on the potentials and challenges of digitalization, as well as monitoring the implementation of the digitalization strategy.	No	2022.1.2 2021.1.3 2020.2.3	1	Not Completed
5.4	<b>10-Year Plan for New Technology and Automation in the Public Sector</b> The previous government, in collaboration with Local Government Denmark and Danish Regions, launched a long-term initiative aimed at expanding new technology and automation in the public sector. The goal is to alleviate workforce shortages by freeing up time and resources, targeting the release of 10,000 full-time equivalents over a 10-year period.	No	2022.1.2 2021.1.3 2020.2.3	1	Not Completed
5.5	<b>Digitalisation fund of DKK 500 mn. (approx. EUR 65 mn.) for 2022-2025</b> The Digitalisation Fund, established to follow up on the recommendations of the Digitalization Partnership, allocates DKK 125 mn. DKK (approx. EUR 15 mn.) annually from 2022 to 2025 to support Denmark's digital transformation. The fund, detailed in the 2022 budget, includes initiatives focused on promoting a greener and more digital business environment, increased usage of public data, green solutions and new technologies in the public sector and establishing a legal and ethical framework. The fund encompasses a total of 10 initiatives, addressing digitalization in both public and private sectors, alongside green digital initiatives and efforts focused on data ethics and legislation.	RRF	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1	On-Track
5.6	<b>Strengthening of SMV:Digital</b> Small and medium-sized enterprises (SMEs) do not invest in digitalisation to the same extent as larger companies, which risks putting them at a competitive disadvantage. SMV:Digital provides support for the digital transformation of businesses through grants for purchasing private consulting services, competence development programs, mentoring, and networking, as well as guidance on regulations and competitive conditions. This initiative aims to help integrate digitalisation, automation, and e-commerce into Danish SMEs. In the 2022 budget, nearly DKK 120 mn. (approx. EUR 15 mn.) was allocated to SMV:Digital for the period from 2022 to 2025. Additionally, almost DKK 65 mn. (approx. EUR 10 mn.) was set aside for SMV:Digital in 2021 as part of Denmark's recovery and resilience plan, which was disbursed in the 2021 budget and the summer business package of June 2021. In total, about 550 SMEs are expected to benefit from the DKK 65 mn. (approx. EUR 5 mn.).	RRF/PA	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1	On-Track
5.7	<b>Agreement on an Ambitious and Responsible Strategy for Denmark's Digital Development</b> In February 2024, the Danish government reached an agreement on a new digitalization strategy for the period 2024-2027. The strategy aims to promote the use of artificial intelligence, strengthen the digital green transition, enhance digital skills among the population, and support businesses in their digital transformation.	No	2022.1.2 2021.1.3 2020.2.3	1	On-Track
5.8	<b>Establishment of a digital taskforce for artificial intelligence</b> The government, the Local Government Denmark, and Danish Regions have agreed, through the economic agreements for 2025, to establish a Digital	No	2022.1.2 2021.1.3 2020.2.3	1	On-Track

**Table 3.6**  
**Selected reforms and investments regarding digitalization**

No.		RRF/PA	CSR	CP	Status
	Taskforce for artificial intelligence. This taskforce will set the direction and ambitions for the use of artificial intelligence in the public sector, aiming to free up labour, reduce administrative burdens, and enhance quality in public services for the benefit of citizens and businesses, with the goal of making Denmark a global leader in artificial intelligence within the public sector. The parties have also committed to providing the necessary funding for the taskforce's work and the implementation of specific solutions in future economic agreements. The taskforce will replace the 10-year plan for new technology and automation in the public sector. Some initiated initiatives related to scaling existing solutions (track 1), including those planned for 2024, may be concluded under the current setup by agreement with the Local Government Denmark and Danish Regions, provided there is municipal and regional co-funding, as stipulated in the economic agreements for 2023.				
5.9	<b>Continuation of the Broadband Fund</b> Since 2016, the Broadband Fund, which received an additional DKK 100 mn. DKK (approx. EUR 15 mn.) from the EU's Recovery and Resilience Facility in 2021, has ensured that more households and businesses gain access to high-speed broadband (100/30 Mbps) in areas where the market does not provide it on its own. Today, approximately 99 percent of all addresses in Denmark, equivalent to around 2 mn. households and businesses, have access to broadband with 100/30 Mbps.	RRF	2023.1.3 2022.1.2 2021.1.3 2020.2.3	1	On-Track

#### Description of status

**5.3 Establishment of a Digitalization Council to Advise the Government on Digitalization:** The Digitalization Council was established in 2022 and was active until it was closed on December 18, 2024, due to politically prioritized task reductions.

**5.4 10-Year Plan for New Technology and Automation in the Public Sector:** The 10-year plan for new technology and automation in the public sector has been replaced by the digital task force for artificial intelligence.

## 3.6 Climate, environment and energy supply

**Table 3.7**  
**Selected reforms and investments regarding climate, environment and energy supply**

No.	RRF/PA	CSR	CP	Status
<b>6.1 Agreement on Green Tax Reform for Industry, etc. (2022)</b>				
The agreement was made following the first report from the Expert Group on Green Tax Reform, which provided recommendations for regulating greenhouse gases based on a higher and more uniform CO2 tax. The Green Tax Reform Agreement for Industry, etc. (2022) includes the introduction of a more consistent CO2 tax for greenhouse gas emissions from the industrial sector, set to be phased in from 2025 to 2030, as well as further investments in carbon capture and storage (CCS) and other compensatory measures. This agreement is expected to reduce Denmark's CO2e emissions by an additional 4.3 mn. tons by 2030.	RRF	2023.4.1 2022.4.1 2022.1.2	1	On-track
<b>6.2 Agreement on Kilometre-Based Road Charge for Trucks (2023)</b>				
It has been agreed to introduce a new kilometre-based and CO2-differentiated road charge for trucks starting in 2025, which will replace the existing periodic road usage charge for trucks (the Eurovignette). Additionally, the agreement includes changes to the national regulations concerning the weight and dimensions of trucks in road freight transport. This will lead to greater efficiency in road freight transport, contribute to CO2 reductions, and reduce the economic costs associated with the road charge for businesses.	No	2023.4.1 2022.4.1	1	Completed
<b>6.3 Agreement on Partial Allocation from the Green Fund (2024)</b>				
With the <i>Agreement on Partial Allocation from the Green Fund</i> (2024), DKK 4.9 bn. (approximately EUR 650 mn.) was allocated from the green budget. This includes funding for the rollout of district heating, the green transition of road freight transport, green agricultural practices through methane-reducing feed, a marine nature fund, a climate adaptation plan 1, and the purification of legacy pollution, among other initiatives. Additionally, it was agreed to increase the diesel tax by 50 øre per litre, excluding VAT, starting January 1, 2025. This tax increase applies to diesel used for road transport and for construction machinery that pays the same diesel tax as road transport. The equalization tax will be proportionally reduced.	No	2024.3 2023.4.1 2023.4.6 2022.4.1	1	On-track
<b>6.4 Climate Agreement on Green Electricity and Heat (2022)</b>				
It has been agreed to establish framework conditions that will enable a quadrupling of land-based renewable energy production by 2030. Furthermore, areas will be designated to accommodate at least an additional 4 GW of offshore wind capacity by the end of 2030, provided that offshore wind does not negatively impact state finances during the project period and that there is sufficient capacity in the electricity grid. Additionally, a review and analysis will be initiated to remove barriers in legislation and to streamline case processing, as well as to shorten approval and permitting processes related to offshore wind farms.	RRF	2023.4.1 2023.4.2 2023.4.3 2023.4.5 2023.4.6 2022.4.1	1 & 3	On-track
There is an ambition to eliminate the use of gas for heating in households by 2035, and Denmark aims to be 100 per cent supplied with green gas by 2030, partly by accelerating the rollout of district heating. Therefore, several initiatives and improved conditions will be implemented to expedite the deployment of green heat and increase biogas production, thereby reducing the number of households using natural gas and minimizing Denmark's vulnerability in gas supply.				
A central prerequisite for the green transition is a well-functioning and expanded electricity grid, along with flexible consumption. Therefore, funds will also be allocated for initiatives and analyses regarding proactive expansion of the electricity grid and support for more flexible electricity consumption.				
<b>6.5 Green Transition of Road Transport (2020)</b>				
The initiatives aim to increase the incentives for purchasing zero and low-emission vehicles, including through changes in tax regulations, and to support green transport and infrastructure. A total of DKK 1.625 bn. (approx. EUR 220 mn.) is allocated for the period from 2021 to 2025. In 2020, it was estimated that the agreement would result in a reduction of CO2 emissions by 1.0 mn. tons by 2025 and 2.1 mn. tons by 2030.	RRF	2023.4.1 2022.4.1	1	Completed
<b>6.6 Agreement on a Green Denmark (2024)</b>	No	2024.3	1	On-track

**Table 3.7****Selected reforms and investments regarding climate, environment and energy supply**

No.		RRF/PA	CSR	CP	Status
	On June 24, 2024, the government reached an agreement on a Green Denmark with parties in the green tripartite collaboration: Danish Agriculture & Food Council, the Danish Society for Nature Conservation, the Food Workers Union NNF, Danish Metal Workers' Union, Confederation of Danish Industry, and the Local Government Denmark. The agreement aims to reduce greenhouse gas emissions from agriculture, establish a long-term framework for the transformation and adjustment of Denmark's land use, and ensure better conditions for nature, biodiversity, water quality, and drinking water. This will involve land reallocation, with an investment of approximately 40 bn. DKK (approx. EUR 5 bn.) from Denmark's Green Land Fund, along with CO2e taxes on agricultural emissions.				
<b>6.7 Agreement on Extended Producer Responsibility for Packaging and Single-Use Plastics (2022)</b>	An agreement has been reached on the implementation of extended producer responsibility for packaging and single-use plastic products. This agreement is expected to contribute to a CO2 reduction of 0.12 mn. tons by 2030 and is part of achieving the anticipated total CO2 reduction of 0.7 mn. tons by 2030, as established in the <i>Climate Plan for a Green Waste Sector and Circular Economy</i> from 2020.	No	2023.3.1 2022.3.1	1	Completed
<b>6.8 Follow-up on the Agreement for the Climate Plan for a Green Waste Sector and Circular Economy (2020)</b>	The agreement strengthens waste supervision and the control of waste exports and imports. Additionally, it sets an ambitious deadline for municipalities to separately collect textile waste from households. This agreement is a follow-up to the <i>Climate Plan for a Green Waste Sector and Circular Economy (2020)</i> and contributes to achieving the expected total CO2 reduction of 0.7 mn. tons by 2030.	No	2023.3.1 2022.3.1	1	Delayed
<b>6.9 Establishment of a national energy crisis task force (NEKST)</b>	The government has established a National Energy Crisis Task Force (NEKST), inspired by the National Operational Task Force (NOST). NEKST is designed to ensure quicker action on urgent green challenges, such as the rollout of district heating, and to identify barriers to the agreed ambitions for scaling solar and wind energy on land and offshore. The task force will recommend measures to the government that could accelerate development efforts. NEKST will also support the expansion of the electricity grid in areas where capacity issues already exist, helping to remove green barriers and expedite ongoing efforts to facilitate timely and effective investments in the grid. Furthermore, NEKST will examine whether additional measures are needed to utilize the grid more efficiently, including promoting more flexible electricity consumption.	RRF	2023.4.1 2023.4.2 2023.4.3 2023.4.4 2023.4.6	3	Completed
<b>6.10 Forest Plan</b>	The government will present a forest plan aiming to establish 250,000 hectares of new forest in Denmark by 2045. The creation of new forests is crucial for achieving climate neutrality and ultimately net negative emissions. The forest plan will ensure maximum synergy and balance among the various purposes of the new forest areas. With the Agreement on a Green Denmark (2024), the government proposes a land conversion plan involving approximately DKK 40 bn. (approx. EUR 5 bn) from Denmark's Green Land Fund, focusing on extensive forest establishment.	No	2024.3	1	On-track
<b>6.11 Green domestic aviation</b>	With the <i>Agreement on Green Aviation in Denmark</i> dated December 15, 2023, involving the government, SF, and EL, approximately DKK 0.8 bn. (approx. EUR 100 mn.) has been allocated for the period 2025-2029 to support the establishment of a green domestic route. Additionally, around DKK 1.5 bn. (approx. EUR 200 mn.) will be allocated for the period 2027-2033 to support fully green domestic aviation by 2030. Furthermore, a framework of about DKK 1.1 bn. (approx. EUR 145 mn.) is set for the period 2025-2033 for the green transition of aviation. This agreement will be financed through a passenger tax.	No	2023.4.1 2022.4.1	1	On-track
<b>6.12 Agreement on the Establishment of a Green Fund (2022)</b>	A total of DKK 1.5 bn. (approx EUR 200 mn.) has been reserved for 2024, along with DKK 3.25 bn. (approx. EUR 435 mn.) annually from 2025 to 2040 within the	No	2023.4.1 2023.4.6 2022.4.1	1 & 3	On-track

**Table 3.7****Selected reforms and investments regarding climate, environment and energy supply**

No.		RRF/PA	CSR	CP	Status
	fiscal framework for the establishment of a new green fund. In total, DKK 53.5 bn. (approx. EUR 7 bn.) is allocated for the green transition towards 2040, of which DKK 10.6 bn. (approx. EUR 1.4 bn.) will be designated for the green tax reform. The green fund will prioritize significant and long-term investments in climate initiatives, green energy, and environmental projects.				
<b>6.13 Agreement on the Development and Promotion of Hydrogen and Green Fuels (Power-to-X Strategy) (2022)</b>	In 2022, a broad majority in the Danish Parliament supported the PtX agreement, which takes initial steps toward establishing the framework necessary to promote the development of a PtX market in Denmark. The agreement aims for Denmark to build an electrolyzer capacity of 4-6 GW by 2030. The expansion of PtX should occur as much as possible under market conditions, considering the security of supply for Danish citizens. The PtX agreement also includes a grant scheme of DKK 1.4 bn. DKK (approx. EUR 200 mn., in 2024 prices) for hydrogen production, with the ten-deal held in 2023, resulting in full allocation of the funds. Additionally, the PtX agreement stipulates the creation of the necessary frameworks to enable the establishment of hydrogen infrastructure for transportation via pipelines and for underground storage. It also allocates DKK 344 mn. (approx. EUR 45 mn.) from REACT-EU funds under the EU's structural funds and the EU's Just Transition Fund to establish a new investment support scheme aimed at accelerating the maturation and scaling of innovative green technologies, particularly focusing on PtX and hydrogen but also including pyrolysis and CCUS, of which DKK 244 mn. (approx. EUR 35 mn.) has already been allocated. This agreement also supports the EU initiative Net Zero Industry Act.	PA	2024.2 2023.4.1 2022.4.1	1 & 3    Completed	
<b>6.14 Supplementary Agreement on Energy Island Bornholm (2022)</b>	As part of the implementation of the <i>Climate Agreement for Energy and Industry</i> , a broad majority in the Danish Parliament decided in 2022 to expand Energy Island Bornholm from the originally planned 2 GW to 3 GW, with expected realization by 2030, contingent upon the project's profitability. The agreement acknowledges the decision to establish a connection between Denmark and Germany, made on July 26, 2022.	No	2023.4.1 2023.4.2 2023.4.3 2022.4.1 2022.4.2 2022.4.3	1 & 3    Delayed	
<b>6.15 Preparatory Agreement for Energy Island North Sea (2022)</b>	As part of the implementation of the <i>Climate Agreement for Energy and Industry</i> , the government entered into an agreement in 2022 that specifies the framework for preparing the tender for Energy Island North Sea. This includes aspects such as the technical concept, company structure, and requirements for private co-ownership and the construction of the energy island. Furthermore, the agreement states that the decision-making body will make a final decision on the continuation of the project based on the final cost allocation model of Energinet's net costs and updated profitability calculations, given the condition that the project must be profitable.	No	2023.4.1 2023.4.2 2023.4.3 2022.4.1 2022.4.2 2022.4.3	1 & 3    Delayed	
<b>6.16 Supplementary Agreement on Tender Frameworks for 6 GW Offshore Wind and Energy Island Bornholm (2023)</b>	In May 2023, a broad majority in the Danish Parliament established the frameworks for the expansion of 6 GW radial offshore wind and 3 GW for Energy Island Bornholm. This agreement potentially allows for the expansion of 14 GW of offshore wind or more, provided that the offshore wind developers take advantage of the flexibility included in the agreement to build the maximum capacity on the designated areas.	No	2023.4.1 2023.4.2 2023.4.3	3    Delayed	
<b>6.17 Agreement on Pesticide Strategy 2022-2026 (2022)</b>	The agreement allocates approximately DKK 368 mn. DKK (approx. EUR 50 mn.) for the period 2022-2026 to reduce pesticide load in Denmark. The initiatives in the strategy aim to enhance the protection of water environments, groundwater, and biodiversity, as well as to safeguard public health and food safety.	No	-	1    On-track	
<b>6.18 Agreements on Chemical and Biocide Actions (2022)</b>	The agreements allocate approximately DKK 304 mn. (approx. EUR 40 mn.) for the period 2022-2025 to among other things enhance Denmark's key priorities in	No	-	1    On-track	

**Table 3.7****Selected reforms and investments regarding climate, environment and energy supply**

No.		RRF/PA	CSR	CP	Status
	negotiations regarding the EU's future chemical regulations. The funding aims to ensure chemical control, increase knowledge and regulation of endocrine disruptors and allergens, and better equip consumers to avoid purchasing products with harmful chemicals. The biocide agreement includes the introduction of an authorization scheme for insecticides.				
<b>6.19 Agreement on IPCEI Hydrogen Projects (2021)</b>	The agreement allocates DKK 850 mn. (approx. EUR 115 mn.) for Denmark's participation in a large-scale European project, Important Project of Common European Interest (IPCEI), focused on hydrogen. Two projects have been selected to support the development of Power-to-X (PtX) technologies in Denmark.	No 2023 4.1 2022 4.1		1 & 3	Delayed
<b>6.20 New Law on Nature and Biodiversity</b>	The government plans to introduce a comprehensive law on nature and biodiversity aimed at creating a greener Denmark. This law will align with the EU's biodiversity strategy for 2030, which targets 30 per cent of EU land and marine areas to be protected, with 10 per cent designated as strictly protected. The government aims to establish a goal of at least 20 per cent protected nature in the upcoming legislation. These objectives will be developed considering overall land use in Denmark, including coexistence with agriculture and the expansion of renewable energy.	No 2024.3		1	On-track
<b>6.21 New Plastic Action Plan</b>	The government intends to implement a plastic action plan aimed at reducing plastic waste in the Danish environment. The plan will focus on initiatives to minimize plastic pollution and promote sustainable alternatives, contributing to a cleaner natural landscape in Denmark.	No 2023.3.1 2022.3.1		1	On-track
<b>6.22 New National Action Plan for PFAS</b>	In 2024, the government launched a new national action plan for PFAS, ensuring ongoing monitoring and control while addressing knowledge gaps in the field. The agreement focuses on: 1) cleaning up contamination, 2) preventing further spread of PFAS, and 3) containing existing PFAS pollution. The plan sets the direction for efforts to reduce PFAS in Denmark, the EU, and internationally.	No -		1	On-track
<b>6.23 Marine Plan</b>	The government has introduced an updated marine plan, where over 30 per cent of Denmark's marine area is protected. By 2030, a total of 10 per cent will be designated as strictly protected. The marine plan balances the need for new activities to ensure Europe's energy self-sufficiency, the interests of current sea users, and the necessity of protecting nature and biodiversity.	No -		1	On-track
<b>6.24 The EU's Just Transition Fund</b>	The fund is targeted at regions most negatively affected by the transition towards a climate-neutral economy by 2050, focusing on Northern and Southern Jutland. Approximately DKK 636 mn. (approx. EUR 85 mn.) is allocated, supporting technology and business development in Power-to-X, improved conditions for green transition in SMEs, brown biorefining like pyrolysis, and the development of local value chains for carbon capture, utilization, and storage.	PA 2024.2 2023.1.3 2022.2.2 2020.2.3		1	Delayed
<b>6.25 Development of Regional Business Lighthouses</b>	DKK 1 bn. (approx. EUR 135 mn.) from EU funds has been set aside to support the development of regional business lighthouses, including from the EU's Just Transition Fund, European Social Fund Plus (ESF+), EU's structural funds, and the RE-ACT-EU programme. These lighthouses are strategically important efforts in the 2021-2027 structural fund programmes and aim to support the development of existing and new strengths, particularly in green areas such as Power-to-X, water technology, biosolutions, sustainable construction, and carbon capture. The allocated funds have initiated several local activities to support the development of these business lighthouses, including establishing test and demonstration projects for green technologies and initiatives to expand green infrastructure. The business lighthouses are being developed in public-private partnerships between the state and local actors to support the long-term development of local business strengths and skills	PA 2024.2 2020.2.2	-		On-track

**Table 3.7****Selected reforms and investments regarding climate, environment and energy supply**

No.		RRF/PA	CSR	CP	Status
<b>6.26 Green Transition of Agriculture</b>	Denmark's Recovery and Resilience plan includes several initiatives within the agriculture and environmental sectors, with a total investment of over DKK 1.3 bn. (approx. EUR 175 mn.) from the recovery and resilience facility from 2021-2025. The initiatives are estimated to reduce emissions by 0.1 mn. tonnes of CO2, with the largest share of DKK 660 mn. (approx. EUR 90 mn.) allocated to withdrawing carbon-rich land from agriculture.	RRF	2024.3	1	On-Track
<b>6.27 Energy Initiatives in the National Security Policy Compromise (2022)</b>	The agreement parties agreed to launch initiatives that phase out gas to make Denmark independent of Russian gas. They will explore options for temporarily increasing gas extraction in the North Sea, increasing biogas usage, advancing Baltic Pipe, or similar measures to help reduce Europe's dependence on Russian gas.  Baltic Pipe became fully operational on November 30, 2022, a month earlier than planned. Ørsted and Andel have signed contracts with Equinor for the delivery of Norwegian gas to Denmark via Baltic Pipe, enhancing Denmark's energy security.  To increase the share of green gas in Denmark's consumption immediately, the previous government and a parliamentary majority agreed to temporarily maintain the energy crop limit (April 2022), keeping the current 12 per cent cap in place for another year to increase biogas production in 2022 and 2023.	No	2023 4.1 2022 4.1	1 and 3	On-Track
<b>6.28 Agreement on Accelerated Planning for the Phasing Out of Gas for Heating and Clear Communication to Citizens (2022)</b>	The agreement aimed to accelerate the rollout of district heating. Municipalities in 2022 were tasked with conducting planning efforts and sending letters to homeowners with oil and gas boilers in gas-supplied areas, informing them about the possibility of switching to green heating. Based on this, specific project proposals were to be prepared in 2023 to enable district heating rollout by 2028, where feasible.	No	2023.4.1 2023.4.2 2023.4.6	1 and 3	On-Track
<b>6.29 Extension of the Lifetime of Three Power Plants (2022)</b>	To strengthen the electricity supply situation in the short term, a political mandate was granted in October 2022 to temporarily delay the closure of three power plants. The closure has been postponed until August 31, 2024. The temporary postponement applies to three Ørsted-owned plants: Kyndby Power Plant's Unit 21 (light oil), Studstrup Power Plant's Unit 4 (coal), and Esbjerg Power Plant's Unit 3 (coal).	No	-	3	Completed
<b>6.30 Robust Framework for Grid Companies' Finances (2024)</b>	A political agreement has been reached to ensure that the electricity grid companies, which own and operate Denmark's electricity distribution networks, have the financial framework to support efficient and timely electrification. A new green electrification surcharge is being introduced to the grid companies' revenue caps to cover the additional costs resulting from electrification	No	2023.4.3	1	Completed
<b>6.31 Potential for hydrogen infrastructure establishment</b>	With the first agreement on the ownership and operation of Denmark's future pipeline-based hydrogen infrastructure from May 2023, the agreement parties decided that pipeline-based hydrogen infrastructure should, in principle, be publicly owned through Evida and Energinet. Additionally, Denmark and Germany signed a bilateral agreement in 2023 to support the establishment of cross-border land-based hydrogen infrastructure between the two countries. The second agreement on the economic framework for hydrogen infrastructure from April 2024 determined the regulation and the overall conditions for Energinet's access to state financing (e.g., equity injections, loans, guarantees) of a potential Jutland hydrogen backbone.	No	2023 4.1 2023 4.2 2022 4.1 2022 4.2	1 and 3	On-Track
<b>6.32 Agreement on Long-Term Framework Conditions for Carbon Capture in the Supply Sector (2024)</b>	The agreement aims to create clear framework conditions for carbon capture in the supply sector by removing regulatory barriers, enabling the sector's significant carbon capture potential to be realized. The agreement will be implemented through legislative proposals supporting the participation of utility companies owned by municipalities, including waste incineration plants, in CCS tenders. Additionally, the	No	2020 2.3	1	Completed

No.	RRF/PA	CSR	CP	Status
legislation will create clear financing frameworks for carbon capture activities for both private and municipal utility companies.				
<b>6.33 Climate Agreement for More Green Energy from Onshore Solar and Wind (2023)</b> The Climate Agreement for More Green Energy from Onshore Solar and Wind 2023 enables the state to take a more active role in planning large energy parks onshore, thereby supporting the ambition of a fourfold increase from the 2022 Climate Agreement. Based on the 2023 Climate Agreement, adjustments to the renewable energy schemes have been made, including increasing the rates for the renewable energy bonus and the green fund. This ensures that the owners of renewable energy facilities share a larger portion of the profits from the operation of these facilities with neighbours and local communities, with the aim of securing greater local acceptance of these facilities.	No 2023.4.1 2023.4.2 2023.4.3 2022.4.1		1 and 3 On-Track	

#### Description of status

**6.2 Agreement on Kilometer-Based Road Tax for Trucks (2023):** The kilometer-based road tax will come into effect on January 1, 2025.

**6.5 Green Transition of Road Transport (2020):** The agreement has been largely implemented. However, there is no longer a majority supporting the agreement, which means that, for example, the fuel strategy and ILUC values for 2025 have not been implemented.

**6.7 Agreement on Extended Producer Responsibility for Packaging and Single-Use Plastics (2022):** The status of the implementation of the political agreement is that initiatives regarding producer responsibility for packaging and single-use plastics have now been incorporated into Danish legislation.

**6.8 Follow-Up on the Agreement on the Climate Plan for a Green Waste Sector and Circular Economy (2022):** Initiatives concerning "Setting deadlines for the collection of textile waste" and "Strengthened waste supervision and streamlined practices" have been implemented in Danish legislation. Initiatives under the main section "Robust regulation of the waste fee" are either delayed or expected to be delayed beyond the deadlines in the agreement. These initiatives are in progress.

**6.9 Establishment of a National Energy Crisis Task Force (NEKST):** The three NEKST workstreams "More Solar and Wind on Land," "Goodbye to Gas in Danish Homes," and "Faster Expansion of the Electricity Grid" were completed in 2024, and the recommendations of the working groups have been published.

**6.11 Green Domestic Aviation:** Work is ongoing on the design and implementation of models for the allocation of the three funds for green aviation: domestic

routes, fully green domestic routes by 2030, and a general fund for the transition of aviation. Feedback from the EU Commission regarding state aid is currently awaited. The green domestic route is delayed as the start date is not expected in 2025.

**6.13 Agreement on the Development and Promotion of Hydrogen and Green Fuels (Power-to-X Strategy) (2022):** The main elements of the agreement regarding the implementation of a Power-to-X tender worth DKK 1.4 billion (2025 prices), the implementation of an investment support scheme, enabling direct lines and geographically differentiated consumption tariffs for large electricity consumers, enabling hydrogen infrastructure, and the establishment of a Power-to-X task force have all been implemented.

**6.14 Supplementary Agreement on Energy Island Bornholm (2022):** Further work is pending negotiations with Germany, which cannot continue until after the formation of the German government, expected in spring 2025.

**6.15 Pre-Tender Agreement for the North Sea Energy Island (2022):** In the summer of 2023, it was decided to pause the project to reduce costs. Dialogue is ongoing with Germany and other partner countries regarding a potential connection to the energy island.

**6.16 Supplementary Agreement on Tender Frameworks for 6 GW Offshore Wind and Energy Island Bornholm (2023):** Implemented concerning the supplementary agreement on tender frameworks for 6 GW offshore wind, as the tender was launched in April 2023. The tender for 3 GW in the North Sea did not result in bids. The tender for 3 GW in Denmark's internal waters has not been implemented as it was canceled after an agreement with the negotiating parties. Preliminary studies, etc., are expected to be reused in new tenders for 2-3 GW with a planned bid deadline in 2026. Delayed regarding Energy Island Bornholm. Further work is pending negotiations with Germany, which cannot continue until after the formation of the German government, expected in spring 2025.

**6.19 Agreement on IPCEI Hydrogen Projects (2021):** The agreement on IPCEI hydrogen projects contains two projects. One will not be implemented, as the recipient has canceled the granted commitment. The other project is delayed due to uncertainties about energy prices and lack of access to technical components due to Russia's invasion of Ukraine.

**6.24 Just Transition Fund:** Implementation is delayed, partly because the initial announcements were underfunded. Additionally, two projects that had received funding commitments were not realized. A model is being worked on for reallocation of the remaining funds in a new announcement.

**6.25 Development of Local Business Beacons:** All funds from the Just Transition Fund and REACT-EU have been allocated, along with some of the funds from

the Regional Fund and the European Social Fund Plus. In total, approximately DKK 900 million has been allocated. The remaining structural funds are announced and are expected to be allocated in the fall of 2025. Denmark's Business Promotion Board has also co-financed the business beacons with DKK 121 million in 2023 and DKK 73 million in the current announcement.

**6.27 Energy Initiatives in the National Compromise on Danish Security Policy (2022):**

The agreement has been implemented concerning the Baltic Pipe gas pipeline and the energy crop boundary. Baltic Pipe was fully operational on November 30, 2022, one month before the planned opening in January 2023. The energy crop boundary measures were implemented and further adjusted with the Agreement on Establishing an Energy Crop Boundary (2023). The rules have been implemented by decree.

**6.29 Lifetime Extension of Three Power Plants (2022):** The agreement has been implemented, and all three plants have been closed again.

**6.30 Robust Frameworks for the Finances of Network Companies (2024):**

The legislative change was adopted with L 69 from the 24/25 parliamentary session. Decree changes, which implement other parts of the vote agreements, also came into effect on January 1, 2025.

**6.32 Agreement on Long-Term Framework Conditions for CO2 Capture in the Supply Sector (2024):** The agreement was implemented with the adoption of the proposal for the CO2 capture law in the supply sector by the Danish Parliament on December 19, 2024.

### 3.7 The housing market

**Table 3.8**  
**Selected reforms and investments regarding the housing market**

No.		RRF/PA	CSR	CP	Status
7.1	<b>Macropredprudential measures in the housing market</b> A series of regulatory measures have been implemented to strengthen the financial robustness of homeowners, known as macropredprudential measures. These include the 2013 executive order on good practice for housing credit, which introduced a down payment requirement of 5 per cent for home purchases in 2015, the Growth Guidance from 2016, and the introduction of a debt-to-income ratio limit, which determines the types of loans borrowers can choose from in the 2018 executive order on good practice for housing credit. In 2024, a sector-specific systemic buffer for exposures to real estate companies was introduced.	No	2022.1.6	2	Completed
7.2	<b>Housing tax system</b> A new housing tax system came into effect on January 1, 2024. Under this system, property taxes follow the development in property value. If housing prices fall, property taxes are reduced accordingly. No current homeowners will be taxed higher under the new system compared to the previous system. The new system has also made the temporary freeze arrangement permanent, allowing for the continued deferral of increases in property taxes from 2024. Deferred property taxes must be paid at the latest when the property is sold.	No	2023.1.5	2	Completed
7.3	<b>Agreement on the Fund for Mixed Cities – More Affordable Housing and a Way Out of Homelessness</b> With the agreement from November 26, 2021, DKK 5 bn. (approx. EUR 670 mn.) is allocated to a range of new initiatives until 2031 to increase the construction of affordable housing. The initiatives primarily target more social housing in the capital region, where affordable housing may be scarce. The legislation implementing the various initiatives came into force on July 1, 2022. Among the initiatives are: <ul style="list-style-type: none"> <li>• Land purchase loans for new social housing projects of DKK 1.778 mn. (approx. EUR 240 mn.)</li> <li>• Conversion of private rental properties and commercial buildings into social housing totalling DKK 1.545 mn. (approx. EUR 200 mn.)</li> <li>• Support for the establishment of particularly affordable social housing of DKK 900 mn. (approx. EUR 120 mn.)</li> <li>• Support for densification with new social housing of DKK 422 mn. (approx. EUR 55 mn.)</li> </ul> The fund will receive an additional 5 bn. DKK (approx. 670 mn. EUR) for the period 2031-2035, which has not yet been allocated to specific initiatives.	No	2023.1.6	2	On-Track
7.4	<b>Comprehensive Housing Policy Proposal</b> The government aims for a mixed housing market where more people can own their homes, and where there is a diverse supply of owner-occupied homes, social housing, cooperative housing, and private rentals. The government will present a comprehensive housing policy proposal.	No	2023.1.6	2	Not completed

## Description of status

**7.1 Macroprudential Measures in the Housing Market:** The latest measure (sector-specific systemic buffer for the real estate sector) was introduced with effect from June 30, 2024. The 'reform' has thus been implemented. However, the government continues to closely monitor the housing market, for example, through the Systemic Risk Council, and is prepared to intervene in the event of an economically detrimental development in the housing market.

**7.2 Housing Tax System:** The new housing tax system came into effect on January 1, 2024. The reform has thus been implemented.

**7.4 A Comprehensive Housing Policy Proposal:** According to the government's platform, the government intends to present a comprehensive housing policy proposal. However, the final process for this has not yet been determined.

### 3.8 Defence and security

No.		RRF/PA	CSR	CP	Status
8.1	<p><b>Defence Agreement for 2024-2033 and the Ukraine Fund</b></p> <p>In June 2023, a broad political majority reached a ten-year framework agreement for Danish defence in 2024-2033 , aimed at significantly strengthening Danish defence in the long term. The agreement requires substantial investments in defence and security throughout the agreement period. With the subsequent first and second sub-agreements from the first half of 2024 the parties agreed to further increase the financial framework of the agreement. Thus, the total increase in Danish defence spending over the agreement period amounts to more than DKK 190 bn. (approx. EUR 25,5 bn.).</p> <p>In addition, with the Ukraine Fund has allocated a total of DKK 465.8 bn. (EUR 8,7 bn.) for military support to Ukraine in the years 2023-2028.</p> <p>The increase in defence spending under the defence agreement and the funds for the Ukraine Fund means that Denmark's total expenditure on defence and security will amount to more than 2 per cent of GDP starting from 2023 (at the time of budgeting)..</p>	No	-	4	On-Track



# Appendix A. Macroeconomic Projection

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**Appendix table A.1**

Central variables in the projection of the Danish economy

	2023 (level)	2023	2024	2025
<b>GDP</b>				
Real GDP		2.5	3.7	2.3
GDP deflator		-3.8	1.8	1.9
Nominal GDP (bn. DKK)	2,805	-1.4	5.6	4.2
<b>Components of real GDP</b>				
Private consumption expenditure		1.4	0.9	1.6
Government consumption expenditure <sup>1)</sup>		0.2	1.4	4.2
Gross fixed capital formation <sup>2)</sup>		-6.6	2.7	3.5
Changes in inventories and net acquisition of valuables <sup>3)</sup>		-1.7	-1.0	0.0
Exports of goods and services		10.4	7.5	3.3
Imports of goods and services		3.7	3.0	3.1
<b>Contributions to GDP growth</b>				
Final domestic demand <sup>2)</sup>		-0.9	1.4	1.8
Changes in inventories and net acquisition of value		-1.7	-1.0	0.0
External balance of goods and services		5.1	3.3	0.5
<b>Price level</b>				
Private consumption deflator		2.9	1.6	1.8
HICP-index		3.4	1.3	2.0
Government consumption deflator		1.7	3.5	3.8
Investment deflator		4.5	1.2	1.1
Export price deflator		-14.0	0.7	-0.8
Import price deflator		-6.8	1.0	-0.7
<b>Labour market</b>				
Employment (1,000 persons)	3,089	1.3	1.0	0.0
Average annual hours worked per person employed	1,431	-0.4	-0.3	-0.1
Real GDP per person employed		1.2	2.6	2.3

**Appendix table A.1**  
**Central variables in the projection of the Danish economy**

	2023 (level)	2023	2024	2025
Real GDP per hour worked		1.5	2.9	2.4
Compensation of employees (bn. DKK)	1,429	4.7	5.3	4.7
Compensation per employee (1,000 DKK)	490	3.1	4.1	4.7
<b>Unemployment</b>		<b>Per cent</b>		
Unemployment rate		2.6	2.7	2.8
<b>Potential GDP</b>		<b>Yearly change in per cent</b>		
Potential GDP <sup>4)</sup>		3.2	3.9	2.6
<b>Contributions to growth in potential GDP</b>		<b>Percentage points</b>		
Labour		1.0	0.8	0.2
Capital		0.7	0.6	1.0
Total factor productivity		1.5	2.6	1.4
<b>Output gap<sup>5)</sup></b>		<b>Per cent of GVA</b>		
Output gap <sup>5)</sup>		1.6	1.4	1.0

Note: The estimates for the 2025 levels reflect *Updated Medium-Term Projection, February 2025*.

- 1) The real growth in public consumption is measured using the input method, excluding depreciation, and thus reflects the growth in resource consumption rather than the progress in services. Therefore, it cannot be compared with the real growth in private consumption.
- 2) At present, there is no estimate for the allocation of the funds set aside in the Acceleration Fund. As a technical approximation, the full allocated expenditure envelope of DKK 25 billion in 2025 is therefore included in public investments.
- 3) Indicates the contribution of inventory changes to GDP growth.
- 4) Including a contribution from real indirect duties.
- 5) The output gap is calculated based on Gross Value Added (GVA).

Source: Statistics Denmark, *Updated Medium-Term Projection, February 2025* and own calculations.

**Appendix table A.2**  
**External assumptions**

	<b>2023</b>	<b>2024</b>	<b>2025</b>
Short term interest rate (yearly average)	2.9	3.3	2.2
Long term interest rate (yearly average)	2.7	2.3	2.1
EUR/USD exchange rate (yearly average)	0.92	0.92	0.94
EUR/DKK exchange rate (yearly average)	7.45	7.46	7.46
Oil price (Brent, USD/barrel)	82.5	80.5	73.3
GDP growth, world excluding EU <sup>1)</sup>	-	-	-
GDP growth, EU <sup>1)</sup>	-	-	-
Import growth, world excluding EU <sup>1)</sup>	-	-	-

1) In the Ministry of Finance's projections, there are no explicit forecasts for GDP growth or import volume in the EU or the rest of the world. Therefore, such forecasts are not included in the current table.

Source: *Updated 2030-projection*, August 2024 and own calculations.

**Appendix table A.3**  
**Public revenue and expenditure**

	2023 (level, bn. DKK)	2023 2024 2025		
		Per cent of GDP		
<b>Public revenue</b>				
Taxes on production and imports	388	13.8	13.4	13.3
Current taxes on income, wealth, etc	827	29.5	31.0	29.9
Social contributions	20	0.7	0.7	0.7
Interest revenue <sup>1)</sup>	42	1.5	1.5	1.4
Other current revenue	125	4.5	4.2	4.0
Capital taxes	7	0.2	0.3	0.2
Other capital revenue	-3	-0.1	-0.1	-0.2
Total revenue <sup>2)</sup>	1,406	50.1	51.0	49.3
<i>- of which transfers from the EU<sup>3)</sup></i>	7	0.2	0.1	0.2
Total revenue other than transfers from the EU	1,400	49.9	50.8	49.1
p.m. Year-to-year changes in discretionary revenue measures <sup>4)</sup>	-4	-0.1	-0.2	0.1
p.m. Revenue reductions funded by transfers from the EU	1	0.0	0.0	0.0
p.m. One-offs corrected for by the Danish Ministry of Finance related to revenue	0	0.0	0.0	0.0
<b>Public expenditure</b>				
Compensation of employees	397	14.2	14.1	14.2
Intermediate consumption	227	8.1	8.1	8.9
Interest expenditure	19	0.7	0.7	0.7
Social benefits other than social transfers in kind	400	14.3	14.1	14.3
Social transfers in kind via market producers	37	1.3	1.3	1.4
Subsidies	36	1.3	1.2	1.4
Other current expenditure	83	3.0	2.8	2.3
Gross fixed capital formation <sup>5)</sup>	89	3.2	3.1	4.4
<i>- of which nationally financed public investment<sup>5)</sup></i>	89	3.2	3.1	4.4
Capital transfers	29	1.0	1.1	1.0
Other capital expenditure	-3	-0.1	-0.2	-0.1
Total expenditures <sup>2)(5)</sup>	1,314	46.8	46.5	48.5
<i>- of which expenditure funded by transfers from the EU<sup>6)</sup></i>	6	0.2	0.2	0.1
Nationally financed expenditure	1,308	46.6	46.3	48.3
p.m. National co-financing of programmes funded by EU	1	0.0	0.0	0.0
p.m. Estimated cyclical component of unemployment benefits	-15	-0.5	-0.5	-0.4
p.m. One-offs corrected for by the Danish Ministry of Finance related to expenditures	5	0.2	0.5	0.3

	2023 (level, bn. DKK)	2023	2024	2025
Other temporary factors related to the primary expenditures	3	0.1	-0.1	0.0
Net nationally financed primary expenditure (before revenue measures)	1,295	46.2	45.6	47.7
Net nationally financed primary expenditure growth in per cent			5.1	8.2
<b>Public budget balance</b>				<b>Per cent of GDP</b>
Actual budget balance incl. the Acceleration Fund	93	3.3	4.5	0.8
Primary budget balance incl. the Acceleration Fund	69	2.5	3.8	0.1
Structural budget balance incl. the Acceleration Fund		1.3	1.2	-0.3
Primary structural budget balance incl. the Acceleration Fund		0.7	0.5	-1.0
<b>Public debt</b>				<b>Per cent of GDP</b>
Gross debt	942	33.6	31.1	30.0
Change in gross debt	-27	-0.5	-2.5	-1.1
Contributions to changes in gross debt:				
Primary budget balance		-2.5	-3.8	-0.1
"Snowball-effect"		-0.4	-2.5	-2.0
- of which net interest expenditure		-0.8	-0.7	-0.7
- of which growth		-0.8	-1.2	-0.7
- of which inflation		1.3	-0.6	-0.6
Stock-flow adjustment		2.3	3.8	1.0
p.m. Implicit interest rate on debt		1.9	2.3	2.4
<b>Defence expenditures</b>				<b>Yearly change in per cent</b>
Total defence expenditures <sup>5)</sup>	51	48	6	60
- of which defence investment <sup>5)</sup>	8	27	-25	525

- 1) Including dividends and the Danish National Bank's surplus.
- 2) The calculation of the total public expenditures and revenues is based on the classification of Statistics Denmark. This implies, for instance, that the sale of goods and services is included as revenue and not as negative expenditures.
- 3) The transfers consist of the total current transfers and capital transfers from the EU.
- 4) The estimated effects are calculated based on the immediate impact and thus do not include any revenue or expenditure effects from return flow and behaviour.
- 5) At present, no estimate exists for the allocation of the funds set aside in the Acceleration Fund. As a technical approximation, the full allocated expenditure frame of DKK 25 billion in 2025 is therefore included under public investments.
- 6) The expenses covered by EU funds are the total transfers from the EU minus the portion used for tax measures as part of Denmark's recovery and resilience plan. This is because lower tax revenues will appear on the revenue side, not the expenditure side.

Source: Statistics Denmark, *Updated Medium-Term Projection, February 2025*, and own calculations.

**Appendix table A.4**  
**Estimated effect of discretionary revenue measures**

Per cent of GDP	Revenue/ expenditure	On-offs	ESA-code	2023	2024	2025
<b>Revenue measures</b>						
Housing Tax Agreement	Revenue	No	D.5	0	-0.4	0
Reduction of electricity tax	Revenue	No	D.2	-0.2	0.1	0
Compensation for rising energy prices <sup>1)</sup>	Revenue	No	D.5	-0.1	0.1	0
Funding for Early Retirement Pension	Revenue	No	D.91	0.1	0	0
Funding for Green Tax Reform	Revenue	No	D.2	-0.1	0	0
Tax deduction for R&D	Revenue	No	D.2	0.1	0	0
Agreement on a Stronger Business Sector	Revenue	No	D.2	0	0	0.1
Personal Income Tax Reform	Revenue	No	D.5	0	0	-0.2
Distance-Based Road Charge	Revenue	No	D.39	0	0	0.1
Other measures <sup>2)</sup>	Revenue	No		0.1	0	0.1
<b>Sum</b>				<b>-0.1</b>	<b>-0.2</b>	<b>0.1</b>
<b>One-off expenditures corrected for by the Danish Ministry of Finance</b>						
Extraordinary COVID-19-related expenses in connection with the compensation agreement for mink farmers and related industries, etc	Expenditure	Yes	D.9	0.1	0.2	0.3
Repayment of overpaid property tax	Expenditure	Yes	D.9	0.1	0.1	0.1
<b>Sum</b>				<b>0.2</b>	<b>0.3</b>	<b>0.4</b>

Note: The estimated effects are calculated based on the immediate impact and thus do not include any revenue or expenditure effects from return flow and behaviour.

- 1) Compensation for rising energy prices includes, among other things, an increase in the employment deduction and a reduction in the electricity tax.
- 2) Other measures consist of initiatives that individually have a revenue effect not exceeding 0.1 per cent of GDP, including the *Agreement on the Entrepreneur Package* (June 2024) and the *Agreement on the Implementation of a Green Denmark* (November 2024).

Source: Statistics Denmark, *Updated Medium-Term Projection, February 2025* and own calculations.

<i>Per cent of GDP</i>	2020	2021	2022	2023	2024	2025	2026
<b>Revenue from RRF grants</b>							
RRF grants as included in the revenue projections							
RRF grants as included in the revenue projections	0.0	0.1	0.0	0.1	0.1	0.0	0.1
Cash disbursements of RRF grants from EU	0.0	0.1	0.0	0.1	0.1	0.0	0.1
<b>Expenditure financed by RRF grants</b>							
Total current expenditure	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Total capital expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- <i>of which gross fixed capital formation</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- <i>of which other capital expenditure</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Other costs financed by RRF grants</b>							
Reduction in tax revenue	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Other costs with impact on revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Statistics Denmark and own calculations.

<i>Per cent of GDP</i>	2020	2021	2022	2023	2024	2025	2026
<b>Revenue from RRF loans</b>							
Disbursements of RRF loans from EU							
0	0	0	0	0	0	0	0
Repayment of RRF loans to EU	0	0	0	0	0	0	0
<b>Expenditure financed by RRF loans</b>							
Total current expenditure	0	0	0	0	0	0	0
Total capital expenditure	0	0	0	0	0	0	0
- <i>of which gross fixed capital formation</i>	0	0	0	0	0	0	0
- <i>of which other capital expenditure</i>	0	0	0	0	0	0	0
<b>Other costs financed by RRF loans</b>							
Reduction in tax revenue	0	0	0	0	0	0	0
Other costs with impact on revenue	0	0	0	0	0	0	0
Financial transactions	0	0	0	0	0	0	0

Source: Statistics Denmark and own calculations.





## Appendix B. Comparison of gap estimates based on EUCLAM and the Danish Ministry of Finance's method

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The European Commission calculates Denmark's output gap according to the guidelines in the EU's *Commonly Agreed Methodology* (EUCAM). In addition, the Danish Ministry of Finance calculates the output gap using its own method, which has been in use since 2004. While the two methods share common elements, there are important differences in certain aspects.

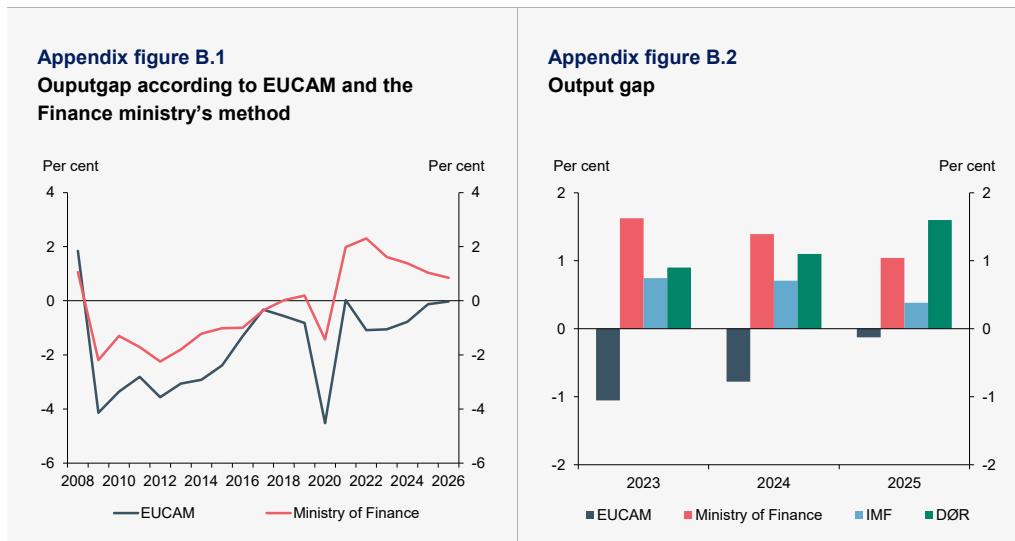
The output gap can be broken down into a TFP gap and an employment gap. The employment gap consists of both an unemployment gap and a labour force gap.

The Ministry of Finance's model for estimating the unemployment gap resembles EUCAM's, as it is based on the expectations-augmented Phillips curve. Real wages and data on capacity utilisation are used as indicators of labour market pressure, cf. *The Ministry of Finance's Calculation of Gaps and Structural Levels, November 2020*. The unemployment gap is subsequently used to estimate the labour force gap and thus the total employment gap.

EUCAM's approach includes labour productivity and the wage share as signals of pressure. However, in recent years, the signal value of both the wage share and productivity has been affected by the growth of *merchanning and processing*, which has been substantial in Denmark. In the manufacturing sector in particular, *merchanning and processing* result in an increasing share of value creation occurring abroad, without a corresponding impact on the Danish labour market. This has led to a decline in the wage share and a rise in productivity, although these movements do not necessarily reflect low capacity pressure.

The Ministry of Finance's assessment of the employment gap in forecast years (i.e. non-historical years) uses both a population accounting approach – where employment rates by age and origin are held constant but adjusted for changes in educational behaviour and adopted reforms – and a model-based calculation similar to that used for historical data. These two components are combined to produce an overall estimate based on various observable indicators of labour market pressure.

In recent years, the Ministry of Finance's method and EUCAM have produced different assessments of capacity pressure in the Danish economy. The Ministry's approach during this period has been more in line with estimates from other key institutions that assess Denmark's output gap, including *the Danish Economic Councils (DØR)* and *the International Monetary Fund (IMF)*, cf. appendix figures B.1 and B.2. Differences in the results can primarily be attributed to methodological choices, including the selection of indicators used to assess labour market pressure.



Source: EUCAM, Fall 2024, Economic Survey, December 2024, Danish Economy, Fall 2024, the Danish Economic Councils presidency, World Economic Outlook, International Monetary Fund, October 2024.

### Comparison of Estimates for Key Indicators

The structural balance is an estimate of the underlying position of public finances given the current fiscal policy. In the Ministry of Finance's calculation of the structural balance, the actual general government balance is adjusted for the economic cycle – based on the Ministry's output gap estimates – and a range of other temporary factors, including fluctuations in revenue from the pension yield tax, corporate tax, and various one-off items. The Ministry of Finance's estimate of the structural balance is shown in Table B.1.

For comparison, Table B.1 also presents a calculation of the structural balance based on the EU's Commonly Agreed Methodology. This estimate relies on the Commission's assessment of the cyclical sensitivity of Denmark's public finances, its classification of one-off factors, and its method for calculating the output gap.

The EU's Commonly Agreed Methodology does not account for country-specific circumstances, including a number of Danish-specific factors. These include large temporary fluctuations in revenues from the pension yield tax, which are unrelated to the cyclical position of the economy and therefore do not reflect the underlying fiscal stance. As a result, there are significant differences between the estimate based on the EU's Commonly Agreed Methodology and the Ministry of Finance's structural balance estimate.

**Appendix table B.1**  
**Comparison of key figures based on the Danish Ministry of Finance's method and EUCAM**

	2023	2024	2025
<b>Danish Ministry of Finance</b>			
Output gap, Per cent of GVA	1.6	1.4	1.0
Actual balance	3.3	4.5	0.8 <sup>1)</sup>
Structural balance, per cent of structural GDP <sup>2)</sup>	1.3	1.2	0.5
<i>Memo: structural balance incl. the Acceleration Fund<sup>3)</sup></i>	1.3	1.2	-0.3
Structural primary balance, per cent of structural GDP <sup>2)</sup>	0.7	0.5	-0.2
Net expenditure indicator, annual growth, per cent		5.1	8.2
<i>Cumulative growth</i>		5.1	13.7
<b>EUCAM</b>			
Output gap, Per cent of GVA	-1.1	-0.8	-0.1
Actual balance	3.3	4.5	0.8 <sup>1)</sup>
Structural balance, per cent of structural GDP	4.1	5.6	1.7
<i>Memo: structural balance incl. the Acceleration Fund<sup>3)</sup></i>	4.1	5.6	0.9
Structural primary balance, per cent of structural GDP	4.8	6.3	2.4
Net expenditure indicator, annual growth, per cent		5.4	8.8
<i>Cumulative growth</i>		5.4	14.7

- 1) The estimate for the actual balance in 2025 is based on the *Updated Medium-Term Projection, February 2025*, but adjusted for the isolated impact of the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) in 2025.
- 2) The estimates for the structural balance and the structural primary balance are based solely on the *Updated Medium-Term Projection, February 2025*, and thus do not include the *Agreement on Strengthening the Armed Forces' Combat Capability* (February 2025) or new information on broader economic developments.
- 3) Calculated based on a fiscal policy easing of DKK 25 billion (approx. 0.8 percent of GDP) in 2025 for the establishment of the Acceleration Fund.

Source: Statistics Denmark, *Updated Medium-Term Projection, February 2025* and own calculation.



# Appendix C. The European Pillar of Social Rights

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**Appendix table C.1**  
**Reforms and investments related to selected principles in the European Pillar of Social Rights**

Pillar principle	Reforms and investments
1 Education, training and life-long learning	2.1 Primary School 2.2 Youth Education 2.3 Higher Education 2.4 Adult and Further education 2.6 Cross-cutting Initiatives 2.7 Green Upskilling
4 Active support to employment	3.2 Second Agreement on Rethinking Employment Initiatives
6 Wages	4.7 Tripartite Agreement on Wages and Working Conditions  3.8 Reform of the cash assistance system
11 Childcare and support to children	3.17 Children First 3.21 Implementation of the Child's Act
13 Unemployment benefits	3.11 Permanent right to educational boost at 110 per cent unemployment benefits 3.12 Agreement on Simplifying and Targeting of the Sickness Benefit System
16 Health care	4.1 Robustness Commission 4.2 10-Year Plan for Psychiatry 4.3 Health Initiative 4.4 Emergency Plan for the Healthcare System 4.5 Health Fund 4.6 National Prioritization Council 4.7 Tripartite Agreement on Wages and Working Conditions 4.8 Agreement on Foreign Workforce in Healthcare and Elder Care
17 Inclusion of people with disabilities	3.16 Framework Agreement for the Long-Term and Sustainable Development of the Disability Sector 3.19 Implementation of recommendations from the Expert Committee on the Social Sector
18 Long-term care	3.15 New Elderly Care Reform 4.7 Tripartite Agreement on Wages and Working Conditions 4.8 Agreement on Foreign Workforce in Healthcare and Elder Care
19 Housing and assistance for the homeless	3.18 Homelessness 7.3 Agreement on the Fund for Mixed Cities – More Affordable Housing and a Way Out of Homelessness

Note: The stated reforms and investments refer to the reforms and investments described in Chapter 3.

## European and National 2030 Targets

On March 4 2021, the European Commission presented a Communication on an Action Plan for the European Pillar of Social Rights, outlining the Commission's current and upcoming initiatives on the social agenda. The Action Plan also introduced three EU-wide policy targets for 2030 in the areas of employment and social affairs.

Based on this, the Danish government at the time set three national 2030 targets in 2022:

- *Employment target*: 80 per cent of the population aged 20-64 should be in employment by 2030 (structural level).
- *Learning activity target*: 60 per cent of the population aged 25-64 should participate in a learning activity each year by 2030.
- *Social inclusion target*: The number of people living in households with low work intensity (LWI) should be reduced by 30,000 compared to the 2019 level by 2030.

Table C.2 shows the current level alongside the national 2030 targets.

	<b>Current level</b>	<b>National 2030 targets</b>
Employment target (per cent) <sup>1)</sup>	80.2 (2024)	80
Learning activity target (per cent) <sup>2)</sup>	53.0 (2022)	60
Social inclusion target (number of persons) <sup>3)</sup>	474,400 (2024)	384,400

1) The employment target is measured as the employment rate among 20–64-year-olds, based on the *Labour Force Survey* (LFS).

2) The learning activity target is measured as the share of 25–64-year-olds who have participated in a learning activity during the past year, based on the *Adult Education Survey* (AES).

3) The social inclusion target is measured as the number of individuals living in households with very low work intensity (LWI), which is one of the three sub-indicators of AROPE (At Risk of Poverty or Social Exclusion). The data is based on the *Survey on Income and Living Conditions* (SILC).

Source: Eurostat.

According to Eurostat, the employment rate for Danes aged 20-64 was 80.2 per cent in 2024, thus slightly higher than the national 2030 target.

In 2022, 53 per cent of Danes aged 25-64 participated in a learning activity according to Eurostat, which is below the national 2030 target of 60 per cent.

The target for social inclusion is based on a sub-indicator of the EU indicator for being "at risk of poverty or social exclusion" (AROPE). The sub-indicator

measures "people living in households with low work intensity," and according to the 2024 survey, there were 474,400 people in this group – 90,000 more than the 2030 social inclusion target. Persons receiving early retirement benefits are excluded from the group, and no correction has been made for the fact that the age thresholds in the early retirement system have been raised, thereby including more age cohorts in the data. It should also be noted that employment is at a record high, with, among other things, employment rates for foreign nationals residing in Denmark and for seniors reaching their highest levels in the period for which data is available.



# Appendix D. The UN Sustainable Development Goals

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**Appendix table D.1**  
**Reforms and investments related to selected UN Sustainable Development Goals**

SDG	Reforms and investments
1 No poverty	3.18 Homelessness 7.3 Agreement on the Fund for Mixed Cities – More Affordable Housing and a Way Out of Homelessness
3 Good health and well-being	2.6 Cross-cutting Initiatives 4.3 Health Initiative 4.5 Health Fund 4.6 National Prioritization Council
4 Quality education	2.1 Primary School 2.2 Youth Education 2.3 Higher Education 2.4 Adult and Further education 2.6 Cross-cutting Initiatives
7 Affordable and clean energy	6.4 Climate Agreement on Green Electricity and Heat (2022) 6.13 Agreement on the Development and Promotion of Hydrogen and Green Fuels (Power-to-X Strategy) (2022) 6.31 Potential for hydrogen infrastructure establishment 6.33 Climate Agreement for More Green Energy from Onshore Solar and Wind (2023)
8 Decent work and economic growth	1.1 Entrepreneurship package 1.3 Digitalization and automatic business reporting 1.4 Establishing a new business support system 1.8 Green industrial policy
12 Responsible consumption and production	6.1 Agreement on Green Tax Reform for Industry, etc. (2022) 6.6 Agreement on a Green Denmark (2024) 6.32 Agreement on Long-Term Framework Conditions for Carbon Capture in the Supply Sector (2024)
13 Climate action	6.3 Agreement on Partial Allocation from the Green Fund (2024) 6.6 Agreement on a Green Denmark (2024) 6.9 Establishment of a national energy crisis task force (NEKST)
14 Life below water	6.23 Marine Plan
15 Life on land	6.10 Forest Plan

Note: The stated reforms and investments refer to the reforms and investments described in Chapter 3.

