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2021/0158 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Denmark

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2021/0158 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Denmark

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1] and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The COVID-19 outbreak has had a disruptive impact on the economy of Denmark. In 2019, the gross domestic product per capita (GDP per capita) of Denmark was 172% of the EU average. According to the Commission's Spring 2021 forecast, the real GDP of Denmark declined by 2,7% in 2020, and is expected to increase by 0,1% cumulatively in 2020 and 2021. Longer-standing aspects with an impact on medium-term economic performance include a well-functioning labour market, a strong and export-oriented manufacturing sector as well as developed social services. While the productivity level in the Danish economy remains among the highest in the EU, productivity growth has been sluggish for a prolonged period, particularly in the domestically oriented services sector. Ensuring the supply of labour in times of demographic and technological changes and addressing labour shortages, in particular of skilled workers and ICT specialists, remains key to fostering sustainable and inclusive growth in Denmark.

(2) On 9 July 2019 and 20 July 2020, the Council addressed recommendations to Denmark in the context of the European Semester. In particular, the Council recommended that Denmark take all necessary measures to effectively address the pandemic, achieve prudent medium-term fiscal positions and ensure debt sustainability, while increasing investment. It also recommended that it improves the resilience of the country's health system. Front-loading mature public investment projects and promoting private investment were recommended to foster the economic recovery. The Council also recommended that Denmark focus investment on the green and digital transitions, in particular on clean and efficient production and use of energy, sustainable transport as well as research and innovation, including with the objective of broadening the innovation base. Lastly, the Council recommended that the

[1] OJ L 57, 18.2.2021, p. 17.

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country improves the effectiveness of its anti-money laundering supervision and effectively enforce its anti-money laundering framework. Having assessed progress in the implementation of those country-specific recommendations at the time of submission of the recovery and resilience plan, the Commission finds that Denmark has made substantial progress on the recommendation to take all necessary measures to effectively address the pandemic, achieve prudent medium-term fiscal positions and ensure debt sustainability, while increasing investment. Denmark made some progress on the recommendation to improve the resilience of the country's health system. The same applies to the recommendation to front-load mature public investment projects and promoting private investment to foster the economic recovery as well as regards to the recommendation to focus investment on the green and digital transitions, in particular on clean and efficient production and use of energy, sustainable transport as well as research and innovation. Some progress was noted as regards the objective of broadening the innovation base. The Commission finds that Denmark made some progress to improve the effectiveness of its anti-money laundering supervision and effectively enforce its anti-money laundering framework.

(3) On 30 April 2021, Denmark submitted its national recovery and resilience plan to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, and other relevant stakeholders. The national ownership of the recovery and resilience plans is underpinning their successful implementation and lasting impact at national level and credibility at European level**.** Pursuant to Article 19 of that Regulation, the Commission has assessed the relevance, effectiveness, efficiency and coherence of Denmark's recovery and resilience plan, in accordance with the assessment guidelines of Annex V to that Regulation.

(4) The recovery and resilience plans should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 and of the EU Recovery Instrument set up by Council Regulation (EU) 2020/2094[2] in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union´s economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.

(5) The implementation of the Member States' recovery and resilience plans will constitute a coordinated effort of investment and reforms across the Union. Through the coordinated and simultaneous implementation of these reforms and investments and the implementation of cross-border projects, these reforms and investments will mutually reinforce each other and generate positive spillovers across the whole Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation will come from spillovers from others Member States.

Balanced response contributing to the six pillars

(6) In accordance with Article 19(3), point (a) and Section 2.1 of Annex V to Regulation (EU) 2021/241, Denmark's recovery and resilience plan represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and

[2] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I , 22.12.2020, p. 2).

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social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of Regulation (EU) 2021/241, taking the specific challenges and the financial allocation of Denmark into account.

(7) Article 3 of Regulation (EU) 2021/241 provides that the scope of application of the Facility should refer to policy areas of European relevance structured in six pillars: (a) green transition; (b) digital transformation; (c) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs; (d) social and territorial cohesion; (e) health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; and (f) policies for the next generation, children and the youth, such as education and skills.

(8) The plan includes measures that contribute to all of the six pillars, with a significant number of the plan's components addressing multiple pillars simultaneously. Such an approach helps to ensure that each pillar is comprehensively addressed in a coherent manner. Furthermore, given Denmark's specific challenges, the particular focus on the green transition as well as on smart, sustainable and inclusive growth, along with the overall weighting across pillars, the plan provides to a large extent a comprehensive and adequately balanced response to economic and social situation.

(9) The recovery and resilience plan constitutes a balanced, coherent and ambitious reply to Denmark's challenges and effectively addresses key challenges linked to the recovery and future resilience, notably the twin green and digital transition while strengthening biodiversity. Stimulating growth and job creation as well as strengthening the healthcare system is expected to support a more resilient and cohesive society.

(10) The plan has a strong focus on the green transition with energy and climate related measures in five out of seven components. Measures include implementing a green tax reform, promoting investments in energy efficiency, sustainable road transport, agriculture and green research and development. The plan addresses digital related challenges in multiple areas, such as creating a new national digital strategy, supporting small and medium-sized enterprises (SMEs) investments in digitalisation, extending rural broadband coverage and pursuing digitalisation of the healthcare sector. General tax schemes are expected to incentivise frontloading of green, digital and research and development related investment while the green tax reform is expected to accelerate the green transition.

(11) All measures underpinning the plan's components extensively cover policies contributing to smart, sustainable, and inclusive growth, jobs, competitiveness, and a well-functioning internal market. The plan has a robust R&D focus with more than 17% of the total spending earmarked for green R&D projects. Investments in R&D are expected to have a positive spill-over effect on productivity. The construction projects envisaged in the plan are expected to support SMEs and local jobs, while the SME's digital support scheme is expected to help them overcome barriers to investing and using new and advanced technology and e-commerce solutions. Extending very high-speed rural broadband coverage to areas where such connections have not existed before has the potential to bring new SMEs into the digital economy.

Addressing all or a significant subset of challenges identified in Country Specific Recommendations

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(12) In accordance with Article 19(3), point (b) and section 2.2 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations, including fiscal aspects thereof addressed to the Member State concerned or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

(13) The plan includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Denmark by the Council in the European Semester in 2019 and in 2020, notably in the areas of energy, climate and digital investments, resilience of healthcare as well as research and development.

(14) The plan's main objective is to speed up the green transition. A key reform initiative is the green tax reform. In the first step, the green tax reform includes increased tax deductibility for investments to create an incentive for companies to speed up green investments, which is expected to facilitate the implementation of the reform. In the second step, energy taxes will be raised as of 2023 and target the CO2 content of fossil energy, thus providing an incentive to use clean energy and reduce greenhouse gas emissions. In addition, the plan contains dedicated components focusing on improving energy efficiency for households, industry and public buildings, promoting sustainable transport solutions and providing funding for green research and development projects.

(15) The plan contains several general and targeted measures to foster the digital transition. The depreciation schemes under the green tax reform are also expected to foster digital investments to a large extent. Targeted subsidy schemes should support the digitalisation efforts of SMEs and help to extend rural broadband coverage to areas where it was not available before. Denmark's new 'digital strategy' is expected to bring about substantial reforms to further improve the public administration's digitalisation results – with interoperability in mind providing people and businesses better access to the public sector.

(16) The plan has a robust R&D focus. It includes funding for R&D public-private partnerships focusing on the green transition as well as temporarily raising the general threshold for research and development tax deductibility to foster such investments. Furthermore, these measures are expected to incentivise more companies to engage in R&D activities thereby broadening the innovation base. The green research partnerships are expected to open up new possibilities for SMEs to participate in climate-related R&D activities and promote innovation diffusion.

(17) The plan contains measures that are expected to increase the resilience of the healthcare system. It involves infrastructure and logistics support to ensure stocks of critical drugs and the emergency management and monitoring of critical medical products. Greater digitalisation and use of telemedicine would ensure better and more equitable access to certain healthcare services. The COVID-related research study should examine the degree and duration of immunity and establish whether the effectiveness of vaccines differs across different population groups.

(18) The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Denmark's plan, notwithstanding the

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fact that Member State has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause.

Contribution to growth potential, job creation, and economic, social and institutional resilience

(19) In accordance with Article 19(3), point (c) and section 2.3 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of the Member State, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing economic, social and territorial cohesion and convergence within the Union.

(20) Simulations by the Commission services show that the plan has the potential to increase the GDP of Denmark between 0,4% and 0,6% by 2024[3].The plan includes an ambitious package of reforms and investments to address the country's challenges and to strengthen its economic, institutional and social resilience. The proposed measures are expected to strengthen Denmark's competitiveness and productivity by supporting investments and promoting R&D, innovation and digitalisation. Overall, the implementation of the plan is expected to contribute positively to GDP growth and employment growth in the short run and to strengthen potential output over the medium and longer term.

(21) The implementation of the plan is expected to help maintaining a high degree of social cohesion through increased employment in rural areas and by extending digital services. The main contributions to both growth and employment are expected to come from front-loaded green and digital investments, building renovations related to energy efficiency, investments in sustainable transport, agriculture sectors and research and development. The implementation of the plan is also expected to contribute to social cohesion through measures aimed at vulnerable groups. Also, the positive impact on employment is expected to better integrate persons at the margin of the labour market, including persons with less formal education and training, workers with a migrant background and persons with disabilities. One of the plan's measures aims to provide vulnerable groups with better and more equitable access to healthcare through telemedicine.

(22) The implementation of the plan is expected to make a positive contribution to Denmark's economic, institutional and social resilience. Economic resilience is notably strengthened by the green tax reform depreciation schemes supporting businesses, in particular SMEs as well as the digital and R&D-related investment. The plan is expected to improve institutional resilience through measures on the digitalisation of healthcare, through logistics and infrastructure support for critical medical products and through the reforms and investments envisaged in the public administration under the new digital strategy. Social resilience shall be improved through measures focusing on strengthening the resilience of the healthcare system or

3 Such simulations reflect the overall impact of NGEU, which also includes funding for ReactEU, and increased funding for Horizon, InvestEU, JTF, Rural Development and RescEU. Such simulation does not include the possible positive impact of structural reforms, which can be substantial

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contributing to higher employment. The measures will help deliver on the implementation of the European Pillar of Social Rights Action Plan endorsed at the Porto Summit of 7 May 2021 and are expected to contribute to improving the levels of the indicators of the Social Scoreboard.

Do no significant harm

(23) In accordance with Article 19(3), point (d) and section 2.4 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in the recovery and resilience plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council[4] (the principle of 'do no significant harm').

(24) In line with the 'do no significant harm' technical guidance adopted by the European Commission (2021/C 58/01), Denmark has provided justification that its plan does no significant harm to any environmental objective. This is also the case notably for the component related to energy efficiency that focuses on the replacement of oil burners and gas furnaces with electric heat pumps. This is also the case for the sustainable transport, for which only zero or low emission mobile assets should be supported under Regulation (EU) 2021/241.

Contribution to the green transition including biodiversity

(25) In accordance with Article 19(3), point (e) and section 2.5 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 59% of the plan's total allocation calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 Regulation (EU) 2021/241, the recovery and resilience plan is consistent with the information included in the National Energy and Climate Plan 2030.The plan's main focus is on speeding up the green transition. The measures in the plan are aligned with Denmark's National Energy and Climate Plan (NECP) for 2021-2030 or goes beyond in terms of ambition in energy efficiency. The measures are also aligned with Denmark's overall objective to reduce greenhouse gas emissions by 70% by 2030, compared to 1990, and to become climate neutral by 2050 at the latest.

(26) The plan's largest reform initiative is the green tax reform, front-loading green investment and raising energy taxes from 2023 to reduce greenhouse gas emissions. The component contains measures to increase the energy efficiency of households, industry as well as public buildings. The plan includes targeted reforms and investment in the transport and agricultural sectors, which are the two largest contributors in Denmark to the emissions from sectors not covered by the emissions trading system. The component 'sustainable road transport' contains a reform for changing taxation and increasing the scrapping scheme for old diesel cars and measures to promote green transportation and infrastructure. The component 'green transition of agriculture and the environment' contains a reform to set aside farmland

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[4] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

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with a high carbon soil content for environmental and climate purposes and provides for investment to promote organic farming, innovation and the rehabilitation of industrial sites and contaminated land, among other actions.

(27) Achieving Denmark's targets for reducing greenhouse gas emissions should not only require significant investments and reforms throughout the economy but also new research and innovations. The 'green research and development' component contains a temporary increase of R&D tax deductibility for all companies to incentivise green innovation, while the mission-based R&D partnerships should focus on specific objectives to explore potential greenhouse gas reductions in the near future. A carbon capture and storage research project should examine the possibility of storing CO2 in depleted oil and gas fields under the North Sea, which has the potential to store CO2 from other Member States.

Contribution to the digital transition

(28) In accordance with Article 19(3), point (f) and Section 2.6 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that contribute to a large extent (Rating A) to the digital transition or that help to address the challenges it poses. The measures supporting digital objectives account for 25% of the plan's total allocation calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241.

(29) The plan contains investments in the digitalisation of businesses to strengthen in particular the position of SMEs on the digital single market. Moreover the plan also includes measures to increase the digitalisation of the country's public administration in order to meet the evolving needs of citizens and businesses when interacting with the public administration. To front-load the economic recovery and incentivise businesses to invest in modern, green and digital technology in view of the increased tax on CO2 emissions, the plan also contains a number of broad tax schemes that should generate a significant number of private investments in digital technology. Implementation of the proposed measures is expected to significantly contribute to the digital transformation.

(30) To address the challenges posed by the digital transition, the digital strategy should include measures to develop digital skills. Finally, for greater coherence, the plan also contains investments to roll out very high speed broadband in rural areas. Implementation of the proposed measures is expected to significantly help to address the challenges posed by the digital transition.

Lasting impact

(31) In accordance with Article 19(3), point (g) and section 2.7 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a lasting impact on Denmark to a large extent (Rating A).

(32) The implementation of the envisaged reforms and investments is expected to bring about lasting structural changes in the economy. Raising energy taxes, and later introducing a uniform greenhouse gas emission tax, should help speed up the green transformation of the economy to permanently reduce greenhouse gas emissions. Other measures and investments support the objective of the green transition of the economy coherently and efficiently, in particular by focusing funding on sectors with the largest greenhouse gas emissions (namely transport and agriculture) and improving energy efficiency at the same time.

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(33) The plan's key reforms are expected to be pursued also beyond 2026. The plan's ambitious R&D projects could have a positive long-lasting impact on the achievement of the climate objectives, in particular those improving carbon capture and storage. Stronger management systems for critical supplies within the health sector should contribute to the long-term resilience in that sector. The digital-related investments and the implementation of the digital strategy are expected to have a lasting impact through the accelerated digital transformation of the country's public administration and SMEs. Lasting impact of the plan can also be enhanced through synergies between the plan and other programmes, including those financed by the Cohesion policy Funds.

Monitoring and implementation

(34) In accordance with Article 19(3), point (h) and Section 2.8 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan, including the envisaged timetable, milestones and targets and the related indicators, are adequate (Rating A) to ensure effective monitoring and implementation of the recovery and resilience plan. The arrangements consist of two levels of control and audit: a central level, which is additional to the existing control and audit mechanisms and the existing decentralised level. The Ministry of Finance is responsible for coordinating and ensuring that the audit and controls for the recovery and resilience plan's implementation are sound and well-functioning in the line Ministries.

(35) The milestones and targets are clear and realistic and the proposed indicators for those milestones are relevant, acceptable and robust. The milestones and targets of Denmark's plan constitute an appropriate system for monitoring the plan's implementation. The verification mechanisms, data collection and responsibilities described by Denmark are sufficiently robust to justify in an adequate manner the disbursement requests once the milestones and targets are assessed as completed. The specific data that will be collected from the projects is data on final recipients/ beneficiaries, contractors and subcontractors. The collection of these data will serve the purpose of obtaining knowledge of risks specifically regarding 'concentration' and 'reputational' risks.

(36) Milestones and targets are also relevant for the measures which are eligible according to Article 17(2) of the Regulation. The on-going legal effects are shown by Article 24(3), but also by Article 24(2) which requires the completion of milestones and targets also for such measures to justify a disbursement request.'

(37) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with article 34 of Regulation (EU) 2021/241. Technical support may be requested under the Technical Support Instrument to assist Member States in the implementation of their plan.

Costing

(38) In accordance with Article 19(3), point (i) and Section 2.9 of Annex V to Regulation (EU) 2021/241, the justification provided in the plan for the estimated total cost of the recovery and resilience plan is to a medium extent (Rating B) reasonable and plausible, in line with the principle of cost efficiency and commensurate to the expected national economic and social impact.

(39) Denmark has provided cost estimates for all the measures in the plan's seven components. The estimates provide some insight into the cost elements and cost

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drivers. In some cases, they are based on similar previous policy measures, research and other sources. The largest cost elements are based on macroeconomic simulations. Some cost elements are accompanied by incomplete documentation such as contracts, unity prices or assumptions.

(40) Denmark has provided cost estimates for all investment measures in the recovery and resilience plan. The costs of the general tax measures, such as the deprecation schemes under the green tax reform and the R&D tax deduction scheme, were estimated using models. For investments where similar measures existed in the past, such as energy efficiency measures or SME digitalisation support, the cost estimates were clearly spelt out, and it was possible to clearly identify the methodology used. In the case of reforms, such as the new digital strategy, or for novel measures, such as mission-based research and development projects, or measures without similar past schemes, the cost estimates were less developed. Finally, the estimated total cost of the recovery and resilience plan is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of financial interests

(41) In accordance with Article 19(3) point (j) and section 2.10 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding from that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with EU law, including for preventing, detecting and correcting corruption, fraud and conflicts of interests, and for protecting the Union finances in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council.

(42) The plan is accompanied by satisfactory implementing measures, including comprehensive safeguarding measures with respect to control and audit. The Ministry of Finance should be the overall responsible for the implementation of the plan and should reply on behalf of other Ministries for the operational and administrative aspects of the plan. Within the Ministry of Finance, the Office of Audit and Supervision (OAS) is responsible for performing controls regarding Ministries' application of funds and the documentation and fulfilment of targets and milestones.

(43) The Danish recovery and resilience plan states the procedures that are in place to ensure compliance with applicable Union and national law, throughout the implementation of all measures. Altogether, the control system and other relevant arrangements, including for the collection and making available of data on final beneficiaries, are adequate with respect to preventing, detecting and correcting corruption, fraud, conflict of interest when using the funds under Regulation (EU) 2021/241 and to avoid double funding under that Regulation and other Union programmes. Each of the nine responsible line Ministries to be involved in the implementation of the components should issue a RRF management declaration with the Office of Audit and Supervision performing controls and supervision.

(44) The internal control system described in Denmark's recovery and resilience plan presents a robust process and structure, where the roles and responsibilities are clearly defined and the relevant control functions are appropriately segregated. The controls system and other relevant arrangements, including for collecting data on final

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recipients and making it available, are adequate. Denmark indicated the introduction of the ARACHNE system to supplement the use of national systems as regards certain requirements of the plan.

Coherence of the plan

(45) In accordance with Article 19(3), point (k) and section 2.11 of Annex V to Regulation (EU) 2021/241, the plan includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(46) The plan is characterised by a consistent vision to use the recovery as a leverage to speed up the green transition, displaying coherence between components and individual measures. The reforms and investments in each component are consistent and mutually reinforcing, and synergies and complementarities exist between components. None of the measures proposed within a component contradict or undermine the effectiveness of the other measures, and no inconsistencies or contradictions have been identified between different components.

Equality

(47) The plan contains measures that are expected to help Denmark to address the challenges posed by gender equality and equal opportunities for all. These include measures to promote the use of digital solutions in the healthcare sector, such as video consultations, which should support vulnerable groups' access to health care. Provisions are also made to ensure that the gender balance and the diversity of research teams are included in the overall assessment of applications to the green research and development scheme. Equality considerations are also expected to be integrated in the design of the new digital strategy.

Security self-assessment

(48) A security self-assessment has not been provided as it has not been considered appropriate by Denmark, in accordance with Article 18(4) point (g) of Regulation (EU) 2021/241.

Consultation process

(49) In accordance with the national legal framework, the preparatory stages of the Danish plan were marked by a substantial degree of consultation of social partners and business organisations. Stakeholders were consulted in the context of national 'restart teams' and 'climate partnerships' during the preparation of the plan. Initiatives from the restart teams and climate partnerships fed into government initiatives that were subsequently agreed in the Danish Parliament.

(50) The fact that measures to be funded under Regulation (EU) 2021/241 were included in the national budget and in several broad political agreements, notably the green tax reform and the sustainable road transport measures, implied substantial visibility among the politically interested general public. The plan indicates a clear commitment by Denmark to adhere to the obligations on communication, as laid down in the Regulation.

(51) To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the plan. Member States should ensure that

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financing under the Facility is communicated and acknowledged through a funding statement.

Positive assessment

(52) Following the positive assessment of the Commission concerning Denmark's recovery and resilience plan, with the finding that the plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of that Regulation, this Decision should set out the reforms and investment projects necessary for the plan's implementation, the relevant milestones, targets and indicators, and the amount made available from the Union in the form of non-repayable financial support.

Financial contribution

(53) The estimated total cost of the recovery and resilience plan of Denmark is DKK 12 010 000 000, which equals EUR 1 615 267 709 on the basis of the EUR DKK ECB reference rate of 30 April 2021. This amount exclusively relates to expenditures and therefore excludes the awaited proceeds from the tax reform related to the emission taxes on businesses that Denmark expects to amount to DKK 410 000 000, which equals to EUR 55 142 361. As the recovery and resilience plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the recovery and resilience plan is higher than the maximum financial contribution available for Denmark, the financial contribution allocated for Denmark's recovery and resilience plan should be equal to the total amount of the financial contribution available for Denmark.

(54) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for Denmark is to be updated by 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for Denmark should be made available now for a legal commitment by 31 December 2022. Where necessary following the updated maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution without undue delay.

(55) The support to be provided is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053[5]. The support should be paid in instalments once Denmark has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

(56) Denmark has requested pre-financing of 13% of the financial contribution. That amount should be made available to Denmark subject to the entry into force and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241.

(57) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any other Union programme than Regulation (EU) 2021/241 or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does

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[5] OJ L 424, 15.12.2020, p. 1

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not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1
Approval of the assessment of the recovery and resilience plan

The assessment of the recovery and resilience plan of Denmark on the basis of the criteria provided for by Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the recovery and resilience plan, the arrangements and timetable for monitoring and implementation of the recovery and resilience plan, including the relevant milestones and targets, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

Article 2
Financial contribution

1. The Union shall make available to Denmark a financial contribution in the form of non-repayable support amounting to EUR 1 551 401 105[6]. An amount of EUR 1 302 852 547 shall be available to be legally committed by 31 December 2022. Subject to the update provided for in Article 11(2) of Regulation (EU) 2021/241 calculating an amount for Denmark equal to or more than this amount, a further amount of EUR 248 548 558 shall be available to be legally committed from 1 January 2023 until 31 December 2023.

2. The Union financial contribution shall be made available by the Commission to Denmark in instalments in accordance with the Annex. An amount of EUR 201 682 144 shall be made available as a pre-financing payment, equal to 13 per cent of the financial contribution. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing shall be released subject to the entry into force and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241. Pre-financing shall be cleared by being proportionally deducted against the payment of the instalments.

4. The release of instalments in accordance with the Financing Agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Denmark has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan. Subject to the entry into force of the legal commitments referred to in paragraph 1, to be eligible for payment, milestones and targets shall be completed no later than 31 August 2026.

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6 This amount corresponds to the financial allocation after deduction of Denmark's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

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Article 3
Addressee

This Decision is addressed to the Kingdom of Denmark.

Done at Brussels,

For the Council
The President

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