

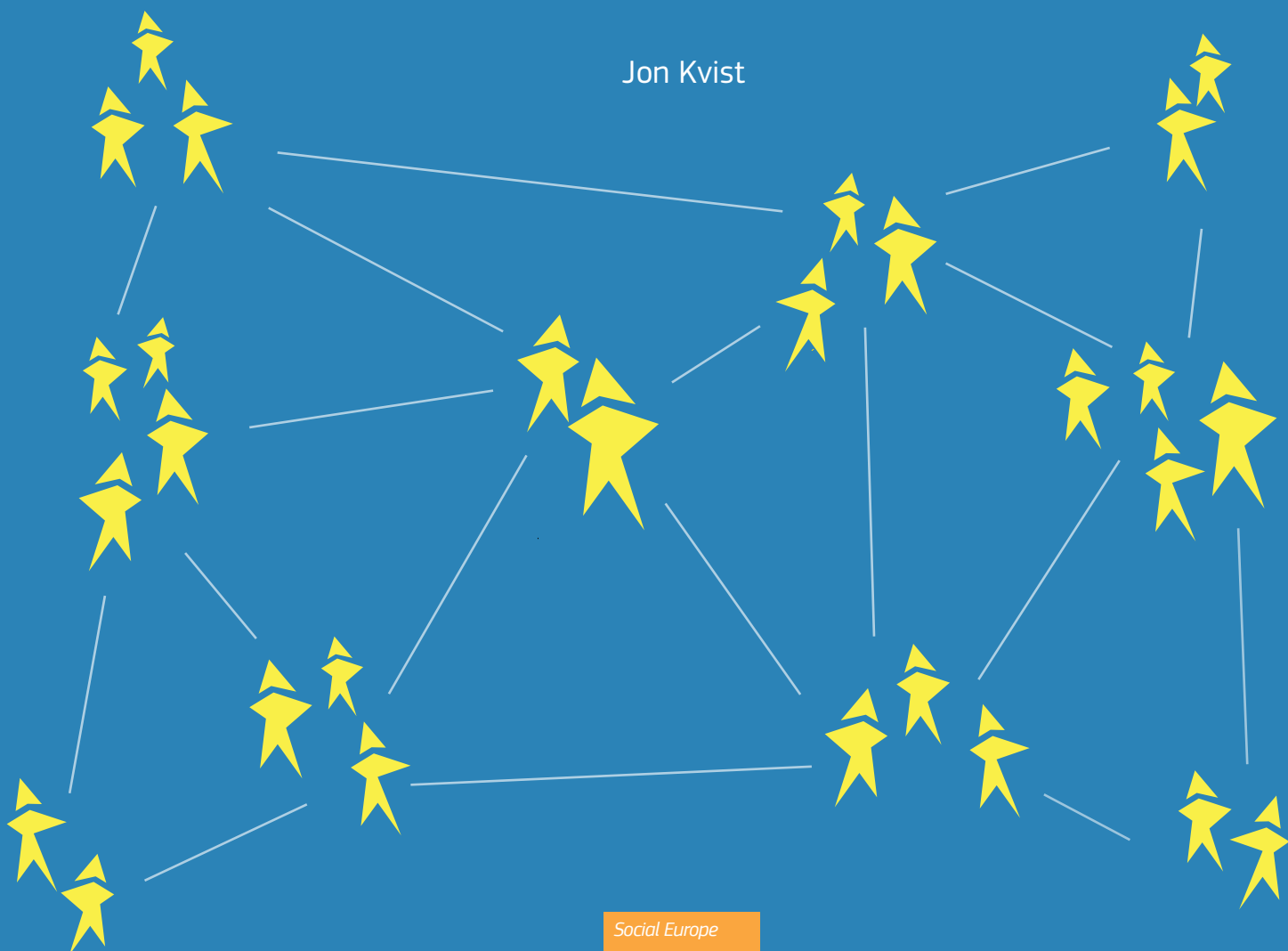


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Social protection and inclusion policy responses to the COVID-19 crisis

## Denmark

Jon Kvist



Social Europe

**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate D — Social Rights and Inclusion  
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**European Social Policy Network (ESPN)**

**ESPN Thematic Report:  
Social protection and inclusion  
policy responses to the  
COVID-19 crisis**

**Denmark**

**2021**

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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## SUMMARY

Between Monday, 3 February 2020 and Sunday, 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Denmark, it was 4,287. The total number of deaths per 100,000 people was 151 for the EU-27 versus 43 in Denmark.

Since its decision to implement a comprehensive lockdown for non-essential workers from 11 March 2020, to halt the spread of the COVID-19 pandemic, the Danish government has taken historic measures to protect jobs and maintain incomes.

In line with fluctuations in the COVID-19 threat, Denmark has been quick to introduce temporary wage compensation and a more generous work-sharing scheme, to suspend duration limits on unemployment and sickness benefits, to halt activation measures, and to temporarily extend existing schemes (unemployment insurance, sickness benefits, maternity pay and minimum income benefit schemes) to new groups or for longer periods. While largely relying on tripartite agreements and social dialogue, the country now has considerable experience of a broad group of measures to address COVID-19 related sudden drops in employment and income.

Most of these schemes were scaled back or abolished in July 2020, only to be reintroduced in November or December 2020 or January 2021. The measures adopted encompassed both new temporary wage and income compensation schemes and adjustments to existing social policies. Hence, the measures largely followed the first and second waves of COVID-19 and the related restrictions.

This can be seen in the areas of unemployment benefits, job protection, sickness benefits, minimum income benefits, and leave for parents with children affected by COVID-19, but is less evident in the areas of health insurance and housing support.

- Unemployment benefits and sickness benefits have been de facto prolonged in line with the COVID-19 waves.
- Coverage of sickness benefits (and maternity benefits) has been extended to the relatives of persons who are infected with COVID-19 (and of children who have been in contact with infected persons) or who would face serious illness if they were infected.
- Job protection has been sought through comprehensive wage compensation schemes, followed by work-share schemes.
- The financing of social protection has been largely taken over by the state: the periods at the start of spells of benefit during which the employer or the employee must bear the cost have been suspended; this applies especially to the sickness benefit and unemployment benefit schemes.
- Activation measures and work requirements have mostly been suspended for people claiming social protection benefits, including (most notably) claimants of social assistance, unemployment benefits and sickness benefits.

It has been a distinct element of the Danish philosophy to quickly withdraw measures so as not to interfere with market forces and keep afloat companies and sectors that should be allowed to go out of business, freeing up space for new firms.

The main gaps in the Danish response concern not social protection, but rather benefits in kind for people in need of social care and health care and small groups like the homeless (0.1% of the population).

The lasting impact of the policy responses to COVID-19 is likely to be negligible. Both adjustments to existing social protection schemes and the introduction of job retention schemes are temporary and are generally set to end when the restrictions end.

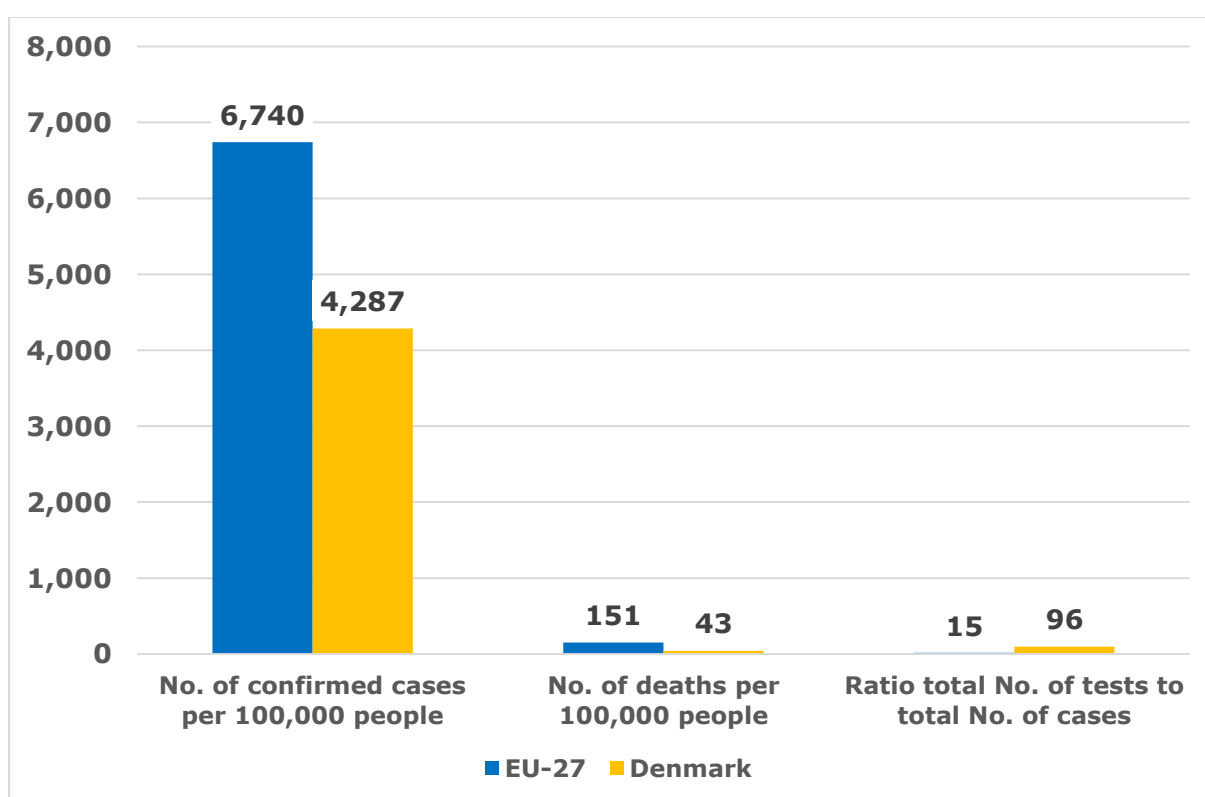
Rather, the main legacy of the response is likely to be a big surge in public finances, an improvement in the flexibility of the labour market and greater trust in tripartite agreements and the social dialogue – i.e. a more resilient economy.

# 1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT<sup>1</sup>

## 1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Denmark, it was 4,287. The total number of deaths per 100,000 people was 151 for the EU-27 versus 43 in Denmark. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 95.7 for Denmark.

**Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Denmark)**

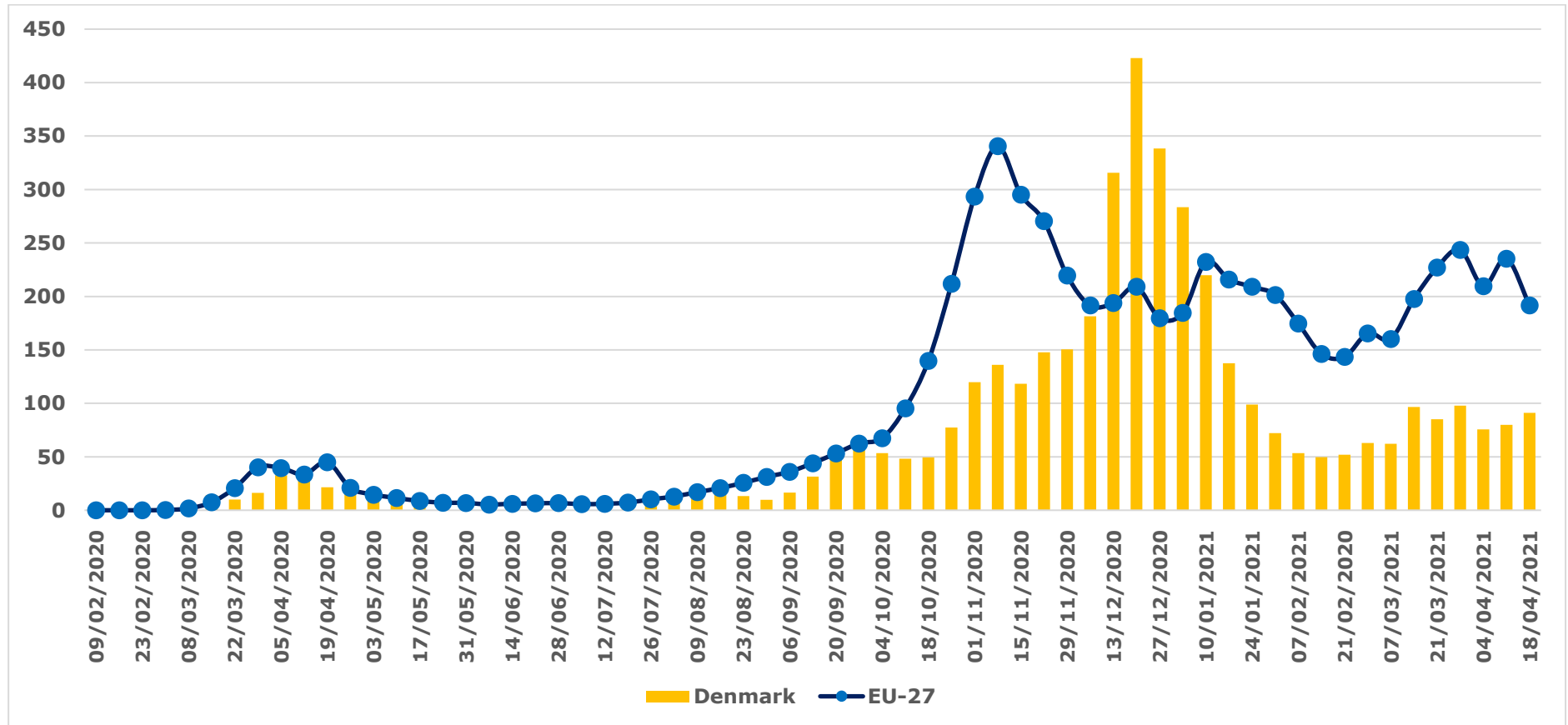


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

<sup>1</sup> Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Denmark, it was 91.2.

**Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Denmark)**

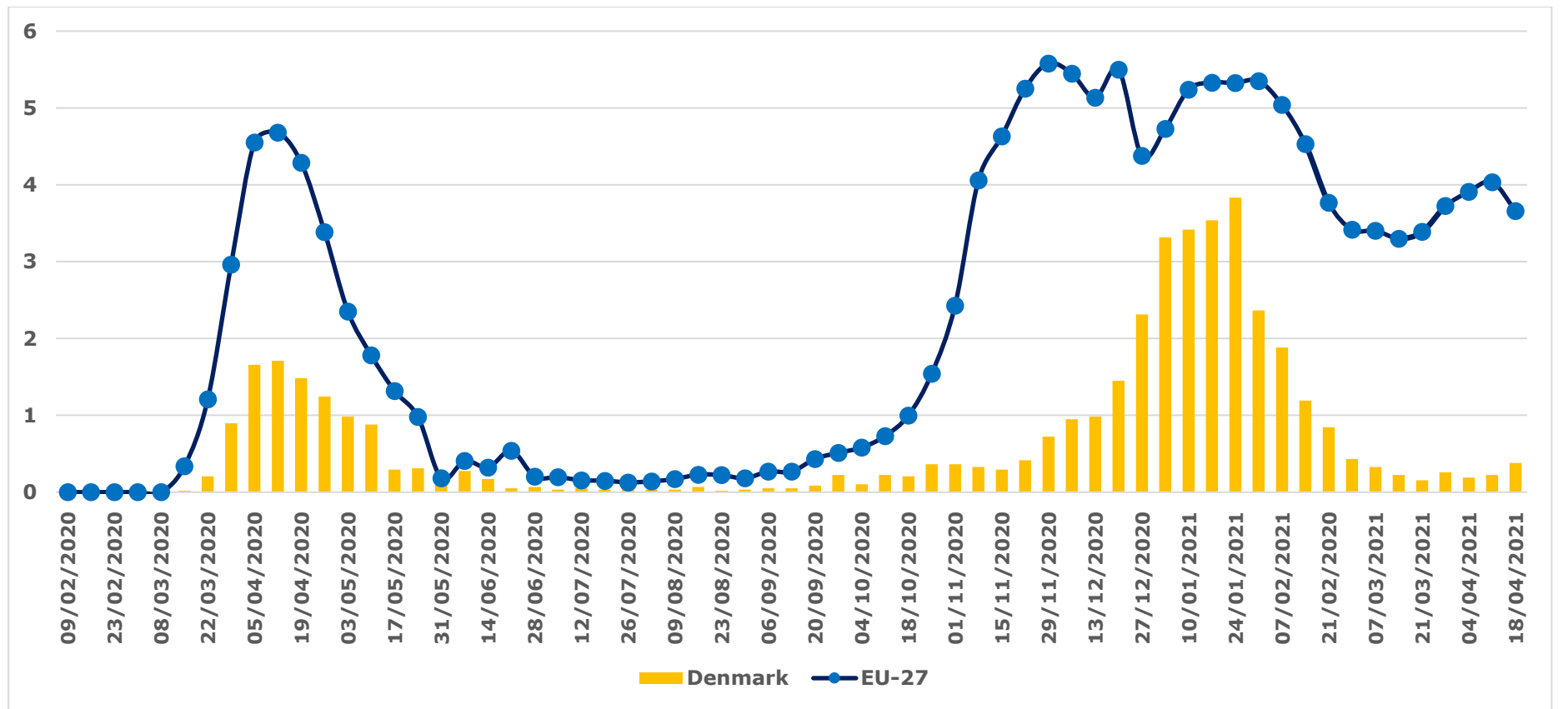


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.



In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Denmark, it was 0.38.

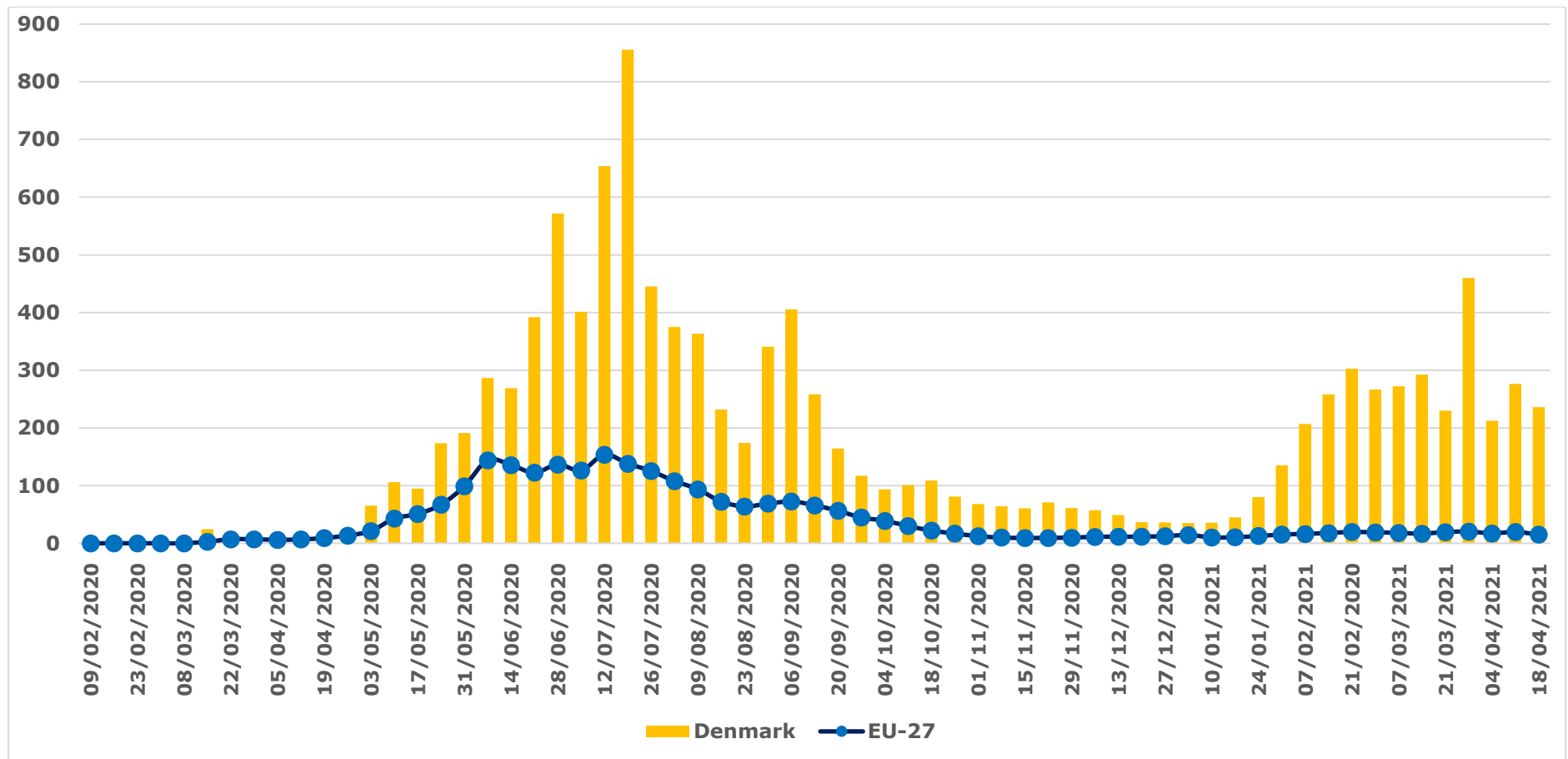
**Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Denmark)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Denmark, it was 236.2.

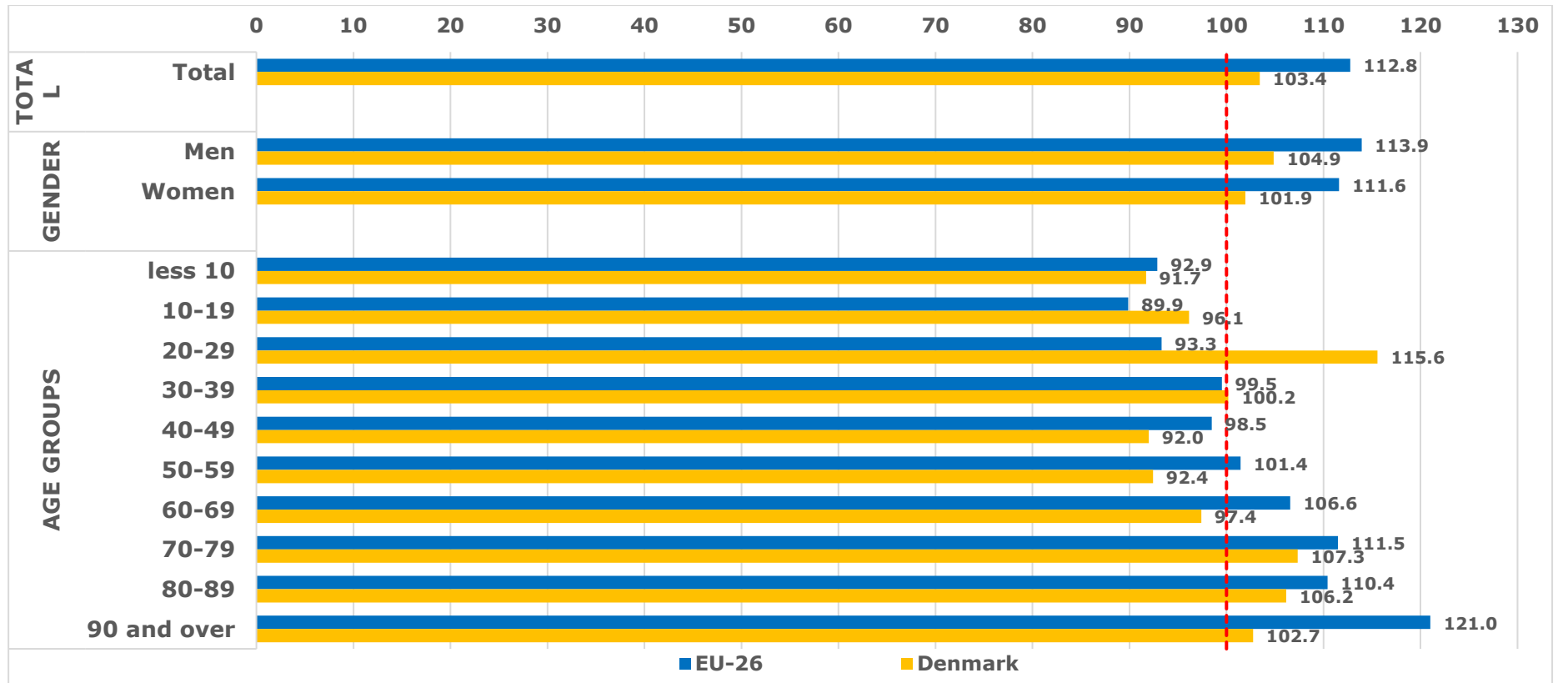
**Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Denmark)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 103.4% in Denmark. For the EU-26, it is 113.9% for men and 111.6% for women. In Denmark, these gendered ratios are 104.9% and 101.9% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 102.7% for Denmark.

**Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Denmark))**

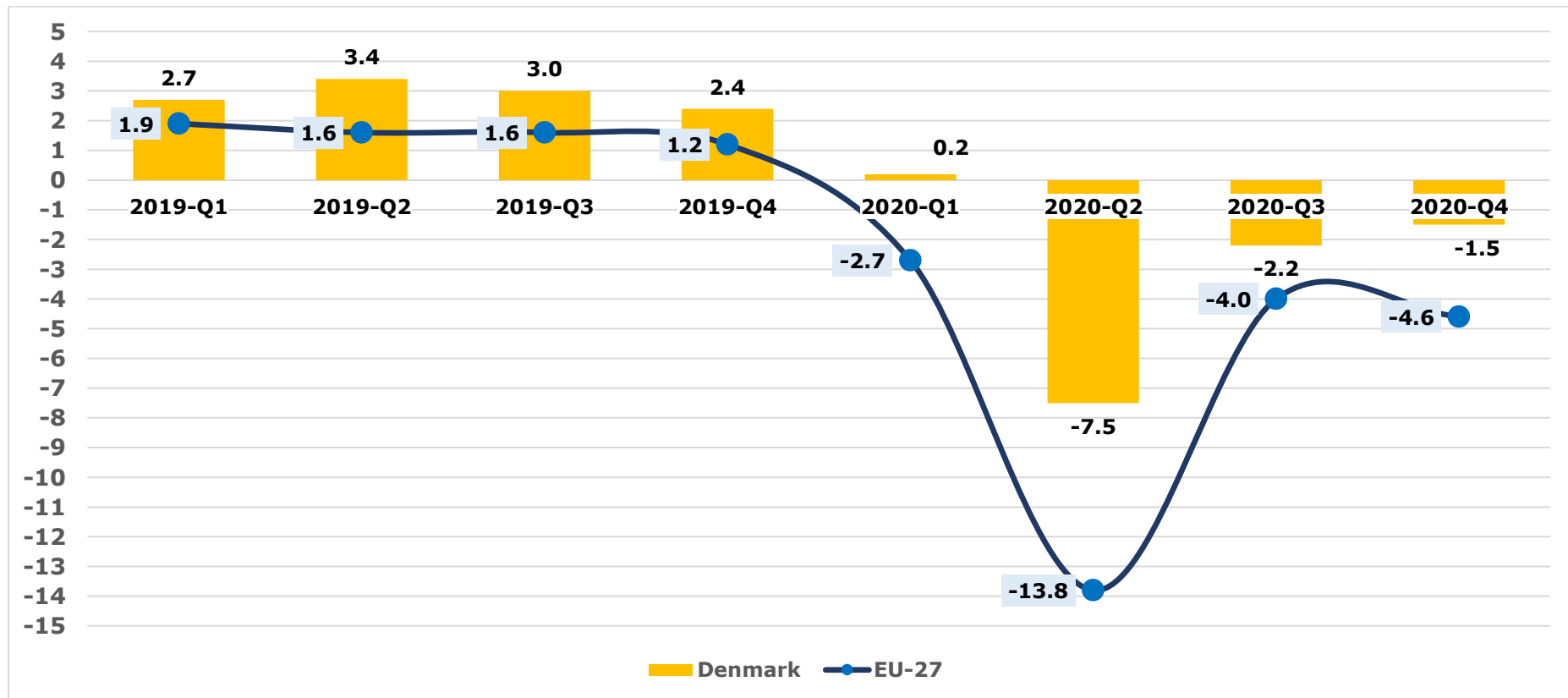


Source: Eurostat - indicator [DEMO\_R\_MWK\_10\_\_custom\_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

## 1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Denmark, the decrease was 1.5% for the same period.

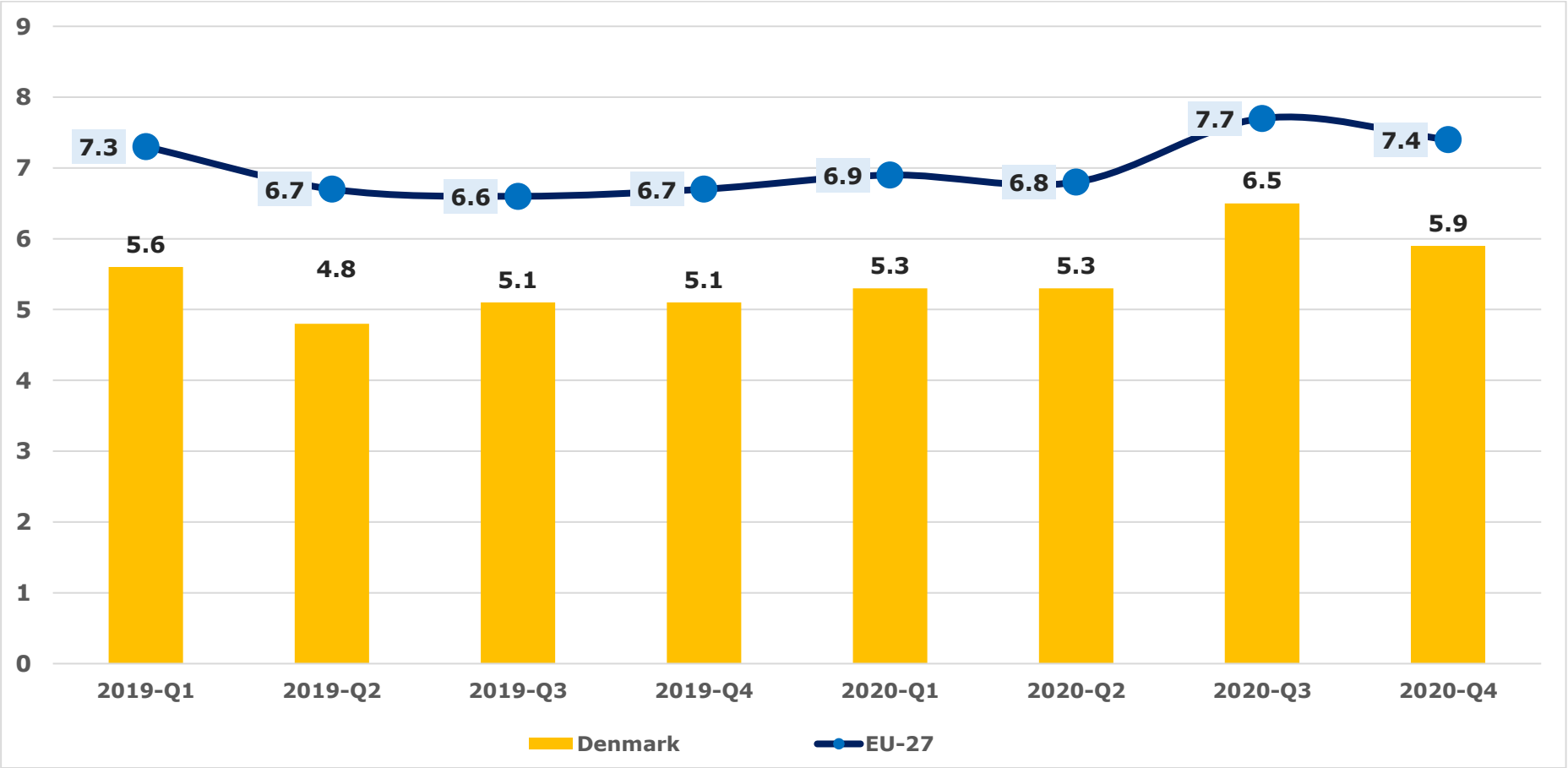
**Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Denmark, %)**



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ\_10\_GDP\_\_custom\_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Denmark, it is 5.9%.

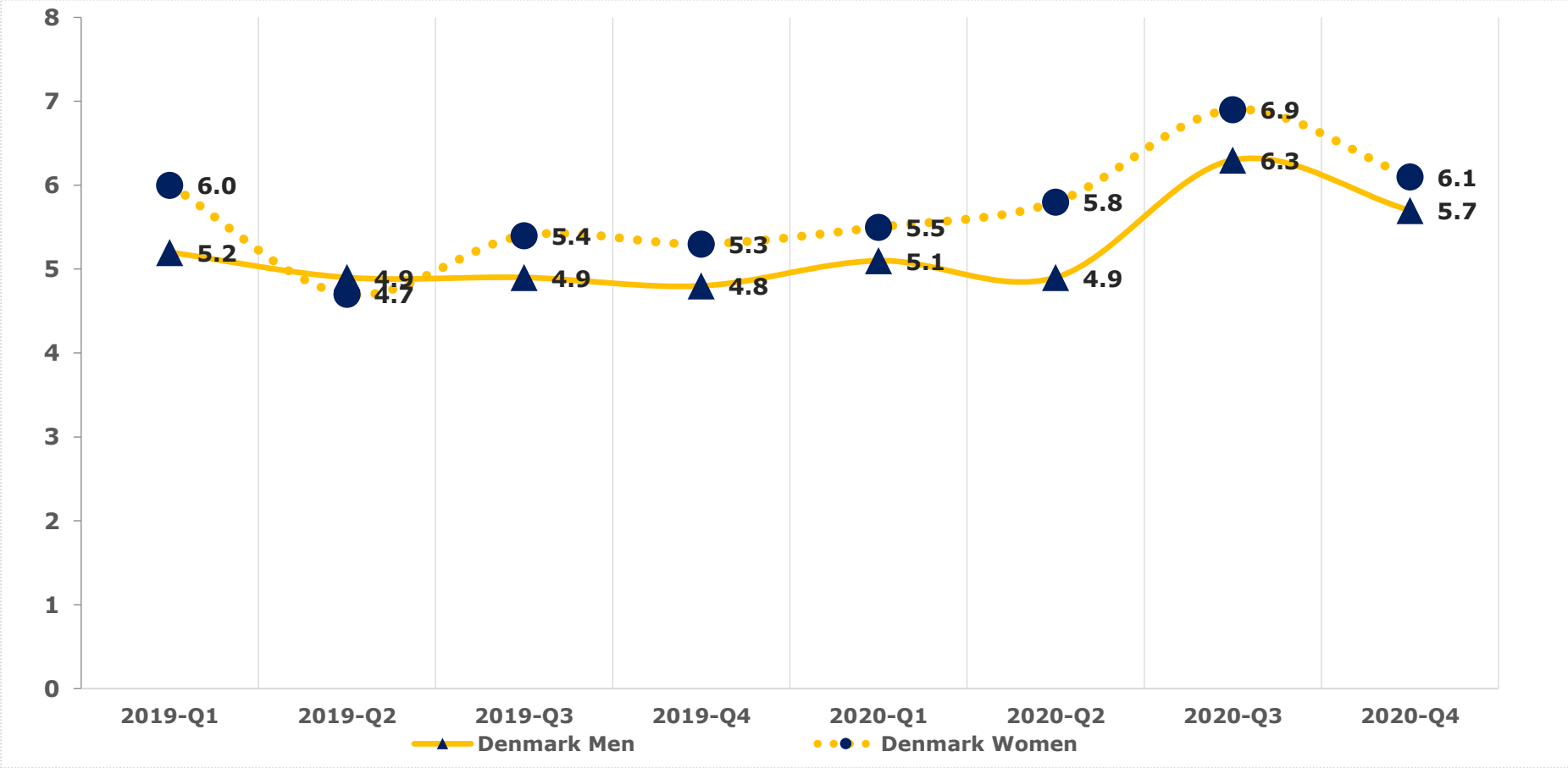
**Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Denmark, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Denmark, these figures are 5.7% and 6.1% respectively.

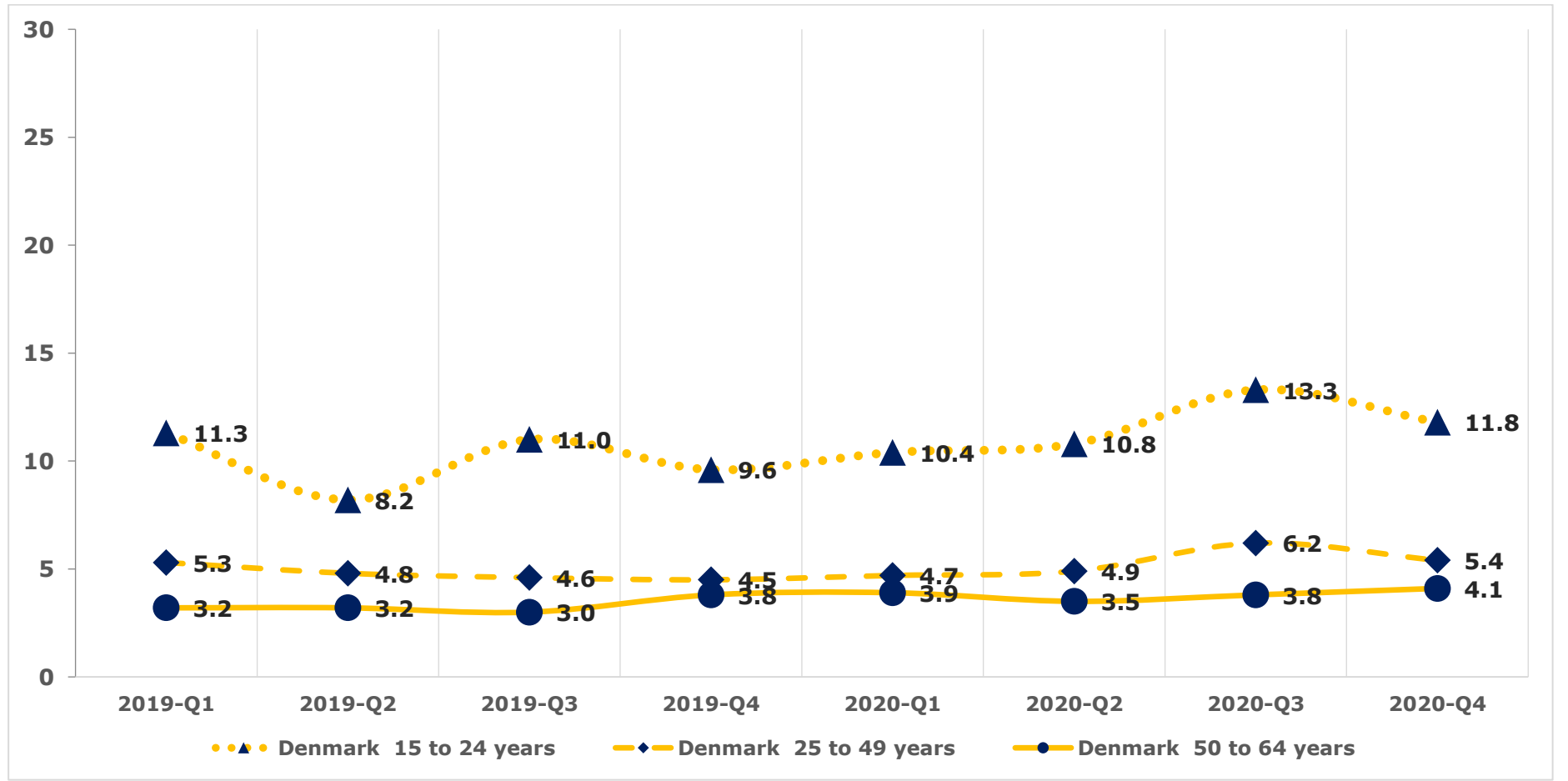
**Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Denmark, %)**



Source: Eurostat LFS - indicator [lfsq\_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Denmark, it is 11.8%.

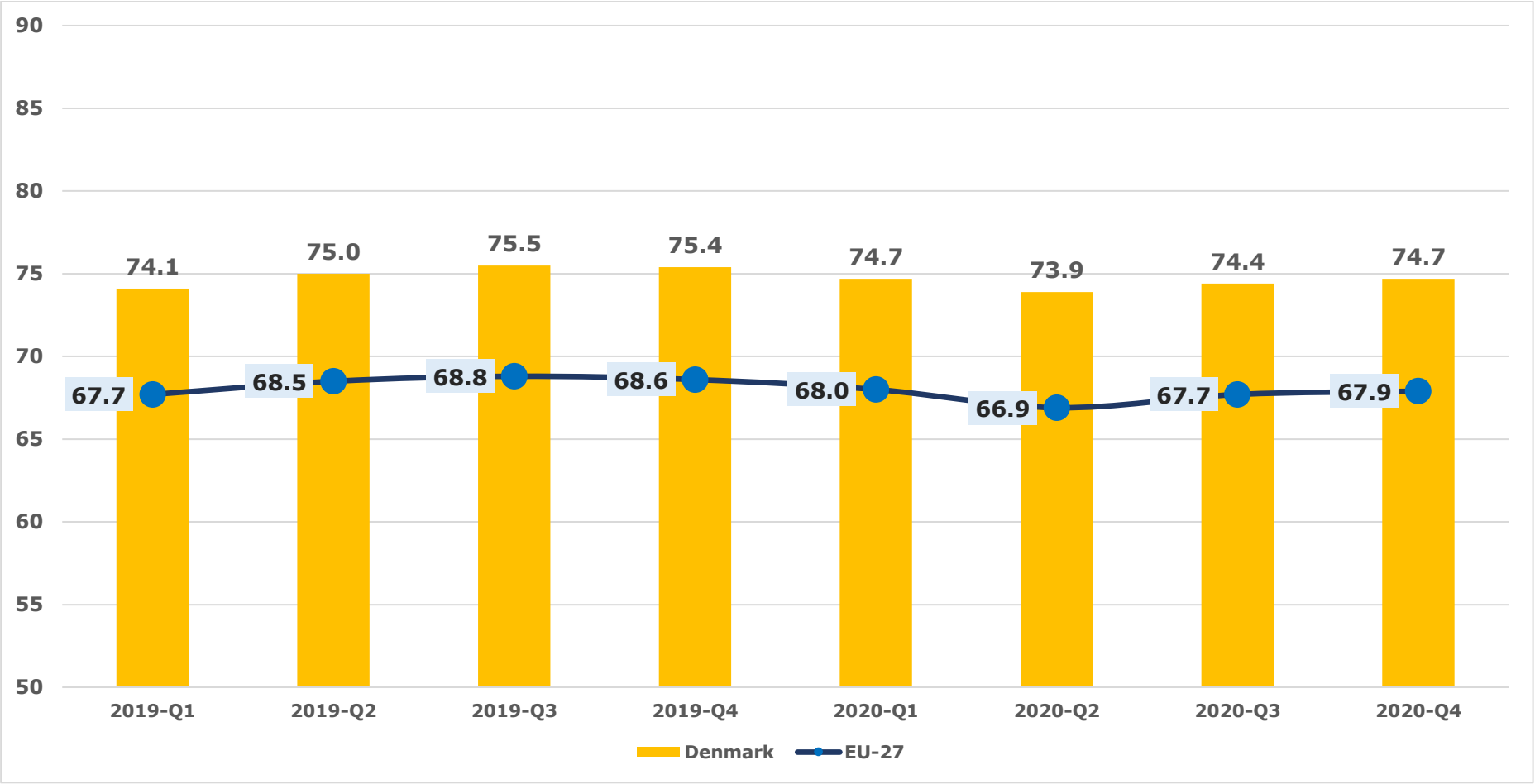
**Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Denmark, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Denmark, it is 74.7%.

**Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Denmark, %)**

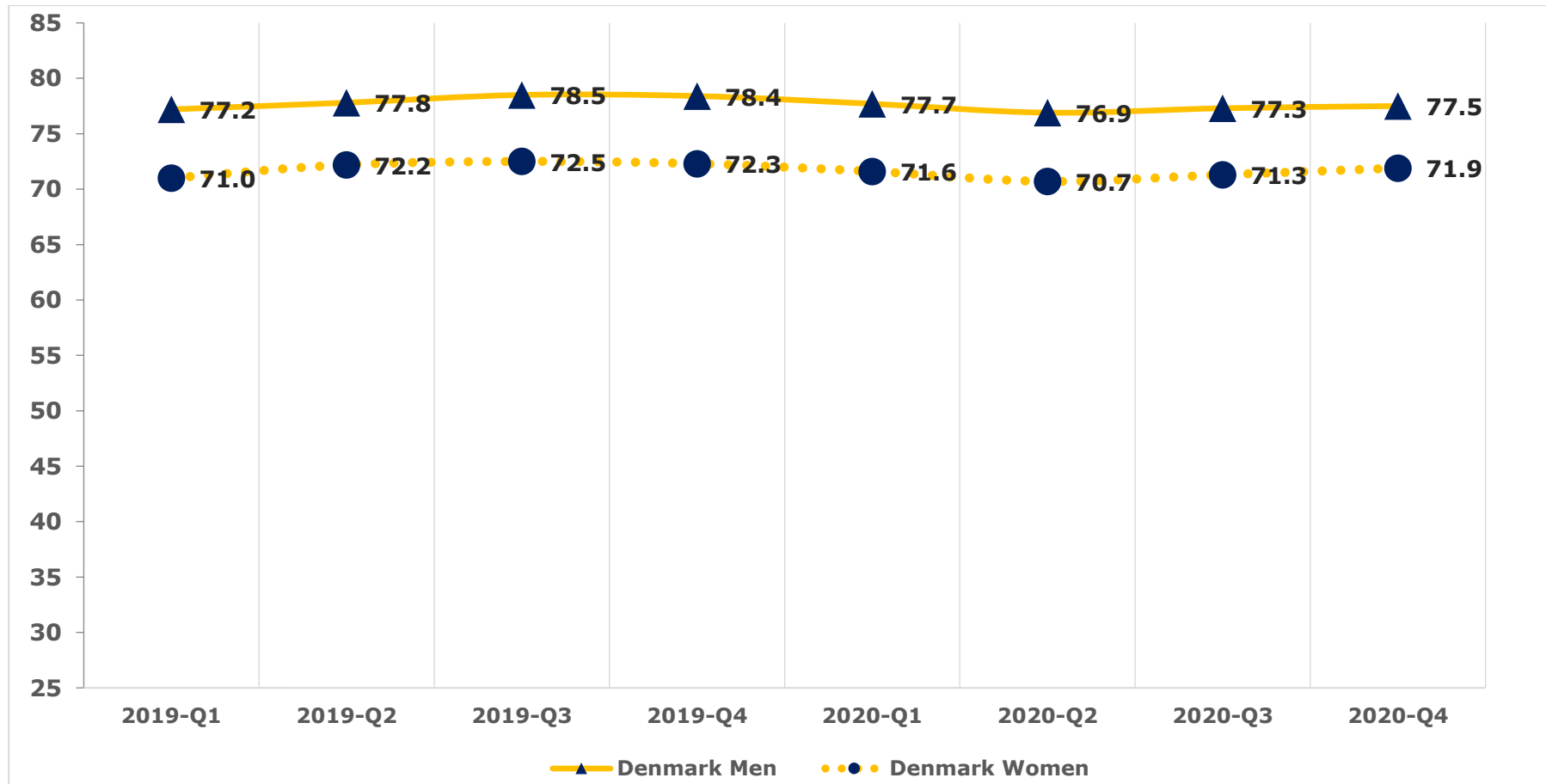


Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.



In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Denmark, these figures are 77.5% and 71.9% respectively.

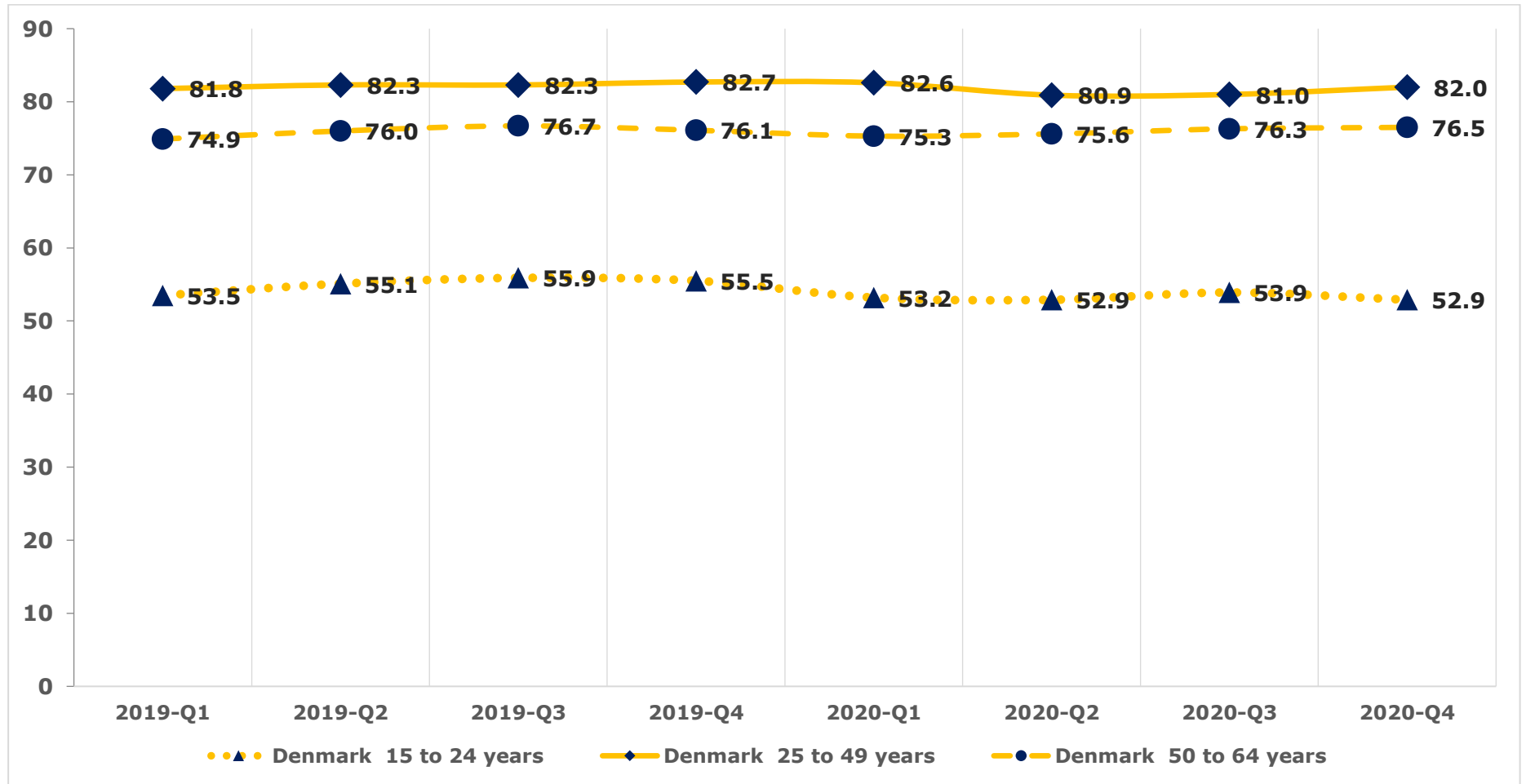
**Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Denmark, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Denmark, it is 52.9%.

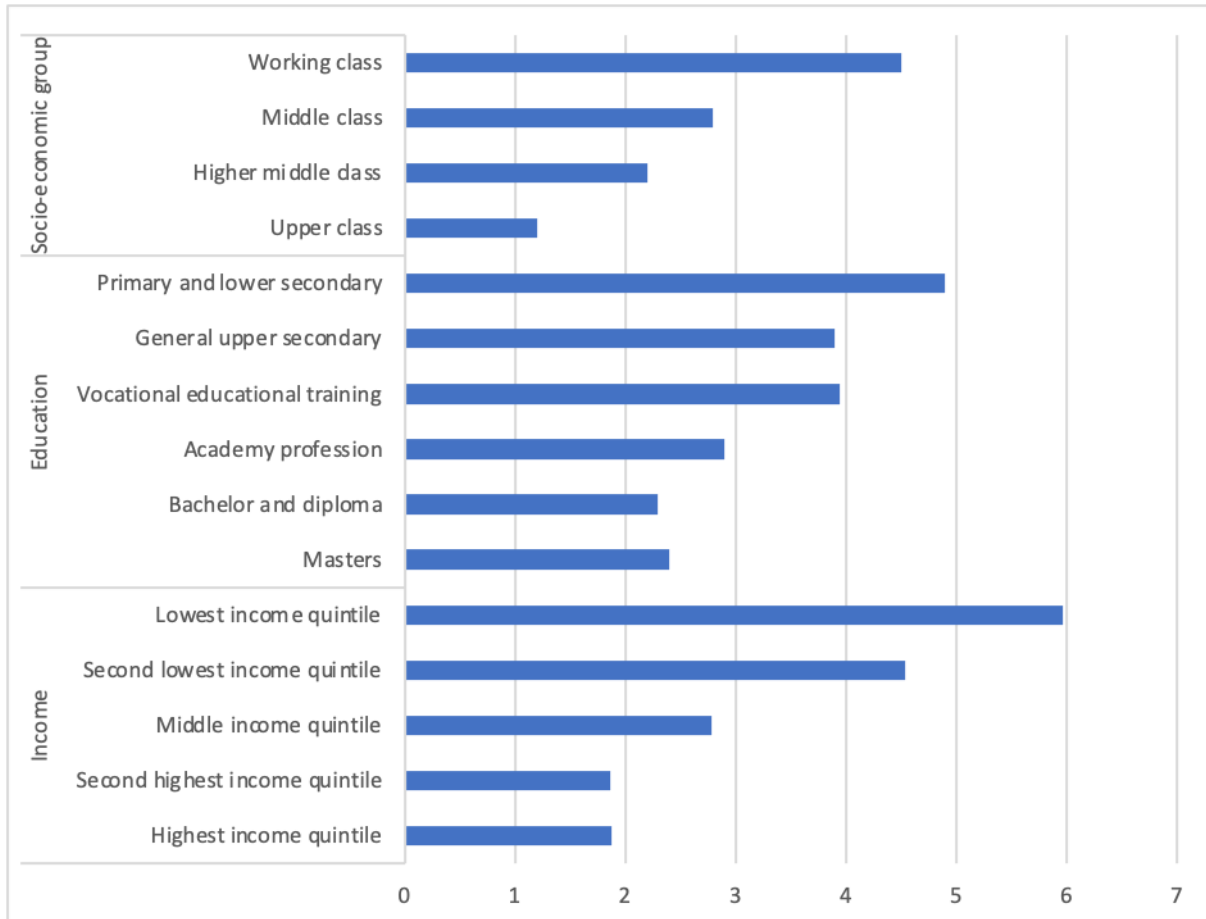
**Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Denmark, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

### 1.3 Poverty, inequality and social exclusion situation

**Figure 9: COVID-19 unemployment shock according to socio-economic group, education and income (Denmark, % unemployed in group)**



Source: AE (2020).

Note: The impact of COVID-19 on unemployment is defined as the percentage-point difference between the average of the unemployment rate during weeks 11–28 and the average unemployment rate during weeks 1–8, 2020.

## 2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC<sup>2</sup>

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following:

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
  - Amount and duration (for flat measures);
  - Range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is 'Not applicable'.
- e) Targeted population: What is/are the target(s), i.e. the parts of the population/labour force/sectors targeted by the measure? If data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: How many recipients of the measure are there (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adapted?

This section shows that Denmark put in place a series of social protection and inclusion measures to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. Some of these were new compensation schemes, while others were adaptations of existing social protection schemes. As described below, such policy measures are evident in the areas of unemployment benefits, job protection, sickness benefits, minimum income benefits and leave for parents with children affected by COVID-19, but less evident in the areas of health insurance and housing support.

### 2.1 Measures related to unemployment benefits

The Danish system of benefits for the unemployed consists of a minimum income scheme (*social assistance*) for the uninsured and a voluntary scheme of unemployment insurance for insured people, which provides an earnings-related benefit. The changes to the social assistance scheme are described in Section 2.5.1. The changes to the unemployment insurance scheme – extension of the benefit period, educational upgrading and financing – are described below.

#### 2.1.1 Arbejdsløshedsdagpenge, udvidelse af maksimal ydelsesperiode (Unemployment insurance, extension of benefit period)

- a) Short description of the measure: To ameliorate the negative consequences of COVID-19 for those unemployed with insurance, the use of the benefit period has been suspended on several occasions, thereby extending the maximum unemployment benefit.
- b) Category: Neither flat nor conditional benefit.

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<sup>2</sup> The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

- c) Timing: The period between 9 March and 30 June 2020 did not count towards use of benefits, thereby de facto extending the maximum benefit period by almost 4 months. Similarly, use of the benefit period was suspended between 1 November 2020 and 30 April 2021. The timing of the extended benefit periods coincides with the restrictions in place. Finally, everyone who exhausts their benefit period between 1 November 2020 and 1 November 2021 gets an additional 2 months of benefits.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The timing of the extended benefit periods has coincided with the restrictions in place.
- f) Beneficiaries: The measure automatically raises the number of the insured unemployed, but it is not possible from available statistics to estimate how many have benefited from the longer benefit periods. However, the number of people who have been unemployed for more than 80% of the time in the preceding 52 weeks has almost doubled due to the adverse economic situation, the suspension of active labour market policies and the extension of the benefit periods.
- g) Novelty: Extending the maximum unemployment benefit period during an economic crisis is hardly novel.

### **2.1.2 *Arbejdsløshedsdagpenge, uddannelsesløft* (Unemployment insurance, educational upgrading)**

- a) Short description of the measure: To improve or enhance the qualifications of the unemployed, people in this category get a higher benefit if they upgrade their education to a sector with a labour shortage.
- b) Category: Conditional benefit.
- c) Timing: The scheme was put in place on 1 August 2020 and runs until the end of 2022.
- d) Range, duration and conditionality: An insured unemployed person who commences occupational education receives 110% of the ordinary unemployment benefit, provided the education is oriented towards understaffed sectors, such as the social care sector. If the person embarks on education oriented towards a sector with no shortage of labour, only 80% of the ordinary unemployment benefit is paid.
- e) Targeted population: The insured unemployed – blue- and white-collar workers – with an outdated education. The potential group of users is a subset of the insured unemployed: it increased from 115,216 persons in February 2020 (equivalent to 3.3% of the labour force) to 133,155 in March (3.6% of the labour force), and peaked in July at 150,583 persons (4.1% of the labour force) (STAR, 2021a). The subset consists of those with outdated knowledge who wish to improve their education.
- f) Beneficiaries: There are no specific data on the number of insured unemployed who have made use of the educational upgrading to claim increased unemployment benefits.
- g) Novelty: It is not innovative to use active labour market policies to increase or change the skill set of the unemployed. However, in this connection it is relatively new to provide an economic incentive in the form of higher unemployment benefit. This has been used once before for insured unemployed people starting to train as social or healthcare assistants, i.e. training leading to jobs in a sector with a huge demand for staff.

### **2.1.3 *Arbejdsløshedsdagpenge, finansiering* (Unemployment insurance, financing)**

- a) Short description of the measure: Normally, employers pay the first 2 days of unemployment benefits (so-called G-days) to workers who are laid off. To aid

companies and to avoid adverse effects, these G-days were cancelled. The temporary suspension of these G-days was meant to encourage employers to make use of wage compensation and work sharing, rather than dismiss employees.

- b) Category: Neither flat nor conditional benefit.
- c) Timing: The use of G-days was suspended from 19 January 2021 to 18 March 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The insured unemployed.
- f) Beneficiaries: There is no estimate for how the change affected the labour market in terms of changing the number of unemployed and employed.
- g) Novelty: Changing the number of G-days has been done previously and is therefore not novel.

## **2.2 Measures of job protection provided through support to employers, employees and the self-employed**

Various policy measures have been implemented to retain jobs. Wage compensation for employees, income compensation for the self-employed and work sharing are the three chief instruments, and are therefore described in this section.

### **2.2.1 *Lønkompenstation* (Wage compensation)**

- a) Short description of the measure: Wage compensation is a temporary job retention scheme. In March 2020, Denmark introduced wage compensation for employees placed on furlough by their employer. The wage compensation scheme was drawn up by the government and the social partners, and requires a company that intends to fire 30% or more of its workers on full-time or part-time contracts to send them home instead – whether for part or all of the time. Companies that benefit from this scheme are not allowed to dismiss any workers in the period during which those workers receive compensation.
- b) Category: Flat benefit.
- c) Timing: It was announced on 15 March 2020, revised on 30 March, extended on 18 April, phased out on 29 August, reintroduced for seven municipalities on 7 November and extended to the whole country on 10 December until such time as COVID-19 restrictions are lifted, plus 1 week.
- d) Amount and duration: The monthly benefit amount for the employer of EUR 3,085 and EUR 3,490 for white- and blue-collar workers, respectively, was soon recognised as too modest. Subsequently, both figures were lifted to a maximum of EUR 4,025 for a full-time worker. Thus, the state finances 75% of the salaries of white-collar workers and 90% of the wages of blue-collar workers, up to EUR 4,025 per month. The worker continues to receive full wage compensation, but must take holiday in the period. The employer thus only has to pay 10–25% of the wages, except for highly paid employees. The scheme is advantageous to employees, as there is no wage reduction – unlike, for example, in neighbouring countries (Sweden, Norway and Germany).  
The duration of the scheme has been adjusted several times. First, the scheme was put in place retroactively from 9 March. Thereafter, it was extended from 9 June to 8 July and then to 29 August. During the second wave of COVID-19, the scheme was reintroduced in two stages – initially covering parts of Jutland (from 5 November) and then later (from 9 December-31 June) the whole country.
- e) Targeted population: Employees on full-time or part-time contracts.
- f) Beneficiaries: During the first period of wage compensation, 279,779 persons received wage compensation (Statistics Denmark, 2021). In April 2020, the numbers peaked at 222,100 jobs supported by the scheme, equivalent to 11.0% of all jobs in the private

sector (Statistics Denmark, 2020a). In the second period of wage compensation – from December 2020 to February 2021 – there were 33,788 jobs in 6,846 companies that received wage compensation (Statistics Denmark, 2021).

- g) Novelty: The wage compensation scheme was created during the pandemic and is novel in the Danish context.

### **2.2.2 *Kompensation for selvstændige (Income compensation schemes for the self-employed)***

- a) Short description of the measure: Income compensation was offered to the self-employed during both the first and the second waves of COVID-19 while the associated restrictions were in force.
- b) Category: Conditional benefit.
- c) Timing: 9 March to 31 August 2020, and 9 December 2020 to 28 February 2021.
- d) Range, duration and conditionality: The self-employed had to have a maximum of 25 employees, own at least 25% of the company, work in the company, have a monthly income of at least EUR 1,340 and an annual income of less than EUR 107,320. In both rounds, compensation was offered to those self-employed who suffered a drop in turnover of at least 30%. During the first round, self-employed people could receive back 90% of the loss, up to EUR 3,085 a month. In the second round, the scheme was made easier to access and more generous. The required monthly minimum income of EUR 1,340 was reduced to EUR 1,075. The maximum benefit was increased to EUR 4,425 for those self-employed with staff, and to EUR 4,025 for those without.
- e) Targeted population: Self-employed.
- f) Beneficiaries: Unknown number of self-employed fulfilling the criteria in d).
- g) Novelty: Although the constitution obliges the state to compensate companies and the self-employed if it takes away their revenue, the compensation scheme is the first such since 1973, when Denmark joined the EU (which prohibits state subsidies to companies).

### **2.2.3 *Kompensation for freelancere (Income compensation schemes for freelancers)***

- a) Short description of the measure: Freelancers with an annual income of below EUR 107,320 and who experience a drop in income due to COVID-19 could be eligible for income compensation. This also applied to people who were both freelancers and wage earners, and thus combined income from paid employment and freelancing.
- b) Category: Conditional benefit.
- c) Timing: 9 March to 31 August 2020, and 9 December 2020 to 28 February 2021.
- d) Range, duration and conditionality: Freelancers with an average income of at least EUR 1,340 and who experienced a drop of 30% in revenue due to COVID-19 could get 90% compensation, up to EUR 3,085 a month. Those who were both freelancers and wage earners had to have had a minimum monthly income of EUR 335 as a freelancer and a maximum of EUR 3,350 as a wage earner. The maximum income compensation was EUR 3,085 for freelancers and EUR 2,680 for people who were both freelancers and wage earners.
- e) Targeted population: Freelancers and people combining income from work and freelancing.
- f) Beneficiaries: There are no available statistics on the number of beneficiaries.
- g) Novelty: This was a novel scheme, like the other compensation schemes.

#### **2.2.4 Arbejdsfordeling (Short-time work scheme)**

- a) Short description of the measure: The existing short-time work scheme (*arbejdsfordelingsordning*) was rarely used and was augmented by a new temporary work scheme in September 2020 that aimed to prevent dismissals as the wage compensation schemes introduced in the first wave of COVID-19 came to an end. Both short-time work schemes covered the labour market, i.e. the private sector, and were largely integrated with the unemployment insurance system. In the Danish short-time work schemes, a reduced volume of work is shared by the same number of employees. During the reduced days per week (or the alternating weeks of no work), a person is eligible for unemployment insurance.
- b) Category: Conditional benefit.
- c) Timing: 14 September 2020-31 December 2021.
- d) Range, duration and conditionality: The existing short-time work scheme was augmented by a temporary and more generous scheme in September 2020, at the same time as the first-round wage compensation schemes came to an end. The new scheme introduced supplementary benefit levels that were 20% higher than the ordinary unemployment benefits, up to a monthly maximum of EUR 310; receipt of benefits was not counted as use of unemployment benefits. The maximum period of 4 months could be extended up to 26 weeks. Training is optional, but must be available in the case of work sharing lasting longer than 3 months.
- e) Targeted population: Employees on contracts who were at risk of dismissal.
- f) Beneficiaries: The use of the existing work-sharing scheme increased more than 50-fold: from 102 persons on average between March 2015 and March 2019 to 5,471 in March 2020 (STAR, 2021b). For April, the corresponding figures were 63 persons (average for 2015–2019) and 2,822 – some 40 times more. The temporary (and more generous) work-sharing scheme started in mid-September 2020 with 2,354 persons, increasing gradually to peak at 11,080 covered persons in week 8 of 2021 (STAR, 2021c). The level of persons in temporary work-sharing schemes has declined since to 5,204 persons covered in week 25 of 2021.
- g) Novelty: The new temporary work-sharing scheme is not novel as such, but is more generous than the existing work-share scheme.

### **2.3 Measures related to sickness benefits and sick pay**

#### **2.3.1 Sygedagpenge, finansiering (Sickness benefits, financing)**

- a) Short description of the measure: Sickness benefits financed fully by the state were put in place to give employers, the self-employed and employees an incentive to keep persons away from work in the event of sickness resembling COVID-19. Normally, employers pay the first 30 days and the self-employed have a 2-week waiting period. Both these conditions were suspended, and the state paid from day one.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: 9 March 2020 to 30 April 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Employers, the self-employed and employees. From 20 May 2020, the employer was also able to get compensation from the state for any employee who could not go to work safely if, according to a medical assessment, their spouse was at increased risk of serious illness if they were to become infected with COVID-19.
- f) Beneficiaries: There are no published estimates on how many extra claimants were affected by the state taking over the whole financing of the sickness benefits.



- g) Novelty: These changes constituted an adjustment to the financing of the existing sickness benefit scheme from partial to complete state financing in the relevant period, and cannot be viewed as innovative in this regard.

### **2.3.2 Sygedagpenge, periodeudvidelse (Sickness benefits, extension of benefit period)**

- a) Short description of the measure: The right to sickness benefits, normally lasting 22 weeks, has been temporarily extended several times for people who continue to be unable to work due to illness. First, recipients of sickness benefits who had exhausted their benefit period between 9 March and 30 June 2020 received a continuation of up to 4 months. Second, this extended benefit period was further extended from 30 June to 30 September 2020. Third, the benefit period was extended still further, until 31 October 2020. These changes constituted an adjustment to the existing scheme for benefit claimants who had not yet exhausted their benefit period prior to the outbreak of COVID-19. In addition, benefit claimants who exhaust their entitlements between 1 November 2020 and 1 November 2021, and who cannot extend their period, receive an extra 3 months' worth of benefits. The change makes the extension of sickness benefits universal to cover all groups of those listed as sick, including previously excluded categories of sick people who had exhausted their benefit period in an earlier spell of sickness, or who had been in rehabilitation.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: 9 March 2020 to 1 November 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Employees and the self-employed.
- f) Beneficiaries: The changes all increased the number of claimants of sickness benefits. By contrast, the requirement for employees to work from home reduced the number of claimants. Altogether, the COVID-19 outbreak and the related measures led to a higher number claiming sickness benefits in March 2020 and a lower number in April and May, during the first lockdown (Ministry of Finance et al., 2021). Unsurprisingly, front-line personnel, such as nurses and long-term carers, had a markedly higher level of sickness absence in 2020 than in 2018 and 2019; meanwhile, people who were sent home for longer periods – like academics and schoolteachers – had a lower level (ibid.).
- g) Novelty: Extending the length of the sickness benefit is not novel, but merely an adjustment of one dimension of a scheme that previously used to offer much longer periods of sickness benefit.

### **2.3.3 Sygedagpenge, udvidelse af personkreds (Sickness benefits, extension of the personal scope of application)**

- a) Short description of the measure: The right to sickness benefit is dependent on the person being unable to work due to personal illness. During the COVID-19 crisis, this definition of the personal scope of application has been extended beyond those who are infected with COVID-19. Those people who are in quarantine without having been diagnosed with COVID-19, but who have been assessed by a doctor as potentially infected, also qualify for sickness benefits. Similarly, those who have been in close contact with an infected person and who are self-isolating qualify for sickness benefits, if they cannot work fully from home. People who are at increased risk of a serious or long-term bout of COVID-19 can get sickness benefits for as long as they are not at work. Similarly, those who are the relatives of people at increased risk of serious illness from COVID-19 are eligible for sickness benefits. However, persons without symptoms who have chosen to go into quarantine or self-isolation because they think they may have been exposed do not qualify as unable to work on account of personal illness, and are thus not entitled to sickness benefits. In short, the sickness benefit scheme has

been extended to those people who are either themselves at risk of serious illness if they catch COVID-19, or whose relatives they live with are.

- b) Category: Neither flat nor conditional benefit.
- c) Timing: 9 March 2020 to 30 April 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Persons who are likely to have contracted COVID-19 or who are relatives or close contacts of infected people, or who are at increased risk of serious illness in the event of contracting COVID-19.
- f) Beneficiaries: The extension of the personal scope of application automatically increases the number of sickness beneficiaries. However, this is countered by reduced numbers caused by employees being sent home. Hence, the surprisingly stable number of sickness beneficiaries masks important changes in the composition of claimants across sectors and occupational groups in the labour market (Ministry of Finance et al., 2021).
- g) Novelty: Extending the personal scope of application to people who are related to persons who are ill or who are at increased risk of serious sickness is novel in the Danish context, which is not accustomed to derived rights.

## 2.4 Measures related to health insurance

Denmark has a universal, tax-financed public healthcare system with comprehensive coverage. Equal access to healthcare is the primary objective of the system. There have been seismic changes to the organisation and priorities of the healthcare sector due to COVID-19, but that is not the topic of this report. There is universal coverage in the vaccine programme, which divides the population into 12 vaccination groups, according to risk.

## 2.5 Measures related to minimum income schemes and other forms of social assistance

### 2.5.1 *Kontanthjælp* (Social assistance)

- a) Short description of the measure: The Danish social assistance scheme is a minimum income scheme of last resort that contains a residence qualification and a work requirement. The work requirement generally stipulates a minimum of 225 hours of ordinary work annually to remain entitled to full social assistance. This requirement was suspended for 4 months in spring 2020 and for 6 months in the winter of 2020–2021. As a result, claimants who did not fulfil the requirement during the first or the second wave of COVID-19, and who thereby risked the benefit being reduced or withdrawn, gained an extra 4 or 6 months in which to fulfil the requirement. In practice, the changes mean that no social assistance claimants have seen their benefits reduced due to insufficient work.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The work requirement was suspended from 9 March to 8 July 2020 and again from 1 November 2020 to 30 April 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Persons on social assistance. The number of people on social assistance, and thus normally subject to the work requirement, varied over 2020, increasing from 120,000 claimants in the first 3 months of 2020 to 125,000 in April and May 2020. This was followed by a drop back to 120,000 claimants in August 2020 (Statistics Denmark, 2021).

- f) Beneficiaries: There are no data available on the number of claimants benefiting from the suspension of the work requirement.
- g) Novelty: Temporarily suspending a mechanism that determines eligibility.

### **2.5.2 Engangstilskud (Lump sum)**

- a) Short description of the measure: To boost the economy, wage earners were given the opportunity to take 3 weeks of frozen holiday pay in May 2020 and the remaining 2 weeks in March 2021.<sup>3</sup> Since the recipients of old-age or disability pension, social assistance or other social transfer incomes and study grants have no deferred holiday pay, they were instead awarded a tax-free lump sum of EUR 134.
- b) Category: Flat benefit.
- c) Timing: Adopted in August and paid out in October 2020.
- d) Amount and duration: The benefit was a one-off, tax-free EUR 134.
- e) Targeted population: Claimants of social security – old-age pensions, disability pensions, social assistance, unemployment benefits and other schemes – and study grants, i.e. 2.2 million out of a total population of 5.8 million.
- f) Beneficiaries: Everyone who received social security or study grants in April 2020 got the lump-sum benefit in October 2020, i.e. 2.2 million people.
- g) Novelty: There is no precedent for such a lump-sum payment.

## **2.6 Measures related to housing support**

No specific measures were taken that related to housing support, besides subsidies for shelters for the homeless. In 2019, there were 6,431 homeless people (Benjaminsen, 2020). Normally, about 1 homeless person in 3 lives in a homeless hostel or shelter, and 1 in 3 lives with friends and family. During COVID-19 it has been more difficult to find places with friends and family. Hence, the demand on homeless shelters has increased.

Homeless people were miraculously not hit by the first wave of the coronavirus. But unfortunately, that was not the case with the second wave, especially in Copenhagen. On 19 January 2021, as a result, homeless people were placed in a higher category, allowing them to be vaccinated earlier (i.e. vaccination group 5, rather than group 10). In February 2021, a national package for the homeless of EUR 1.1 million and an additional EUR 336,000 for shelters in Copenhagen were adopted in Parliament, just as Copenhagen Municipality gave EUR 403 500 to cafés and clubs for the homeless. For people infected with COVID-19 – including the homeless – who cannot maintain a safe distance at home or who live with persons at risk of serious illness, municipalities may allocate a voluntary isolation stay outside the home.

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<sup>3</sup> The surplus holiday pay arose when employees switched to a new holiday pay scheme; the ensuing surplus was originally reserved for retirement.

## **2.7 Leave for parents whose children are unable to attend school or pre-school service by reason of COVID-19**

### **2.7.1 *Hjælp til familier med hjemsendte børn* (Help to families with children at home due to sickness with COVID-19)**

- a) Short description of the measure: Parents of children who are infected with COVID-19, or who are sent home as a result of coming into close contact with someone who is infected, could receive maternity benefit for 10 days per child.<sup>4</sup>
- b) Category: Conditional benefit.
- c) Timing: 1 January 2020 to 31 March 2021.
- d) Range, duration and conditionality: The scheme was introduced early on in the first wave, and at the start of the second wave was extended until 31 March 2021. Parents could get 10 days on maternity benefits per child in the period 1 January to 31 March 2021. Maternity benefits amount to 90% of previous earnings, up to a monthly benefit ceiling of EUR 2,590.
- e) Targeted population: Self-employed and employees with children up to the age of 13 who fulfilled the work requirement for maternity benefits (i.e. employed on the first day of leave, 160 hours of work in the preceding 4 months and at least 40 hours of work in at least 3 of those 4 months).
- f) Beneficiaries: There are no statistics available on exactly how many parents claimed maternity pay due to COVID-19.
- g) Novelty: It is new to allow parents that many days off work on benefits due to their child's illness, but it is hardly innovative. Most collective agreements already allow parents 1–2 days off if their child is ill.

## **2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall into any of the categories listed in the previous sections**

### **2.8.1 *Beskæftigelsespolitik* (Active labour market policies)**

- a) Short description of the measure: There was a temporary suspension of activation elements in social benefit programmes. Some measures continued on a voluntary basis, and thus mainly online. The suspension of active labour market policies was put in place during the first and the second waves. Depending on the citizen's agreement, certain measures remained possible, such as online meetings and activation measures that could be taken online.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: All the job-search (and other) activities required of unemployed people on social assistance and unemployment insurance, as well as of recipients of sickness benefits, were cancelled on 11 March 2020, but reinstated on 15 June. The suspension was reintroduced on 20 December 2020 to last until 31 January 2021 (later extended to 28 February 2021).
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Claimants of sickness benefit, unemployment insurance and social assistance. The suspension of active labour market policies affected claimants of

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<sup>4</sup> The closure of childcare facilities and schools also results in droves of children being sent home. Parents who cannot take care of their children at home have access to emergency child care and schools.

unemployment insurance, sickness benefits and minimum income schemes. In April 2020, there were 117,641 full-time persons (4.1% of the labour force) on unemployment insurance; 82,259 (2.9%) on sickness benefits; and 70,370 (2.5%) on minimum income benefits (STAR, 2021a, 2021d, 2021e). The potential target population was therefore 270,270 or 9.5% of the labour force (although not all people receive activation offers).

- f) Beneficiaries: There are no precise figures on how many offers were cancelled. However, it is possible to compare the shares of claimants who received an offer in a specific month in 2019 and 2020. In April 2020, for example, 6.9% of the insured unemployed took up an activation offer, compared to 23.9% the year before (STAR, 2021a). Similarly, in April 2020, 24.4% of the uninsured unemployed on minimum income received benefits, compared to 41.7% in 2019 (STAR, 2021d). Finally, in April 2020, 7.0% of people on sickness benefits took an activation offer, compared to 12.1% in 2019 (STAR, 2021e).
- g) Novelty: Suspending active labour market policies due to external circumstances has not been done before.

### **2.8.2 Studiestøtte og -lån (Study loan extensions)**

- a) Short description of the measure: Students can receive study loans both while they are in youth education (*ungdomsuddannelser*) and while they are in higher education. Given that many students cannot supplement their study grant with income from part-time work, the opportunity to receive a study loan was improved. Study loans are granted by the state on favourable conditions compared to normal bank loans.
- b) Category: Flat benefit.
- c) Timing: March–August 2020 and November 2020 to February 2021.
- d) Amount and duration: The opportunity was available to receive an extra study loan during the first and second waves of COVID-19. Most people chose to borrow the maximum monthly amount of EUR 860.
- e) Targeted population: Students receiving study grants. In November 2020, 106,000 students in youth education and 225,000 students in higher education were in receipt of a study grant (Uddannelses- og Forskningsministeriet, 2021). This was a total of 331,000. Of all those students with a study grant, some 68,000 (i.e. around 20%) had a study loan. Those were the students who were offered extra loans.
- f) Beneficiaries: Of the 68,000 students eligible, 38,000 made use of the opportunity to take out an extra study loan. During the first wave, there were more students who took out an extra study loan than during the second wave. In April 2020, 56,000 of the 78,000 students with a study loan took out an extra study loan (72%). In November 2020, the figure was 38,000 out of 68,000 (56%).

Slightly more students in youth education took out an extra study loan than students in higher education. In March and April 2020, 18,000–19,000 out of the 22,000–23,000 students on a youth educational programme and with a study loan took out an extra study loan, compared with 37,000 out of the 54,000–56,000 students in higher education with a study loan. Thus, almost 8 out of 10 of those with a study loan on a youth educational programme took out an extra study loan, compared to 2 out of 3 of those in higher education.

- g) Novelty: Extra study loans are available for students at the end of their studies, and thus the idea of granting extra loans is not novel; but the scale of the measure is unprecedented.

### **3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS**

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with a section (3.4) on debates and recommendations.

It shows how temporary adjustments to existing social protection schemes, together with new temporary job retention schemes and programmes for the self-employed and freelancers, responded to the crisis. In general, policy responses were adopted (often through social dialogue and tripartite agreements) and discussed in public, and most of the gaps identified resulted in adjustments to the policy packages that expanded the scope or generosity of the measures.

#### **3.1 Expected cost of social protection and inclusion measures**

In 2020, the Ministry of Finance estimated the direct costs of the social protection and inclusion measures in 2020 at EUR 3.6 billion – equivalent to 1.15% of GDP (Andersen et al., 2020). The temporary measures for job retention are far and away the most expensive, i.e. compensation for the self-employed and freelancers (EUR 1.9 billion or 0.61% of GDP) and wage compensation (EUR 1.4 billion or 0.45% of GDP). It is estimated that extending the sickness benefit scheme to new groups (including parental leave for children who are unable to attend school or pre-school because of COVID-19) and for longer periods will cost EUR 228 million (0.07% of GDP). Measures relating to the unemployment insurance scheme stand at an estimated EUR 53 million (0.02% of GDP). In minimum income schemes, abolishing the work requirement for social assistance is estimated to cost less than EUR 13.4 million (0.004% of GDP). The lump-sum payment to people on social security and study grants will cost EUR 295 million (0.09% of GDP).

There is in May 2021 no consolidated account of the actual costs incurred in 2020 nor projections for all the measures in 2021. However, a recent study by the Ministry of Finance set the actual cost of the compensation programmes as of 26 April 2021 at 1.06% of GDP, i.e. covering wage compensation (EUR 2.2 billion or 0.70% of GDP) and income compensation for the self-employed and freelancers (EUR 1.1 billion or 0.36% of GDP) (Andersen et al., 2021). However, only estimates are available for some programmes. For example, the expected cost of extending the comprehensive sickness benefit schemes for the self-employed and employees from 1 January to 31 March 2021 is EUR 67 million or 0.02% of GDP (Ministry of Employment, 2020). However, these direct costs are only the tip of the iceberg; GDP shrank by 2.7% in 2020.

#### **3.2 Impact on the social protection system and on social inclusion policies**

In response to the economic shock, wage and compensation schemes plus work sharing were put in place to retain jobs. The philosophy behind the Danish approach was that wage compensation and compensation schemes and adjustments to social protection must cushion against temporary external shocks to the economy, without interfering in restructuring the economy (Kvist, 2020). Because the starting point was the situation prior to the COVID-19 crisis, the compensation measures were based on the status quo. Compensation schemes were seen as having potential adverse effects on productivity, employment and economic growth, thus delaying recovery of the economy. Hence, in this view it was essential that compensation schemes should be temporary.

Therefore, compensation schemes functioned for around 6 months – from 9 March to 29 August 2020 – corresponding to the first wave. Similarly, the compensation schemes were reintroduced from 9 December 2020, to last until the restrictions ended.

When the first round of wage compensation schemes came to an end on 29 August 2020, a tripartite agreement between the government and the social partners introduced a new temporary short-time work scheme, promoted as a work-sharing scheme (*arbejdsfordelingsordning*), which was meant to prevent a surge in dismissals. The scheme pays out supplementary unemployment insurance benefits (at a level 20% higher than normal) to workers who have been sent home for some of the time.

Most of the compensation packages and the adjustments to social protection are temporary and are unlikely to stay in place after the COVID-19 crisis is over. Indeed, it has been a distinct part of the Danish philosophy to quickly withdraw measures – especially those benefiting companies – in order not to interfere with market forces and keep afloat those companies that should be allowed to go bankrupt, and to make space for new companies. This philosophy is mirrored in the adjustments to social protection. Hence, the suspension of active labour market policies and the work requirement for social assistance, and the freeze on benefit usage, were all withdrawn after the first wave and reintroduced with the second. This philosophy helps explain why most measures taken during the first wave were withdrawn, typically in August, only to be reintroduced when the second wave began later in the autumn/winter.

Once the economy has opened and the health crisis is over, it is more than likely that both the compensation schemes and the adjustments to (especially) sickness and unemployment benefits will be withdrawn.

### **3.3 Remaining gaps in the social protection system and social inclusion policies**

Notably, health insurance and housing support are policy areas that have not been subject to adjustments in an attempt to better adapt them to the financial and social stress caused by COVID-19. This can be seen as a sign that COVID-19 and the related restrictions mainly caused sickness and unemployment in certain branches, and underemployment for some groups like students. It can also be seen as an indication that universal policy programmes (like health insurance and housing support) by definition cover everybody, regardless of their labour market or health status, and are thus not in desperate need of adjustments to extend coverage. By contrast, categorical social protection schemes (like sickness benefits and unemployment insurance benefits) have been adjusted.

Indeed, social protection, most notably sickness benefits, have been opened up to new groups and for new causes (including illness of children and other relatives) to prevent people from going to work when they might be infected, or becoming infected at work and bringing the illness back to vulnerable relatives.

The higher rates of unemployment and underemployment have been met with adjustments to the existing social protection and study grant schemes that cater to the existing group of claimants. Hence, benefits for the unemployed have been extended, and work and activation requirements have been relaxed. Similarly, students have been given greater opportunities to take out study loans.

The main gaps in the Danish response concern not social protection, but rather benefits in kind for people in need of social care and health care – like the mentally ill and small groups such as the homeless (0.1% of the population). Although generally facilities for the most vulnerable have remained open, many vulnerable people have seen their mental health deteriorate as the COVID-19 restrictions have led to social isolation, depression, etc. Symbolically, the packages for the homeless were among the last to be adopted, in February 2021.

### **3.4 Debates and recommendations**

The main debate in Denmark has been on the timing and scope of COVID-19 restrictions, on the one hand, and on compensation packages, on the other. In general, there is

consensus that compensation packages should be available to those companies, self-employed and employed people who are negatively affected by COVID-19 and by the related restrictions. Tripartite agreements resulted in big compensation packages and adjustments during both the first and the second waves of COVID-19. This increased legitimacy of compensation packages and softened the political debates.

People with low incomes, education and socio-economic status were hit harder than other groups by the economic crisis following COVID-19 (see Figure 9), and they have also done less well out of the compensation packages and social protection schemes.

Indeed, the first compensation packages provided relatively good coverage for established self-employed people and employees, while people with a marginal attachment to the labour market had to rely on social protection schemes. Among those adversely affected were artists and persons who were part self-employed and part employees. Changes to the compensation packages came rather late to cover such branches and employment conditions.

In sum, Denmark has been quick both to introduce and to scrap wage compensation, to introduce a more generous work-sharing scheme, to suspend and reintroduce activation measures, and to temporarily extend existing schemes to new groups or for longer periods. The country now has considerable experience with a broad group of measures to address sudden drops in employment and income; meanwhile, trust in tripartite agreements and the social dialogue has increased.



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