

ANNEX IV

Denmark

INTRODUCTION

As part of its mission to compare European public employment services (PES), the mission chose to study the Danish PES in that it :

- ◆ is part of a strong decentralization logic by transferring the competence of the PES to the municipalities, via the *Jobcenters*;
- ◆ is based on a national PES supervisory agency, STAR, which is present throughout the country through regional divisions, as in France;
- ◆ has undergone extensive structural reform to implement the flexicurity model, which has resulted in a sharp decline in unemployment from 12% in 1993 to 4.5% in October 2022.

The mission focused its analyses on the Danish PES through the five central themes of the comparison (coordination of PES actors, diagnosis of the initial situation of jobseekers, support, monitoring of the job search, services to companies), making use of field visits and the study of public documents or documents transmitted by the Danish PES actors.

The field visits in November 2022 lasted three full days, between Copenhagen and *Høje-Taastrup*. The mission was able to meet with teams from:

- ◆ the main operator of the PES, the STAR agency, whether it be the management teams (Director General and Deputy Director General), directors of thematic offices (statistics, international relations), head of a labor market office (AMK);
- ◆ managers of *Jobcenters* run by the municipalities;
- ◆ counselors in each *Jobcenter* visited by the mission;
- ◆ representatives of the social partners: the association of trade unions (FH) and the association of employers (DA);
- ◆ companies and their HR departments.

In total, 21 people were interviewed.

The mission then focused its qualitative and quantitative analyses on:

- ◆ analysis of internal STAR documents sent to the mission;
- ◆ analysis of public documents of *STAR* and the *Jobcenters*, in particular regarding their offers and structures;
- ◆ the study of legal texts, in particular those governing the law applicable to job seekers;
- ◆ a review of the relevant economic and statistical literature in Danish, English and French on the Danish labour market and on the impact of activation measures and the flexicurity model.

This annex is structured in two parts. The first part presents the evolution of the Danish labour market since the 1994 laws to implement the flexicurity model and gives an overview of the PES actors. The second part aims to detail the lessons learned from the mission's work on the five themes mentioned above, highlighting both the strengths and weaknesses of the Danish PES.

The Danish PES is based on the flexicurity model: the jobseeker is guaranteed a high level of PES benefits and compensation, in exchange for which he or she commits to an active search for work, for which he or she will be frequently monitored by the operator.

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Denmark has an unemployment rate of 4.6% at the end of 2022, as defined by the International Labour Office (ILO). Unemployment insurance is paid by the unemployment funds (A-kasse) for a maximum of two years with a replacement rate of 90% of previous income, capped at €2,602. **The municipalities are responsible for the administration of all social benefits in Denmark**, so the minimum social benefits are administered by the municipalities.

The Danish PES is decentralized at the municipal level with a national and regional coordination level:

- ◆ **the State, through the national agency STAR, guides employment policies:** the Ministry of Employment steers employment policy through the STAR agency, which is divided into two levels of governance at the regional level (the AMKs and the RARs). These two levels organize the collaboration and coordination of PES actors, as well as support for the implementation of reforms and the monitoring of municipalities;
- ◆ **The municipalities are responsible for the implementation of the employment policy through their *Jobcenters*.** There are 98 *job centers* in Denmark. The municipalities have a great deal of autonomy in adapting the means and objectives of the PES to the local level and make decisions about outsourcing the services provided by the PES.

The *Jobcenters* employ a total of about 12,000 full-time equivalents (FTEs) in 2022, spread throughout Denmark. Even though the unemployment rate has fallen sharply since the reforms introducing the flexicurity model in 1994, the number of employees in the Danish PES has remained at a high and stable level. Reforms are currently underway to reduce the resources of the *Jobcenters*.

The *Jobcenters* in the municipalities are the one-stop shops for job seekers. They are responsible for the reception, initial diagnosis, support, compensation, control and sanctions of job seekers. The central role played by the *jobcenter* in the job seeker's career path allows for continuity of support. *Jobcenters* give priority to "*employment priority*" by guiding jobseekers towards vocational training and integration jobs.

The Danish PES is characterized by a high level of social consultation. There is no labour code in Denmark and the labour market regulations are built around social consultation and agreements negotiated by the social partners and then passed by the Danish parliament, the *Folketing*.

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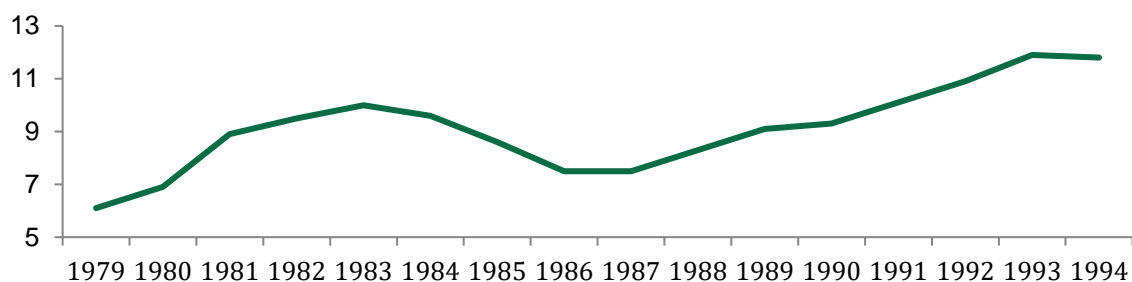
1. Socio-economic context and organization of the PES: The improvement of the Danish labor market and the decrease of the unemployment rate since 1994 coincide with the implementation of the Danish flexicurity model and a decentralized-integrated reorganization of the PES

1.1. Socio-economic context: the introduction of the flexicurity model and the tightening of benefit rules have contributed to the improvement of the Danish labor market situation since 1994

1.1.1. Until the 1990s, Denmark had a high structural unemployment rate

Denmark in the early 1990s was characterized by high structural unemployment. Denmark had been heavily impacted by the economic crises of the 1970s and 1980s, and the government had opted for a policy of fiscal austerity that had led to a contraction in demand. As a result, the country's GDP growth was low and unemployment was steadily rising. **The unemployment rate rose from 6 percent in 1979 to 12 percent in 1993** (see chart 1). Long-term unemployment (more than one year) concerned 44.3 percent of the unemployed in 1983 and 32.1 percent of the unemployed in 1994¹.

Chart 1 Graph 1: Evolution of the unemployment rate in Denmark over the period 1979-1994



Source: Statistics Denmark.

Support for job seekers was based on a logic of incentive, rather than constraint:

- ◆ the unemployment insurance system provided for a maximum of four years of compensation and the renewal of rights was facilitated;
- ◆ The PES offered job seekers training and participation in activation offers. **Prior to two and a half years of unemployment, participation in activation programs was not mandatory and was voluntary.** There was no relationship between the job search efforts made by job seekers and the benefit system.

This situation may have led to abuse. For example, a 1995 study by Pedersen and Smith shows that 40 percent of the unemployed receiving unemployment benefits in the early 1990s did not meet ILO rules because they were not willing to accept work commensurate with their abilities and were not actively seeking work. Thus, many of the recipients of unemployment benefits "did not appear to be involuntarily unemployed.

¹ OECD data: long-term unemployment rate.

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Although the Danish economy has retained a strong agricultural and industrial sector, it has seen a strong development of the service sector (cf. table 1). The share of the service sector has increased by almost 11 percent since 2010. Denmark has remained at a stable level of industrialization with industrial employment maintained since 2010. With the advent of globalization and the rise of maritime trade, Danish industry has shifted to a niche policy to allow the emergence of large, world-class groups such as Maersk, Vestia, Velux, Lego, or Novo Nordisk.

Table 1 Distribution of jobs by sector of activity (in thousands) in 2019 in Denmark

| Sectors of activity | | Volume of jobs (in thousands) | % | Change v. 2010 (in %) |
|--|--|-------------------------------|------|-----------------------|
| <i>Agriculture, hunting and forestry</i> | | 63,8 | 2,2 | -5,8 |
| <i>Industry</i> | <i>Mining and quarrying</i> | 5,6 | 0,2 | -31,7 |
| | <i>Manufacturing</i> | 315,5 | 11,0 | -6,7 |
| | <i>Electricity, gas, steam, air cond. supply</i> | 16,7 | 0,6 | 9,2 |
| | <i>Water supply, sewerage, waste mgt, remediation</i> | 16,7 | 0,6 | 31,5 |
| | <i>Construction</i> | 177,4 | 6,2 | 11,4 |
| | <i>Total</i> | 531,9 | 18,5 | -0,3 |
| <i>Services</i> | <i>Wholesale, retail trade, vehicle, motorcycle repair</i> | 433,6 | 15,1 | 13,6 |
| | <i>Transportation and storage</i> | 125,5 | 4,4 | 3,0 |
| | <i>Accommodation and food service activities</i> | 112,5 | 3,9 | 43,1 |
| | <i>Information and communication</i> | 114,8 | 4,0 | 4,8 |
| | <i>Financial and insurance activities</i> | 77,8 | 2,7 | -11,3 |
| | <i>Real estate activities</i> | 40,7 | 1,4 | 51,3 |
| | <i>Professional, scientific and technical activities</i> | 172,2 | 6,0 | 24,8 |
| | <i>Administrative and support service activities</i> | 120,7 | 4,2 | 42,0 |
| | <i>Public administration, defence, social security</i> | 146,3 | 5,1 | -8,8 |
| | <i>Education</i> | 255,9 | 8,9 | 11,5 |
| | <i>Human health and social work activities</i> | 522,5 | 18,2 | 2,0 |
| | <i>Arts, entertainment and recreation</i> | 67,6 | 2,3 | 15,4 |
| | <i>Other service activities</i> | 76,9 | 2,7 | 15,1 |
| | <i>Total</i> | 2 282,00 | 79,3 | 10,8 |
| <i>Total</i> | | 2 877,70 | 100 | 8,1 |

Source: OECD.

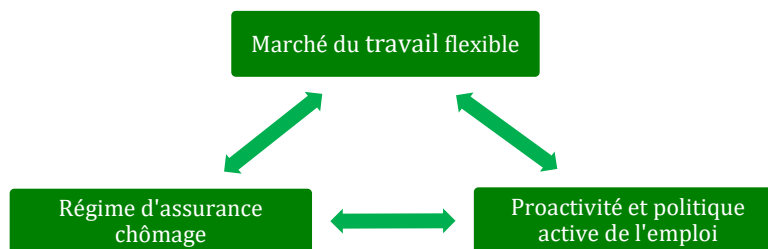
1.1.2. In the early 1990s, Denmark undertook far-reaching reforms to implement a flexicurity model

In the 1990s, Denmark undertook numerous reforms to establish a **flexicurity model, based on three pillars** (see Figure 2). chart 2) :

- ◆ **A flexible labor market** that allows employers to quickly adapt to changing conditions through rapid hiring and firing;
- ◆ **a generous benefit system** for job seekers;
- ◆ **a public employment service focused on active and intensive support** for the unemployed to return to work.

It is a system based on "rights and duties". In return for generous benefits and intensive support, jobseekers have a duty to actively seek employment. The Danish flexicurity system is thus based on a high level of direction and constraint to accelerate the return to work.

Chart 2 The three pillars of the Danish flexicurity model



Source: Mission.

1.1.2.1. The labor law, which is the result of a social dialogue that dates back to 1899, is particularly liberal

Labour law is the result of social dialogue, collective agreements and legislation passed by the Danish parliament, the *Folketing*. There is no labour code in Denmark. The regulation of the labour market is built around social dialogue and agreements negotiated by the social partners (see Box 1). The two main actors in social consultation are :

- ◆ **The Confederation of Trade Unions (FH)**, which is a union of 64 Danish trade unions, represents about 50% of the employed population in Denmark;
- ◆ **the Danish employers' organization (DA)**, which represents the interests of nearly 25,000 employers, employing about 30% of the total employed population and 50% in the private sector.

Box 1 In Denmark, the regulation of labor law is strongly determined by social dialogue

An agreement of 1899, the "September Compromise", established key elements of labour market regulation, including working time, and defined the framework of social consultation in Denmark around two actors: the confederation of trade unions FH and the Danish employers' organization DA.

The social dialogue gives rise to two types of consultations:

- collective agreements regulate the labor market in the following areas: wage levels; pensions; maternal and paternal compensation amounts; working hours
- collective bargaining concerns the more general orientations of the labor market. The government can intervene in tripartite negotiations.

These negotiations prepare the employment reforms that will be passed by the Danish parliament and will be given the status of law (LOI) or legislative decree (LBK). The Ministry of Employment can issue executive decrees to detail the implementation of the reforms passed.

Source: Note on the Danish labor market by the Ministry of Employment, the FH confederation and the DA organization.

The importance attached to social dialogue gives the social partners the opportunity to adapt labour law quickly, with the government playing only a minor role². However, in the absence of agreement between the social partners, it can legislate. Despite the lack of a legislative framework for the flexicurity model, the culture of compromise and the strength of the unions allow Denmark to have a balanced labour market between companies and employees.

Employment legislation is not very restrictive and gives companies a great deal of flexibility³. In particular, Danish labor law imposes few constraints on hiring and firing (cf. box 2).

² Report of the Ministry of Employment, the DA and FH, on the Danish labour market.

³ Report of the Ministry of Employment, the DA and FH, on the Danish labour market.

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Box 2 Box 2: The law regulates the length of notice for employees

The law provides a framework for the employment relationship between employers and employees, and in particular for the period at the end of the contract. In the event of dismissal, the law provides for a mandatory notice period and a statement of reasons. The employment contract can only be terminated after a period of notice, the duration of which is defined by law and depends on seniority. The length of the notice period may never exceed 6 months (cf. table 2). The dismissal must be justified. A dismissal is justified if the employer can prove that either the employee is not performing well enough or that he has committed a professional fault.

Table 2 Length of notice of termination according to the employee's seniority

| Seniority | 3 to 6 months | 6 months to 3 years | 3 to 6 years old | 6 to 9 years old | Over 9 years old |
|-----------------------------|---------------|---------------------|------------------|------------------|------------------|
| Notice of termination up to | 1 month | 3 months | 4 months | 5 months | 6 months |

Source: LBK n°1002 of 24/08/2017.

By way of comparison, the French Labour Code provides for three possibilities for the duration of the notice period:

- for a seniority of less than 6 months, the duration of the notice period is defined either by the collective agreement, or by a collective agreement, or by the employment contract or by the practices according to the trade;
- for a seniority between 6 months and 2 years, the notice period is 1 month;
- for a seniority of more than 2 years, the notice period of 2 months.

Danish law provides for three exceptions to the prescribed notice periods (cf. table 2) :

- for the trial period, which cannot last longer than 3 months, the employer can terminate the employment contract at any time during the trial period with a 14-day notice;
- for individuals who have received sick pay for 120 days in a row, the employer may terminate the contract with one month's notice. The termination must take place after 120 days of sickness absence;
- for those who resign, the decision to resign must be communicated to the employer with a notice period of one month (for those with less than 6 months seniority) or 3 months (for those with more than 6 months seniority);

The employment contract is terminated at the end of the month following dismissal, except for dismissals during the trial period.

In the event of dismissal, the employer must pay a daily "G-day" allowance to cover the first and second day of unemployment.

Finally, Danish law provides for severance pay. In the event of dismissal, the employer must pay the jobseeker severance pay based on his or her seniority:

- The allowance is equivalent to 1 month's salary for those who have been laid off for at least one year;
- the allowance is equivalent to 3 months' salary for those laid off with at least 17 years' seniority.

Source: LBK n°1002 of 24/08/2017; Articles L1234-1 and following of the Labor Code; VEJ n°9533 of 09/06/2017; LBK n°52 of 27/01/2015.

1.1.2.2. In 1994, the duration of unemployment compensation was reduced from 48 to 24 months

The unemployment insurance system is optional in Denmark. Unemployment insurance is administered by private unemployment funds. **The working population has the choice to join an unemployment fund (A-kasse) and to pay contributions in order to benefit from unemployment insurance** (cf. 1.1.4.1). If a jobseeker is not a member of an A-kasse, he or she can apply directly for a minimum social benefit (cf. 1.1.4.2).

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Box 3 The management of unemployment insurance administered by the unemployment funds (A- kasse)

Despite its voluntary nature, a large part of the working population is covered by unemployment insurance. The federation of unemployment funds, *Danske A-kasse*, comprises 21 *A-kasse* and covers more than 2.3 million people, or about 77% of the working population.⁴

Source: OECD; STAR; Borger.dk; LBK n°701 of 22/05/2022.

In return for reforms granting broad flexibility to companies, job seekers are covered by a protective unemployment insurance scheme. **The reforms of the 1990s changed the unemployment insurance system: the conditions of affiliation were modified** (cf. table 3)

:

- ◆ the minimum contribution period is increased from 6 months to 1 year: the benefit of unemployment insurance is only open to jobseekers who have been members of an *A-kasse* for at least one year;
- ◆ the maximum duration of compensation is reduced from 4 years to 2 years⁵.

Table 3 The evolution of the unemployment insurance system after the introduction of the flexicurity system

| | Before 1994 | Nowadays |
|----------------------------------|-------------------|----------|
| Minimum contribution period | 6 months | 1 year |
| Maximum duration of compensation | About 9 years old | 2 years |

Source: Unédic; STAR; "The moral economy of activation", by Magnus Paulsen Hansen.

The 1994 reform did not change the amount of unemployment insurance⁶, which remains capped at 90% of the salary received before becoming unemployed with a maximum of €2,602 per month⁷. The *A-kasse* calculates the amount of unemployment compensation based on the twelve best salaries received over the last 24 months before unemployment.

This reform aimed to encourage job search and significantly changed the use of benefits. And in practice, the share of Danes receiving welfare benefits and the distribution of benefits has decreased as a result of these reforms (see figure 3). chart 3). Thus, unemployment compensation (passive unemployment benefits) represents 1% of GDP, while activation benefits (active benefits) amount to 2% of GDP.

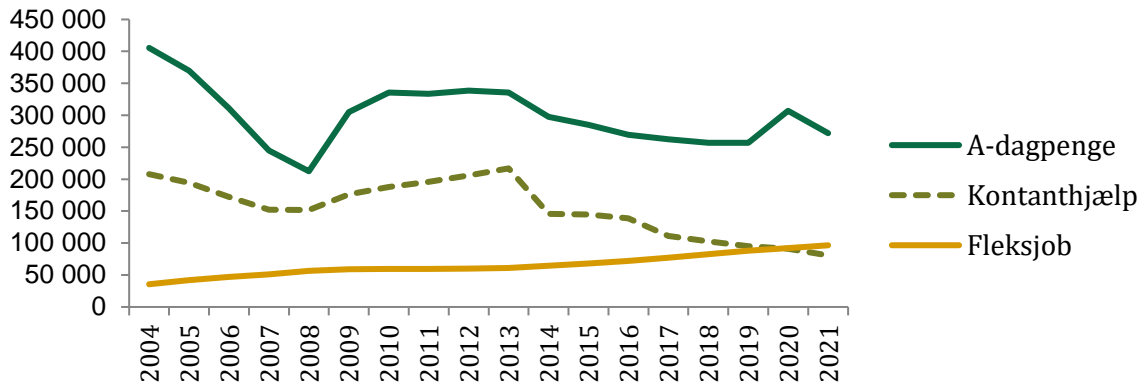
⁴ The *A-kasse* are managed by the unions, but membership in an *A-kasse* does not necessarily imply membership in a union; this explains a higher rate of unemployment insurance coverage than unionization.

⁵ The book "*The moral economy of activation*", by Magnus Paulsen Hansen, provides details on the history of unemployment insurance in Denmark. Before the 1994 reform, the maximum duration of compensation was 9 years. While the maximum benefit period was reduced in 1994 to a maximum of 4 years for jobseekers required to follow an activation program, it could go up to 7 years in some cases. In 1998, the maximum duration of compensation was harmonized and reduced to 4 years for all job seekers, regardless of their situation. Later, following a reform in 2010, the maximum duration was further reduced to 2 years.

⁶ Report "From labour market policy to employment policy", by Henning Jørgensen.

⁷ For comparison, the amount of unemployment insurance in Germany is 60% of previous income with a monthly maximum of €2,805. In France, the amount of unemployment insurance ranges from €912 to €7,710.

Chart 3 Total beneficiaries of financial aid to return to work since 2004



Source: Jobindsats.

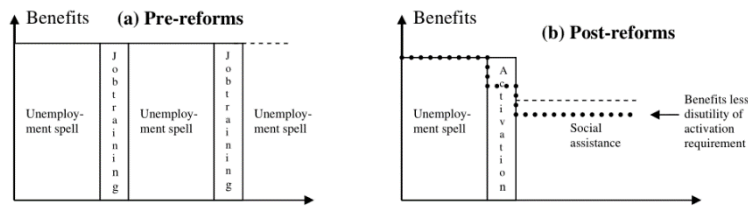
Note: Dagpenge is the unemployment insurance (paid by the A-kasse); Kontanthjælp are the cash grants; Fleksjob are the flexible jobs, detailed later in the report.

1.1.2.3. A very proactive unemployment activation policy has been put in place

In return for the benefits paid, the jobseeker is obliged to actively search for a job and to participate in activation programs. Before the reforms of the 1990s, the support of job seekers was not supported: the unemployed could benefit from training and alternate a period of independent job search with a period of training (cf. chart 4)⁸, without any effective control of the effectiveness of the job search.

Starting with the reforms of the 1990s, successive training periods were replaced by a more intensive employment-oriented program. The objective is to accelerate the taking charge of job seekers and their placement in a training program adapted to them. The job seeker is thus placed in an activation program, after which a return to employment must be almost certain. Participation in training and activation efforts is mandatory. The benefit of an activation program implies a reinforcement of the duties of the job seeker: he or she is obliged to accept offers in his or her field of training.

Chart 4 Change in the model of job-seeker support before and after the reforms of the 1990s in Denmark



Source: Report "Flexisecurity - labour market performance in Denmark" by Torben Andersen and Michael Svarer.

Note: The level of aid paid by municipalities to job seekers remains stable. The municipalities receive a subsidy from the State to finance social assistance. The graph above shows the decline in the state's participation in the financing of social assistance.

Job counselors have sanctioning powers to improve the effectiveness of placement through activation programs. In case of non-compliance with the terms of activation and support, counselors can financially sanction job seekers.

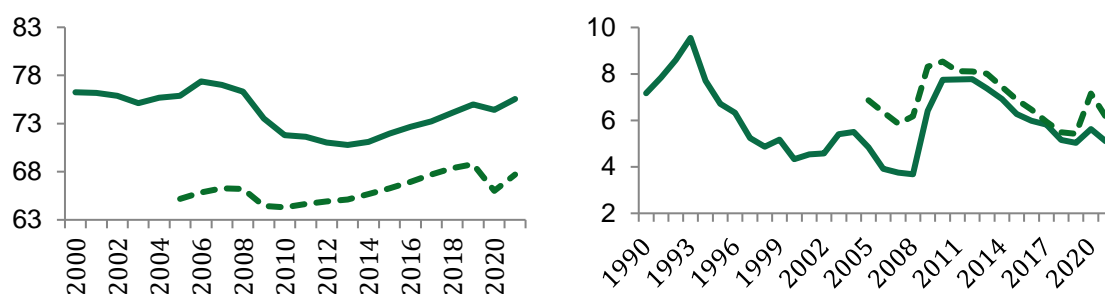
⁸ Report "Flexisecurity - labour market performance in Denmark" by Torben Andersen and Michael Svarer.

1.1.3. As a result of these reforms, the structural unemployment rate fell sharply

The start of the flexicurity reforms coincided with an all-time high of 10 percent unemployment in 1994. In the years that followed, a sustained decline in unemployment began, from 10 per cent to around 5 per cent a decade later, and a historic low of 3.7 per cent in 2008. Following the 2008 crisis, the unemployment rate rose sharply. Denmark was less strongly affected than other OECD countries by the health crisis in 2020 (see chart 5).

Since at least 2005, the Danish situation has been on average more favorable than in other OECD countries. Denmark has a lower unemployment rate and a higher employment rate than the OECD average (cf. chart 5). In October 2022, the unemployment rate was 4.5 percent in Denmark and 4.89 percent in the OECD, the employment rate was 77 percent in Denmark and on average 69.5 percent for the OECD.⁹

Chart 5 Evolution of the employment rate (in %, left) and unemployment rate (in %, right) in Denmark since 2000 and 1990



Source: Statistics Denmark; OECD.

Note: The dotted lines represent the overall change for the OECD as a whole. Data for the OECD as a whole are only available from 2005.

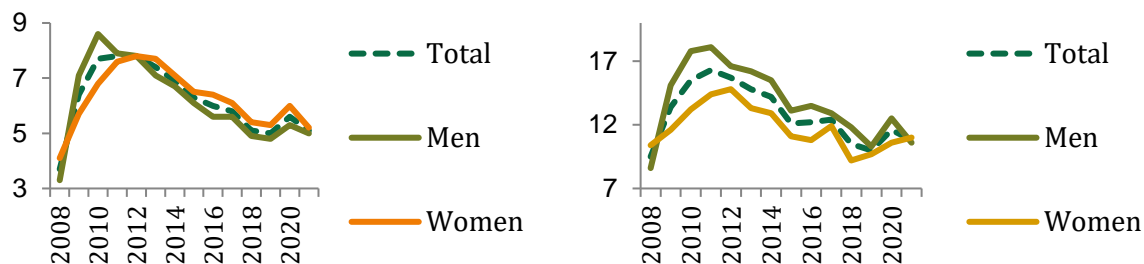
Since 2011, the unemployment rate for women has been higher than for men (see chart 6). For the year 2021, the female unemployment rate was 5.2 percent and the male rate was 5 percent.

Unemployment among young people under 25 will remain stable at 10.8 percent in 2021 (compared with 10.2 percent in 1994). The unemployment rate for people under 25 is among the lowest in the OECD: the unemployment rate for people under 25 is 11.5 percent for the OECD and 18.9 percent in France in 2021¹⁰. In particular, the unemployment rate for the under-25s affects men more than women (cf. chart 6).

⁹ Each indicator for the OECD is an average of the OECD countries.

¹⁰ Source: OECD and INSEE.

Chart 6 Unemployment rate by gender (in %, left) and for the under-25s (in %, right) in Denmark since 2008
(in %, right) in Denmark since 2008

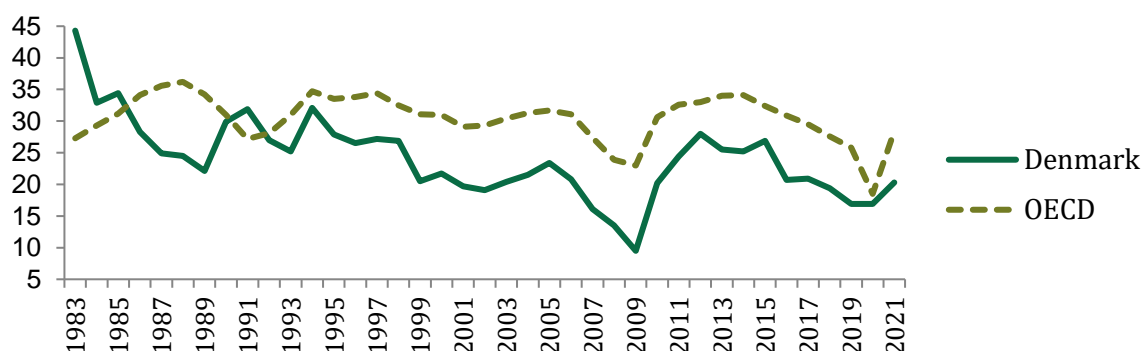


Source: Statistics Denmark

(<https://www.statbank.dk/statbank5a/SelectTable/Omrade0.asp?SubjectCode=2&ShowNews=OFF&PLanguage=1>).

The long-term unemployment rate has declined since 1994 (see figure 7). chart 7)¹¹. It has fallen from 32.1 percent of job seekers in 1994 to 20.3 percent of job seekers in 2021. Since the early 1990s and the introduction of flexicurity reforms, the Danish long-term unemployment rate has been lower than in the rest of the OECD. Long-term unemployment reached a historic low of 9.5 percent in 2009. In 2021, the long-term unemployment rate in Denmark is still above the level reached in 2009. In contrast, unemployment is more pronounced among people with an immigrant background. In 2019, the employment rate for people with a non-EU immigrant background was 15 percent lower for men and 24 percent lower for women than for Danes of each respective gender¹².

Chart 7 Long-term unemployment rates in Denmark and the OECD since 1983



Source: OECD.

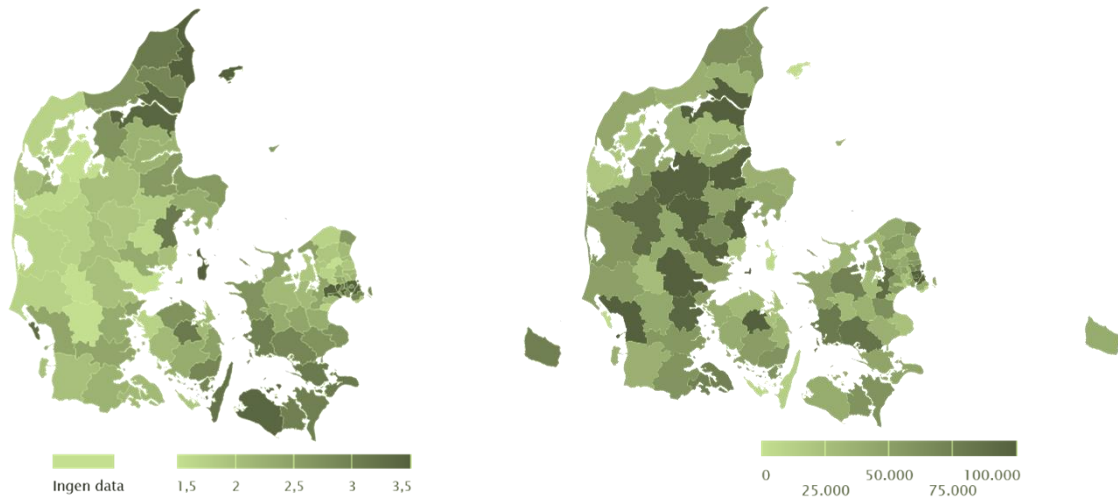
Note: The long-term unemployment rate represents the share of job seekers who have been unemployed for at least 12 months among all job seekers.

Unemployment affects Danish municipalities differently (cf. chart 8). The mission visited the Jobcenters in the municipalities of Copenhagen and *Høje-Taastrup*. These two municipalities are located in an area of tension, with a high population density and a higher unemployment rate than in the rest of the country.

¹¹ OECD.

¹² VIVE (Det Nationale Forsknings-og analysecenter for velfaerd) 2021 study on employment efforts provided for immigrant populations in Denmark.

Chart 8 Geographical distribution of unemployment in Denmark (in %, left) and of the population (right) in March 2022



Source: Statistics Denmark.

This decrease in the country's unemployment rate is accompanied by an improvement in the fluidity of the Danish labor market. This fluidity is illustrated by the high mobility of the Danish workforce. On average, **one third of Danish workers change jobs each year¹³**. Along with the United Kingdom, Denmark has one of the lowest indices of labor market rigidity for individual dismissals in the OECD.

Table 4 Index of labor market rigidity in the countries surveyed by the mission in 2019

| Country | Germany | Belgium | Denmark | France | Spain | United Kingdom | Sweden |
|---------|---------|---------|---------|--------|-------|----------------|--------|
| Index | 2,60 | 2,07 | 1,53 | 2,56 | 2,05 | 1,35 | 2,45 |

Source: OECD (<https://stats.oecd.org/index.aspx?lang=fr>).

Note: The rigidity rate is calculated by the OECD to assess the level of regulation and rigidity for hiring and firing. The results presented in the table refer to individual open-ended contracts.

1.1.4. Presentation of the different unemployment compensation schemes (unemployment insurance and minimum social benefits)

There are two ways of dealing with unemployment in Denmark. As soon as a person becomes unemployed, he or she must register on the *Jobnet website* and contact the *Jobcenter* in his or her municipality. After registering, the job seeker can apply for two types of aid paid by two different actors:

- ◆ If the job seeker has joined an unemployment insurance fund, he/she will receive unemployment insurance from his/her unemployment fund;
- ◆ If the job seeker has not joined an unemployment insurance fund, he or she can apply for the minimum social benefits paid by the municipalities, the amount of which is set at the national level: these are cash benefits and financial benefits corresponding to an activation program.

Before the health crisis of 2020, only 12 percent of the unemployed received social assistance, but this proportion increases in the event of an economic crisis, when layoffs primarily affect the most precarious workers who do not join an unemployment fund (see figure 8).

¹³ Hearing of Danish sociologist Magnus Paulsen Hansen during the mission's visit to Denmark in November 2022; *Jobindsats*.

1.1.4.1. Unemployment insurance (*Dagpenge*)¹⁴

Unemployment insurance is administered by 22 unemployment funds (*A-kasse*, see Box 3). box 3), **to which membership is voluntary for workers**. These unemployment funds are responsible for the payment of unemployment insurance¹⁵. Some of the 22 *A-kasses* are specialized in a particular branch of employment (15 *A-kasses*), while others are open to all employees (7 *A-kasses*).

Only unemployed persons who have joined an unemployment fund are eligible for unemployment compensation under the unemployment insurance scheme, under the following conditions¹⁶:

- ◆ for unemployed newcomers: justify a reference income, salaried or not, of at least 33 204 € over the last three years;
- ◆ for people who have already received compensation: prove that you have worked 1,924 hours in the last three years.

The maximum duration of compensation is two years over a three-year period.

The amount of compensation is 90% of the reference salary, with a ceiling of €2,602 per month. The amount of the benefit is calculated monthly based on the unemployed person's situation during the previous month¹⁷. These amounts are subject to income tax from the first crown, which has two rates, one at 12.1% and the other at 15.0%¹⁸. While Danish salaries are high for employers, social security charges are very low because the welfare state is financed by taxes, in particular a high VAT (25.0%) and an income tax that affects all citizens.

1.1.4.2. Cash assistance (*kontanthjælp*), the Danish minimum wage, and other financial assistance from the municipality to job seekers

The cash benefits are minimum social benefits and consist of three different benefits for three different audiences¹⁹:

- ◆ training assistance (*uddannelseshjælp*) is for people **under 30 years of age without professional qualifications**;
- ◆ Cash assistance (*kontanthjælp*) is intended for people **over 30 and people under 30 with at least one professional qualification**;
- ◆ Transitional assistance (SHO benefit, *selvforsørgelses - og hjemrejseydelse eller overgangsydels*²⁰) **is intended for Danes who have lived abroad** for at least nine of the last ten years and who wish to settle in Denmark. This aid can be combined with the two previous aids.

If, even with the benefit of unemployment insurance or other financial support, the job seeker's income is still lower than his or her earned income, the *Jobcenter* may decide to grant cash support. These grants are unlimited and are offered to jobseekers until they leave unemployment.

¹⁴ The rules on unemployment insurance are governed by the following text: LBK n°234 of February 10, 2022 (<https://www.retsinformation.dk/eli/lta/2022/234>).

¹⁵ LBK n°234 of February 10, 2022.

¹⁶ LBK n°234 of February 10, 2022; BEK n°1696 of August 19, 2021.

¹⁷ Borger.dk, BEK n°1698 of 19/08/2021, LBK n°234 of 10/02/2022.

¹⁸ Note from the French Embassy in Denmark on taxation in Denmark.

¹⁹ LBK n°701 of 22/05/2022.

²⁰ In French: Allocation d'autonomie et de rapatriement or allocation de transition.

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Table 5 Eligibility requirements for cash grants

| Social minima | Terms and Conditions | Specific conditions |
|---|----------------------|--|
| Training Assistance (uddannelseshjælp) | | <ul style="list-style-type: none"> ▪ be under 30 years of age; ▪ no professional qualifications; ▪ be willing to study and train. |
| Cash assistance (kontanthjælp) | | Alternative conditions: <ul style="list-style-type: none"> ▪ be over 30 years old; ▪ be under 30 years of age and have at least one professional qualification; ▪ be ready to work. |
| Transition Assistance (SHO benefit) | | <ul style="list-style-type: none"> ▪ have lived abroad for at least 9 of the last 10 years; ▪ be ready to work. |

Source: Borger.dk.

Note: Unless specified, the conditions displayed in the table are cumulative.

The amounts of the cash grants are set by an annual regulation²¹ which has a fee schedule (see table 6) with three elements: a basic amount, additional amounts that can be granted under certain conditions and a maximum amount.

Table 6 Monthly cash grants (in €) in October 2022²²

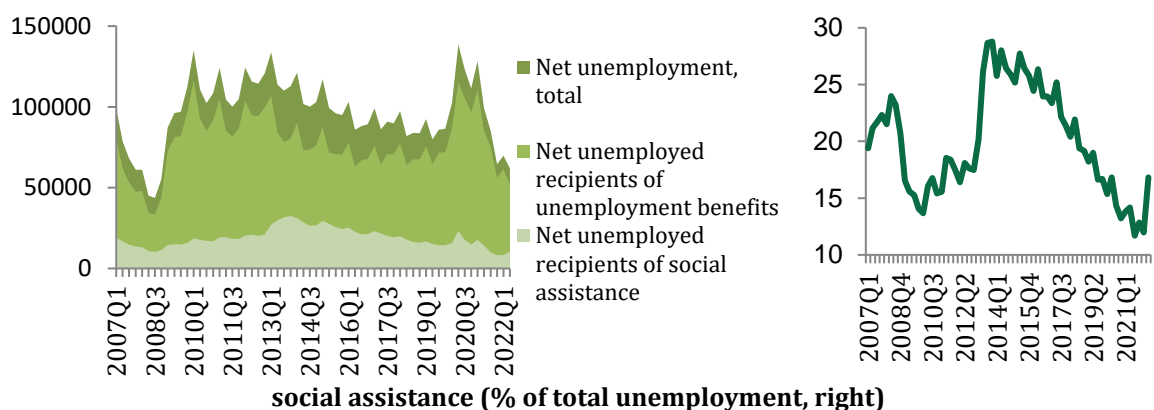
| Amount of aid | Minimum amount | Maximum amount | Number of beneficiaries (1) | Total cost (€) ²³ (2) | (2)/(1) |
|---|----------------|----------------|-----------------------------|----------------------------------|--------------|
| Training assistance (Uddannelseshjælps) | 372 | 2 094 | 28 557 | 31 096 063 | 1 089 |
| Cash assistance (Kontanthjælp) | 490 | 2 094 | 47 605 | 75 520 119 | 1 586 |
| Transition Assistance (SHO) | 83 | 574 | 15 411 | 16 082 150 | 1 043 |
| Total | N.A. | N.A. | 91 573 | 122 698 332 | 1 340 |

Source: VEJ Regulation No. 9768 of 29 June 2022; jobindsats.dk.

Note: Exchange rate as of November 28, 2022, of 1 DKK for 0.13 €.

The annual amount of this aid represents approximately 0.5% of Danish GDP.

Chart 9 Number of jobseekers receiving unemployment insurance and social and social assistance during unemployment (left) and share of unemployed receiving social assistance



Source: Jobindsats.

²¹ VEJ n°9768 of 29/06/2022.

²² In the event of a partial return to work, the beneficiary's rights will be maintained but reduced in proportion to the hours worked. A political agreement establishes the amounts of the social minima, the possible deductions and the sanctions that the municipalities can take.

²³ These amounts present the total amounts committed by these financial aids for the month of October 2022.

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Note: The net number of jobseekers receiving social assistance includes unemployed persons receiving cash benefits and social assistance attached to activation programs.

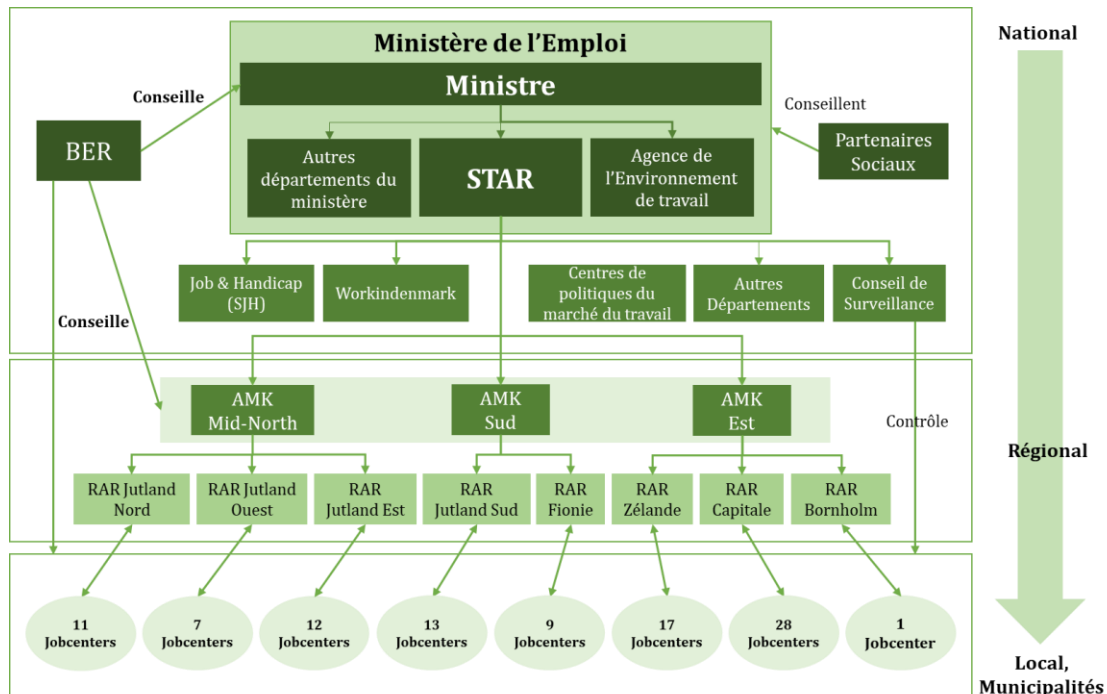
In the second quarter of 2022, 83 percent of jobseekers are receiving unemployment insurance and only 17 percent of jobseekers were receiving social assistance²⁴. Changes in total unemployment insurance beneficiaries are correlated with changes in the total number of unemployed. While the number of jobseekers receiving cash benefits does not seem to vary with total unemployment (see figure 9), the number of jobseekers receiving cash benefits does. (chart 9). The share of jobseekers receiving social assistance varies between 12 percent and 29 percent of total jobseekers.

1.2. Organization of the public employment service (PES): the Danish PES is decentralized but highly integrated, under the aegis of the national agency STAR, which oversees the 98 municipalities responsible for its implementation

The Danish PES grants a certain amount of autonomy to the municipalities, which are responsible for supporting jobseekers within a strategic framework determined by the Ministry of Employment, the implementation of which is coordinated and monitored by a central agency, STAR, under the authority of the Ministry of Employment. The *A-kasse* (see box 3) compensate the unemployed but have a limited role in supporting jobseekers; they only make an initial diagnosis (cf. 2.2.1) and participate in some follow-up interviews (cf. 2.3.1.2).

The Danish PES is thus divided into three levels of governance (cf. chart 10) with centralized steering and decentralized implementation of employment policies by the *Jobcenters*.

Chart 10 Institutional structure of the Danish PES



Source: Mission.

²⁴ The social benefits in question are all the benefits paid by the Jobcenter to jobseekers during their period of unemployment. This includes both social minima (e.g. cash benefits) and wage subsidies (e.g. *Fleksjobs*). Sources: *Jobindsats*.

1.2.1. History of reforms: successive attempts at decentralizing to the current governance model

The current state of the PES is the result of a succession of reforms. The flexicurity model was implemented through a reform of unemployment insurance and a reform of the institutions and organization of the PES.

Prior to the early 1990s, the PES was a direct state responsibility managed by the Ministry of Employment²⁵ through the Danish Labour and Employment Authority (*Arbejdsmarkedsstyrelsen*), established in 1989. This agency was the result of a merger between the Directorate of Labour (*Arbejdsdirektoratet*, established in 1907), the sole operator of the PES, and the Directorate of Labour Market Training (established in 1976), which was only responsible for training programs.

In 1994, the state transferred its responsibility for supporting jobseekers to the regions²⁶, while keeping the policy framework at the national level. The Ministry of Employment had a labor market agency (*Arbejdsmarkedsstyrelsen*), which was the sole operator in charge of the PES. In this law, the State entrusted the social partners with the task of managing the allocation of unemployment benefits and the implementation of activation measures. The social partners organized themselves at the regional level with the five political regions to develop shared information systems to facilitate support and evaluate the performance of the PES.

This first attempt at decentralization failed, however, because the PES actors were given too much autonomy. The State regained responsibility for implementing employment policy at the end of the 1990s.

In order to reform the PES, Denmark is undertaking a wide-ranging institutional reform from 2003 to 2007. Four employment regions were created in 2003. These administrative divisions are linked to the Ministry of Employment and are responsible for supporting the regional implementation of employment policy. At the same time, Denmark is reforming its territorial organization²⁷:

- ◆ the number of communes is reduced from 271 to 98 communes (with an average population of 60,000)
- ◆ five new political regions are created.

In 2007, the 98 Danish municipalities were given responsibility for implementing employment policy through the new *Jobcenters* (see Box 4). box 4)²⁸. The municipalities have a large degree of autonomy to adapt the national strategy to local challenges. The Ministry of Employment sets general targets for the municipalities to achieve and allocates funds according to objective criteria. The municipalities have freedom to organize their services. However, the implementation of the law and compliance with the nationally set targets are monitored (cf. 2.1.1).

²⁵ 2007 report "Flexisecurity - Labour Market Performance in Denmark" by Torben M. Andersen and Michael Svarer.

²⁶ 2007 report "Flexisecurity - Labour Market Performance in Denmark" by Torben M. Andersen and Michael Svarer; Report "From Labour Market Policy to Employment Policy" by Henning Jørgensen.

²⁷ Reform of 2005 that came into force in 2007: LBK n°537 of 24/06/2005.

²⁸ There are 94 *Jobcenters* in Denmark, with some municipalities pooling their resources.

Box 4 The competences of the Danish regions and municipalities

The competences of the regions and the municipalities are defined by the law n°537 of June 24, 2005. The 2007 reform, provided for by a 2005 law, added new competencies to the municipalities, including the implementation of employment policy *through the Jobcenters*.

The regions have three areas of jurisdiction:

- hospital supply;
- certain social skills, including assistance to people with disabilities and special education;
- economic development and transportation.

The municipalities have three areas of jurisdiction:

- health care supply, excluding hospitals ;
- Some social skills, including social workers and services for people with disabilities and difficulties;
- **employment policy via their Jobcenter:** financing, accompanying and activating job seekers.

Source: LBK n°537 of June 24, 2005.

In 2014, a single national PES agency (Styrelsen for Arbejdsmarked og Rekruttering, STAR) was established, responsible for the administration and supervision of PES. STAR was created by merging two agencies²⁹.

In 2014, the four previously existing employment regions were eliminated and replaced with two levels of regional divisions attached to the STAR:

- ◆ Labour Market Offices (LMOs);
- ◆ Regional Labour Market Boards (RLBs), which are attached to the KMAs.

Each RAN is linked to one of the three Labor Market Offices (the AMKs, which are: AMK Mid-North, AMK South, AMK East), **all of which report to the STAR**. Finally, it is possible to establish the following territorial correspondences between the different divisions and institutions of the PES (cf. table 7).

Table 7 Correspondence of geographical areas between AMK, regions, RAN and municipalities

| AMK | Corresponding political regions | Corresponding RARs | Number of municipalities covered by the AMK |
|-----------|---------------------------------|---|---|
| Mid-North | Midtjylland, Nordjylland | North Jutland, West Jutland, East Jutland | 30 |
| South | Syddanmark | South Jutland, Fionie | 22 |
| East | Hovedstaden, Sjælland | Zealand, Capital City, Bornholm | 46 |

Source: Mission.

²⁹ The Danish Workforce Retention and Recruitment Agency (SFR) was in charge of employee training and the Labour Market Authority (AMS) was in charge of employment policy enforcement.

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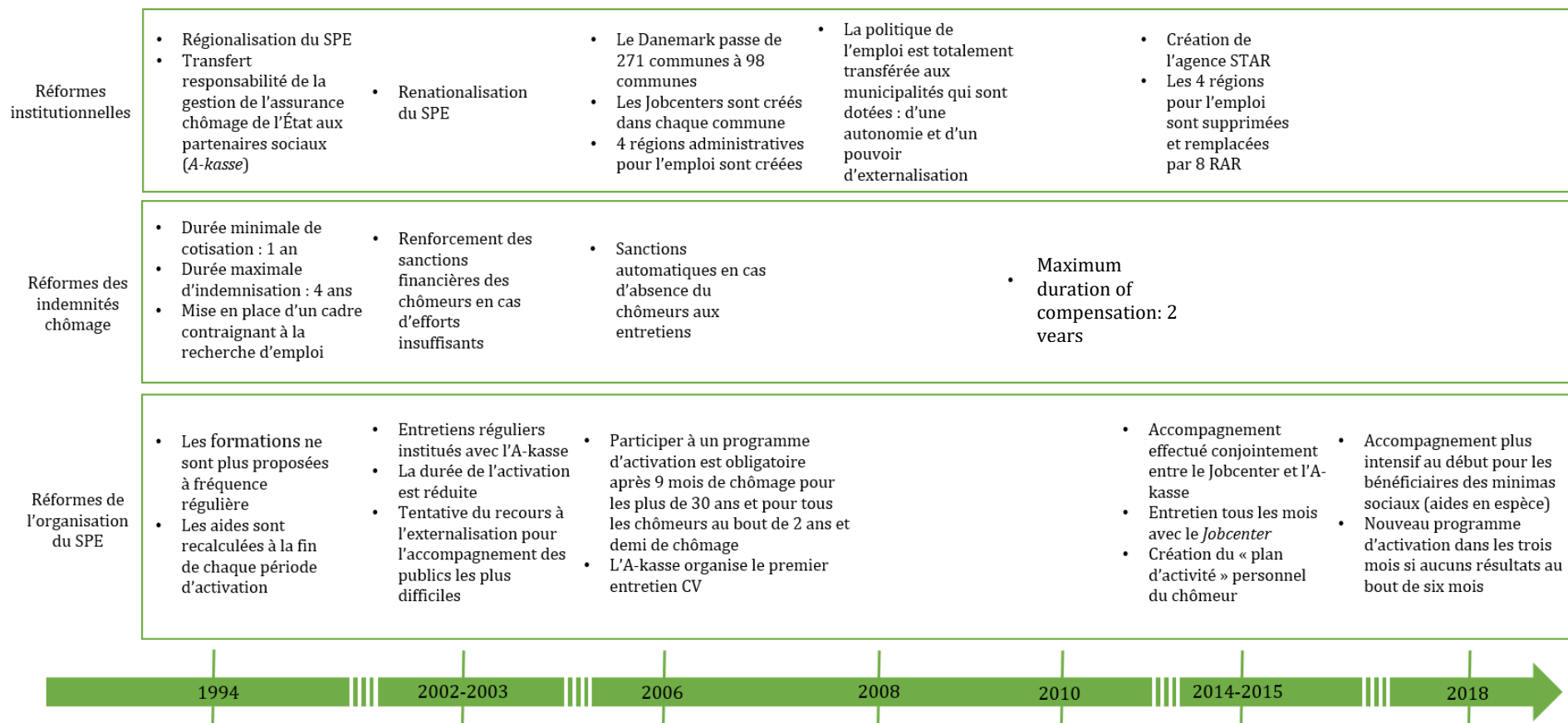
Chart 11 Map of municipalities (left), RANs (center) and political regions (right) and political regions (right)



Source: STAR, Wikipedia.

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Chart 12 Timeline of the reform of the Danish PES, from a protective regime to a flexicurity regime



Source: Mission.

1.2.2. The national STAR agency, through a central and regional administration, ensures the implementation of the law by the municipalities and the overall performance of the PES

At the national level, the State is responsible for defining the objectives and strategy of employment policy. The Minister has a central administration and the national agency STAR, which assists him and ensures the implementation of employment policies. The State monitors the performance of the various PES actors.

The Labor Market and Recruitment Agency (STAR) is responsible for the proper implementation of the strategy by the municipalities and for monitoring employment policies. It coordinates the implementation of reforms, and has powers to control and sanction municipalities.

There are two levels of regional PES divisions (see Box 6). box 6): three Labor Market Offices (LMOs) and eight Regional Labor Market Boards (RLBs). Each RAN is linked to one of the three **Labor** Market Bureaus (see Box 5). 1.2.1). Unlike the Labour Market Offices (LMOs), the Regional Labour Market Boards (RLBs) are not legally attached to the STAR.

Box 5 Regional Labour Market Boards (RLBs)

The regional labor market councils (RARs) are assemblies of employee unions, municipalities and employer associations. Each RLA is a council composed of 21 members representing the actors of the PES. The number of seats allocated to each PES actor is determined by law³⁰ and each RAR consists of 6 representatives of the employers' confederation (DA), 5 representatives of the National Organization of Denmark (LO), 1 representative of the trade union FH, 1 representative of the managers, 5 representatives of the national association of municipalities (KL), 1 representative of the academics' union, 1 person from the Danish disability organization (DH) and 1 representative of the Regional Council.

The RANs coordinate the efforts of the *Jobcenters* for employment and ensure the coherence of public policies with the expectations of the territory and the companies. Municipalities can apply to the RANs for assistance in setting up services for businesses. The RANs offer employment-oriented training to job seekers. The RANs intervene to support the cooperation between *job centers* and companies in order to implement strategies to respond to labor shortages.

Since 2015, RANs have had authority to allocate financial resources to municipalities. RANs have the authority to allocate supplemental grants for certain programs across the territory (to ensure that the supplemental funds are properly used).

The Regional Labour Market Board has the following eight powers and responsibilities:

- participates in interaction with municipalities and supports municipal employment efforts;
- advises and dialogues with municipalities on the development of employment efforts;
- Collaborates and coordinates employment efforts with unemployment insurance funds and other stakeholders, including employment service providers and businesses, and coordinates education and career counseling;
- coordinates the efforts of businesses and those aimed at labor shortage areas and areas of high unemployment;
- approves the regional positive list for the regional education pool, see § 97 of the Active Employment Efforts Act ;
- performs such duties as are assigned to boards by other Acts or regulations made thereunder;

³⁰ LBK n°1294 of 20/09/2022.

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- Identifies areas where coordination and cooperation among actors should be strengthened, and determines the Regional Labor Market Council's strategies for coordination and cooperation among actors in adult education, continuing education and training, and business and employment promotion, in order to create a better match between business demand for skills and adult education, continuing education and training efforts;
- initiates and funds initiatives within a governmental framework to ensure a rapid and active effort in the event of major business closures or layoffs of significant importance to a local area, see Chapter 25 of the Active Employment Efforts Act.

Source: STAR; LSF n°1294 of 20/09/2022, Chapter 5.

Box 6 The role of labor market offices (LMOs)

There are three labor market offices (LMOs): a North Central LMO, a Southern LMO and an Eastern LMO. These AMKs are the regional representatives of the STAR. They are spaces of intermediation and coordination. Each AMK coordinates several RANs (cf. Table 7).

The AMKs can be called upon by the RANs and *Jobcenters* to address specific issues in the implementation of the reforms. These offices provide region-wide oversight of the implementation of reforms and monitoring of the RANs.

The AMKs are support and audit structures for local employment action.

Source: STAR.

The STAR agency oversees the implementation of employment policy decided at the national level and resulting either from social consultation or from the Ministry of Employment. STAR is therefore an agency that only involves the social partners at the regional level (at the level of the RANs only, cf. box 5) and not at the national level. Social consultation at the national level is most often carried out within the Employment Council (the BER, see Box 7). At the national level, the STAR Agency is headed by a Director General and a Deputy Director General.

Box 7 The Employment Board (EB)

- The Employment Council (BER) supports the Minister of Employment in his decision making and advises him on employment policy and objectives. The BER advises the Minister on all aspects of the PES. The BER brings together the social partners and the actors of the PES to feed the social dialogue.
- The Council consists of 26 members: 9 representatives of the employers' confederation *Dansk Arbejdsgiverforening* (DA), 11 representatives of the trade unions, 4 representatives of the association of municipalities (*Kommunernes Landsforening*, KL), 1 representative of the organization of disabled people (*Danske Handicaporganisationer*, DH), 1 representative of the association of academics (*Akademikerne*).

Source: STAR; Danish Ministry of Employment.

Box 8 The governance of the STAR

The STAR organizational chart is broken down into three levels:

- a board of directors, composed of a director general and two deputy directors general. These persons are appointed by the Minister of Employment. The Director General of STAR is responsible for the implementation of employment policies and the proper functioning of the PES.
- a transversal management secretariat, which manages the administration of each office;
- eleven offices with their own competences, such as an office dedicated to the management of allocations, another dedicated to statistical analysis and to the evaluation of the performance of the *Jobcenters*.

A 16-member Board of Directors supports the Executive Board in steering the STAR. This board is made up of the directors and heads of offices of the STAR

Source: STAR.

1.2.3. The municipalities are responsible, through their *Jobcenters*, a one-stop shop for job seekers, for the implementation of employment policies

The municipalities in the country are responsible for the reception and support of jobseekers through the *Jobcenters*³¹. There are a total of 94 *job centers* in Denmark. Some municipalities do not have their own *job center* and cooperate with another municipality to have a joint one. The municipalities are responsible for receiving jobseekers at the *job centers*, assisting them with registration (e.g., obtaining an administrative identification number, which is necessary for registration on *Jobnet*), and supporting them.

The Danish PES is highly decentralized, with the *job centers* directly managed by the municipalities, which have some autonomy in implementing a clear framework (see Box 9). box 9) :

- ◆ the law determines certain modalities of the **pathway for job seekers and activation programs**, but leaves a large capacity to adapt these measures to the communal level;
- ◆ **The municipalities are responsible for the operation of unemployment benefit schemes.** For the management of unemployment insurance, the *Jobcenters* interact with the A- kasse. The municipalities are autonomous with regard to other social benefits (cash benefits and other activation benefits): they make the payment decisions, take care of the follow-up of the files and possible sanctions;
- ◆ **The municipalities have a high degree of autonomy in the organization of their *job centers*.** There are 94 *job centers* in Denmark. Each municipality has its own *job center* or shares it with another municipality, depending on its size or its needs on the territory.

Box 9 The law defines the competences of municipalities in the field of employment policy

| |
|---|
| <i>Article 2</i> |
| Paragraph 1: The local council is responsible for employment measures. |
| Paragraph 2: The municipality may cooperate with other municipalities in an inter-municipal employment initiative and shall discuss inter-municipal cooperation in employment initiatives in the municipal contact councils within the KL. |
| <i>Article 3</i> |
| Paragraph 1: The city council is responsible for employment measures in employment centers, cf. §§ 58, LBK nr 1294 of 20/09/2022 and in rehabilitation teams, cf. §§ 9-12, and decides on the organization of employment measures. |
| Paragraph 2: Employment measures include |
| <ul style="list-style-type: none">▪ 1) the duties of the municipality under the Active Employment Act,▪ 2) employment-oriented tasks for citizens and businesses under the Active Social Policy Act, the Sickness Benefits Act, the Act on Compensation for Disabled Persons at Work, etc., and the Integration Act; and▪ (3) the duties referred to in paragraph 3 and in the rules adopted under paragraph 4. |
| <i>LBK n°701 of 22/05/2022, Chapter 2</i> |
| <i>Article 2</i> |
| The duties of the City Council under this Act (on employment policies) shall be carried out in the <i>job centers</i> . |

Source: LBK n°1294 of 20/09/2022, Title I, Section II, Chapter 2.

³¹ LBK n°701 of 22/11/2022.

Because of the autonomy granted to them by law, the *Jobcenters* organize themselves differently from the job centers³². Nevertheless, each jobseeker has a single referral counselor at the *Jobcenter*.

Sidebar 10 Different organizations at the *Jobcenter* in Copenhagen, Høje-Taastrup and Hjørring

The *Jobcenter* in Høje-Taastrup has a one-stop shop with two types of employment counselors, authority counselors and job counselors:

- *Authority counsellors* are responsible for the overall follow-up of the unemployed. They are in contact with the job seekers, and guide them in their search. They are the main interlocutors of the unemployed.
- The *job counsellors* have a role of contact with the companies. They collect the labor needs of companies and carry out an initial screening of the profiles that will be proposed to them. They are also in charge of the unemployed in activation programs aimed at employment (internships, apprenticeships, etc.).

In contrast, the Copenhagen *Jobcenter* is divided into six departments for six different types of profiles. The initial diagnosis, made during the first interview, determines the assignment to a department. Each department has its own counselors. Each unemployed person has an assigned counselor in his or her referral center. As long as the unemployed person has not found a job, he or she does not change centers.

Table 8 Structure of the Copenhagen *Jobcenter*

| Type of center in the <i>Jobcenter</i> | | Type of audience | |
|---|---------------------------------------|-------------------------------------|--------------------------------------|
| Center for Academics | | Job ready | Graduates |
| Center for the unemployed | | | Over 30 years old and ready to use |
| Cooperation between the <i>Jobcenter</i> , social services and medical services | Center for Health Benefits Recipients | (not) Job ready (both are possible) | Sick and disabled |
| | Development" Center | Not Job ready | Social issues |
| | Center for young job seekers | | 18-30 years old |
| | Center for Employability | | Over 30 years old ready for training |

Source: mission trip to social services at the Copenhagen Jobcenter in November 2022.

The *Jobcenter* in Hjørring organizes intensive support teams to prevent long-term unemployment.

- As soon as they become unemployed, job seekers are received by the *Jobcenter*. If the counsellor considers that the jobseeker is likely to be long-term unemployed, then a special team is assigned to accompany the jobseeker.
- This team includes: a psychologist; a nurse and a physiotherapist. The team is coordinated by an employment counselor from the *Jobcenter*.
- If this counselor considers the unemployed person "at risk," the job seeker has an individual interview with each member of the team. Following the individual interviews, the team meets and establishes a plan for the unemployed person's return to work. This plan must clearly establish the steps of the plan, the role of each actor and the tasks of the job seeker.

Source: Mission trip to the Jobcenter in Copenhagen and Høje-Taastrup in November 2022; Note "Public Accountability in the public employment service" by Kasper Håkansson, the CFO of the STAR Agency.

³² LBK n°701 of 22/05/2022.

Municipalities are autonomous in implementing employment policies and are free to outsource their activities. They are free to choose the degree of outsourcing and the target groups for which the management will be carried out by a private provider. However, the municipality only delegates the achievement of the objectives defined by the minister for a particular audience, but not the responsibility for the results. The indicators remain the same and the private employment services are subject to the same rules and targets as the municipalities for the outsourced activities.

1.2.4. Presentation of the means of the Danish PES

1.2.4.1. Different budgets for different Jobcenters

In 2021, the budget allocated to social and employment expenditure represents 60% of the total budget of municipalities in Denmark. A total of €37.4 billion was spent on social and employment policy in 2021, or 12% of Danish GDP (cf. chart 13).

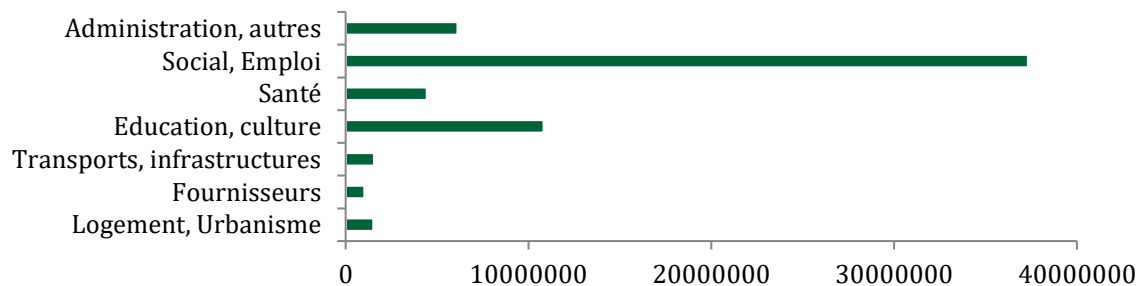


Chart 13 Municipal budgets (in thousands of euros) by expenditure item in 2021

Source: Statistics Denmark (<https://www.statistikbanken.dk/statbank5a/selectvarval/saveselections.asp>).

Note: exchange rate used is DKK 0.13 for €1; expenses are in thousands of euros.

Jobcenters receive two types of allowances: a global operating grant and an allowance per supported unemployed person.

First, the state provides a global operating grant to the job centers. These subsidies are negotiated each year between the state and the municipalities. The communes are free to organize their services and independently distribute the resources allocated to the PES. In particular, the political agreement of June 24, 2022 to simplify employment policies in Denmark emphasized that the operating budgets had increased by DKK 1,600 million (€220 million) between 2011 and 2019

Table 9 Amount of public expenditure on employment in Denmark

| Type of expenditure per year (in millions of €) ³³ | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|---------|-------|
| Total public spending on employment | 3 815 | 3 779 | 4 444,7 | 3 969 |
| Municipal employment measures | 729 | 666 | 602,3 | 602,7 |
| Measures for the activation of employment | 70 | 69,4 | 81,6 | 110 |
| Unemployment benefits | 494 | 497 | 532 | 467 |

Source: Statistics Denmark.

³³ The exchange rate used is 0.13 € for 1 DKK.

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Second,³⁴ , the municipalities pay social assistance to jobseekers through the *Jobcenter*, and the state reimburses them in decreasing amounts over time (cf. table 10 and table 9)³⁵ . The objective is to provide financial incentives to the communes to enable a rapid return to employment for jobseekers. The state reimburses part of the total amount of social assistance paid by the municipality to the unemployed³⁶ . Up to 4^{ème} weeks of unemployment, the state pays 80 percent of the benefits received by the unemployed and paid by the municipality, 40 percent up to 26^{ème} weeks of unemployment, 30 percent up to 52^{ème} weeks and 20 percent thereafter (cf. table 10). The longer the unemployment lasts, the greater the financial burden on the municipality.

STAR says it has observed since 2016³⁷ (i.e., since the 2015 reform), a change in the allocation of resources by the municipalities: now, Jobcenters prefer to subsidize activation programs to intensify the support from the beginning of unemployment and limit the expenses for financial unemployment compensation. For example, the Hjørring *Jobcenter* set itself the goal in 2016 of reducing the average duration of unemployment by one year by using in-company training for jobseekers.

**Table 10 Rate of State Reimbursement to the Commune
by Job Seeker's Duration of Unemployment**

| Duration of unemployment of the beneficiary | Reimbursement rate (%) |
|---|------------------------|
| Less than 4 weeks | 80 |
| Between 4 and 26 weeks | 40 |
| Between 26 and 52 weeks | 30 |
| More than 52 weeks | 20 |

Source: STAR, LOV No. 994 of August 30, 2015, Chapter 3.

Reading: If, for example, the duration of unemployment of the recipient of financial assistance is between 4 and 26 weeks, the state will reimburse the municipality 40% of the amount of assistance paid to the unemployed person.

Sidebar 11 The financing of social assistance by the municipalities and the *A-kasse* to job seekers

The law establishes a division of responsibilities for the administration of aid to job seekers: the *A-kasse* manages unemployment insurance and the municipalities are responsible for all other aid.

In practice, the majority of social assistance funding is provided by the state and municipalities:

- Unemployment insurance is administered by the *A-kasse*, which derives its funding from membership fees and contributions. However, the membership fees and contributions alone do not allow the *A-kasse* to achieve a balance of income and expenditure, so that financial support from the state is necessary to ensure a fair level of compensation;
- For other social assistance, the municipalities incur expenses. The tax revenues of the communes (mainly from housing taxes) cover part of the expenditure on social assistance. To support the municipalities, the state provides them with an annual budget (for the general operating costs of the PES) and reimburses the municipalities for social assistance expenses at a certain rate (depending on the length of unemployment of the recipient).

³⁴ This reimbursement amount decreases based on the length of time the job seeker has been unemployed. LOV Act No. 994 of August 30, 2015, effective January 2016.

³⁵ The law of 2015 provides that the state applies the scale up to the expenses made by the municipality, so this concerns both the participation of municipalities in unemployment insurance, as well as other aid (in cash, ...).

³⁶ This overall amount includes all financial assistance paid by the municipality to the job seeker, but does not include the costs of activation programs. LOV No. 994 of August 30, 2015: reform of the state grant system to municipalities; Note from STAR's CFO, Kasper Håkansson.

³⁷ Report by Kasper Håkansson, CFO of STAR, on the financing of the Danish PES.

| Actor | A-kasse | Commune via Jobcenter |
|-----------------------------|--|---|
| Social assistance in charge | Unemployment insurance | <ul style="list-style-type: none"> ▪ Cash grants ▪ Other social aids |
| Responsibility | <ul style="list-style-type: none"> ▪ Supporting member job seekers with the <i>Jobcenter</i> ▪ Make decisions on the opening of rights ▪ Paying unemployment compensation | <ul style="list-style-type: none"> ▪ Paying out financial aid ▪ Organize the support of job seekers ▪ Ensure compliance with the conditions for financial assistance |
| Financing | <ul style="list-style-type: none"> ▪ Membership fees and dues ▪ State subsidies | <ul style="list-style-type: none"> ▪ Municipal tax revenues ▪ State subsidies ▪ State rate reimbursement |

Source: Mission.

Source: STAR; LBK n°234 of 10/02/2022; Mission.

1.2.4.2. The human resources of the PES

The municipalities are autonomous in their management of the *Jobcenters* and STAR does not have consolidated data on the human resources involved in the PES.

According to a report commissioned by the Association of Municipalities (KL)³⁸ in 2014, Danish *Jobcenters* employed a total of 9,117 full-time equivalents. Given the size of the Danish population (5.7 million), this would represent 107,000 FTEs in France, while the ratio of unemployment rates is 1 to 2. According to this 2014 report, almost 70% of the FTEs in the *Jobcenters* were in charge of guidance and follow-up of jobseekers, 15.6% of the FTEs in the *Jobcenters* were in administrative positions, and 15.3% of the FTEs in the *Jobcenters* were in the service of companies (cf. table 12).

Table 12 Distribution of total FTEs in the Danish PES by type of position, 2014

| Type of position | Number of FTEs | Share of total (%) |
|--|-----------------------|---------------------------|
| Advisor for the follow-up and support of job seekers | 5 621 | 61,7 |
| Business consultants and administration staff | 1 396 | 15,3 |
| Other case support staff | 679 | 7,4 |
| Administrative employees directly related to the PES | 1 421 | 15,6 |
| Total | 9 117 | 100 |

Source: 2014 KL report on the evaluation of Jobcenter performance.

In particular, a study conducted by VIVE³⁹ in 2021 on *Jobcenters* indicates the following breakdown of FTEs devoted to job seeker follow-up and support (see Table 13). table 13) of FTEs by *job center* type. According to the VIVE report, the total FTEs dedicated to coaching are approximately 7,171 FTEs.

³⁸ KL report in 2014 "Analysis of the use of job center resources - management summary".

³⁹ National Centre for Research and Analysis on Welfare in Denmark.

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Table 13 Distribution by *Jobcenter* Size of FTEs Observed by Type of Supporting Engagement and with Total FTEs by Type of Engagement in Denmark

| Type of Jobcenter | Regulatory management of EDs | Social workers | Accompaniment and mediators | Placement in a company | Total |
|-----------------------|------------------------------|----------------|-----------------------------|------------------------|-------|
| FTE<50 | 13 | 7 | 6 | 6 | 32 |
| 50<PET<100 | 35 | 13 | 5 | 12 | 65 |
| 100<PET | 95 | 40 | 43 | 32 | 210 |
| Total observed | 3 371 | 1 390 | 1 257 | 1 153 | 7 171 |
| Share of total (in %) | 47,0 | 19,4 | 17,5 | 16,1 | 100,0 |

Source: VIVE's 2021 Report on Centers for Employment Efforts.

According to a diplomatic note from the French Embassy in Denmark, 12,000 people are employed in *Jobcenters* in 2021, which is relatively consistent with the previous figure, given the importance of part-time work⁴⁰.

Sidebar 12 Approximation of the average portfolio of job counselors in *Jobcenters*

The mission attempted to establish an average portfolio of *Jobcenter* counselors. As the *Jobcenters* are organized independently, the mission was unable to obtain more recent clarification of the FTE distribution key. To do this, we will rely on the following two sources:

- the approximation of the total number of FTEs in the Danish PES by the French Embassy in Denmark;
- the PES payroll structure determined by the 2014 Association of Municipalities (KL) study, assuming that the distribution has not changed significantly.

Table 14 Approximation of the PES payroll structure from the 2014 association of municipalities study and the estimated total number of FTEs in 2021.

| Type of position | Share of total in 2014 (%) (1) | Approximate FTE (=12,000*(1)) |
|---|--------------------------------|-------------------------------|
| Advisor for the follow-up and support of job seekers | 61,7 | 7 404 |
| Business development advisor and administration staff | 15,3 | 1 836 |
| Other case support staff | 7,4 | 888 |
| Administrative employees directly related to the PES | 15,6 | 1 872 |
| Total | 100 | 12 000 |

Source: Mission, 2014 study by the Association of Municipalities; note from the French Embassy in Denmark.

This leads to an approximation of about 7,400 counselors in the *job centers* responsible for supporting job seekers. This seems consistent with the order of magnitude of the VIVE report for the total number of FTEs (cf. table 13).

Source: mission; OECD; 2014 Report Association of Municipalities (KL); French Embassy in Denmark; VIVE 2021 Report on Job Center Efforts.

⁴⁰ Note from the French Embassy in Denmark, 2021, "Elements on the Danish model (job search, training)".

Sidebar 13 Human resources observed by the mission in Denmark

The comparison between the municipalities is not easy. The municipalities are free to organize their services and the status of the jobseeker advisors can be multiple. The table below (cf. table 15) shows the distribution of human resources in the *job centers* visited by the mission.

The mission observed the following portfolios during its visits to the *Jobcenters* in Copenhagen and *Høje-Taastrup*:

- At the Copenhagen *Jobcenter*, the average portfolio of each coaching counselor is between 38 and 180 job seekers;
- At the *Jobcenter* in *Høje-Taastrup*, the average portfolio of each coaching counselor is 70-80 job seekers.

From the data collected during our visits, the mission was able to establish the following breakdown (see table 15) of FTEs in the Copenhagen and *Høje-Taastrup* *Jobcenters*.

Table 15 Human resources per *Jobcenter* visited by the mission in Denmark

| <i>Jobcenter</i> | Copenhagen | <i>Høje-Taastrup</i> |
|---|------------|----------------------|
| Number of registered unemployed ⁴¹ (1) | 13 114 | 1 063 |
| Number of FTEs in the <i>Jobcenter</i> | 185 | 105 |
| of which FTE dedicated to support (2) | 102 | 55 |
| of which FTEs dedicated to the management of allowances | 83 | 50 |
| FTEs per number of unemployed (1)/(2) | 129 | 20 |

*Source: Mission trip to the *Jobcenter* in Copenhagen and Taastrup; Statistics Denmark.*

Note 1: This indicator includes only employees dedicated to accompanying and serving job seekers. It does not include employees who do not have direct interaction with job seekers, such as administrative staff or business services.

*Note 2: the employees who have contact with jobseekers have various functions: cash benefit, guidance counsellor, etc. Therefore, not all of the 190 or 105 FTEs observed in the *Jobcenters* are assigned to the long-term guidance of jobseekers. The size of each counselor's portfolio is therefore technically larger.*

Source: Mission trip to Denmark in November 2022.

Sidebar 14 Box 14: Denmark moves towards a 30% cut in PES resources

In 2022, there was a broad consensus among politicians and social partners on the need to reduce the resources allocated to the PES by at least 30 percent. This proposal was made after a series of controversial cases in the run-up to the parliamentary elections in November 2022, when the centre-right party joined the coalition, which was still led by a social-democratic prime minister.

The critics point out that, in addition to the excessive regulation that would burden municipalities and jobseekers, the Danish PES has a large number of human resources, while at the same time the number of jobseekers has decreased considerably over the past decade.

In addition, rising energy prices and inflation are having a negative impact on Danish local public finances. The current political debate seems to confirm the hypothesis put forward by Danish economists of drastic budget cuts in municipal spending. Municipalities want to reduce their social spending (for example, the Nordic Chronicles reports that some Danish municipalities want to reduce their spending on childcare and care for the elderly).

The details of these budget cuts are not specified, however, but they should reduce the volume of human resources in the *Jobcenters* quite significantly.

Source: mission trip to Denmark in November 2022; Danish political news; Nordic Chronicles.

⁴¹ These data show the gross number of people registered as unemployed on *Jobnet* in each municipality as of the last official measurement in March 2022

(<https://www.statbank.dk/statbank5a/SelectVarVal/Define.asp?MainTable=AUF02&PLanguage=1&PXSid=0&wsid=cftree>)

2. State of play on the five priority themes of the mission

2.1. Operational coordination of the different actors of the PES: a decentralized system that gives a great deal of autonomy to the *Jobcenters*, but integrated in a common IS and a system of accountability and sanction of the municipalities

Denmark has an original PES model with unemployment funds on the one hand and a one-stop shop for job seekers on the other, the *Jobcenters*, managed by the municipalities. The main challenges in terms of coordination are therefore :

- ◆ that the unemployment funds and the *job centers* exchange information about the situation of the jobseekers in a smooth way;
- ◆ that the municipalities apply the national strategy correctly, and that there are no obvious management errors in any of the municipalities, nor differences between the implementation of the national rules in the different municipalities;
- ◆ that the municipalities are well coordinated with each other, in case an individual moves from one municipality to another;
- ◆ that the management system be integrated within each municipality, so that an individual is properly tracked in his or her *Jobcenter*.

2.1.1. Denmark has an effective system of monitoring and accountability of municipalities

The communes are responsible for implementing the PES⁴² within the strategic framework set by the Ministry and the STAR agency. While they are free to organize the local PES⁴³, a system of commitment and control establishes a tight framework of accountability for the communes:

- ◆ municipalities are required to have **an annual employment plan** (see Box 15). sidebar 15), which includes⁴⁴ an assessment of the *jobcenter's* performance in the previous year and a description of the year's objectives, the organization of its resources and its local organization;
- ◆ the municipalities must enter all information on job seekers and data on support and job search⁴⁵ on the *Jobnet* platform⁴⁶. This single database allows for **centralized information and continuous reporting on the employment situation in the municipalities** (cf. sidebar 17) ;
- ◆ **controls are carried out by the STAR agency**, which also **evaluates and compares the performance of job centers**⁴⁷. The controls can also be targeted audits, commissioned directly by the Ministry of Employment (see Box 16). sidebar 16)⁴⁸. To assess the performance of *job centers*, the STAR looks at, for example, the employment

⁴² LBK n°1294, of 20/09/2022, Title I, Chapter 1, article 1.

⁴³ LBK n°1294 of 20/09/2022, Title I, Section II, Chapter 2, article 6.

⁴⁴ LBK n°1294 of 20/09/2022, Title I, Section II, Chapter 2, article 4.

⁴⁵ LSV 59 of January 2014 (2014 reform text, current), Title IV, Chapter 7, Section 42.

⁴⁶ The Ministry of Employment coordinates the computer system used by the entire PES. The Ministry of Employment sets the rules for the use of the IT systems by the actors of the PES and can impose an organization of these systems (LBK n°1294 of 20/09/2022, Title IV, Chapter 7, article 50).

⁴⁷ LSV 59 of January 2014 (2014 reform text, current), Title IV, Chapter 6 and Title IV, Chapter 7, Section 43.

⁴⁸ LBK No. 1294 of 09/2022, Title I, Section II, Chapter 3 b, Article 22 g.

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and unemployment rates in the municipality, the average duration of unemployment, and the regularity of follow-up (by looking at the number of interviews per job seeker)⁴⁹. Statistics on the activity of the *Jobcenters* are not publicly available on the internet. Only aggregated data per public are available.

Sidebar 15 The law requires municipalities to have an annual employment plan

The City Council shall adopt, no later than December 31 of each year, an employment plan for the coming year, based on the employment policy objectives announced by the Minister of Employment, see Article 19.

Paragraph 2. The employment plan shall include a description of how the municipality works with repatriation counseling and information services under the repatriation law.

Paragraph 3. The basis for the development of the employment plan shall include a performance review showing the results and effects of the employment services provided by the employment center during the previous year.

Paragraph 4. Immediately after its adoption, the local board shall send the employment plan to the Regional Labour Market Board for information.

Source: LBK n°1294 of 20/09/2022, Chapter 2, Article 4.

Sidebar 16 The law allows for audits of municipalities

Subsection 1: The department of employment may initiate and establish guidelines for targeted audits of municipal accounts for programs in the department's areas. The guidelines may specify the following:

- 1) Types of cases to be reviewed.
- 2) Audit methodology to be used, e.g. systems audit, substance audit, performance audit, etc.
- 3) The criteria for selecting relevant samples in the fields and the sample size.
- 4) The reporting basis for the focused audit, including report content, report format, level of detail, and timing.

Paragraph 2. The targeted audit referred to in subsection 1 shall be conducted, at the discretion of the department of employment, by a state licensed or registered auditor who shall be competent and independent.

Source: LBK n°241 of 12/02/2021; LBK n°1294 of 20/09/2022, Chapter 3 b, Article 22 g.

Sidebar 17 The law requires information sharing between PES actors

Paragraph 1: In order to ensure that the IT systems used in the employment services form a coherent system, the Minister of Employment may require public authorities, unemployment funds and other actors in the employment services to use common public IT standards, to establish electronic communication between the systems or to use common IT services, and to use the national systems referred to in Articles 32, 33, 38 and 39. LBK nr 1294 of 20/09/2022 25

Paragraph 2. In order to ensure an active and employment-oriented effort in the job centers and unemployment funds, the Minister of Employment may set rules on the commissioning, structure, equipment and use of IT tools used by public authorities, unemployment funds and other actors in the management of employment efforts. The Minister of Employment may also lay down detailed rules on the use of common IT standards and services.

Source: LBK n°1294 of 20/09/2022, Chapter 7, Article 50.

⁴⁹ Mission visit to the *Jobcenter* in Copenhagen in November 2022.

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The law provides for sanctions against municipalities (see Box 18). sidebar 18) **if they fail to meet the targets set by the ministry and by the annual employment plan** (see Box 18). sidebar 18). In the first instance, they may be subject to an assistance mission by the STAR. In the second stage, if the results are not sufficient, the communes are placed under the control of the Ministry of Employment.⁵⁰

Sidebar 18 Box 18: The law provides for state control of communes

Article 22 a

The Minister of Employment shall establish performance goals and objectives for the employment efforts of municipalities (target goals) as part of his or her supervision of municipalities under this chapter.

Article 22 b

If a municipality fails to meet the performance targets set by the Minister of Employment and if, on average over the past 12 months, the municipality fails to meet the concentration targets set pursuant to Section 22 a, **the municipality in question shall be subject to stricter control.**

Article 22 c

A municipality subject to stricter control, cf. section 22 b, **must submit a report to the Minister of Employment on the initiatives the municipality has taken or will take to achieve the concentration targets** set, together with a plan indicating when the targets will be achieved. The report must contain the results of an independent case study for those target groups for which the municipality is not meeting the target goals. The municipality bears the cost of the case review.

Article 22 d

Paragraph 1: **A municipality subject to stricter supervision has a 9-month recovery period to rectify the situation and meet the concentration targets.**

Subsection 2: The minister of employment may determine that a municipality that has improved its efforts but has not fully met the targeted goals within the nine-month recovery period may have that period extended, but not more than twelve months.

Section 22 e.

A municipality that has not met the concentration targets on average over the 12 months following the end of the recovery period, including any extended period under section 22(d)(2), must meet specific minimum effort requirements set by the Secretary of Employment. The municipality must also have an independent review of the cases of the target groups for which the municipality continues to fail to meet the target goals. The municipality shall bear the costs of the case review.

Article 22 f

The Secretary of Employment may make more detailed rules on:

- 1) Performance and action goals (target goals) for more stringent monitoring, see § 22b.
- 2) Municipal declarations and stimulus plans, see § 22c.
- 3) Case review, see §§ 22 c and 22e.
- 4) The recovery period, see § 22d.
- 5) Setting minimum requirements for effort after the end of the recovery period, see § 22e.

Source: LBK n°1294 of 20/09/2022, Title I, Section II, Chapter 3 a.

2.1.2. A-Kasse and Jobcenters work together to activate jobseekers through a common information system

The PES actors have a common information system, made all the more effective by the fact that the Danes have a very reliable unique identification number .

⁵⁰ LBK n°1294 of 20/09/2022, Title I, Section II, Chapter 3 a, Article 22 b.

The Ministry of Employment provides a common database for the municipalities, the A-kasse and the actors attached to the Ministry of Employment⁵¹ :

- ◆ **a common data base for the administrative management of recipients** by the A-kasse and the *Jobcenters*. This platform is interoperable with the own IS of the municipalities and the unemployment benefit funds (payment of benefits, civil status data, etc.);
- ◆ the job search site *Jobnet.dk* ;
- ◆ **a reporting tool (*jobindsats.dk*)** fed by a common data warehouse, which is used to evaluate the activity of the *Jobcenters*, and to produce statistical data.

The STAR Agency is responsible for the development, maintenance and operation of these computer systems on behalf of the Department of Employment.

Jobnet is the main tool of the public employment policy. The platform is administered by the Ministry of Employment, and in particular by the STAR. *Jobcenters*, *A-kasse*, job seekers and employers all refer to *Jobnet*. The information collected on *Jobnet* is centralized on the same database. The state, which manages the platform, gives the *Jobcenters*, the *A-kasse*, the appropriate access:

- ◆ for the *Jobcenter*: the information entered on *Jobnet*; a list of job seekers registered in the *Jobcenter*, the follow-up of each unemployed member (activity plan and other follow-up files); follow-up tools, the company portal;
- ◆ for the *A-kasse*: the register of members, the follow-up of each unemployed member (one profile per member), the information filled in by the jobseekers on *Jobnet* and in connection with the follow-up done by the *A-kasse*

To log in to the *Jobnet* platform, the job seeker is referred to the *NemLog-in* digital portal, which centralizes all logins to the digital public service platforms. After authentication on the *NemLog-in* page, the user is redirected to the *Jobnet* site and is then "logged in" to his or her file on the central database of the Ministry of Employment.

To log in to *Jobnet* via *NemLog-in*, the job seeker must enter his or her *MitID*. *MitID* is a unique identifier and password for all citizens and legal aliens. A key card with unique identification codes is required to complete the identification. This *MitID* can be used for public, private and banking purposes. To obtain this identifier, it is necessary to go to a municipal service center or to obtain the codes online using your passport.

The Danish Digital Agency is responsible for data processing and hosting digital solutions on behalf of the Ministry of Employment. STAR is responsible for data processing for statistical studies and monitoring of performance indicators.

Sidebar 19 *MitID* is the identifier and *NemLog-in* the connection platform

- *MitID* is an identifier developed by the Danish Digital Agency. As of October 2022, 4,266,424 people were using *MitID* (out of a total population of 5,910,577 in the same period, or about 1.64 million people not using *MitID*).
- *NemLog-in* is a common platform for all digital public services to authenticate citizens on these sites. The operation of *NemLog-in* is subject to a tender and a private "concession". Today, the company "*Nets DanID A/S*" manages the system.

Source: <https://digst.dk/it-loesninger/mitid/>

Jobnet is the main tool of the PES actors. The platform centralizes all the actions carried out by the PES actors, especially those carried out by the *A-kasse* at the time of the first CV interview (cf. 2.2.1) and those carried out by the *Jobcenter* throughout the support process.

⁵¹ <https://www.retsinformation.dk/eli/ft/201413L00059>

2.2. Diagnosis of job seekers: the initial diagnosis is based on the job seeker's CV and an initial interview during which the *Jobcenter* establishes a personal activity plan for the return to employment

The initial diagnosis follows a different procedure depending on the job seeker's affiliation to an A-kasse. The initial diagnosis is carried out in the same way for all groups, regardless of the age of the job seeker.

2.2.1. Initial diagnosis of job seekers

For jobseekers who receive unemployment insurance, the initial diagnosis is carried out by both the A-kasse and the *Jobcenter* as soon as the jobseeker registers on *Jobnet* (cf. 2.1.2). After registration, the job seeker has two weeks to upload his or her CV to his or her personal *Jobnet* space⁵². Within these two weeks, the A-kasse organizes an interview with the jobseeker to draw up his or her CV and to ensure that the unemployed person develops his or her business plan. When submitting their CV on *Jobnet*, job seekers must indicate at least one professional objective.

For jobseekers who are not receiving unemployment insurance, the diagnosis is carried out by the *Jobcenter* only. The deadline for registering the CV is three weeks. During this period, the *Jobcenter* can help the jobseeker to prepare his or her CV if requested. After three weeks, the *Jobcenter* organizes the first interview with the unemployed person to establish the activity plan⁵³.

The definition of the project must be aimed at enabling a rapid return to employment. The law establishes a triple objective (cf. box 20)⁵⁴:

- ◆ enable a return to regular or flexible employment as quickly as possible⁵⁵;
- ◆ to bring the job seeker closer to the job market as quickly as possible through appropriate training and work experience;
- ◆ allow the unemployed person, as quickly as possible, to begin his or her activation program.

⁵² LBK n°701 of May 22, 2022, Section III, Chapter 6.

⁵³ LBK n°701 of May 22, 2022, Section III, Chapter 7.

⁵⁴ LBK n°701 of May 22, 2022, Section III, Chapter 7.

⁵⁵ Regular jobs are full or part-time jobs. Flexible jobs are special arrangements that are based on a medical diagnosis. This is detailed in a later section.

Box 20 Defining the objectives of job search under the law

| |
|--|
| <p><i>Contact Process Objective:</i></p> <p>§1 The contact process has the following objectives:</p> <ul style="list-style-type: none"> ▪ (1) that persons referred to in section 6, Nos. 1 and 2, and persons referred to in section 6, No. 9, who are receiving unemployment benefit, obtain regular or flexible employment as soon as possible; ▪ (2) that persons covered by § 6, Nos. 3, 7, 8, and 10, obtain regular employment as soon as possible or, if this is not immediately realistic, that the person be brought closer to the labor market, possibly in the form of hours in which he or she is employed as a regular employee; ▪ (3) that persons covered by § 6, Nos. 4 and 5, begin general education or vocational training as soon as possible or, if not immediately realistic, that the person become ready to begin and complete such training. <p>§(2) The purpose of job interviews for persons covered by Article 6(11) is to clarify the possibilities of returning to regular employment or obtaining supported employment.</p> |
|--|

Source: LBK n°710 of May 22, 2022, Section III, Chapter 7.

The objective for the *Jobcenter* during this first interview is to determine whether or not the job seeker is job ready. The mission observed that the *Jobcenter* counselor assesses the ability to return to work by classifying job seekers into two categories⁵⁶ : *job ready* or *not job ready*.

Table 16 Distinction between *job ready* and *not job ready* audiences

| Category of unemployed | Type of audience |
|------------------------|--|
| <i>Not job ready</i> | <ul style="list-style-type: none"> ▪ sick people who cannot return to work temporarily or permanently; ▪ people with integration difficulties; ▪ people ready for training. |
| <i>Job ready</i> | All people who are not considered <i>not job ready</i> by the <i>Jobcenter</i> . These are the most independent people for whom the need for activation will be less. |

Source: Mission trip to the Jobcenter in Copenhagen and Høje-Taastrup in November 2022.

2.2.2. Definition of return-to-work objectives in the business plan

During its visits, the mission observed that in practice, the first diagnostic interview with the *Jobcenter* takes place no later than one week after registration for unemployment. The diagnosis is made at the first interview with the *Jobcenter*. During this first interview, the *jobcenter* counselor creates the job seeker's activity plan⁵⁷ . The creation of this activity plan concludes the diagnostic phase and structures the future job search.

⁵⁶ Mission observation at the *Jobcenter* in Copenhagen and *Høje-Taastrup* in November 2022.

⁵⁷ LBK n°701 of 22/05/2022, Chapter 8, article 41.

Sidebar 21 Plan A, Plan B, Plan C, setting goals that change over time for job seekers at the Høje-Taastrup Jobcenter

The municipalities have some autonomy in defining the terms of the job-seekers' return-to-work project. In the municipality of Høje-Taastrup, Denmark, when a jobseeker registers at the *Jobcenter*, he or she establishes a return-to-work program with his or her counselor, organized around a list of three employment targets:

- **Plan A:** the job seeker's "dream job" (which must remain a realistic target);
- **Plan B:** "the right job," the job that the job seeker could reasonably do, based on their skills and past experience;
- **Plan C:** "the breadwinner", the job of last resort if the search for Plan B is unsuccessful, which must be in a sector where there is a shortage of recruitment and for which the job seeker has the required skills.

The employment counselor is free to validate or refuse the job seeker's plans.

The job search is then organized in a sequential manner:

- From month 1 to month 5, the job seeker can search in the Plan A area;
- from month 3 to month 12, the job seeker must search in the Plan B area;
- starting in month 6, the job seeker must search in the Plan C area.

The *Jobcenter* checks that the job seeker is actively looking for a job in the sectors in question.

Chart 14 Figure 14: Høje-Taastrup Jobcenter's structuring of an unemployed person's job search over 24 months



Source: Høje-Taastrup Jobcenter.

Note: The graph above represents the chronology of an unemployed person's job search over 24 months. The unemployed person must look for a job related to one of his or her projects over a well-defined period. For example, during 5 months for Plan A; after 2 months and up to 1 year for Plan B.

This organization makes it possible to anchor the job seeker's expectations in reality from the outset, by evoking the various possible scenarios and the need to review one's ambitions over time.

Source: Mission trip to the Jobcenter in Høje-Taastrup in November 2022.

2.3. Support for job seekers: the *Jobcenter* monitors job seekers closely, using sanctions and a binding business plan, and favors a job-first approach with a focus on job placement

2.3.1. *Jobcenter* follow-up interviews of job seekers

The *Jobcenter* is obliged to organize follow-up interviews with jobseekers. These interviews and their objectives are regulated by law⁵⁸. The objectives of the follow-up interviews are as follows:

- ◆ Job seekers must return to work as soon as possible;

⁵⁸ LBK n°701 of 22/05/2022, Chapter 7.

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- ◆ Job seekers must be brought into the labor market as quickly as possible;
- ◆ Job seekers should start training as soon as possible.

The content of the interview must be adapted to the needs of the job seeker. It should help the jobseeker to define his/her personal project. It should also allow the municipalities to reassess the situation of the jobseeker and to adapt the activation program if the *Jobcenter* deems it necessary. **All follow-up interviews should encourage the unemployed person to return to work.**

Sidebar 22 Objectives and format of interviews and example at the *Høje-Taastrup Jobcenter*

In theory, the structure of the follow-up interview is identical from one job seeker to another. Only the content varies according to the personal situation of each job seeker.

In fact, the interviews vary according to the type of audience.

Table 17 Structure of the follow-up interview at the *Jobcenter* in *Høje-Taastrup*

| Chronological structure of the interview |
|--|
| <ul style="list-style-type: none"> ▪ Review of the unemployed person's situation and observation of potential changes (financial aid, family situation, recent efforts made); ▪ Review of previous activities; ▪ Discussion and referral to an activation project or granting of another service by the PES; ▪ Discussion of job search progress; ▪ Update on <i>Jobnet</i> and signature of the unemployed person's commitments. |

Source: Interview script at the *Jobcenter* in *Høje-Taastrup*.

At the conclusion of each interview, the counselor updates the personal return-to-work plan and lists the commitments made by the job seeker during the interview. The record of the interview is signed by the job seeker and demonstrates the commitment of the job seeker.

During the interviews that follow, the *Jobcenter* counselor assesses the job seeker's compliance with his or her commitments based on the *Jobnet* reporting.

Source: Mission trip to the *Jobcenter* in *Høje-Taastrup* in November 2022.

2.3.1.1. For the categories furthest from employment, there are specific activation programs

Activation aids and programs are provided for people with medical conditions, who cannot work normally or who have taken early retirement. These measures differ from direct financial aid or allowances, which do not require any counterpart. In total, there are five specific support modalities: rehabilitation; task clarification; resource flow; flexible work and senior employment.

Table 18 Programs for people with physical illness or physical wear and tear

| Program | Program target audience | Number of beneficiaries (October 2022) |
|--|--|---|
| <i>Revalidering</i> (Rehabilitation) ⁵⁹ | People with limited work capacity who do not receive other offers. | 1 749 |
| Job clarification (<i>Jobafklaringsforløb</i>) | People who cannot renew sick pay but still cannot work | 21 268 |
| Resource flow (<i>Ressourceforløb</i>) ⁶⁰ | People with particularly severe difficulties (generic category) | 19 622 |

⁵⁹ LBK n°701 of 22/05/2022, Chapter 21.

⁶⁰ LBK n°701 of 22/05/2022, Chapter 19.

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| Program | Program target audience | Number of beneficiaries (October 2022) |
|---|---|--|
| Flexible work (<i>Fleksjob</i>) ⁶¹ | People who cannot work full time | 93 381 |
| Senior Jobs (<i>Seniorjob</i>) | Unemployed senior who has exhausted his or her daily benefits and has less than 5 years left before retirement age. | N.D. |

Source: <https://star.dk/indsatser-og-ordninger/indsatser-ved-sygdom-nedslidning-mv/>; Jobindsats.

The Jobcenter is responsible for monitoring these programs. Eligibility for these programs is based on :

- ◆ an **initial interview with a social worker**, employed by the *Jobcenter*;
- ◆ a **meeting with the rehabilitation team and the social worker**, no later than four weeks after the start of the procedure, which decides on a preparatory plan. The rehabilitation team is composed of municipal employees and a physician;
- ◆ After this meeting, a return-to-work plan is built and the jobseeker is placed in one of the programs referenced in the previous table (*Revalidering; Jobafklaringsforløb; Ressourceforløb; Fleksjob; Seniorjob*). Regular meetings are scheduled with the social worker throughout the activation process.

Jobseekers eligible for these programs continue to be able to benefit from the services offered by the *Jobcenters* (cf. 2.3.3.1).

Sidebar 23 The Task Clarification Program

The job clarification program aims to place jobseekers back into work. This program is aimed at people who cannot renew their entitlement to sickness benefit, and who cannot return to work because of their illness. The beneficiary can then follow three types of programs: internship; *Fleksjob* or mentoring.

In August 2022, At the time of the mission trip in 2022, 11.1% of job seekers are placed in a job clarification program at the Copenhagen *Jobcenter*.

Source: Borger.dk; STAR; jobindsats.dk; Mission trip to the Copenhagen Jobcenter in November 2022; LBK law no. 701 of 22/05/2022.

Sidebar 24 Flexjobs, a useful but marginally used tool for returning to work

This program is for individuals who are unable to obtain or maintain employment under normal conditions. Limitations to employment must be sustained and significant⁶². Flexible work can only be offered as a last resort by the *Jobcenter*. The situation of the *Fleksjob* beneficiary is reassessed every two and a half years by the *Jobcenter*

People who benefit from the flexible work program can be employed in private companies or public administrations. The employer pays the unemployed person in *Fleksjob* the amount of time he/she has worked and the *Jobcenter* makes up the difference to reach the level of social benefits paid to job seekers.

At the time of the mission's visit in 2022, 3.2 percent of job seekers were on a *flexjob* at the Copenhagen *Jobcenter*. The mission was told by the ISS HR team about the marginal use of *Flexjobs* by ISS and the companies.

Source: Borger.dk; jobindsats.dk; Mission trip to the Copenhagen Jobcenter and ISS Denmark headquarters in November 2022; LBK law no. 701 of 22/05/2022, Chapter 20.

⁶¹ LBK n°701 of 22/05/2022, Chapter 20.

⁶² The *Jobcenter* and the rehabilitation team determine the person's ability to work and indicate the number of hours the recipient can work.

2.3.1.2. Timetable of the support

Jobcenters are required to schedule a minimum number of interviews per job seeker over specific periods of time. In general, the *Jobcenter* must interview the jobseeker if his or her efforts in the job search or in an ongoing program appear to be insufficient or if sanction procedures are underway.

The *Jobcenter* conducts all follow-up interviews and each job seeker has at least four interviews in the first six months. The support provided by the *Jobcenter* differs depending on whether the jobseekers are receiving unemployment insurance or not.

For job seekers receiving unemployment insurance :

- ◆ During the first six months, the *A-kasse* follows up the jobseekers with the *Jobcenter*. Jobseekers must register their CV on *Jobnet* within two weeks of becoming unemployed. Within this period, the *A-kasse* must arrange a CV interview to start drawing up the business plan. Jobseekers are invited to six interviews in the first six months: four are organized by the *Jobcenter* alone, two are organized jointly by the *Jobcenter* and the *A-kasse*. The first joint interview is held within the first three months of unemployment and the second before the six months of unemployment.
- ◆ After the first six months, an interview is mandatory if the job seeker has been unemployed for 16 months. The interview is arranged jointly by the *Jobcenter* and the *A-kasse*, unless the job seeker objects.

For job seekers not receiving unemployment insurance:

- ◆ During the first six months, jobseekers are only accompanied by the *Jobcenter*. Jobseekers have to register their CV on *Jobnet* at the latest three weeks after becoming unemployed. During this period, jobseekers can apply for support from the *Jobcenter*.
- ◆ In both situations, contacts are more flexible after six months of unemployment and are agreed between the job seeker and the *Jobcenter*. In practice they take place when the *Jobcenter* considers it necessary. The jobseeker is entitled to as many interviews as he/she requests.

Job seekers are enrolled in activation programs, depending on whether they are deemed ready for employment or training by the *Jobcenter's* referral counselor. Depending on the activation program, interviews or milestones may be added. In particular, for recipients of cash, training or transitional assistance, the *Jobcenter* must organize the first interview no later than one week after the first application for the benefit.

Table 19 Chronology of the steps to be taken upon entering unemployment, according to whether the person is a member of an *A-kasse* or not

| | Chronology | Action to be taken |
|-----------------------------------|------------------------|--|
| -AKasse member | 1 ^{er} day | <ul style="list-style-type: none"> ▪ Register as unemployed on <i>Jobnet</i> ▪ Indicate at least one job application ▪ Apply for the allowance |
| | ≤ 2 weeks | Interview with the <i>A-kasse</i> to approve the CV, submission of the CV on <i>Jobnet</i> |
| | 1 ^{er} months | <ul style="list-style-type: none"> ▪ Fill out the daily allowance card ▪ First interview with the <i>Jobcenter</i> |
| | First 6 months | <ul style="list-style-type: none"> ▪ Participate in interviews with the <i>Jobcenter</i> and the <i>A-kasse</i> ▪ Possibly follow a mandatory activation |
| | Next 6 months | <ul style="list-style-type: none"> ▪ Continue discussions with the <i>Jobcenter</i> ▪ Possibly a mandatory activation |
| | Continuously | Register job search on <i>Jobnet</i> |
| Not a member of an -AKasse | 1 ^{er} day | Register on <i>Jobnet</i> as unemployed |
| | 1 ^{ère} week | First interview with <i>Jobcenter</i> and assessment if ready for employment or training |
| | 3 ^{ème} week | Have posted your resume on <i>Jobnet</i> |
| | Continuously | <ul style="list-style-type: none"> ▪ Register job search on <i>Jobnet</i> ▪ Attend all interviews, trainings ▪ Respond to job offers |

Source: <https://www.borger.dk/arbejde-dagpenge-ferie/guide--blive-ledig-eller-faa-nyt-job>; law LBK n°701 of 22/05/2022, Section III, Chapter 7.

Sidebar 25 At the Høje-Taastrup Jobcenter, access to service offers in a chronological order

The first interview with an authority counsellor takes place a few days after registration on *Jobnet.dk* and no later than 7 days after registration. The interview lasts between 45 minutes and 1 hour.

The job seeker is entitled to 6 weeks of training only between the 2^{ème} and 9^{ème} months of unemployment. Access to intensive activation programs is only possible from the 12^{ème} month mark. The *Jobcenter* did not provide us with a list of the activation programs that it considers "intensive".

Source: Mission visit to the Høje-Taastrup Jobcenter in November 2022; LBK law no. 701 of 22/05/2022, Section III, Chapter 7.

2.3.2. Support for the unemployed is based on a personal plan that guides the job search and should lead the job seeker to gradually broaden the spectrum of his or her job search

"My Plan" is the activity plan automatically created at the time of the first interview by the *Jobcenter*, based on the findings of the CV interview arranged by the *A-kasse* and the job seeker's CV posted on *Jobnet*. This activity plan is used to follow up the jobseekers; the activity plan is managed by the *jobcenter* and the jobseeker.

This file is continuously updated and contains all the information relating to the job seeker's search for work. The activity plan is structured as a file, accessible on the *Jobnet website*, which contains all the information relating to the job seeker:

- ◆ Return-to-work goals (including Plan A, Plan B, and Plan C) for job seekers and previous goals;
- ◆ *Jobcenter* follow-up: minutes of follow-up interviews, interviews, electronic exchanges with the *Jobcenter*;

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- ◆ Job seeker's employment-oriented efforts: job interviews, application forms, resumes, cover letters;

The *Jobcenter* updates the file at each interview. This file is common and shared with all the job seeker's contacts within the PES thanks to the shared information system.

For people who are ill or "worn out" (cf. 2.3.1.1), a rehabilitation plan is added to the activity plan to complete it. At the time of the initial diagnosis, the *Jobcenter* decides to open a rehabilitation plan according to the job seeker's difficulties (cf. 2.2.1).

Sidebar 26 The rehabilitation plan (*Rehabiliteringsplan*)

This plan is intended for people who are experiencing medical difficulties or wear and tear (cf. 2.3.1.1)

The plan is broken down into two parts:

- **preparatory part:** descriptive in nature, it allows the social workers and the rehabilitation team to have a definition of the difficulties and to gather all the useful documents on the job seeker. More specifically, the preparatory part includes information on the person's employment and training goals, resources and difficulties, and assessments of the beneficiary's health status;
- **intervention part:** this part must be included in "My plan". It contains the person's objectives, the measures taken, the proposed training, the measures to be taken for the individual concerned with a timeline.

Both parts are developed by the *Jobcenter* (social worker and rehabilitation team) and the person concerned (for the preparatory part). The social worker is responsible for the coordination and follow-up of this personal plan.

Source: 2022 Reform Implementation Ordinance: LBK No. 701 of 05/22/2022, Section III, Chapter 8.

2.3.3. The methods of support depend on the *Jobcenter*, but they use the same tools for diagnosis, follow-up and support for job seekers

To support the unemployed in their job search, the *Jobcenter* has activation tools: the *Jobcenter* first places job seekers in activation programs, then offers them services that are resolutely employment-oriented.

***Jobcenters* freely structure the job search of their jobseekers.** This means that the *Jobcenters* have tools and can, within the legal framework, offer PES services (see 2.3.3.1.2.3.3.1) and adapt them to the situation of the unemployed. The *jobcenter* counselor must then find the best way to remedy the unemployment by proposing and combining the service offers of the *jobcenter*.

The law determines the possible activation programs (cf. table 20). The objective of all these activation programs is to allow a rapid return to employment for the unemployed. In particular, there are activation programs dedicated to people who are furthest from employment (cf. 2.3.1.1).

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Table 20 Target groups by categories, as defined by the Danish legislator

| Beneficiary audience | |
|---|---|
| Recipients of unemployment benefit and members of an <i>A kasse</i> - | No |
| Beneficiaries of the " <i>Kontanthjælp</i> " cash grant or SHO grant | ▪ Employable persons (regardless of age) |
| | ▪ Unemployed over 30 years old |
| | ▪ Unemployed under 30 years old who have completed training and work experience through the Jobcenter |
| Recipients of training or SHO assistance | People under 30 years old, ready to work |
| | People under 30 years old, ready for training |
| Persons receiving sick pay | |
| People in task clarification situations | |
| Persons receiving a resource course program | |
| Beneficiaries of <i>Fleksjob</i> | |
| People undergoing rehabilitation | |
| Recipients of an early retirement pension | |
| Self-sufficient people, considered unemployed and who do not receive any assistance | |
| Under 18 years old in an educational and employment support program | |

Source: 2022 Reform Implementation Ordinance: LBK No. 701 of 05/22/2022, Section I, Chapter 3, Article 6.

2.3.3.1. The range of services offered by the Jobcenter to job seekers as part of their activation

Once placed in an activation program, the *Jobcenter* provides the job seeker with **benefits and service offers**. These offers serve as tools for the *Jobcenter* to accompany the unemployed in their return to employment. **The service offers are separate from the activation programs**. They are complementary and are offered to jobseekers if this will improve their chances of finding work. If the *Jobcenter* allows it, the job seeker can benefit from several *Jobcenter* services at the same time.

There are four categories of service offerings in the *Jobcenter*⁶³ :

- ◆ **work experience** (*Virksomhedspraktik*)⁶⁴ : these are 4-week (for *job-ready*) or 13-week (for *non-job-ready*) internship offers. This scheme is widely used at the *Jobcenter* in Copenhagen and Høje-Taastrup;
- ◆ **jobs with wage subsidies** (*Løntilskud*)⁶⁵ : these job offers are aimed at unemployed people who have been unemployed for more than 6 months. The municipality pays a subsidy to the employer for hiring the job seeker. With this offer, the employer receives a subsidy, whereas with the *Fleksjob*, the employer does not receive any financial support from the *Jobcenter*. The employer receives a wage subsidy of DKK 83.89 per hour worked (€11.27);
- ◆ **service efforts** (*Nytteindsats*)⁶⁶ : these are community service efforts lasting up to 13 weeks.
- ◆ **orientation and further training** (*Vejledning og opkvalificering*)⁶⁷ : these are courses that target a particular job and sector of the labour market.

⁶³ LBK n°701 of 22/05/2022, Section IV.

⁶⁴ LBK n°701 of 22/05/2022, Section IV, Chapter 11; VEJ n°9641 of 17/06/2022.

⁶⁵ LBK n°701 of 22/05/2022, Section IV, Chapter 12; VEJ n°10 118 of 28/12/2021.

⁶⁶ LBK n°701 of 22/05/2022, Section IV, Chapter 13.

⁶⁷ LBK n°701 of 22/05/2022, Section IV, Chapter 14.

2.3.3.2. The Danish PES offers a large number of training courses, which it prefers to focus on employment and professionalization

In particular, the "orientation and development" benefits are broken down into four main training offerings for job seekers:

- ◆ **the six weeks of job-oriented training** (*Seks ugers jobrettet uddannelse*)⁶⁸ : these job-oriented training offers are managed by the *A-kasse*. The *Jobcenter* proposes the unemployed person and the *A-kasse* validates the registration of the jobseeker. The training must be completed within the first six months of unemployment. The *A-kasse* and the state (the ministry and STAR) draw up an annual list of training courses by occupation. The job seeker can only choose a course in the requested occupational category that has been validated by the *A-kasse* ;
- ◆ **Regional training center courses** (*Den regionale uddannelsespulje*)⁶⁹ : these are courses provided by the RARs. Each of the eight RANs has its own regional training center with its own list of courses. This means that the training courses offered differ from one RAN to another. In order to benefit from this offer, the training offered must firstly be provided by the RAR in which the *jobseeker's Jobcenter* is located or by a neighboring RAR (the RARs directly bordering). Secondly, the jobseeker must be in possession of a declaration from the employer⁷⁰ ;
- ◆ **promotion of training** (*Uddannelsesløft*)⁷¹ : This training encourages unemployed people to take up training and employment in a labour shortage area in return for a 110% increase in their daily allowance;
- ◆ **apprenticeships for adults** (*Voksenlærling*)⁷² : these trainings are coordinated by the *Jobcenter*, which subsidizes the employment of job seekers by companies to train them.

These four types of training are non-cumulative and can be offered one after the other if the job seeker is unable to find a job.

Some of the services offered to the unemployed in terms of training are only intended for certain types of job seekers and the duration of the services varies according to the audience.

Table 21 Summary of types of training offered to job seekers

| Training category | Institution | Beneficiaries by category | Conditions of access |
|------------------------------------|--|-----------------------------------|---|
| Six weeks of job-oriented training | <i>A-kasse</i> , <i>Jobcenter</i> ; AMU providers | Categories 1 and 9 (if available) | <ul style="list-style-type: none"> ▪ Joining an <i>A-kasse</i>, receiving unemployment insurance ▪ Have a level of qualification lower than higher education |
| Regional training centre | RAR | All categories | <ul style="list-style-type: none"> ▪ Authorization by the <i>Jobcenter</i> ▪ Whether the target training is in the <i>Jobcenter's</i> RAN or a nearby RAN ▪ Employer's Statement |

⁶⁸ BEK n°2 498 of 10/12/2021, LBK n°701 of 22/05/2022.

⁶⁹ BEK n°1 974 of 11/12/2020.

⁷⁰ This declaration is an agreement between the unemployed person and an employer, who undertakes to employ the job seeker for at least three months, if he/she follows the requested course.

⁷¹ BEK n°1 122 of 03/07/2020.

⁷² VEJ No. 9,018 of 01/15/2020; BEK No. 2,498 of 12/10/2021.

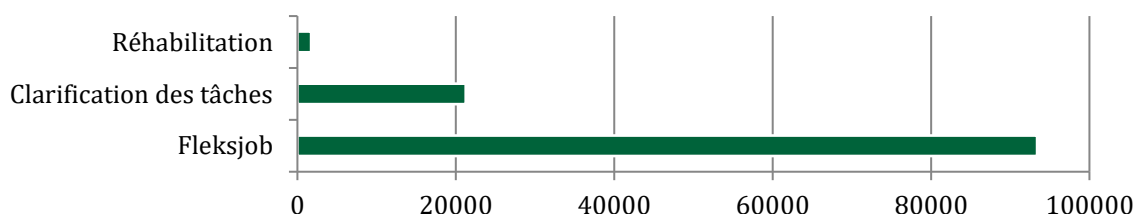
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| Training category | Institution | Beneficiaries by category | Conditions of access |
|-----------------------|---|---|---|
| Adult learning | <i>Jobcenter</i> ; Ministry of Education | All categories | <ul style="list-style-type: none"> ▪ Availability and personal requirements: ▪ Be over 25 years old ▪ be qualified and unemployed for at least 3 months ▪ Not being qualified or having inadequate training |
| Helping with training | <i>Jobcenter</i> | Recipients of unemployment benefit (category 1) | <ul style="list-style-type: none"> ▪ Be over 30 years old ▪ Unemployed, member of an <i>A-kasse</i>, receiving unemployment benefits ▪ Take a vocational training course in a labour shortage area |

Source: <https://star.dk/til-borgere/hjaelp-til-jobsoegning/positivlister-se-hvilke-kurser-og-uddannelser-du-kan-faa-adaang-til/>; and cross-sources STAR, amukurs.dk.

The objective of these services is to help the unemployed return to work quickly. During its visits, the mission was able to observe that the *Jobcenter* counselors insist on a "job first" logic and mainly use the services offered in the workplace (in particular *Fleksjob* or the subsidized employment process)

Chart 15 Enrollment in employment-oriented programs in October 2022



Source: Jobindsats.

2.3.4. Specific support exists for young people or those facing peripheral obstacles and/or who are particularly far from employment

For job seekers facing peripheral obstacles or who are far from employment or for young people, the mission noted a one-stop shop approach to simplify the process.

2.3.4.1. *Jobcenter support for young people*

The same mechanisms apply to the treatment of young people as to the treatment of older people. The initial diagnosis will only be carried out by the *Jobcenter* if the young job seeker is not a member of an *A-kasse*.

The jobcenter's one-stop shop makes it easy for young people to find a job. Some *Jobcenters* set up support services specifically for young people. Indeed, the mission found that the Copenhagen *Jobcenter* was structured around a one-stop shop and then a division of job seekers into six specific departments (see sidebar 10). One of the six sections of the *Jobcenter* is dedicated to the reception and support of job seekers. Because of the autonomy of the communes, the methods of supporting young people therefore depend on the *Jobcenters*, which can set up more intensive support for young people than that provided for by the law.

Young jobseekers may be eligible for social assistance (such as cash grants) and, depending on their skill levels, they may be eligible for educational assistance (see 1.1.4.2) to enable them to access vocational training.

However, **the services offered to young people do not differ from those offered to older people**. In fact, the *Jobcenter* counselor only has the same support tools as for younger people (see 2.3.3.1). 2.3.3.1 and 2.3.3.2).

Young job seekers are subject to the same obligations and duties as older job seekers. They are therefore subject to the same control procedures and may be sanctioned (cf. 2.4).

2.3.4.2. The treatment of peripheral brakes by the Jobcenters

The mission distinguished three particularly frequent peripheral obstacles:

- ◆ Mobility problems, which may prevent some people from moving and therefore from taking a job or being employed;
- ◆ child care issues, which may prevent some people from holding a job to care for their child;
- ◆ Addiction and mental health issues, which can make some people temporarily unemployable.

The mission was able to observe two different ways in which the *Jobcenters* dealt with these peripheral obstacles:

- ◆ First, during its visit to Denmark, the mission was able to observe that mobility and childcare problems were not dealt with by the *Jobcenters* (cf. sidebar 27 concerning mobility). Following the "*job first*" logic, *job center* counselors do not consider the geographical distance from a job or childcare problems as justifications for refusing a job.
- ◆ secondly, for people suffering from pathologies but who are still able to hold a job, support and professional integration programs are provided (cf. 2.3.1.1). Jobseekers with addiction and health problems receive special support from the *Jobcenter*. The municipalities have a number of competencies in addition to employment policy, including health (which they share with the region). This dual competence allows the *Jobcenter* counselors to easily connect the job seeker with the health services of the municipality. The municipalities also have a number of social workers who can intervene. These social assistants are mobilized for jobseekers with special pathologies or difficulties (cf. 2.3.1.1), but can also intervene in these more specific cases.

2.4. Monitoring of the job search: the monitoring by the Jobcenters is based on the many duties that jobseekers have to perform and the sanctions that the counsellors can use

2.4.1. Job seekers commit to actively seeking employment as part of their personal plan

In return for the aid granted to the unemployed by the flexicurity system, jobseekers must meet a certain number of obligations (linked to their activity plan) and conduct an active job search.

The personal plan for returning to work structures the unemployed person's job search. Once the initial diagnosis has been made, the unemployed person is assigned to an activation program by his or her *Jobcenter*. His personal plan is the main source of duties for the job seeker. The unemployed person is obliged to respect the commitments made and written down in his plan. Participation in the activation programs and activities of the personal plan is mandatory.

In the "job first" logic observed by the mission, the *Jobcenter* encourages job seekers to take a job "at any cost". The *Jobcenter* ensures that the unemployed person is actively seeking employment and does not refuse to participate in interviews. The *Jobcenter* employment counselor gives little credit to personal constraints. It emerged from the mission's visits to Denmark that the *jobcenter* does not consider itself competent to assess difficulties related to family problems (especially childcare) and mobility problems (cf. sidebar 27).

Sidebar 27 The Danish PES has an extensive view of the potential geographic mobility of job seekers

Total daily commute time may be up to three hours by public transportation. The job seeker must be available and willing to accept positions offered within a one and a half hour radius by public transportation. **There are no limits for job seekers with medium or high qualifications.**

If a jobseeker refuses a job that requires a high degree of geographical mobility but is within the defined area, the *Jobcenter* can sanction him/her. The sanction can be adjusted according to the personal and family situation of the job seeker⁷³.

Source: mission trip to Denmark in November 2022; STAR presentation; STAR note on job search and documentation rules.

Throughout his job search, the unemployed person must report on his job search actions on his *Jobnet* space. He/she must indicate: the number and title of the offers he/she applied for, his/her contacts with companies, his/her appointments and interviews. *Jobcenters* are free to add criteria and evidence to the reporting. For example, at the *Høje-Taastrup Jobcenter*, the jobseeker must respond to two job offers per week, and post at least two new and different cover letters per month on the *Jobnet* space.

This reporting should allow the *Jobcenter* to see the progress of the job search.

Financial assistance to job seekers is conditional upon meeting the commitments of the personal plan and actively seeking employment.

2.4.2. To ensure that job seekers are actively seeking employment, there are sanctions for job seekers who fail to fulfill their duties

2.4.2.1. The sanction mechanism and the reasons for sanctions applied by the *Jobcenter*

Sanctions are provided for job seekers who do not meet their obligations to actively seek employment. The sanctions are of two kinds, they can be periodic or punctual:

- ◆ **one-time sanctions** apply when the unemployed person commits a single offense. The job seeker will see a reduction in assistance. The sanction rate is provided by law⁷⁴ ;
- ◆ **Periodic sanctions apply if the unemployed person does not meet his/her obligations for a certain period of time.** As long as the jobseeker does not meet his or her commitments (i.e., those in his or her activity plan or those defined by law, such as the activity report) or does not show up at the *Jobcenter*, the benefits are suspended or reduced by the same rates as for the periodic sanctions.

The duration of sanctions varies:

⁷³ For example, the STAR indicates that an unemployed person with dependent children will be penalized less (or not at all) than a single job seeker.

⁷⁴ VEJ No. 10,234 of November 9, 2022.

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- ◆ **For one-off sanctions, the sanction is permanent** from the time of the sanction decision and consists of a permanent reduction of the allowance until further notice from the *Jobcenter*;
- ◆ **For periodic sanctions, the sanction is temporary** and the law stipulates its exact duration. The duration of the sanction is the time that elapses between the job seeker's infraction and the regularization of his or her situation with the *Jobcenter*.

Sanctions are imposed by the *Jobcenters*. *Jobcenters* impose sanctions if they consider that the jobseeker is not actively seeking work (see Box 28). sidebar 28). The use of sanctions is perceived by the municipalities as an effective tool: 90% of Danish municipalities consider that sanctions have a positive effect on the availability of jobseekers and 71% consider that sanctions promote a return to employment⁷⁵ because they help to re-mobilize the jobseeker.

A 2016 Deloitte report on the evaluation of *Jobcenters*' use of sanctions estimated that it took about 5 days from the violation to the time the *Jobcenter* contacts the job seeker to investigate the detected violation. The same report estimated that the average time from the sanction decision to the implementation of the financial penalty was 21 days.

A November 2022 agreement between the Department of Employment, STAR, and the social partners acts to intensify sanctions for *job ready* applicants by giving more autonomy to counselors in *Jobcenters* to issue expedited sanctions. And to improve the efficiency of the sanction system and to allow for a better management of the intensified flow of sanctions, the November 2022 agreement foresees the implementation of a new common IT tool for the management of sanctions, in collaboration with the Ministry of Employment and the association of municipalities (KL). This new tool would use algorithms to automate the processing of part of the sanctions and to automatically trigger financial sanctions.

Sidebar 28 Reasons for the sanctions applied to the Copenhagen *Jobcenter*

The Copenhagen *Jobcenter* identifies three grounds for sanctions:

- if the job seeker is not actively seeking employment;
- if the job seeker is absent or not sufficiently present at mandatory activation programs;
- if the job seeker does not find a job despite his or her qualifications or refuses a job that is in line with his or her personal activity plan.

Source: Mission visit to the Copenhagen Jobcenter in November 2022.

For jobseekers who are covered by the *A-kasse* for unemployment insurance, the *Jobcenter* informs the *A-kasse* of the jobseeker's situation and the unemployment fund proposes a sanction based on the behavior of the unemployed person (cf. table 22).

Table 22 Penalties for unemployed A-kasse members and unemployment insurance and receiving unemployment insurance

| Reason for the sanction | Sanction |
|--|--|
| Violation of the <i>A-kasse</i> regulations | Suspension of aid for up to 37 hours |
| Second violation of the <i>A-kasse</i> regulations and fraud | Suspension of aid from 3 days to 40 days |
| From the third warning | Permanent suspension of aid |

Source: LBK n°234 of 10/02/2022, Chapter 13.

⁷⁵ Deloitte report evaluating the impact of *Job Center* sanctions on job seekers.

2.4.2.2. Jobcenter sanction amounts for job seekers

The amounts of the sanctions are flat-rate. They are determined by the same regulation that defines the amounts of unemployment benefits and minimum social benefits for the coming year⁷⁶. This regulation is being simplified. From 2023 onwards, there will be four amounts of sanctions depending on the monthly benefit provided (cf. table 23).

These rates are penalties applied per day during the penalty period.

Table 23 Expected Penalties by Monthly Benefit Band

| Amount of the monthly allowance (in €) | Penalty per day of sanction (in €) |
|--|------------------------------------|
| 358 à 568 | 26,89 |
| 831 à 1 163 | 53,77 |
| 1 348 à 1 662 | 80,66 |
| 1 872 à 2 016 | 107,54 |

Source: VEJ #9768, June 29, 2022; STAR; Employment Department 11/16/2022 Policy Agreement Report.

Note: The exchange rate used is 1 DKK for 0.13 €; this table refers to the amounts paid for unemployment insurance, social minima and social aid paid by the Jobcenter to job seekers.

2.4.3. Jobcenters have sanctioning powers which they do not hesitate to use

Jobcenters initiate sanctions. The counselors in the *Jobcenters* are responsible for the control of the jobseekers, making sure that they fulfill their obligations (cf. 2.4.1 and 2.4.2.1). If the counselors detect non-compliance, they can issue a warning to the job seeker and/or propose a sanction.

Sanctions are issued by two different actors, the *Jobcenters* and the *A-kasse*:

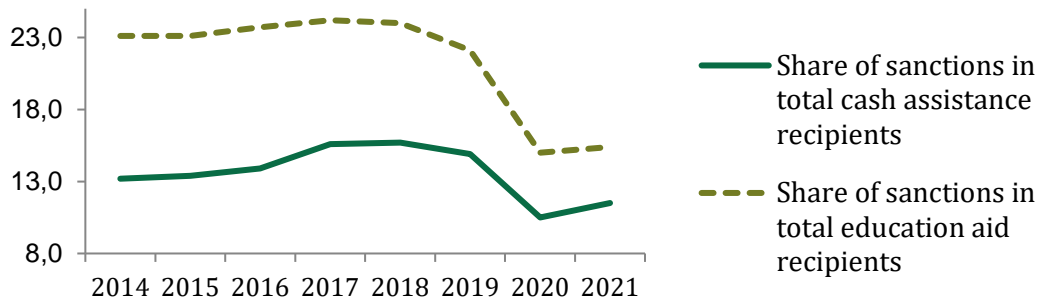
- ◆ The *A-kasse* will impose sanctions on all jobseekers who receive unemployment insurance. The sanctions that the *A-kasse* issues will have the direct impact of suspending or terminating unemployment insurance benefits. The joint interviews conducted by the *Jobcenters* and the *A-kasse* allow the *A-kasse* to follow up on the beneficiary and to reassess the entitlement to unemployment insurance;
- ◆ *Jobcenters* impose sanctions in all other cases and have the power to suspend or terminate all other financial support (e.g. cash benefits, education grants, SHO benefits) available to jobseekers.

For cash assistance and education assistance (see Figure 16), there is a need for a more comprehensive approach. chart 16The rate of recourse to sanctions has been high since 2008, with a sanction rate of only 25 percent for minimum social assistance recipients in 2010 and a rate that remains high for the youngest recipients of education assistance. **In a comparative exercise, the mission constructed a simplified sanction rate, which amounts to 46.3 percent in Denmark** (cf. sidebar 29).

⁷⁶ VEJ Regulation No. 9768 of June 29, 2022.

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Chart 16 Share of sanctions among unemployed recipients of cash benefits and education grants, since 2014 in Denmark



Source: Jobindsats.

Note: Cash assistance is the minimum social benefit granted to people over 30 and under 30 with a professional qualification, and education assistance is granted to people under 30 without a professional qualification (see 1.1.4.2). The graph relates the total number of sanctions issued for each financial aid to the total number of social assistance recipients in question.

Sidebar 29 The simplified sanction rate in Denmark is 46.3%.

In the cross-sectional analysis of the PES studied (see Annex I), the mission established a simplified sanction rate using the same calculation method for all the countries studied. This index for international comparison of sanctions relates the total number of sanctions without warnings to the monthly average of jobseekers eligible for a sanction (to neutralize seasonal variations).

The *Jobcenters* initiate sanctions for unemployment insurance recipients and recipients of social minima (cash assistance, which is divided into three types of assistance: cash assistance, education assistance and SHO benefit). The mission considered only jobseekers receiving unemployment insurance and/or social minima.

Table 24 Number of recipients and sanctions taken for each population in 2021

| Help | Average monthly number of beneficiaries | Number of sanctions during the year | Share of unemployed sanctioned |
|----------------------------|---|-------------------------------------|--------------------------------|
| Unemployment insurance (1) | 113 892 | 39 444 | 12,1 % |
| Cash assistance (2) | 59 841 | 27 141 | 11,5 % |
| Educational assistance (3) | 32 605 | 25 919 | 15,4 % |
| SHO service (4) | 10 526 | 7 844 | 16,6 % |
| Total (1)+(2)+(3)+(4) | 216 864 | 100 348 | N.D. |

Source: Jobindsats.

Note: The share of sanctioned unemployed is an indicator provided directly by Jobindsats that takes into account the average number of sanctions per job seeker.

Applying the previously used calculation method, we have that **the simplified sanction rate is 46.3% in 2021 in Denmark** (100,348 /216,864).

Source: Mission (see Annex I); Jobindsats.

Box 30 Community Service at the Copenhagen Jobcenter

In the period April-June 2022, 8.9 percent of job seekers at the Copenhagen *Jobcenter* were sanctioned, which is lower than the national average (above 11 percent).

However, the *Jobcenter* has a special incentive program for new job seekers whose efforts are deemed insufficient. Jobseekers who have been registered for three months and whose efforts are deemed insufficient must participate in community service. In this case, the job seeker must participate for two weeks in pest eradication actions, within professional teams.

According to the mission's interlocutors, this action is effective in pushing job seekers to activate their search and review their requirements.

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Source: Mission trip to Copenhagen Jobcenter in November 2022; Jobindsats.

2.5. Business Services⁷⁷ : **Jobcenters are responsible for business services and integrate them into job seeker re-employment programs**

Municipalities are responsible for business services. Municipalities are free to coordinate with each other to carry out joint actions in the area of business services. Not all municipalities implement common policies.

The municipalities set up their business services with the local economic area. For example, the Copenhagen *Jobcenter* works with approximately 20,000 companies located in the municipality of Copenhagen or in the nearby urban area.

The law on the allocation of competences does not provide for an exhaustive list of tasks and offers to be offered to companies by the *Jobcenters*. STAR offers tools to municipalities to help them implement business services and informs them about good practices in this area. The table below presents the guidelines suggested by STAR to municipalities.

**Table 25 STAR's Model for Jobcenters
for the implementation of the business service**

| Meaning of the approach | Objectives | Targeted offerings and service elements |
|--|--|--|
| From the company to the <i>Jobcenter</i> | Responding to the requests and needs of companies, following up on HR matters after taking up a position | <ul style="list-style-type: none"> ▪ Retrieve job offers, help companies to define their needs ▪ Make pre-selections of resumes ▪ Tracking recruitment results |
| From the <i>Jobcenter</i> to the company | Knowing the economic fabric, anticipating needs and understanding shortages | <ul style="list-style-type: none"> ▪ Monitoring the labour market ▪ Identify companies with labor shortages and anticipate seasonal needs ▪ Contact the companies |

Source: STAR's Business Service Guide.

The employers' organization DA coordinates the efforts of companies in the field⁷⁸. DA is a member of the Employment Council at the national level, and is represented on all labor market councils (the RANs). DA organizes an annual meeting of its representatives on the eight RAN councils to build plans to address labor shortages in the regions. The DA also coordinates the efforts of the companies and is the main interlocutor of the companies in terms of social dialogue.

Box 31: The Business Office of the Municipality of Copenhagen

The municipality of Copenhagen, which is responsible for the *Jobcenter*, created a specialized department for its business relations in 2014. This department has 120 staff, two-thirds of whom are assigned to recruitment issues. The staff are divided into five sectors: services and trade, transport and logistics, administration and public sector, construction, industry.

These teams can help companies define their needs, publish their offers, select candidates or access subsidized employment schemes.

Source: Mission trip to the Jobcenter in Copenhagen in November 2022.

⁷⁷ LBK n°701 of May 22, 2022, Section II, Chapter 4.

⁷⁸ Visit of the mission to Denmark in November 2022; exchanges with the employers' organization in Copenhagen.

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Box 31: ISS, an example of the use of PES by a large Danish company

During its visit to Denmark, the mission visited the head office of ISS, a major player in the provision of services (security, cleaning, maintenance), which employs around 6,500 people in Denmark and 400,000 worldwide. The company has a high *turnover* of employees and employs people with low qualifications and no experience. It emerged from this exchange that:

- **ISS regularly uses *Jobcenters*** to meet its workforce needs. *Jobcenters* are the primary source of recruited employees;
- **The quality of profiling of job seekers referred by the *Jobcenter* to ISS is variable.** Sometimes the profiles submitted require additional training or support. In these cases, ISS has to rely on private providers to complete the training of the jobseekers.

Source: Mission trip to ISS headquarters in Copenhagen in November 2022.