



Improving the Provision of Active Labour Market Policies in Estonia

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# **Institutional and regulatory set-up of active labour market policy provision in Denmark**

**Research note**

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# Introduction

This note provides a short overview of the institutional and regulatory framework of active labour market policy (ALMP) provision in Denmark. The note has been drafted in the framework of the technical support project [“Improving the Provision of Active Labour Market Policies in Estonia”](#).<sup>1</sup> The project was funded by the European Union (EU) via the Structural Reform Support Programme and conducted by the OECD in co-operation with the European Commission’s Directorate-General for Structural Reform Support (DG-Reform).

The Danish system is somewhat exceptional in the EU. The system is highly decentralised as the municipalities are not only providing ALMPs but have also significant freedom to design their ALMPs. The role of the national public employment service<sup>2</sup> is to support the Ministry of Employment in policy design and to support the municipalities in policy implementation. In addition to the aforementioned institutions, the system involves a multitude of advisory bodies that help to take into account the views of the social partners as well as other stakeholders. In total, the system works well, particularly thanks to the strong traditions of networking with the social partners and other stakeholders as well as because of a well-established support and monitoring system applied to the municipalities.

The regulatory set-up of ALMP provision is relatively flexible in Denmark. Although the main two acts (passed by the Parliament) regulating ALMP provision are quite detailed, the finer details can be decided by the municipalities. This allows some flexibility to make fast changes in ALMP design when labour market needs change.

The first Section of this note provides an overview of the key stakeholders of the ALMP system in Denmark, focusing particularly on the institutions that design and implement ALMPs. The second Section discusses how the key stakeholders co-operate in the Danish framework, how it is ensured that the views of relevant stakeholders are taken into account and how the accountability framework is set up. The third Section presents the legal framework that regulates ALMP provision and frames the institutional set-up. The final Section summarises the good practices that the Danish system exhibits.

The current note is based on the legal acts and regulations of ALMP provision in Denmark, publicly available literature and on inputs provided by the Danish Agency for Labour Market and Recruitment. The note was prepared by Anne Lauringson, Marius Lüske and Theodora Xenogiani in the OECD’s Directorate for Employment, Labour and Social Affairs. A dashboard of key indicators of organisational and regulatory set-ups of ALMP systems and their capacity enabling to compare Denmark with other OECD and EU countries is presented in Lauringson and Lüske (forthcoming<sup>[1]</sup>).

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<sup>1</sup> See the final report: OECD (2021<sup>[7]</sup>).

<sup>2</sup> In (Lauringson and Lüske, forthcoming<sup>[1]</sup>), the national level body supporting ALMP design and implementation (STAR) is categorised as the national level co-ordination body, while the employment offices of the municipalities form the PES system.

# 1 Institutional set-up

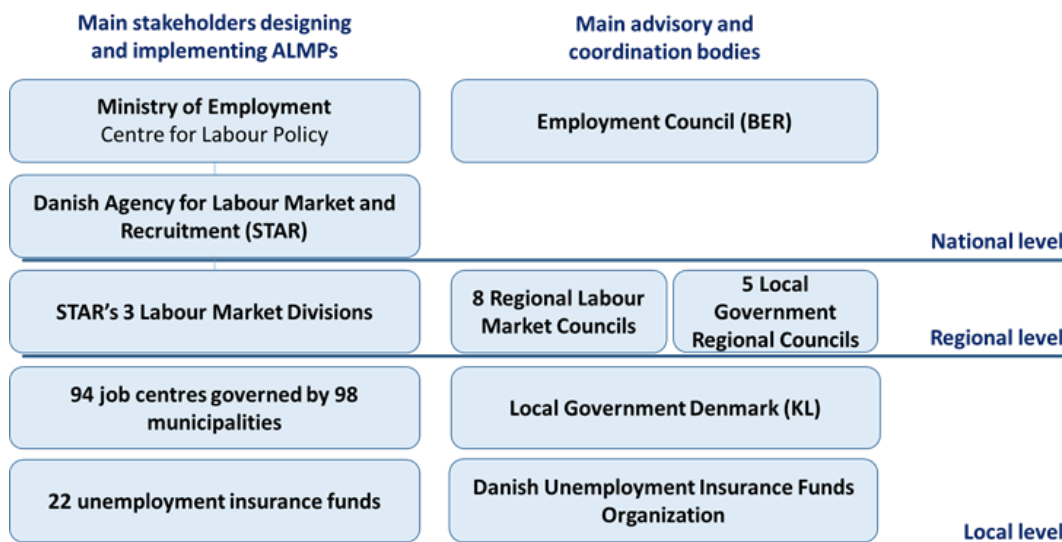
This section starts by providing a short overview of all key institutions in the Danish ALMP system. The general overview is followed by more detailed descriptions of the bodies in charge of ALMP design and implementation.

## 1.1. The key stakeholders of the ALMP system in Denmark

The Danish model for employment policy concept, known as the flexicurity model, has gained a lot of positive attention over the past decades, particularly during the years before the Global Financial Crisis (see for example OECD (2016<sup>[2]</sup>)). This model stands on flexible labour market, high income security and strong ALMPs. The last component is underpinned by its rather particular institutional set-up for ALMP provision.

Figure 1 depicts the institutional set-up of active labour market policy (ALMP) provision in Denmark. The Danish system of ALMP provision is somewhat exceptional in the whole EU (see European Commission (2018<sup>[3]</sup>)). The core system of ALMP provision involves a high number of stakeholders, such as different advisory bodies. Furthermore, the system is highly decentralised as the municipalities have a strong role in ALMP provision and design.

**Figure 1. The institutional set-up of ALMP provision in Denmark**



Source: OECD figure based on inputs from the Danish Agency for Labour Market and Recruitment

The core system of ALMP provision involves the following key stakeholders at the national, regional and local levels respectively:

#### The national level<sup>3</sup>

- At the national level, it is the *Ministry of Employment* and the *Minister of Employment* who have overall responsibility for employment policy.
- *The Danish Agency for Labour Market and Recruitment (STAR)* is a government agency under the ministry responsible for supporting the implementation of employment policy. In addition, STAR supports the Minister for Employment in policy formulation, legislation and regarding inputs to the Danish Parliament (Folketinget).
- *The Employment Council (BER)* involves representatives of the social partners and other stakeholders and advises the Minister of Employment on employment policy.

#### The regional level

- STAR's three decentralised labour market divisions, *the Labour Market Offices*, support job centres and unemployment insurance funds to implement employment policy and reforms (e.g., they support managers in job centres to implement the reforms and improve services). In addition, the Labour Market Offices co-ordinate policy implementation regionally, i.e. with businesses, job centres, unemployment insurance funds, the social partners and the Adult Vocational Training Programme (VEU).
- The eight *Regional Labour Market Councils*<sup>4</sup> are responsible for co-ordinating the employment and up-skilling efforts, business efforts and efforts aimed at geographical areas of labour shortages and areas of high unemployment. They aim to improve co-ordination and dialogue between different municipalities and between municipalities and unemployment insurance funds, enterprises and other actors, including VET-centres. They comprise representatives of the social partners and other stakeholders. They have an advisory role and do not have any specific authority over municipalities.
- Denmark has five regions consisting of a number of municipalities that inter-co-operate on various issues via a *Local Government Regional Council*. As a result of an employment reform in 2015, Denmark's five Local Government Regional Councils are now obligated to discuss specific employment policy matters across the municipalities within each region.

#### The local level

- The 98 *municipalities* in Denmark are individually responsible for the implementation of ALMPs (including deciding the finer details of ALMP design and processes). The municipal councils are elected by the residents. These councils have also some scope to determine municipal taxes to finance their expenditures, including expenditures on ALMPs. *Local Government Denmark* (KL) is the association of the 98 Danish municipalities.
- ALMPs are provided by 94 *job centres* managed by the municipalities.
- Unemployment benefits are administered by 22 individual *unemployment insurance funds*. *The Danish Unemployment Insurance Funds Organization* is an interest organisation of 21 unemployment insurance funds. The unemployment insurance funds participate in ALMP

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<sup>3</sup> An additional national level body called *the Board of Supervisors* also advises the Minister of Employment on STAR's supervisory activities. This is not an institution that deals with ALMP content, but an auditing body (see Section 2).

<sup>4</sup> Although Denmark has five regions, there are eight Regional Labour Market Councils to be closer to the municipalities and the local labour market.

provision, above all by conducting job search interviews with jobseekers. As a part of a political agreement on simplifying the active employment efforts in 2018, it was decided to pilot giving more responsibilities for the unemployment insurance funds. Nine unemployment insurance funds have been granted the responsibility (by the municipalities) to get in contact with their unemployed members during the redundancy notice period and the first three months of unemployment. The nine unemployment insurance funds will test the approach for the next four years (1 January 2020 until 31 December 2023).

## 1.2. The ministry in charge of employment policy and its role

The ministry in charge of employment policy in Denmark is the *Ministry of Employment*. The Ministry of Employment aims at a healthy, dynamic and safe labour market with high employment rates.

### ***Ministry structure and the Centre for Labour Policy***

The Ministry of Employment consists of one core department, two government agencies (STAR and an agency on working environment) and one research centre (on working environment). The core department of the ministry consists of the Permanent Secretary, the Minister's secretariat and four centres. The four centres deal respectively with labour market policies, working life, analysis and international relations, and administration.

The centre dealing with labour market policies in the core department of the Ministry, *the Centre for Labour Policy*, supports the Minister of Employment in the field of labour policy, which includes all welfare benefits for people of working age and ALMPs. The Centre for Labour Policy has a strong role in developing and preparing the initial ideas and frameworks for reforming and adjusting employment policy. The Centre works in tight co-operation with STAR on these initiatives.

### ***Strategic objectives by the Minister of Employment***

One of the key inputs to the strategy of ALMPs in Denmark by the Minister of Employment is setting the strategic objectives. The Minister for Employment publishes annual guiding employment policy objectives for municipalities' job centres. Job centres are required to incorporate the Minister's annual objectives into their annual employment plans. However, the municipalities themselves decide what targets and indicators they wish to set up in their employment plans.

The annual strategic objectives are usually rather broad and general. The five national objectives set by the Minister for 2021 and 2022 are:

- Businesses have to be ensured with sufficient and qualified labour.
- More unemployed should be up-skilled.
- More refugees and reunified families have to become self-sufficient.
- More people with disabilities have to become employed.
- All unemployed person should be granted a respectable and dignified case-working process.

### ***The process to amend and draw up legal acts***

The preparations to amend and draw up legal acts are initiated by the Minister of Employment and the Government. Subsequently, the Centre for Labour Policy asks STAR to contribute to drafting policy

proposals that would meet the Minister's requirements. These policy proposals are finalised in a joint process, which also involves the Ministry of Finance and other relevant ministries. The Centre for Labour Policy usually covers the political and financial aspects of the regulation, whereas STAR the legal and practical implications (including IT, data and policy implementation).

From the start of the amendment process, both the policy design (such as the Centre for Labour Policy) and implementation (such as STAR) sides are involved to ensure that changes take into account the challenges and requirements regarding data, IT solutions and policy administration. In this set-up, amendments are developed in dialogue and co-operation with practitioners and all relevant stakeholders (including the social partners, see Section 2.1). The practitioners and the social partners have a formal role in the process, as proposals for laws and other legal texts are subject to formal hearings before they are put to a vote in the Parliament or adopted by the Government or Ministers. Sometimes, policy proposals are based on recommendations from formal or informal interest groups or established groups of experts. There is a strong tradition for tripartite negotiations and agreements regarding employment and labour market issues, which often feed into legal regulations. Such legal acts are often adopted by very broad coalitions in parliament. In addition, STAR has set up a number of working groups of practitioners to regularly discuss ALMP issues and which have sometimes inspired policy initiatives.

Once a reform has been approved by the Danish Parliament, it usually consists of political goals (the overall objectives and targets), a legal framework (acts and executive orders) and a financial framework. Municipalities and unemployment insurance funds are responsible for the implementation of the reform within these approved reform frameworks.

### 1.3. The public and private employment services, the unemployment Insurance funds, and their role

#### ***The set-up of PES***

The institution that is considered to be the PES in the Danish system, *the Danish Agency for Labour Market and Recruitment (STAR)*, is an executive government agency.<sup>5</sup> STAR is not an autonomous body and is instead institutionally part of the Ministry of Employment.

While in most OECD countries ALMPs are mainly implemented by the national PES, it is not the case in Denmark. The Danish system of ALMP provision is highly decentralised and ALMPs are implemented by *94 local job centres that are managed by 98 municipalities*. Alternatively, the "PES" in Denmark could be defined as STAR plus the 98 municipalities. In this case, the Danish PES involves 99 individual organisations.

#### ***The role of PES***

##### *National level - STAR*

The main roles of STAR are related to policy design and supporting policy implementation. While the Centre for Labour Policy has a strong role in developing and preparing the initial ideas and frameworks for policy design, STAR supports the Centre for Labour Policy in this to ensure that policy design meets the requirements and needs for appropriate implementation. STAR is also the main institution that ensures that employment policy is implemented in practice. More specifically, the key functions of STAR are:

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<sup>5</sup> In (Lauringson and Lüske, forthcoming<sup>[1]</sup>), the national level body supporting ALMP design and implementation (STAR) is categorised as the national level co-ordination body, while the employment offices of the municipalities form the PES system.

- Assisting the Minister of Employment and the Parliament
- Compiling legislation, preparing political initiatives and reforms
- Generating and disseminating knowledge, analysis, statistics and evaluation
- Supporting implementation of political initiatives and reforms
- Conducting supervision and control of policy implementation (monitoring municipalities and unemployment insurance funds)
- Guiding and advising the municipalities and unemployment insurance funds
- Providing digital support for employment initiatives

STAR is strongly involved in policy design, supporting the development of policies and the preparation of political initiatives and reforms on the labour market. Furthermore, STAR supports policy development by systematically accumulating evidence about the effects of ALMPs. This approach is formally described in the STAR's Evidence Strategy.

STAR is also critically important in supporting policy implementation. On the one hand, STAR supports the implementing organisations by providing technical input for acts, regulations, reforms and agreements. On the other hand, STAR supervises the fulfilment of labour market policy objectives and ensures that the financial resources granted for labour market policies and social security schemes are correctly managed by the municipalities, job centres and unemployment insurance funds. STAR conducts these activities in co-operation and dialogue with the job centres and unemployment insurance funds, but also in dialogue with enterprises, regional labour market councils etc.

Following reforms over recent years, STAR has shifted from supervising municipalities' activities to provide employment support, to providing support to the municipalities (providing guidelines, encouraging mutual learning of good practices, providing infrastructure for service provision, disseminating knowledge). Nevertheless, STAR still monitors the labour market in order to evaluate and improve employment policy and benchmarks municipalities' activities.

### *Municipalities*

The 98 municipalities of Denmark are individually responsible for the provision of ALMPs, which are implemented by 94 local job centres. The municipalities and their job centres have a high degree of freedom in designing the specific operational processes and service delivery.

The ALMP system in Denmark has gone through several reforms in recent years (the latest one in 2018), giving a higher degree of freedom to municipalities in planning support for unemployed citizens. Minimum rules are established across target groups, for the purpose of enabling municipalities to plan the action that best fits the individual. Nevertheless, the freedom of the municipalities is monitored (although the focus on supervision is less prominent than it used to be). There will be consequences if the municipalities do not provide adequate actions to the unemployed. The national level may interfere if municipalities do not live up to their responsibilities (the accountability system is described in Section 2.2).

Even before the recent reforms, Denmark was one of the OECD countries with the highest degree of autonomy at the local level to design and finance ALMPs, within the general framework designed by the Ministry of Employment and STAR (OECD, 2009<sup>[4]</sup>). As a consequence of the recent reforms, this autonomy has increased further.



## **The management of PES**

### *The strategic management of PES*

STAR is under the direct control of the Ministry of Employment, i.e. it does not have a separate body for strategic management.

The Danish municipalities have the overall responsibility for the provision of ALMPs and carry a financial risk if they are not performing well. The *municipal councils* elected by the residents are responsible for developing strategies for ALMP provision locally in the framework of the relevant legislation (The Act on Active Employment Service and the Act on Organisation and Support for Employment Services) and considering the broad objectives of the Ministry of Employment (see Section 1.2) and guidelines from STAR (see previous Sub-section).

### *The executive management of the PES*

*Executive management in STAR* is performed by a Director General and two deputy directors. The Ministry of Employment appoints the executive management.

The *job centres have managers* in place who are responsible for daily operational issues. The municipality appoints the manager for its job centre.

## **Private employment services**

The municipalities have the responsibility for employment services in the Danish ALMP system. The Act on Active Employment Services permits the municipalities to outsource employment services to external service providers. It is up to the 98 municipalities to decide to what degree they will make use of external service providers and for which target groups. In practice, the co-operation with private providers can be very different by municipalities. In any case, the external service providers have to comply with the same rules that apply to the municipalities.

## **Unemployment Insurance funds**

In Denmark, unemployment insurance is a voluntary scheme administered by 22 separate unemployment insurance funds. The main purpose of the unemployment insurance funds is to provide financial support if their members become unemployed. The Consolidation Act on Unemployment Insurance stipulates information exchange among unemployment insurance funds, the rights to unemployment benefits etc. The unemployment insurance funds are also playing an important role in ALMP provision as they help the unemployed people in the job search process. From 1 January 2020 until 31 December 2023, an approach to pilot granting more responsibilities for the unemployment insurance funds is conducted. Nine unemployment insurance funds were granted the responsibility (from the municipalities) to contact their unemployment members during the redundancy notice period and the first three months of unemployment.

# 2 Co-operation practices and accountability framework

This section provides a short overview on the co-operation practices between the key institutions tasked with ALMP design and implementation and discusses how the views of other stakeholders (above all the social partners) are taken into account. It also presents the accountability framework of the Danish ALMP system, which is particularly important in this case as responsibilities for ALMP design and implementation are shared among more than one hundred different stakeholders.

## 2.1. Co-operation and networking with relevant stakeholders

### ***Co-operation between the Ministry of Employment, STAR and the municipalities***

The Ministry of Employment and STAR work very closely together at all levels (e.g. the Minister and the Director General of STAR, the civil servants from both organisations) as they have a common goal to prepare reforms and legislation to improve the Danish labour market. For example, staff from the Ministry of Employment and staff from STAR participate together in working groups to address specific issues.

Regarding co-operation between STAR and municipalities, STAR has formal and informal meetings with the Local Government Denmark (KL). Furthermore, many municipalities take part in seminars and working groups that are hosted by STAR. STAR also has quarterly meetings with the six biggest municipalities in Denmark.

STAR's regional divisions have regular meetings with every municipality/job centre. They host numerous working groups and other forums for knowledge and best practice exchange.

### ***The role of advisory bodies involving the social partners***

There is a long tradition of strong social partners and involvement of the social partners and other key stakeholders in the system of ALMP provision in Denmark. The social partners do not have a formal decision making role, but an advisory role on all different levels (national, regional, local). This advisory role is firmly embedded, as other stakeholders take these inputs into account in policy design and implementation (i.e. the proposals of the social partners are often imposed in the regulations). This is important, to ensure that the inputs from key stakeholders are taken into account in the ALMP system to reach balanced and responsible solutions for the labour market.

The advisory bodies in the Danish system that involve the social partners are the following:

#### The national level

- *The Employment Council* (BER) advises the Minister of Employment on matters of employment policy.
- *The Board of Supervisors* advises the Minister of Employment on STAR's supervisory activities.

- The social partners and other relevant stakeholders are sometimes taking part in inter-ministerial working groups aiming to co-ordinate broader national strategies and take the inputs of relevant stakeholders into account.

#### The regional level

- The eight *Regional Labour Councils* co-ordinate employment efforts, business efforts and efforts aimed at areas of labour shortages and areas of high unemployment and improve co-ordination and dialogue between different municipalities and between municipalities and unemployment insurance funds, enterprises and other actors, including VET-centres

#### Local level

- At a local level, there are no corporatist bodies involving the social partners laid down by law. However, in many municipalities there exist *informal bodies with representatives from the business community, trade unions and educational institutions*.

#### *The Employment Council (BER)*

The Employment Council advises the Minister of Employment on major employment policy proposals and the Minister's targets for employment efforts.

The Council has a Chairman, 26 members and 10 alternate members from the Danish Employers' Confederation, the Federation of Danish Trade Unions and several other stakeholders, such as the Local Government Denmark (KL), Danish Regions and the Danish Disability Organisations. The members of the Council, other than the Chairman, are appointed by the Minister of Employment for four years, on the recommendation of the respective organisations and authorities represented on the Council.

The Chairman and an alternate Chairman are appointed by the Minister of Employment on the recommendation of the members of the Council. A person from or outside the Employment Council may be nominated as the Chairman. If the Chairman is nominated from among the Council members, the organisation concerned has to appoint a new member as soon as possible.

One of the members of the Employment Council is nominated as an alternate Chairman. The post of the alternate Chairman rotates during the 4-year-cycles equally between three parties: 1) employers, 2) trade unions and academics, 3) municipalities.

In addition, there are 4 appointed members in the Employment Council (2 from STAR, 1 from the Ministry of Employment, 1 from the Ministry of Education) and 1 affiliated member (Ministry of Immigration and Integration) participating in the meetings.

The Employment Council advises the Minister of Employment on:

- Greater employment policy frameworks, including organization and publication of analyses
- Experimental activities, projects and development programs
- The strategic objectives to be announced by the Minister of Employment
- Monitoring of ALMP provision
- Monitoring of the trends regarding foreign labour in Denmark and the framework for international recruitment
- Proposals for laws and other regulations regarding employment policy

The Council holds six meetings annually.

The Employment Council annually issues an employment policy report that assesses developments on the labour market and focusses particularly on the effects of ALMPs.

There are two permanent committees set up by the Employment Council – the Employment Council's Business Committee and a committee on labour market benefits (the Benefit Committee). The Employment Council may set up additional committees and working groups to tackle specific issues and determine the composition of these bodies.

### *The Board of Supervisors*

The Board of Supervisors is an auditing body in the ALMP system. In principle, the municipalities and unemployment insurance funds are obliged to monitor the activities of their clients (i.e. that benefit recipients are available to the labour market as required by law), benefits and ALMPs. However, the Minister has an overall responsibility for the labour market policies. For this reason, STAR implements supervision of the municipalities and unemployment insurance funds to ensure that the applicable laws and regulations are followed. The Board of Supervisors then supervises STAR as it carries out these activities and advises on the supervision framework.

More specifically, the tasks of the Board of Supervisors are:

- To advise the Minister of Employment on the Supervision activities of STAR
- To review the STAR's status reports every six months
- To supervise the activities of supervision

The Board of Supervisors writes a letter to the Minister of Employment with the Board's recommendations twice a year. This is done at the same time as STAR sends its biannual status reports to the Ministry of Employment.

The Board of Supervisors includes representatives of the social partners as well as other stakeholders. The Board holds four meetings a year, usually in March, June, September and November.

### *The Regional Labour Market Councils*

At the regional level, the Minister of Employment appoints eight Regional Labour Market Councils, each with 21 representatives drawn among the social partners (trade unions and employers associations), the municipalities, the Danish Council of Organisations of Disabled People and other regional actors including educational institutions and growth forums.

The general objective of the eight Regional Labour Market Councils is to improve co-ordination and dialogue between different municipalities and between municipalities and unemployment insurance funds, enterprises and other actors, including VET-centres

As a rule, the Regional Labour Market Councils do not have any specific authority over local municipalities. Since 2015, the eight Regional Labour Market Councils have had the power to decide what kind of short vocational training programs job centres can receive subsidies for, from the additional annual funding pool of DKK 100 million which municipalities can use to fund short vocational training programs for the unemployed. This is to ensure that these short vocational training programs are tailored to the demands of businesses.

## **2.2. The accountability framework**

The accountability framework is a focal feature in the Danish system of ALMP provision, particularly concerning the accountability of municipalities. It is critical as the responsibilities for ALMP design and implementation are shared among around a hundred different organisations.

As ALMPs are implemented by municipalities, the accountability framework concerns above all the efforts of municipalities to integrate jobseekers back to the labour market and to ensure labour supply for companies. Firstly, the activities of municipalities are regulated by laws and other legal regulations. Secondly, their actions are supported by national IT tools, guidelines, knowledge and practice exchange by STAR. Thirdly, the accountability framework is established by a monitoring system implemented by STAR and a system of financial incentives.

The municipalities have a financial incentive system to provide ALMPs, which was extensively reformed in 2015 (see European Commission (2018<sup>[5]</sup>)). The state reimbursement system aims to encourage municipalities to focus on the results of an effective labour market policy (i.e. to actively support jobseekers to help them quickly back to employment). In principle, the state reimburses the municipality's social benefit expenditure based on the number of weeks a person received social benefits. This system aims to establish a financial incentive for municipalities to prevent individuals from receiving social benefits for long periods and to provide effective ALMPs that enable them to return to work quickly.

# 3 The regulation of key aspects of active labour market policy provision

This section gives a short overview of the main legal regulations of ALMP provision and the organisations tasked with adopting regulations concerning ALMPs.

## 3.1. The main legal documents

The *Act on Active Employment Services (AAES)*<sup>6</sup> is the main act regulating the system of ALMP provision in Denmark.

Although the system aims to have a high level of freedom for the service delivery by the municipalities, the AAES prescribes different ALMPs in great detail. For example, the AAES stipulates different categories of ALMPs as well as durations of ALMPs by target groups, rates of allowances to be paid for the jobseekers when participating in certain measures, as well as other conditions of ALMP provision (minimum requirements).

Additionally, the *Act on Organisation and Support for Employment Services (AOSES)*<sup>7</sup> determines the responsibility for organising employment services and the frameworks for central government IT support. AOSES also lays down the rules for recording, reporting and disclosing data on employment services. Under this act, the municipalities have an obligation to establish job centres that are dedicated to provide employment services to citizens. The services are required to focus on gaining and retaining employment and to be financially self-sufficient.

The focal points of the legislation are municipalities, citizens and companies (Leroy, Kint and Winkler, 2019<sup>[6]</sup>). For example, the acts define the minimum requirements for jobseekers to participate in job search counselling at the job centres as well as their rights and obligations related to participating in ALMPs. On the one hand, this sets the minimum requirements for the municipalities to provide ALMPs. On the other hand, the legislation also sets minimum requirements for jobseekers.

Furthermore, the Minister for Employment publishes guiding strategic objectives for municipalities' employment services on an annual basis (see Section 1.2). Job centres are required to incorporate the Minister's annual objectives into their annual employment plans. Nevertheless, these objectives are very general.

The Danish legal system that underpins ALMP provision allows some flexibility. The details of ALMPs are prescribed to some degree in the AAES and AOSES. Changing these acts would involve a consultation process with a wide range of stakeholders and a parliamentary approval procedure. While any possible change in ALMPs is very inclusive, it can be time-consuming. Nevertheless, finer details of ALMP delivery design are up to the municipalities, which means that these changes can happen faster.

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<sup>6</sup> <https://www.retsinformation.dk/eli/ta/2019/548>

<sup>7</sup> <https://www.retsinformation.dk/eli/ta/2014/1482>

### 3.2. Stakeholders in charge of regulations

Table 1 summarises which of the key stakeholders (Parliament, Government, Ministry, etc.) adopts the regulations concerning the main aspects of ALMP provision (general aim of ALMP provision, general set-up of PES, etc.).

In Denmark, the general framework of ALMP provision is stipulated in two main acts that are passed by the Parliament (AAES and AOSES). In addition, the Minister issues regulations that support implementing the main two acts. Drafting changes in all of these regulations are usually initiated by the Centre for Labour Policy at the Ministry of Employment, working closely together with STAR and involving other relevant stakeholders in the process as needed.

While AAES and AOSES describe ALMPs in quite high detail (providing the minimum requirements), the municipalities that are in charge of ALMP implementation have some degree of freedom to decide on the finer details of ALMP design.

STAR supports the municipalities in ALMP implementation and design by providing guidelines, frameworks, knowledge as well as infrastructure. Nevertheless, these documents are not part of the legal system.

**Table 1. Regulation of ALMP provision in Denmark**

	Act (passed by the Parliament)	A decree or order implementing the act, by the Government	A decree or order implementing the act, by the Minister	A decision by the PES supervisory body	A decision by the PES executive management	Municipalities' discretion
General groups eligible for ALMPs	X		X			
General aim of ALMP provision	X		X			
Set-up and purpose of PES	X		X			
List of specific ALMPs	X					X
Aim of specific ALMPs	X		X			X
Conditions of specific ALMPs (duration, sums)	X		X			X
Target groups of specific ALMPs	X					X
(Annual) budget for ALMPs	X					X
(Annual) budget for each ALMP	X					X

Note: PES – public employment service.

Source: Legal texts and regulations of Denmark and input from STAR.

# 4 Summary of good practices in the system

The institutional and regulatory framework of Denmark exhibits several good practices that other countries could learn from:

- 1) Denmark has achieved a high degree of autonomy for ALMP provision on the local level, while ensuring consistent management of employment initiatives at the national level.
- 2) The legal system of ALMP provision allows some flexibility in Denmark. AAES and AOSES stipulate ALMP provision in quite high detail and introducing changes would entail a thorough consultation process with a wide range of stakeholders and a parliamentary approval procedure. Nevertheless, finer details of ALMP delivery design are up to the municipalities, which means that these changes can happen faster.
- 3) When introducing changes in employment policy, critical importance is placed upon how to implement these changes. Policy makers aim to design ALMPs in such a way that both the organisations in charge of policy design as well as bodies tasked with policy implementation are involved in the initial stages of policy design. As such, the Centre for Labour Policy and STAR co-operate closely in policy design and in supporting the Minister of Employment.
- 4) The Centre for Labour Policy and STAR co-operate closely on different levels of the organisations, as they have a common goal to prepare reforms and legislation to improve the Danish labour market.
- 5) The social partners are strongly involved in the ALMP system on all levels, ensuring that the views of different key stakeholders are taken into account well in employment policy. Introducing changes in legislation is a very inclusive process, involving through consultation processes.
- 6) Public accountability (concerning above all public accountability of the municipalities) is the cornerstone of the ALMP system in Denmark. Denmark has invested a lot of effort to achieve this (Leroy, Kint and Winkler, 2019<sup>[6]</sup>).

In total, the Danish system produces good labour market results. Nevertheless, it is not an easily transferable system as it depends on strong social partners, strong traditions and a culture of involving the social partners as advisers, a strong tradition of networking with practitioners and stakeholders, strong municipalities and a well-established accountability framework, standing on the overall labour market flexicurity model.



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