

Green Bonds: Eligible green expenditures

September 8, 2023

Which expenditures are included?

The proceeds raised by issuing Danish sovereign green bonds are earmarked for green expenditures that contribute to the transition to a green economy through clean transportation and the production of renewable energy, see *table 1*. Within a given year, the issuances of Danish sovereign green bonds can finance green expenditures from the current year as well as refinance green expenditures from the previous year. The eligible expenditures comply with the selection criteria stated in *Kingdom of Denmark Green Bond Framework*. Thus, the revenue generated from the Danish sovereign green bond issuance in 2023 will be used to finance eligible green expenditures in 2022 and 2023.

The eligible green expenditures entail accounts on the Budget Act and two additional tax expenditures that are calculated separately from the Budget Act, see *table 1*. The realized expenditure linked to the allocated amount of issued green bonds will be presented in an annual *Allocation Report*.

For eligible green expenditures under the Ministry of Taxation, the two tax expenditures are not directly visible in the Budget Act. Specifically for the reduced registration tax for low-emission and zero-emission vehicles, the expenditure is calculated based on the (expected) amount of sold low-emission and zero-emission vehicles in a given year with the full tax level as the baseline level and taking behavioral effects into account.

Table 1 below concerns the amount of eligible green expenditures. This is the maximum amount that can be financed by issuing green bonds. The proceeds actually allocated to these green expenditures will depend notably on the amount of green bonds actually issued. Information on the final allocation of the proceeds from the issuance of green bonds can be found in the yearly Allocation reports, available on [the Finance ministry's website](#).

Table 1

Authority	2021		2022		2023	2024
	Appropriation account	Total expenditure	Appropriation account ¹	Total expenditure*	Estimated expenditure	Estimated expenditure
Ministry of Climate, Energy and Utilities						
Subsidies for renewable energy (PV systems and other small WE systems)	29.25.12.15	155.9	29.25.25.10 29.25.25.15 29.25.25.20 29.25.30.20	1.3	-	-
Disbursements for PSO-subsidies (Offshore wind)	29.25.14.20.33	1,253.3 ²	29.25.22 (excl. 29.25.22.15)	93.2	-	-
Disbursements for PSO-subsidies (Onshore wind)	29.25.14.20.33	531.5	29.25.23.10 29.25.23.11 29.25.23.13 29.25.23.20	139.3	6.9	7.2
Subsidies for renewable energy (Household wind systems)	29.25.12.25	58.4	29.25.23.14	42.9	-	54.2
Ministry of Transport						
Rail infrastructure investment projects	28.63.08	2,423.3	28.63.08	2,996.2	2,312.7	2,899.0
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.10.22	1,537.0	28.63.05.10.22	1,576.7	1,816.9	2,062.4
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.10.51	863.2	28.63.05.10.51	1,606.1	1,382.6	1,981.0
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.20.51	7.1	28.63.05.20.51	-	-	-
Banedanmark – Rail infrastructure operation	28.63.04	401.8	28.63.04	489.0	412.5	441.8
Ministry of Taxation³						
Taxation of electricity (Exemption for own consumption of electricity from solar energy)	38.22.01.20	273.0	38.22.01.20	227.8	98.0	330.0
Registration tax (Reduced registration tax for low-emission and zero-emission vehicles)	38.23.03.10	3,801.4	38.23.03.10	4,688.9	5,729.2	6,150.0
Total		11,305.9		11,861.4	11,758.8	13,925.6

Note: Appropriation accounts link to the respective accounts in the Budget acts for 2021 through 2023 and the proposed Budget act for 2024. All amounts are in DKK million. Budget Acts and national financial annual reports can be found here: <https://oes.dk/oekonomi/offentlige-regnskaber/statsregnskabet/>

*: The expenditures for 2022 will be audited in connection with the Allocation report for 2022.

Source: Kingdom of Denmark Green Bond Framework (2021), National Financial Annual Report 2021, 2022, Budget act 2023, proposed Budget act for 2024, and estimates for 2023 and 2024 from the ministries.

¹ The appropriation accounts are unchanged since the Budget act for 2022.

² For this budget item, the expenses are a corrected version of the expenses in the Government Financial Accounts for 2021 (Statsregnskabet), where an error in the treatment of certain payments has been identified.

³ The two expenditures under the Ministry of Taxation are calculated separately from the Budget Act and National Financial Annual Report. The expenditures are based on estimates from the Ministry of Taxation.