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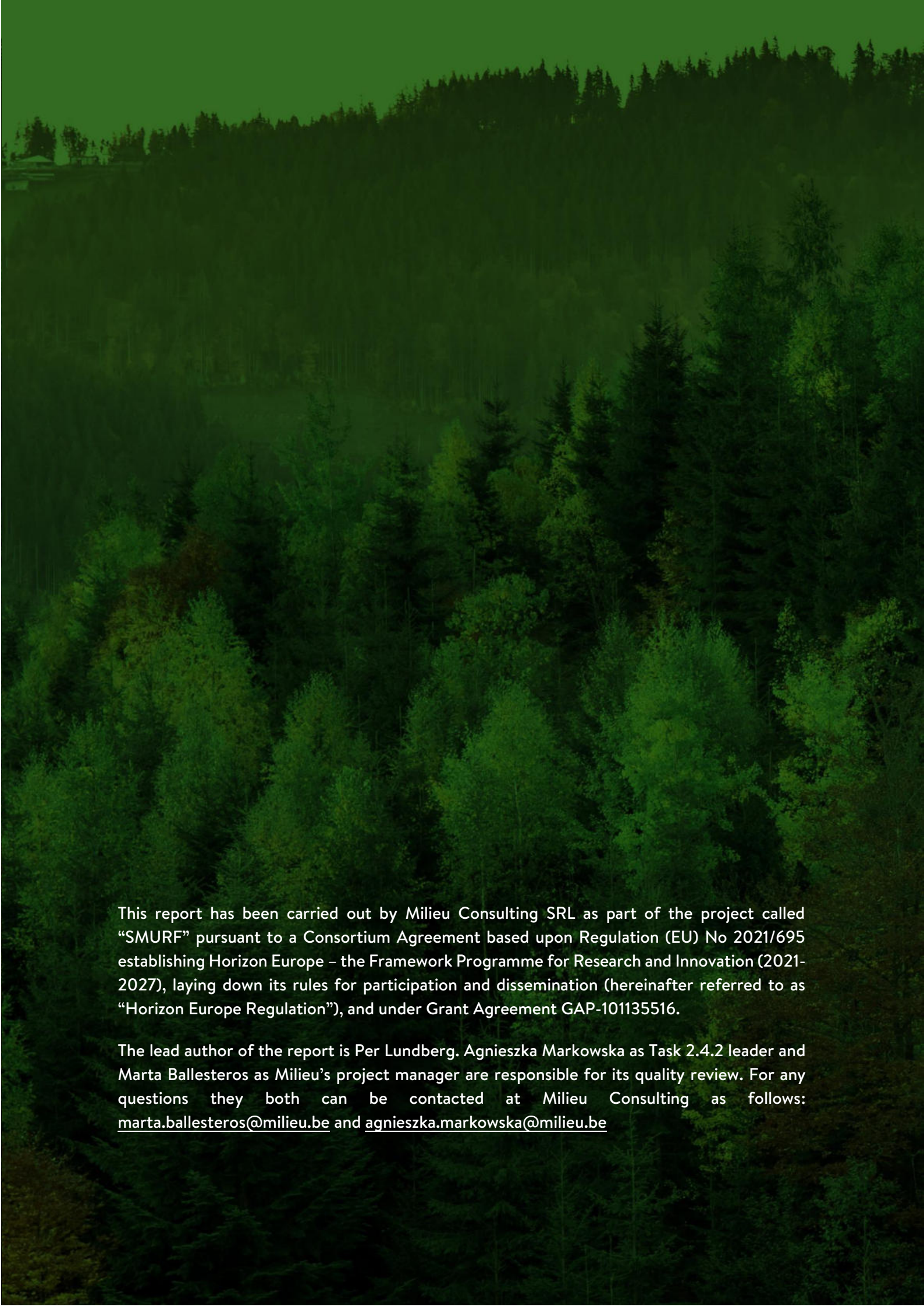
Financial incentives applicable to Small Forest Holdings and their impacts

Country Fact Sheet
Denmark

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Financial incentives applicable to Small Forest Holdings
WP2, Task 2.4.2

Executive Summary

In Denmark, forest owners have access to several incentives and funding opportunities from both EU and national sources. Under the EU's Common Agricultural Policy (CAP), the Danish Strategic Plan (2023–2027) specifically allocates funds for private afforestation and biodiversity conservation. The "**Private Afforestation**" scheme provides financial assistance for planting forests on agricultural land, with subsidies for deciduous forest up to about EUR 5,188 per hectare, and about EUR 4,151 per hectare for coniferous forests. Additional funding is available for fencing and establishment without deep tillage. Criteria include establishing a minimum area of two hectares and compliance with legal obligations.

Danish CAP funding also includes the "**Biodiversity Forest**" scheme, which targets Natura 2000 areas, supporting preservation and extensive forestry management. Subsidies range significantly, reaching up to about EUR 8,836 per hectare, depending on tree species, size, and numbers. Applicants must own at least 0.5 hectares of qualifying forest and commit to long-term management obligations.

National funding includes the **Danish Climate Forest Fund**, which supports afforestation and the restoration of low-lying soils, funded through the sale of CO_2 credits. **Nyskovfonden** also promotes afforestation projects with a focus on biodiversity and carbon sequestration, supporting both private individuals and businesses. **The Danish Nature Fund** focuses on acquiring and restoring natural habitats through voluntary agreements with landowners, directly benefiting biodiversity and sustainable forest management. Private forest owners can also receive compensation through the "**Private Untouched Forest**" scheme, which provides payments for permanent cessation of forest management to enhance biodiversity. Additionally, a "**Windfall Scheme**" supports replanting after storm damage.

Financial products from private institutions like **Nykredit** and **Danske Bank** offer forestry-specific funding through **green bonds** supporting sustainable land and forest management practices.

KommuneKredit is a Danish non-profit credit institution established in 1898 to provide low-cost financing for municipalities, regions, and entities carrying out public sector activities in Denmark. Although KommuneKredit does not directly fund forestry projects, its green loans indirectly support sustainable land management and environmental projects that may provide benefits to forest owners.

1. Financial incentives based on EU funding

1.1. The European Regional Development Fund

There is one operational programme that distributes ERDF funding in Denmark during the period 2022-2027: Nationalt program for EU's Regionalfond Danmark[1]. The national program specifies in its financing plan EUR ≈74,1 million in total (EUR ≈33,1 million in EU contribution and EUR ≈41 million in national contribution), of which EUR ≈21,3 million on PO 2 (EUR ≈9,5 million in EU contribution and EUR ≈11,8 million in national contribution), which focuses on a greener, low-carbon Europe[2]. The fund will invest EUR 247 million in Denmark, across all policy objectives, including for environment and climate mitigation and adaptation measures. The European Commission[3] and the Danish Business Authority[4] specify that the ERDF invests €247 million in Denmark during the 2021-2027 programming period.

The managing authority is the Danish Business Authority (Erhvervsstyrelsen). The Danish Business Authority hosts at its website previous, current, and future application rounds[5] as well as all funded projects[6]. There are no references to forestry or forest related activities in the national program. Neither are there any calls or supported projects that have any relevance in relation to forests or forest management. Calls that concern tourism infrastructure may be relevant, but there are no relevant supported projects under those calls.

1.2. Common Agricultural Policy (CAP)

Overview of relevant funding opportunities in the Danish Strategic Plan

The Danish Strategic Plan[7] includes two budget posts that directly concern forest management:

- Private afforestation (Privat skovrejsning): EUR ≈48 million (DKK 360 million)
- Biodiversity forest (Biodiversitetsskov (N2000)): EUR ≈17 million (DKK 125 million)

Other budget posts that may have relevance for forest owners include:

- Nitrogen wetlands (Kvælstofvådområder): EUR ≈126 million (DKK 940 million)
- Phosphorus wetlands (Fosforvådområder): EUR ≈7 million (DKK 53 million)

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[1] Erhvervsstyrelsen, Nationalt program for EU's Regionalfond Danmark: Stærke virksomheder gennem innovation, digitalisering og grøn omstilling, 2022, https://udviklingidanmark.erhvervsstyrelsen.dk/sites/default/files/2022-08/Nationalt program for Regionalfonden 2021-2027_0.pdf

[2] Erhvervsstyrelsen, Nationalt program for EU's Regionalfond Danmark: Stærke virksomheder gennem innovation, digitalisering og grøn omstilling, 2022, pp. 73-74, https://udviklingidanmark.erhvervsstyrelsen.dk/sites/default/files/2022-08/Nationalt program for Regionalfonden 2021-2027_0.pdf .

[3] European Commission, 2022, EU cohesion policy: Commission adopts €808 million Partnership Agreement with Denmark for 2021-2027, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3304

[4] Erhvervsstyrelsen, 2024, The EU's Regional Development Fund, https://udviklingidanmark.erhvervsstyrelsen.dk/EU-regionalfond

[5] Erhvervsstyrelsen Søg midler, https://udviklingidanmark.erhvervsstyrelsen.dk/soeg-midler

[6] Erhvervsstyrelsen, Støttede projekter 2021-2027, https://udviklingidanmark.erhvervsstyrelsen.dk/stoettede-projekter-2021-2027?startIndex=1&Fond=Regionalfonden

[7] Den danske strategiske CAP-plan af 2023-2027 godkendt 18. december 2024, https://lbst.dk/Media/638719367185176465/4.2%20CAP-plan%202023-27_godkendt%2018122024.pdf ; Oversigt over CAP2023-2027 ordninger i Landbrugsaftalen, samt de afsatte rammer (mio. kr.), https://lbst.dk/Media/638579282853692857/Tilskudsordninger.pdf

- Mini wetlands (Minivådområder): EUR ≈71 million (DKK 528 million)

The wetland schemes are grant schemes to restore natural water conditions in places in the landscape that are suitable for this. Wetland schemes can be applied for by municipalities and the Danish Nature Agency, which implements the projects through voluntary agreements with landowners[8]. The mini wetland scheme is available for private landowners, who can get funding for the establishment and maintenance of mini wetlands as well as income loss. In both 2024 and 2025, EUR ≈17.7 million (DKK 132 million) has been set aside for subsidies for mini wetlands. The beneficiaries receive a 100 per cent subsidy to construct the mini wetland and can also apply for compensation for removing and maintaining the area, for which a pool of EUR ≈2.4 million (DKK 17.5 million) has been set aside in 2024 and 2025[9].

Another budget post concerns the management of grassland and natural areas (Pleje af græs- og naturarealer): EUR ≈132 million (DKK 981 million). However, under this scheme, if the area primarily has the status of forest (there is a "fredskov" obligation and the tree canopy cover is more than 10%), the landowner is not eligible[10]. Thus, grants under this scheme are most likely not relevant to forest owners.

Private afforestation (Privat skovrejsning)

The Danish "Privat Skovrejsning" (Private Afforestation) grant scheme for 2024 and 2025 supports the establishment of new forests on agricultural land, aiming to enhance water quality, sequester carbon, and protect drinking water resources. This initiative aligns withthe CAP for 2023–2027 and is funded 80% by the EU and 20% nationally.

Eligible applicants include private landowners, municipalities, companies, foundations, and associations that own agricultural land. Applicants must be registered as the landowners in the Danish Land Register or provide legal documentation of ownership.

The subsidy rate depends on the owner and the activity. For 2024 and 2025, the rates are provided in the table below. For 2025, EUR ≈12 million (DKK 90 million) has been allocated to afforestation in Denmark.

[8] Styrelsen for Grøn Arealomlægning og Vandmiljø, Kvælstof- og fosforvådområder, https://sgavmst.dk/tilskud/tilskud-til-vand-og-klimaprojekter/kvaelstof-og-fosforvaadomraader

[9] Landbrugsstyrelsen, Minivådområder 2024 og 2025, https://lbst.dk/tilskud/tilskudsguide/2023-og-senere/minivaadomraader-2024-og-2025

[10] Landbrugsstyrelsen, Pleje af græs- og naturarealer - 5-årige tilsagn, https://lbst.dk/tilskud/tilskudsguide/2023-og-senere/pleje-af-graes-og-naturarealer-5-aarige-tilsagn

Activity	Subsidy rates for privately owned agricultural land	Eligible expenses (reference costs) for municipalities
Planting deciduous forest and/or deciduous forest edge	EUR ≈3,754 (DKK 28,000) / ha	EUR ≈5,188 (DKK 38,696) / ha
Planting of coniferous forest	EUR ≈2,440 (DKK 18,200) / ha	EUR ≈4,151 (DKK 30,957) / ha
Planting and care without the use of deep tillage	EUR ≈1,167 (DKK 8,700) / ha	
Grants for the installation, maintenance and dismantling of cultural fences	EUR ≈4.5 (DKK 34) / m	
Setting up cultural fences		EUR ≈5.2 (DKK 39) / m

To receive a grant for private afforestation, several criteria must be met both at the time of approval and throughout the project period—such as establishing a forest area of at least 2 hectares. Once approval is granted, applicants must also fulfil various obligations, including obtaining all necessary permits and exemptions to ensure legal compliance. These documents must be submitted either before or along with the payment request. After project completion, further obligations include keeping documentation on the project's implementation available.

More information about the grant, including guidance documents, is available at the website of the Danish Agricultural Agency[11].

Biodiversity forest (Biodiversitetsskov (N2000))

Approximately EUR 17 million (DKK 125 million) is allocated to biodiversity forest in the Danish Strategic Plan. The subsidy includes the preservation of 12 native trees per hectare for natural decay, as well as subsidies for extensive forestry of the pledged area for 20 years.

The subsidy rates vary based on tree type (broadleaved or oak), stem diameter, and the number of qualifying trees per group of 12. For broadleaved trees, rates range from EUR ≈1,850 (DKK 13,800) / ha (for smaller diameters of 25-50 cm with all 12 trees qualifying) up to EUR ≈6,329 (DKK 47,200) / ha (for large diameters of > 75 cm with all 10-12 trees qualifying). For oak trees over 75 cm in diameter, subsidies start at EUR ≈3,888 (DKK 29,000) / ha for 1-3 trees and rise to EUR ≈8,836 (DKK 65,900) / ha for 10-12 trees. Additional subsidies for extensive forestry management are included depending on stem size. Populus species (except Populus tremula) are excluded.

To receive a grant, the applicant must own the land in question, which must consist of at least 0.50 hectares of forest, with each sub-area covering a minimum of 0.25 hectares. The area must

[11] https://lbst.dk/tilskud/tilskudsguide/2023-og-senere/privat-skovrejsning-2024-og-2025

not include buildings, gardens, roads, or other non-forested land, except for temporarily unplanted operational zones. The minimum grant amount is EUR ≈4,022 (DKK 30,000).

Once a grant has been approved, recipients must submit the payment application and annual reports on time. A legally binding easement must be registered to ensure tree preservation until natural decay and the application of extensive forest management across the supported area. Authorities must be granted access for control purposes. In addition, the area must be designated as "fredskov" (land designated for permanent forest use)[12] under the Forest Act before submitting the payment application—unless this status already applies. Trees preserved for natural decay must be native species forming part of the canopy, physically marked, and no more than 50% may be located within the outer 20 metres of the forest edge.

More information about the grant, including guidance documents, is available at the website of the Danish Agricultural Agency[13].

1.3. LIFE and Horizon Europe

Projects relevant to SFH supported from LIFE, Horizon Europe and Interreg funding are analysed for the whole EU in a dedicated chapter and annex.

[12] 'fredskov' is an over 200 years old concept in Danish law that would be literally (and wrongly) translated into 'protected forest'. An area designated as 'fredskov' must remain a forest according to certain definitions, and certain forest management activities applies, not at least as specified in the Danish Forest Act (Skovloven, LBK nr 690 af 26/05/2023). If an area is designated with a fredskov obligation ('fredskovspligtige areal'), the land must remain forested and managed sustainably. Landowners are required to replant trees after harvesting and are restricted from converting the land to non-forested uses. According to the official forest statistics (University of Copenhagen, 2025, Skovstatistik 2023), about 70% of the Danish forest area is designated for a with a fredskov obligation.

[13] https://lbst.dk/tilskud/tilskudsguide/2023-og-senere/biodiversitetsskov-2024-og-2025

2. Financial incentives based on MS funding

2.1. State aid

No results were found for Denmark on state aid for forestry and logging in the European Commission's database on state aid[14].

2.2. Taxes and tax exemptions, subsidies

Taxes and exemptions

In Denmark, forest properties are subject to taxation based on their categorisation and usage. Properties designated as "fredskov" (land designated for permanent forest use) under the Danish Forest Act must be managed for forestry purposes, adhering to sustainable practices, including replanting after harvesting with appropriate tree species. These properties are typically taxed through land tax ("grundskyld"), calculated as a percentage of the land's assessed value, with rates varying by municipality. Forest owners may be eligible for tax exemptions or reductions under certain conditions. For instance, if a property includes a residential dwelling used as the owner's primary residence, it may qualify for partial exemption from property value tax ("ejendomsværdiskat") under specific provisions of the Danish tax code. Additionally, properties primarily used for commercial forestry operations may benefit from different tax treatments compared to those used for private purposes[15].

Agricultural and forest properties are assessed and taxed according to their primary usage, with preliminary assessments from 2023 currently applied for taxation purposes in 2024 and 2025 due to delays in final assessments. These final valuations, due in 2026, may lead to retroactive tax adjustments. Properties are taxed through a land tax ("grundskyld"), calculated on assessed land values, with recent rules introducing lower rates and annual caps on increases. Residential buildings on such properties attract a property value tax ("ejendomsværdiskat"), based on assessed residential value minus a standard 20% deduction. Taxes are collected via the Skattekontoen system and annual tax returns. Special provisions exist for newly established properties and properties undergoing usage category changes, and owners may appeal final—but not preliminary—assessments[16].

National funding (not under EU schemes)

Private untouched forest (Privat urørt skov): The purpose of designating untouched forest areas is to preserve and enhance biodiversity in privately owned woodlands, based on the voluntary participation of landowners. The selection of such areas is intended to be cost-effective and prioritises forests with existing or potential high natural value. Funding is available exclusively to private forest owners, including individuals, companies, foundations, and associations. Agreements are permanent and involve compensation for the prohibition of forest management

[14] State Aid Transparency Public Search.

[15] The Danish Customs and Tax Administration, C.H.2.1.15.5 Blandet benyttede ejendomme samt land- og skovbrugsejendomme m.m., https://info.skat.dk/data.aspx?oid=1948727

[16] Vurderingsportalen, 2025, Agricultural and forest properties: Read about how we assess and tax agricultural and forest properties, https://www.vurderingsportalen.dk/landbrug-og-skov/

activities. Grants are calculated based on the net value of the trees and supplemented by standard rates to offset future income losses, as outlined in the official guidance. For the application round of the scheme in 2025, a total of EUR ≈1.8 million (DKK 13.2 million) has been set aside for private untouched forest, financed by national funds from the Ministry of Green Transition[17].

Windfall scheme (Stormfaldsordning): A forest owner may receive funding to replant resilient forests if they have been damaged by a storm. The scheme is administered by the Danish Environmental Protection Agency for the Natural Disasters Council[18]. To be eligible for funding under Denmark's Stormfaldsordningen scheme, the storm event must be officially recognised by the Naturskaderådet (Natural Damage Council), and applicants must hold basic storm damage insurance for their property. The affected forest area must be at least 0.5 hectares, and replanting must prioritise resilient tree species, with at least half being native. Funding typically covers the costs of clearing storm-damaged trees and replanting with suitable species. In some cases, additional support may be provided for environmentally friendly practices, such as pesticide-free planting and gentle soil preparation[19].

The Danish Climate Forest Fund: The Danish Climate Forest Fund (Klimaskovfonden) is an independent, state-owned administrative body under the Ministry of the Environment of Denmark, managed by an independent board appointed by various ministries. Established by the Danish Parliament to support afforestation and the restoration of low-lying soils, the fund aims to reduce CO_2 emissions and contribute to Denmark's climate targets. It operates by financing projects across Denmark on both privately and publicly owned land, inviting landowners to apply for support for climate projects. The fund's projects are designed to provide long-term, cost-effective climate effects, with afforestation projects given the status of forest reserves and low-lying areas restored to natural conditions. To finance its activities, the fund sells CO_2 credits from project CO_2 reductions, allowing individuals and businesses to contribute to Danish climate action. Eligible beneficiaries include private and public landowners, such as municipalities and organisations, who can apply for support to establish new forests or restore low-lying areas. The fund ensures transparency and credibility by monitoring CO_2 sequestration, recording it in a public register, and verifying the effects through external third parties[20].

Under the Danish Climate Forest Fund, projects must be implemented (meaning trees must be planted) within two years from the date the grant is awarded. Funding is paid in two instalments: 80% upon project completion and validation, and the remaining 20% following a health check (the "sundhedstjek") conducted 2½ to 3½ years after establishment. No further funding is provided beyond this point, but the forest must be permanently maintained by the owner under

[17] Agency for Green Transition and Aquatic Environment, Privat urørt skov, https://sgavmst.dk/tilskud/tilskud-til-skov-og-naturprojekter/privat-uroert-skov

[18] Agency for Green Transition and Aquatic Environment, Stormfaldsordning, https://sgavmst.dk/tilskud/tilskud-til-skov-og-naturprojekter/stormfaldsordning

[19] Naturskaderådet, https://naturskaderaadet.dk

[20] Klimatskovfonden, About the Danish Climate Forest Fund, https://www.klimaskovfonden.dk/english

the *fredskov* obligation. The amount depends on the year and available funding. For 2025, the maximum funding available is capped at approximately EUR 8,715 (DKK 65,000) per hectare for planting and establishment costs. In addition, approximately EUR 37 (DKK 280) per tonne of projected CO_2 reduction, with applicants proposing their own price per tonne. Projects are then selected on a competitive "auction-style" basis, with funding granted to those offering the lowest cost per tonne until the budget pool is exhausted. From 2025, additional compensation will be introduced for loss of agricultural income, amounting to approximately EUR 3,950 (DKK 29,500) per hectare, with a further approximately EUR 2,010 (DKK 15,000) per hectare available if the new forest is designated as permanent natural forest (*urørt skov*)[21].

There are 179 current projects that receives support from the Danish Climate Forest Fund, covering 1,792 hectares, and which expect to store 639,462 tonnes of CO2e[22]. The website of the fund hosts a database of all the current projects[23]. For example, the 'Holmehave' project is a large-scale forest and nature initiative covering 55.8 hectares near Bregnemosen in Assens Municipality, approved in February 2025. Located in a drinking water protection zone and an area with a nitrogen reduction potential of 75–100%, it addresses low forest cover in the municipality. Developed collaboratively with Assens Municipality and the water company VandcenterSyd, the project also includes wetland creation, grazing, pathways, and stream restoration. It is expected to reduce CO_2 emissions by 19,600 tonnes over a period of 61 to 100 years[24].

2.3. Funding provided by regional and local authorities

N/A

2.4. Funding provided by foundations, business associations, educational or other institutions

Nyskovfonden

Nyskovfonden is a Danish non-profit foundation established by Forenet Kredit, Østifterne, and Nykredit Realkredit A/S, with the primary aim of supporting afforestation projects across Denmark to enhance CO_2 sequestration from the atmosphere. The foundation provides financial assistance to landowners—both private individuals and businesses—who wish to convert their land into forested areas. To be eligible for support, applicants must ensure that the land becomes designated as protected forest ("fredskov") and meet specific criteria, such as a minimum area of 1 hectare and the use of native tree species[25].

Since its inception in 2019, Nyskovfonden has committed to funding 94 projects, resulting in the afforestation of approximately 282 hectares. These initiatives are projected to sequester an average of 2,820 tonnes of CO_2 annually over a 100-year period. The foundation emphasizes

[21] Klimatskovfornden, 2025, Vejledning til ansøgning om støtte til klimaprojekter hos Klimaskovfonden (skovrejsning), https://www.klimaskovfonden.dk/sites/default/files/2025-05/2025%20maj%20Vejledning%20til%20udfyldelse%20af%20KSF_CO2-beregner%20SKOV.pdf

[22] Klimatskovfonden, Klimaregistret, https://www.klimaskovfonden.dk/vores-standard/register

[23] Klimatskovfonden, Vores projekter, https://www.klimaskovfonden.dk/vores-projekter

[24] Klimatskovfonden, 2025, Holmehave, https://www.klimaskovfonden.dk/projekt/2024-298

[25] Nyskovsfonden, Formål, https://nyskovfonden.dk/om_fonden/

biodiversity by promoting practices like allowing up to 20% of new forests to undergo natural succession, incorporating dead wood and stones to create habitats, and collaborating with organizations such as Vild Med Vilje and BeeKind to enhance ecological value[26].

The Danish Nature Fund

The Danish Nature Fund (*Den Danske Naturfond*) is an independent, non-profit foundation established in January 2015 by the Danish state, VILLUM FONDEN, and the Aage V. Jensen Naturfond. Its primary mission is to enhance Denmark's natural environment and water ecosystems by acquiring, protecting, and restoring land to create thriving habitats for wildlife and provide the public with enriching nature experiences. The Fund operates across the entire country, focusing on areas where nature is under threat or has been lost, and works to re-establish natural habitats through voluntary agreements with private landowners[27].

Since its inception, the Danish Nature Fund has supported 97 nature areas, contributing to the conservation of 2,570 threatened and rare species. In 2024 alone, it allocated over EUR ≈1.6 million (12 million DKK) to 21 new nature projects, aiding in the restoration of approximately 600 hectares of land and aquatic environments. The Fund's activities are guided by criteria emphasizing biodiversity enhancement, climate impact mitigation, and sustainable forest management. It collaborates with various stakeholders, including local communities, to ensure long-term stewardship and public access to natural areas[28].

2.5. Innovative funding sources

Green Bonds

Green bonds in Denmark are issued by the central government and multiple banks. The state bond[29] supports climate infrastructure but does not include forestry. Similarly, the Green Finance Framework of the Danish bank Jyske Bank[30] covers energy, manufacturing, buildings, transport, water and waste activities but no explicit forestry related activities. However, other banks such as Danske Bank and Nykredit include forestry related investments in their green bond and green finance frameworks:

- Danske Bank: Funds, e.g. FSC/PEFC-certified forest land[31].

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[26] Nyskovsfonden, Nyskove, https://nyskovfonden.dk/foer_du_soeger-2/

[27] Den Danske Naturfond, Om Naturfonden, https://naturfonden.dk/om-fonden/

[28] Den Danske Naturfond, front page, https://naturfonden.dk/ ; 21 nye natur-projekter får 12 millioner, https://naturfonden.dk/nyheder/21-nye-natur-projekter-faar-12-millioner/

[29] Danmarks nationalbank, Green bonds, https://www.nationalbanken.dk/en/government-debt/funding-strategy/green-bonds

[30] Jyske Bank Group, 2024, Green Finance Framework, 2024, https://jyskebank.com/wps/wcm/connect/jbc/7e596aab-0bba-4a83-ab37-8e0be7c58f2f/Jyske+Bank+Group+Green+Finance+Framework+2024.pdf?MOD=AJPERES&CVID=pquWnGA

[31] Danske Bank Group, November 2022: Danske Bank Green Finance Framework, https://danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/green-bonds/danske-bank-green-finance-framework-november-2022.pdf?rev=dbda21ba005749a8b70fe8481e068dfd&hash=1C1EB95E14F80F0AE186B8CD48A7A59C

- Nykredit: Supports sustainable land management including forestry and sustainable forest management activities[32].

KommuneKredit

KommuneKredit is a Danish non-profit credit institution established in 1898 to provide low-cost financing for municipalities, regions, and entities carrying out public sector activities in Denmark. Its primary purpose is to facilitate local development, infrastructure improvements, and the green transition, thus significantly contributing to sustainability objectives across the country[33].

Eligible applicants include all 98 Danish municipalities, the five regional authorities, inter-municipal partnerships, as well as companies and associations undertaking tasks for municipalities or regions, provided these projects are guaranteed by a municipality or region. The financial products offered by KommuneKredit include loans for various infrastructure, energy, and environmental projects, finance leases primarily for equipment and public service vehicles, and dedicated green loans designed explicitly for projects that meet sustainability criteria outlined in KommuneKredit's Green Bond Framework[34].

Supported sectors are diverse, covering energy projects such as renewable energy installations and energy-efficient district heating systems, water and wastewater infrastructure improvements, advanced waste management solutions, environmentally sustainable buildings, and clean transportation initiatives, including electrification of public transport fleets. Although KommuneKredit does not specifically finance forestry projects, its support extends indirectly to forest owners through initiatives such as climate change adaptation and pollution prevention, potentially benefiting sustainable land management and afforestation activities[35].

Financially, KommuneKredit has significantly impacted the Danish green transition. By the end of 2024, it had issued green bonds amounting to approximately EUR 4 billion (DKK 30 billion), with total green loans outstanding of around EUR 4.4 billion (DKK 33 billion), making up 24.7% of its overall lending. The institution's environmental impact has been substantial, resulting in annual reductions or avoidance of around 105,159 tonnes of CO_2 emissions and the generation of over 1 million MWh of renewable energy per year[36].

To qualify for KommuneKredit financing, projects must demonstrate a clear public purpose and receive a guarantee from a municipality or regional authority. Green projects specifically must

[32] Nykredit, 2023, Green Bond Framework 2023, https://www.nykredit.com/siteassets/ir/files/bond-issuance/green-bonds/nykredit-gbf-2023.pdf

[33] Kommunekredit, Meet Kommunekredit, https://www.kommunekredit.com/about-us/about-us/meet-kommunekredit

[34] Kommunekredit, Use of proceeds, https://www.kommunekredit.com/what-we-offer/what-we-finance/use-of-proceeds/

[35] Kommunekredit, Green Bond Framework, https://www.kommunekredit.com/sustainable-finance/sustainability-in-our-portfolios/green-bond-framework/

[36] KommuneKredit, Green Bond Impact figures, https://www.kommunekredit.com/sustainable-finance/our-esg-library/esg-figures/green-bond-impact-figures/

comply with KommuneKredit's Green Bond Framework, aligned with the EU Taxonomy and International Capital Market Association (ICMA) guidelines[37].

A recent development in 2025 introduced a new funding arrangement, whereby Danmarks Nationalbank provides KommuneKredit with financing at sovereign rates on behalf of the Danish government. This arrangement aims to lower borrowing costs for municipalities and regions without altering KommuneKredit's existing obligations or liability structure[38].

2.6. Other funding sources

N/A

[37] Kommunekredit, Green Bond Framework, https://www.kommunekredit.com/sustainable-finance/sustainability-in-our-portfolios/green-bond-framework/

[38] KommuneKredit, Understanding between the Danish Government and KommuneKredit regarding public financing of KommuneKredit, https://www.kommunekredit.com/media/hi2ponnf/forstaaelse-endelig-engelsk-250325_.pdf

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