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# Climate and environment funds in Swedish Budget proposal for 2024

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## Introduction

On 20 September 2023, the Swedish government presented its budget proposal for 2024. This proposal will now be handled by different parliamentary committees, and the Swedish Parliament will vote on the budget bill in December 2023.

This bill is based on an agreement between the Sweden Democrats, the Moderate Party, the Christian Democrats and the Liberal Party. Its focus is to battle the problems facing the Swedish economy due to high inflation and increased security threats in Europe. With regards to funds allocated to combating climate change and preserving the environment, the budget bill is mostly unchanged compared to 2022, when the environment and climate budget was cut by 20%.

Even though the funds have been reduced, the government states that the climate issues remain one of the major challenges of our time and that an ambitious and effective climate policy is needed for Sweden to fully achieve net-zero emissions by 2045. To reduce emissions and accelerate the green transition of industry and the transport sector, the government proposes extended and increased funding for charging infrastructure to encourage more people to buy electric cars. The government also proposes boosting the Climate Leap and Green Industry Leap initiatives.

In total, the proposed budget for environmental actions is 19,3 billion Swedish krona (approximately £1,446,481,000). The budget contains several changes that impact Sweden's climate efforts. This article discusses some key changes.

## Climate Leap Initiative

The funds to the so called Climate Leap and Green Industry Leap initiatives that aims to promote the Swedish transition to a greener economy are increased. The government also expresses an ambition to increase the ambition with regards to preserving and restoring biodiversity.

The fund to the Climate Leap is increased with 4 billion Swedish krona (approximately £299,808,892). The Climate Leap is an investment-fund that makes it possible for companies, municipalities, regions and organisations to apply for investment in fossil-free technology and green transitions. The Climate Leap is also financed by the European Union's recovery fund and NextGenerationEU.

## Accelerated permit processes

The processes for environmental permits in Sweden are lengthy. This has been identified as a problem since it wards off investment in green energy. Therefore, funds are allocated to the County Administrative Boards and to the Swedish Environmental Courts.

## Greenhouse gas emissions

The Swedish reduction obligation means that all fuel suppliers must reduce their greenhouse gas emissions by a certain percentage. The government have reduced this obligation. The goal has previously been to reach a 70% reduction by the year 2030. Instead, emissions are now estimated to increase by anything between 3.6 and 8.7 million tons carbon dioxide equivalents by 2030. The government has admitted that the adopted policies mean that Sweden will not reach the transport target. In the long run, the emissions are expected to decrease by 1.8 million tons until 2045, but this decrease is too slow when it comes to stopping climate change.

The new budget contains tax reductions for both petrol and diesel. The tax on plastic-bags is also being cut. The reduction of taxes will not only lead to increased emission and consumption of plastic bags but will also reduce the income that could have been used to reach the environmental goals.

On the other hand, the government is allocating funds to electric charging stations for cars, which may lead to increasing popularity in electric cars.

## More energy efficiency needed

This bill is in line with previous investments in energy where the focus is on fossil-free energy instead of renewable energy. While funds to promote renewable energy are lacking, it is still good that the government focuses on energy security and energy supply. There has

recently been a lack of energy that has led to high electricity prices for many Swedish households. At the same time, investing in energy efficiency would reduce the need to increase energy production and benefit the environment.

### **Climate adaptation**

Climate adaptation seeks to promote the Swedish resilience of fires, floods, heatwave and changes to drinking water and food-supply. Resilience is a very important part of the climate adaptation. It is a way to withstand the effects that climate change is likely to bring with warmer temperatures, extreme weather, pollution and food shortages. Funds are increased to the agriculture of Sweden for the promotion of food-security, but according to researchers, more needs to be done.

The government has instead chosen to prioritise climate-adaptation for the most vulnerable countries. The climate-related aid in general to other countries has been increased. However, there is a need to reduce the risks of climate-related crises in Sweden.

### **Dismantling urban environment agreements**

The urban environmental agreements aim at making cities more sustainable with increased opportunities for walking, cycling and an expansion of public transport. In Agenda 2030, goal number 11 has been entirely allocated to sustainable cities and communities. The risk of not investing in this change now, beyond the fact that goal 11 will not be achieved, is that Sweden will fall behind and be forced to make even bigger investments in the future.

### **Preserving and restoring biodiversity**

The budget is increasing funds to:

- the protection of valuable nature;
- the protection of the Baltic-sea and other waterways; and
- new means to combat the spread of invasive species.

Goal 15 in Agenda 2030 aims to fulfil healthy ecosystems and a good biodiversity. It is therefore understandable and pivotal that this is a priority for the government. The investment in the sea and waters is also important to meet Sweden's commitments in the European Union and globally for aquatic area protection (eg, with Helcom, Ospar and the convention on biological diversity). This is also crucial within the action plan for the environment in the Baltic Sea.

### **Comment**

The budget contains many welcome initiatives that will further Sweden's work to tackle the climate, perhaps the most important being The Climate Leap and actions to promote biodiversity. The budget is largely aimed at making it easier for companies and investors to promote green investments. For the second year in a row, however, the budget for the environment and climate is decreasing, while Sweden's emissions are projected to increase. The Swedish Parliament has set several emissions reduction targets. The overarching goal is to achieve net greenhouse gas emissions to the atmosphere by no later than 2045. However, according to the government's own assessment in the budget proposal for 2024, this does not appear to be achievable. The overall effect of the government's proposals in the budget proposal for 2024 is estimated to be an increase in emissions during 2024 and 2025, followed by a decrease thereafter.

The budget has faced various criticism because one-third of the reform space in the budget is allocated to subsidies for gasoline, diesel and car travel. The budget has also received criticism for lacking effective measures that produce results and compensate for the significant emissions increases expected from these subsidies. With the new budget, it is highly unlikely that the goals of Agenda 2030 and the Paris Agreement will be achieved.

The essence of the government's climate policy, as interpreted from the budget, appears to be that it is acceptable to increase carbon emissions in the short term with the hope that emissions will decrease in the long run. It can be questioned whether this is wise – this discussion is ongoing.

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