



# **Kommuninvest**

## **Green finance and Swedish local governments**

**Björn Bergstrand, Head of Sustainability**

**European Commission, Meeting of Member States expert group on sustainable  
finance, Brussels, 3 december 2018**



**KOMMUNINVEST**

# Supporting local government sustainability efforts

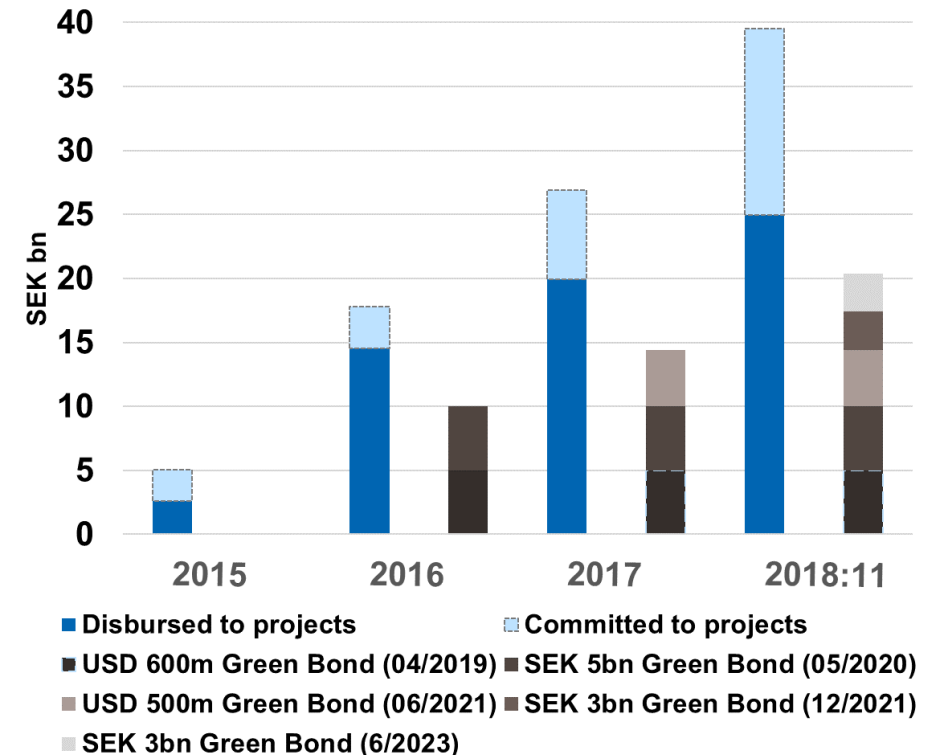
## Green Loans to members/clients since 2015

- Maturities from 3-25 years
  - No floor or cap to loan sizes. Current portfolio: from SEK 0.5 mn to 1.25 bn
- ➔ 7 % of all lending is now green

## Green Bonds issued since 2016

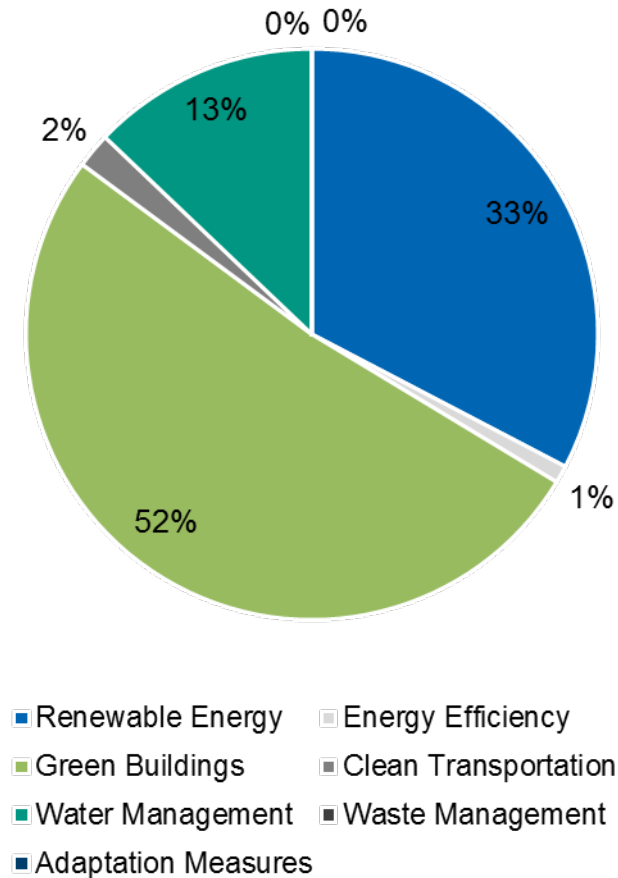
- Kommuninvest is Sweden's largest issuer of green bonds
- Leads Nordic public sector initiative on impact reporting

## Green project portfolio and green bonds issuance



# 107 members with Green Loans, financing 233 projects

Committed: SEK 39.5 bn



## Environmental Committee reviews projects



### Areas of Expertise

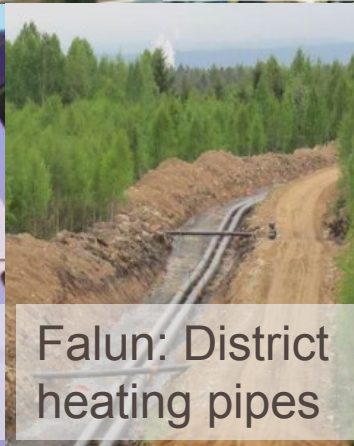
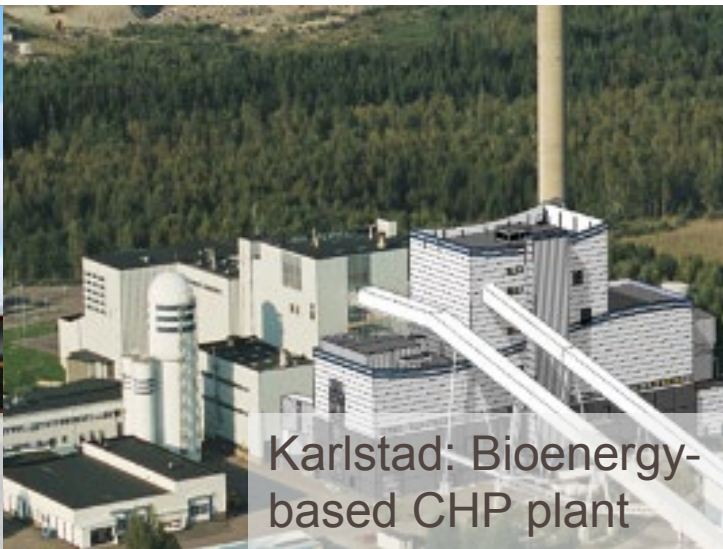
- Energy and climate strategy
- Urban development and planning
- Waste management and circular economy, ecological economics
- Environmental management
- Environmental engineering
- Sustainability reporting

### Tasks

- Audit and final approval of Green Loan applications
- Advisory board
- Review and decide on Green Loan reporting
- Review and approve Impact Reporting
- Participate in development of Green Bonds framework



# Framework tuned to member demands and investment pattern





# Accelerating sustainable investments in Skövde

## Obstacle: 10 year ROI requirement for solar energy

- Cooperation between finance, real estate and environmental departments:
  - Revised internal rules
  - Life cycle perspective applied in ROI analysis
- ➔ Solar energy investments increased from 700 sq.m. to 7,000 sq.m.



### Findings

- ☐ Sustainability perspectives at times conflict with conventional economics and operational governance
- ☐ Cross-interdisciplinary cooperation can be fruitful and constructive
- ☐ "Silo-bridging", dialogue & cooperation can solve problems

### Skövde Municipality

Population: **54,975**

Invst. budget 2018: **SEK 1.1 bn**

External debt: **SEK 3.4 bn**

Green Loans: **SEK 1.6 bn**

Total balance sheet: **SEK 8.6 bn**



# Swedish public housing companies: going fossile free

## SABO Climate Initiative launched in Nov 2018

Organisation for municipality-owned public housing companies in Sweden. More than 300 members and >800,000 dwellings, housing every 7<sup>th</sup> citizen. 50% of rental housing market.

## Objectives

- A fossile free public housing sector by 2030
- 30% energy efficiency requirement by 2030 (base year: 2007)

## Focus areas

- Peak demand and renewable energy
- LCA requirements on contractors
- Climate-friendly living (engaging tenants)

## Role of finance/Kommuninvest

- Integrating sustainable finance into early decision-making
- Aligning Green Bonds Framework to support and speed up development.



Anders Wijkman, chair of EIT Climate-KIC and former co-president of the Club of Rome, speaks at the launch of the SABO Climate Initiative in Stockholm 27 Nov 2018

Kommuninvest is a partner for this focus area.

# Lessons learned & success factors

- Easy and relevant for clients – aggregation model allows financing of small & large projects
- Green finance is a tool for engagement across disciplines; bridges “silos”
- Smart process for qualitative project evaluation and reporting
- Moderate growth despite 2 b.p. incentive

## ***SCALING UP***

- ➔ Aligning ownership directives, finance policies & certification schemes: point to green/sustainable/“use-of-proceeds”-financing for sustainable investment projects
- ➔ Partnerships and promotion
- ➔ Incentives targeting financing costs

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