

LOCAL GOVERNMENT DEBT

2021



KOMMUNINVEST

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About Kommuninvest's report series

In its report series Local Government Debt, Kommuninvest reviews development in the local government sector's investments and debt. The report is unique, since both investment and debt are analysed from a group perspective. This means that operations conducted in a company format are also included in the data on which the report is based. The group perspective is important in obtaining an accurate overall picture of a municipality or region's economic and financial position, as:

- An increasing share of local government authorities' operations are being conducted in company form. For example, an increasing number of local government authorities have

transferred their service and operational premises to subsidiaries in recent years.

- local government sector companies account for slightly more than half of the sector's investments but for most of the external debt. The supporting data in this report are based on details gathered from the municipalities' and regions' own annual reports. The report lags by a year in the sense that the 2021 edition presents data for 2020. Details of investment and debt levels for all municipalities and regions for the years 2010-2020 are available on the Kommuninvest website, under the tab "Local Government Debt 2021".



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Foreword

The data for 2020 have now been compiled – a year of considerable uncertainty and with sharply varying forecasts. It was a year pervaded by the pandemic in numerous ways.

Local government debt increased by SEK 39 billion in 2020, corresponding to a growth rate of 5.3 percent. This growth rate was significantly lower than the figure of 10.1 percent noted in 2019. The reason is a combination of lower cost increases, government grants and lower investment levels. Investments landed at SEK 184 billion, entailing a reduction of SEK 8.5 billion. Accordingly, for the first time since data collection began (in 2007), the level of investment decreased. Local government sector net profits were at record levels, also resulting in a higher degree of self-financing. The regional groups finance all investments with their own funds, while the municipal groups finance 73 percent of their investments with their own funds.

Following the first quarter outcome, the forecast for the municipalities' combined net

profits for 2021 is in line with net profit for 2019. For the regions, the forecast is SEK 6 billion, which is SEK 2 billion lower than the outcome in 2019. In 2021, general central government allocations remained high before being phased out. However, it is expected that further reinforcements will be provided in the upcoming years. The Ministry of Finance's calculations show that in 2026, there will be a shortfall of SEK 50-80 billion in covering the cost increases caused by demographic effects.

Although we have seen a lower level of investment for 2020, forecasts show continued high pressure on the investment side. This is associated predominantly with one or all of the three factors: population growth, changed population structure and maintenance requirements.

NOTICE The PDF available for downloading at www.kommuninvest.se includes clickable links to comparisons between municipalities.

Örebro, October 2021



Tomas Werngren
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Local government sector economy

In 2020, the corona pandemic affected all areas of the economy. In the second quarter of the year, GDP fell sharply by more than 8 percent, causing rising unemployment and reduced employment. Certain sectors were impacted particularly hard by the pandemic and restrictions to mitigate contagion, particularly the hospitality and restaurant sectors. Despite the historically sharp decline in GDP during the initial phase of the crisis, the Swedish economy began to recover in the second half of 2020, and growth is expected to remain high in the upcoming years. Industry served as a locomotive in the recovery, with high growth in many sub-sectors, due partly to a strong increase in export orders. The recovery in the service sector was slower however.¹

At present, there are many indications that the Swedish economy recovered well following the initial impact of the corona pandemic. During 2021, GDP growth has been strong and employment has increased. Despite wide variations in both conditions and business structure, many parts of Sweden have contributed to the overall upswing. The number of newly registered job vacancies is at higher levels than before the crisis, especially in the northern parts of Sweden. In southern and western Sweden, housing construction has accelerated and industry in the southern province of Småland is booming. The Stockholm region is still faced with higher unemployment than before the crisis, which can partly be explained by many industries having been impacted harder by the crisis than in other parts of the country. At the same time, many indicators indicate strong growth in the capital region during the autumn and over the upcoming years.² In step with increased vaccination coverage among the population and eased restrictions, the economic outlook looks bright, although

the future trend is uncertain. Were contagion to increase again in the autumn, there is a risk that new restrictions could hamper the economic recovery.

The local government sector, with its extensive welfare mission, has been impacted strongly by the pandemic. During the pandemic, key operations, such as healthcare, care of the elderly and education have had to undergo major re-prioritisations and have borne a heavy burden. Nonetheless, at the group level, the local government sector reported a net profit of SEK 68 billion for 2020. The two main explanations for the strong net profit were injections of general central government allocations, as well as a weaker net cost trend. The municipalities reported a net profit of SEK 49 billion, an increase of SEK 21 billion compared with 2019. Despite injections of general central government allocations, 15 municipalities reported negative incomes for their operations. Pension redemptions and impairments have had a negative effect on net profit in some of these municipalities, while others have reported deficits in their operations. The regions reported net profit of SEK 19 billion, corresponding to an increase of SEK 10 billion since 2019. All regions reported a net profit in 2020.

Despite strong net profits in 2020, challenges remain in the local government sector associated with long-term sustainable economic development. Here, future demographic shifts are of central importance. By 2040, Sweden's population is expected to increase by 900,000, imposing increased demands on welfare, primarily due to population growth coinciding with an increase in the proportion of elderly people.³ This will cause difficulties for many local government authorities in funding their operations.⁴

1) Statistics Sweden (2021a)

2) Nordea (2021)

3) Statistics Sweden (2021b)

4) SALAR (2021)

Local government sector investments

Sweden

The municipalities and regions are charged with a very wide-ranging welfare mission. The municipalities and regions account for slightly more than 70 percent of total public consumption expenditure, and the central government for the remainder. The local government sector's consumption expenditure is split between the municipalities at 66 percent and the regions at 34 percent. The municipalities are responsible for preschools, schools and care of the elderly, for example. The regions are responsible for health care, as well as public transport, culture and regional development, for example (see Table 1). The municipalities and regions own slightly more than 1,800 companies, which are engaged in areas including housing, property and energy supply, public transport, culture, education and tourism.

The local government sector is responsible not only for the actual operations, but also for the expansion and maintenance of the fixed assets used in these operations. It is these investments that we will examine in this section.

Strong population growth over the past decade, combined with extensive needs for the renovation of homes and properties built during the record years of 1965–75, has

brought increased investment levels in the local government sector. This trend was broken in 2020, however, and we saw declining investment levels. In 2020, the local government sector's investments decreased by SEK 8.5 billion, corresponding to a decrease of 4 percent compared with the preceding year. This was the first time the volume of investment had decreased since measurements commenced. Average investment growth between 2010 and 2020 was 6 percent annually. Total investment in 2020 amounted to SEK 184 billion.

There could be many reasons behind this trend. One is that the focus has been on the operations, with procurement and construction being postponed as a consequence. A changing demographic forecast may be another reason, with the number of children being expected to decrease between 2020 and 2040. Although the urbanisation trend has slowed, more municipalities than previously are expected to have fewer inhabitants in 2040 than in 2020. At the same time, the level of uncertainty regarding this trend is substantial. Forecasting the number of children is more difficult than forecasting the number of elderly people, where we continue to see a sharp increase over the upcoming years. During the corona pandemic, however,

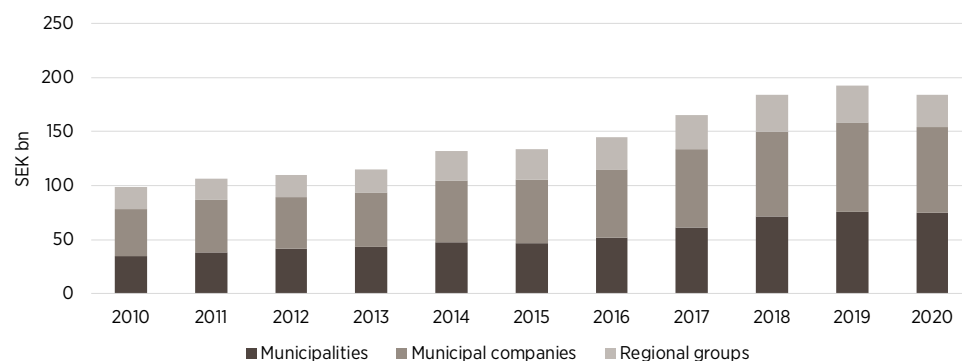
Table 1: The tasks of the municipalities and regions

Municipalities		Shared	Regions	
Compulsory	Voluntary	Compulsory	Compulsory	Voluntary
Social operations	Leisure and culture	Public transport	Health and care	Culture
Schooling	Technical services		Dental care**	Education
Planning and building issues	Energy supply		Regional development responsibility	Tourism
Environmental health protection	Business development			
Sanitation and waste	Housing construction			
Water/sewerage				
Emergency services				
Library operations*				
Crisis contingency planning				
Housing provision				

* A public library in each municipality.

** Dental care for children and young people up to and including the age of 23.

Source: Kommuninvest

Figure 1: Investment volume in SEK billion, 2010–2020⁵

Source: Kommuninvest

demand for elderly care has decreased, which may lead to certain planned investments being postponed. In many places, maintenance needs for operational premises and infrastructure remain. In turn, this also entails high investment needs in these areas in the future.

Of the local government sector's total investments, the municipal groups accounted for SEK 153.6 billion and the regional groups for SEK 30.6 billion, a decrease of 3 and 11 percent respectively since 2019. The local government groups' investments were, in turn, split between the municipalities at SEK 75.1 billion and the municipal companies at SEK 78.5 billion, corresponding to a decrease of 1 and 6 percent respectively since 2019.

Distribution of investments⁶

Municipalities

The distribution of investments between different types of assets has been relatively stable over time. Of the municipal groups' investments in 2020, 51 percent (55 percent for 2019) referred to investments in housing and property. Housing investments refer to newly produced homes, as well as measures to upgrade existing homes. Property investments refer to investments in non-residential properties.

Examples are investments in homes for the elderly, preschools and schools, as well as sports and bathing facilities. Either under their own auspices or through companies, some municipalities own properties financed essentially through external income, such as parking garages and industrial premises. Investments in infrastructure refer to investments in, for example, streets, roads, parks, water and sewage treatment plants and associated mains pipes. Ports and airports are also included. In total, infrastructure investments accounted for 33 (29) percent of the total investments, while investments in district heating and electricity production, as well as networks and equipment for electricity, data and telecommunications accounted for 9 (10) percent. However, there are difficulties in distinguishing between investments in energy, water and sewerage, respectively, in light of the fact that these operations are often conducted jointly, which probably means that investments in energy operations are somewhat overestimated. Other items mainly include investments in machinery and equipment, including vehicles, and amounted to 6 (6) percent in 2020.

Regions

The total investment levels in the country's regional groups decreased by 11 percent in

5) Due to changes in amortisation rules, the results for 2014–2020 are not entirely comparable with those for previous years.

6) To gain an overview of the distribution of investment between municipalities and regions, we collect data from the summary financial statements and divide them by category. With regard to municipal companies, we review the investments of the 50 largest municipalities by studying the annual reports of their respective companies and local government associations. For the regions, we examine all of the companies and local government associations. A total SEK 134 billion is distributed of a total SEK 154 billion, corresponding to 87 percent for the municipal groups and to all of the investments made in the regional groups.

2020, compared with 2019. For a long time, the investment trend has been affected by developments in Region Stockholm, which accounted for about 35 (35) percent of the regional groups' total investments in 2020. The region's investments decreased by SEK 1.1 billion compared with 2019. In nominal terms, Stockholm was the region that reduced its investment volume the most. The highest growth rate is in Region Gävle, where the investment level for the regional group increased by 68 percent compared with 2019. The investment volume in the region amounted to SEK 376 million. The lowest rate of increase is found in Region Blekinge, which reduced its investment level by SEK 259 million, or 53 percent, compared with 2019.

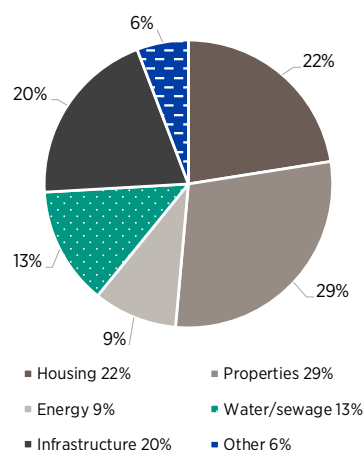
In 2020, the distribution of investments in the regional groups shifted, primarily affecting investments in property and infrastructure. In 2020, the share of investment in property was 40 percent, which can be compared with a share of 49 percent in 2019. Combined, investments in infrastructure and public transport accounted for 36 (25) percent, which is largely explained by the expansion of the Stockholm Metro by Region Stockholm (through Stockholm Public Transport, SL). Investments in healthcare equipment accounted for 11 (16) percent. Other machinery and equipment accounted for 9 (4) percent of the investments.

Investments by municipal category, regions and counties

Municipal category

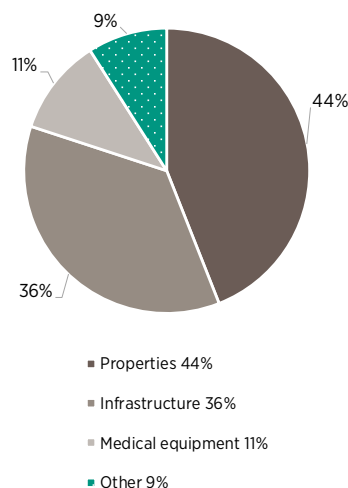
In comparing different types of municipalities, Kommuninvest uses the division into municipal categories developed by the Swedish Association of Local Authorities and Regions (SALAR). The categorisation is primarily based on urban characteristics and was most recently updated in 2017 (for more information on the categorisation, see Appendix 1). Each local government authority has its own unique set of geographic, demographic, political and economic conditions, and it can therefore be difficult to draw overly far-reaching and

Figure 2: Distribution of investment between municipal groups



Source: Kommuninvest

Figure 3: Distribution of investment between regional groups



Source: Kommuninvest

general conclusions about trends among individual local government authorities based on the trend at the level of the municipal category. The spread between municipalities within a single municipal category often greater than between municipal categories.

The municipal groups' average investment level amounted to SEK 14,800 per inhabitant in 2020, which can be compared with SEK 15,300 per inhabitant in 2019. There were substantial differences between the municipal categories. Various factors, including demographic shifts, played a greater or lesser role in the investments made by the different categories, while the need remains to maintain existing property portfolios. Among the municipal category "Rural municipalities", it is largely a matter of maintenance, but also the consequences of shifting demographics. In addition, large municipalities in terms of population have relatively large groups of municipal companies, resulting in higher levels of investment, in absolute terms, than other municipalities in the country.

Figure 4 shows the average level of in-

vestment and the rate of increase in investment for the nine municipal categories. As in previous years, the average investment level is greatest in the municipal groups "Metropolitan municipalities" and "Large cities". For 2020, this amounted to SEK 19,000 and SEK 16,600 per inhabitant respectively. The municipal category "Smaller city/town" has historically seen a high level of investment growth and has almost the same level of investment as the municipal category "Large cities".

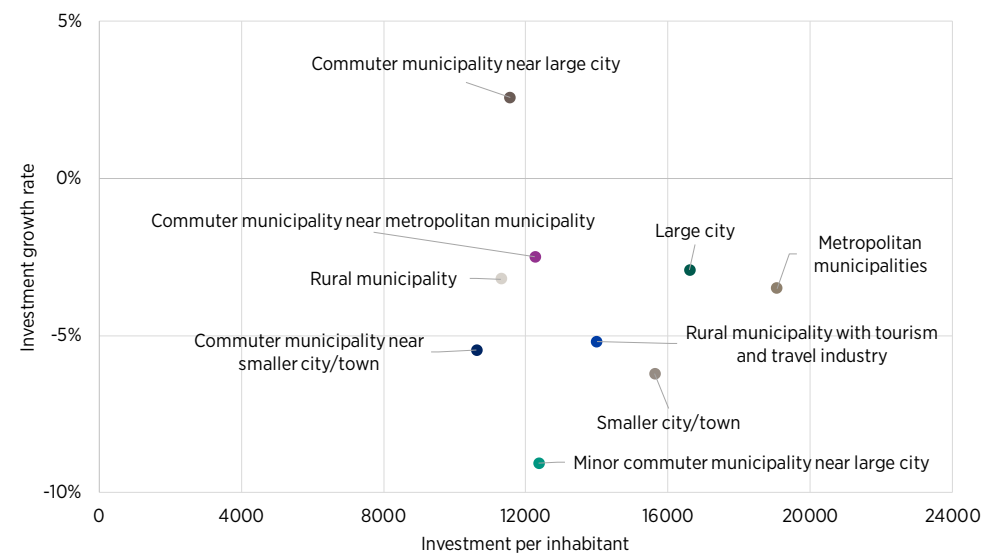
On the whole, all municipal categories experienced a negative trend in investment levels in 2020, apart from the municipal category "Commuter municipalities near large city" where investment grew by 3 percent. Of all municipal categories, investment decreased most in "Minor commuter municipalities near large city", by a total of 9 percent.

Regions

The regions' average investment level amounted to SEK 3,000 per inhabitant in 2020, corresponding to negative growth compared with 2019.⁷

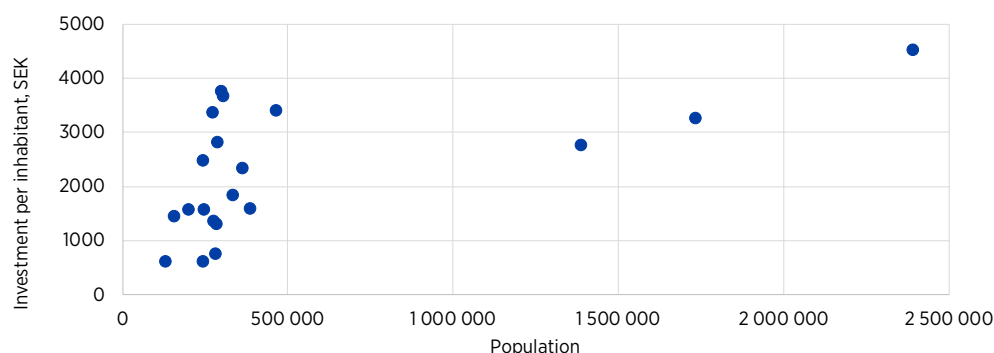
Region Stockholm and Region Sörmland

Figure 4: Investment per inhabitant and rate of investment increase by municipal category



7) Region Gotland is excluded from the data on the regions

Figure 5: Investment per inhabitant and population by region



Source: Kommuninvest

showed the highest investment levels in 2020, at SEK 4,500 and SEK 3,800 per inhabitant, respectively. Region Jämtland Härjedalen had the lowest investment level at SEK 600 per inhabitant. In percentage terms, the decrease in investment per inhabitant was greatest in Region Uppsala. There, investment decreased from SEK 3,700 per inhabitant in 2019 to SEK 1,600 per inhabitant in 2020. The re-prioritisation of operations as a result of the corona pandemic may probably explain some of the declining investment levels per capita in the regions.

Counties

The county level corresponds to the total investments by the region and all of the municipalities in the county. The counties of Västerbotten and Östergötland had the highest investment per inhabitant in 2020. Investment per inhabitant amounted to SEK 20,800 and SEK 20,000, respectively in these counties. The lowest investment per inhabitant was noted in the County of Gotland. Overall, the investment level was highest in the metropolitan counties of Stockholm, Västra Götaland and Skåne.

Investment decreased in most counties in 2020 compared with 2019. Overall, investment decreased in 13 out of the 21 counties.

This corresponded to seven counties in 2019.

The decrease was greatest in the counties of Gotland, Västerbotten and Blekinge. The counties of Västerbotten and Blekinge both increased their investment sharply in 2019. In five counties, investment increased in 2020. The counties of Södermanland and Kronoberg increased most, by 15 and 11 percent, respectively. In three counties, the increase in investment volume was close to zero.

Despite a decrease in investment per inhabitant of 17 percent, Västerbotten remained the county with the highest level of investment per inhabitant in absolute terms in 2020. In that county, investments amounted to SEK 20,800 per inhabitant. Investment in the Municipality of Skellefteå, with its extensive group of municipal companies, accounted for slightly more than 40 percent of the total investment volume in the county. Östergötland was the county with the second highest investment level, totalling SEK 20,000 per inhabitant, an increase of 6 percent compared with the previous year. The larger groups of municipal companies in the county, those in Linköping and Norrköping, accounted for about 70 percent of total investment. The lowest investment levels in SEK per inhabitant were noted in the counties of Västernorrland and Gotland.

Table 2: Investment by county in 2020 and change compared with 2019

Counties	Investment per inhabitant in SEK	Investment per inhabitant (excl. region) in SEK	Investments in SEK, million	Investment in SEK million (excluding region)	Change since 2019	Change since 2019 (excluding region)
Västerbotten	20,800	17,432	5,682	4,762	-21%	-17%
Östergötland	20,053	16,651	9,368	7,779	0%	6%
Norrbottn	19,989	18,427	4,990	4,600	0%	0%
Stockholm	19,823	15,307	47,418	36,614	-5%	-4%
Västmanland	19,147	17,790	5,306	4,930	-7%	-1%
Västra Götaland	18,575	15,366	32,217	26,651	-6%	-6%
Halland	18,570	16,729	6,253	5,633	-7%	-11%
Södermanland	18,363	14,605	5,498	4,373	15%	15%
Sweden	17,747	14,801	184,203	153,627	-4%	-3%
Örebro	16,984	13,320	5,191	4,071	-10%	0%
Jönköping	16,917	14,588	6,174	5,325	-7%	-2%
Dalarna	16,415	13,610	4,722	3,915	4%	-2%
Kronoberg	16,405	14,833	3,318	3,000	11%	14%
Skåne	16,327	13,574	22,683	18,858	-3%	-3%
Kalmar	15,919	13,437	3,916	3,306	0%	1%
Uppsala	15,488	13,907	6,015	5,401	-11%	-8%
Värmland	14,600	13,859	4,130	3,921	9%	11%
Blekinge	14,022	12,589	2,230	2,002	-20%	-13%
Gävleborg	13,704	12,396	3,940	3,564	1%	-4%
Jämtland	12,771	12,167	1,675	1,596	-11%	-9%
Västernorrland	12,060	11,451	2,949	2,800	-1%	3%
Gotland	8,749	8,749	526	526	-28%	-28%

Source: Kommuninvest

Municipalities investing most in 2020

With a few exceptions, investment volumes, in absolute figures, follow the population size of the municipalities. The three municipalities with the largest investment volumes were, as in 2019, Sweden's largest municipalities in terms of population. In 2020, all three municipalities reduced their investment volumes, both in total and per inhabitant, compared with 2019.

The list of municipalities with the largest investment volume per inhabitant changes from year to year. This can often be ascribed to an individual major investment, sometimes made over one or two calendar years, having a major impact in a small or medium-

sized municipality. This is also evident in the variation in total investment volume in SEK millions.

Kiruna, Gällivare, Ystad and Skellefteå had the largest investment volumes per inhabitant in absolute terms. The large investment volume per inhabitant in Kiruna and Gällivare is due to the urban transformations that are being carried out in connection with LKAB's expansion of its mining operations. In Ystad, it was predominantly the installation of two new ferry berths that contributed to the sizeable investment volume per inhabitant. Skellefteå is the only larger municipality included in the list since 2014, partly due to major investments in its energy company.

Table 3: Investment volume, in total and per inhabitant

Municipal corporation	Investment volume in SEK million, 2020	Investment volume in 2020, in SEK per inhabitant	Investment volume in SEK million, 2019	Investment volume in 2019, in SEK per inhabitant
Stockholm	19,491	19,979	19,910	20,440
Göteborg	12,729	21,832	12,806	22,107
Malmö	4,109	11,809	4,753	13,810
Linköping	4,001	24,305	3,608	22,128
Västerås	3,304	21,241	3,318	21,539
Uppsala	3,264	13,958	3,702	16,042
Jönköping	2,934	20,600	2,401	17,019
Norrköping	2,422	16,881	2,173	15,178
Skellefteå	2,357	32,359	2,738	37,719
Örebro	2,307	14,754	2,541	16,318

Source: Kommuninvest

Table 4: Municipal groups with greatest investment volumes per inhabitant in 2020

Municipal corporation	Investment volume, SEK per inhabitant, 2020	Millions SEK	Comments
Kiruna	47,864	1,085	Urban transformation
Gällivare	38,864	679	Urban transformation
Ystad	35,260	1,092	Ferry quay and school
Skellefteå	32,359	2,357	Cultural centres, operational premises and investments by energy company
Köping	30,033	783	Swimming pools, harbour facilities and properties
Oxelösund	27,345	328	Schools, homes for the elderly, water and sewerage and housing
Hammarö	26,485	441	Special needs housing and schooling
Arvika	25,548	663	Flooding defences, schools and homes for the elderly
Linköping	24,305	4,001	Properties and aquatic centres
Åre	24,058	290	Water and sewerage, housing, schools

Source: Kommuninvest

Local government debt⁸

Sweden

At the close of 2020, the local government sector's total debt amounted to SEK 768 billion. This was an increase of SEK 39 billion or 5.3 percent since 2019. In 2020, average debt per inhabitant amounted to SEK 74,017. That was SEK 3,386 more than in 2019.

Table 5: Local government sector borrowing

	2020	2019	2018
Debt in SEK bn	768	729	657
Percentage increase	5.3%	11.1%	8.7%
Municipal groups	689	651	590
Regional groups	79	79	66
Debt per inhabitant in SEK	74,017	70,631	64,194
Proportion of GDP	15.4%	14.4%	13.6%

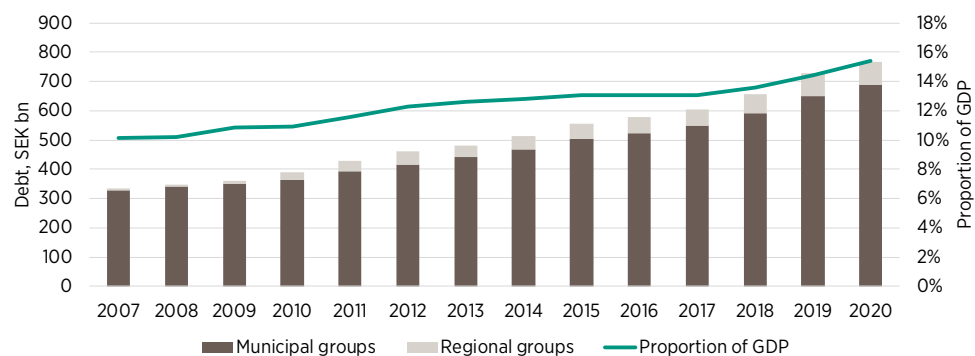
Source: Kommuninvest

Of the country's 290 municipalities, 70 municipalities reduced their debt by a total of SEK 4.4 billion. Of the municipalities, 215 increased their debt by a total of SEK 42.7 billion. Five municipalities' debt was unchanged. Among the regions, eight reduced their debt by a total of SEK 5.2 billion. Combined, Region Stockholm and the Region Uppsala account for almost 80 percent of this reduction. Of the regions, five increased their debt by a total of SEK 5.8 billion. Debt among the

remaining seven regions was unchanged.

As a share of GDP, the increase in debt was 1 percentage point, which was approximately the same as in 2019. However, this increase is at a historically high level. In the 2000s, the local government sector's debt rose slower than nominal GDP or at about the same rate, leading to debt as a proportion of GDP falling during certain years in the middle of that decade. In 2020, nominal GDP decreased by 1.3 percent⁹ which affected the trend in debt as a share of GDP. Without this decline, debt as a share of GDP would have instead grown by 0.8 percentage points. If GDP had instead risen by 2 percent, debt as a share of GDP would have grown by only 0.5 percentage points. Since 2010, debt has increased by SEK 379 billion in absolute terms, corresponding to an average annual growth rate of 7.1 percent. Naturally, most of the debt is found in the country's metropolitan areas and larger cities. *Figure 8* shows the proportion of the accumulated debt by municipality population, from the smallest municipality to the largest. If we look at the distribution of the debt for the municipal groups, the 50 largest municipalities in terms of population account for 64 percent of the debt. The 100 smallest municipalities are home to slightly less than 8 percent of the population but account for only 6 percent of the total debt.

Figure 6: Debt trend 2007-2020

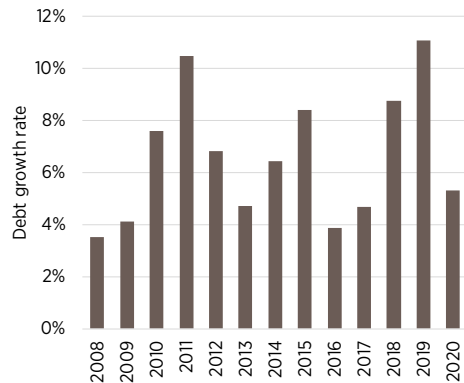


Source: Kommuninvest

8) We compile the debt data by registering figures from the municipalities' and regions' annual reports. Debt includes all interest-bearing debt, including financial leasing. New recommendations on the definition of financial leasing have also come into effect since 2019. Put briefly, this means that all leasing, where the risk and benefits of ownership are largely transferred from the lessor to the lessee, is counted as financial leasing.

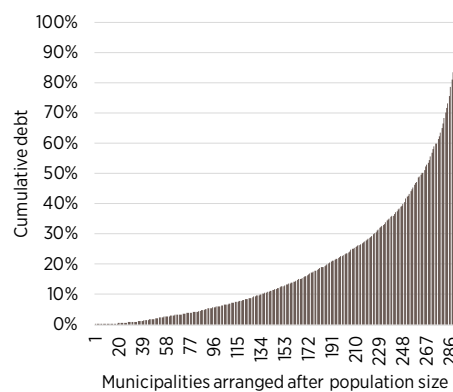
9) Source: Statistics Sweden

Figure 7: Rate of increase in debt, 2008-2019



Source: Kommuninvest

Figure 8: Distribution of debt between municipal groups sorted by population



Source: Kommuninvest

Debt by municipal category, region and county

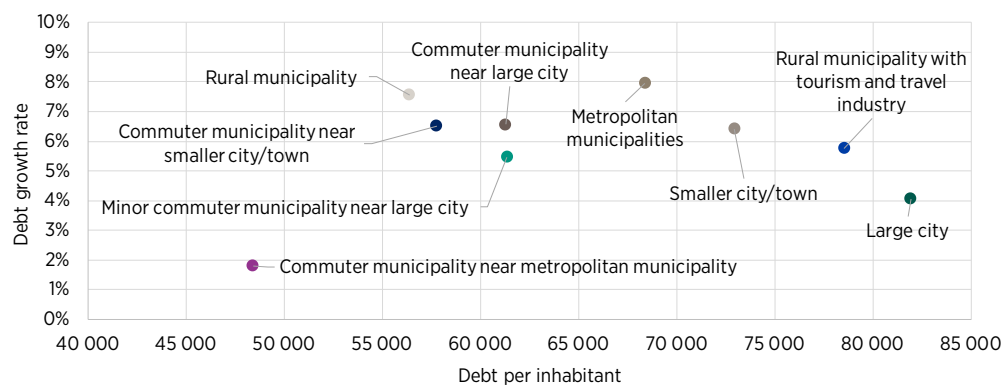
Municipal categories

Figure 9 shows a relatively broad spread in terms of average debt per inhabitant between municipal categories. The municipal category “Large cities” had the highest average debt at SEK 81,900 per inhabitant, but a relatively low rate of increase. The highest rate of increase in debt per inhabitant was among municipalities in the category “Metropolitan municipalities” at 8 percent. The lowest average debt per inhabitant was SEK 48,400 and was among municipalities in the category “Commuter municipality near metropolitan municipality”. This municipal category also had the lowest rate of increase in debt, at slightly less than 2 percent.

Regions

The regions’ debt of SEK 79 billion was distributed unevenly between Sweden’s 20 regions.¹⁰ Region Stockholm’s debt amounted to SEK 55.1 billion, corresponding to 70 percent of the regions’ total debt. Compared with 2019, Region Stockholm reduced its share of debt by slightly more than 5 percentage points. From Figure 10 it can be seen that Region Stockholm also had the highest debt per inhabitant at SEK 23,000, followed by Region Örebro at SEK 10,700 per inhabitant and Region Västerbotten at SEK 9,600 per inhabitant. Seven regions had no debt.

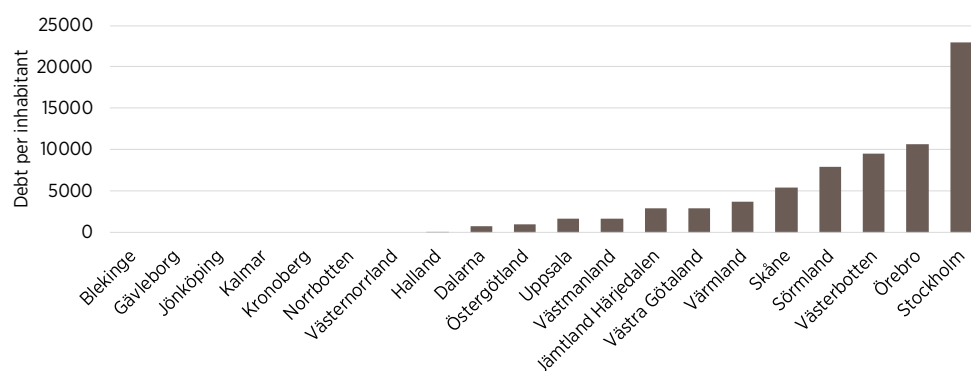
Figure 9: Debt per inhabitant and municipal category, plus rate of debt increase



Source: Kommuninvest

¹⁰) Region Gotland is excluded from the data on the regions

Figure 10: Debt per inhabitant and regional group



Source: Kommuninvest

Table 6: Debt by county in 2020 and change compared with 2019

Counties	Debt per inhabitant in SEK	Debt per inhabitant (excl. region) in SEK	Debt in SEK million	Debt in SEK million (excluding region)	Change since 2019	Change since 2019 (excluding region)
Örebro	102,307	91,652	31,269	28,013	7.3%	4.8%
Västerbotten	93,096	83,528	25,433	22,819	3.7%	4.1%
Östergötland	90,900	89,879	42,465	41,988	4.5%	6.1%
Södermanland	83,562	75,646	25,019	22,649	5.9%	5.2%
Stockholm	76,460	53,445	182,892	127,840	2.0%	5.5%
Västernorrland	76,388	76,388	18,681	18,681	0.3%	0.3%
Uppsala	76,105	74,499	29,559	28,935	-3.1%	0.7%
Västra Götaland	75,294	72,416	130,594	125,602	9.0%	5.9%
Sweden	74,017	66,403	768,244	689,220	5.3%	5.9%
Blekinge	73,799	73,799	11,738	11,738	5.8%	5.8%
Kronoberg	72,161	72,161	14,595	14,595	9.2%	10.1%
Dalarna	71,984	71,289	20,708	20,508	2.1%	2.2%
Jämtland	70,936	68,045	9,304	8,924	3.4%	4.6%
Kalmar	69,850	69,850	17,184	17,184	4.8%	4.8%
Västmanland	68,895	67,203	19,094	18,625	4.6%	5.1%
Jönköping	68,036	68,036	24,834	24,834	7.3%	7.3%
Skåne	66,527	61,097	92,428	84,884	9.1%	8.9%
Halland	62,960	62,946	21,202	21,197	9.1%	9.2%
Värmland	62,289	58,606	17,621	16,579	9.3%	12.4%
Gävleborg	59,108	59,108	16,994	16,994	6.3%	6.3%
Norrbotten	58,950	58,950	14,715	14,715	7.1%	7.1%
Gotland	31,884	31,884	1,917	1,917	3.5%	3.5%

Source: Kommuninvest

Distribution of debt

At the county level, as in 2019, the County of Örebro had the highest average debt per inhabitant at SEK 102,300. Within the county, debt was greatest in the Municipality of Örebro, where it has grown by 5 percent since 2019. This municipality accounted for 54 percent of the county's total debt. Region Örebro experienced the greatest growth in debt in the county at 36 percent. The region invested mainly in buildings. The population of the county has grown in recent years, increasing the need for investment in welfare and housing.

The County of Värmland experienced the greatest growth in debt at 9.3 percent. This increase was from relatively low levels, however, and the county's share of Sweden's total loan portfolio was only slightly more than 2 percent. Only one county, the County of Uppsala, has reduced its debt since 2019. This is mainly due to Region Uppsala reducing its debt by 65 percent, amounting to a decrease of SEK 1.1 billion. In 2019, Region Uppsala's debt amounted to 6 percent of the county's total debt. This share decreased by 4 percentage points in 2020. Gotland was the county with the lowest debt, both in total and per inhabitant. This coincides with the county also having the smallest investment volume in 2020.

If the regions are excluded from the counties' total debt, a slightly different picture emerges of the average debt per inhabitant. Stockholm County then has the second-lowest debt per inhabitant at SEK 53,400, reflecting Region Stockholm's relatively large debt.

Debt by municipality

Municipal groups with the highest debt in 2020

Tables 7 and 8 show the municipal groups that had the highest nominal debt and the highest debt per inhabitant, respectively. It should be noted that the comparisons give an incomplete picture of the financial conditions in the individual municipalities because the debt levels are not set in relation to the individual municipality's net profit and/or assets. A

high level of debt usually indicates significant asset values in, for example, property, housing and/or energy generation. In practice, this means that the municipality with the highest debt per inhabitant in a county may also be the municipality with the greatest net assets per inhabitant and the strongest cash flow. Although the overall debt level is, as a rule, interesting in itself, the change in the debt level is a more interesting indicator of the economic trend in a municipality. Municipalities that are rapidly increasing their debt over a number of years are often in a period of increased investment levels, while a longer period of constant or decreasing debt indicates a period of lower investment levels and financial consolidation.

The City of Stockholm's debt increased by 9 percent in 2020. Although Stockholm remains the municipality with the highest debt, at almost SEK 64 billion, the rate at which its debt has increased has abated in recent years. With debt growth of 10 percent, the Municipality of Jönköping is now one of the municipalities with the highest debt in Sweden. In other respects, the list of municipalities with the highest debt has not changed since 2019.

In 2020, Trollhättan, Skellefteå and Ystad were still the municipalities with the highest debt per inhabitant. All three of these municipalities also made relatively large investments per inhabitant in 2020. Infrastructure investments constitute the largest share of Trollhättan's investments in 2020. Over the year, Skellefteå's power company required increased investment, which also incurred increased debt for the municipality. In Ystad, the installation of new ferry berths required high levels of investment.

Örebro and Linköping are two municipalities with both high total debt and a high level of debt per inhabitant. In recent years, both municipalities have had relatively high levels of investment as a result of increased population growth, giving rise to increased investment in areas such as housing. In both municipalities, however, population growth has caused total debt to increase at a higher rate than debt per inhabitant.

Table 7: Municipal groups with the highest debt in 2020

	Debt, 2020, SEK bn	Percentage change, 2020	Debt, 2019, SEK bn (investment)	Debt, 2018, SEK bn (investment)
Stockholm	63.5	9%	58 (1)	48.2 (1)
Gothenburg	50.8	9%	46.7 (2)	42.2 (2)
Linköping	20.4	7%	19 (3)	17.1 (3)
Uppsala	17.4	-3%	17.8 (4)	16.4 (4)
Örebro	16.7	5%	15.9 (5)	15.7 (5)
Malmö	16.1	5%	15.3 (6)	12.6 (6)
Norrköping	13.4	6%	12.5 (7)	11.1 (7)
Jönköping	11.4	10%	10.3 (11)	9.8 (9)
Västerås	11.4	6%	10.7 (8)	9.6 (10)
Lund	11.0	4%	10.6 (9)	10.1 (8)

Source: Kommuninvest

Table 8: Municipal groups with the highest debt per inhabitant in 2020

	Debt per inhabitant in SEK thousands, 2020	Percentage change, 2020	Debt per inhabitant, 2019, SEK, thousands (investment)	Debt per inhabitant, 2018, SEK, thousands (investment)
Trollhättan	137.2	6%	128.9 (1)	110.2 (2)
Skellefteå	133.9	11%	120.1 (2)	106 (4)
Ystad	124.3	4%	119.8 (3)	85.6 (18)
Hammarö	124.2	15%	108.3 (6)	90.8 (10)
Linköping	123.8	6%	116.6 (5)	106.2 (3)
Strömstad	121.5	4%	117.2 (4)	112.4 (1)
Gnesta	113.6	14%	100.1 (9)	92.3 (8)
Örebro	107	4%	102.5 (8)	102.7 (5)
Nybro	103.7	5%	98.6 (11)	92.7 (7)
Tierp	102.8	0%	102.5 (7)	90 (11)

Source: Kommuninvest

Local government sector funding

The local government sector's combined debt rose by 5.3 percent in 2020 and amounted to SEK 768 billion at the end of the year. Of this, 58 (56) percent was financed through Kommuninvest. A further 30 (30) percent was borrowed directly through proprietary debt capital market programmes. The remaining 12 (14) percent of the financing was arranged through banks. From 2015 to 2020, Kommuninvest's lending grew by an average 12 percent annually. Over the same period, the average annual growth rate in local government sector debt was 7 percent. Funding through proprietary debt capital market programmes remained unchanged, accounting for 30 percent of total loan financing. Since 2015, the banks' lending to the local government sector has decreased, amounting to 12 percent in 2020.

Table 10 shows that there were considerable differences in how municipalities chose to distribute their funding between different funding options. In 2020, municipal and regional groups with membership in Kommuninvest and debt of up to SEK 6 billion secured 93 percent of their financing through Kommuninvest. In practice, this means that a large proportion of Sweden's municipalities arranged their entire financing through Kommuninvest. Larger municipal groups that are not members of Kommuninvest secured 72 percent of their financing directly via the capital market, an increase of 2 percentage points since 2019. They secure the remainder primarily through the European Investment Bank (EIB) and the Nordic Investment Bank (NIB).

Table 9: **Borrowing from various funding options, 2015-2020**

Funding options		2015	2016	2017	2018	2019	2020
Kommuninvest	Funding in SEK billion	251	274	308	354	407	443
	Market share	45%	47%	51%	54%	56%	58%
Market programmes	Funding in SEK billion	173	180	193	202	217	232
	Market share	31%	31%	32%	31%	30%	30%
Banks	Funding in SEK billion	132	123	103	103	102	93
	Market share	24%	21%	17%	16%	14%	12%

Source: Kommuninvest

Table 10: **Funding in 2020, based on scale of debt and membership in Kommuninvest¹⁾**

SEK <6 billion in group debt		SEK >6 billion in group debt	
Member of Kommuninvest	• Number of municipalities and regions: 275	• Number of municipalities and regions: 17	
	• Debt: SEK 356 billion	• Debt: SEK 225 billion	
	• Kommuninvest 93%	• Kommuninvest 49%	
	• Market programmes: 1%	• Market programmes: 41%	
Not a member of Kommuninvest	• Banks: 7%	• Banks: 9%	
	• Number of municipalities and regions: 11	• Number of municipalities and regions: 7	
	• Debt: SEK 16 billion	• Debt: SEK 172 billion	
	• Market programmes, 60%	• Market programmes, 72%	
	• Banks, 40%	• Banks, 28%	

Source: Kommuninvest

1) Percentages are rounded to the nearest whole, with the effect that the percentages do not always add up to precisely 100 percent.

Debt trend

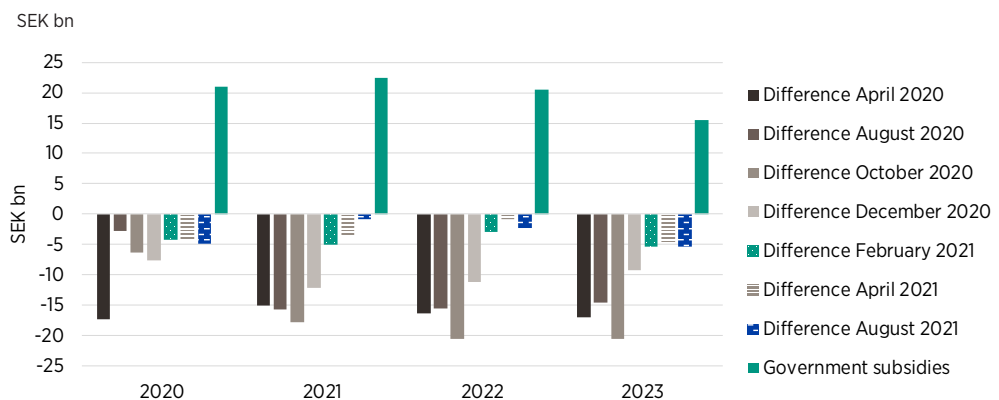
In 2020, the local government sector showed a lower increase in debt, at 5.3 percent, than the average of 7.3 percent for the period 2010-2019. However, 2020 was far from being a normal year. When the pandemic broke out in March 2020, lending from Kommuninvest increased. However, a lot has happened since then. During the year, the government launched several support packages targeting the local government sector, companies and individuals. The economy has also recovered faster than following earlier crises. The latest budget bill entails an additional SEK 3 billion in general allocations to the local government sector for 2022 and onwards, if passed. The net of the increased contributions and the effect on the tax base is clearly positive (see figure 11).

The negative columns show the deterioro-

ration in forecast tax bases occurring from the February 2020 forecast to the month indicated by the column. The column to the right of the negative columns represents the latest forecast from August 2021. The green columns show the extent to which central government allocations have increased since the outbreak of the pandemic in March 2020. The net effect for each year is thus the sum of the negative August 2021 column and the green column.

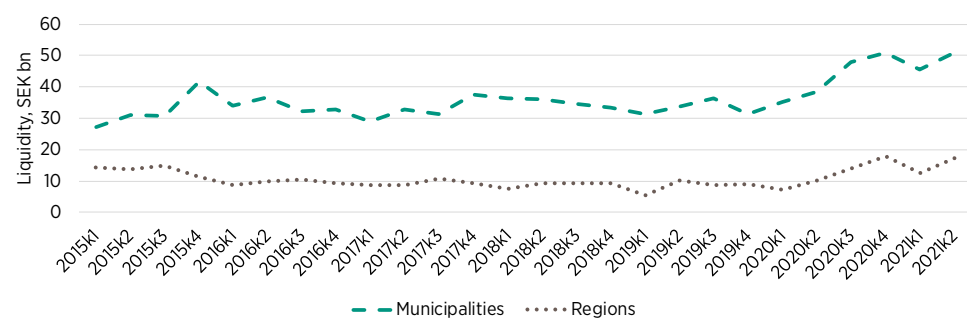
The increased allocations, combined with a weaker cost trend, translated into record net profits for 2020. This also entailed municipalities and regions entering 2021 with clearly stronger liquidity than they usually have on average (see figure 12). This has affected funding needs in 2021.

Figure 11: Development of the tax base and central government allocations since February 2020¹²



Source: SKR and Government Offices of Sweden

Figure 12: Municipalities and regions' cash and cash equivalents, defined as the sum of cash, bank and postal giro balances during the period 2015-2021 Q2



Source: Statistics Sweden

12) Figure 11 only includes the increase in general central government allocations announced after the outbreak of the pandemic. Targeted allocations that are keyed out are not included, as these cover specific cost increases or are intended to strengthen a certain operation.

Another factor affecting debt that has changed substantially during the pandemic is population growth. *Figure 13* shows the trend up until the first half of 2021.

Although the trend has turned slightly upwards since the first half of 2020, the levels are still significantly lower than previously. There is also a difference between municipal categories, with metropolitan municipalities and large cities still experiencing lower growth rates. Looking at the population forecasts going forward, these have also changed. If we compare Statistics Sweden's latest forecast with the preceding one and study the trend until 2040, the total difference is 190,000 fewer inhabitants. Dividing this into age groups, the greatest difference is clearly among young people. This is primarily due to new fertility assumptions in Statistics Sweden's forecast model.¹³

Population growth is a factor impacting investment. One reason for the high investment levels we see today is precisely that we have experienced high population growth over the past decade. The fact that this appears to be declining will affect future investment needs. If fewer children will be born in 40 years' time than today, as the latest forecast indicates, this will affect the need for preschool places. The decline in population growth also affects needs for other investments, such as in housing.

In 2020, investment decreased from SEK 193 billion to SEK 184 billion. If we look

at the regions' operations, the rate at which planned investments were implemented fell to 70 percent. This can be compared with 2019, when the implementation rate was 90 percent. Reasons mentioned include delayed and postponed procurement procedures.¹⁴ The level of investment remained constant among the municipalities, while it decreased among the municipal companies. Existing properties still need considerable maintenance, most of them having been built in the 60s and 70s, entailing continued high levels of investment. For the companies, there are variations between sectors. Swedish Water (Svenskt Vatten) has flagged an increased need for investment in water and sewerage. Although such investment currently amounts to about SEK 20

Figure 14: Forecast population increase during the period 2021-2040, in total and in different age groups

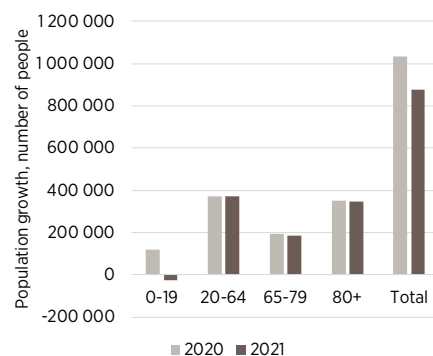
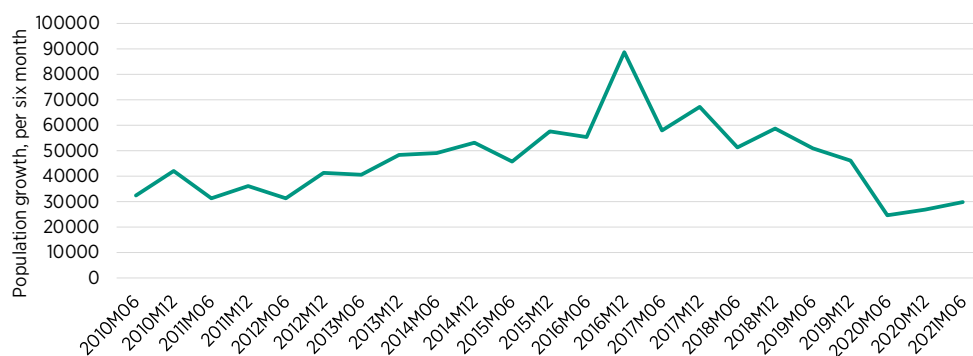


Figure 13: Population growth semi-annually from 2010 until the first half of 2021



13) Statistics Sweden (2021b)
14) SALAR (2021)
15) Swedish Water (2020)

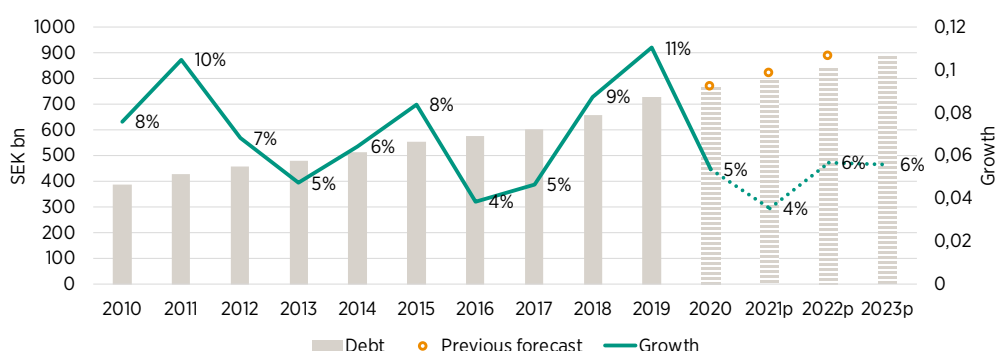
billion annually, according to the report it should be about SEK 23 billion annually.¹⁵ Housing is another area constituting a large part of the total investment need, approximately 22 percent. In 2021, 207 municipalities reported a deficit in their housing stocks, compared with 212 in 2020. Over the period 2016 to 2019, this figure exceeded 240. Of the municipalities, 17 state that they have a housing surplus, compared with 8 municipalities in 2020 and even fewer in the preceding years.¹⁶ SBAB estimates that housing construction will decrease somewhat in 2021 and further in 2022, but points out that the degree of uncertainty is substantial.¹⁷ At the same time, existing homes around the country require maintenance. Statistics from Public Housing Sweden suggest that renovation needs will increase from 11,900 apartment renovations in 2020 to 13,900 in 2021 and to 15,200 in 2022. At the same time, these renovations are fewer than in the period 2015–2018. In 2020, new production decreased to 7,700, from 10,068 in 2019, which was, however, a record year. For 2021, planned new production remains at 7,700, to increase again in 2022.¹⁸

It is likely that local government sector investment levels will remain high. It is unlikely, however, that the growth rate will reach the very high levels observed in 2017 and 2018.

We foresee more of a return to a slightly lower growth rate than the average for the period 2010–2019.¹⁹ Combined with good liquidity, general central government allocations and decreased population growth lead to this year's debt forecast being below the previous forecasts for both 2021 and 2022.

One factor affecting the need for loan financing is sales of existing assets. Over the period 2011–2020, on average about 10 percent of the municipal groups' investments have been financed through the sale of tangible fixed assets. This has mainly involved housing, although an increasing number of players are showing interest in community service properties. Where a municipality sells an operational premises and then rents it back, or rents a new premises on a long-term contract, this should, in most cases, be classified as financial leasing – which is in turn classified as debt. The Council for the Promotion of Local Government Analyses (Sw. Rådet för främjande av kommunala analyser, RKA) has also clarified this. However, we have yet to see a clear increase in financial leasing. Nonetheless, if municipalities increasingly classify leases as financial leasing, this will affect debt growth. We have not estimated of the proportion of municipalities currently classifying such cases as financial leasing.

Figure 15: Debt trend 2010–2020 and forecast until 2023



Source: Statistics Sweden

16) Housing market survey, National Board of Housing, Building and Planning.

17) SBAB (2021).

18) Public Housing Sweden (2021)

19) In 2010–2019, the growth rate was 7.3 percent.

Green funding of local government investment

Continued strong development in green funding

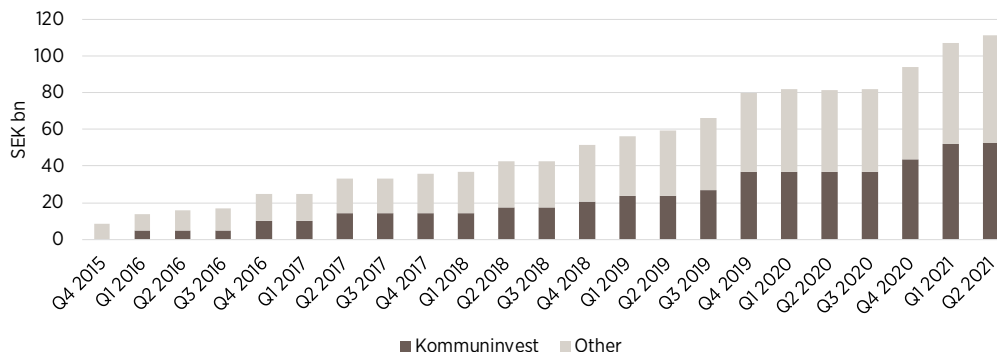
Over the past 10-year period, interest in green bonds has grown sharply among the global financial markets and an increasing number of investors are demanding sustainable investment alternatives. In an international perspective the proportion of green bonds in the Swedish bond market is high – in 2019, green bonds accounted for more than 20 percent of the total issue volume in SEK. The corresponding shares for bonds issued in EUR and USD were 5 percent and 1 percent, respectively.²⁰ The local government sector has been a driving force in the growth and development of the Swedish market for green bonds. In October 2013, the City of Gothenburg became the first municipality in the world to issue a green bond, which was also

the first green bond on the Swedish market. In the following year, Stockholm County Council (now Region Stockholm) was the first region to issue a green bond to finance major investments in green development projects. At the end of 2015, Kommuninvest introduced its Green Loan product and, in March 2016, the company issued its first green bond.

Kommuninvest Green Loans

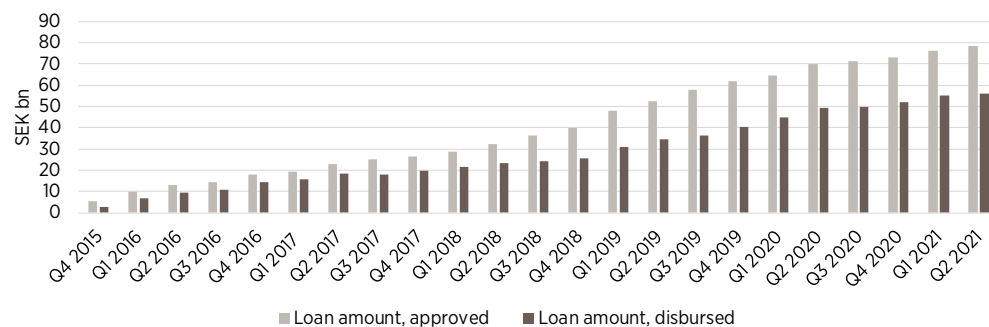
Through Kommuninvest's Green Loans, even municipalities that are not active in the capital market have access to green funding. At the end of the second quarter of 2021, Kommuninvest had approved 471 green investment projects in 174 municipalities and regions for a total volume of SEK 78.1 billion, of which SEK 56.2 billion had been disbursed. This means that 12 percent of Kommuninvest's loan portfolio comprises Green Loans.

Figure 16: Outstanding volume of green bonds from the local government sector²¹



Source: Statistics Sweden

Figure 17: Approved and disbursed volume of Green Loans from Kommuninvest²²



Source: Statistics Sweden

20) The Riksbank (2020)

21) Kommuninvest has issued green bonds in Swedish kronor (SEK) and US dollars (USD). As of 30 June 2021, the outstanding volume was SEK 34.5 billion and USD 2 billion. In Figure 16, USD is translated into SEK at the exchange rate as per each issue date.

22) Note that Kommuninvest's green lending consistently exceeds the company's funding. This means that Kommuninvest can guarantee that funding is allocated to assessed and approved green projects

Figure 16 shows that the outstanding volume of green bonds from municipal players has continued to grow to slightly more than SEK 111 billion at the end of the second quarter of 2021. A total of 18 municipalities, regions and municipal companies have been identified in the compilation. See table 11.

Region Sörmland and Region Värmland had the highest proportion of green funding in 2020, corresponding to 100 percent of debt. Region Uppsala, Region Skåne, Region Örebro and Region Västmanland are also

included in Table 12 to the municipal and regional groups with the highest proportion of green funding. One reason why so many regions are included on the list is that significant new construction of care properties has taken place recently. However, the fact that the regions generally have lower debt than the municipalities does play a role. Among the municipalities, Vargårda and Älvkarleby had the highest proportion of green funding, corresponding to 59 percent of debt.

Table 11: Green issuers in the local government sector

Issuer	Outstanding volume 30 June 2021, SEK, million	Purpose (selection)
City of Gothenburg	14,800	Green buildings, solar power production, sustainable water management and sustainable transport
Region Stockholm	14,700	Sustainable transport, green buildings and renewable energy production
Municipality of Örebro	5,200	Wind power production and green buildings
Stångåstaden (Linköping)	1,325	Green buildings
Kommuninvest	52,650	471 investment projects within eight project categories
Municipality of Norrköping	1,200	Green buildings, energy-efficient street lighting and waste management
Region Skåne	6,400	Wind power production, sustainable transport and green buildings
City of Västerås	750	Green buildings, renewable district heating production and waste management
Municipality of Lund	2,250	Solar power production, green buildings and sustainable transport
Municipality of Östersund	2,825	Renewable energy production, sustainable transport and green buildings
City of Malmö	4,350	Green buildings, sustainable transport and sustainable management of water and sewerage
Municipality of Vellinge	950	Renewable energy production, sustainable water and sewage management and green buildings
Region Västra Götaland	1,000	Green buildings – Region Administration Building
Municipality of Nacka	500	Green buildings, sustainable transport and energy efficiency enhancement
Linköpings Stadshus AB (Linköping)	1,000	Green buildings
Lejonfastigheter (Linköping)	600	Green buildings
Municipality of Linköping	500	Green buildings
Tekniska verken (Linköping)	250	Renewable energy production

Source: Kommuninvest

Green Bonds

Green bonds are interest-bearing promissory notes that enable investors to direct their invested capital to operations contributing to climate realignment. This may involve, for example, investments in renewable energy production, green buildings or climate adaptation measures. To promote a trend in which increasing capital is directed to long-term sustainable operations, in accordance with the Paris Agreement, extensive regulatory efforts are in progress within the EU. Among other things, the EU Taxonomy Regulation was adopted in June

2020. For the first time, the Taxonomy Regulation and its delegate national acts establish an EU-wide classification system for what may be considered an environmentally sustainable economic activity. The taxonomy will come into effect in 2022 and 2023 and will permeate many of the regulations affecting financial actors and financial reporting. Among other things, the taxonomy will play an important role in the formulation of a common European standard for green bonds.

Table 12: Municipalities and regions with the largest share of green funding²³

Municipality/region	Green funding, % of debt, 2020	Purpose (selection)
Region Sörmland	100%	New hospital buildings in Nyköping, Katrineholm and Eskilstuna.
Region Värmland	100%	Green surgical centre and hospital buildings at Karlstad Central Hospital
Region Uppsala	96%	New health centre, energy efficiency enhancement, sustainable transport and waste management
Region Skåne	76%	Wind power production, sustainable transport and green buildings
Vårgårda	59%	Renovation and extension of buildings constructed during Sweden's "million homes" programme in the 1960s and 1970s, as well as a new school
Municipality of Älvkarleby	59%	Sustainable and energy-efficient nursing and special-needs housing, as well as apartment buildings
Region Örebro	58%	Green buildings at Örebro University Hospital and Örebro University, as well as biogas buses
Municipality of Skövde	55%	Green buildings, water management and biofuel-fired combined heat and power plants
Region Västmanland	51%	Sustainable transport – biogas buses
Municipality of Töreboda	49%	Green buildings – apartment buildings

Source: Kommuninvest

Accordingly, the local government sector invested SEK 184 billion in 2020. The largest areas of investment are commercial and residential properties, infrastructure and energy. The scope and focus of the investments, combined with the financing needs, indicate

opportunities for the share of green funding to further increase in relation to total funding. Accordingly, municipalities and regions have the potential to continue driving development towards both sustainable financial markets and a sustainable society.

²³) Includes green bonds and Green Loans from Kommuninvest

Local government debt management

The information in this in-depth section is based on Kommuninvest's lending and transactions registered by municipalities, municipal companies and regions in the KI Finans debt management system as of 30 June 2021. The documentation includes 6,616 loans, certificates and bonds for a total amount of SEK 508 billion and 1,697 financial derivatives of a value equivalent to SEK 183 billion.

The maturity has increased over time, but remains relatively short. The average maturity tied up was 2.82 years at the end of the second quarter of 2021, which is unchanged compared with the corresponding quarter last year. *Figure 18* shows that 27 percent of the debt matures within one year and another 18 percent within two years. This means that investments are generally financed with funding that needs to be renewed several times during the economic lifetime of the investment.

As of 30 June 2021, 49 percent of funding was linked to a variable interest rate base, generally 3M Stibor. Accordingly, many municipalities, municipal companies and regions finance their investments with short maturities and for which the fixed interest maturities are also short. Some local government actors subsequently make use of financial derivatives, mainly interest rate swaps, to extend the fixed interest maturity. This has the consequence that the fixed interest maturity on the total funding exceeds the period for which capital is tied up in the underlying financing.

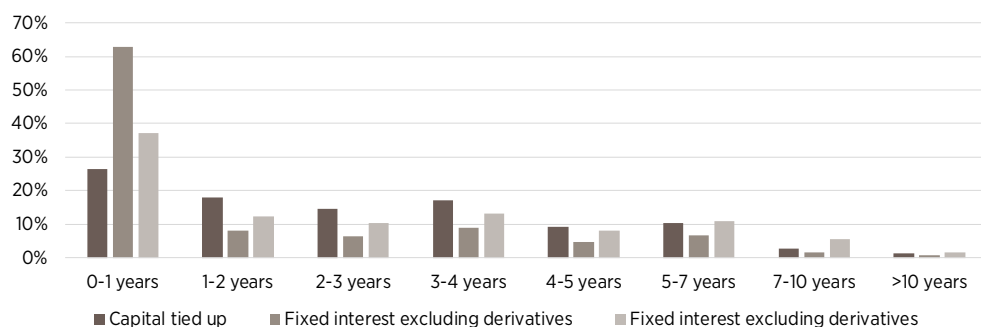
As a large part of the funding is renewed annually, current low interest rates have had an impact on the local government sector's funding costs. At the end of 2015, the average

interest rate was 1.77 percent. At the close of the second quarter of 2021, it had fallen to 0.93 percent, the lowest level in the period studied. See *Figure 19*.

In order to mitigate the effects of the corona pandemic, the Riksbank has pursued an expansionary monetary policy. In addition to keeping its repo rate at zero, the Riksbank has increased its purchases of securities in order to support a functioning credit supply and to dampen the general interest rate situation. In addition to sovereign bonds, the Riksbank has also purchased municipal bonds, housing bonds and corporate bonds. As of 31 July 2021, the Riksbank's holdings of sovereign bonds amounted to 44 percent of the stocks outstanding in the market. For municipal bonds, the corresponding share was 16 percent.

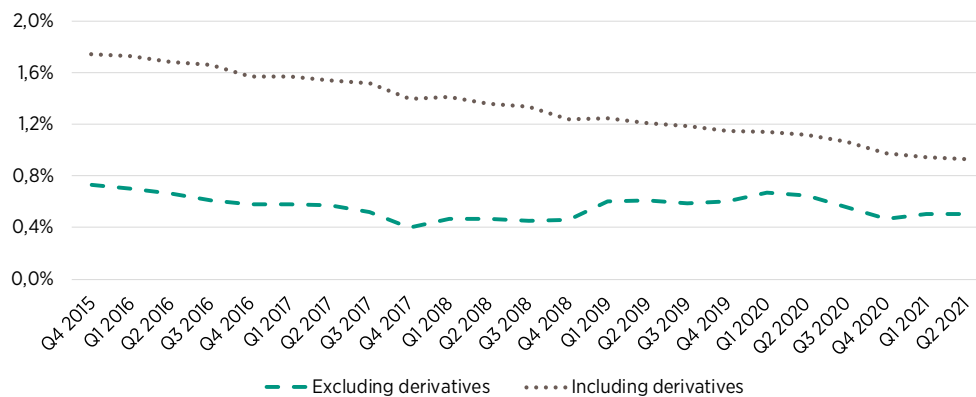
The expansive monetary policy has contributed to the local government sector's funding costs remaining low and the market's expectations of future interest rates being kept low. Accordingly, the principal scenario has municipalities, regions and municipal companies continuing to have low funding costs in the upcoming years. The short periods for which capital is tied up and short fixed interest maturities nonetheless mean that a possible rise in market interest rates would quickly have an impact on the average interest rate paid by the local government sector. Every tenth of a percentage point in changed average interest rates entails approximately SEK 768 million in changed interest expenses for the local government sector.

Figure 18: Maturity and fixed interest maturities incl. and excl. derivatives 2021-06-30



Source: Kommuninvest

Figure 19: Average interest rate per quarter, Q4 2015-Q2 2021



Source: Statistics Sweden

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Financial concepts

Maturity – Remaining maturity of the existing funding.

Fixed interest maturity – the remaining period for which interest rates on funding and derivative instruments are fixed.

Interest rate swap – a derivative instrument under which two parties undertake to exchange interest flows for a predetermined period of time. Municipal actors mainly use interest rate swaps to fix the interest rate, that is, to pay a fixed rate of interest over the predetermined time period and to receive a variable rate of interest from the counterparty.

SALAR's categorisation of municipalities

Presented here is a description of SALAR's categorisation of municipalities for 2017, applicable from 1 January 2017. This has been reworked from the previous division of municipal categories from 2011.

Principal category	Municipal category	Brief definition	Number
A. Metropolitan municipalities and municipalities near metropolitan municipalities	A1. Metropolitan municipalities	At least 200,000 inhabitants in the municipality's largest urban area	3
	A2. Commuter municipality near metropolitan municipality	At least 40 percent outbound commuting to a metropolitan municipality or a municipality near a metropolitan municipality	43
B. Large cities and municipalities near large cities	B3. Large city	At least 40,000 but less than 200,000 inhabitants in the municipality's largest urban area	21
	B4. Commuter municipality near large city	At least 40 percent outbound commuting to a large city	52
	B5. Minor commuter municipality near large city	Less than 40 percent outbound commuting to a large city	35
C. Smaller cities/towns and rural municipalities	C6. Smaller city/town	At least 15,000 but less than 40,000 inhabitants in the municipality's largest urban area	29
	C7. Commuter municipality near smaller city/town	At least 30 percent outbound commuting to, or inbound commuting from, a smaller city/town.	52
	C8. Rural municipality	Less than 15,000 inhabitants in the municipality's largest urban area, less pronounced commuting pattern	40
	C9. Rural municipality with tourism and travel industry	Rural municipality meeting at least two tourism and travel industry criteria, that is, number of hotel nights, turnover in the retail/hotel/restaurant areas in relation to the population.	15

Kommuninvest finances welfare

We are a local government finance partnership, working for efficient and sustainable financing

of housing, infrastructure, schools and hospitals, etc. We secure better loan terms together than individually. Since its inception in 1986, the partnership has saved billions of kronor for its members in the form of lower interest rates.

The Swedish local government sector is strong, including through its constitutionally protected

right to levy taxes. This fact, along with the joint and several guarantee

issued by its members, helps ensure that Kommuninvest secures the highest credit ratings from both Moody's and Standard &

Poor's.

Today, 279 municipalities and 14 regions are members of this voluntary partnership.

The operations are owned and democratically governed by the members, who also share

any financial surpluses. The office is located in Örebro. With some

SEK 550 billion in total assets, we are Sweden's sixth-largest credit institution.



KOMMUNINVEST

The Swedish Local Government Debt Office

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