

LOCAL GOVERNMENT DEBT

2022



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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 2022 edition presents data for 2021. Details of investment and debt levels for all municipalities and regions for the years 2010-2021 are available on the Kommuninvest website, under the tab "Local Government Debt 2022".



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Foreword

Data have now been compiled for the local government sector's investments, debt and financial position in 2021. We can now put behind us another year pervaded by the corona pandemic and the restrictions that followed in its wake. Many municipal and regional operations were hard pressed. Healthcare operations in particular came under pressure, while schools and elderly care also faced significant challenges. At the same time, 2021 was also a year characterised by a strong economic recovery. The economic recovery, combined with significant central government grants in the wake of the pandemic, contributed to yet another year of record net profits in the local government sector. With the figures now compiled, we can also determine that 2021 was another year of reduced investments and a clear slowing of the debt trend. At the same time, there are many indications that the underlying need for investment in the local government sector remains considerable.

The storm clouds that have been building for several years have been easily discerned.

Time and again, numerous analysts have foreseen municipalities and regions encountering difficulties amassing sufficient income to cover their expenses. Time and again, however, both through its own efforts and through central government support, the local government sector has succeeded in this task. While the difference in economic outcomes between various municipalities and regions is substantial, the local government sector has, on the whole, experienced favourable economic development in recent years.

That said, it nonetheless remains difficult to ignore the fact that the local government sector faces significant challenges over the upcoming years. Underlying this, the long-term demographic challenge remains, while it appears that inflation will have a significant impact on the trend in the municipalities' and regions' expenses in the shorter term.

Although the storm now, inevitably, seems to be upon us, local government finances appear at least to be well prepared.

Örebro, September 2022



Tomas Werngren
CEO Kommuninvest



Erik Törnblom
Acting Head of Research and Education, Kommuninvest

Local government sector economy

Despite the corona pandemic persisting in 2021, large parts of the economy recovered. Circumstances remained difficult for certain segments, however, particularly the hotel and restaurant segments. Although a strong general recovery led to the 2020 decline in GDP being recovered by a good margin. GDP grew by slightly more than 5 percent in 2021. Despite major financial stimuli during the pandemic, Maastricht debt¹ was only marginally higher than before the pandemic, corresponding to 36 percent of GDP in 2021 compared with 35 percent in 2019. This level is in line with the debt anchor level set out in the fiscal framework, and is also very low from an international perspective.

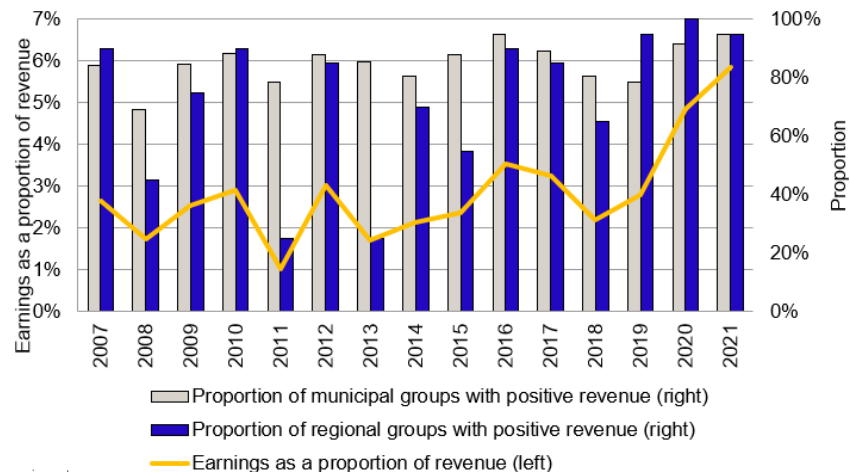
The strong economic recovery, combined with continuing generous central government grants due to the pandemic, contributed to the local government sector achieving record net profits in 2021. Total net profit for the municipal and regional groups was SEK 86 billion, corresponding to 5.9 percent of total turnover. Only six municipal groups and one regional group reported a net loss in 2021.

Looking ahead, the picture becomes significantly more gloomy. In a macro environment with high inflation, rising interest rates and a recession, local government finances will come under severe pressure. In addition, the underlying demographic challenge remains, with an increasing proportion of citizens over

the age of 80. The latest tax base forecast from SALAR² shows that the tax base is expected to grow by an average of 0.9 percent annually in real terms between 2022 and 2025. Compared with the average for the past ten years of 1.7 percent, this entails a marked erosion of the local government sector's purchasing power. For 2023, the forecast is even negative, with real purchasing power falling by almost 2 percent. At the same time, many expenses are rising – pension expenses are expected to increase by more than SEK 30 billion in 2023, due, among other things, to an increase in the base amount.³ Interest and operating expenses are also likely to consume an increasing portion of municipal revenues over the upcoming years.

As net profit levels among municipalities and regions drop due to declining tax revenues and increasing expenses, maintaining a high degree of self-financing for investments will become more difficult. This could lead to increased caution and stricter prioritisation of investment plans. Although population forecasts have been revised down in recent years, the underlying investment needs largely persist. However, lower population growth may provide some scope to shift investment expenditure from expansion to needed reinvestments in local government infrastructure and properties.

Figure 1: Net profit in relation to turnover in the local government sector and the proportion of municipal and regional groups with positive net profits.



Source: Kommuninvest

1) Maastricht debt – the consolidated gross debt of the public sector is a measure of the level of debt in public administration. This includes central and local government administration, as well as social security funds (old-age pension system).

2) SALAR (2022a)

3) SALAR (2022b)

Local government sector investments

Sweden

Municipalities and regions are substantially responsible for producing and financing Sweden's welfare services and form central components in the Swedish welfare system. In 2021, municipalities and regions accounted for nearly three quarters of the public sector's total consumption expenditure. Most of the consumption expenditure, approximately two-thirds, is paid by the municipalities, while the remainder is paid by the regions.⁴

Table 1 provides an overview of the municipalities' and regions' welfare commitments. The municipalities are responsible for a large number of operations, including preschools, schools, social operations and elderly care. The regions have a more limited assignment and are responsible for health and care, dental care, as well as public transport, culture and regional development. Significant portions of local government sector operations are conducted under company formats. Municipalities and regions also own more than 1,800 companies engaged in areas including housing, property and energy supply, public transport, culture, education and tourism.

The local government sector is not only responsible for conducting these operations, but also for the expansion and maintenance of the fixed assets used in the operations.

These investments are described in detail in this section.

Over the past decade, Sweden has experienced strong population growth. Since 2010, Sweden's population has increased by slightly more than a million people.⁵ This sharp demographic change has resulted in an increased demand for welfare services. At the same time, the need for extensive renovation of existing homes and properties built in the 1960s and 1970s has increased. These two factors have contributed strongly to the local government sector's greatly increased investment volumes in the 2010s.

Over the past two years, the investment volume in the local government sector has decreased. In 2021, the local government sector's investments decreased by SEK 4 billion, equivalent to 2 percent, compared with the preceding year. This can be compared with investment volumes in the local government sector having increased by an average 6 percent annually since 2010.

In total, the local government sector's investments amounted to SEK 180 billion in 2021. The reduced investment volumes can be attributed almost entirely to the municipalities, whose investments amounted to SEK 71 billion. For the municipal companies and regional groups, which remained at almost the

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.

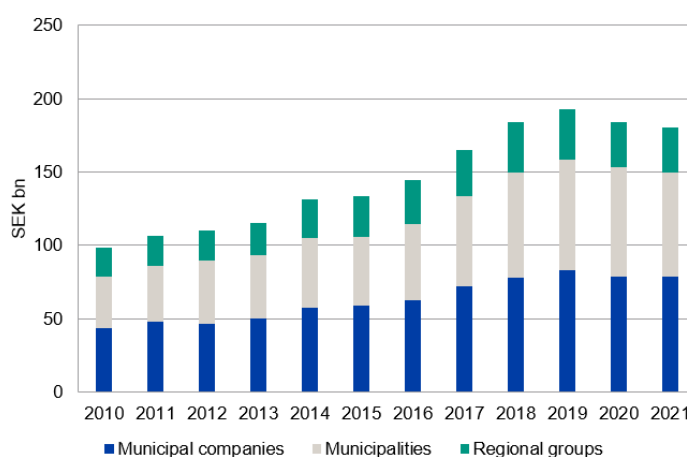
** Dental care for children and young people up to and including the age of 23.

Source: Kommuninvest

4) Statistics Sweden: National accounts

5) Statistics Sweden: Population statistics

Figure 2: Investment volume in SEK billion, 2010–2021



Source: Kommuninvest

same levels in 2021 as in 2020, the investment volumes amounted to SEK 79 and 31 billion, respectively.

There are probably several reasons why the local government sector's total investment volumes have declined for the second consecutive year. The pandemic and its aftermath are likely to have presented challenges in implementing planned investments, which may have caused investment plans to be amended or delayed. At the same time, population projections have been revised and the population is not expected to increase in the future at the same rate as previously predicted. The number of children born is, for example, expected to decrease over the upcoming years. Such changes can have a major impact on municipalities' and regions' investment decisions. A relatively large need for investment in the local government sector nonetheless remains. This is partly a matter of existing operational premises needing to be upgraded, and partly a matter of having to maintain critical infrastructure, such as water and sewerage facilities.

Distribution of investments⁶

Municipalities

The municipal groups' distribution of investments between various asset types has been relatively stable over time. Of the municipal groups' investments in 2021, 57 percent (51 percent for 2020) 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. Examples of such assets are parking garages and industrial premises.

Infrastructure investments include streets, roads and parks, as well as ports and airports. In total, infrastructure investments accounted for 11 (20) percent of total investment. Investments in district heating and energy production, as well as electricity, data and

⁶ The underlying data on the distribution of investments is obtained via the municipalities' and regions' compiled annual reports and are divided into different categories. In compiling data on the municipal groups, 50 of the largest municipalities in terms of population are selected, in which municipal companies and municipal associations are included. All of the regional groups, with their companies and municipal associations, are included in the compilation. In total, investments equivalent to SEK 100 billion are included out of a total of SEK 150 billion for the municipal groups, as well as all investments for the regional groups.

telecommunications networks and equipment for accounted for 12 (9) percent, while investments in water and sewerage, as well as the associated pipes, amounted to 11 (13) 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, while investments in water and sewerage are underestimated.

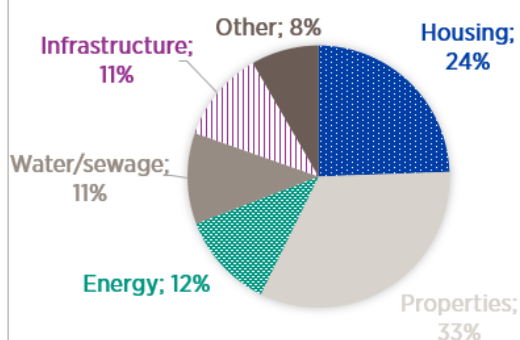
Other items mainly include investments in machinery and equipment, including vehicles, and amounted to 8 (6) percent in 2021.

Regions

In 2021, investment volumes in the regional groups were at the same level as in 2020 and amounted to a total of SEK 31 billion. The regional groups' distribution of investments between various asset types has also been relatively stable over time. However, individual regions' investments have a greater impact on the aggregated volumes. For a long time, the investment trend has been influenced by Region Stockholm, which in 2021 accounted for 35 (35) percent of the regional groups' total investments. The two other metropolitan regions, Region Västra Götaland and Region Skåne, accounted for 16 (18) and 14 (13) percent of the regional groups' total investments respectively.

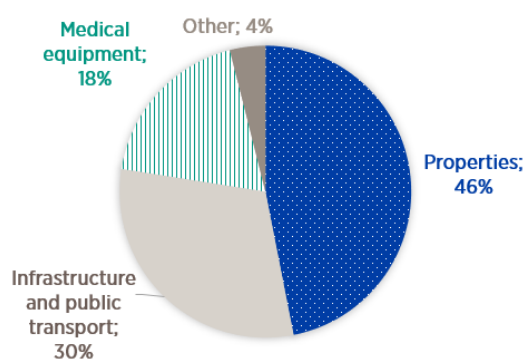
Of the regional groups' total investments in 2021, properties accounted for 46 (40) percent. Investments in infrastructure and public transport decreased compared with the preceding year, together accounting for 30 (36) percent. Here, too, Region Stockholm has a major impact on investment volumes, accounting for a total of 90 percent of the regional groups' investments in infrastructure and public transport in 2021. Investments in healthcare equipment and other investments accounted for 18 (11) and 4 (9) percent, respectively.

Figure 3: Distribution of investment between municipal groups



Source: Kommuninvest

Figure 4: Distribution of investment between regional groups



Source: Kommuninvest

Investments by municipal category, regions and counties

Municipal category

To enable comparisons between municipalities, the municipal categorisation developed by the Swedish Association of Local Authorities and Regions (SALAR) is applied. 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 general conclusions about trends among individual local government authorities based on the trend at the level of the municipal category. The spread between the municipalities' investments within a single municipal category is often greater than between municipal categories.

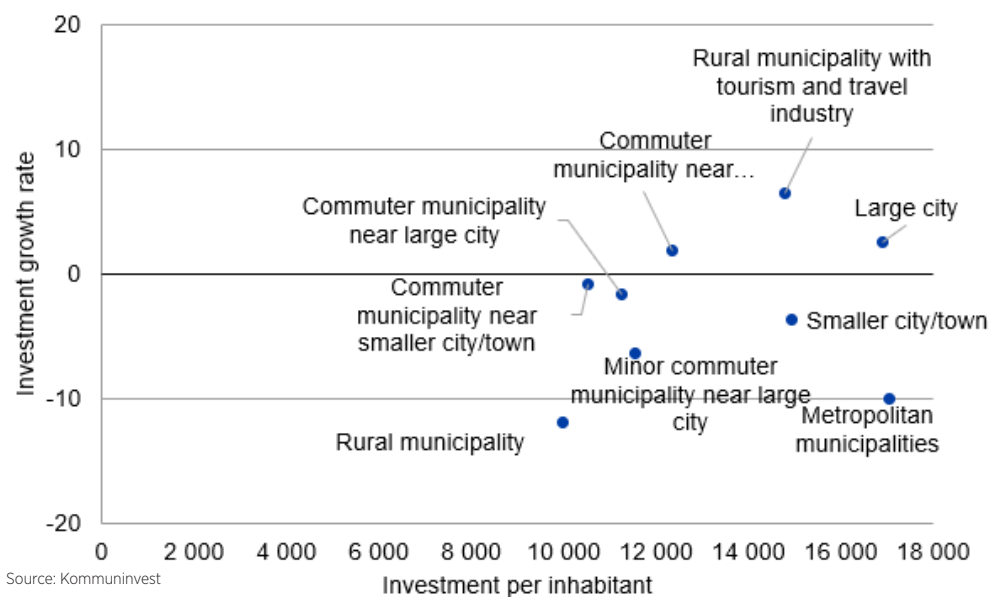
In 2021, investment volumes increased in three out of nine municipal categories. The

largest percentage increase occurred in the municipal group "Rural municipality with tourism and travel industry" whose investment volume increased by slightly more than 6 percent. Investments have decreased in six out of nine municipal categories. The largest reductions can be found among "Rural municipality, not close to a large city" and "Metropolitan municipalities", where investments have decreased by 12 and 10 percent respectively.

Regions

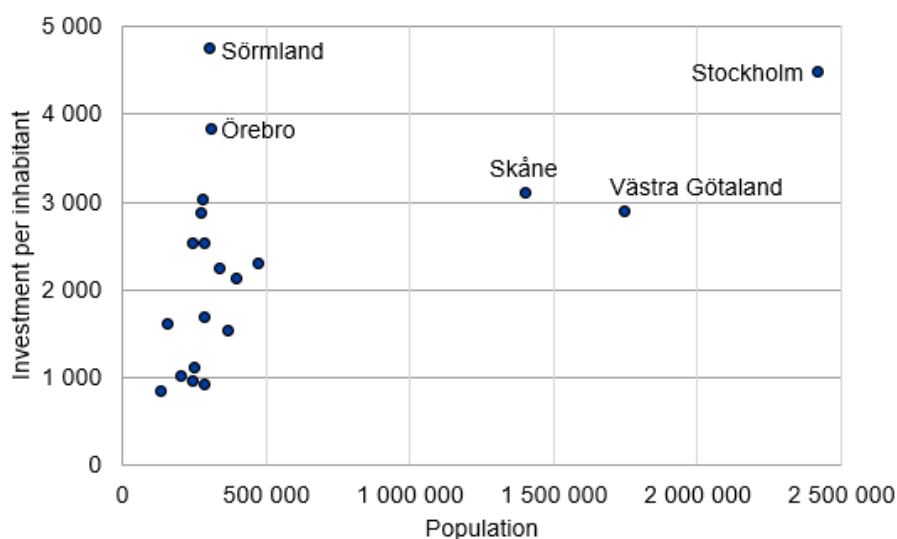
The regions' average investment level amounted to SEK 2,979 per inhabitant in 2021, which is roughly the same level as in the preceding year.⁷ Region Sörmland had the highest investment levels in 2021 at SEK 4,745 per inhabitant. Predominantly, investments in hospital properties explain the region's high levels of investment. Region Stockholm and Region Örebro County also had relatively high investment levels in 2021: at SEK 4,491 and SEK 3,840 per inhabitant respectively. In Region Stockholm, the investments were

Figure 5: Investment per inhabitant and rate of investment change by municipal category



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

Figure 6: Investment per inhabitant and population by region



Source: Kommuninvest

mainly associated with public transport and infrastructure, while Region Örebro County mainly invested in hospital properties.

Counties

Summing up the investments in the region and all of the county's municipalities, regional differences in investment volumes are also found at the county level. The County of Örebro and the County of Jämtland had the highest levels of investment per inhabitant.

In the County of Örebro, the average level of investment per inhabitant increased by 22 percent compared with 2020. In nominal terms, the investment volume increased most in the Municipality of Örebro, whose investments also accounted for a total of 50 percent of the county's total investment volume.

In percentage terms, the level of investment per inhabitant has increased most in the County of Jämtland. The increase amounted to 63 percent compared with 2020. The Municipality of Östersund accounted for the largest increase in investment in the county, both per inhabitant and in nominal terms. Investments by the Municipality of Östersund

corresponded to approximately two-thirds of the county's total investment volume.

Municipalities investing most in 2021

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, just as in 2020, Sweden's largest municipalities in terms of population. In all three municipalities, however, investments, both in total and per inhabitant, decreased in 2021 compared with 2020.

The municipalities with the highest levels of investment per inhabitant vary over time. This is often due to large individual investments having a strong impact in small and medium-sized municipalities. The highest level of investment per inhabitant was found, as in previous years, in Kiruna. A total of SEK 54,870 was invested per inhabitant in 2021. The urban transformation being carried out in connection with LKAB's expansion of its mining operations explains the large investment volume.

Table 2: Investment by county in 2021 and change compared with 2020

Counties	Investment per inhabitant in SEK	Investment per inhabitant (excl. region) in SEK	Investments in SEK, million	Investment in SEK million (excl. region)	Change since 2020	Change since 2020 (excl. region)
Örebro	20,647	16,807	6,334	5,156	22%	27%
Jämtland	20,634	19,781	2,725	2,612	63%	64%
Västerbotten	20,133	17,248	5,528	4,736	-3%	-1%
Södermanland	19,855	15,110	5,992	4,560	9%	9%
Västmanland	18,811	15,785	5,248	4,403	-1%	-11%
Stockholm	18,437	13,946	44,528	33,682	-6%	-8%
Östergötland	18,111	15,814	8,507	7,428	-9%	-5%
Västra Götaland	17,866	14,973	31,173	26,126	-3%	-2%
Blekinge	17,685	16,062	2,811	2,553	26%	27%
Norrbottn	17,414	16,289	4,348	44,067	-13%	-12%
Jönköping	17,306	15,765	6,353	5,787	3%	9%
Sweden	17,269	14,307	180,497	149,542	-2%	-3%
Halland	16,763	14,508	5,703	4,936	-9%	-12%
Skåne	16,502	13,392	23,143	18,781	2%	0%
Värmland	15,825	14,892	4,482	4,217	9%	8%
Dalarna	15,541	13,009	4,482	3,752	-5%	-4%
Kalmar	15,394	12,858	3,805	3,178	-3%	-4%
Gävleborg	14,375	12,693	4,137	3,653	5%	2%
Uppsala	13,354	11,222	5,275	4,433	-12%	-18%
Västernorrland	12,439	11,473	3,038	2,802	3%	0%
Kronoberg	11,794	10,776	2,398	2,191	-28%	-27%
Gotland	8,000	8,000	488	488	-7%	-7%

Source: Kommuninvest

Table 3: Investments, in total and per inhabitant

Municipal group	Investment volume in SEK million, 2021	Investment volume in SEK per inhabitant, 2021	Investment volume in SEK million, 2020	Investment volume in SEK per inhabitant, 2020
Stockholm	16,888	17,255	19,491	19,979
Göteborg	11,876	20,213	12,729	21,832
Malmö	3,918	11,139	4,109	11,809
Linköping	3,622	21,882	4,001	24,305
Jönköping	3,271	22,782	2,934	20,600
Örebro	3,177	20,235	2,307	14,754
Västerås	3,128	19,944	3,304	21,241
Uppsala	2,616	11,010	3,264	13,958
Helsingborg	2,445	16,288	2,207	14,784
Skellefteå	2,354	32,074	2,357	32,359

Source: Kommuninvest

Table 4: Municipal groups with greatest investment volumes per inhabitant in 2021

Municipal group	Investment volume, SEK per inhabitant	Millions SEK	Comments
Kiruna	54,870	1,238	Urban transformation
Skellefteå	32,074	2,354	Operational premises and investments by energy companies
Östersund	28,087	1,807	Operational premises
Åsersund	26,235	303	Operational premises and properties
Åre	25,681	315	Operational premises, water and sewerage
Trelleborg	24,369	1,127	Properties, infrastructure
Karlshamn	23,925	771	Operational premises, housing
Oxelösund	23,393	284	Operational premises
Nykvarn	23,300	268	Operational premises, sports hall, water and sewerage
Jönköping	22,782	3,271	Housing, operational premises, energy production

Source: Kommuninvest

Local government sector debt

Sweden

Although the local government sector has a high degree of self-financing, part of the year's investments had to be financed through increased borrowing. In 2021, the local government sector's debt increased by SEK 30 billion, equivalent to 3.9 percent. At the end

Table 5: Local government sector borrowing

	2019	2020	2021
Debt in SEK bn	729	769	799
Percentage increase	11.1%	5.5%	3.9%
Municipal groups	651	689	719
Regional groups	79	80	80
Debt per inhabitant in SEK	70,631	74,114	76,472
Proportion of GDP	14.4%	15.3%	14.6%

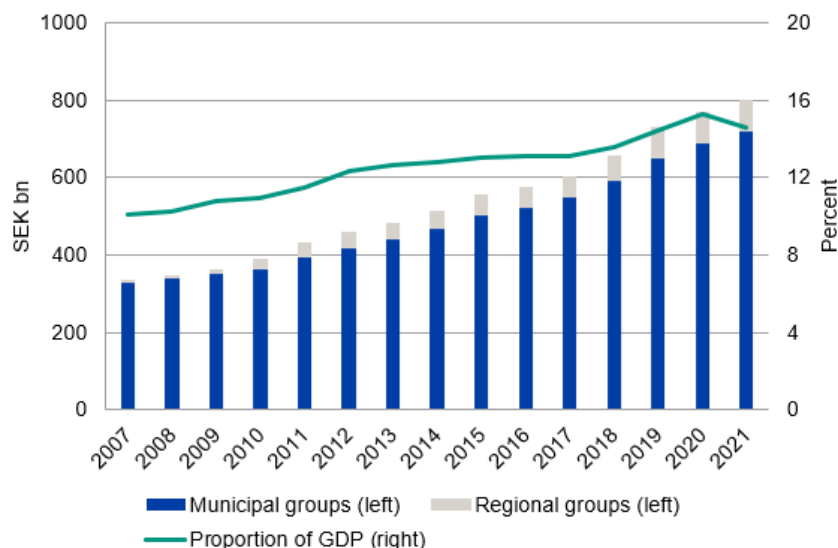
Source: Kommuninvest and Statistics Sweden

of the year, total debt amounted to SEK 799 billion. The increase in debt is explained by debt growth in the municipal groups, which have increased their debt from SEK 689 to 719 billion. The regional groups' debt was as large as in the preceding year, totalling SEK 80 billion.

Broken down per inhabitant, the debt in 2021 amounted to SEK 76,472, equivalent to an increase of SEK 2,358 compared with 2020. In relation to GDP, total debt has decreased from 15.3 percent in 2020 to 14.6 percent in 2021. At the end of 2020, debt as a share of GDP was at a historically high level, which can be explained by falling GDP in 2020 as a consequence of the corona pandemic. The effects of the pandemic were relatively short-lived and in 2021 GDP increased by slightly more than 5 percent, which meant that debt as a share of GDP also abated. Since 2010, debt has grown at a higher rate than the economy as a whole. However, 2021 was the first year in which debt decreased as a share of GDP. On average, the increase has been 6.4 percent, with the past two years having a slightly lower growth rate, 5.5 percent in 2020 and 3.9 percent in 2021, respectively.

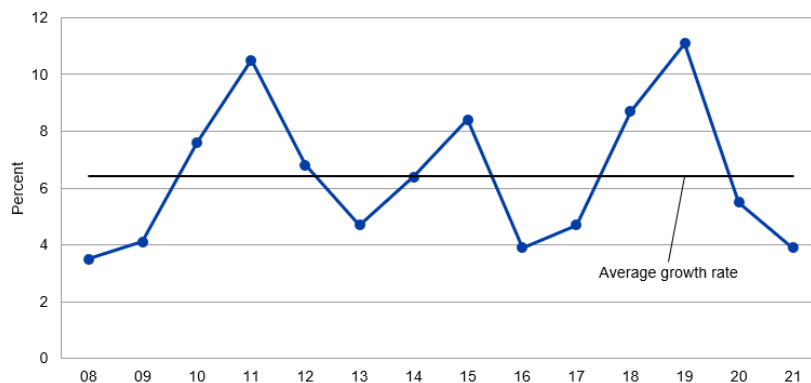
Figure 9 shows the cumulative debt among municipal groups, in percent, according to the municipalities' population, from the smallest municipality to the largest. Of the total debt, 64 percent is found among the 50 largest municipalities in terms of population. The 100 smallest municipalities have slightly less than 8 percent of the population and 6 percent of the total debt.

Figure 7: Debt trend 2007-2021



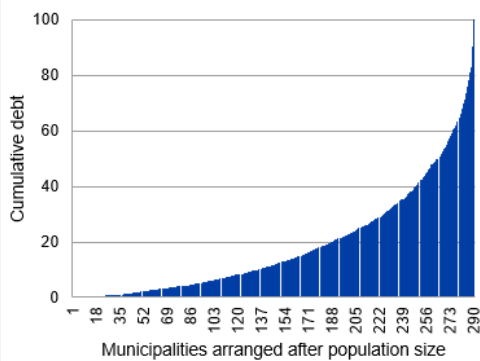
Source: Kommuninvest

Figure 8: Rate of increase in debt, 2008-2021



Source: Kommuninvest

Figure 9: Distribution of debt between municipal groups sorted by population

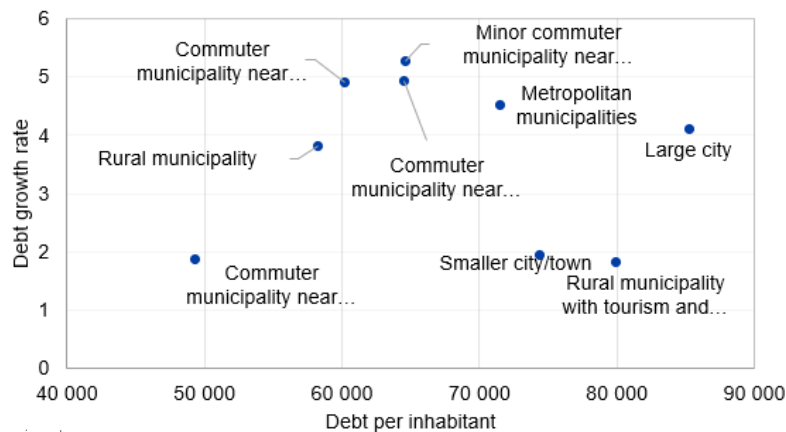


Source: Kommuninvest

Debt by municipal category, region and county

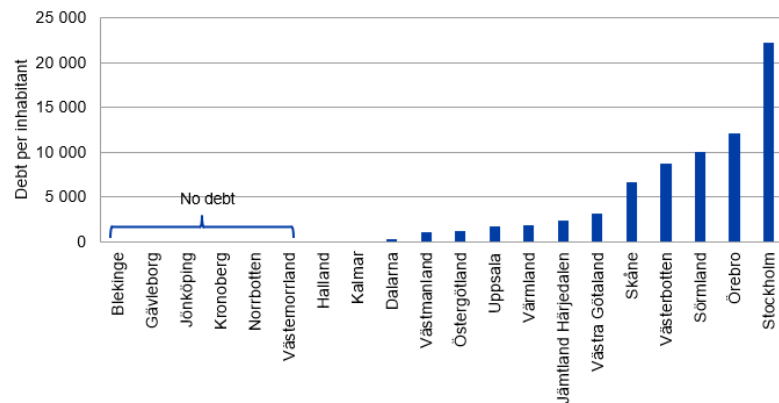
Figure 10 illustrates the spread between the rate of debt growth and debt per inhabitant among municipal groups divided into municipal categories. The highest rate of increase in debt in 2021 occurred in the municipal categories “Minor commuter municipality near large city”, “Commuter municipality near large city” and “Commuter municipality near smaller city/town”. However, debt per inhabitant was greatest in the municipal categories “Large city” and “Rural municipalities with tourism and travel industry”.

Figure 10: Debt per inhabitant and municipal category, plus rate of debt increase



Source: Kommuninvest

Figure 11: Debt per inhabitant and regional group



Source: Kommuninvest

Table 6: Debt by county in 2021 and change compared with 2020

Counties	Debt per inhabitant in SEK	Debt per inhabitant (excl. region) in SEK	Debt in SEK million	Debt in SEK million (excl. region)	Change since 2020	Change since 2020 (excl. region)
Örebro	107,336	95,259	32,930	29,225	5.3%	4.3%
Södermanland	93,541	83,534	28,231	25,211	12.8%	11.3%
Östergötland	91,872	90,686	43,152	42,595	1.6%	1.4%
Västerbotten	85,572	76,791	23,495	21,084	-7.6%	-7.6%
Blekinge	79,243	79,243	12,595	12,595	7.3%	7.3%
Stockholm	78,604	56,451	189,840	136,337	3.8%	6.6%
Västra Götaland	77,287	74,185	134,855	129,443	3.3%	3.1%
Uppsala	76,711	75,030	30,303	29,639	2.5%	2.4%
Sweden	76,472	68,828	799,309	719,416	3.9%	4.4%
Västmanland	75,201	74,129	20,979	20,680	9.9%	11.0%
Kronoberg	74,498	74,498	15,148	15,148	3.8%	3.8%
Dalarna	73,507	73,161	21,199	21,099	2.4%	2.9%
Kalmar	73,020	72,989	18,049	18,041	5.0%	5.0%
Jämtland	72,980	70,635	9,637	9,328	3.6%	4.5%
Västernorrland	72,840	72,840	17,787	17,787	4.1%	4.1%
Jönköping	71,819	71,819	26,362	26,362	6.2%	6.2%
Skåne	70,743	64,054	99,211	89,831	6.0%	5.8%
Halland	66,562	66,548	22,647	22,643	6.8%	6.8%
Värmland	64,677	62,740	18,288	17,768	3.8%	7.2%
Norrbotten	62,669	62,669	15,648	15,648	6.3%	6.3%
Gävleborg	59,859	59,859	17,225	17,225	1.4%	1.4%
Gotland	28,327	28,327	1,728	1,728	-9.9%	-9.9%

Source: Kommuninvest

Regions

The regional groups' total debt was unchanged compared with the preceding year and amounted to SEK 80 billion in 2021. Debt per inhabitant was unevenly distributed between the regions. Region Stockholm had the single largest volume of debt. Of the total debt for the regional groups, Region Stockholm's debt accounted for 67 percent in total. Together with the other two metropolitan regions, Skåne and Västra Götaland, the loan volume amounted to 85 percent of the total debt. Broken down per inhabitant, the debt situation looks different. Region Stockholm has continued to have the highest level of debt, followed by Region Örebro County and Region Sörmland. In 2021, seven regions increased their debt by the equivalent of SEK 2.3 billion, while seven regions reduced their debt by the equivalent of SEK 2.6 billion. Six regions have no debt at all.

Distribution of debt

At the county level, the County of Örebro has, as in previous years, the highest level of debt per inhabitant, at SEK 107,336. The Municipality of Örebro's debt of 17.6 billion accounts for slightly more than half of the county's debt. The lowest debt per inhabitant is found in Sweden's smallest county in terms of population, Gotland, which comprises just one municipality. The Municipality of Gotland is also responsible for tasks normally assigned to the regions.

At the county level, the volume of debt has increased most in the County of Södermanland. The increase of almost 13 percent was driven by increased borrowing by the Municipality of Eskilstuna and Region Sörmland. In the County of Gotland, the volume of debt has decreased by the equivalent of 10 percent.

Borrowing by municipality

Tables 7 and 8 show the municipal groups that had the highest nominal borrowing and

the highest borrowing 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 level of 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 ten municipal groups with the greatest debt volumes at the end of 2021 also topped the list in the preceding year. The City of Stockholm had the highest level of debt. This amounted to SEK 69.2 billion and increased by 9 percent compared with the preceding year. Of the municipalities with the highest level of debt, the Municipality of Linköping is the only one that reduced its debt in 2021.

In 2021, debt per inhabitant was greatest in Trollhättan, Ystad and Hammarö. In recent years, these municipalities have found themselves in a period of expansive investment, resulting in increased debt. Among the ten municipalities with the highest level of debt per inhabitant, it has increased most in Ängelholm in terms of percent. The increased level of debt is attributable to extensive investments in operational premises, housing and infrastructure.

Table 7: Municipal groups with the highest level of debt in 2021

Municipal group	Debt, 2021, SEK bn	Percentage change, 2021	Debt in SEK bn (and rank) in 2020	Debt in SEK bn (and rank) in 2019
Stockholm	69.2	9%	63.5 (1)	58.1 (1)
Gothenburg	51.7	2%	50.8 (2)	46.8 (2)
Linköping	18.9	-7%	20.4 (3)	19 (3)
Uppsala	17.6	2%	17.4 (4)	17.8 (4)
Örebro	17.6	5%	16.7 (5)	16 (5)
Malmö	16.2	1%	16.1 (6)	15.3 (6)
Norrköping	15.3	14%	13.7 (7)	12.6 (7)
Västerås	13.6	19%	11.4 (9)	10.8 (8)
Jönköping	12.4	8%	11.4 (8)	10.4 (11)
Lund	11.6	5%	11 (10)	10.6 (9)

Source: Kommuninvest

Table 8: Municipal groups with the highest level of debt per inhabitant in 2021

Municipal group	Debt in SEK per inhabitant, 2021	Percentage change, 2021	Debt in SEK per inhabitant (and rank) in 2020	Debt in SEK per inhabitant (and rank) in 2019
Trollhättan	139.3	2%	137.2 (1)	128.9 (1)
Ystad	128.2	3%	124.3 (3)	119.8 (3)
Hammarö	127.5	3%	124.3 (4)	108.3 (6)
Strömstad	121.3	0%	121.5 (6)	117.2 (10)
Linköping	114.1	-8%	123.9 (5)	116.6 (5)
Gnesta	112.7	-1%	113.6 (7)	100.1 (9)
Örebro	112.1	5%	107.1 (8)	102.5 (8)
Älmhult	111.7	10%	101.1 (12)	93.2 (13)
Nybro	111.3	7%	103.7 (9)	98.6 (11)
Ängelholm	110.5	24%	88.9 (28)	79.7 (46)

Source: Kommuninvest

Local government sector funding

In 2021, the local government sector's debt increased by 3.9 percent, amounting to SEK 799 billion at the end of the year. In total, Kommuninvest financed 58 percent of this debt (58 percent in 2020). The remainder was financed through funding in the capital market through proprietary debt capital market programmes or through banks.⁸ These market programmes and the banks' share of financing amounted to 30 (30) and 12 (12) percent of debt, respectively.

Seen over a longer time period, financing through Kommuninvest has increased while financing through banks has decreased, and while the market programmes' share has been relatively constant. Compared with the preceding year, the market shares for the various financing options have remained unchanged.

In Table 10, loan financing is presented broken down by membership in Kommuninvest and by the scale of the municipal group's debt.⁹ In 2021, municipal and regional groups that were members of Kommuninvest and had debt of up to SEK 6 billion financed 93 percent of their total investments through Kommuninvest. In practice, this means that a large proportion of Sweden's municipalities arranged their entire financing through Kommuninvest. Municipal and regional groups that were not members of Kommuninvest mainly financed their debt through funding on the capital market with their own market programmes. They borrow the remainder primarily through the European Investment Bank (EIB) and the Nordic Investment Bank (NIB).

Table 9: **Borrowing from various funding options, 2015-2021**

Funding options	2015	2016	2017	2018	2019	2020	2021
Kommuninvest							
Funding in SEK billion	251	274	308	354	407	443	461
Market share	45%	47%	51%	54%	56%	58%	58%
Market programmes							
Funding in SEK billion	173	180	193	202	217	232	242
Market share	31%	31%	32%	31%	30%	30%	30%
Banks							
Funding in SEK billion	132	123	103	103	102	93	96
Market share	24%	21%	17%	16%	14%	12%	12%

Source: Kommuninvest

Table 10: **Funding in 2021, based on scale of debt and membership in Kommuninvest**

	SEK <6 billion in group debt	SEK >6 billion in group debt
Member of Kommuninvest	<ul style="list-style-type: none"> • Number of municipalities and regions: 276 • Borrowing: SEK 370 billion • Kommuninvest: 93% • Market programmes: 1% • Banks: 6% 	<ul style="list-style-type: none"> • Number of municipalities and regions: 18 • Borrowing: SEK 235 billion • Kommuninvest: 49% • Market programmes: 41% • Banks: 9%
Not a member of Kommuninvest	<ul style="list-style-type: none"> • Number of municipalities and regions: 9 • Borrowing: SEK 13 billion • Market programmes, 68% • Banks, 32% 	<ul style="list-style-type: none"> • Number of municipalities and regions: 7 • Borrowing: SEK 181 billion • Market programmes, 73% • Banks, 27%

Source: Kommuninvest

8) The banks' share is calculated as a residual that also includes financial leasing.

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

Local government sector's financial strength

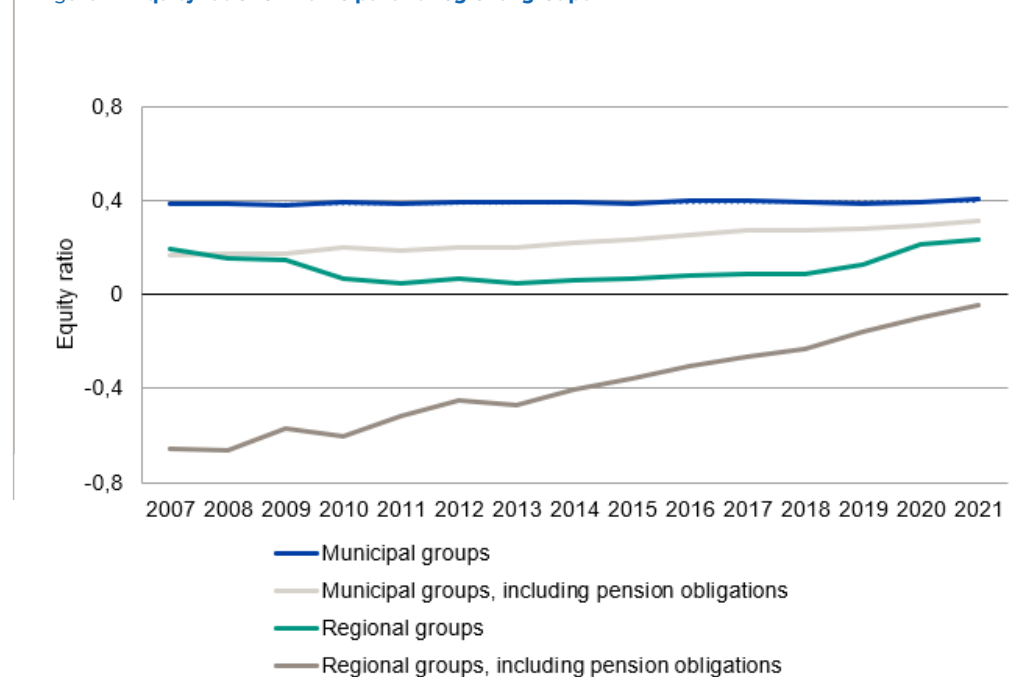
The asset pool that is continuously built up through the local government sector's investments can be financed through equity or borrowed funds. The equity/assets ratio is a financial ratio that reflects the relationship between equity and assets. The equity/assets ratio is calculated by dividing equity by total assets. Often, this overall measure can be the most appropriate way to describe the long-term financial strength of municipalities and regions, as it takes into account the build-up of the asset pool over time.

Figure 12 illustrates the development of the equity/assets ratio in the local government sector, broken down into municipal and regional groups, with and without pension obligations (see fact box on the next page). Over time, the equity/assets ratio, excluding pension obligations, has maintained a relatively constant level. The trend has been similar for both the municipal groups and the regional groups, although there is a certain difference in level. If the pension obligations that are reported as a contingent liability are included

in the calculations of the equity/assets ratio, the past few years have entailed an improved equity/assets ratio for both the municipal and regional groups. For the regional groups, the strengthening of the equity/assets ratio has been clear, although from negative levels. The fact that the equity/assets ratio, including the pension obligations, has improved in the local government sector is due to the pension debt decreasing as pension rights vested before 1998 are disbursed. The trend in the equity/assets ratio must also be seen in the light of many municipalities and regions having undergone periods of heavy investment over the past decade.

Although the local government sector as a whole shows a favourable trend in its equity/assets ratio, the difference between individual municipal and regional groups is considerable. In 2021, the equity/assets ratio, including pension obligations, varied between -29 and 73 percent in the municipal groups. However, comparing the equity/assets ratio between individual municipalities and regions

Figure 12: Equity ratio for municipal and regional groups



Source: Kommuninvest

Fact box: Local government sector occupational pensions

In the local government sector, the so-called mixed model is used to account for the undertaking to make future pension payments. The mixed model comprises a merger of two accounting methods, partly the distribution model and partly the fully funded model. The distribution model means that pension payments are reported as an expense and that no provision for pensions earned to date is entered in the balance sheet. In contrast, the fully funded model entails the entire pension commitment being entered as a provision in the balance sheet. Newly vested pensions, together with the value hedging of the entire pension liability, constitute an expense when applying the fully funded model, although no cost is reported at the time of payment.

In connection with the introduction of the Act on Accounting in Local Government (1997:614) in 1998, it was decided that pension obligations vested after 1998 are reported as a provision in the balance sheet in accordance with the fully funded model. Pension obligations vested before 1998 are instead reported as a contingent liability in accordance with the distribution model. This means that a large part of the local government sector's pension obligations are not included as a liability in the balance sheet. When calculating financial key figures, such as the equity/assets ratio, there may thus be reason to include the pension obligations that are reported outside the balance sheet to obtain a fairer picture of the local government sector's finances.

can give a misleading picture of their relative financial strength. Hidden market values and differences in group structure make it difficult to compare equity/assets ratios.¹⁰ The equity/assets ratio measure is also a relatively sluggish key figure. Accordingly, the measure's

development and direction of change over time is a more important indicator of financial strength than the level of the equity/assets ratio itself.

¹⁰) In fast-growing municipalities, for example, asset values can in many cases exceed the book values, meaning that the equity/assets ratio measure underestimates financial strength. Variation in group structure is a further explanation for the fact that the equity/assets ratio varies between different municipal and regional groups. For example, a municipality with a large housing company (a capital-intensive operation) may have a lower equity/assets ratio, compared with a municipality with a small housing company, without their financial strength actually differing.

Debt trend

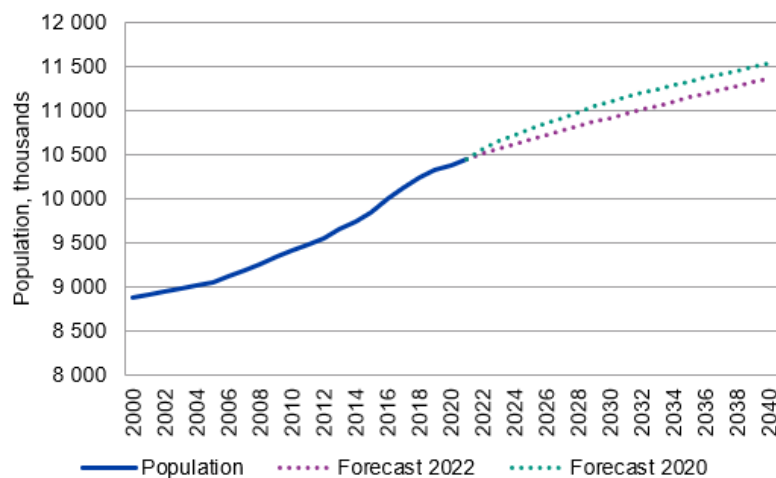
In 2021, the local government sector's debt increased by 3.9 percent. This was a relatively low growth rate. Since 2010, debt has increased by an average of 6.4 percent. How debt will develop in the future depends on several factors, all of which relate to either the need for investment over the upcoming years, the cost of the investments that will be carried out or the net profit trend. In this in-depth study, the focus is on the need for increased welfare capacity, reinvestment, provision of housing, self-financing, interest expenses and cost trends in the construction sector.

Like 2020, 2021 was largely characterised by the pandemic, which impacted both the municipalities' and the regions' operations. In 2021, the local government sector's net profit was record high and far above the historical average, which was caused by the tax base recovering strongly over the year, combined with continued high central government allocations due to the pandemic. A strong stock market trend in 2021 boosted net profits further through increased financial income in certain municipalities and regions. These favourable net profits generated relatively

high liquidity in the local government sector, reducing the need for loan financing looking ahead.

Population growth is another important factor affecting the debt trend, mainly because long-term structural changes and short-term population variations impact the level of investment in the local government sector.¹¹ Here, too, the pandemic has had significant effects. Total fertility in Sweden has shrunk over the past decade, but stabilised in 2021. In the first half of 2022, however, the number of newborns has decreased sharply. Statistics Sweden's population projections indicate that the number of children (0-19 years) will decrease over the upcoming decades. Accordingly, the need for more preschools and schools has decreased. At the same time, both the number and the proportion of elderly people are expected to increase faster than the working-age population, resulting in both an increased burden of support and greatly increased demand for welfare services for the elderly. Overall, the population is expected to grow at a lower rate than in the past decade, but also at a lower rate than previously fore-

Figure 13: Population and population projection 2000–2040



Source: Statistics Sweden

11) Andersson Järnberg & Hultkrantz (2022).

cast. See Figure 13.

Despite lower population growth looking ahead, a significant need for investment in the local government sector remains. Among both operational premises and critical infrastructure, such as water and sewerage and electricity grids, a relatively large maintenance debt also exists. Much of the existing premises and infrastructure were built in the 1960s and 1970s. According to Swedish Water's assessment, the rate of investment in municipal water and sewerage must increase by 40 percent over the next 20 years to meet the needs for both expansion and reinvestment.¹²

Housing constitutes another significant part of the local government sector's investments. About 70 percent of the country's municipalities state that they have a housing deficit in 2022. Although the number of municipalities with a housing shortage has decreased annually since 2017, housing shortages remain relatively substantial.¹³

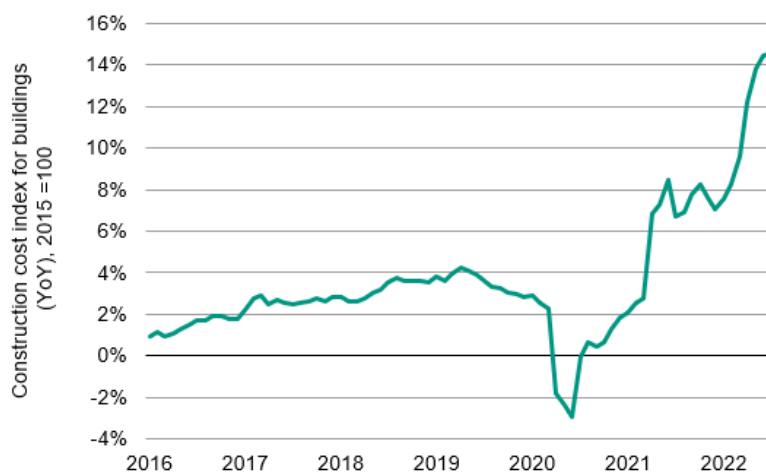
According to SBAB's assessment, housing construction will decrease in 2022 compared with 2021, with construction of 54,000 housing units commencing. This decrease is

expected to continue in 2023 and to then stabilise in 2024 and 2025 at around 46,000 housing units commencing construction annually.¹⁴ Public Housing Sweden predicts instead an increase in newly produced housing among its members in both 2022 and 2023, equivalent to 7,400 and 8,500 housing units respectively. At the same time, the number of conversions is expected to amount to the equivalent of 13,000 and 15,000 housing units in 2022 and 2023, respectively.

Despite a relatively extensive need for investments in properties, several factors are currently having a dampening effect on investments. Construction prices have increased sharply over the year and some uncertainty remains regarding the availability of cement. In July, the construction cost index increased by an annualised rate of 14.6 percent and, in the first half of 2022, the number of apartment buildings that commenced construction fell by 14 percent compared with the corresponding period in the preceding year.

Another important external factor influencing the debt trend is inflation and the interest rate environment. Price increases began to

Figure 14: Construction cost index, annualised rate of change, January 2016 – July 2022



Source: Statistics Sweden

12) Swedish Water (2020)
13) National Board of Housing,
Building and Planning (2022)
14) SBAB (2022)

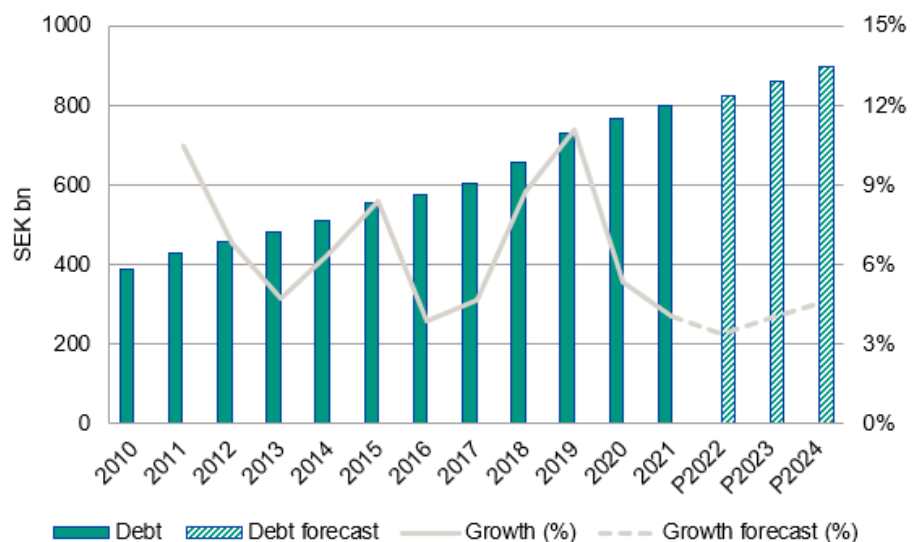
gain momentum in the economy already in the second half of 2021. Expansive financial policies during the pandemic and extensive disruptions in global value chains contributed strongly. Russia's war of aggression against Ukraine, beginning in February, has further impacted prices, particularly for energy. In line with other central banks, the Riksbank has responded to higher inflation with interest rate hikes. Further hikes are also expected to occur over the year, while it is assumed that cuts in purchases of securities will continue.

The macroeconomic situation and international uncertainty make the debt trend harder than usual to assess. While the need for continued major investments in the local government sector remains, increased financing costs, higher prices for input goods and

high construction costs will have an inhibiting effect on investments in the short term. A continued high level of liquidity also results in a lower need for borrowing in the short term. In the medium term, lower population growth may have a dampening effect on the pace of investment. Overall, this year's debt projection for the next three years shows a lower growth rate than the average over the past decade.

Figure 15 shows that the growth rate for 2022 is expected to be slightly more than 3 percent, rising to about 4 and 5 percent in 2023 and 2024, respectively. If the expected debt trend is viewed in relation to the National Institute of Economic Research's latest GDP forecast, debt as a share of GDP will amount to 14.5 percent in 2022 and grow to close to 15 percent in 2024.¹⁵

Figure 15: . Projection – local government sector debt



15) National Institute of Economic Research (2022)

Source: Kommuninvest

Green funding of local government investment

Continued strong development in green funding

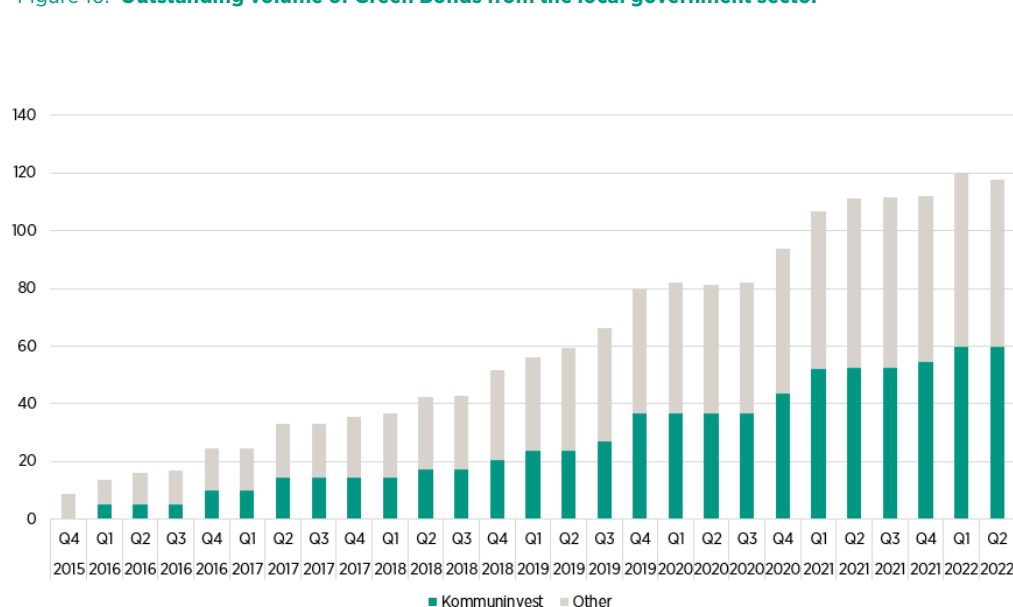
Over the past ten-year period, interest in Green Bonds has grown sharply among the global financial markets and an increasing number of investors are demanding sustainable investment alternatives. The share of Green Bonds on the Swedish bond market is high, seen from an international perspective. In 2019, Green Bonds accounted for more than 20 percent of the total volume issued in SEK. The corresponding shares for bonds issued in EUR and USD were 5 percent and 1 percent, respectively.¹⁶ 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.

Figure 16 shows that the outstanding volume of Green Bonds from municipal players has continued to grow to about SEK 118 billion at the end of the second quarter of 2022.

Kommuninvest Green Bonds accounted for more than half of the total volume, equivalent to almost SEK 60 billion.¹⁷ A total of 18 municipalities, regions and municipal companies have been identified in the compilation. See Table 11.

Figure 16: Outstanding volume of Green Bonds from the local government sector



Source: Kommuninvest

16) The Riksbank (2020)
17) Kommuninvest has issued Green Bonds in Swedish kronor (SEK), American dollars (USD) and euros (EUR). As of 30 June 2022, the outstanding volumes were SEK 36.5 billion, USD 2 billion and EUR 0.5 billion. In Figure 16, the bonds in USD and EUR are converted to SEK at the exchange rate on the respective issue date.

Table 11: Green issuers in the local government sector

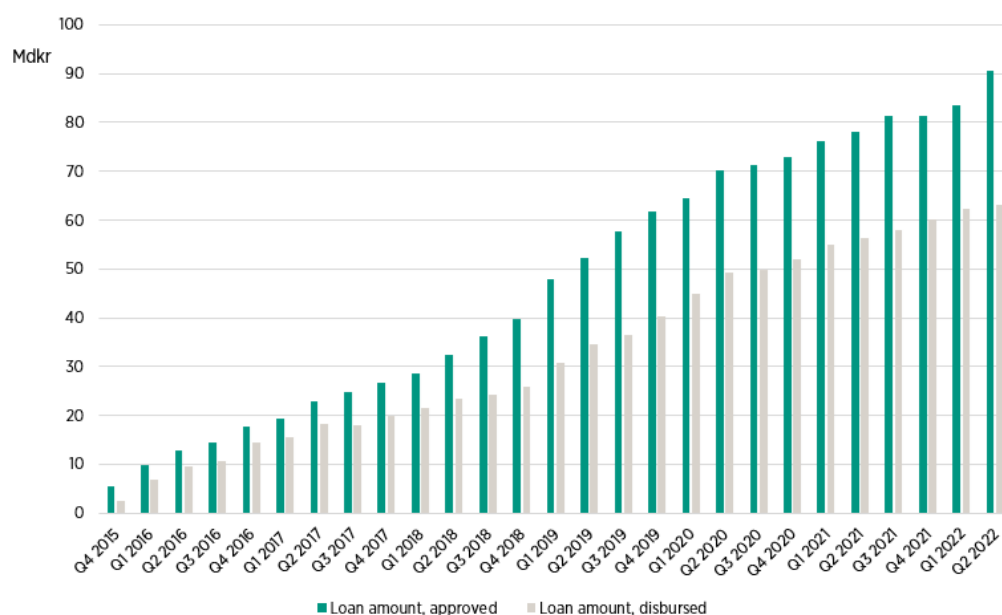
Issuer	Outstanding volume 30 June 2022, SEK, million	Purpose (selection)
Kommuninvest	59,855	554 projects in 185 municipalities and regions and in eight green project categories
City of Gothenburg	16,250	Improved energy efficiency in homes and operational properties, solar power production, sustainable water management and sustainable transport
Region Stockholm	11,700	Sustainable transport, green buildings and renewable energy production
Region Skåne	6,400	Renewable energy production (wind power), sustainable transport (including regional/commuter trains) and green buildings (forensic psychiatric centre and hospital buildings)
Municipality of Örebro	5,200	Wind power production, green buildings (new production and improved energy efficiency)
City of Malmö	4,600	Green and energy-efficient properties, sustainable transport and sustainable management of water and waste water
Municipality of Östersund	3,375	Renewable energy production (wind, water, solar and district heating), sustainable transport and energy-efficient premises and housing
Municipality of Lund	1,900	Renewable energy (solar power), energy-efficient homes and premises and sustainable transport (tram infrastructure)
Municipality of Norrköping	1,800	Sustainable buildings (new construction of housing and a home for the elderly), (energy efficient) street lighting and waste management
Linköpings Stadshus AB (Linköping)	1,500	Green buildings – office premises and healthcare
Region Västra Götaland	1,000	Regional administration buildings
Municipality of Vellinge	950	Renewable energy (conversion from gas to biogas), water and sewerage management and green premises
Lejonfastigheter (Linköping)	800	Green buildings – primary school and office premises
Municipality of Nacka	500	Energy-efficient premises and housing, sustainable transport and improved energy efficiency
Municipality of Linköping	500	Green buildings – aquatic centre
Municipality of Helsingborg	500	Fossil-free transport and renewable energy production
Tekniska verken (Linköping)	250	Renewable energy production

Source: Kommuninvest

Kommuninvest's Green Loans

Through Kommuninvest's Green Loans, even municipalities and regions that are not active in the capital market have access to green funding. At the end of the second quarter of 2022, Kommuninvest had granted 554 green investment projects in 185 municipalities and regions for a total volume of SEK 90.7 billion, of which SEK 63.0 billion had been disbursed. This means that 13 percent of Kommuninvest's loan portfolio comprises Green Loans.

Figure 17: **Approved and disbursed volume of Green Loans from Kommuninvest¹⁸**



Source: Kommuninvest

Region Sörmland and Region Värmland had the highest proportion of green funding in 2021, corresponding to 100 percent of debt. Region Uppsala, Region Västmanland, Region Skåne and Region Örebro County are also included in Table 12 listing 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, combined with the regions generally having a lower level of debt than the municipalities. Among the municipalities, Östersund had the highest proportion of green funding, corresponding to 61 percent of debt. See Table 12.

¹⁸) Note that Kommuninvest's green lending consistently exceeds the outstanding volume of Green Bonds. This allows Kommuninvest to guarantee that the funding is used for approved green investment projects.

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

Municipality/region	Green funding, % of debt, 2021 ¹⁹	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	90%	New health centre, energy efficiency enhancement, sustainable transport and waste management
Region Västmanland	72%	Sustainable transport – biogas buses
Region Skåne	68%	Wind power production, sustainable transport and green buildings
Municipality of Östersund	61%	Sustainable transport, energy-efficient premises and housing, as well as renewable energy production
Municipality of Vårgårda	56%	Renovation and extension of properties constructed during Sweden's "million homes" programme in the 1960s and 1970s, as well as a new school
Region Örebro County	54%	Green buildings at Örebro University Hospital and Örebro University, as well as biogas buses
Municipality of Älvkarleby	53%	Sustainable and energy-efficient nursing and special-needs housing, as well as apartment buildings
Municipality of Skövde	50%	Green buildings, water management and biofuel-fired combined heat and power plants

Source: Kommuninvest

Green Bonds

Green Bonds are interest-bearing promissory notes that enable investors to direct their invested capital to operations contributing to environmental and 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 environmentally sustainable economic activities. 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.

¹⁹) Includes Green Bonds and Green Loans from Kommuninvest.

The local government sector invested more than SEK 180 billion in 2021, with the largest areas of investment being operational 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, the local government sector has the potential to continue driving the development of both sustainable financial markets and a sustainable society.

Local government sector debt management

After several years of limited fluctuations, market rates began to rise sharply in late 2021. Between the end of 2021 and the end of the first six months of 2022, 3M Stibor rose from -0.05 to 0.80 percent, while the five-year swap rate increased by more than two percentage points, from 0.71 to 2.72 percent at the same time.

Developments in the interest rate market mean that the past ten years' continuous decline in the average interest rate in the local government sector has been broken. As shown in Figure 19, the average interest rate, including derivatives, increased from 0.85 percent at the end of the fourth quarter of 2021 (the lowest interest rate ever noted for the local government sector) to 1.02 percent at the end of the second quarter of 2022.²⁰ That the increase did not exceed 17 basis points was because most of the increase in the interest rate occurred during the second quarter alone. This entails a certain delay between the rise in market interest rates and their impact on the local government sector's average interest rate.

Rising market interest rates have had no

noticeable impact on municipal borrowers' choice of capital and interest rate bonds. The average time to maturity was 2.82 years at the end of the second quarter of 2022, which is unchanged compared with the corresponding quarter last year. Figure 20 shows that 24 percent of the loan stock 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 2022, 48 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 funding with relatively short maturities. Some local government actors subsequently make use of interest rate swaps, to extend the period of fixed interest. This has the consequence that average time to re-fixing on the total funding, including derivatives, exceeds the average time to maturity for the underlying funding.

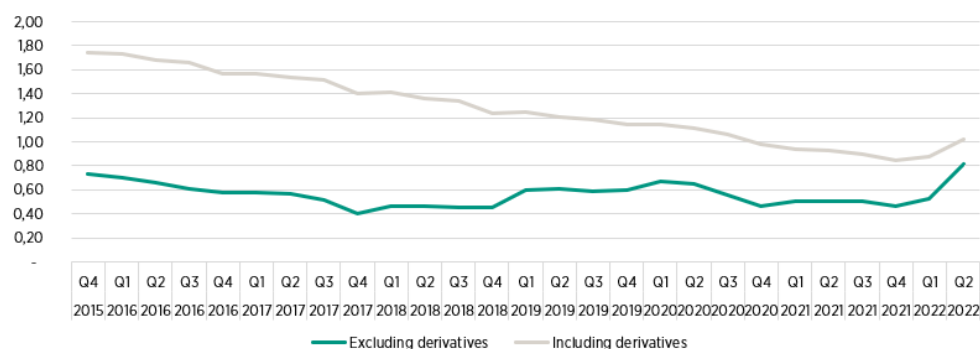
Figure 18: 3M Stibor and 5-year swap rate 1 July 2021 to 30 June 2022



Source: Kommuninvest

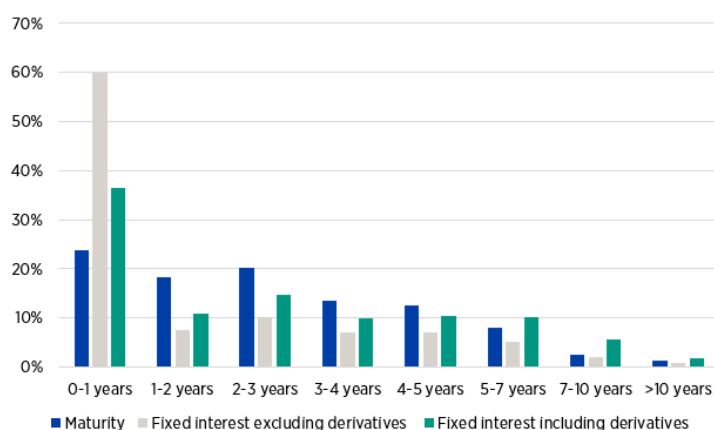
20) The information in this in-depth section is based on Kommuninvest's lending and transactions registered by municipalities, municipal companies and regions in the KI Finans debt management system as of 30 June 2022. The documentation includes 6,571 loans, certificates and bonds for a total amount of SEK 506 billion and 1,393 financial derivatives of a value equivalent to SEK 166 billion.

Figure 19: Average interest rate per quarter, Q4 2015-Q2 2022



Source: Kommunikation

Figure 20: Maturity and fixed interest maturities incl. and excl. derivatives as of 30 June 2022



Source: Kommuninvest

Financial concepts

Time to maturity – Remaining maturity of the existing funding.

Time to re-fixing – 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.

Read more

For readers seeking to delve deeper into the local government sector's debt management, Kommuninvest's digital report series Local Government Debt Management is recommended. Each quarter, updated data are published on the local government sector's average interest rate, maturity structure and interest rate maturities. An in-depth look at a certain theme is also published each quarter. This may concern green financing, interest rate sensitivity, changes in borrowing behaviour or an interest rate forecast for the upcoming years.

[The report can be accessed at Kommuninvest.se](https://kommuninvest.se)

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

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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, 294 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 600 billion in total assets, we are Sweden's sixth-largest credit institution.



KOMMUNINVEST

The Swedish Local Government Debt Office

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