

# Sweden's National Reform Programme 2020

Europe 2020 – the EU's strategy for smart, sustainable  
and inclusive growth



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## 1. Introduction

The Europe 2020 strategy has been the EU's common strategy for growth and jobs since June 2010. It is based on the integrated economic and employment policy guidelines laid down by treaty.<sup>1</sup> The aim of the strategy is to improve the conditions for full employment and inclusive sustainable growth up to 2020. The strategy builds on three priorities that are intended to reinforce one another:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource-efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering economic, social and territorial cohesion.

In April each year Member States have to present a national reform programme to the Commission, describing their implementation of the Europe 2020 strategy in national policies. These programmes report on results achieved over the past year, as well as action planned. The programmes also have to reflect the overarching priorities for the European Semester, which is the framework for economic policy coordination in the EU.

Sweden's National Reform Programme for 2020 is mainly based on the measures and reform ambitions proposed by the Government in the Budget Bill for 2020, the Spring Fiscal Policy Bill for 2020 and the Spring Amending Budget. This year the Spring Fiscal Policy Bill and the Spring Amending Budget are characterised by the management of the consequences of the coronavirus. The initiatives and measures referred to in chapter 3 are those that the Government has taken and intends to take in areas assessed by the Commission and the Council within the European Semester in 2019, in particular, as being the main economic challenges for the Swedish economy. It is important to note that these challenges were formulated by the Commission and the Council before the COVID-19 crisis.

The Reform Programme also reflects the political priorities in the Commission's Annual Sustainable Growth Strategy:

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<sup>1</sup> Council recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union. Council Decision (EU) 2019/1181 of July 2019 on guidelines for the employment policies of the Member States.

- Delivering high-quality investment focusing particularly on investment gaps in research and innovation, education and infrastructure;
- Focusing on reforms that increase productivity growth, inclusiveness and institutional quality;
- Ensuring macro-financial stability and sound public finances.

As of this year, Member States have to report in their national reform programmes how they are achieving the UN's Sustainable Development Goals (SDGs). This is done in the report on the achievement of the targets of the Europe 2020 strategy in chapter 4. This chapter states which Europe 2020 targets contribute to the achievement of relevant Sustainable Development Goals. There is an overview of the relevant Sustainable Development Goals in an appendix to this year's programme.

Another appendix to this year's programme presents material received from social partners, regional and local actors and civil society organisations. The Government has not taken a position on this material.

## **1.1 Reform policy**

The whole of Sweden is now coming together in the fight against the novel coronavirus. The pandemic is a serious threat to human life and health, and serious economic consequences will follow in its wake. All necessary measures and resources must be used to limit the spread of the infection. The impact on companies, jobs and the economy must be pushed back. The virus outbreak and its consequences must be addressed through cooperation and shared responsibility, both in and between countries.

At present there is great uncertainty about how quickly the virus is spreading, and on what scale, as well as about the seriousness of its impact on the economy. The situation can change very quickly. Thanks to strong public finances, Sweden is well placed to take the measures required.

In spring 2020 the Government has presented a large number of measures, both in five extra Amending Budgets and in Government Bill ‘Spring Amending Budget for 2020’. Several of the measures have already entered into force thanks to broad consensus in the Riksdag (Swedish parliament) about the seriousness of the situation. Both the measures proposed and the Spring Fiscal Policy Bill for 2020 build on a political agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

### **The spread of the virus must be limited**

Everyone working in health care and communicable disease control must have the tools and resources needed to manage and limit the spread of the virus.

Through their responsibility for health and social care, the regions and municipalities have a crucial role in fighting the spread of the virus. The local government sector is being given additional funding, both targeted and general, to deal with the immediate additional costs resulting from the outbreak. The performance requirements in the waiting list billions are being removed temporarily. Funds are being set aside to rapidly increase the number of tests.

Government agencies participating in action to limit the outbreak must have the resources they need. The Public Health Agency of Sweden, the National Board of Health and Welfare and the Swedish Medical Products Agency have therefore had their appropriations increased. The National Board of Health and Welfare’s credit facility for preparedness investments is being

increased to enable the Board to buy testing, personal protection and intensive care equipment and other products.

The risk of healthcare overload decreases the more the spread of the virus can be limited. The sick pay standard deduction and the medical certificate requirement during a sick pay period have been temporarily removed and the resources for disease carrier benefit have been increased. The Government also proposes increased funds for the Swedish Research Council to finance more research intended to combat the virus and prevent future pandemics.

To increase public awareness about the virus outbreak, the Government has commissioned the Swedish Civil Contingencies Agency, working jointly with other relevant agencies, to rapidly produce national information material and to spread this information to as many people as possible.

Several restrictions have been introduced by the Government in the spring to limit the spread of the virus. Non-essential travel to Sweden and public gatherings and events for more than 50 participants have been banned. In restaurants and bars only table service is permitted. To protect older people the Government has also imposed a ban on visits to all care homes for older people in Sweden. It is also important that everyone takes responsibility for their own health and that of other people.

#### **Impact on Swedish jobs and businesses must be pushed back**

The economic impact of the corona virus is hitting the business sector very hard. Many business owners are experiencing great uncertainty and do not know whether their business will survive or what will happen to their employees. To support viable businesses and reduce the number of jobs lost, the Government has presented several crisis packages containing measures to reduce costs, strengthen liquidity and improve access to financing.

The Government has presented a proposal for a system of support for short-term layoffs in order to relieve companies of pay costs. The aim is for more businesses to survive and fewer employees to lose their jobs. A temporary reduction of employers' social security contributions and the general payroll contribution for the first 30 employees for four months is in place, and the social security contributions of self-employed persons have also been reduced. Central government will temporarily cover employers' sick pay costs and sole traders with an F tax card will be compensated through sickness benefit in days 1 to 14 of their sickness period.

The Government has also increased the possibilities to defer payments of taxes and contributions and is proposing temporary changes to the rules on sole traders' allocations to tax allocation reserves. To facilitate lending to small- and medium-sized enterprises, in particular, the banks have been given the possibility of advancing loans with the support of state credit guarantees. Almi Företagspartner is receiving a capital injection to increase its lending to small- and medium-sized enterprises. Increases are proposed in the Swedish Export Credit Corporation's credit facility and the Swedish Export Credit Agency's credit guarantee framework. The Government has also created conditions for credit guarantees to airlines.

To mitigate the negative impact on vulnerable sectors such as durable consumer goods, hotels and restaurants, rent support has been introduced with the Government covering half of the rent rebate up to a maximum of 25 per cent of the rent. The Government is also proposing additional funding to support cultural activities throughout the country and is providing the Swedish Sports Confederation with funds to distribute to sports associations in Sweden.

### **Security and transition for people who become unemployed**

Despite the extensive measures that have been taken by the Government to support viable businesses, many people are going to lose their jobs. In view of the present economic situation, several temporary changes have been made in unemployment insurance to make it easier to qualify for benefit and to ensure that this insurance provides greater financial security for people who become unemployed. In addition, measures are proposed to provide good opportunities for transition.

More funding is proposed for the Swedish Public Employment Service to deal with higher unemployment and ensure equivalent service levels throughout the country. For the Government, it is important that the Swedish Public Employment Service is given the ability to manage the situation. Funds are also being provided to enable more people to participate in measures leading to jobs, such as labour market training, including distance training; extra jobs; and support and matching services. The period for which extra jobs, introductory jobs or new start jobs can be given is temporarily being extended.

Sweden's main competitive advantages include an innovative and knowledge-intensive business sector and a high capacity to transition to new jobs when old ones disappear. To enable more people to enhance their skills



or transition to a new occupation, the Government proposes that more places be provided at universities and other higher education institutions, higher vocational education, vocational adult education and folk high schools. In 2020 central government will cover all financing of regional vocational adult education.

Students should not have to run the risk of being unable to support themselves if their instruction is cancelled. The government has therefore decided that, in these cases, students will be able to retain study finance granted. To ensure that students who choose to do work part-time, in health care for instance, will not have their student aid reduced, the 'income ceiling' has been removed temporarily.

The Government will also monitor how the economic impact of the pandemic affects businesses' competitiveness, the conditions to live and work throughout the country and different groups in society, including economic equality between women and men.

#### **Continued fight against social problems**

Looking beyond the ongoing pandemic, unemployment, climate change, the growing needs in welfare provision, the gap between urban and rural areas, shortcomings in integration, learning outcomes in schools and crime are societal problems that must be addressed through further reforms.

The crisis may have serious consequences for Sweden over a long period. As soon as the spread of the infection permits, economic policy will be aimed at supporting a rapid recovery.

Sweden aims to be the world's first fossil-free welfare nation. Sweden will continue to take a leading role at both national and international level in implementing the Paris Agreement and the 2030 Agenda. The Government is proposing an expansion of support for the installation of solar cells to enable more people to be granted that support. The Government also proposes investment in green jobs and a reinforcement of support for the production of biogas.

Our universal and tax-financed welfare system supports a high level of labour force participation, contributes to social equity and gender equality, and prepares the way for improved life chances for everyone. Regions and municipalities are being given additional general reinforcements of their resources to cope with their strained economic situation. The Government

proposes providing SEK 20 billion of fresh funding in 2020, of which SEK 12.5 billion is permanent additional funding for the local government sector. These additional resources will contribute to good access to healthcare, schools, social care and public transport of high quality.

The causes of crime will be addressed organised crime will be broken. The Government therefore proposes strengthening the judicial system by providing additional funding for bodies including the Swedish Prison and Probation Service, the National Board of Forensic Medicine, the National Board of Institutional Care and the Courts of Sweden, including the migration courts. Additional funding is also proposed for the Swedish Security Service, the Swedish Data Protection Authority and the Swedish Customs.

The virus outbreak can worsen the situation of people subjected to domestic violence or to honour-related violence and oppression. Funding is therefore provided for organisations working with children in vulnerable situations and organisations working with women and children subjected to violence.

In troubled times it is even more important that the institutions of society stand up for free journalism, the rule of law and human rights. The Government is providing permanent additional funding for state support for the media.

Alongside the management of the acute crisis, work on reforms will continue in accordance with the policy agreement between the Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

## 2. Macroeconomic situation and scenario

### 2.1 Economic growth

The outbreak of the novel coronavirus is expected to have very serious effects and the world economy is expected to shrink in 2020. In Sweden GDP growth is expected to be negative in 2020. Demand has decreased sharply, both in Sweden and globally, as a result of behavioural changes and restrictions introduced to prevent the spread of infection. At the same time, Sweden's export-oriented industries are being hit hard by the global demand shock. Production in Sweden will also be affected more directly by closures, higher absences and disturbances in global production chains. Moreover, unrest in financial markets has increased and stock exchanges have fallen sharply. In an overall assessment, demand for Swedish goods and services is expected to decrease sharply in the first half of the year and then recover gradually. Resource utilisation is expected to be much lower than normal and the Swedish economy is expected to be in recession in both 2020 and 2021.

**Table 1. Macroeconomic key indicators**

Percentage change unless otherwise stated. Outcome 2019, forecast 2020–2023.

	2019	2020	2021	2022	2023
GDP <sup>1</sup>	1.2	-4.0	3.5	3.4	3.1
GDP, calendar-adjusted <sup>1</sup>	1.3	-4.2	3.3	3.4	3.3
GDP-gap <sup>2</sup>	0.8	-5.2	-3.6	-1.9	-0.4
Employment, 15–74 years	0.7	-1.6	0.6	1.2	2.2
Employment rate <sup>3</sup> , 15–74 years	68.3	66.9	67.0	67.5	68.7
Employment rate <sup>3</sup> , 20–64 years	82.1	80.1	80.2	80.8	82.2
Hours worked <sup>4</sup>	-0.3	-2.4	1.5	1.1	2.1
Productivity <sup>4,5</sup>	1.7	-1.9	1.8	2.3	1.2
Unemployment rate <sup>6</sup> , 15–74 years	6.8	9.0	9.0	8.4	7.0
Hourly wage <sup>7</sup>	2.6	2.2	2.4	2.6	2.8
CPI	1.8	0.5	1.2	1.3	1.8
CPIF	1.7	0.5	1.5	1.6	1.8
GDP rest of world, KIX-weighted <sup>1,8</sup>	2.0	-3.3	4.0	3.6	2.8

<sup>1</sup> Constant prices.

<sup>2</sup> Difference between actual and potential GDP as a percentage of potential GDP. Potential GDP is an estimate.

<sup>3</sup> Per centage of the population in age group.

<sup>4</sup> According to national accounts, calendar-adjusted.

<sup>5</sup> Value added in the whole economy at base price per hour worked.

<sup>6</sup> Percentage of labour force.

<sup>7</sup> Hourly wage according to the short-term wage statistics is also a forecast for 2019.

<sup>8</sup> Forecasts of GDP for rest of world weighted with KIX weights, a measure of the significance of each country for Sweden's foreign trade.

Note: The forecast is based on the regulations for taxes and transfers and the appropriation levels adopted by the Riksdag and proposed or announced by the Government.

Sources: Statistics Sweden, National Mediation Office, Macrobond and own calculations.

## **2.2 Labour market**

The sudden fall in demand as a result of the virus outbreak is expected to have major effects on the Swedish labour market. Employment is expected to fall sharply in 2020 when many companies are forced to let staff go. The Government's measures are expected to mitigate this, but many people are expected to become unemployed in 2020 and unemployment is expected to rise rapidly.

Since demand in the Swedish economy is expected to rise in the second half of 2020 and in 2021, the labour market is also expected to show somewhat recover in 2021. However, this recovery is expected to come with a certain lag as it can, for instance, take time for companies take on staff again.

## **2.3 Inflation**

Inflation, measured as the consumer price index with a fixed mortgage interest rate (CPIF), is expected to be low, especially in 2020. This is mainly explained by a weak trend in energy prices and low resource utilisation both in Sweden and internationally.

CPIF inflation will abate considerably in 2020 and be below the Riksbank's inflation target of 2 per cent in both 2020 and 2021. CPI inflation, which includes the effect of changes in mortgage interest rates, is also expected to be low in 2020 and 2021.

## **2.4 General government finances**

General government finances were reinforced strongly between 2014 and 2017. Net lending turned round from a deficit of 1.5 per cent of GDP to a surplus of 1.4 per cent of GDP. Then, as lending was adapted to the new level of the surplus target, net lending fell and was 0.4 per cent of GDP in 2019. On account of the outbreak of the coronavirus, an expansionary fiscal policy is now being conducted to slow the economic downturn. Net lending is estimated be -3.8 per cent of GDP in 2020 and to then be reinforced; but there is great uncertainty in this estimate.

The structural balance, i.e. net lending adjusted for cyclical effects etc., is estimated at -0.9 per cent of potential GDP in 2020. The Government's assessment is that there is a clear deviation from the surplus target, but that this deviation is justified on grounds of stabilisation policy on account of the

economic effects of the outbreak of the coronavirus. The Government's assessment in the current situation is that a return to the target can begin when resource utilisation has stabilised. In this forecast net lending is already at its target level in 2021, but this assessment is uncertain. A further weakening of the economy can also lead to further fiscal policy measures.

## **2.5 Income dispersion**

Income dispersion has increased in the past ten-year period, mainly as a result of strong growth of capital income at the top of the income distribution. The Gini coefficient showed a slight downturn in 2018, i.e. income dispersion decreased. The main reason was that capital income had fallen back compared with its level in 2017. A clear equalising profile in the reforms implemented in 2018 also contributed to the reduction in income dispersion.

The virus outbreak can be expected to affect income distribution in the next few years. In itself, higher unemployment contributes to greater income dispersion. However, the Government's measures to mitigate the effects on the labour market and to reinforce the financial security of workers in Sweden are expected to dampen the tendencies towards greater income dispersion.

### 3. Initiatives and measures in response to economic challenges identified in the European Semester in 2019

This chapter gives a general presentation of the initiatives and measures that the Government has taken and intends to take in the areas assessed by the Commission and the Council, within the European Semester in 2019, in particular, as being the main economic challenges for the Swedish economy. It is important to note that these challenges were formulated by the Commission and the Council before the COVID-19 crisis

The Commission's proposed country-specific recommendations published on 5 June 2019 state in summary that Sweden is expected to comply with Stability and Growth Pact rules. The Commission points to a number of challenges that Sweden needs to address. One of these challenges is high and increasing household indebtedness, which is considered a risk to macroeconomic stability. A related challenge is the Swedish housing market, which, according to the Commission, demonstrates structural inefficiencies and remains a potential source of instability. Labour shortages have emerged in some sectors where investing in education and skills, including digital skills, will help Sweden to address those challenges. Maintaining investments in transport infrastructure can contribute to improved labour mobility, regional cohesion and the housing market and foster Sweden's long-term productivity growth. The Commission also notes that there are challenges regarding combating money laundering in Sweden.

The Council Decision of 9 July 2019 recommends that Sweden take action in 2019 and 2020 to:

1. Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. Stimulate investment in residential construction where shortages are most pressing, in particular by removing structural obstacles to construction. Improve the efficiency of the housing market, including by introducing more flexibility in rental prices and revising the design of the capital gains tax.
2. Focus investment-related economic policy on education and skills, maintaining investment in sustainable transport to upgrade the different transport modes, in particular railways, and research and innovation, taking into account regional disparities.
3. Ensure effective supervision and the enforcement of the anti-money-laundering framework.

On 26 February 2020 the Commission presented its winter package within the European Semester containing country reports with further analysis of the economic and social situation of Member States. For the 13 Member States reviewed as part of the Macroeconomic Imbalance Procedure, the Commission's in-depth analyses are also reported, i.e. their assessment of whether or not macroeconomic imbalances exist in these Member States.

In the country report for Sweden<sup>2</sup>, the Swedish economy is assessed in light of the Commission's Annual Sustainable Growth Strategy, presented on 17 December 2019 containing proposals for policy priority areas and the direction of economic policy and employment policy in the EU in the next 12 months (see chapter 1).

In the country report for Sweden the Commission points to an undersupply of housing and rising household indebtedness as main challenges facing the Swedish economy. Sweden is judged to have made some progress in addressing the 2019 country-specific recommendations, including investments and anti-money laundering. Other challenges highlighted include the shortage of high-skilled workers that is expected to persist, especially in jobs requiring higher levels of education such as engineers, teachers and ICT specialists.

Regarding progress towards achieving its national targets under the Europe 2020 strategy, the Commission considers that Sweden has achieved its national targets regarding the employment rate, greenhouse gas emissions, the share of renewable energy, tertiary education attainment for 30–34 year olds and poverty risks. Preliminary figures indicate that Sweden is close to or above its target for reducing the share of early school leavers. But Sweden has not achieved its targets regarding energy efficiency and R&D. The report also states that Sweden is considered to be performing very well on the social scoreboard indicators supporting the European pillar of social rights.

The Government welcomes the reviews conducted within the framework of the European Semester. In the Government's view, the work performed in the European Semester is a way of encouraging responsible economic policy and attaining the targets the Member States have jointly agreed. Reviews that are well-founded, treat the Member States equally and take country-specific conditions into account are an important aspect of the European Semester and therefore of economic policy coordination at EU level.

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<sup>2</sup> SWD (2020) 526 final

Out of the challenges to the Swedish economy highlighted in the country report for Sweden, household indebtedness, the housing market and money laundering are addressed in this chapter. The other challenges are addressed in chapter 4.

### 3.1 Household debt

#### Summary – examples of initiatives and measures

- The amortisation requirements were expanded in 2019 so as to also cover companies subject to the Mortgage Business Act. The amendment entered into force on 1 January 2019.
- The amortisation requirement for mortgages was tightened, as of 1 March 2018, for households taking out new mortgages that are large in relation to their income.
- The mandate of Finansinspektionen [*Swedish financial supervisory authority, FSA*] to undertake macroprudential measures was strengthened through legislative amendments that came into force on 1 February 2018.
- An amortisation requirement was introduced for new mortgage borrowers; the relevant regulations entered into force on 1 June 2016. On 2 April 2020 Finansinspektionen proposed that banks be given the possibility of offering all new and existing mortgagors exemptions from the amortisation requirements on account of the spread of the coronavirus and its effects on the Swedish economy
- Finansinspektionen decided in 2015, 2016 and 2018 to increase the countercyclical capital buffer. However the requirement was reduced on 16 March 2020 in order to maintain lending, thereby supporting the Swedish economy in the situation that has arisen on account of the spread of the novel coronavirus.
- The initial phase of the Basel III accord was implemented in Sweden in 2014. As a result, a higher share of the capital of credit institutions has to be of higher quality. Capital buffer requirements have also been introduced, entailing higher capital adequacy requirements for Swedish institutions. Work is under way on implementing the further changes in the ‘Banking Package’.
- The risk weight floor of 15 per cent for Swedish mortgages introduced by Finansinspektionen in 2013 was raised to 25 per cent in 2014.
- A mortgage loan-to-value cap was introduced in 2010. The ‘mortgage loan-to-value cap’ means that new loans should not exceed 85 per cent of the market value of the property.



## The Government's view of the recommendation

The Government shares the assessment that household debt poses risks. In particular, there is a risk to macroeconomic stability as households with high loans may reinforce a downturn in the economy if many of them choose, at the same time, to draw down their consumption so as to be able to pay their loans or increase their savings.

House prices and household debt, which largely consists of mortgages, rose rapidly for a long time in Sweden. Structural changes in the mortgage market, in combination with low interest rates and a strong economy that resulted in household incomes rising at a good pace, contributed to this development. At the end of 2017 house prices fell by an average of 9 per cent in the country as a whole. The main causes of the fall in prices are high house prices in combination with a large increase in new-built housing. In 2018 there was a stabilisation of house prices, after which they began to rise gradually, reaching their 2017 level at the start of 2020. The rate of growth of household debt already began to become more muted in 2016, and since mid-2019 it has stabilised at just over 5 per cent, the lowest rate for more than five years. The macroprudential measures introduced have made the households affected by them buy cheaper housing, borrow less and amortise more. The previous trend of a rising debt ratio, i.e. average debt-to-disposable income (DTI), broke in 2018 and this ratio has now stabilised, but at a high level.

In its annual report *The Swedish Mortgage Market* from 2020, Finansinspektionen made the assessment that, in general, households have sufficient financial margins to cope with interest rate increases and loss of income but that some mortgagors may have strained cash flows in such a situation. Finansinspektionen's assessment in this report is that there is a limited risk that banks will incur extensive credit losses from their mortgage exposure. This year's report confirms the picture from last year that households are now amortising their loans to a greater extent than in the past.

The Government shares the assessment of the European Commission that the design of the tax system can influence household debt. However, it is important to maintain stable and predictable rules for decisions as important as buying a home. The need for action in the area must be viewed from a long-term perspective and be handled with care. This applies particularly to the question of tax deductions for interest payments.

## Initiatives and measures

A number of measures have been taken to strengthen the resilience of the financial system.

### *Mortgage loan-to-value ceiling*

In autumn 2010 Finansinspektionen adopted general guidelines on loans collateralised by residential property; the loan-to-value (LTV) ceiling for mortgages means that new loans should not exceed 85 per cent of the market value of the property.

### *Risk-weight floor*

To ensure that banks maintain own funds that cover the risks in their Swedish mortgage portfolio, Finansinspektionen introduced a risk-weight floor for Swedish mortgages in several stages. In May 2013 a risk-weight floor of 15 per cent was introduced for Swedish mortgages, and it was then raised to 25 per cent in September 2014. Higher risk weights mean that banks, given existing lending, need to hold more capital. The measure is judged to increase the cost of bank funding to some extent. In 2018 Finansinspektionen decided to change the method for the application of the risk-weight floor for Swedish mortgages then being applied in Pillar 2. The new requirement was designed within the framework of Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation).<sup>3</sup> The aggregate capital needs of credit institutions were not affected to any appreciable extent by the measure.<sup>4</sup> The measure entered into force on 31 December 2018 and applies for two years.

### *Capital requirements*

The initial phase of the Basel III accord was implemented in the EU in 2014 when the Prudential Requirements Regulation entered into force, and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential

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The measure means that capital requirements formerly set through the risk weight floor for Swedish mortgages in Pillar 2 will now be set in Pillar 1. The Capital Requirement Directive (Capital Requirements Regulation and the Capital Requirement Directive) regulations divide the capital requirement between Pillar 1, which covers the minimum capital requirements for credit risks, market risks and operational risks, and requirements in Pillar 2, which handles capital requirements for other risks not included in Pillar 1.

<sup>4</sup> [https://www.fi.se/contentassets/11fa1b82c138409b8a0d6c66e954b17c/remisspromemoria\\_artikel458.pdf](https://www.fi.se/contentassets/11fa1b82c138409b8a0d6c66e954b17c/remisspromemoria_artikel458.pdf)

supervision of credit institutions and investment firms (the Capital Requirement Directive) was transposed into Swedish law. The new regulatory framework means that a larger proportion of capital requirements has to be met with capital of higher-quality, i.e. capital with better loss-absorbing capacity. Buffer capital requirements have also been introduced through the regulatory framework, and this has resulted in higher capital adequacy requirements for Swedish institutions, especially for systemically important institutions. In 2019 the EU adopted a regulation and two new directives that involve changes in the present legal acts concerning capital adequacy and the management of banks in crisis; the Banking Package is the collective name for these amendments. This includes the own funds requirement regarding the leverage ratio, which will be a parallel requirement to the risk weighted capital requirement. Work is under way on implementing the Banking Package in Swedish law.

In June 2015 Finansinspektionen decided to raise the countercyclical capital requirement from 1.0 per cent to 1.5 per cent. In March 2016 the authority decided to raise that requirement to 2.0 per cent. These decisions entered into force in June 2016 and in March 2017 respectively. In September 2018 Finansinspektionen decided to further increase the counter-cyclical capital buffer to 2.5 per cent, with effect as of September 2019. On account of the spread of the novel coronavirus and the economic and financial uncertainties resulting from its spread, Finansinspektionen decided on 16 March 2020 to reduce the counter-cyclical capital buffer to 0 per cent. This measure is intended to create scope for banks to maintain or increase their lending to businesses and households, thereby supporting the Swedish economy.

#### *Amortisation requirement*

The Act that gives Finansinspektionen a mandate to issue regulations concerning amortisation requirements for new mortgage loans entered into force on 1 May 2016. Thereafter and following Government approval, Finansinspektionen adopted regulations on the amortisation requirement, which entered into force 1 June 2016. On 1 March 2018 the amortisation requirement was tightened for households taking large mortgages in relation to their income. When introduced, this measure was judged to affect just under 15 per cent of new mortgage borrowers. In 2018, following Government approval, Finansinspektionen decided to amend the amortisation regulations so that they also apply to companies subject to the

Mortgage Business Act.<sup>5</sup> This measure ensures that the purpose of the amortisation requirements is achieved as the same amortisation requirements apply to loans secured by homes irrespective of whether the loan is given by a company subject to the Mortgage Business Act or a credit institution.

The design of the amortisation requirement enables banks and borrowers to agree on exemptions from the requirement when there are special reasons. On account of the spread of the novel coronavirus Finansinspektionen announced on 17 March 2020 that income loss linked to the virus is one such special reason for exemptions from amortisation. On 2 April 2020 Finansinspektionen proposed that banks be given the possibility of offering all new and existing mortgagors an exemption from the amortisation requirement in view of the spread of the coronavirus and its effects on the Swedish economy. It is then up to the banks to determine on the basis of individual assessments whether exemptions can be granted. It is proposed that this proposal will enter into force on 14 April 2020 and then apply until and including June 2021. At that time the authority will evaluate the situation in the Swedish economy to assess whether to extend or remove the exemption.

#### *Finansinspektionen's mandate to undertake macroprudential measures*

Legislative amendments that entered into force on 1 February 2018 give Finansinspektionen possibilities, following government consent, to take further macroprudential measures to counteract imbalances in the credit market. These measures consist of different types of limitations concerning lending to households and companies, such as limits on the size of loans and interest expenditure that borrowers can be considered able to cope with in relation to their financial situation.

#### *Evaluation of macroprudential supervision*

In 2018 the Government commissioned Finansinspektionen to present methods for evaluating macroprudential supervision. Finansinspektionen's final report on this commission was presented to the Government on 14 June 2019. Finansinspektionen's report: "Finansinspektionen's work on macroprudential supervision" [*Finansinspektionens arbete med makrotillsyn*] shows that the macroprudential measures have led to households buying cheaper homes, taking smaller mortgages and amortising more than they

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<sup>5</sup>These companies have licences to provide mortgages under the Mortgage Business Act (2016:2035).

would have done without the measures. Finansinspektionen's analysis, "FI-analys 20: Fewer home equity withdrawals after amortisation requirements" also shows that home equity withdrawals have decreased after the amortisation requirements, which has also contributed to a decrease in the share of mortgagors with high levels of debt. Extensive home equity withdrawal from existing homes, i.e. mortgage borrowing for purposes other than home purchases, can entail macroeconomic risks.

### *Other measures*

The policy agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party presented in January 2019 (the January Agreement) includes the implementation of an extensive tax reform. The aims of the tax reform include reducing household indebtedness and contributing to the better functioning of the housing market.

## 3.2 Housing market

### Summary – examples of initiatives and measures

- The investment support for rented housing and student accommodation has been reformed to improve its effectiveness, to increase the mix of flat sizes to meet more needs and to make it easier for young people and people in a vulnerable social situation to enter the housing market. The relevant ordinance amendments entered into force on 1 February 2020.
- A number of measures have been taken to address trading in rental contracts; they include tougher penalties for illegal sales, criminalisation of the purchase of rental contracts and tighter rules elsewhere in the regulations concerning exchanges of rented homes. The aim is to make the market for rented housing function better.
- A new model for agreements about the standard in flats (extra options) has been introduced. These agreements expand freedom of contract, which is intended to make it more interesting for landlords to offer such adaptations. This will help to give people more freedom of choice about the design of their own home.
- Amendments have been made to the Planning and Building Act so as to ensure better continuity in comprehensive planning and to ensure that the regulations provide support for good application and that the comprehensive plan will facilitate subsequent planning and examination to a greater extent than it currently does.
- In 2019 the Government appointed an inquiry called Better competition on housing construction. The inquiry has taken the name of the Model Homes Inquiry. The Inquiry Chair is to draft a proposal of supporting information that can be used in public procurement of housing construction at a predetermined rent and to analyse how action by municipalities affects the ability of companies to develop their operations throughout the country.
- Boverket (the National Board of Housing, Building and Planning) has been commissioned to deliver proposals for how housing shortage should be calculated and presented. It should be possible for public actors to use these calculations in their work on housing provision issues.

### The Government's view of the recommendation

The Government shares the assessment that there are substantial challenges in the Swedish housing market.

Further reforms are needed to increase the supply of housing, especially rented housing with rents at relatively low levels that can be demanded by more people. Increasing the supply of rented housing can improve mobility in the housing market and matching in the labour market, two important components for high employment and efficient resource utilisation in the economy. One of the most important measures taken in the past year has therefore been to reintroduce and increase the effectiveness of the investment support for new construction of rented housing and student accommodation. This support stimulates a continued high rate of construction of rented housing at relatively low rents.

With the aim of improving competition in the construction industry the Government has appointed an inquiry to review public procurement of housing construction at a predetermined rent and to analyse how action by municipalities affects the ability of companies to develop their operations throughout the country. An inquiry has been appointed to propose more effective rent negotiations and therefore how better setting of rents can be achieved. Other inquiries relating to the setting of rents will be appointed soon (see below).

The Government shares the Commission's assessment that the tax system can affect mobility in the housing market. The changes made in housing taxation in recent years have moved towards lower current taxation and higher taxation when transactions are conducted.

The January Agreement provides for the implementation of an extensive tax reform, one aim of which is to improve the functioning of the housing market.

The Commission makes the assessment that Sweden has not made any progress in reviewing the taxation of capital gains. The Government shares the view that the design of the tax system is of central importance for the housing market. However, it is important to maintain stable and predictable rules for decisions as important as buying a home. The need for action in the area must be viewed from a long-term perspective and be handled with care. This also applies to the question of capital gains taxation.

#### **Initiatives and measures**

During this electoral period the Government has continued the previous Government's work on making planning and building processes simpler and

more efficient in order to make the regulatory framework more effective and appropriate. The main starting point for this has been the policy agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party presented in January 2019 (the January Agreement) that includes action in a number of different areas.

The Government is pursuing a policy for long-term sustainable housing construction over time. Construction has increased strongly, and for several years it has been at levels not seen since the early 1990s. In 2018 housing completions were just under 58 400 dwellings, including reconstruction. In 2018 the number of housing completions in multi-dwelling buildings was more than 42 800, which is the highest number since 1973. Housing construction, measured as the number of housing starts, has fallen since 2018 and the Government's latest forecast shows 46 400 housing units starting in 2020.

The investment support for new rented housing and student accommodation is an important measure to stimulate a continued high rate of construction. In December 2019 the Government adopted amendments to the Ordinance entering into force on 1 February 2020. The amendments include a new requirement that at least 10 per cent of flats have to be small, i.e. no larger than one room and a kitchen or the equivalent, so as to increase the mix of flat sizes. In order to facilitate market entry for individuals who often have greater difficulty getting established or re-established the regular housing market, the Ordinance now requires the recipient of support to offer every eighth housing unit to the municipality, which is then able to let these units under social contracts for a five-year period and/or allocate them to people under the age of 31. The municipality concerned is allowed to determine whether and, if so, how they choose to use the offer on the basis of current local needs. To achieve more effective use of the funds allocated, construction must now start no later than one year after the award decision. At the end of February 2020 some 33 000 flats had been granted investment support.

As part of action to make the support more effective, Boverket has been commissioned to assess how the investment support for rented housing and student accommodation should be allocated between the three metropolitan regions, on the one hand, and the rest of the country, on the other. This allocation has to take account both of the assessed need for housing construction and, with respect to the rest of the country, of local shortages



of particular types of housing in places where there is no general shortage of housing. In January 2020 Boverket decided to allocate 75 per cent of the support to the metropolitan regions and 25 per cent to the rest of the country.

Boverket has also been commissioned to analyse and present a proposal on how the highest permitted standard rents under Section 8 of the Ordinance on investment support for rented housing and student accommodation (2016:881) should be re-calculated annually to compensate for cost development in new production of rented housing. Proposals are to take particular account of the different conditions that may apply to the regions stated in the Ordinance. The commission includes presenting the necessary legislative amendments. Boverket is to report on the commission no later than by 19 June 2020.

It is of great importance for the functioning of the market for rented housing that flats are allocated and offered in a correct way. Even if it is difficult to quantify the illegal trade, it is clear that it has caused a great deal of harm. It hits people looking for housing who are not able to demand rented flats if an illegal payment is required to get a contract. The advantages of rented housing as a flexible form of housing are undermined. It also harms competition among housing companies and makes commercial management more difficult.

Against this background, several vigorous measures have been taken to counter the illegal trade and thereby achieve the result that more flats are offered for rent in the open market. The criminalisation of illegal trade has been made tougher in terms of the length of sentences for illegal sale and mediation of rental contracts. Purchases of rental contracts have been criminalised. The possibilities of exchanging rented flats have been limited to avoid abuse. The rules about sub-letting of rented flats have also been tightened.

The possibilities of agreeing on payment for raising the standard of a flat have been increased (extra options). Put simply, the new rules mean that the landlord and tenant are able to agree on payment for certain equipment or maintenance. Departures from this part of their agreement are only permitted in exceptional cases over a ten-year period. Thus freedom of contract has been expanded to give landlords incentives to offer tenants

different levels of standard and thereby giving tenants greater freedom of choice.

In spring 2020 the Government adopted the Government Bill *Enhanced comprehensive planning* [*En utvecklad översiktsplanering*] proposing amendments to the Planning and Building Act. The proposals are intended to ensure better continuity in comprehensive planning and to make sure that the regulations provide support for good application and that the comprehensive plan will facilitate subsequent planning and examination, e.g. in detailed development planning and in the examination of building permits and advance notices, to a greater extent than it currently does. The Government Bill has been adopted by the Riksdag and the legislative amendments entered into force on 1 April 2020.

In the Government Bill *Larger accessory dwellings* the Government has proposed an amendment to the Planning and Building Act increasing the permitted building area of an *accessory dwellings* that may be erected, without a building permit being required, in the immediate vicinity of a one- or two-dwelling building from 25 to 30 square metres. The proposal is intended to increase the construction of *accessory dwellings* and to make it possible to construct such buildings with higher residential quality. The amendment to the Act entered into force on 1 March 2020.

## Inquiries and commissions

### **Government-appointed inquiries**

The *Modern Building Rules Inquiry* was appointed in February 2017 and continued until December 2019, when the final report was presented *More modern building rules — predictable, flexible and simplified* (SOU 2019:68). The Inquiry's main remit was to conduct a systematic and thorough review of the regulatory framework for building in order to modernise the regulatory framework, thereby fostering greater competition and increased housing construction. Its remit also included investigating the appropriateness, efficiency and scope of the regulatory framework.

The proposals in the Inquiry's final report include new principles for a reform of BBR, Boverket's building regulations; the removal of the term reconstruction (*ombyggnad*) from the Planning and Building Act, the establishment of a Building Requirements Commission for advance rulings on requirements concerning construction works and the abolition of

inspection officers and certified experts as part of the control system. A consultation is being held on the report until 15 May 2020. The Inquiry had previously presented two interim reports concerning building standards and resource-efficient use of building materials.

In 2017 the Government appointed an inquiry chair (Fi N 2017:08 *Coordination for housing construction*[*Samordning för bostadsbyggande*]) to facilitate the coordination between parties concerned in the urban development process in municipalities with particularly complex planning conditions. The purpose of this remit is to facilitate planning processes so as to bring about greater and sustainable housing construction. In addition to supporting municipalities in various ways in their planning work, the inquiry chair is to continue work started previously on investigating housing construction on state-owned properties and to form and run a network for municipalities building new urban districts and communities. The final report of this inquiry is to be presented in December 2020.

The Building Rights Inquiry completed the reporting of its remit in August 2018 with the report *Faster housing construction* [*Ett snabbare bostadsbyggande*] (SOU 2018:67). Its remit was to map municipalities' possibilities of ensuring that existing building rights are made use of without delay and to strengthen policy tools when required. The Inquiry has analysed the municipalities' tools and described how they work with these questions. It has also highlighted good examples and analysed how application could be improved. Finally, the inquiry has identified the areas where the municipalities' tools need to be sharpened through amendments to the legislation. The inquiry present proposals on a shorter implementation period, changes in development agreements, expropriation, compulsory purchase and the Pre-emption Act and monitoring of detailed development plans. A consultation has been held on the inquiry report, which is now being processed in the Government Offices.

An inquiry has been appointed to investigate how collective rent negotiations can be made more effective *More effective rent negotiations* [*Mer effektiva hyresförhandlingar*]. The aim is to improve the function of these negotiations when it comes to setting rents for flats and establish long-term sustainable rent levels, The inquiry is to report on its remit not later than by 30 December 2020.

Under the January Agreement an inquiry chair will be appointed to present proposals on free setting of rents in new production. Under the January Agreement a commission will also be appointed to chart how location and quality are taken into account in setting rents and propose suitable measures if this is not done to a sufficient extent. The *Comprehensive Plan Inquiry* presented its final report in January 2019. This report (SOU 2019:9) contained deliberations on the need to introduce a right to take private initiatives, i.e. the participation of the plan's interested parties in detailed development planning.

In January 2020 the Government appointed an inquiry *Simplified and effective regulations for building permits etc. [Ett förenklat och effektivt regelverk för bl.a. bygglöv]* (Terms of reference 2020:4). An inquiry chair is to conduct a systematic review of the regulatory framework for building permits etc.; this is to be done against the background that the effectiveness of the regulatory framework for permits is of great importance for municipalities and for developers and other private parties, as well as for the planning and building process as a whole. The purpose of the inquiry is to devise a simpler, more effective and more appropriate regulatory framework while securing important public and private interests and long-term sustainable construction of housing and other works. The remit of the inquiry chair includes proposing when a permit obligation and a reporting obligation should arise for different types of measures. The inquiry is to report on its remit by 31 May 2021 at the latest.

In 2019 the Government appointed an inquiry on *Better competition in housing construction [Bättre konkurrens i bostadsbyggandet]* (Fi 2019:04). The background to the inquiry is to be found in the recommendations presented by the Swedish Competition Authority in the report *Better competition in housing construction. A follow-up of developments in 2015–2018 [Bättre konkurrens i bostadsbyggandet. En uppföljning av utvecklingen 2015–2018]* (report 2018:7). As part of their inquiry, the inquiry chair is both to produce supporting information for public procurement of residential buildings where the rent level in the completed housing units is pre-determined and to analyse in which way the action taken by the municipalities influences the possibilities of developing, throughout the country, the operations of companies whose business concept is the construction of housing at low cost or the letting of housing at low rents. The purpose of the inquiry is to favour a development in which lower production costs are reflected in lower housing costs and in which companies with that kind of business model are given better

conditions for their operations. The Inquiry is to report on its remit not later than by 14 December 2020.

### **Commissions**

Boverket has been commissioned by the Government to conduct skills development work to promote a more uniform and effective application of the Planning and Building Act (PBA) (reg. no N2016/07801/SPN). This work has been given the name of PBA skills [*PBL kompetens*]. The skill development work is to run in 2017–2020, and is an extension and expansion of the work conducted on account of government commission about skills development work around the Planning and Building Act in the period 2014–2016. The commission consists of the following parts: PBA training for employees of municipalities and county administrative boards and other relevant actors, further development of networks of PBA experts and development of further guides to how the PBA system should be applied. The Government is allocating SEK 15 million per year until 2020 for Boverket's implementation of this commission. The final report on this commission is to be presented to the Government Offices by 11 December 2020 at the latest.

The Government has also commissioned Boverket to promote effective and uniform application of the Planning and Building Act in a digital environment (N2017/07543/ED). This includes promoting digital planning and construction information, standards, interfaces and information flow between entities involved in urban and rural development. Where required, the Swedish National Board of Housing, Building and Planning will present legislative proposals setting out requirements for digital planning and construction information, standards, interfaces and information flow between entities involved in urban and rural development. Boverket is to report on the commission by 31 August 2020 at the latest.

Boverket has also been commissioned to present proposals for how housing shortages should be calculated and presented Commission to present proposals for how to perform recurring assessments of the housing shortage (Fi2019/02440/BB). It should be possible for public actors to use these calculations in their work on housing provision issues. At present there are no accepted definitions and uniform concepts, and this makes it more difficult to assess needs. The commission is to be carried out in collaboration with Swedish Association of Local Authorities and Regions

(SALAR) and relevant agencies and be reported not later than by 30 September 2020.

Lantmäteriet has been commissioned to run a skills initiative for a period of three years, starting in 2018, on the opportunities presented by digitalisation in the planning and construction process (N2017/07544/ED). The aim of this commission is to help attain a more effective and uniform digitalised planning and construction process, which forms part of the overarching objective of having more homes built. The report on this commission is to be presented by 1 December 2020 at latest.

The Government has also commissioned Lantmäteriet to establish digital infrastructure for making available at least two standardised data sets in the urban and rural development process (Fi2020/00358/SPN). A digital urban and rural development process is based on the ability of different actors to exchange information digitally. The urban and rural development process requires extensive manual effort both to find current, relevant and correct information in digital form and to convert and re-use such information. For the digital tools in the urban and rural development process to be more effective, the information exchanged should be standardised, free of charge and searchable. An interim report on the commission is to be presented not later than by 1 February 2021 and the final report by 31 January 2022 at the latest.

The Government has commissioned the Swedish Competition Authority to investigate and chart competition in the sectors of the building materials industry that are of strategic importance for housing construction in terms of market concentration, price formation, vertical integration, international integration, purchasing and selling power and choices of building materials. The Inquiry is to report on its remit by 21 December 2021 at the latest.

### 3.3 Investments

#### Government's view of the Commission's assessment

The Commission considers that the levels of investments in Sweden are generally, high but that they expect the levels to fall in the future. Gross fixed capital formation including housing has already decreased due to the slowdown in the economy. But investments in R&D, sustainable transport, and education and skills have been maintained at a high level to deal with the continuing challenges in these areas. The Commission's assessment is that Sweden has made some progress in addressing the country-specific recommendations from 2019.

#### *Investments in transport infrastructure*

When it comes to maintaining investments in sustainable transport, the Commission's assessment is that considerable progress has been made. The Commission stresses that the Government's 73 point programme really does address the need for investments in transport infrastructure. In May 2018 the Government adopted a national plan for infrastructure for the period 2018–2029. It is an investment initiative totalling SEK 700 billion and the largest railway investment in modern times. The plan covers major investments in both new construction and in the restoration and modernisation of existing infrastructure. The decision also contains substantial maritime transport infrastructure and road investment. This is made possible due to the Government investing SEK 100 billion more than in the previous plan period.

#### *Investments in education, skills, research and innovation*

The Commission makes the assessment that the Budget Bill for 2020 has a focus on investments in education and skills and in research and innovation, which is progress in view of the country-specific recommendations in the area. Sweden invests considerable amounts on research and development and continues to be one of the most innovative countries in the EU.

The Government has launched a new Trade and Investment Strategy with an enhanced focus on sustainability and regional growth. Sweden's innovation leadership is to be used to enhance the export capabilities and international competitiveness of Swedish business. Sweden's attractiveness to foreign investments, skills, talent and visitors is to increase. Sweden's new

Trade and Investment Strategy will help ensure that the 2030 Agenda's global goals for sustainable development are met and that the Paris Agreement are lived up to .<sup>6</sup>

To meet the demand for competent labour, the Government has carried out a substantial expansion of adult education over several years; this has included an expansion of the number of places in vocational higher education, regional vocational adult education, folk high schools, universities and other higher education institutions. The Government intends to defend Sweden's position as a leading research nation. In particular, free research must be safeguarded at the same time as research policy has to respond to global and national challenges. A new government bill on research policy will be presented in 2020.

#### *Investments for a well-functioning housing market*

When it comes to promoting housing construction, mainly through an investment support for construction, the Commission makes the assessment that progress has been limited in the light of the country-specific recommendations. The Government shares the assessment that there is a need for further reform to create conditions for better-functioning housing market. The number of new housing starts has decreased but is still at a high level from a historic perspective and the reintroduction of the investment support is an important measure to encourage the supply of rented housing and student accommodation. The investment support makes it profitable to build rented housing with relatively lower rents. The support acts as a lever since the total investment for each project is much higher than the amount of support advanced and the support is therefore of great importance for housing construction.

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[https://www.regeringen.se/4af119/contentassets/767f609718b44d9c9415cf4b82f44a09/final\\_exportstrategi\\_191209.pdf](https://www.regeringen.se/4af119/contentassets/767f609718b44d9c9415cf4b82f44a09/final_exportstrategi_191209.pdf)



A detailed account of measures taken to improve the functioning of the housing market is given in section 3.2 on the housing market.

*Priority investment projects*

<b>Project title</b>	<b>Main strategic objectives</b>	<b>Total investment (EUR)</b>	<b>Financing</b>
National plan for infrastructure for 2018–2029	Capacity increase and modernisation of infrastructure	EUR 65 billion	National budget
Budget Bill 2020 Investments in education and skills and in research and innovation	Continue to be one of the most innovative EU countries	Not applicable	Within expenditure area
Expansion of adult education	Increase the number of places in higher vocational education, vocational adult education, folk high schools, and universities and other higher education institutions	Not applicable	Within expenditure area
Investment subsidy for construction	Increase housing construction	Permanent funding of EUR 277 million per year	National budget
Trade and investment strategy	Contribute to the global Sustainable Development Goals	EUR 48 million	National budget

### **3.4 Anti-money laundering**

#### **The Government's view of the recommendation**

The Government agrees with the Commission's assessment that substantial progress has been made in the legislative area in 2019 and that progress has been made concerning more effective supervision, measures to ensure regulatory compliance in, for instance, Baltic subsidiaries of Swedish banks and concerning the staffing of supervisory authorities.

#### **Initiatives and measures**

##### **Legislation**

Between April 2019 and March 2020 the Government presented a total of five bills<sup>7</sup> to the Riksdag containing material amendments to the Act on Measures against Money Laundering and Terrorist Financing, the Act on Registration of Beneficial Owners Act and/or related laws. In addition, a number of amendments to acts and ordinances resulting from decisions in earlier years entered into force in 2019.

Moreover, in 2019 the Government appointed an inquiry to present further proposals in 2020 for legislative amendments to improve the effectiveness of the system for combating money laundering and terrorist financing.

The legislative amendments that have entered into force in recent years have affected many different parts of the system. They have, for instance, concerned the provision of information from financial companies to law enforcement authorities, supervision of lawyers and law firms, regulation of virtual currencies, stricter measures in relation to high-risk third countries, better protection for whistle-blowers, the exchange of information with foreign supervisory authorities, reinforced powers for Finansinspektionen in relation to foreign branches, measures in relation to transparency in beneficial ownership, feedback on reporting of law enforcement transactions and the implementation of international standards.

During the period Swedish legislation in the area has also been the subject of reviews by various international organisations, e.g. the FATF, OECD, EU, the Council of Europe and various parts of the UN.

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<sup>7</sup> 2018/19:125, 2018/19:150, 2019/20:14, 2019/20:55 and 2019/20:83

### **Work of government agencies**

The national budget for 2020 provided additional funding of SEK 10 million for Finansinspektionen for supervision in the area of combating money laundering and terrorist financing. The county administrative boards in Skåne, Stockholm and Västra Götaland, which also have supervisory tasks in this area, received a total of SEK 12 million. Other authorities without supervisory responsibilities but with other tasks in the area also received funding.

In March 2020 Finansinspektionen issued a formal warning against Swedbank and an administrative fine of SEK 4 billion for deficiencies in its compliance with anti-money laundering regulations, both in terms of its Swedish operations and in the parent bank's governance and control of in the bank's subsidiaries in the Baltics. This administrative fine is far greater than those previously issued by Finansinspektionen for deficiencies in this area and will likely set a precedent for the future. The investigation was conducted in close cooperation with corresponding bodies internationally.

Sweden's Financial Intelligence Unit, has upgraded its system for the receipt of suspicious transactions reports. As of March 2020, it only uses the UN-developed goAML system, which is used in a large number of countries. The Financial Intelligence Unit is judged to be increasing its capability, at both operational and strategic level, to handle and analyse the reports received. The Financial Intelligence Unit sees the content of all reports of suspicious transactions, and all information is managed, either by being processed and forwarded to law enforcement authorities or by being saved in a searchable form for the future. Several changes, over and above the introduction of goAML, are judged to further increase the effectiveness of the work of the Financial Intelligence Unit. These include the national bank account register (the account and safe deposit box system), which will be implemented in September 2020, and extensive recruitment of new staff to the Financial Intelligence Unit.

#### 4. Progress towards the targets of the Europe 2020 strategy

Member States have set national targets in the same areas as the overall Europe 2020 targets, taking into account their relative baselines and national circumstances and in accordance with their national decision-making processes. The assessments presented were made before the COVID-19 crisis.

##### 4.1 Employment target

###### Sweden's national targets

*To try to increase the employment rate to well over 80 per cent for women and men aged 20–64 by 2020. The increase should mainly occur among groups with weak attachment to the labour market, such as young people and people born abroad and by countering long periods without work. The difference in employment rates between women and men must be reduced by increasing the employment rate of women.*

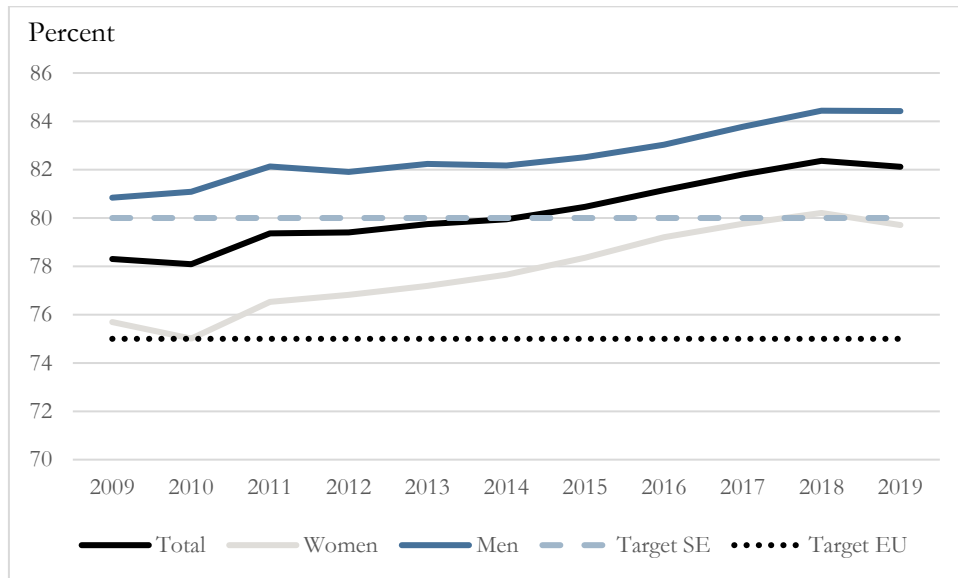
###### Achievement of the UN's global Sustainable Development Goals

*The target contributes to goal 4 (4.4), goal 5 (5.1), goal 8 (8.5, 8.8, 8.b).*

###### Current status

The employment rate for people in the 20–64 age group was 82.4 per cent in 2019 (79.7 per cent for women and 84.4 per cent for men). Since 2009 the employment rate has increased by 3.8 percentage points (4.0 percentage points for women and 3.6 percentage points for men). Sweden has had the highest employment rate in the EU, in the 20–64 age group, in the past ten-year period. In 2018 the employment rate was 9.2 percentage points higher in Sweden than the average in the EU28 for 2018. In Sweden the employment rate among women and men was 12.8 and 5.4 percentage points respectively higher than the average in the EU28.

**Figure 1. Employment rate 20-64 years**



Note: The target for Sweden is well above 80 per cent and for the whole of the EU the target is 75 per cent.

Source: Statistics Sweden, Labour Force Survey

In the past ten-year period, the employment rate growth in Sweden has been particularly strong among older people (aged 55–64 years), where the employment rate rose by 7.8 percentage points to 77.9 per cent in 2019. Among older women the employment rate rose by 8.9 percentage points to 75.7 per cent and among older men it rose by 6.7 percentage points to 80.0 per cent.

Young people (aged 15–24 years) and foreign-born people were affected particularly adversely by the financial crisis, but since then the employment trend has been positive in both groups. In total, the employment rate among young people rose by 5.8 percentage points in the past ten-year period, to 43.8 per cent. Among young women the employment rate rose by 6.3 percentage points to 45.0 per cent and among young men it rose by 5.4 percentage points to 42.7 per cent. However, young foreign-born women have not had the same positive development as other groups. Among them the employment rate fell by 2.1 percentage points in the past ten-year period. During the same period the employment rate among foreign-born people (20–64 years) rose by 5.1 percentage points to 69.8 per cent in 2019. Among foreign-born women (20–64 years) the employment rate rose by 3.4

percentage points to 63.7 per cent and among foreign-born men (20–64 years) it rose by 6.2 percentage points to 75.7 per cent.

## Initiatives and measures

### **More people in work**

The Government has continued to focus on more women and men getting jobs. The initiatives taken in labour market policy are intended to provide better conditions for achieving good results.

The Swedish Public Employment Service will be reformed to improve the effectiveness of labour market policy activities. Through the Swedish Public Employment Service, the central government will continue to have the public authority responsibility for labour market policy, but a new system is going to be developed in which it is mainly independent actors that match and equip jobseekers for the vacant jobs. The reform will take place in an orderly way and stage by stage. The main regulations will enter into force at the end of 2022. Conditions will be created for continuous development and improvements when required. The Swedish Public Employment Service is to ensure that it has a presence and functioning services throughout the country, both during the implementation period and in the long term.

An intensive introduction year for newly arrived immigrants will be introduced as part of a Swedish new start to enable new arrivals to enter the labour market more quickly. This should take the form of an intensive introduction year for newly arrived immigrants as part of the introduction programme. The intensive introduction year for newly arrived immigrants should consist of intensive language learning and vocation-centred measures delivered in parallel or after one another over a relatively short continuous period. The aim is for participants to be matchable with the labour market after the intensive introduction year for newly arrived immigrants and get into work within a year of starting their intensive introduction year for newly arrived immigrants. A gender equality perspective will be systematically integrated into the intensive introduction year for newly arrived immigrants. In addition, the Swedish initiative from day 1 for asylum seekers will be extended and funds will be provided for language training for individuals on parental leave so as to avoid language learning being interrupted by parental leave.

Moreover, the Government has provided funds for entry agreements, extra jobs, introduction jobs and labour market training. The Government will use

entry agreements to stimulate the creation of jobs for new arrivals and long-term unemployed people so that more people get the chance of a job. An entry agreement is intended to give the individual the possibility of acquiring knowledge and experience demanded in the labour market while easing skills provision for employers. Extra jobs and introduction jobs are important in enabling long-term unemployed people and new arrivals to get a job and an attachment to the labour market; they have to be targeted at the people who are furthest away from the labour market. The provision of more resources for labour market training enables more people to improve their knowledge in order to get a job, thereby meeting the demand for skills and thus counteracting the shortage of labour. As the majority of participants in labour market training courses are men, the Government has commissioned the Swedish Public Employment Service to seek to achieve more gender equal participation in these courses.

Another initiative to increase gender equality and participation is the expansion and improvement of civic orientation courses for new arrivals. This tuition has been expanded from at least 60 hours to at least 100 hours with an increased focus on gender equality and human rights.

The Government has expanded the possibilities of studying with activity support at basic and upper secondary level in the job and development guarantee until and including 31 December 2020 in order to get jobseekers to study.

### **Good working conditions and opportunities for development at work for both women and men**

The Government has implemented several measures to enhance action for the work environment and prevent exclusion from working life.

The Government's Work Environment Strategy for Modern Working Life covers the period 2016–2020. In April 2019 the Government commissioned the Swedish Agency for Public Management to evaluate the work environment strategy as a policy instrument. The Agency presented its report on the commission in February 2020, and the results will be used as input for the Government's design of a new work environment strategy.

In February 2020 the Swedish Agency for Work Environment Expertise presented reports on the government commissions it had been given about expertise concerning the working life of the future and what creates healthy workplaces. In 2020 its focus is on spreading knowledge of the results of the

government commissions reported and on the government commissions on health factors that can be measured and followed over time and skills provision in occupational health services.

The Government is continuing to strengthen work to prevent some companies breaching work environment regulations and other regulatory systems in various ways to achieve competitive advantages. The Government is investing further resources for more inspections that are intended to prevent cheating, breaches of regulations and crime in working life; eight government agencies are conducting a three-year initiative in joint agency checks to counter this.

The Swedish Work Environment Authority and the Swedish Equality Ombudsman have produced a digital platform for information containing support for employers in preventing and averting sexual harassment in working life. Under this initiative both employers and employees have been given better support in work environment management intended to prevent sexual harassment.

## 4.2 Education target

### Sweden's national target

- *The share of people aged 18–24 who have not completed at least two years of upper secondary education and are not participating in any form of study is to be less than 7 per cent in 2020.*
- *The share of people aged 30–34 with at least two years of tertiary education is to be 45–50 per cent in 2020.*

### Achievement of the UN's global Sustainable Development Goals

*The target contributes to goal 4 (mainly 4.1, 4.3, 4.4, 4.5, and 4.6) and target 8.6.*

### Current status

The share of people aged 18–24 year-in Sweden who have not completed two years of upper secondary education and who are not in education was 6.8 per cent<sup>8</sup> in 2019 (5.5 per cent among women and 7.9 per cent among men), which is better than the EU target of 10 per cent. There has been a

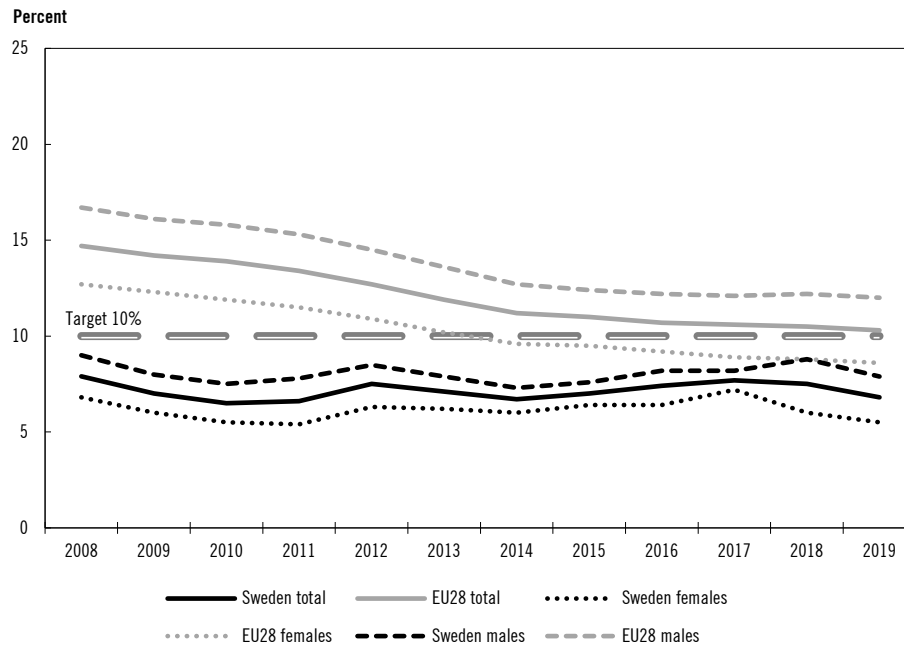
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<sup>8</sup> Note that these are preliminary figures for 2019 from Eurostat.



decrease since 2018, and the preliminary figures indicate that Sweden is in the vicinity of and may be achieving its national target of 7 per cent.

**Figure 2 Share of people aged 18–24 who have not completed two years of upper secondary education and who are not in education (2008-2019)<sup>9</sup>**

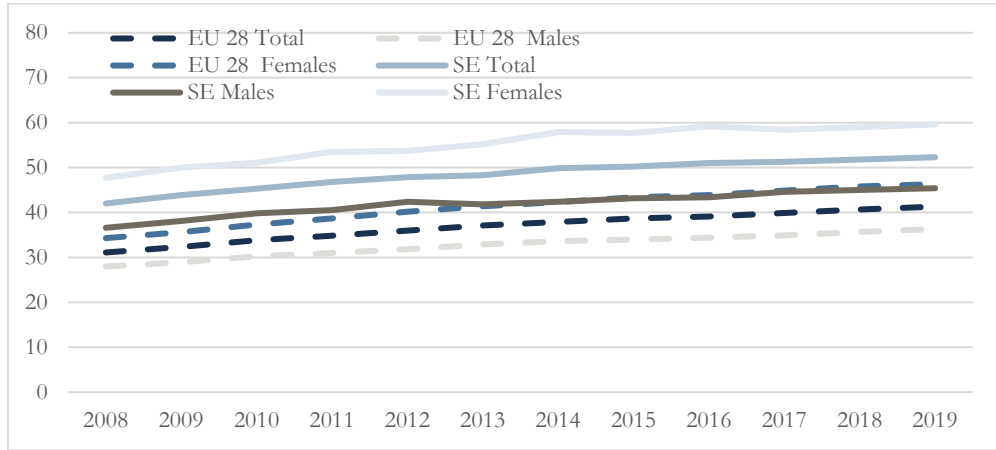


In 2019 the share of people aged 30–34 with at least two years of tertiary education was 52.3 per cent<sup>10</sup> (59.6 per cent for women and 45.4 per cent for men), which is above both the EU target of 40 per cent and Sweden’s national target of 45–50 per cent.

<sup>9</sup> Note that these are preliminary figures for 2019 from Eurostat. ([http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020\\_40](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_40))

<sup>10</sup> Note that these are preliminary figures for 2019 from Eurostat.)

**Figure 3 The share of people aged 30–34 with at least two years of tertiary education is to be 45–50 per cent (2008 -2019) <sup>11</sup>**



<sup>11</sup> Note that these are preliminary figures for 2019 from Eurostat.

## Initiatives and measures

### **More young people to complete an upper secondary education**

The Government has maintained its focus on increasing the level of knowledge, improving the quality of teaching and increasing equality in Swedish schools. Social factors are of importance for school performance, and the Riksdag has therefore decided, following a proposal from the Government, to firmly bolster state funding for preschool classes and compulsory school. The central government support, which is SEK 4.9 billion for 2020, and is estimated at SEK 6.2 billion in 2021 and thereafter, is distributed to the organisers on the basis of pupils' socio-economic backgrounds.

The Government has appointed an inquiry on A more equitable school (U 2018:05), which is to analyse, and propose measures to reduce school segregation and improve the allocation of resources to preschool classes and compulsory schools in order to increase equity in the types of school affected. The Government has also appointed an inquiry on the planning and dimensioning of upper secondary education (U 2018:01); its remit includes producing proposals that can promote equitable education and reduce segregation in upper secondary schools.

The Government continues to implement measures to improve teaching and study outcomes for newly arrived pupils through, for instance, targeted central government initiatives for organisers and schools. In addition, an inquiry chair has been appointed to propose how to improve the situation of pupils who risk not being eligible for national programmes at upper secondary school (terms of reference 2020:21). The inquiry chair is also to propose how to give newly arrived pupils in Years 7–9 of compulsory school and in the introduction programme in upper secondary school more time for tuition. At the same time, the previous initiative to strengthen expertise in special needs education in schools is continuing and being expanded. The Riksdag has also decided to allocate SEK 500 million in 2020 to employing more teaching assistants, who can reduce the load on teachers.

Since 2018 the Swedish Agency for Youth and Civil Society (MUCF) has had the commission of supporting actors, primarily municipalities, working with young people not in employment, education or training. As part of this

commission, MUCF is working on promoting early and coordinated action by local actors for young people not in employment, education or training and spreading knowledge about issues concerning these young people, including successful ways of working. The Agency is also working on identifying systemic barriers to their entry to employment, education and training and reporting them to the Government and other national actors. The final report on this commission is to be presented to the Government Offices (Ministry of Culture) by 15 December 2021.

In 2019 Forte (the Swedish Research Council for Health, Working Life and Welfare) carried out a unified analysis of the state of knowledge about the effects of action for young people not in employment, education or training. Its inventory includes an account of the direction of completed and ongoing research and, for completed research, a summary of the results of the research. Forte is to present a final report on this commission by 31 March 2020.

### **Increasing the share with tertiary education**

The Government is carrying out a Knowledge Boost initiative to give people more of an opportunity to obtain an education or training and get a job. Altogether, it is estimated that by 2022 the Knowledge Boost will correspond to around 100 000 places in higher vocational education, regional adult vocational education, folk high school, universities and other higher education institutions. The initiative includes higher education programmes in fields of importance to society, such as engineering and medicine.

## **4.3 Target for increased social inclusion**

### **Sweden's national target**

*To increase social inclusion by reducing the share of women and men aged 20–64 outside the labour force (excluding full-time students), the long-term unemployed or people on long-term sick leave to well under 14 per cent by 2020.*

### **Achievement of the UN's global Sustainable Development Goals**

*The target contributes to goals 1 (1.2, 1.3, 1.5, 1.B), 3 (3.8), 8 (8.5, 8.6), 10 (10.1, 10.2, 10.4).*

## Current status

The share of women and men aged 20–64 outside the labour force according to Sweden’s national target continues to decrease and was 10.5 per cent in 2019, which is a decrease of 176 000 persons since 2010.

**Table 2. Percentage of women and men aged 20–64 outside the labour force (excluding full-time students), long-term unemployed or on long-term sick leave**

	2010	2011	2012	2013	2014	2015	2016	2017	2018'	2019
<b>Total</b>	14.4	13.4	13.1	12.7	12.6	12.4	12.0	11.4	10.7	10.5
<b>Women</b>	17.3	15.9	15.5	15.0	14.8	14.5	14.7	13.4	12.8	12.5
<b>Men</b>	11.6	10.9	10.7	10.5	10.4	10.3	9.4	9.4	8.8	8.6

Source: Statistics Sweden, Labour Force Survey (LFS) and own calculations. \*The estimates have been revised on account of corrections to the LFS.

## Initiatives and measures

In addition to what is presented below, numerous reforms under the employment target and the education target are considered to have a major bearing on the national target for increased social inclusion. Measures that are considered to help attain the Europe 2020 strategy target for social inclusion are also described below.<sup>1</sup>

### Reforms aimed at households at risk of poverty

In 2018 and 2019 several reinforcements of benefits for families with children have entered into force. These increases have contributed to improving the economic situation of families with children; this applies particularly to households at risk of poverty. Increases have been made both to the general child allowance and to the needs-tested benefits of housing allowance and maintenance support. For example, maintenance support has been differentiated by age to make it correspond better to the actual costs of children of different ages. A special allowance for children with alternating residence has been introduced as part of housing allowance. In 2019 an

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<sup>1</sup> The Europe 2020 strategy target for social inclusion is: to promote social inclusion – primarily through poverty reduction – by trying to lift at least 20 million people out of a situation in which they risk being affected by poverty and social exclusion. The share of women and men at risk of poverty and social exclusion, according to the general EU indicator, AROPE, in Sweden in 2018 was 17.0 per cent (18.4 per cent among women and 15.6 per cent among men).

additional increase of the income limits in housing allowance entered into force.

A review is currently under way of the regulations for housing allowance and maintenance support. The aim is to increase their distributional accuracy and reduce indebtedness. The Government has adopted supplementary terms of reference for the review to clarify the situations with special reasons in which it will be possible to continue to provide maintenance support and how the application of the law can be extended. The inquiry is to report by 1 March 2021 (Terms of reference 2018:97 and terms of reference 2020:14).

### **Improvements to reduce sickness absence**

It can be concluded that the trend of rising sickness absence has been broken. In order to attain a level of sickness absence that is stable and low in the long term, the Government has commissioned the Swedish Social Insurance Agency to reinforce work to provide support for the individual in the sick leave and rehabilitation process. The Government has given a commission on improving cooperation between the Swedish Social Insurance Agency and health care and given a commission to the Swedish Social Insurance Agency and the Swedish Public Employment Services to work jointly to take reinforced measures to facilitate the return of people on sick leave to work. The Swedish Social Insurance Agency has also been given a special commission to improve the support for young people whose application for activity compensation has been rejected in order to give this target group the support needed to eventually be able to work or study. As of 1 February 2020 health care organisers have a statutory responsibility to offer coordinating measure to patients on sick leave so as to promote their return to work.

### **Greater security for pensioners and higher minimum age for drawing the national pension**

Improvements to the basic protection in the pension system entered into force on 1 January 2020 and affect more than 800 000 pensioners. The proposals mainly favour women, generally those who are older and in single person households. Two central proposals in the reform package are to raise the basic level of the guarantee pension and to raise the housing cost ceiling in the housing supplement. These proposals will bring the level of the guarantee pension closer to the median income in society and the housing supplement will be better adapted to present-day rent levels. The reform is an important step towards ensuring economic security for elderly people. In

accordance with the 2017 Pension Agreement pension-related age limits will be increased by 2–3 years in the next 6 years and will then be linked to the change in life expectancy.

### **Support for regions and municipalities in implementing their disability strategies and plans**

In the period 2018–2020 the Swedish Agency for Participation (MFD) has been commissioned to provide support, along with the county administrative boards, to regions and municipalities in their work on integrating the disability perspective in their services and in their work to implement their disability strategies and plans.

### **Improved interpreter service in working life**

In the period 2018–2020 the National Board of Health and Welfare has been commissioned to administer allocate funds to the regions to increase the possibilities of providing interpreter services in working life for persons who are deaf, deafblind or hard of hearing. In the same period the Swedish Agency for Participation has been commissioned to inform employers and other relevant actors about responsibilities and measures to provide interpreters and other support. Its commission also includes providing information about technology and services, promoting development and innovation and presenting good examples.

### **Measures to strengthen personal assistance**

As part of work to ensure that personal assistance is delivered with high quality, the Government has adopted the Government Bill *Personal assistance for help with breathing* [*Personlig assistans för hjälp med andning*]. The Bill proposes that breathing is a fundamental need that can ground a right to personal assistance under the Act concerning Support and Service for Persons with Certain Functional Impairments (LSS) The amendment to the Act entered into force on 1 November 2019.

The Government has also appointed inquiry on self-care, i.e. how the definition of a normal parental responsibility can be narrowed and how the right to assistance can be strengthened when there is a need for supervision. The intention is for the inquiry to be completed by 23 March 2021.

### **Higher government grant for case manager services**

Case manager services are aimed at people with psychosocial disabilities who have substantial and significant difficulties in performing activities in

various areas of life. The government grant for the case manager intervention is being increased by SEK 30 million from 2020 to 2022 so as to increase the level of subsidy per manager.

#### **Greater equality and gender equality in health, and access to high-quality health and medical care**

In 2019 the Government continued work on an extensive structural reform of health care, whose aims include enabling more efficient resource utilisation, increased quality and better access. The most important resource in health care is its staff, and in 2019 the Government continued to make major investments in strengthening skills planning and provision in health care. In 2019 the Government allocated the regions SEK 3.2 billion to stimulate good conditions for health care staff and develop services in health care. In addition, the municipalities have received SEK 100 million to create good conditions for municipally employed care staff.

Since 2015 the Government has taken a special initiative for women's health and obstetric care so as to achieve equitable health between women and men. In 2019 SEK 1.59 billion was paid to the regions for this purpose.

#### **4.4 Research and development target**

##### **Sweden's national target**

*Public and private investment in research and development (R&D) to amount to around 4 per cent of GDP in 2020.*

##### **Achievement of the UN's global Sustainable Development Goals**

*The target contributes to goals 2 (2.4, 2.A), 3, 5 (5B), 6, 7, 9, 11, 12, 13, 14, 15 and 16.*

##### **Current status**

In aggregate, central government investments and other public investment in research and development (R&D) are estimated at SEK 43.3 billion in 2018. That corresponds to a GDP share of around 0.90 per cent, which can be compared with 2017, when the share was 0.93 per cent. Corporate investments in R&D amounted to SEK 113.8 billion in 2018, which



corresponds to 2.38 per cent of GDP. This is an increase of SEK 400 million since 2018. Together with public funding of 0.90 per cent in 2017, around 3.28 per cent of GDP was allocated to R&D in 2018

### **Initiatives and measures**

In 2019 a third of central government funds for research and development was distributed through calls for applications via the research funding agencies: the Swedish Research Council, Vinnova (the Swedish Governmental Agency for Innovation Systems), Formas (the Swedish Research Council for Sustainable Development), Forte (the Swedish Research Council for Health, Working Life and Welfare), the Swedish National Space Board and the Swedish Energy Agency. Distribution through calls for applications leads to competition and raises the quality of Swedish research.

The EU-SAM coordinating secretariat at the Swedish Governmental Agency for Innovation Systems (Vinnova) coordinates the central government research funding agencies in the funding of European partnership programmes for research and innovation. Swedish funding of partnership programmes is estimated to have been SEK 175 million in 2019.

A coordinating secretariat, called Intsam, at Vinnova has responsibility for coordination and financing of international research cooperation outside the EU. In 2019 SEK 25 million was allocated to Intsam.

Sweden continues to allocate substantial resources to building research infrastructure. The construction of the European Spallation Source (ESS) is progressing according to plan and the facility is expected to be ready in 2023.

## 4.5 Climate and energy targets

### Sweden's national targets

*The Riksdag has adopted climate and energy policy targets for 2020, three of which also constitute Sweden's national targets within the Europe 2020 strategy:*

*– 40 per cent decrease in greenhouse gas emissions relative to 1990. This target applies to the activities not covered by the EU Emissions Trading System (EU-ETS). The reduction will be accomplished through emission reductions in Sweden and in the form of investment in other EU countries or international carbon credits. The Government's ambition is to attain the targets through national initiatives to the extent possible.*

*– The share of renewable energy is to be at least 50 per cent of total energy use in 2020.*

*– 20 per cent more efficient energy use by 2020. The target is expressed as a cross-sectoral target of a 20 per cent reduction in energy intensity by 2020 relative to 2008.*

*According to the EU's effort sharing, Sweden is to reduce greenhouse gas emissions by 17 per cent by 2020 relative to 2005 and to increase the share of renewable energy to 49 per cent by 2020.*

### Achievement of the UN's global Sustainable Development Goals

*The target contributes to goals 3 (3.9), 7 (7a, 7.1, 7.2, 7.3), 9 (9.3, 9.4), 12 (12.6, 12.7), 13 (13.1, 13.2).*

### Current status

The emission reduction and energy efficiency targets are considered attainable with existing policy instruments. The renewable energy target was already reached in 2012.

For 2020 the national climate target is that emissions in Sweden should be 40 per cent lower than in 1990. It is judged to be possible to reach that target within the set period, providing that emission reductions through investments in other EU countries or flexible mechanisms are implemented, or that further measures are taken to achieve domestic emission reductions.

The emissions gap in 2020 to reach the target solely through domestic measures is judged to be around 0.9 million tonnes.<sup>12</sup>

Sweden's share of renewable energy in relation to final energy use has steadily increased since the early 1970s, reaching 54.5 per cent in 2017. The share of renewable energy is therefore both above Sweden's commitment until 2020, according to the Directive, of 49 per cent, and above the national target of a minimum 50 per cent share of renewable energy by 2020.

As regards more efficient energy use, energy intensity (measured as the ratio between gross inland consumption of energy and GDP in constant prices) had declined by just over 17.9 per cent by the end of 2017 compared with the base year of 2008.

### **Initiatives and measures**

Sweden has introduced several policy instruments intended to directly or indirectly influence emissions of greenhouse gases. One linchpin of Sweden's climate strategy is general economic instruments, chiefly energy taxation and the EU Emissions Trading Scheme (EU ETS). Swedish energy taxation consists of a combination of carbon dioxide tax, energy tax on fuels and energy tax on electricity. The energy tax on fuels and electricity is designed on the basis both of energy and environmental policy considerations and of fiscal considerations, while the carbon dioxide tax on fuels is a purely environment-related tax, introduced in order to reduce carbon dioxide emissions.

### **Measures to reduce greenhouse gas emissions**

In accordance with Sweden's Climate Act, the Government presented a climate policy action plan in 2019. The climate policy action plan takes a holistic approach to the climate issue and contains more than one hundred measures to reduce emissions throughout Swedish society.

They include reviewing all the relevant legislation so that the climate policy framework has an impact. The reduction obligation, which means that fuel suppliers must add sustainable biofuels to achieve a certain emission reduction compared with fossil fuels, will also be designed so that it

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<sup>12</sup>Since the scope of the trading sector has been changed since the target was defined, reference is made to the emissions gap in tonnes between the target level and the reference scenario instead of what reduction in per cent has been achieved.

contributes to reaching the national target of reducing greenhouse gas emissions from domestic transport by 70 per cent by 2030.

These initiatives are estimated to affect the development of emissions after 2020 and the possibility of achieving the target that, by 2045, Sweden will not have any net emissions of greenhouse gases into the atmosphere and will then have negative emissions thereafter.

### **Measures for renewable energy**

In 2017 the Riksdag approved a new target for the electricity certificate system of a further 18 TWh renewable electricity production by 2030. Renewable electricity production in the electricity certificate system in Sweden increased by 3.9 TWh in 2018 compared with the previous year.

In 2009, the Government instituted a state aid scheme for investments in solar cells. In 2017 support totalling around SEK 391 million was granted and SEK 236 million was paid. These are the highest annual figures since the support was introduced and are due to the strong increase in the support. The support share for the investment support for solar cells has been increased to 20 per cent for all categories of applicants as of 1 January 2018 through an amendment to the Ordinance on government support for solar cells (2009:689).

### **Measures for energy efficiency**

The Government is implementing a number of initiatives to advance efficient energy use. The Government has, for instance, a programme for energy efficiency in industry, the Energy Step. Under the Energy Step, large companies that have carried out an energy audit can apply for a grant for an in-depth study of energy efficiency measures or investment support for the additional cost of investing in an energy efficiency measure. Other actors, both households and organisations, are offered free and commercially independent climate and energy advice of which energy-efficiency measures are a central part.

## 5. European structural and investment funds 2014–2020

### **Partnership agreement**

Sweden has entered into a partnership agreement intended to function as an overall strategy and improve coordination among the four European structural and investment funds: the European Regional Development Fund; the European Social Fund; the European Agricultural Fund for Rural Development; and the European Maritime and Fisheries Fund. The main purpose of the partnership agreement is to help achieve the Europe 2020 targets and strengthen European and Swedish competitiveness. The agreement is also intended to promote synergies and avoid overlaps between the funds and improve conditions for coordination using instruments at EU and national levels.

The partnership agreement was drawn up in broad partnership with agencies and other actors concerned. The Swedish Agency for Economic and Regional Growth, the Council for the European Social Fund in Sweden and the Swedish Board of Agriculture have in-depth cooperation on common fund issues through a commission from the Government called the ‘fund coordination commission’. The Funds are to invest in projects working towards Sweden’s attainment of the Europe 2020 targets. The assessment of the agencies is that Swedish programme implementation is working well and that the majority of the objectives in the partnership agreement will be achieved. The Government presented a progress report to the Commission in August 2019.

### **Investment for growth and employment 2014–2020**

#### ***Regional Development Fund***

Implementation of Regional Development Fund initiatives began in 2015. Sweden has succeeded well in turning available resources into concrete actions. The total scope, including EU funds and public and private national cofinancing, of the nine Regional Development Fund programmes is around SEK 17.5 billion. The EU frame accounts for around SEK 8.6 billion of this sum. In 2019 almost 90 per cent of the EU funds in the programmes had been granted, corresponding to SEK 7.4 billion, excluding technical support.

The Regional Fund programmes are mainly aimed at action for structural change in the priority areas of research and innovation, increased competitiveness in small and medium-sized enterprises and the transition to

a low-carbon economy. About 80 per cent of the total funds are therefore estimated to go to these areas. The remaining funds mainly go to the areas of information and communication technology and sustainable transport.

EU funds approved by thematic objective for the nine Regional Fund programmes in Investment for growth and employment until and including 2019:

- Innovation, research and technical development- SEK 2.0 billion.
- Entrepreneurship- SEK 2.6 billion.
- Energy efficiency and green economy- SEK 1.3 billion.
- Increased access to, use and quality of ICT- SEK 0.8 billion.
- Sustainable transport- SEK 0.6 billion.

#### *European Territorial Cooperation 2014–2020*

The cooperation programmes form part of the EU cohesion policy aimed at strengthening competitiveness in EU countries and regions through cross-border cooperation. Sweden participates in a total of thirteen different cooperation programmes. All counties in Sweden are affected by at least one of these programmes. The total scope, including EU funds, third-country funds and public and private national cofinancing of the six cross-border regional programmes and the three transnational programmes in which Sweden is participating, amounts to around SEK 13.7 billion. The EU frame accounts for around SEK 8 billion of this sum. About 80 per cent of the programme actions, including cofinancing, are allocated to the following areas:

- Innovation, research and technical development – SEK 3.5 billion.
- Environmental protection and sustainable use of resources– SEK 2.3 billion.
- Sustainable transport – SEK 2.3 billion.
- Energy efficiency and green economy – SEK 1.6 billion.
- Entrepreneurship – SEK 1.3 billion.

Almost 85 per cent of the EU funds in the programmes were granted at the end of 2018, corresponding to SEK 6.9 billion, excluding technical support. On 31 December 2018 some 644 cooperative projects with more than 1 250 Swedish project partners were in progress.

#### *European Social Fund*

The national Social Fund Programme 2014–2020 is being implemented within the Investments for growth and employment objective. The programme is for around SEK 14.5 billion, almost half of which consists of national cofinancing. It is intended to contribute to a well-functioning labour market and a sustainable long-term increase in employment. One important starting point for the programme is to strengthen and develop national labour market policy and contribute to achieving the Europe 2020 strategy targets. The actions are intended to stimulate skills development that strengthens women's and men's position in the labour market, strengthen the link between education and working life, increases transitions to work among people who are remote from the labour market and facilitates young people's establishment in working life and participation in education and training. The EU's Youth Employment Initiative has been implemented within the framework of the national Social Fund Programme. The initiative was intended to supplement and extend existing labour market policy measures for young women and men mainly in the regions of South Sweden, Northern Central Sweden and Central Norrland. According to an assessment made in an evaluation the Youth Employment Initiative has been implemented with high quality. The evaluation also shows positive net effects regarding the employment level and income level of participants.

From the start of the ESF programme in 2014 until the end of 2019, a total of 522 project applications have been granted and 80 per cent of programme funds assigned. A total of 226 000 people have started participating in the projects; 60 per cent of whom are women and 40 per cent men. Initially, implementation of the Social Fund Programme had a strong focus on measures aimed at young people, including the Youth Employment Initiative. Thereafter the focus shifted to action for newly arrived immigrants with short or no education or training who were not covered by The Swedish Public Employment Service's introduction programme. Actions to be given priority in 2020 include those that reinforce and develop action by the Swedish Public Employment Service, especially regarding matching services. The actions in the Social Fund Programme covering skills development of people in employment will be highly targeted at digital transition. An effect evaluation of the Social Fund Programme is under way.

#### *Agricultural Fund for Rural Development*

The Agricultural Fund for Rural Development is being operationalised in Sweden through the Rural Development Fund, whose total budget for the

2014–2020 programme period is around SEK 37 billion. These funds are allocated in the programme on the basis of a number of priorities, where knowledge and innovation are the programme’s first priority; it is, however, horizontal and does not have its own budget. Instead, innovation and knowledge transfer have to be promoted in all parts of the programme. As in previous programme periods, the focus of the programme is on compensation for environmental initiatives at the same time. Over and above that, the Rural Development Programme for 2014–2020 has also, as in previous programme periods, a broad profile of measures intended to promote rural enterprise, in various ways, both in and outside the farming sector, and initiatives to make it simpler to live and run a business in rural Sweden.

The investments are in the areas: skills development, advice, investments in agriculture, horticulture and reindeer husbandry, agriculture and business development, service, infrastructure and attractive rural areas, support for environmental measures in forests, environment and climate measures in agriculture, organic production, animal welfare payments, cooperation and community-led local development (CLLD)

#### *Maritime and Fisheries Fund*

The three overall objectives of the Maritime and Fisheries Programme that are directly connected to the Europe 2020 targets are:

- Increase the competitiveness of small and medium-sized enterprises;
- Protect the environment and promote sustainable use of natural resources;
- Promote employment.

The priorities of the Maritime and Fisheries Programme enable support for the development of environmentally, economically and socially sustainable fishing and aquaculture. The Government expects this to provide the conditions for growth, stronger competitiveness and higher employment in the sectors concerned without compromising environmental protection and sustainable use of natural resources. The programme is for SEK 1.5 billion and demand for support has been high since the programme was started. A total of around SEK 1 billion has been granted up to and including December 2019.

#### *Community-led local development (CLLD)*



Community-led local development (CLLD) has been carried out in all four ESI funds through integrated multi-fund strategies. Local Action Groups (LAGs) implement actions on the basis of specially produced local development strategies. Community-led local development has been written into three programmes: The Rural Development Programme (of which CLLD forms part), the Maritime and Fisheries Programme (of which CLLD forms part) and the special programme for Community-Led Local Development, supported by both the Social Fund and the Regional Development Fund. The budget for community led local development is around SEK 1.27 billion (the figures only refer to EU funding). Most of this sum, 80 per cent, consists of funding from the Agricultural Fund for Rural Development.

## **6. Institutional issues and participation of relevant parties**

### **6.1 Institutional issues**

Sweden's National Reform Programme for 2020 is mainly based on the initiatives and reform ambitions proposed by the Government in the Budget Bill for 2020, the Spring Fiscal Policy Bill for 2020 and the Spring Amending Budget. This year the Spring Fiscal Policy Bill and the Spring Amending Budget have been characterised by the coronavirus outbreak and its management, as is reflected in the section on reform policy. However, chapter 4 also contains an account of the proposed measures where decisions were made before the coronavirus outbreak. Depending on future developments, further work may need to be reviewed. The country-specific recommendation to Sweden within the framework of the European Semester 2019 has been taken into consideration in its preparation. The programme also reflects the political priorities in the Commission's Annual Sustainable Growth Strategy. The Riksdag Committee on Finance has been informed of the National Reform Programme. During the Council's preparation of the country-specific recommendations in summer 2019, the Government informed and consulted with the Riksdag on several occasions.

### **6.2 Consultations with the social partners**

To develop the dialogue with the social partners within the European Semester and the national decision-making process, the Government has established a reference group with representatives of the relevant ministries in the Government Offices and of the social partners (the Confederation of Swedish Enterprise, the Swedish Trade Union Confederation (LO), the Swedish Confederation of Professional Employees (TCO), the Swedish Confederation of Professional Associations (Saco, the Swedish Association of Local Authorities and Regions (SALAR), the Swedish Agency for Government Employers) and the Swedish Federation of Business Owners. The reference group holds regular meetings for discussions and consultations on the implementation of the strategy in Sweden. As part of the Government's ambition to strengthen participation in EU-related affairs, consultations are held as thematic consultation forums on EU affairs. The purpose of this way of working is to systematically benefit from the expertise about various issues in civil society and possessed by other societal actors, thus improving the quality of the supporting information for Government decisions. Since the completion of the 2019 National Reform Programme,

three thematic consultation forums on EU Affairs have been held on the national implementation of the Europe 2020 strategy for the social partners at senior official level.

The Prime Minister has also initiated meetings known as ‘EU consultation forums’ as an aspect of the Government’s work to strengthen participation in EU-related matters. Chair-level representatives of central labour market organisations participated in the Prime Minister’s EU consultation forum in March 2020.

As in previous years, the social partners were invited to contribute texts to this year’s National Reform Programme. The appendix with external contributions contains contributions from the partners that describe examples of the work the partners are carrying out in accordance with the strategy guidelines and objectives.

### **6.3 Local and regional support**

Local and regional support for the Europe 2020 strategy’s targets and intentions in the regional and local growth process in Sweden is crucial to its successful implementation. The Government’s national strategy for sustainable regional growth and attractiveness 2015–2020 contains priorities for regional growth policy during 2015–2020 and guides regional development strategies, structural fund programmes and other relevant strategies and programmes in work on regional growth.

Together with the regional development strategies the national strategy creates the conditions for greater interaction between the national and regional level and more effective and result-oriented growth work. Regional actors thus play a role in implementing the Europe 2020 strategy on the basis of their particular circumstances and priorities as part of work on regional growth. In light of local self-government in Sweden, the local level has a central role in implementing some of the aims laid down by the Government, including through collaboration with the regional level on various projects and initiatives in their county.

To further develop the dialogue between the national, regional and local levels on issues of importance to regional growth, the Government has set up a National Forum for Sustainable Regional Growth and Attractiveness 2015–2020. The Forum consists of a political group and an officers’ group, each of which meets the Government for dialogue four times a year. The

starting point is that shared responsibility between the regional and national levels for implementing regional growth policy requires close dialogue and cooperation concerning vital development issues.

#### **6.4 Consultation with interest organisations and civil society organisations**

At present, there are a number of established consultation procedures, and they also cover issues that concern the Europe 2020 strategy. Stakeholders are often included in reference groups in the system of government inquiries and are given the opportunity to present their views on inquiry proposals through the consultation process in their areas of interest. Occasionally, the Government also issues invitations to hearings for dialogue around specific topics. There are also continuing discussions in various consultation bodies.

Following requests to develop the dialogue with civil society organisations on the implementation of the Europe 2020 strategy, an initial horizontal consultation with civil society took place in autumn 2011. This approach was welcomed by the participants and consultations have since then taken place annually. On 28 February 2020 relevant organisations were invited to a thematic consultation forum on EU Affairs and to contribute material for the National Reform Programme highlighting good examples of how civil society is contributing to the national implementation of the Europe 2020 strategy. After the thematic consultation forum on EU affairs, the Government Offices received materials from Coompanion, European Youth Parliament Sweden, the National Council of Adult Education, the Royal Swedish Academy of Sciences and Public & Science (VA). This material is presented in the appendix.

## Appendix with external contributions to Sweden's National Reform Programme 2020

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## 1. Contributions from the social partners

### 1.1 Introduction

In this section the central labour market organisations in Sweden – the Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO), the Swedish Confederation of Professional Associations (Saco), the Confederation of Swedish Enterprise, the Swedish Association of Local Authorities and Regions (SALAR) and the Swedish Agency for Government Employers – provide, along with the Swedish Federation of Business Owners, examples of activities that we consider contribute to attainment of the targets for the Europe 2020 strategy. The examples do not give a comprehensive account but are only a selection. Some are based on common agreements covering all the organisations; others are agreed between some of the organisations. The remaining examples are unilateral measures by one of the central labour market organisations and/or their member associations.

### 1.2 Brief description of wage formation and the autonomy of the social partners in Sweden

The social partners are responsible for wage formation on the Swedish labour market, and they maintain their autonomy as social partners. The fundamental components of the model include trade unions with a high organisation rate, employer organisations with broad membership, the strong status of collective agreements, workplace representatives with a mandate to negotiate and the independence of the social partners from central government.

One way in which this independence is manifested is that the bulk of the labour market is regulated by a number of principal agreements reached at the central level between employers and trade unions that regulate aspects including negotiation procedures, dispute procedures and development issues. At present there are around 680 central collective agreements on wages and general terms and conditions of employment in Sweden.

The European Commission has announced an action plan that is likely to contain a proposal of minimum wages at EU level. This has generated strong reactions by social partners in Sweden. In addition to the fact that EU treaties make it impossible to introduce binding rules about wages at EU level, a proposal of that kind risks having far-reaching negative impacts on labour market models with autonomous partners who regulate wages themselves through collective agreements, as in Sweden. We can show that, in practice, the Swedish model of pay agreed through collective bargaining sets lower limits for pay in the whole of the economy – even in the case of employers without collective agreements. We can also show that there are few employees whose pay is so low that it might be affected by any EU rules and that these employees are mainly young people in the process of becoming established in the labour market. Less than one per cent of employees in Sweden have a monthly wage that is lower than 60 per cent of median earnings in the whole of the labour market, which is regarded as the definition of low pay in the EU.

The coverage of collective agreements is higher in Sweden than internationally and is changing very slowly. Almost 90 per cent of employees in Sweden are covered by collective agreements. The coverage of collective agreements is being maintained despite a long-term trend of some decline in the level of union membership among employees. This is because employers are obliged to apply these agreements to all employees irrespective of whether or not they are members of a union. The level of organisation membership along employers is stable at a high level. An overall assessment, based on our cost-benefit analyses, is that wage formation is functioning well with respect to the development of real wages, employment and competitiveness. Real wages have increased for many successive years and strengthened households' purchasing power. In the past two decades real wages have increased by more than 60 per cent (1997–2018). One important precondition for this development has been that productivity growth in the Swedish economy has been strong in periods.

When new rules that affect the labour market are set jointly in the EU, the rules must be compatible with the Swedish labour market model. The partners collaborate in various ways to maintain the Swedish collective agreement model in EU contexts and the partners' representations in Brussels cooperate in important matters. The partners in the private sector have formed the Social Partners' EU Council [*Arbetsmarknadens EU-råd*] in



order to maintain the Swedish collective agreement model and to uphold their common interests in the long term in labour market issues at EU level.

### **1.3 Examples of the partners' activities that contribute to attaining the targets of the Europe 2020 strategy**

1.3.1 Employment – 80 per cent of women and men aged 20–64 are to be in work

#### **Integration of young people in the labour market**

##### *Vocational introduction agreements*

Vocational introduction employments are based on collective agreements reached independently by the social partners. The target group for the agreements is certain young people, long-term unemployed people and newly arrived immigrants. At present, many of the agreements in place only cover certain young people. It is likely that more agreements will be extended in the future to also cover the long-term unemployed and newly arrived immigrants. The design of the agreements varies between industries, but they all combine work with education or training (the education/training component is limited to a maximum of 25 per cent of working hours). The education can be either at the workplace or supplied by an external provider through the employer. The education period does not carry any wage entitlement. Central agreements on vocational introduction agreements have been signed in most industries.

##### *Entry agreements on the way – smooth processing in Brussels crucial*

The Government, LO, Unionen and the Confederation of Swedish Enterprise have agreed that 'entry agreements' should be introduced. The idea is to make entry agreements an initiative that enables newly arrived immigrants and long-term unemployed people to obtain employment from an employer covered by a collective agreement on entry agreements. The initiative is intended to enable newly arrived immigrants and long-term unemployed people to acquire the knowledge and experience being sought in the labour market. Normally, it should be possible for the employment to lead to a full-time, permanent position with the employer. The employee has to be given the possibility of attending Swedish for Immigrants (SFI) and other short training courses agreed between the employer and employee. The employer's total payroll expense for the employment will be SEK 8 400 per month in 2019. The employer also receives a central government

payment per individual. The intention of the Government and social partners is that external actors will be responsible for a substantial part of matching for entry agreements. The social partners have agreed to set up a joint body for application of and compliance with trade union agreements on entry agreements. The initiative assumes that no obstacles are posed by state-aid law-related issues.

### *Student employees*

There has, for many years, been collective agreements on 'student employees' in the private, local government and central government sectors. The agreements vary, but target students at universities or other higher education institutions or in tertiary education and cover qualified work with a clear link to ongoing studies. They provide temporary positions of various durations, ranging from employment for a single term (SALAR) to a maximum of four terms (central government) with weekly working hours averaging up to 10 to 15 hours per week. For employees, the agreement provides an opportunity to work with qualified tasks, which facilitates their transition from studies to working life. Employers are able to make use of the skills of students in higher or post-secondary education while at the same time having the chance to present their business with a view to attracting a competent staff. The partners have produced information material for distribution to employers and local employee organisations. The pluggjobb.se website is a meeting place for students and employees in the welfare services sector and is an initiative taken by SALAR and Sobona (the organisation of local government employers) along with the Alliance of Graduates (representing 16 Saco associations), the Vision trade union, the Swedish Association of Graduates in Social Science, Personnel and Public Administration, Economics and Social Work, the Association of Management and Professional Staff and the Swedish Union for Performing Arts and Film. This website shows student employee positions around Sweden provided that employers in municipalities and regions have advertised them on Offentliga Jobb (a website for job vacancies in the public sector) or via Platsbanken (the job vacancies database at the Swedish Public Employment Service) and the positions have student employee tags.

### *Introduction jobs*

These jobs are aimed at people who are long-term unemployed or newly arrived and they have a wage subsidy cap at gross pay of SEK 20 000 per month. The subsidy limit in introduction jobs is 80 per cent. If needed by the person who is employed, their employer can receive financial support for

supervision or other skill-enhancing measures intended to bolster the employee's ability to perform their work tasks. Introduction jobs can be combined flexibly with studies – for example, supplementary upper secondary education or studies of Swedish – and the studies have to enhance the employee's standing in the labour market. But most of the job has to be work.

#### *New solutions needed to respond the skills challenge*

In the absence of changes, Swedish municipalities and regions would need to increase their current number of employees by just under 20 000 people per year in the coming years; moreover, some 30 000 employees per year are expected to retire per year in the period up until 2026. A great deal of work is under way in municipalities and regions to address this skills challenge. It involves getting existing staff to work more, finding new ways of working and new work organisations and continuing to attract and develop staff. SALAR has produced strategies describing how the skills challenge can be addressed. The strategies can be divided into three groups.

- More working more (increasing full-time work, reducing sickness absence and extending working life);
- Finding new solutions (using skills in the right way, making smart use of technology and looking for new cooperation);
- Attractive employer (marketing jobs more widely, enhancing skills and career development, developing leadership).

#### *More Pathways to Entry*

In the ESF-funded project called “More Pathways to Entry – Broader recruitment”, SALAR is running development work in 2018–2020 in cooperation with eight municipalities, Swedish Public Employment Service and the Swedish Agency for Participation and in collaboration with the trade union organisations. The aim is to create strategies for widened recruitment to the welfare services sector by making use of the skills of people with disabilities.

In all, some 76 400 young people had a holiday job in a municipality in summer 2019. This corresponds to 65 per cent of applicants. In the regions 3 600 young people had a holiday job, corresponding to 19 per cent of applicants.

Holiday jobs are for young people who are about to start or already studying at upper secondary school. These holiday jobs are the first contact many

young people have with the labour market and give them many valuable experiences and references for the future. SALAR would now like to contribute to expanding holiday jobs so that more young people can have the opportunity of a holiday job and more employers can be involved and contribute while gaining an opportunity to market themselves and their industry. This work includes the SALAR initiative *Sweden's Most Important Jobs*, where holiday jobs are a way of marketing jobs in municipalities and regions.

#### *Health and Social Care College*

The Health and Social Care College is a platform for collaboration between employers, trade unions and trainers in the health and social care sector. It is also a quality mark showing that a person who has trained at a health and social care college has completed a training in close collaboration with working life, and therefore has a good chance of getting a job. The members of the Health and Social Care College association are the employer organisations SALAR, the Association of Private Care Providers, Sobona and the Co-operative Employers' Association (KFO) along with Kommunal, an employee organisation.

At the end of 2019 there were 22 regional health and social care colleges in Sweden, and 96 local colleges. They include 224 municipalities, 19 regions, 90 private businesses, 156 upper secondary schools, 213 adult education programmes at upper secondary level and 32 vocational higher education programmes.

#### *Guidance for young people*

The Swedish Confederation of Professional Associations (Saco) issues a number of publications annually on the theme of study choices and studies. These primarily target students who will soon complete their upper secondary school studies. The publications are: 'Choose a profession' – a fact book on higher education professions issued every autumn; 'Future prospects' about labour market forecasts for a selection of higher education professions in a five-year horizon; 'The art of choosing an education' which provides suggestions and study choice inspiration; and 'How do you study?', an inspiring guide to effective study techniques. Via [www.saco.se/studieval](http://www.saco.se/studieval) young people can also take a personality test, obtain planning support and ask questions related to occupations.

Saco Student Fairs are held each year in Stockholm and Malmö. These fairs are attended by representatives of Swedish and international education providers, future employers and several government agencies and organisations (including Saco member organisations), who are specialists in the occupational groups they represent. Saco also runs skills development programmes for study advisers, at which Saco member organisations share their knowledge about graduate occupations.

#### *Cooperation and quality assurance*

It is crucial that upper secondary school maintains high quality and relevance to enable pupils to get their first job or make a smooth transition to further study. For companies, skills provision is one of the most pressing challenges. This is why many industries are highly involved in various efforts aimed at increasing the quality and relevance of upper secondary schooling.

One example of this involvement is the work that leading representatives of Swedish employer and employee organisations in the industrial sector have been conducting with technical colleges (*'Teknikcollege'*) since 2004. At present there are 25 regions with almost 150 technical college-certified education providers and more than 3 000 partner companies from north to south. In the construction industry, upper secondary schools offering the construction and civil engineering programme are able to apply for quality labelling. Schools that meet the criteria are judged to be capable of providing basic vocational education and training that fulfil the requirements of the construction industry and become recommended by the industry. There are similar arrangements in heating, ventilation and sanitation services with the concept "first class school".

#### *Sustainable working life*

Partsrådet (the Council for joint partner support in the central government collective agreement area) is a voluntary organisation whose members are the Swedish Agency for Government Employers, the OFR/S,P,O negotiating organisation for public employees, Saco-S (Swedish Confederation of Professional Associations in the central government sector) and Seko (Union for Service and Communication Employees). The Council supports local parties, representatives of unions and employers, in activities in the central government sector in issues determined in collective bargaining agreements. Its activities are divided into different areas of work. They are led by a board made up of member representatives.

Its *Sustainable working life* programme contains broad work that contributes to the social Sustainable Development Goals. Its programme declaration is that it will contribute to positive change, counter rising sickness figures and promote a longer working life for a better everyday life, every day in the central government sector. The programme offers services that government agencies can use in partner collaboration. Several services have been put in place during the period and more are in development; one example being a service concerning Universal workplace design.

### **Integration of foreign-born people in the labour market**

Since 2015 especially, several Saco associations have cooperated with the Swedish Council for Higher Education (UHR) to translate and benchmark foreign qualifications and diplomas so as to facilitate the integration of higher education graduates in the Swedish labour market. The recommendations in country report for 2019 mentioned that special action is needed in education and training and in further education and training. Work on integrating new arrivals is one way of improving conditions in the Swedish labour market.

#### *Council for Integration in Working Life*

The Council for Integration in Working Life (Ria) is run jointly by the Confederation of Swedish Enterprise, SALAR, the Swedish Agency for Government Employers, the Swedish Trade Union Confederation (LO) the Confederation of Professional Employees (TCO) and Saco. The purpose of the Council is to support, follow up and further develop efforts towards integration in working life. The aim of Ria's work is a world of work that makes use of the qualities of every single person, regardless of ethnic background, and that is non-discriminatory. Ria also held seminars during Almedalen and the Järva Week about the coming entry agreements and the experience gained in the fast tracks called "Faster paths to establishment in the Swedish labour market". The parties agree that collaboration between all involved is the foundation for effective matching of the skills provision needs of the labour market with the skills of newly arrived immigrants. All of Ria's activities are presented on [www.integrationiarbetslivet.se](http://www.integrationiarbetslivet.se).

#### ***Modern relief works jobs in the central government sector***

Central government agencies have been commissioned by the Government to employ individuals who are remote from the labour market by means of temporary, 'modern relief works jobs'. Modern relief works jobs are central

government employments with low required qualifications and tasks that are not performed at all or are not performed to a sufficient extent. As the social partners had already entered into the “VASA” special terms and conditions agreement in 2013, aimed at promoting employment that furthers general labour market, social and employment policy objectives, the work on modern relief works jobs could begin immediately after the commission came into force in January 2017. The target was for the modern relief works jobs programme to cover at least 5 000 people in 2020.

In December 2018 the Public Employment Service stopped granting modern relief works jobs. Nor were the commission and target regarding modern relief works jobs included in the agencies’ appropriation directions for 2019; and the Public Employment Service’s commission ended later that year. In December 2018 there were just over 2 300 ongoing modern relief works jobs. At the end of January 2019 the number of ongoing modern relief works jobs had decreased to just over 1 100, and the number then continued to decrease during the year as modern relief works jobs approved expired.

#### *Work experience placements in central government*

For the period up to 2020 the Government has commissioned most agencies to make work experience placements available to the Swedish Public Employment Service and to accept jobseekers and people with disabilities, as well as newly arrived jobseekers, for work experience placements. The Swedish Agency for Government Employers, the Agency for Public Management and the Swedish Public Employment Service have been given a special responsibility as part of their commissions from the Government and have deepened their cooperation. The commission to the Swedish Agency for Government Employers is to provide the information, advice and training needed by the agencies in the area it is responsible for.

The Agency’s provision includes support for supervisors. In 2019 an inspiration seminar was also held to spread the good work done by the Swedish Police Authority on this commission from the Government.

#### *Mentoring programmes*

Several Saco associations have mentoring programmes for newly arrived immigrants who are higher education graduates. The programmes pair a newly arrived graduate with a colleague in the same profession. The objectives for immigrant university graduates are to expand their professional networks and boost their self-confidence in their career efforts.

One example in 2019 is the programme for engineers run in the Swedish Association of Graduate Engineers, a Saco association, that has the aim of establishing platforms for interaction for engineers in the Swedish labour market.

The Swedish Agency for Government Employees has been running a mentoring programme for newly arrived graduates since 2016. The aim is to facilitate labour market establishment and social integration for newly arrived immigrants. Newly arrived graduates are linked up with people from central government agencies whose professional fields match the skills of the newly arrived immigrants. The mentors then have the task of supporting and guiding their mentees for six months in their areas of skills as well as in the role of a civil servant in the central government sector.

#### *Enterprise for Newcomers*

The Swedish Federation of Business Owners represents more than 60 000 business owners and has some 2 000 elected office holders. We offer networks, knowledge and practical assistance and drive developments for a better business climate so that business owners have the right conditions to be able to develop their businesses and attain their goals.

As the largest business organisation in Sweden, the Swedish Federation of Business Owners has been running the Enterprise for Newcomers [*Nyanlänt företagande, NF*] programme since the autumn of 2015 in partnership with organisations including the Swedish Agency for Economic and Regional Growth, the Migration Agency, the Public Employment Service and the growing number of municipalities and county administrative boards where the programme is operating. The programme is intended to give newcomers who have experience of enterprise and entrepreneurship the right conditions to be successful, sustainable business operators in Sweden. Programme participants learn the basics of running a business in Sweden and are supported by experienced mentors who are themselves established entrepreneurs. The programme objective is for newcomers to learn the specifics of running a business in Sweden. This facilitates integration in the labour market through self-employment and business ownership. So far around 30 programmes have been run between August 2016 and December 2019. In total, 43 per cent of participants were women. Some 12 per cent participants started businesses after completing the programme and 41 per cent plan to start a business within 2–3 years. In 2019 a pilot project linking newcomers to generational shift businesses was also started. The aim is to



identify generational shift businesses and people born abroad who are prepared to take over one of these businesses.

*TSL social security fund – readjustment support for a changing labour market*

TSL is a readjustment insurance scheme that helps private sector workers to find new jobs, while at the same time making it easier for the social partners to manage change in the Swedish labour market. The TSL social security fund was formed by the Confederation of Swedish Enterprise and LO. TSL's task is to ensure that a person who has been made redundant rapidly finds new employment through, for example, coaching or short vocational training or validation measures. The idea is for work to start quickly, i.e. the participant should not need to wait for an unnecessarily long time to be given support in their readjustment.

**Integration of individuals with a weak attachment to the ordinary labour market**

*Special terms and conditions agreement in the central government for certain fixed-term employment*

Since 2013 the central government sector has had a special terms and conditions agreement for certain fixed-term employment contracts. The agreement regulates terms of employment for contracts of a maximum of 24 (previously 12) months that the employer considers justified within the framework of a labour market policy objective, i.e. temporary employment of individuals covered by labour market policy measures. The terms of the agreement have been drawn up to give the employer more scope, when deciding on these employment contracts, to shape the job to suit the individual employee's needs of support, development and experience. Through the agreement, the parties accept joint responsibility for providing relevant terms of employment for the employees to whom the agreement may apply. An employment of this kind can give people work experience and therefore increase their employability. In connection with the special *Modern Relief Works Jobs* initiative (see section 1.2), the partners made it possible for employment under the special conditional agreement to be temporary for up to 24 months.

**Gender equality in the labour market**

*Full time as standard – the full-time journey between SALAR and Kommunal*

SALAR and Kommunal [*Swedish Local Government Workers' Union*] are addressing the question of full time in a joint development project in 2016-2021. The project is intended to facilitate the switch to full-time work for both employers and employees. To achieve this, the parties have to implement measures that support local work on increasing the proportion working full time. The overall objective is to secure access to the skills needed in welfare services while offering attractive terms of employment. As a step towards this, more employees have to work full time. This will then reduce the need for fixed-term employment and contribute to gender equality.

The agreement with Kommunal affirms that employers in the municipal and county council sector have to give priority to the question of full time. The goal is for permanent full-time employment to be the norm when employing new staff and for existing staff to work full time to a greater extent.

Having more staff working full time is an important part of the strategy to meet the extensive recruitment needs in welfare services. In the coming ten years people's need of health care, schooling and social care will increase at the same time as there will be a great shortage of labour. The focus needs to be on work environment, the importance of recovery and long-term sustainable scheduling when full-time work is to be the norm. Employers and union representatives around the country need to discuss how working hours can be planned in a sustainable way to ensure a good working environment for all employees.

Elected representatives, employers and union representatives need to give priority to the question of full-time work and get more women to choose full-time work. If more women work full time, this will increase women's financial independence, make the labour market more gender equal and reduce the recruitment challenge in welfare services.

The widespread part-time working among women is the main reason why women's lifetime earnings are SEK 3.6 million lower than those of men. This is an unreasonable situation. To establish gender equality, all differences due to gender need to be eliminated.

Both the proportion and the number of employees who actually work full time has increased continuously. In 2015-2017 the number of monthly paid employees in welfare services working full time increased by almost 72 000.

In November 2018 (2017), 68.3 (67.3) per cent of monthly paid employees in municipalities worked full time. The corresponding figure for regions was 69.4(68.7) per cent.

#### *National resource for gender equality*

The portal [www.jamstall.nu](http://www.jamstall.nu) is a national resource for gender equality. It provides facts about gender equality, practical examples and concrete tools for gender equality work. The portal provides facts and news about gender equality, practical examples and concrete tools for gender equality work. The jamstall.nu portal is currently being run as a unique collaborative venture between several different actors. Since 1 January 2018 the Swedish Gender Equality Agency has been one of them, and it handles the operational management of the portal. The other actors are the Swedish Secretariat for Gender Research, the county administrative boards, the Swedish ESF Council, Vinnova (the Swedish Innovation Agency) and SALAR.

As part of gender policy efforts the Almega employer organisation and the Unionen and Akademikeralliansen union organisations produced a practical [guide](#) for gender-equal working life. The guide is intended to be used jointly by company management and unions at local level.

## **Transition**

#### *Transition agreements*

The first ‘security agreements’, or transition agreements, were reached in the 1970s, the first time when non-manual workers were being made redundant and unemployed to a greater extent. Over the years, agreements have been reached for new areas and existing agreements have been renegotiated. Most employees in the Swedish labour market are covered by transition agreements. These agreements are intended to make it easier for employees who have been, or risk being, made redundant, to obtain help in finding a new job through active transition work and financial benefits if their redundancy is due to shortage of work. The social partners in Sweden have transition agreements in the private sector, the central government sector and the local government sector. Sweden is unique in that the social partners assume responsibility in this way for such a large part of active employment policy measures.

Since 2015 there have been two transition agreements in the central government sector that support effective transition in the central

government sector based on a holistic perspective. They are the *Agreement on Local Transition Funds*, aimed at strengthening proactive transition work by employers, and the *Agreement on Transition*, which regulates the conditions for individual support that employees can access in the event of redundancy due to shortage of work or when a temporary employment contract of at least two years expires. Since the start of 2015, there have also been agreements for the Swedish Performing Arts Association, the Swedish Union for Performing Arts and Film and the Swedish Union of Professional Musicians concerning transition and career switching for the artistic professions. This provides comprehensive support for employees who need to switch professions after their artistic careers.

The municipal and regional sector (SALAR) has had a transition agreement [*Omställningsavtalet KOM-KL*] since 2012, and an agreement covering Local transition funds and an amended provision on the order of selection for termination [*Lokala omställningsmedel och ändrad turordningsbestämmelse*] since 2016/2017. The agreement made funds available for early local transition measures (TLO-KL). The main aim of TLO-KL was to transition organisations and employees so as to meet the skills needs of future services and to minimise or avoid current/future situations with work shortages. Early local transition measures gave employees opportunities for development and thus for greater employability, while making employers better equipped to meet the recruitment needs in welfare services. Amended provisions about priority rights and the order of selection for termination gave employers the ability to identify more quickly which employees risk shortages of work and therefore need early transition so as to avoid redundancies on account of shortages of work.

To sum up, since 2012 the central partners in the sector have supported services and workers in transition pursuant to the KOM-KL Agreement on transition agreements. Since 2016 work has been done to strengthen individuals and services in the event of early transitions through the Agreement on local transition measures (TLO-KL) and the activity-adapted order of selection and priority rights provision in the General Provisions (AB).

A joint partner evaluation and a government-appointed inquiry on *Modernisation of labour law* [*En moderniserad arbetsrätt*] (2019:17) have reinforced the parties' ambition of agreeing rules concerning order of selection for

termination, skills development and transition geared to the needs and circumstances of the sector.

In December 2019 the parties in the municipal and regional sector signed an *Agreement in principle – New skills and transition agreement and associated amendments to the General Provisions etc. [Principöverenskommelse - Nytt kompetens- och omställningsavtal och därtill hörande ändringar i Allmänna bestämmelser mm]*.

The Agreement on local transition measures and amended provision on the order of selection for termination in the General Provisions have been extended from 1 January 2020 until and including 30 April 2020.

The Agreement in principle – New skills and transition agreement and associated amendments to the General Provisions etc. is a further development of KOM-KL and also responds to the amendments announced by the Government in the Employment Protection Act and the responsibility of the employer to strengthen the employee's transition capacity.

The parties are now in agreement that a new skills and transition agreement intended to further strengthen employees' access to skills development and transition on the basis of the services' need of early transition will enter into force on 1 May 2020. The agreement positions the parties better to address the skills provision needs of the sector and the ever faster development of services, organisation and ways of working needed by welfare provision. The main ingredients are early skill-enhancing measures involving skills development aimed at future needs in services, that may, for instance, result from technology development or new requirements on occupations. Another ingredient can be retraining to a new occupation when an occupation disappears. This set of rules is intended to be quickly able to identify those who are in need of early transition measures to enable employers to retain skills in their activities and avoid future redundancies. At the same time, there must still be transition measures in the event of redundancies on account of work shortages.

In the private sector the Job Security Councils (TRR -Trygghetsråden) will need to assume even more responsibility in the coming months against the background of the impacts resulting from the Coronavirus. The basis for the activities of the Job Security Councils is an agreement between PTK (the Negotiation Cartel for Salaried Employees in the Private Business Sector)

and the Confederation of Swedish Enterprise. TRR has shown good results since most jobseekers get a new job, while others choose to start their own business or start studying.

### 1.2.2 Education – The share of pupils without upper secondary grades is to be less than 10 per cent

#### **Fewer upper secondary school drop-outs**

Since 2019 the Swedish Association of Local Authorities and Regions (SALAR) has been working on the initiative *Preventing early school leaving [Uppdrag fullföljd utbildning]*. The purpose is to enable and lead to more concerted and sustainable national work to increase the share of pupils completing upper secondary education. To support local and regional development, SALAR is offering a development programme focusing on preventive work for organisers and their activities. Cooperation has been started with some central agencies to increase the exchange of experience as a first step. SALAR is running several development projects with ESF-support; their aims include strengthening work in introduction programmes in upper secondary school for late arrivals in Sweden and making pupils eligible for the vocational programmes at upper secondary school.

Cross-country learning is also important, and here 0–24 is an ongoing three-year project initiated by the Nordic Council of Ministers. It deals with cross-sectoral cooperation for vulnerable children and young people. Through the flagship School to Work initiative, SALAR is hosting the development of cooperation on study drop-out issues in the Baltic Sea region.

In Sweden work on study drop-outs has been developed to a great extent through a handful of projects supported by the European Social Fund. The most extensive of them were Plug in and Plug In 2.0. In them, SALAR cooperated with eight regions and around 80 municipalities. Important success factors are an individual-centred way of working, treatment, flexibility, collaboration and checks and monitoring. Several deficiencies have been identified through this work. There are, for instance, no national statistics about absences and the young people who risk dropping out of their studies. This makes it difficult to see the full scale of the problem and to produce comparable analyses to see the effects of different ways of working. Many have developed their methods centring on pupils who are

about to drop out of their studies. In the future more attention needs to be focused on early-stage preventive work with a broader reach.

SALAR will build on the experience and knowledge accumulated and wants to establish longer-term strategic work in the area along with the Government and its agencies.

In 2019 TCO (Confederation of Professional Employees) focused a great deal on education and skills provision along with its member unions.

[TCO's education index](#) measures access to places in study programmes and courses in higher education and higher vocational education for a person resident in a particular municipality and each municipality has been assigned ranking points in the interval 0–10. The overall measure of access to education shows an urban pattern similar to that in previous years. Once again, all places in the top twenty list are taken by municipalities from the metropolitan regions and municipalities close to medium-sized universities and higher education institutions.

TCO has also presented a [job map](#) in the form of statistics about how the labour market has changed, from 2008 to 2017, by industry and county. The map shows regional changes both in the emergence of jobs and in how they are changing. Sweden has had a long period of good job growth and a rising employment rate, but Sweden must become better equipped for the ongoing structural change.

To examine the private financial conditions for studies among working people, TCO has launched a [report](#) containing a number of specific example calculations.

## 2. Contribution from SALAR (Swedish Association of Local Authorities and Regions) – representative of regional and local levels in Sweden

### 2.1 Local and regional implementation of the Europe 2020 strategy

The Swedish Association of Local Authorities and Regions, SALAR, the member organisation for all of Sweden's municipalities and regions, largely shares the view expressed by the Commission in the Country Report for Sweden on the opportunities and challenges of the Swedish economy for sustainable growth and employment.

The activities of municipalities and regions account for about 20 per cent of Sweden's GDP and 70 per cent of public consumption and the sector employs 25 per cent of the working population, more than a million Swedes.

Sweden's municipalities and regions are facing greater costs for the financing of welfare services in the coming years. Municipal and regional services need to focus more on issues including the use of new technology, new ways of working and a focus on preventive care so as to handle the gap that may otherwise arise between costs and revenue to finance welfare services.

From an employer perspective, fewer people will have to support more people in the future on account of retirements and greater demand for welfare services. New ways of working, skills and digitalisation need to be examined more closely, and this may lead to needs to modernise regulatory frameworks. Action is also required to get more people into work, and to improve integration. Work for the completion of upper secondary schooling is important for the entry of the individual into the labour market and for the skills provision of all employers.

As municipalities and regions in Sweden encounter increasing financial difficulties, it will be even more important to have various EU-financed projects that contribute to the achievement of the targets of the Europe 2020 strategy and thereby to growth.

#### 2.1.1 Future of the Europe 2020 strategy



The present multiyear employment and growth strategy, the Europe 2020 strategy, has set a credible and appropriate framework for this programme period. Many of Sweden's municipalities, county councils and regions have integrated the Europe 2020 targets into their development plans, operational plans and annual budgets, and strategic monitoring and follow-up efforts linked to them is in place. This has resulted in a structured approach that links local and regional action to common European aims. SALAR therefore wants to underline the importance of a new multiyear employment and growth strategy, that is in line with the global Sustainable Development Goals. If the Green Deal is to be the Commission's new growth strategy, SALAR would like to see it being developed into a clear multiyear growth and employment strategy with applicable and measurable targets reflecting the design of the Europe 2020 strategy. This would then enable Sweden's municipalities and regions to continue working in an integrated way with common European objectives.

### **2.1.2 European structural and investment funds and the Just Transition Fund**

Cohesion policy is the EU's most important instrument for reducing regional differences and creating growth, employment and social inclusion and should cover all regions in Europe. Cohesion policy links municipalities and regions to the European project and gives the EU legitimacy at local and regional level. SALAR welcomes the Commission's initiative linking targeted measures to the transition to a climate-neutral economy by 2050. Since the funds allocated to cohesion policy will probably decrease as a result of the ongoing budget negotiations, funding for the Just Transition Fund should not be taken from the budget for cohesion policy. The implementation of the Fund should have as little impact as possible on the programming of the regional Regional Fund programmes.

## **2.2 Regional and local projects**

In their ordinary work, Sweden's municipalities, county councils and regions are contributing to the attainment of the objectives of the Europe 2020 Strategy, but there are also a large number of projects at regional and local level that are intended to contribute to the attainment of its objectives. The examples presented below are a selection of the many good examples of successful efforts under way in various parts of the country. The projects are

all relevant to the Europe 2020 objectives and demonstrate great variation in their scale and direction.

### 2.2.1 Employment, education, social inclusion and reducing poverty

#### **Family Focus [*Fokus familjen*] – A multiskilled team working with long-term benefit dependency in families with children, Municipality of Uppsala**

Since May 2018 the Family Focus project has been using a multiskilled team working with a focus on change in families with children that have long-term dependency on benefits. The team consists of a project manager, a social worker, an employment officer, an occupational therapist, an occupational psychologist and a budget and debt adviser. The main target group for Family Focus is women born outside Europe. Part of the project is to develop new methods for vocational rehabilitation from a family perspective. Family Focus has set up a model that measures how their clients progress through stages towards self-support. The project's multiskilled team has developed various methods in its work on long-term benefit dependency. One of them is day-to-day collaboration between the various professions in the team so as to better work towards protective factors, such as employment, and counter risk factors, such as long-term sick-listing. Another method is youth counselling intended to prevent benefit use being inherited. The project always works with the capability its clients have and takes a supportive approach that includes clarity and making demands. Its methods have been developed on the basis of experience, environmental scanning and evidence-based research in the area. The results of Family Focus are currently above the project target as 95 per cent of the men and 85 per cent of the women have moved at least one step closer to the labour market and self-support. In addition, 38 per cent of those who have completed Family Focus have become self-supporting and, in an external evaluation, the methods used in Family Focus have turned out to be successful in work with families with children that have long-term dependency on benefits. The project is running until 30 September 2020 and is being financed by the European Social Fund and the Municipality of Uppsala.

*Digital employeeship, City of Solna*

Digital employeeship is intended to strengthen the digital skills of employees in preschools, preschool classes, out-of-school centres and health and social care. The challenges in the welfare services sector of the future and digitalisation will change how we work and how we develop, run and lead our services. To be able to make effective use of the potential of digitalisation, staff members need to be digitally prepared and managers need to have the ability to show strategic leadership of digital development work. On this basis, the Digital employeeship project was started in two departments in the City of Solna in 2018: The Children and Young Persons Department (BUF) and the Social Care Department (OF). The project affects about 1 100 staff members and managers in preschools, preschool classes and out-of-school centres and in health and social care. All of these services are dominated by women and around 87 per cent of participants are women. In the Social Care Department the training mainly takes place through individual meetings; the Children and Young Persons Department is working with training in large groups and workplace meetings/network meetings. The training is supplemented by material consisting of quick guides and e-courses. The evaluations conducted so far show that staff are motivated to participate and that managers are positive to the project. One of the success factors is that the project makes use of digital skills leaders with backgrounds in the services concerned, which means that they have a great deal of understanding of their colleagues' context and awareness of their level of knowledge and of what has priority. The project ends in December 2021 and is expected to lead to an increase in the digital expertise of staff members and managers and to less stress linked to digital tools. In the longer term, increased digital expertise is intended to extend the employability of staff members and a digitised work environment is intended to create conditions for a more accessible working life. The project is being funded by the European Social Fund (ESF), programme area 1 – Skills development.

#### *Recruitment Project, City of Helsingborg*

In the ESF-funded *Recruitment Project* the City of Helsingborg has been working along with the Public Employment Service, Helsingborgshem (a municipal housing company), Swedish Social Insurance Agency and Region Skåne. In cooperation with the business sector and companies, the project has offered customised services such as trainee and work placement places, vocational education, contact networks, and mentorship and guidance. The project group consists of employment officers, coaches, study and vocational advisers, supervisors, bridge-builders and matchers. The goal of

the project is to help and support residents in the north-eastern parts of Helsingborg to access work and studies. The project has 339 participants, and to date 220 of them have found work and 46 are studying on regular courses of study entitling them to study support. 43 per cent of project participants have been women, a group that the project has succeeded in a unique way in reaching and helping. The success of the project is based on employees in the project being situated in the city districts concerned and on working with bridge-builders who share the language and culture of the participants. Through its bridge-builders the project has made contact with people it might not otherwise have reached. The bridge-builders also act as a link between participants and public authorities. Important parts of the project are to start from the unique situation of each individual and to meet employers' needs at the same time.

At the start of 2020 the project entered an extension phase. The area-based authority cooperation between the Swedish Public Employment Service, the Swedish Social Insurance Agency, Region Skåne and AMF is continuing in a FINSAM process (financial cooperation in the area of rehabilitation), while the City of Helsingborg and Helsingborgshem have had an extension granted by the ESF to deepen cooperation with employers.

*Countrywide ESF project Collaboration leads to work [Samverkan leder till arbete], Kalmar Local Federation*

*Collaboration leads to work [Samverkan leder till arbete]* is an ESF-funded project whose aim is for people who are remote from the labour market to eventually start to work or get training. The project also aims to establish strategic cooperation between the actors participating. The project methods are based on closer collaboration by coordinating local and regional actors and measures so as to provide support geared to individuals that contributes to the target groups (young people, new arrivals, long-term unemployed and people with disabilities) either getting work or entering education or training or taking a step closer to being self-supporting. The project includes in-depth cooperation with companies in the county so as to increase the possibilities of work placements, for example. The project is a cooperative project being run by the Local Federation in the County of Kalmar in collaboration with eight municipalities in the county – the Municipalities of Emmaboda, Högsby, Mönsterås, Mörbylånga, Nybro, Oskarshamn, Torsås and Västervik – and the Swedish Public Employment Service, the Swedish Federation of Business Owners, the Swedish Social Insurance Agency and the regional Financial Cooperation Association for Rehabilitation [Samordningsförbundet].

The project is being implemented at three levels: the individual level, the organisation level and the regional level. At individual and organisation level the project's work centres on the individual. The project has a method-development approach in which it makes use of general tools: workshops, mobile teams, work placement coordination, applicant pilots and validation. At regional level the project works to establish collaboration between actors responsible for labour market questions, education and skills provision.

The project is running for three years until and including November 2020. The project's primary target group is women and men, girls and boys who are remote from the labour market and meet at least one of the following criteria: Is young (aged 18–24), is a new arrival, is long-term unemployed (more than 12 months). Has a disability that results in reduced work capacity or is or has been on sick leave and is in need of support to return to work. The projects actors are its secondary target group. The measures taken for them are intended to develop long-term, sustainable and resource-effective ways of working.

The *Collaboration leads to work* project has shown good results, both as regards the number of participants receiving measures and in getting them to progress to work or studies. We have common methods such as applicant pilots, matching, validation, focus groups, skills development in working with the project's target groups. Until the end of October 2019 the project had worked with 533 participants, and 70 per cent of those who completed the project have progressed to work or studies, which is an improvement on the targets set (to work with 418 participants, 60 per cent of whom progress to work, studies or other activity).

#### *Growth in East Skåne [TÖS – Tillväxt Östra Skåne]*

This project focuses on the growth potential of east Skåne and its long-term development. The project starts from the needs and challenges of small- and medium-sized enterprises so as to help them to grow. The companies participating in the TÖS project are given help and inspiration to work actively with innovation and growth work in collaboration with established actors and consultants. The companies included in the project are given access to customised development support, innovation support, skills provision, and seminars and digital training programmes. Considering that it is small enterprises (less than 50 employees) that account for 99.2 per cent of the private business sector in Skåne and that since 1990 four out of five jobs

have been created specifically in small enterprises, it is essential to get more small enterprises to want and be able to grow and take on more employees. It has also turned out that it is the small enterprises that are best at creating jobs for young people and people who are remote from the labour market. This makes them an important engine in work on social inclusion – the region's most important growth issue in the future. The will to grow, in terms of both sales and new hires, is greater in Skåne than on average in the country, which creates good conditions for greater competitiveness for companies in Skåne. We can also see that around 40 per cent of companies in Skåne see internal skills development as a clear and important measure to create growth. This indicates that these companies see that a higher individual level of skills can create growth in individual companies.

#### *The Step – Municipality of Burlöv*

The Step labour market project offers individuals who have experienced mental ill health or who have a diagnosis of mental ill health individual support on the path to work, education, training or other activities aimed at work. The project is also intended to increase contacts with private and public employers and to work for greater cooperation between its target group, public authorities, health care and the Municipality of Burlöv. The Step is ESF-funded, and the Municipality of Burlöv is the project owner. The project started in 2017 and is going to run until 31 December 2020. The bearing idea of The Step is cross-professional cooperation centred on the individual, coordinated vocational rehabilitation. The staff group working in The Step consists of employment officers, social workers, home care staff, assistance assessment officers, occupational therapists, supervisors from Träffpunkten (open activities) and a project manager. The project group bases its work on the methods called Supported Employment, Supported Education and Supported Training. Participants in The Step therefore get support all the way. This can involve contacting employers, public authorities, health care, support out at a workplace or completing education or training. Together we achieve goals like breaking isolation, improving health and improving the individuals' possibilities of supporting themselves. Another aim of the project is also to ensure that an increased number of public and private employers offer employment possibilities to people with mental functional variations, which involves qualitative matching, individual workplace adaptation, long-term skills provision for employers – supervisor support.

## 2.2.2 Climate change and sustainable energy supply and research and development

### County of Kalmar – fossil fuel-free region in 2030

In 2006 the Board of the Regional Federation in the County of Kalmar set the goal of making the county a fossil fuel-free region in 2030. Since then energy and climate work has been an important part of the regional development work. This work, which is being coordinated by the county's climate commission, is being run jointly and is based on an action programme with common objectives, strategies and priority activities. The work for a fossil fuel-free region is not only intended to lead to a lower climate impact, more efficient energy use, more jobs and more exports. Attention must also be given to the other dimensions of the concept of sustainability. The project called *BiogasBoost in the County of Kalmar [BiogasBoost i Kalmar län]* is currently under way. Its objective is to increase knowledge of, access to and the use of biogas as a renewable, climate-smart and locally produced fuel. BiogasBoost in the County of Kalmar started in September 2018 and is running until June 2021. The project is a cooperative project between the 12 municipalities in the county, E.ON Biofor, Hagelsrums Biogas, KSRR, More Biogas Småland, Nordic Gas Solutions, OrangeGas Sverige, Oskarshamn Energi, Runes Bensin, Svensk Biogas, Wärtsilä Biogas Solution and the project owner Miljöfordon Sverige. It is receiving support from Region Kalmar and the Swedish Environmental Protection Agency.

One of the project's targets, which has progressed at record speed, is to put in place biogas filling stations in all the municipalities in the County of Kalmar. It is now clear that it will be possible to fill up with biogas in all the municipalities in the county before midsummer 2020. Before the project was started it was only possible to fill up with biogas in six communities in five of the county's twelve municipalities: in the Municipalities of Kalmar (Kalmar centre and Läckeby), Mönsterås, Mörbylånga, Oskarshamn and Västervik. Now a further ten biogas filling stations are on the way; this is a success in terms of access to biogas as a fuel that makes for a win-win situation for both users and the environment. In March 2020 four of the new biogas filling stations were already open (Målilla in the Municipality of Hulthsfred and also in Emmaboda, Nybro and Vimmerby) and additional filling stations are now being added successively in the Municipalities of Högsby, Torsås (Söderåkra) and Borgholm. Moreover, an additional filling station is being opened in Hulthsfred, Färjestaden (Municipality of

Mörbylånga) and Kalmar. This adds up to at least ten new filling stations in 2020 and means that BiogasBoost has realised the project target of at least one biogas filling station in every municipality in the County of Kalmar a whole year before the end of the project.

*Regional innovation, Smart Housing Småland (SHS), Region Kalmar with parties*

Smart Housing Småland (SHS) is working as an accelerator and a catalyst for the business sector and is an engine in the regional innovation and growth system formed around Småland's areas of strength of wood and glass. SHS is tasked with strengthening the region's competitiveness and sustainable growth by establishing good cooperation between the community, the business sector and academia. Its main financiers are Region Jönköping, Region Kalmar, Region Kronoberg, Jönköping County Administrative Board, Kalmar County Administrative Board and Kronoberg County Administrative Board. One example of its activities from 2019 is *Visualisation of smart windows [Visualiseringen av smarta fönster]*, which is a cooperation between the Vinnväxt initiative at Vinnova (the Swedish Governmental Agency for Innovation Systems) and the business sector. Together with the Visual Sweden company RaySpace and the window company Chromogenics, Smart Housing Småland has developed a VR-based demonstrator. VR technology enables the user to get help to smarten windows and classic sun blinds. The Vinnväxt initiative, Visual Sweden, visualised how smart windows work.

In 2019 Smart Housing Småland was awarded bronze status by the European Cluster Excellence Initiative (ECEI), which assesses clusters and helps them to achieve world class, as an assignment from the European Commission. This bronze label accreditation is given to cluster organisations that show they are striving to achieve world class and meet a number of criteria set by the ECEI. – Bronze certification is proof that Smart Housing has developed into a relevant actor in our interest areas of industrial production of wooden homes and transparent intelligence (innovative sheet glass).

*AREA 21 – Baltic Smart City Areas for the 21st century, City of Helsingborg through Öresundskraft in collaboration with Region Skåne*

The main aim of the AREA 21 project is to increase energy efficiency by developing, testing and spreading methods for energy planning at city district



level. In the project Öresundskraft (the energy company of the City of Helsingborg) is cooperating with Region Skåne and Helsingborg Hospital as well as with other cities, regions, universities and energy companies in Germany, Poland, Estonia, Finland and Russia. The project owner is HafenCity University in Hamburg. The project is developing new instruments for use in work on energy efficiency as well as new processes, models and forms for collaboration between property owners, regional and local public sector organisations, energy companies and final users of energy. This is being done to develop a new concept called EID (Energy Improvement District) that is being developed and tested in areas in the countries participating in the project. In Helsingborg this work has been carried out in the City's hospital area and there it has resulted in a common agenda linked to energy work shared by energy companies, property owners and health care services, which intend to develop the area into an energy-smart hospital. This has resulted in the development of common objectives and strategies and a common action plan, and work to realise the vision that an *Energy-smart hospital releases resources for health care and reduces the hospital's climate footprint* started in autumn 2019.

The cooperation between Öresundskraft and Region Skåne has been highlighted at both national and international level as a good example of how different actors can work together so as to achieve the energy and climate objectives adopted in an effective way. One major lesson that the project is trying to communicate is the importance of applying a system perspective and including all stakeholders in energy work, from the decision-making policy-makers all the way to final users of energy. Doing so will enable European cities to achieve synergies and leverage in their energy efficiency work and make it possible to accelerate the transition to a sustainable society.

*ALBATTIS (Alliance for Battery Technology, Training and Skills), Municipality of Skellefteå*

The Municipality of Skellefteå is leading new European cooperation to enhance skills in battery manufacturing in Europe. A total of 20 organisations in 11 countries are participating in the project, which is being financed through ERASMUS+, the EU's programme for international cooperation and exchanges in the fields of education, training, youth and sport. ALBATTIS, as the project is called, is going to run in the period 2020–2024 and has a budget of EUR 4 million. Skills are needed to enable Europe to be a competitive actor in sustainable battery manufacturing. ALBATTIS

(Alliance for Battery Technology, Training and Skills) is going to support close cooperation between industry and training with regard to the need for skills and the range of training courses that cover the whole chain of battery production, from cell production to battery systems in stationary and mobile applications. The project will therefore contribute to the achievement of the EU's environmental objectives and to work on the electrification of the transport sector. The Municipality of Skellefteå is going to lead this work and sees its role as being a European pilot in the climate transition and sustainability work.

#### *Expansion of the Port of Ystad*

The Port of Ystad has already started a project on the expansion of the port, in part through a project that was already granted funding from the Connecting Europe Facility in 2018: *Cargo Capacity Upgrade and LNG Bunkering, Swinoujście–Ystad Maritime Link*. In autumn 2019 a further grant project was approved, *CEF Action no. 2019-SE-TA-0023-M, "YES" – Ystad upgrading Efficiency and Safety of port logistics*. The grant, totalling EUR 1.2 million, is divided between Ystad Logistik AB and its owner the Municipality of Ystad and also the Swedish Transport Administration/the Swedish Maritime Administration.

There is every indication that ships are getting larger and their capacity is increasing. The port currently has good capacity, but its guaranteed depth of 7.2 metres is not sufficient for coming generations of ships. To meet the needs of the transport industry, the Port must be able to offer shipping companies berths up to 250 metres in length and greater depth. The Port of Ystad is therefore planning a major project including new quays and dredging of a total of around 850 000 cubic metres in the port area. The Port has received an environmental judgment for these measures and work has been started. The measures respond to the demand for energy-efficient and environmentally adapted major transports.

In conjunction with the implementation of the port project, a supplementary capacity- and safety-enhancing measure is being arranged in fairway 237, outside the Port. This measure contains both studies and physical work. In practice the measure entails the dredging of around 71 400 cubic metres in an area of around 72 200 square metres.

The project includes the preparation of an EIA, an environmental impact assessment, for the water operations, progressing the project to an environmental judgment and planning for a coming new fairway marking. The EIA has to describe environmental impacts and proposals for safeguards for both dredging and dumping.

The fairway investments enable longer, wider and more environmentally friendly ships to dock at the two new ferry berths that are being built. The work now being done will ensure safe and effective manoeuvring of ships and increase the maritime capacity of the Port of Ystad. The benefits generated by the dredging of the fairway arise on the basis that large ships are, per tonne of goods transported, more cost-effective in use than smaller ships. They are also more fuel-efficient per tonne of goods transported, which means that total emissions decrease when the same quantity of goods is transported by fewer, but larger ferries in comparison with many small ferries.

### 3. Contributions from civil society organisations

#### 3.1 European Youth Parliament (EYP) Sweden

European Youth Parliament (EYP) Sweden is a youth organisation independent of party politics and religion, represented across Sweden. The EYP is the perfect platform for young Europeans wishing to build a European network, develop their knowledge linked to European issues and bolster their role in civil society. The EYP Sweden's' vision is a Sweden in which young people are able to form their own opinions about European issues and engage in social matters in an independent, intercultural, creative and prejudice-free environment through formal and informal learning. EYP Sweden is the obvious alternative for engaging in European issues and is present in all Swedish cities through young people's own organisation. By doing so, we create active citizens with social commitment.

*The organisation forms part of the international network European Youth parliament (EYP) founded in 1987 and currently present in 40 countries. Its international network holds around 600 events annually, gathering a total of 35 000 participants. In Sweden around 40 schools and 160 pupils participate each year.*

The European Youth Parliament is an organisation whose activities contribute to cultural exchange and informal learning linked to democracy. We do this by arranging conferences at which young people, through a tried-and-tested, interactive approach, are able to discuss and deal with problems through simulations of the working procedure of the European Parliament. Experience of participating in these conferences does not replace formal education but can supplement it in many ways. Above all, we are of the opinion that our activities help to increase engagement, linked to the teaching carried out at upper secondary school, and pave the way for interest in and motivation for higher education. This is because, in many instances, classroom teaching needs to be supplemented to create an understanding of textbook content. By participating in our activities, pupils can gain a concrete understanding of parliamentarism, decision-making and how a legislative institution works. Learning through active participation helps many gain a concrete sense of how society works.

The European Youth Parliament also contributes to boosting knowledge linked to social sciences teaching carried out at upper secondary school and

improves language skills in English. The teachers who are engaged and involved in our organisation find that the topics discussed at our conferences, in many areas, fulfil the targets set in upper secondary school curricula. They also stress that this informal tuition is invaluable for pupils' personal development.

The foundation of our activities is that they are entirely run by young people for young people. Being a member of our organisation opens up opportunities for arranging and project-managing conferences or other events, being part of a board and developing knowledge related to voluntary club and association activities. We are convinced that there are many different arenas for acquiring knowledge, and that our organisation stimulates school learning. Thanks to the fact that participants are able to apply their knowledge in a concrete context, and also practice at gathering, analysing and discussing current topics together with others. Simon Jernberg, Association Secretary (On behalf of the Association Board of EUP Sweden )

We are therefore of the opinion that, through its activities, the European Youth Parliament helps improve the educational level, dissuades pupils from dropping out early, and increases the chances of participants progressing onto higher education. We believe that the informal knowledge obtained through our activities increases the chances that participating upper secondary school pupils will want to complete their upper secondary school education. From a long-term perspective, we are therefore part of helping to increase social inclusion and reduce unemployment.

On the whole, the European Youth Parliament contributes to the targets of the Europe 2020 strategy through the informal learning that supplements classroom teaching, and because it gives the upper secondary school curriculum a concrete form – for both social sciences and languages. Through our activities, we also endeavour to build up specialised knowledge in different subjects, since the subjects discussed at our conferences are always of a highly topical nature. Participants are able to discuss and draft resolutions on, for instance, equality, climate and law on the basis of the same procedure that is used in the actual European Parliament. We are therefore convinced that we contribute to Sweden's goals in the climate and energy area in many ways. In addition to participating pupils having the opportunity to discuss the climate targets, they are also often tasked with reflecting on emissions and renewable energy. We also believe that an elevated level of education in society leads to increased awareness regarding

these issues. We see great engagement in these areas, and we are pleased to be stimulating them.

Furthermore, one of the most important factors in our view is the network of contacts created between the pupils, Both in Sweden and internationally. Being part of a network consisting of 40 countries, both in the EU and beyond, creates opportunities for discussing and exchanging experiences that could, in future, lead to valuable collaborative initiatives. In our view, increased knowledge about the European collaboration leads to heightened interest in engaging in cross-border issues.

We believe that the key to greater social inclusion and a better climate, as elements of Sweden's targets linked to the Europe 2020 strategy, is contact networks and cooperation. We are pleased to be able to contribute to this through the activities of our organisation.

We believe that the national efforts concerned with the Europe 2020 Strategy can be strengthened through informal knowledge accumulation and increased engagement in voluntary organisations. It is important to underline that the acquisition of knowledge that leads to an increased level of education can occur in many venues – not just in the classroom. We would be like to see deeper cooperation between the relevant government agencies and non-profit organisations.

### **3.2 Swedish National Council of Adult Education**

The National Council of Adult Education is a voluntary association with certain public authority tasks given by the Riksdag and the Government. The National Council of Adult Education has been tasked by the Riksdag and the Government with representing central government in relation to non-formal adult education, with distributing state grants to study associations and folk high schools and with monitoring and evaluating their activities in the light of the purpose of the state grant.

The National Council of Adult Education has three members that together represent Swedish liberal adult education. They are: the Swedish Adult Education Association – representing the ten study associations; the Swedish Association of Local Authorities and Regions (SALAR) – representing folk high schools that have county councils and regions as their organisers; and the interest organisation for popular movement folk high schools (RIO) – representing folk high schools that have popular movements and other organisations as their organisers.

There is a total of 155 folk high school and 10 study associations with activities throughout the country. Non-formal adult education engages large parts of the adult population every year. In all, more than 1.25 million participants took part in long courses offered by folk high schools, study circles offered by study associations and other non-formal adult education activities in 2019. Activities in non-formal adult education often take place in close cooperation with, and act in many instances a catalyst of, organisations and activities in civil society.

#### **Basic education the path to further studies and work**

Non-formal adult education does important work to raise the level of education and close education gaps in society. This is one of few routes for reaching those who are most remote from studies and work, both young people and people later in life are given the opportunity, through education, to take control of their own lives and make a positive contribution to society as a whole.

The study associations and folk high schools provide society with hundreds of thousands of study and educational opportunities each year, throughout

the country. One of their main strengths is their empowering and study-motivating work. They give participants a thirst to learn more and the courage and capacity for further study. A growing proportion of participants in courses at folk high schools have a short educational background, limited knowledge of Swedish or a disability. Strengthening and developing the pedagogics and forms of meetings developed in non-formal adult education is therefore an effective way of reaching those who otherwise fall through the gaps.

Study-motivating courses and introduction and language courses for new arrivals provide paths to further studies and work. Study-motivating folk high school courses are a successful example. These are three-month courses at folk high schools that are aimed at jobseekers who do not have leaving certificates from compulsory school or upper secondary school.

Out of the young participants aged between 16 and 24 years in 2018, 37 per cent had advanced to folk high schools in December 2019. The corresponding share among participants who were 25 or older was 22 per cent. In 2019, 71 per cent of participants were born abroad.

Many participants in folk high schools talk about being seen and heard in a different way than they were used to. In combination with a positive study environment, this improves participants' self-confidence and strengthens their belief in their own ability to study and succeed. Folk high schools succeeded in motivating and creating ways ahead for those who are most remote from the labour market and who have the lowest level of education.

In the autumn term 2019, 5 669 former folk high school participants applied to higher education and 3 452, or 61 per cent, were admitted. This means that both the number of applicants and the number of admissions increased slightly compared with previous years. Almost half were admitted in the selection group for folk high schools.

Overall, adult education does important work that makes strong contributions to the Europe 2020 strategy's Swedish targets of decreasing the proportion of 18–24-year olds not completing upper secondary studies and increasing the proportion of 30–34-year olds who have at least a two-year tertiary education. This is also one of the areas that the European Commission's country report identifies as one of Sweden's greatest relative challenges.



## **Adult education for an inclusive and cohesive Sweden**

Succeeding in motivating excluded young people and people born abroad to start or complete an education is crucial both for social cohesion and stability and for higher employment. Education is a key measure in preventing unemployment and the exclusion that risks affecting people who are outside working life. This applies particularly to people with disabilities and people born abroad who have difficulty entering the labour market.

Study associations and folk high schools are uniquely placed to contribute to strengthening, stabilising and developing democracy. They have extensive activities that take place every day of the year throughout the country. Non-formal adult education works cohesively in groups, strengthening participants' identity and self-esteem, and also creates meetings and provides contact networks with people participants seldom meet otherwise. New contacts are made between strangers and contribute to social capital and trust. One good example of this is UMSI, motivating reach-out activities by study associations aimed at women born abroad, a priority group in the Reform Programme. In 2019 these activities reached just over 7 000 participants, a small portion of the whole target group, but the engagement and methods are in place. With increased appropriations the number of participants could increase, and the activities could be extended to have an even better effect.

Looking at the EU level, in recent years the EU has been characterised by rapidly growing social and political tensions in many Member States. Xenophobic and non-democratic movements are gaining a foothold. At the same time, people are making their way to the EU for protection from wars and conflicts. Democracy and social cohesion are being challenged and put under pressure both in Sweden and other EU countries. In this context, adult education and non-formal adult education have an important part to play both in terms of education and the labour market, and in spreading humanitarian and democratic attitudes and an awareness of and responsiveness to common climate and environmental challenges.

To strengthen and retain the contribution of non-formal adult education to the Europe 2020 strategy it is therefore of great importance that funding of non-formal adult education is long-term and at a sufficient level to attain the objectives for life-long learning and general education. More scope should be provided to strengthen the pedagogical methods of non-formal adult

education and secure the situation of educational staff in folk high schools. This would also make a powerful contribution to the fulfilment of the 2030 Agenda goal areas at national level.

### 3.3 Royal Swedish Academy of Sciences

The Royal Swedish Academy of Sciences is an independent non-governmental organisation, whose task is to promote the sciences and strengthen their influence in society. The Academy, which was founded in 1739, promotes science of the highest quality by fostering development and innovation in Swedish research, enhancing the status of science in society by drawing attention to key social issues, examining them in scientific terms and communicating the results, and joining in cooperation on global issues, with the aim of being an international scientific proponent of sustainable development. In our view, a knowledge-based society that prioritises education, research and innovation have the best chance of success when encountering challenges.

#### **The Royal Swedish Academy of Sciences contributes to the headline national targets in Europe 2020**

The activities of the Academy contribute to Sweden's national targets in the Europe 2020 strategy, especially in research and development (R&D), education, and climate and energy. Our research policy work is focused on quality assuring and putting good conditions in place for Swedish research. In the education sector we support continuing professional development for teachers, school education in mathematics and natural science and work to make higher education stronger. Our *Science Meetup* project offers newly arrived young people contacts with schools and natural science. We have long been a strong actor in the environmental field, providing expert analyses of environmental, climate and energy issues, and research about the economic consequences of the ecosystem.

At the European level, the Academy has mainly been active through our participation in the European Academies Science Advisory Council (EASAC) and, through it, in the EU Commission's Science Advice Mechanism. EASAC produces scientific advice on important questions being dealt with in the Commission, the Parliament and the Council, such as energy supply, forestry and pharmaceuticals legislation.

The Academy plays an international role through our programmes in environment, mathematics and global health, and by awarding the world's most prestigious scientific awards, the Nobel prizes.

## **Concrete examples of Academy projects and initiatives**

### 1. Action to strengthen research

#### 1.1 Opinion formation for free research

We participate actively through debate articles, consultation responses and manifestations of support for free research and against “alternative facts” and prejudices.

#### 1.2 Quality assurance of research

The Academy's expert panels evaluate research projects, applications and programmes including for the state research foundations, the Wallenberg foundations and other private financiers of research.

#### 1.3 Support for younger researchers

The Academy awards research grants and scholarships to younger researchers, in cooperation with a number of research financiers (for example, Wallenberg, Göran Gustafsson, Crafoord).

### 2. Education

#### 2.1 Better education in natural science and mathematics.

The Academy holds inspiration days for teachers and is, along with the Royal Swedish Academy of Engineering Sciences, behind *Natural Science and Engineering for All* [NTA, *Naturvetenskap och Teknik för Alla*], which supplies schools with educational material. We also award a much appreciated prize, the *Ingvar Lindqvist Memorial Teacher Prize of the Beijer Foundation* [Beijerstiftelsens *Lärarypris till Ingvar Lindqvists minne*] to teachers who have done great things in schools.

#### 2.2 Educational work for newly arrived young people

Along with the Wallenberg foundations, the Academy arranges the *Science Meetup project* in which newly arrived young people are able to take a deeper look at areas of natural science along with young Swedes. The aim is to

inspire these young people to enter Swedish society, complete their schooling and perhaps continue in natural science.

### 3. Environment

The Academy's Environmental and Energy Committee is an expert panel that drafts consultation responses and arranges seminars, debates and symposiums on environmental issues. Current areas of work are sustainable development, the environmental effects of energy supply and Swedish environmental research. For many years our energy sub-committee has produced factual information for the public debate and decision-making on energy supply.

The Beijer Institute of Ecological Economics at the Royal Swedish Academy of Sciences analyses the economic impacts of environmental pressures and is an important forum for research on global environmental issues.

The Academy has had a number of important tasks in several international organisations in the environmental and climate area (for example the IPCC and IGBP) and is currently the Swedish node of Future Earth, an international organisation for coordinating research on sustainability.

### **How can national work in the Europe 2020 strategy be strengthened?**

It is of crucial importance for the development of the world and Europe's position in the world that research, development and education are of the highest quality. EU support for research has improved gradually, especially through the introduction of peer review and the European Research Council. If EU research funding goes back to being covert regional aid, this would be disastrous for the competitiveness and attractiveness of the continent. With the United Kingdom leaving the EU it is more important than ever for Sweden to assert the requirement of excellence in European research programmes. Parliament and the Government should therefore cooperate with independent organisations to retain and develop the requirement of excellence in European research.

It is also extremely important that Sweden works for the continuation of the European exchange programmes in education and research, especially the successful Marie Skłodowska-Curie Programme.

Europe's innovation capacity needs to be improved. A number of large companies have left Sweden and other European countries, either wholly or partly, and private R&D investments have therefore decreased. Sweden

ought to improve the possibilities for seed companies and SMEs to invest in R&D, and work to ensure that this also happens at the European level. This would increase the chances of reaching the quantitative 2020 targets, vitalise the innovation sector and compensate for the lack of large innovation companies.

Sweden must move from words to action on the climate and environmental issue and fulfil its undertakings in European and international research by, for instance, financing Future Earth.

Decision-making processes in the EU and in Sweden need to be quality assured. Scientific advice ought to be required for political decisions in environment, education, health and other areas. The Swedish Government can become a role model, by making use of academies and other expert organisations in a stable, independent science advice mechanism.

### 3.4 Public and Science, VA

Public and Science [*Vetenskap & Allmänhet*], VA, is a non-profit association with the objective of promoting openness and dialogue between researchers and the community, especially the public. We work to bring about discussions in new forms between the public and researchers, to increase cooperation between researchers and other societal actors and to develop new knowledge through opinion polls and studies.

The association was formed in 2002 and now has some 100 [member organisations](#), such as government agencies, higher education institutions, companies, adult education organisations and research financiers. Our activities are funded by membership fees, project funds and a grant from the Government (Ministry of Education and Research).

Spring 2020 has been characterised by the Covid-19-pandemic. Coping with this global challenge requires research-based knowledge, trust in experts and taking responsibility as individuals. This, in turn, requires understanding of and trust in research. It is therefore essential for science to be accessible and transparent and for research to take place in dialogue with the wider community. This is exactly what VA is working to achieve.

#### VA and Europe 2020

VA's operations are linked to most of the Europe 2020 strategy's headline targets, such as the targets for *social inclusion, education and research and development*. We provide examples below of activities we conduct that contribute to attaining these targets. At a general level, the association also contributes to the targets by working for and advocating open science.

#### Open science

*Open science* is an umbrella concept aiming at more open and more transparent and inclusive processes in research and innovation. The concept includes open access, open data, citizen research, various ways of engaging and involving citizens (*public engagement*) and research communication. Open science and responsible research and innovation (RRI) are central concepts in the EU's ongoing and coming framework programmes for research and innovation, Horizon 2020 and Horizon Europe. RRI means involving all the

relevant stakeholders to ensure that the results of research and innovation are as useful, ethically acceptable and sustainable as possible.

Open science increases the community's insight into and access to research and innovation at the same time as the work of the researchers is made easier. The results are more practicable; decisions are improved at all levels when they rest on a scientific foundation; the work of researchers is more effective; and people's understanding of and confidence and engagement in research can be strengthened and more people can be inspired to undertake studies and lifelong learning.

VA is a partner in several EU projects that are developing methods to open up research: [ORION](#) examines different ways of promoting RRI and open science in research work and in organisations funding research. [Bloom](#) has the objective of increasing the public's engagement and interest in and knowledge of the potential of biochemistry. [RETHINK](#) charts and develops research communication in Europe and is intended to result in strategies, recommendations and professional development opportunities to rethink science communication. Along with various higher education institutions in Sweden VA is also holding a series of *\_science* in 2019–2020. In 2019 VA and five organisations funding research also conducted a questionnaire survey of 3 700 researchers concerning their view of communication and open science.

### **Citizen research**

*Citizen science* or *citizen research* means that the public participate in research and develop new knowledge using scientific methods – often along with researchers. Since 2009 VA has held annual national [mass experiments](#), citizen research projects in which researchers and thousands of school pupils work together.

Citizen research not only leads to scientific progress but also acts as a bridge between researchers and citizens. Participants get a better idea of what research involves and how it is conducted. Mass experiments can thus stimulate interest in research and also give teachers access to research-based material and methods to integrate in their teaching. Topical mass experiments are [Check on wastage](#) in 2020 which maps and tries to reduce food wastage in school dining halls and [Home trial](#) in 2021, which is studying accessibility in older people's homes.



VA is also participating in the development of a [national online platform](#) for citizen research, which is to contain advice and guidelines for researchers and a list of ongoing research projects that the public can take part in. The portal is being developed in cooperation between the University of Gothenburg, the Swedish University of Agricultural Sciences, Umeå University and VA. We are also participating in a project building a similar platform for the whole of Europe: [EU-Citizen.Science](#).

### **Researchers' Friday [*ForskarFredag*] – part of European Researchers' Night**

One important step in building relations between research and the wider community is for young people to come into early contact with higher education and research. The national science festival Researchers' Friday [*ForskarFredag*] has been held on the last weekend in September since 2006 and reaches almost 20 000 visitors each year. The events are arranged by science centres, museums, regions and higher education institutions and are held in cafés, shopping centres, arts centres and other places where people are in movement. The aim is to show how enjoyable, exciting and in touch with everyday life research can be, and also to show what science is, how research is done and what it is like to work as a researcher. By doing so, Researchers' Friday wants to stimulate interest in higher education, research and innovation.

A majority of the young people who visit Researchers' Friday have not had any previous contact with a researcher. These events therefore play a great role in introducing higher education and research as a possible future to young people. Since Sweden is sparsely populated, it is important that the festival takes place throughout the country. This year's Researchers' Friday has the overall theme of *Research for a sustainable future* and links up with the global Sustainable Development Goals. The festival is being held at some 30 places and is being coordinated by VA.

### **The VA barometer – how Swedes view science**

Since 2002 VA has been conducting an annual measurement of the public's view of and confidence in researchers and science. The [VA barometer](#) for 2019/20 shows that Swedes are relatively interested in science. About half of Swedes aged between 16 and 74 years per cent stated that they are very or

fairly interested in research. This interest in research is generally higher than the interest in culture, politics, economics and sport.

Swedes also have *great confidence in research* and *trust in researchers*. Three quarters stated that they had great or very great confidence in research in general, while 8 out of 10 stated that they had great or very great confidence in researchers at universities and other higher education institutions. Confidence in researchers at companies is lower; around 5 out of 10 have great or very great confidence in them.

### **March for Science – How do you know that?**

Distrust of researchers and science is a recurring feature of the public conversation and on social media. In recent years VA has therefore coordinated the Swedish part of the global manifestation March for Science, as well as a national campaign called [#How do you know that?](#) [\[#Hurvetdudet?\]](#) The purpose of both is to give scientific knowledge more space in the public debate and to get politicians and decision-makers to show more clearly what basis their proposals and standpoints have. The initiative has been supported by [around 80 organisations](#).

Digital developments are making it easier for antidemocratic movements to spread alternative facts and false news. But new technology and the internet also mean greater possibilities for researchers and everyone else to share and access research-based knowledge, communicate and act together. With more accessible research, democracy can be strengthened and social challenges like the ongoing pandemic can be overcome.

### 3.5 Coompanion

Coompanion is a business advisory organisation for people who want to start businesses together, in cooperative activities. We have a presence at 25 places in the country and are represented in all of Sweden's counties. Coompanion broadens entrepreneurship and gives people who want to realise business concepts together tailored information, business advice and training - from concept to successful enterprise. We are working for more and growing social, values-based and cooperative companies. Coompanion has a staff of around 120 and is owned and managed locally by more than 1 200 members who, just like us, want to work for democratic enterprise in which cooperation and everyone's engagement build a veritable hothouse for economic, social and sustainable growth

As a whole, Coompanion's area of activities covers the objectives of the Europe 2020 strategy and we welcome the Commission's ambitions for multilevel governance of the strategy, with civil society as an important party. The examples presented here should be seen as a limited selection of Coompanion's contributions to the Europe 2020 strategy.

In terms of smart growth, Coompanion is, for instance, working for more activities and businesses run in collaboration. Coompanion is also working with the development of the social economy and social innovation, where all activities are central components of both territorial cohesion and the search for new solutions to societal problems in accordance with the Europe 2020 strategy. Since Coompanion provides advice and helps to start activities and businesses that draw on social innovation to satisfy unmet social needs we contribute to smart growth. By taking account of environmental effects and through our long-term vision, we and the businesses we advise create sustainable growth. By stressing human and social cohesion, we, the cooperative movement and new started social, values-based and cooperative businesses are at the centre of inclusive growth. In other words, the motive for our activities is to bring about social and economic changes that contribute to the targets of the Europe 2020 strategy.

Small enterprises often have to collaborate with other businesses. Businesses that are members of networks solve knowledge development better, adapt more quickly to market needs and work more cost-efficiently. Coompanion contributes to organised collaboration through the economic association as a

form of incorporation. A large part of Coompanion's activities is about working for regional and local development through collaboration. Coompanion supports, advises and helps start-ups of small-scale energy production. They mainly involve businesses in wind power, solar energy and biogas. Coompanion has contributed directly to the formation of more than 300 work-integration social enterprises and work cooperatives. Most of the work-integration social enterprises started by Coompanion are run in the form of work cooperatives and are aimed at people who are unable to support themselves. Today more than 10 000 individuals get their income from these enterprises; these are people who used to be remote from the labour market. These enterprises create job opportunities by being an alternative to the private and public sectors, i.e. they broaden the labour market. Coompanion also works to create support structures for more and growing work-integration social enterprises.

We are looking forward to being able to be an actor in Sweden's ambitions to achieve the Europe 2020 targets; where we also hope that the Commission's renewed initiative for social enterprise and innovation will be given a more prominent role.

### **Proposals to strengthen EU 2020 work**

In our view, work on Europe 2020 should be linked more clearly to the UN Global Goals and the 2030 Agenda and to the EU's new initiative for the Green Deal and should also include the important goals in the European pillar of social rights. We would also like to see better governance and monitoring with the involvement of different societal actors in the realisation of the national targets of the Europe 2020 strategy. One way of doing so is to actually view the National Reform Programme as a programme for change and to involve all societal actors in its implementation.

## Appendix to the UN Global Sustainable Development Goals referred to in Chapter 4

### **Goal 1. End poverty in all its forms everywhere**

1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

### **Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries

### **Goal 3. Ensure healthy lives and promote well-being for all at all ages**

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

### **Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
- 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

**Goal 5. Achieve gender equality and empower all women and girls**

- 5.1 End all forms of discrimination against all women and girls everywhere
- 5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

**Goal 6. Ensure availability and sustainable management of water and sanitation for all**

**Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all**

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.3 By 2030, double the global rate of improvement in energy efficiency
- 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
- 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support

**Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization

**Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

**Goal 10. Reduce inequality within and among countries**

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**

**Goal 12. Ensure sustainable consumption and production patterns**

12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

**Goal 13. Take urgent action to combat climate change and its impacts**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.2 Integrate climate change measures into national policies, strategies and planning

**Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

**Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

**Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**