

# Sweden's National Reform Programme 2019

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 submit 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 2019 is mainly based on the measures and reform ambitions proposed by the Government in the Spring Fiscal Policy Bill for 2019 and the Spring Amending Budget. The reform programme also reflects the policy priority areas in the Commission's Annual Growth Survey, as endorsed by the European Council on 21–22 March 2019.

- 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.

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

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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) 2018/1215 of 16 July 2018 on guidelines for the employment policies of the Member States.

## 1.1 Reform policy

The Swedish economy has performed strongly. Despite increasing economic uncertainty, Sweden's economic starting position is good. Our public finances are in good order, while the central government debt-to-GDP ratio in Sweden is the lowest since 1977 and the employment rate is the highest for more than 25 years. This high level of employment has led to the lowest proportion of the population supported by compensation and insurance systems since 1981. The fiscal policy framework agreement must be safeguarded to ensure long-term sustainable public finances. Sweden stands well prepared to solve the social problems we are facing.

More jobs will be created, the challenge of climate change addressed, welfare services secured and knowledge in schools enhanced. Sweden should be a society characterised by freedom, community, cohesion and respect for the life choices of the individual. The parliamentary situation following the 2018 elections to the Riksdag has meant the re-examination of old positions and emergence of new cooperation. Using the January Agreement<sup>2</sup> as the foundation, change is now being built that is sustainable over time and conditions are being created for a society where cohesion and security go hand in hand with people's freedom and opportunities.

### More people in work

Work is the most important prerequisite for earning a living and becoming established in society. A high level of employment is also the foundation of our common welfare system. The employment rate in Sweden is the highest for over 25 years and the highest in the EU. Despite this positive trend, there are still major problems in the labour market. Unemployment is still too high in certain groups and the labour force too often lacks the skills employers are looking for. The difference in employment between people born in Sweden and people born abroad is still too large. The Government will therefore pursue a policy that prioritises jobs and promotes the business sector's sustainable transition and competitiveness. The threshold to the first job must be lowered.

Good access to education and training of high quality is of central importance for the supply of skills and Sweden's standing as a competitive knowledge nation. To meet employers' needs of trained labour, the Government is strengthening work to equip jobseekers and, in particular, to

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<sup>2</sup> The January Agreement was reached in January 2019 – it is a policy agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party. Parts of the Government's policy are based on this agreement.

make action possible in the local job tracks that the Swedish Public Employment Service, municipalities and employers are collaborating around. Foreign-born women will be given priority. In addition, work to reform Swedish Public Employment Service must be carried out in accordance with the January Agreement. Labour market policy must be effective, appropriate and have well-judged volumes.

Sweden's exports contribute to 1.4 million jobs. By developing the present export strategy, with its focus on economic, social and environmental sustainability, and proposing more funding for export- and investment-promotion measures, the Government is contributing to creating conditions for strengthening the exports and internationalisation of Swedish companies.

### **Sweden a fossil-free pioneer**

Sweden will lead the way in climate and environmental action. The Government is therefore greatly strengthening its environmental and climate work. The climate issue is one of the greatest challenges of our time. To take our part of that responsibility and live up to international undertakings, Sweden will be the world's first fossil-free welfare country. By 2045, Sweden will have net zero emissions of greenhouse gases into the atmosphere. Since 2017, Sweden has had a climate policy framework intended to ensure that this target will be achieved. This framework requires the Government to present an action plan during the year for how emissions will decrease at the rate needed. As part of this, all the relevant legislation will be reviewed so that the climate policy framework has impact.

To reduce climate emissions the Government proposes expanding the Climate Leap so as to be able to support cost-effective climate investments throughout the country. Part of this support is specially targeted at investments in biogas and support for home-charging. The support for home-charging is intended to make it simpler and cheaper for households to install charging points for electric vehicles at home and to thereby contribute to sustainable transport. The Government also proposes reinforcing the Industry Leap, which is intended to reduce emissions of greenhouse gases in the processing industry. Support for electrification can be included in certain cases. Investment support is also introduced for research, development and test facilities for environmental technology resulting in negative emissions.

### **Strengthened welfare system**

Sweden will continue to be a leading welfare nation. A well-designed universal and tax-financed welfare system is important for improving people's living conditions and contributing to equity and gender equality. It also promotes good economic growth. The need for welfare services increases as the population grows, especially when there are more children and older people. The Government therefore intends to continue to conduct a policy that enhances people's welfare.

The financial situation of municipalities and county councils is of crucial importance for how people's welfare can be enhanced. The additional funding provided for municipalities and county councils in recent years has made it possible to employ more people in health care, schools and social care. In the light of the challenges facing the local government sector, the general grants to municipalities and county councils will need to continue to be reinforced at a steady rate over the electoral period. Freedom of choice for individuals is a central part of the Swedish welfare model. This is why there is a need in welfare services of a diverse range of actors, good conditions, and privately run activities that facilitate the active choices of the individual.

Sweden has high ambitions as a welfare nation. All pupils, irrespective of gender or social background, have to be given the same opportunities to reach the objectives of their education. Achieving this, requires a knowledge school characterised by high expectations of every pupil. The Government intends to continue to work on the Schools Commission's proposals to increase equity in schools. Central government support to strengthen equity and knowledge development will be reinforced. One crucial factor in raising results in schools is the quality of teaching. If teaching is to be of high quality, teachers need time to prepare and develop their teaching. At present, too much of teachers' time is used for tasks that are not directly linked to their pupils' knowledge development. The Government therefore proposes long-term funding for teaching assistants in schools.

### **Growth throughout the country**

Our policies must benefit the entire country. Rural and sparsely populated areas must be able to develop, as must small and large urban areas. A better business climate improves the possibilities of leading a life in rural areas. The Government also wants to invest education and communications throughout the country. Its proposals include spending on the maintenance

of private roads and on goods by rail, as well as reinforced funding for broadband expansion. These investments are a step towards achieving the objective of a cohesive rural policy.

During the electoral period the Government intends to reinforce the central government presence throughout the country.

## 2. Macroeconomic situation and scenario

In Sweden the economy has strengthened in recent years and growth has been high. GDP is expected to grow more slowly in 2019 and 2020 compared with recent years. A weakening of the international economy, lower housing investments and a slow-down of public consumption are expected to contribute to this development.

**Table 1. Macroeconomic key indicators**

*Percentage change unless otherwise stated Outcome 2018, forecast 2019-2022.*

	2018	2019	2020	2021	2022
GDP <sup>1</sup>	2.3	1.6	1.6	1.6	2.0
GDP, calendar-adjusted <sup>1</sup>	2.4	1.6	1.4	1.5	2.0
GDP gap <sup>2</sup>	1.2	1.0	0.4	0.0	0.0
Number employed, 15–74 years	1.8	1.3	0.2	0.6	0.7
Employment rate <sup>3</sup> , 15–74 years	68.5	69.0	68.7	68.8	68.9
Employment rate <sup>3</sup> , 20–64 years	82.6	83.0	82.7	82.8	82.9
Hours worked <sup>4</sup>	2.4	1.0	0.3	0.4	0.6
Productivity <sup>4, 5</sup>	0.1	0.6	1.1	1.2	1.4
Unemployment <sup>6</sup> , 15–74 years	6.3	6.3	6.4	6.4	6.5
Hourly wage <sup>7</sup>	2.6	2.8	2.9	3.1	3.2
CPI	2.0	2.0	1.9	2.2	2.7
CPIF	2.1	1.7	1.5	1.9	2.0
GDP rest of world, KIX-weighted <sup>1, 8</sup>	2.5	2.1	2.1	2.0	2.0

<sup>1</sup> Constant prices.

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

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

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

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

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

<sup>7</sup> Hourly wage according to the short-term wage statistics is also a forecast for 2018.

<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 and projection are based on policy adopted and proposed to date.

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

The employment rate and the labour force participation rate continued to increase in 2018 and are at their highest levels for 25 years, among both women and men. Unemployment continued to fall and was 6.3 per cent. The decrease was greater for men than for women. Employment is judged to grow more slowly in 2019 on account of weaker demand and slower growth of the working age population. Labour force growth is also expected to decline and, taken together, this means that unemployment is expected to be unchanged compared with 2018. In 2020 employment and the labour force are judged to continue to grow, but at a much slower rate than in previous years.

Overall, the reforms of the tax and transfer systems implemented in the previous electoral period are judged to have contributed to less income dispersion. The Gini coefficient for equivalised disposable income including capital gains is judged to be lower in 2018 than it would have been with the regulations in force in 2014. The share with an economic standard under 60 per cent of the median is also judged to be lower. The reforms have also contributed to increased economic gender equality.<sup>3</sup>

In 2018 and the initial period of 2019, CPIF inflation, i.e. inflation measured by the consumer prices index at a fixed interest rate, was around 2 per cent. In 2019 and 2020, CPIF inflation is expected to be below 2 per cent since the growth rate of energy prices is expected to be much lower than in 2018.

Public sector finances were reinforced strongly between 2014 and 2017. Net lending turned round from a deficit of 1.6 per cent of GDP to a surplus of 1.4 per cent of GDP. As lending was then adapted to the new level of the surplus target, net lending fell and was 0.7 per cent of GDP in 2018. Lending is expected to be slightly weaker in 2019 than in 2018, mainly as a result of the measures adopted by the Riksdag for 2019. For subsequent years the surplus in general government finances is expected to grow gradually, reaching almost 2 per cent of GDP in 2022. This means the sector is expected to show surpluses in all years in the period 2015–2022. The structural balance, i.e. net lending adjusted for cyclical effects etc., is expected to increase gradually in the forecast period in relation to 2018 and to also approach 2 per cent of potential GDP in 2022.

The international economic situation has strengthened in recent years. However, in 2018 growth weakened in many countries including China and in the euro area, and the growth of world trade has declined. To some extent this slowdown is result of a high position in the economic cycle, i.e. since resource utilisation is more strained, the same rapid growth as before is not possible. But other factors, not directly related to the economic situation, have probably also played a role. Uncertainty linked to, for instance, the UK's exit from the European Union and trade relations between the US and China, in particular, is judged to have contributed to less willingness to invest and to greater volatility in financial markets. In many economies the start of 2019 has been characterised by a continued weakening of the economic situation for export-oriented sectors in manufacturing. At the same time, indicators of domestic demand, such as measures of consumer

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<sup>3</sup> See Govt Bill 2017/18:100 appendix 2 section 6.

confidence, are not showing the same clear slowing tendency as in manufacturing. The labour market is also continuing to perform well in many economies. Overall, the growth of weighted GDP in the countries that are important for Sweden's foreign trade is expected to weaken in the coming years.

### 3. Action and measures in response to main economic challenges

This chapter gives a general account of the initiatives and measures the Government has taken and intends to take in areas considered to pose the main economic challenges for Sweden's economy and which were also identified in the country-specific recommendation to Sweden within the European Semester in 2018.

The Commission's proposed country-specific recommendations published on 23 May 2018 state in summary that Sweden is expected to comply with Stability and Growth Pact rules. The Commission points out 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 macro-economic stability. A related challenge is the Swedish housing market, which, according to the Commission, demonstrates structural inefficiencies and remains a potential source of instability.

The Council Decision of 13 July 2018 recommends that Sweden take action in 2018 and 2019 to:

Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes. Stimulate residential construction where shortages are most pressing, in particular by removing structural obstacles to construction, and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and revising the design of the capital gains tax.<sup>4</sup>

On 27 February 2019 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>5</sup>, the Swedish economy is assessed in light of the Commission's Annual Growth Survey<sup>6</sup>, presented on 21 November 2018 containing proposals for policy priority areas and the direction of

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<sup>4</sup> 2018/C 320726

<sup>5</sup> SWD (2019) 1026 final.

<sup>6</sup> COM (2018) 770 final

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 limited progress in addressing the country-specific recommendation from 2018. Other important challenges for the Swedish economy highlighted in the report concern skills provision, matching, and the entry of newly arrived immigrants into the labour market.

Regarding progress towards achieving its national targets under the Europe 2020 strategy, the Commission considers that Sweden is continuing to perform well regarding employment rate, greenhouse gas emissions, share of renewable energy, tertiary education attainment and poverty risks. Areas in which progress is still considered relatively weak are early school leaving, energy efficiency and Research and Development targets. The report also states that Sweden is considered to be performing well on the social scoreboard indicators that complement 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 attainment of 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.

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

### 3.1 Household indebtedness

#### Summary – examples of initiatives and measures

- The amortisation requirements were expanded 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 has been tightened, as of 1 March 2018, for households taking out new mortgages that are large in relation to their income.
- The mandate of Swedish financial supervisory authority to undertake macroprudential measures was strengthened through legislative amendments that came into force on 1 February 2018.
- An amortisation requirement has been introduced for new mortgage borrowers; the relevant regulations entered into force on 1 June 2016.
- The Swedish financial supervisory authority decided in 2015, 2016 and 2018 to increase the countercyclical capital buffer.
- The Basel III accord was implemented in Sweden in 2014. As a result, a larger share of institutions' capital must be of higher quality. Capital buffer requirements have also been introduced, entailing higher capital adequacy requirements for Swedish institutions.
- 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 limit was introduced in 2010: New loans should not exceed 85 per cent of the market value of the property.
- The January Agreement includes the initiation of a broad tax reform. The aims of the tax reform include reducing household indebtedness and contributing to the better functioning of the housing market.

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

The Government shares the assessment that rising household debt poses a risk to macroeconomic stability. A large rise in household debt has often tended to precede deeper and more lasting economic downturns. House prices and household debt have risen at a relatively fast rate in Sweden since the mid-1990s. Prices also increased in many other OECD countries in the 1990s, and in the early 2000s, but unlike the trend in such countries, there was no substantial price decline in Sweden in connection with the financial crisis in 2008 and 2009. Household lending has increased rapidly in recent years, and the year-on-year growth rate was 5.3 per cent in February 2019. This is, however, the lowest growth rate for four years. It is primarily loans secured by homes that have driven growth. House prices have increased strongly for several years; this applies particularly to cooperative housing.

However, at the end of 2017 and beginning of 2018, house prices fell back, they but have stabilised in the second half of 2018 and in early 2019.

A large part of the increase in house prices and household indebtedness since the mid-1990s can be explained by structural and macroeconomic factors. More and more households own their homes. However, the supply of housing, especially in large cities, has grown more slowly than the population and housing-related taxes have been lowered, especially in connection with the replacement of the state real estate tax by a local real estate charge in 2008. In parallel, household incomes have increased at a good pace and the real interest rate has fallen. A strong downturn in house prices can have substantial impact on household wealth. If real household wealth declines, there is risk that households will opt to reduce their consumption, which in turn poses a risk to macroeconomic stability and, to financial stability.

In its annual report *The Swedish Mortgage Market from 2019*, Swedish financial supervisory authority made the assessment that, in general, households have sufficient financial margins to cope with interest rate increases and loss of income. The survey also shows that households are paying down their mortgages to a greater extent than before. This is judged to reduce the risk that banks and other credit institutions will make credit losses on household mortgages.

The Government also shares the view that the design of the tax system can influence household indebtedness. 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. To ensure that banks maintain own funds that cover the risks in their Swedish mortgage portfolio, the Swedish financial supervisory authority 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 fund themselves with more capital. The measure is estimated to increase the cost of bank funding to some extent. In 2018, the Swedish financial supervisory

authority decided to amend the method for applying the present risk weight floor for Swedish mortgages that is currently applied in Pillar 2, by replacing it with a requirement within the framework of Article 458 of the 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>7</sup> The overall capital need of credit institutions will not be affected to any significant extent by the most recent measure. The measure entered into force on 31 December 2018 and applies for two years.

The Basel III accord was implemented in the EU in 2014 when the Capital Requirements Regulation (CRR) entered into force, and Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directives) 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 June 2015 the Swedish financial supervisory authority decided to raise the countercyclical capital buffer from 1.0 per cent to 1.5 per cent. In March 2016 the authority decided to raise the countercyclical capital buffer to 2.0 per cent. These decisions entered into force in June 2016 and in March 2017 respectively. In September 2018 the Swedish financial supervisory authority then decided on a further increase of the counter-cyclical capital buffer to 2.5 per cent. The latest increase in the counter-cyclical capital buffer enters into force in September 2019.

In autumn 2010 the Swedish financial supervisory authority 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.

The legislation that gives the Swedish financial supervisory authority a mandate to issue regulations concerning amortisation requirements for new mortgage loans entered into force on 1 May 2016. Thereafter and following

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<sup>7</sup> The measure means that the capital requirement formerly set through the risk weight floor for Swedish mortgages in Pillar 2 will now be set in Pillar 1. Capital adequacy regulations (Capital Requirements Regulation and Capital Requirements Directives) 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.

Government approval, Swedish financial supervisory authority 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 all new mortgage borrowers. In 2018, following Government approval, Swedish financial supervisory authority decided to amend the amortisation regulations so that they also apply to companies subject to the Mortgage Business Act.<sup>8</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.

Legislative amendments that entered into force on 1 February 2018 give the Swedish financial supervisory authority 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.

The analysis of the Swedish financial supervisory authority shows that the macroprudential measures have led to households buying cheaper homes, taking smaller mortgages and amortising more than they would have done without the measures. However, it is too early to evaluate the full impacts of the measures taken in recent years. The Government has commissioned the Swedish financial supervisory authority to present methods for evaluating macroprudential supervision. That commission is to be reported to the Government by 14 June 2019.

The Government also shares the view that the structure of the tax system can influence household indebtedness. The January Agreement includes the initiation of a broad tax reform. The aims of the tax reform include reducing private indebtedness and contributing to the better functioning of the housing market.

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<sup>8</sup>These companies have licences to provide mortgages under the Mortgage Business Act (2016:2035).

### 3.2 The housing market

#### Summary – examples of initiatives and measures

- The Government has proposed clarifications of the requirement for detailed development plans in the Planning and Building Act to make it easier to judge when a detailed development plan is needed.
- In order to put in place incentives for keeping to deadlines that apply for decisions, the Government has introduced a system of reduced charges in the Planning and Building Act for when deadlines for decisions in cases concerning permits and advance notice, and starting clearance following notification, are exceeded.
- To promote digital developments, the Government has proposed amending the Planning and Building Act to enable the Government, or its designated agency, to issue regulations on standards, and has given special commissions to the National Board of Building, Planning and Housing and the Swedish mapping, cadastral and land registration authority. Reports on these commissions are due in August and December 2020 respectively.
- Investment support for arranging rented homes and student accommodation with a view to further increasing the supply of housing that more households are able to demand will be retained, but the support is to be made more effective, and the Government intends to revert to the question of the future direction of the support.
- A coordinator has had the remit of facilitating large, integrated developments to create the conditions for new, sustainable cities. A coordination function for complex planning conditions has subsequently been set up.
- The system of credit guarantees for housing construction has been evaluated and the need for other central government tools has been reviewed with a view to improving financing conditions.
- To increase mobility in the housing market and labour market, the rules on deferred capital gains on sales of private homes have been changed for sales in the period 21 June 2016–30 June 2020.
- The January Agreement contains provisions on abolishing the interest payable on deferred capital gains, on reforming the rent model and on the delivery of extensive regulatory simplification so as to shorten and simplify the planning process.

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

The Government shares the assessment that there are substantial challenges in the Swedish housing market. There is a need for further reforms to increase housing supply by means such as creating conditions for more new

construction and promoting greater mobility in the housing market. The system for setting rents is designed to set a balance between tenants' right to security in their housing and reasonable rents for both tenants and property owners. To improve predictability and facilitate new construction projects, the exemption rule on 'presumed rent' was introduced around ten years ago. Presumed rent enables the parties to depart from rents based on use value, when negotiating rent for new-built rental housing. Under the January Agreement, the rent model is to be reformed. The Agreement states that free setting of rents will be introduced in new construction, that the quality and location of flats will have more of an impact in the setting of rents and that the system of negotiations for existing rental housing will be reformed.

The Government also shares the assessment that the tax system may 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 made.

#### **Initiatives and measures**

The rules for interest payable on deferred capital gains on the sale of private homes have been amended as of 1 January 2017. The amendments mean that the cap on deferred capital gains has been abolished for sales of private homes during the period of 21 June 2016–30 June 2020. In addition, the method for calculating the size of the deferral on the purchase of a cheaper home has been changed to make it more generous, apart from in exceptional cases. Under the January Agreement, the payment of interest on the deferred capital gain is to be abolished.

The 22-point programme for more housing construction presented by the Government in spring 2016 has been delivered or is on the way to being delivered, and work on reform in the area is continuing at an unchanged pace. On the basis of this programme, the Government has, for instance, continued work on making planning and building processes simpler and more efficient in order to make the regulatory framework more effective and appropriate. This is both about general questions concerning responsibility and policy tools and about measures in form of adjustments to the legislation so as to make specific elements work better. Both procedural and substantive regulations have been amended.

Under the January Agreement, extensive regulatory simplification is to be delivered in order to simplify and shorten the planning process, thereby making construction quicker and cheaper. Housing construction, measured

as the number of housing units completed, has been lagging behind population growth for 20 years. However, in recent years the number of housing starts has increased strongly. In 2013 there was a total of 33 400 housing starts, including the net contribution from conversions. For 2018 the number of housing starts (including conversions) is put at around 56 000. National Board of Building, Planning and Housing assesses that housing construction is slowing down from very high levels and that the number of housing starts in 2019 will be around 51 000. The number of building permits issued, which is the most important indicator of new construction, peaked in the first quarter of 2017 and then decreased. However, in the past two quarters building permits have risen, and in the fourth quarter of 2018 the number of housing starts also increased compared with the third quarter.

As part of the housing policy package launched in 2016, more than 20 000 homes have been granted an investment support that promotes the provision of new, energy efficient rented housing and student accommodation at reasonable rents.

New provisions on regional physical planning have been inserted in the Planning and Building Act as of 1 January 2019. Regional physical planning will cover questions of importance for the physical environment that concern two or more municipalities in a county. This type of planning is to be carried out in the County of Stockholm and the County of Skåne. As part of efforts to achieve more uniformity in the country, regional physical planning should be introduced in more counties when this planning is needed and the conditions for it are in place. The county councils will be responsible for regional physical planning in their county. These tasks include the adoption of a regional plan setting out the basic features of the use of areas of land and water and guidelines for the location of built development and construction works of importance for the county. The plan has to provide guidance for decisions on comprehensive plans, detailed development plans and area regulations. A regional plan has to show how consideration has been given to, and how the plan has been coordinated with, other national, regional and municipal plans and programmes.

As of June 2018 certain clarifications apply to the requirement for detailed development plans in the Planning and Building Act that will make it easier to judge when a detailed development plan is needed and not needed.

A system of reduced charges when deadlines for decisions in cases concerning permits and advance notices as well as starting clearance following notification are exceeded has been introduced as of 1 January 2019. The amended legislation clarifies when a deadline period commences, when it ends and what the conditions are for extending it. The purpose of the measure is to put in place incentives for keeping to the deadlines applicable to decisions.

As a commission from the Government, National Board of Building, Planning and Housing has built up a website with information in English that enables foreign building developers and construction companies, in particular, to easily find information about building regulations, information about the planning process, work environment regulations and contractual terms, etc. on the labour market. The website was launched in June 2018 and is intended to help developers, project developers and construction companies get their bearings and visualise the stages from an idea to the finished building. National Board of Building, Planning and Housing has charted needs with the aid of reference groups and actors in the industry; the reference groups also include foreign actors. The information will continue to be developed in dialogue with the relevant actors and target groups.

## **Inquiries and commissions**

### **Inquiries**

The Building Rules Modernisation Committee was appointed in February 2017 and is to continue to December 2019. The Committee's remit is to conduct a systematic and thorough review of the regulatory framework for building in order to modernise the regulatory framework, thereby contributing to stronger competition and increased housing construction. Its remit includes investigating the appropriateness, efficiency and scope of the regulatory framework. The letting by private individuals of their own homes is also an important complement to the regular housing market. The Committee is to examine how the regulatory framework for building can facilitate the adaptation of homes and stimulate new production with a part for letting.

In December 2017 the Committee presented its first interim report New start for standardisation through stronger collaboration (SOU 2017:106), and in June 2018 the Committee presented its second interim report Resource-efficient use of building materials (SOU 2018:51). Consultations have been held on the reports.

In 2017 the Government appointed an inquiry 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 more and sustainable housing construction. In addition to supporting municipalities in various ways in their planning work, the inquiry is to continue work started previously on housing construction on state-owned properties and to analyse the advantages and disadvantages of introducing municipal transport plans. The final report of this inquiry is to be presented in December 2020.

The inquiry report Common responsibility for housing provision (SOU 2018:35) contains proposals for a completely new way of working to get central government and the municipalities to assume a common responsibility for housing provision and to establish consensus about the composition of the housing shortage and how it is to be solved. To regulate this common way of working the inquiry proposes a new housing provision act. The inquiry report has been circulated for comments and is now being processed in the Government Offices.

The Building Rights Inquiry completed the reporting of its remit in August 2018 with the report Faster housing construction (SOU 2018:67). Its remit was to chart municipalities' possibilities of ensuring that existing building rights are made use of without delay and to strengthen policy tools when required. A consultation has been held on the report.

An inquiry has had the remit of investigating and presenting proposals on how comprehensive planning can be developed to facilitate subsequent planning, etc., and how the dialogue between central government and municipalities on physical planning can be managed to a greater extent within the framework of comprehensive planning. The inquiry has proposed measures to increase the efficiency of the processes that usually occur in housing construction and urban development, for instance in terms of clarifying the function and content of the comprehensive plan so as to facilitate subsequent planning. The inquiry also proposes that municipalities adopt a planning strategy at the start of each electoral period. These proposals are currently being processed by the Government Offices.

The Comprehensive Plan Inquiry presented its final report on 31 January 2019. The Inquiry's final report (SOU 2018:86) contains deliberations on the need to introduce a right to take private initiatives for detailed development planning. A consultation is being held on the report in spring 2019.

The inquiry report Loans and guarantees for more homes (SOU 2017:108) proposes a number of measures intended to create better conditions for the financing of housing construction and improvement. They include sharpening and broadening the present government credit guarantees for loans to housing construction and providing government top-up loans to supplement market financing. A consultation has been held on the report.

### **Commissions**

The Swedish Competition Authority has had a commission from the Government to identify what areas of the construction and building materials industry they assess it is important to know more about than at present in terms of competition in housing construction. The Authority reported on its commission in September 2018.

The Authority identified three areas that should have priority in any further investigation so as to create better competition in Swedish housing construction. They are public procurement in housing construction, separate municipal requirements in housing construction and competition in the building materials industry.

National Board of Building, Planning and Housing has had the commission of describing the state of competition in the construction and construction materials industries in other countries, especially in the EU, in terms of competition and cost trends in the construction and construction materials industries, especially with regard to housing construction. It reported on its commission in November 2018. The report shows that several of the challenges faced by different countries in housing construction are shared. However, an international macro study does not support the hypothesis that the deficiencies in the Swedish market for housing construction are greater than those in other countries. On the contrary, the results suggest that housing construction and housing investments in Sweden react faster to changes in demand than is the case in other countries.

National Board of Building, Planning and Housing 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). This work has been given the name of PBA skills. 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 more guides to how the PBA system should be applied. Up until 2020 the Government expects to allocate SEK 15 million per year for the Board's delivery of the commission.

National Board of Building, Planning and Housing has had the commission of preparing proposals for central government measures to facilitate the financing of housing construction in rural areas. The commission was completed on 29 March 2019 with the presentation of the report Financing of housing construction and improvement in rural areas (Report 2019:11). The report contains proposals for government top-up loans, with some municipal responsibility for losses, for the construction and improvement of owner-occupied houses.

### **Special information on digitalisation**

Efforts to produce base maps, detailed development plans and plan provisions have become increasingly digitalised. At the same time, there is a lack of uniform standards for this work. One result is that the possibilities of managing information flows between agencies and making compilations of current detailed development plans are have shortcomings. It is therefore important to produce such standards. To make this possible, the Government has proposed an amendment to the Planning and Building Act enabling the Government, or its designated agency, to issue regulations on standards on the design of base plans, detailed development plans and plan descriptions. The legislative amendments entered into force on 1 July 2018.

The Government has also commissioned National Board of Building, Planning and Housing to promote effective and uniform application of the Planning and Building Act in a digital environment. 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. National Board of Building, Planning and Housing is to report on the commission by 31 August 2020.

The Government has commissioned the Swedish mapping, cadastral and land registration authority to run a skills programme for a period of three

years, starting in 2018, on the opportunities presented by digitalisation in the planning and construction process. The objective 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 the commission is to be presented by 1 December 2020.

The Government has commissioned National Board of Building, Planning and Housing, Lantmäteriet and the Swedish Tax Agency to jointly present proposals intended to provide secure and effective access to basic data, partly by clarifying the responsibility for and increasing the standardisation on this data.

### **3.3 Investments**

In its Country Report Sweden 2019 the Commission identifies a number of areas where Sweden is judged to have investment needs.<sup>9</sup> The Commission's view is that strengthening investment in new housing, education and skills is could further enhance Sweden's long-term growth potential. The Commission also considers that there is a need to maintain investment in transport infrastructure and Research and Development at high levels to support long-term productivity growth and to fully exploit business potential.

The Commission also considers that structural undersupply remains in the housing market, despite a significant increase in new construction over the past five years. In the education system, demographic developments will lead to an increase in the number of pupils, while the country already faces a teacher shortage. The Commission considers that investment in education and skills will be crucial to help boost productivity growth and address the skills mismatch in some parts of the labour market.

The Government shares the Commission's assessment that these are important areas in need of continued investment.

#### **Initiatives and measures**

The Government has worked with various types of measures to improve the functioning of the housing market, including the Government's 22-point programme to increase housing construction and the investment support aimed at rented housing and student accommodation. A detailed account of

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<sup>9</sup> SWD(2019) 1026 final

measures taken to improve the functioning of the housing market is given in section 3.2.

In May 2018 the Government adopted a national plan for transport infrastructure for 2018–2029. The plan allocates appropriations corresponding to SEK 622.5 billion. A further SEK 90 million is provided through congestion tax, track access charges and cofinancing. The plan contains major investments both in new construction and in the upgrading and modernisation of existing rail infrastructure. The decision also contains substantial maritime and road investment. The appropriation envelope of SEK 622.5 billion is an increase of just over SEK 100 billion from the previous plan period of 2014–2025.

To meet the demand for skilled labour, the Government has delivered a substantial knowledge boost for lifelong learning and higher employment over several years, including an expansion of the number of places in higher vocational education, regional vocational adult education, folk high schools, and universities and other higher education institutions. In accordance with the assessments in the research policy bill from 2016<sup>10</sup>, the resources for research and research-level training were increased at the same time as initiatives were taken for third-stream activities and innovation programmes to meet major challenges facing society. A more detailed review of action taken that is linked to Sweden's education target and research and development target is presented in sections 4.2 and 4.4.

Demographic developments mean a larger number of children of school age at the same time as there is a shortage of qualified teachers. To make the teaching profession more attractive, the Government is, for instance, continuing to work with targeted pay initiatives and initiatives for better career opportunities. The Government has continued to provide the municipalities with additional resources and has also introduced a targeted government grant to improve equity and knowledge development in preschool classes and compulsory school. The level of the government grant is decided on the basis of a socioeconomic index so that pupils in less favourable positions get most support.

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<sup>10</sup>Collaborating for knowledge – for society's challenges and strengthened competitiveness (Govt Bill 2016/17:50)

#### 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.

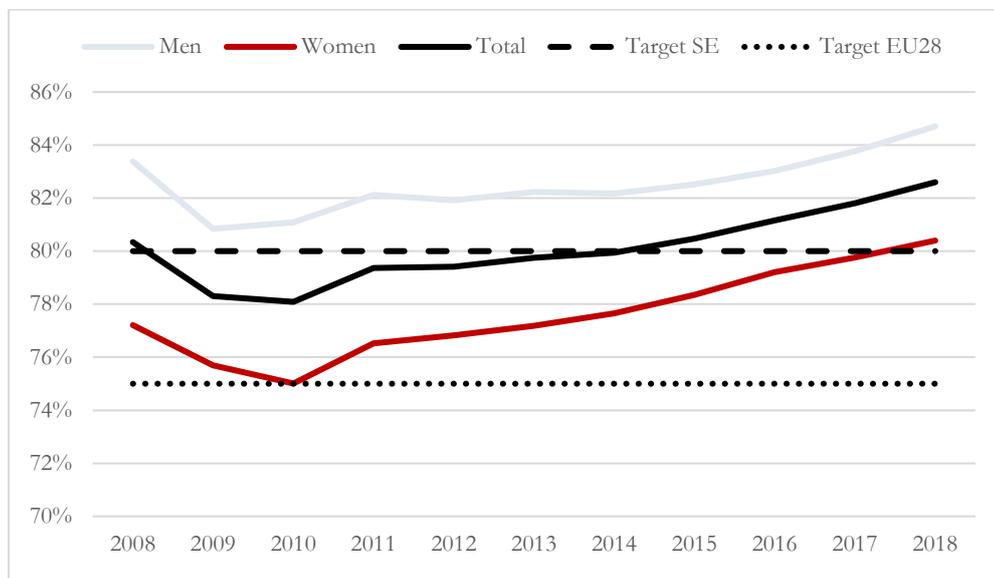
##### 4.1 Employment target

###### Sweden's national target:

*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.*

**Figure 1 Employment rate for women and men aged 20–64 in Sweden 2007–2018 compared with the Europe 2020 target for Sweden (well over 80 per cent) and the entire EU (75 per cent).**



Source: Statistics Sweden

###### Current status

The employment rate for people in the 20–64 age group was 82.6 per cent in 2018 (80.4 per cent for women and 84.7 per cent for men). Since 2008 the employment rate has increased by 2.3 percentage points (3.2 percentage

points for women and 1.3 percentage points for men). With the exception of 2009, Sweden has had the highest employment rate in the EU throughout the past ten-year period. According to Eurostat, the employment rate in Sweden was 9.6 percentage points higher than the average in the EU28 in 2017. In Sweden the employment rate among women and men was 13.3 and 5.8 percentage points respectively higher than in the EU28.

In the past ten-year period, the employment rate rise in Sweden has been particularly strong among older people (aged 55–64 years), where the employment rate rose by 7.7 percentage points to 78.0 per cent in 2018. Among older women the employment rate rose by 9.0 percentage points to 75.9 per cent and among older men it rose by 6.6 percentage points to 80.2 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 3.1 percentage points in the past ten-year period, to 44.9 per cent. Among young women the employment rate rose by 4.8 percentage points to 46.7 per cent and among young men it rose by 1.6 percentage points to 43.3 per cent. During the same period the employment rate among foreign-born people (20–64 years) rose by 3.0 percentage points to 70.1 per cent in 2018. Among foreign-born women the employment rate rose by 4.5 percentage points to 65.8 per cent and among foreign-born men it rose by 0.9 percentage points to 74.5 per cent.

## **Initiatives and measures**

### **More people in work**

Several points in the January Agreement cover labour market policy; they include reform of the Swedish Public Employment Service and the introduction of an Integration Year and Development Time. Unemployment insurance is also to be reformed. In accordance with the January Agreement, the Government also intends to remove the requirement that employee benefits other than salary have to follow from, or be equivalent to, collective agreements in the case of New Start Jobs.

Along with the social partners, the Government is continuing to work to develop a structure for the 'Entry Agreements' based on the declaration of intent developed jointly in spring 2018. This initiative is intended to act as a path into the labour market for newly arrived immigrants and long-term

unemployed who are to be able to use an Entry Agreement to get knowledge and experience required in the labour market.

To meet employers' needs of trained labour, the Spring Amending Budget for 2019 provides funding to strengthen the possibilities to equip jobseekers and, in particular, to make action possible in the Local Job Tracks that Public Employment Service, municipalities and employers are collaborating around. Foreign-born women will be given priority. Local Job Tracks mean that jobseekers do a work experience placement with an employer at the same time as the individual is equipped with the training required for a future job. Funding is also provided to strengthen ongoing work to promote entrepreneurship among foreign-born women.

In July 2018 the Government reduced the number of waiting days in unemployment insurance from seven to six. The change is judged to lead to an improvement in the economic security of the individual without weakening the incentives for transition to a new job. On 1 September 2018 the Government introduced a possibility of obtaining a loan through the Swedish Board of Student Finance (CSN) for training for a category B driving licence. The target group is certain unemployed people aged 18–47 years.

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

The Government has implemented several measures to enhance work environment efforts and prevent exclusion from working life. A midterm progress review of the work environment strategy was carried out in 2018. The Swedish Work Environment Authority and the Swedish Agency for Work Environment Expertise were given several commissions focusing on health factors for sustainable working life and supervision targeted at new ways of organising work.

The Swedish Agency for Work Environment Expertise started its activities on 1 June 2018. It currently has 16 employees and is continuing to recruit. The Agency will gather and disseminate research-based knowledge about the work environment and evaluate work environment policy. In 2019 it is focusing on the working life of the future, what creates healthy workplaces and guidelines for evidence-based occupational health services.

Eight agencies have been commissioned to conduct a three-year initiative in joint agency checks to counter fraud, breaches of rules and crime in working

life The social partners, which have knowledge and experience that should come to use in this work, are able to apply for funding for projects that can contribute.

The Swedish Work Environment Authority and the Equality Ombudsman have been given commissions and funds to produce digital information about the two agencies' regulations to prevent sexual harassment at work.

## 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.*

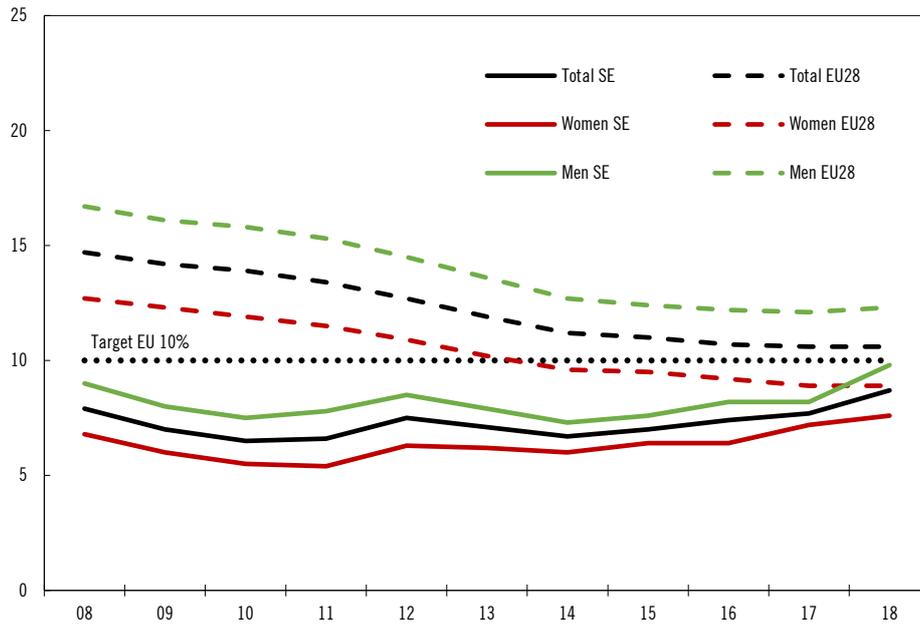
### **Current status**

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 has increased continually since 2014 and was 8.7 per cent<sup>11</sup> in 2018 (7.6 per cent among women and 9.8 per cent among men), which is better than the EU target of 10 per cent. The increase compared with 2014 is almost 2 percentage points, and Sweden has still to reach its national target of 7 per cent. One explanation of the increase since 2014 is changes in the composition of the pupil population with a larger share of newly arrived pupils.

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<sup>11</sup>Source: Eurostat preliminary figures for 2018.

**Figure 2 Share of women and men aged 18–34 who have not completed two years of upper secondary education and who are not in education (2018)**

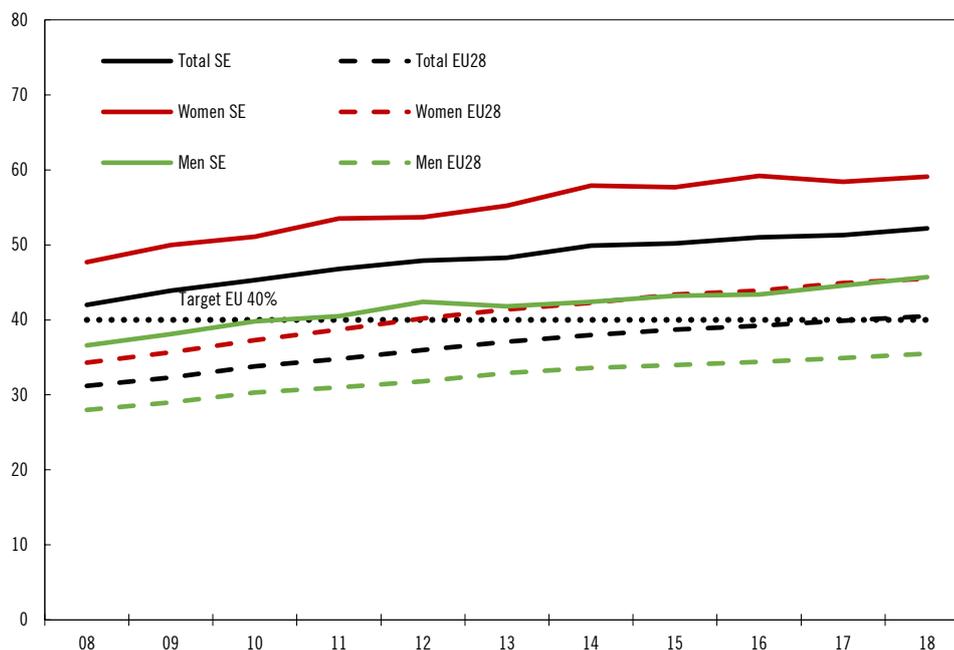


Source: Eurostat

In 2018 the share of people aged 30–34 with at least two years of tertiary education was 52.2 per cent<sup>12</sup> (59.1 per cent for women and 45.7 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>12</sup>Source: Eurostat preliminary figures for 2018.

**Figure 3 Share of women and men aged 30–34 with at least two years of tertiary education (2018)**



Source: Eurostat

## Initiatives and measures

### **Initiatives aimed at increasing the number of young people completing 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. However, differences in results between schools have increased over time. Social factors are of importance for results, and the Riksdag has therefore decided, following a proposal from the Government, to firmly bolster state funding for preschool classes and compulsory school. This central government support, which is SEK 3.5 billion per year— is distributed to the organisers on the basis of pupils' socioeconomic backgrounds.

The Government is also proposing that SEK 500 million be allocated to employing more teaching assistants who can reduce the load on teachers. The Government has appointed an inquiry to analyse, and propose measures to reduce, school segregation and improve the allocation of resources to preschool classes and compulsory school in order to increase equity in the types of school concerned.

The Government has also appointed an inquiry on the planning and dimensioning of upper secondary education. Its aims include producing proposals that can improve access to a broad and comprehensive supply of education programmes of high-quality, 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. The National Agency for Education has a wide-ranging commission to carry out systematic action aimed at improving the capacity of organisers of schools to offer newly arrived students education of high and equitable quality. Newly arrived pupils entering Years 7–9 of compulsory school are a particularly vulnerable group. Following a proposal by the Government, the Riksdag has therefore decided to strengthen the right of these pupils to study mentorship in their mother tongue. They must also be given individual study plans, and can be given instruction according to an adapted timetable. The Government has also appointed an inquiry to investigate how municipal adult education in Swedish for immigrants (SFI) needs to be changed to improve student throughput in SFI and facilitate the transition to, and combinations with, other adult education programmes.

A number of amendments to the Education Act (2010:800) and the Upper Secondary Ordinance (2010:2039) have been adopted by the Riksdag and the Government respectively so that more young people will start and complete an upper secondary education. The amendments are largely about focusing more on pupils' education as a whole, and clearer requirements on introductory programmes. The National Agency for Education has had a commission to carry out school-centred action targeted at organisers and upper secondary schools in order to prevent drop-out from upper secondary schools in accordance with the Government's strategy for young people not in employment, education or training. The final report on the commission was presented on 1 March 2019. The Government has also appointed an inquiry that is to propose how subject grades can be introduced in upper secondary school and upper secondary special school partly in order to counter fragmentation and foster pupils' knowledge development.

The strategy adopted by the Government in 2015 about young people not in employment, education or training is being evaluated by the Swedish Agency for Public Management and a final report is due in June 2019. The final report of the Coordinator for young people not in employment, education or training was subject to a consultation in 2018 and is being processed in the

Government Offices. In April 2019 the Swedish Agency for Youth and Civil Society is to present an interim report on its commission to support actors working with young people not in employment, education or training.

### **Initiatives to increase the share with tertiary education**

The Government is carrying out a Knowledge Boost initiative to provide people with a greater opportunity to obtain an education or training and a job. Altogether, it is estimated that by 2021 the Knowledge Boost will correspond to around 100,000 study 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.*

#### **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 10.8 per cent in 2018. This is a reduction of 162 000 people since 2010. In 2018 the share of women was 12.3 per cent and the share of men was 9.3 per cent.

**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
<b>Total</b>	14.4	13.4	13.1	12.7	12.6	12.4	12.0	11.4	10.8
<b>Women</b>	17.3	15.9	15.5	15.0	14.8	14.5	14.7	13.4	12.3
<b>Men</b>	11.6	10.9	10.7	10.5	10.4	10.3	9.4	9.4	9.3

Source: Statistics Sweden, Labour Force Survey (LFS) and own calculations.

### **Initiatives and measures**

In addition to what is presented below, numerous reforms presented in Sections 4.1 and 4.2 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.

### **Improvements to reduce sickness absence from work**

Since 2015 the Government has been working on implementing an action programme for better health and reduced sick leave, and this has led to greater awareness and mobilisation among various actors. It can now be seen that the trend of rising sickness absence from work 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 Social Insurance Agency to reinforce work to provide support for the individual in the sick leave and rehabilitation process. The Government has also given commissions on better cooperation and dialogue between health care and the Social Insurance Agency. The Government has also previously commissioned the Social Insurance Agency and the Swedish Public Employment Service to collaborate on taking reinforced measures to make it easier for people who have been on sick leave to return to work. As of July 2018 employers have a statutory responsibility to produce a return to work-plan within 30 days for an employee who has been put on sick leave from their work.

### **Improvements for pensioners and increased minimum age for drawing the national pension**

An action plan has been drafted in order to achieve more gender equal pensions. In December 2017 a broad political agreement was reached regarding higher and secure pensions in the long term with several key changes. Under the agreement, the basic protection for old-age pensioners will be improved as of 1 January 2020 by raising the guarantee pension and improving the housing supplement. The agreement also means that pension-related age limits will be increased by 2–3 years in the next 7 years and will then be linked to the change in life expectancy.

### **Reforms aimed at households with a low economic standard**

On 1 March 2018 child allowance and extended child allowance were increased. The increase helps to improve the economic situation of families with children.

Maintenance support has been differentiated by age and increased for older children. The increases for children who have attained 15 years entered into force on 1 January and 1 August 2018 respectively. The increase for children aged 11–14 years entered into force on 1 January 2019. The differentiation by age means that maintenance support corresponds better to the actual costs of children of different ages.

On 1 March 2018 a special allowance for children with alternating residence was introduced as part of housing allowance. The new special allowance has replaced maintenance support for children with alternating residence. At the same time, the income limits for families with children and the access allowance in housing allowance were raised. One purpose of the reform is to improve the situation of households with a low economic standard.

In August 2018 the Government appointed an inquiry to conduct a review of the rules for housing allowance and maintenance support. The purpose of the review is to increase distributional accuracy and reduce indebtedness within housing allowance and maintenance support. The inquiry is to report by 1 October 2020 (Terms of reference 2018:97).

#### **Central government grant for free school summer holiday activities**

The Government is providing SEK 200 million a year in the period 2016–2019 for summer school holiday activities that are free of charge for children aged 6–15 years. In 2018 almost all municipalities requisitioned funds (98 per cent). The overall assessment is that, up until 2017, the funds have helped achieve the purpose of the grant, which is to provide stimulus and personal development, equal treatment and participation of both genders and to boost integration and create new points of contact.

#### **Review of governance in disability policy**

In December 2017 an inquiry was appointed on the governance of disability policy. The inquiry was tasked with reviewing governance in disability policy on the basis of the new national objective. The review is intended to result in concrete proposals for the design of a stable and long-term management and monitoring system that is well anchored among the relevant agencies and organisations and that will enable the disability perspective to be better integrated in activities in various areas of society. The review is to report by 30 April 2019.

### **Combating homelessness**

In 2019 the Government is providing SEK 120 million to support non-profit organisations in their work to combat homelessness among young adults, where mental ill health may have contributed to their homelessness. The National Board of Health and Welfare has also been commissioned by the Government to allocate SEK 25 million to the municipalities with the highest number of people in acute homelessness in Sweden in 2018. The funds are to strengthen the municipalities' efforts to counter homelessness and exclusion from the housing market, with a focus on improving the situation for women and men in acute homelessness.

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

In 2018 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 2018 the Government continued to make major investments in strengthening skills planning and provision in health care. In 2018 the county councils were paid SEK 3 billion to stimulate good conditions for health care staff and develop services in health care.

## **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.*

### **Current status**

In aggregate, central government investments and other public investment in research and development (R&D) are estimated at SEK 44.9 billion in 2017. That corresponds to a GDP share of around 0.97 per cent, which can be compared with 2015 and 2016, when the figures were 0.94 per cent and 0.95 per cent, respectively. Corporate investments in R&D amounted to SEK 110.93 billion in 2017, which corresponds to 2.35 per cent of GDP. This is an increase of SEK 15.3 billion since 2015. Together with public funding of 0.97 per cent in 2017, around 3.32 per cent of GDP was allocated to R&D in 2017.

## Initiatives and measures

In 2017 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. Direct funding to universities and higher education institutions accounted for 62 per cent of total central government research and development funding in 2017.

EU-SAM, a coordinating secretariat at the Swedish Governmental Agency for Innovation Systems (Vinnova) has the task of coordinating 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 162 million in 2018. The coordinating secretariat also has a responsibility for coordination and financing of international research cooperation outside the EU. The plan is to provide a total of SEK 65 million for coordination of that type up until 2020. Sweden continues to allocate substantial resources to building research infrastructure. Since 2015 the European Spallation Source (ESS), has been an 'ERIC' (European Research Infrastructure Consortium). A national strategy for the ESS was presented in 2018.

The research policy bill Collaborating for knowledge – for society's challenges and strengthened competitiveness<sup>13</sup> set up the vision that research results produced through public funding should be made accessible immediately upon publication, while observing the principle of researchers own choice on how to publish their results. This is to apply to both publications and research data by 2026 at the latest. Career paths for researchers will be made more secure and attractive. A national objective has been formulated to bring about more equal gender distribution among professors: 50 per cent of newly recruited professors in 2030 are to be women.

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<sup>13</sup> Govt. Bill 2016/17:50

## 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 sharing of responsibility, 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.

### 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 to a sufficient extent, 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>14</sup>

Sweden's share of the overall 2020 climate targets is emissions of no more than 36.1 million tonnes. Emissions from the non-trading sector were 32.5 million tonnes in 2017. So emissions were lower than the target for 2020. Energy and carbon dioxide taxes, as well as tax reductions and exemptions

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<sup>14</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.

for biofuels, have had a crucial effect on reducing emissions from the transport sector, district heating, and industry in the non-trading sector.

The share of renewable energy in Sweden in relation to final energy use has steadily increased since the early 1970s, reaching 54 per cent in 2016. 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. Bioenergy and hydropower account for the bulk of this, but heat pumps and wind power have made considerable contributions.

As regards more efficient energy use, energy intensity (measured as the ratio between energy input/gross inland consumption of energy and GDP in constant prices) had declined by just over 15 per cent by the end of 2016 compared with the base year of 2008.

#### **Initiatives and measures**

Sweden has introduced a number of policy instruments intended to directly or indirectly influence emissions of greenhouse gases. The linchpin of Sweden's climate strategy is general economic instruments, chiefly energy taxation. 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 grounds and of fiscal grounds, while the carbon dioxide tax on fuels is an 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 is going to present a climate policy action plan in 2019. In addition to a mapping out Sweden's undertakings in the EU and internationally and how measures taken contribute to achieving them, the action plan will also include descriptions of further measures or decisions that may be needed to reach the climate targets.

In the Spring Amending Budget the Government has presented additional climate investments: an expansion of the Climate Leap, which is an investment programme for concrete climate action; an expansion of the Industrial Leap, which supports the development of climate-smart solutions to reduce process-related emissions from industry, and a new initiative for negative emissions. These initiatives are estimated to mainly 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. This is a linear escalation from 2022 by 2 TWh annually until and including 2030.

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 30 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).

The Government has established a forum for smart electricity networks, whose task is to promote the development of smart electricity networks using tools that can create an efficient electricity market with active customers, and that can facilitate the transition to a renewable energy system. To facilitate the connection of renewable electricity production to the electricity grid and enable the elimination of the problems with threshold effects that create connection bottlenecks, an ordinance was implemented in 2015 concerning advance sharing of grid reinforcement costs.

### **Measures for energy efficiency**

The Government is implementing several initiatives to foster efficient energy use. In August 2017 the Swedish Energy Agency was commissioned to devise sector strategies for energy efficiency and is going to produce strategies for Fossil-free transport, World-class production, Commerce and consumption of the future, Resource efficient built environments and Flexible and robust energy systems.

The Government has also introduced a new 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 support for an in-depth study of energy efficiency measures or investment support for the additional cost of investing in an energy efficiency measure.

## 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 entities 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 government commission called the ‘fund coordination commission’. The Funds will invest in projects working towards Sweden’s attainment of the Europe 2020 targets. Sweden intends to present a progress report, based on the partnership agreement, to the Commission in August 2019.

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

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

Implementation of Regional Development Fund initiatives began in 2015. Sweden has succeeded well in turning available resources into concrete actions. More than 75 per cent of the programmes’ total budget had been granted at the end of 2017, corresponding to SEK 5.6 billion, excluding technical support. Including cofinancing, almost SEK 12 billion has been invested in some 600 projects in the country.

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 of just under SEK 16 billion are therefore estimated to go to these areas. The remaining funds mainly go to the areas of information and communication technology and sustainable transport.

In total for all nine programmes, funds (including cofinancing) are allocated to the following areas:

- Innovation, research and technical development – SEK 4.14 billion.
- Entrepreneurship – SEK 5.3 billion.
- Energy efficiency and green economy – SEK 2.9 billion.
- Increased access to, use and quality of ICT – SEK 1.6 billion.
- Sustainable transport – SEK 1.3 billion.
- Technical support – 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 spread over 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 65 per cent of the programmes' EU funds were granted at the end of 2017, corresponding to SEK 4.6 billion, excluding technical support. On 31 December 2017 some 375 cooperative projects with more than 750 Swedish project partners were in progress.

### **European Social Fund**

The Swedish national Social Fund Programme 2014–2020 is also being implemented within the Investments for growth and employment objective. The programme is for around SEK 13 billion, half of which consists of national cofinancing. It is intended to contribute to a wellfunctioning 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 individuals' position in the labour market, strengthen the link between education and working life, increase transitions to work among people who are remote from the labour market and facilitate young people's establishment in working life and participation in education and training. The EU Youth Employment Initiative is being implemented within the framework of the national Social Fund Programme. The initiative is intended to supplement and extend existing labour market policy measures for young people in the regions of South Sweden, Northern Central Sweden and Central Norrland. Some sub-regions outside these regions can also be included.

In 2018, 70 applications in the Social Fund Programme were granted with support totalling around SEK 1.4 billion. From the start of the programme in 2014 and until the end of 2018, a total of 437 project applications have been granted and 81 per cent of programme funds assigned. A total of 158 000 people have started participating in projects; of them, 58 per cent are women and 42 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. Since then the focus has shifted and in 2019–2020, initiatives will mainly target newly arrived immigrants with no or only short education or training, who are not covered by the Swedish Public Employment Service's introduction programme. Other priority target groups are young people receiving activity compensation, young foreign-born women aged 15–24, women with disabilities that impair their work capacity who are aged 45 and older, and long-term unemployed aged 55 and older. The actions in the Social Fund Programme that cover skills development of people in employment will be highly targeted at digital transition.

### **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 SEK 37 billion. These funds are allocated to programme priorities in the following way: Knowledge and innovation, the first priority of the programme, is horizontal and does not have a separate budget. Instead, innovation and knowledge transfer will be

promoted in all parts of the programme. As in previous programme periods, the focus of the programme is on compensation for environmental initiatives. Over and above that, the Rural Development Programme for 2014–2020 has, 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. Knowledge transfer and innovation remain important priorities in the programme.

**Table 3. Rural Development Programme priorities 2014–2020**

Priority	Share of budget, per cent
2. Agricultural competitiveness	8.0
3. Food chain and animal welfare	4.1
4. Environment	60.6
5. Climate	1.5
6. Social inclusion and economic development in rural areas	21.8
TA funds	4.0

#### European Maritime and Fisheries Fund

The three overall objectives of the Swedish Operational Programme for the European Maritime and Fisheries Fund 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 Swedish Programme for the Maritime and Fisheries Fund 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's budget is SEK 1.5 billion and demand for support has been high since the programme started. SEK 780 million has been granted until December 2018.

### **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 funds). Most of this sum, 80 per cent, consists of funds 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 2019 is mainly based on the initiatives and reform ambitions proposed by the Government in the Spring Fiscal Policy Bill for 2019 and the Spring Amending Budget. The country-specific recommendation to Sweden within the European Semester 2018 has been taken into consideration in its preparation. The programme also reflects the policy priority areas in the Commission's Annual Growth Survey, as endorsed by the European Council on 21–22 March 2019. 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 2018, 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 available 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 2018 national reform programme, three thematic consultation forums on EU Affairs have been held on the national implementation of the Europe 2020 strategy for partners at senior official level.

The Prime Minister has also initiated meetings known as *'EU råd'* 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 2019.

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 conditions 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 on 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 taken place annually. On 5 March 2019 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 Public & Science (VA), the Swedish Women's Lobby, the Swedish Disability Rights Federation, the National Council of Adult Education, the Royal Swedish Academy of Sciences and the European Youth Parliament Sweden. This material is presented in the appendix.

# Appendix with external contributions to Sweden's national reform programme 2019

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## 1. Contributions from 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 organisations.

### 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 670 central collective agreements on wages and general terms and conditions of employment in Sweden.

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<sup>15</sup> 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. As yet the Council is in a start-up phase and is still shaping its ways of working and content.

### **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 recently 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 recently arrived immigrants. The design of the agreements varies between industries, but they all combine work with education or training (the education 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 jobs on the way – smooth processing in Brussels crucial*

The Government, LO, Unionen and the Confederation of Swedish Enterprise have agreed that 'entry jobs' should be introduced. The idea is make entry jobs an initiative that enables recent arrivals and long-term unemployed people to obtain employment from an employer covered by a collective agreement on entry jobs. The initiative is intended to enable recent arrivals 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

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<sup>15</sup> Arbetsmarknadens EU-råd

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 introduction jobs. 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 a collective agreements on 'student employees' in the private, local government and central government sectors. The private sector agreement covers the property industry. 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 and 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, Sobona (the organisation of local government employers) along with the Alliance of Graduates, 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*

Previous collective agreements for employees in trainee jobs ceased to apply in practice when they switched to introduction jobs as of 1 May 2018.

Introduction jobs target people who are long-term unemployed or newly arrived immigrants. Introduction jobs replace former employment support, such as step-in jobs targeted at new arrivals, and the Government considers that new arrivals can access introduction jobs instead. Introduction jobs have a wage subsidy cap at gross pay of SEK 20 000 per month. The subsidy limit in introduction jobs is 80 per cent, and uniform supervisor support is being introduced. It will be possible to combine the new form of support flexibly with training, both to empower the individual, and to meet the skills requirements of employers.

### *New and wider recruitment paths*

Swedish municipalities, county councils and regions will need to increase employee numbers by just under 200 000 by 2026, if no changes are made. In addition, around 300 000 employees are expected to retire during the period. However, the number of retirements is lower than in SALAR's previous forecast. The increase in needs and the retirements up until 2026 add up to 508 000 people. The greatest increase in needs is in elderly care and upper secondary school. Employers are able to influence future skills provision by altering and developing their ways of working, organisation and staffing. Through the initiative called "Sweden's Most Important Jobs", SALAR has identified nine strategies for overcoming the recruiting challenges; the solutions include widening the recruitment base and using skills the right way. This involves utilising the skills of recent arrivals and people with disabilities, as well as breaking gender norms.

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, the 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 2017 SALAR and county councils/regions arranged about 85,000 holiday jobs for young people 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 provide valuable experience 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 county councils/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 2017 there were 22 regional health and social care colleges in Sweden, and 91 local colleges. They include 218 municipalities, 19 regions and county councils, 90 private businesses, 140 upper secondary schools, 181 adult education programmes at upper secondary level and 31 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 advisors, 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”.

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

#### *Fast track for new arrivals*

Fast tracking for recent arrivals is aimed at more effective pathways into the labour market for new arrivals with occupational or educational backgrounds that are in demand in Sweden. All fast tracks are aimed at occupations that are in great need of skills provision. The objective of the fast tracks is to identify and utilise the skills of new arrivals at an earlier stage, and this means that the social partners come to agreement on a chain of measures together with the Swedish Public Employment Service. It may include occupational skills assessment, instruction in occupational Swedish and supplementary labour market training programmes. A fast track may involve several parallel measures, such as a combination of occupational Swedish, work experience placement and validation. The remit of the Swedish Public Employment Service is to coordinate the fast tracks and carry out agreed measures jointly with the social partners.

So far, 14 agreements on fast tracks have been negotiated between the social partners and the Swedish Public Employment Service for a wide range of

occupations: chefs; HGV drivers; licensed healthcare professions (doctors, nurses, dentists and pharmacists/dispensers); teachers and preschool teachers; painters; butchers and slaughterers; technicians and engineers in the property industry; non-manual workers in the construction sector (building engineers, distribution electricians and electrical engineers); social scientists including economists and lawyers; social workers; veterinary nurses; and occupations in the wood products industry.

From April 2016 to December 2018, a total of 1 536 people had participated or were participating in the fast track initiative. 64 per cent of them were women and 36 per cent were men. The fast track for teachers and preschool teachers is one of the two fast tracks where the majority of participants are women.

The social partners are able to apply for funding for special promotion and development action to speed up labour market entry for newly arrived immigrants. A range of joint initiatives have been carried out over the years; examples include investigating support needs for the target groups within the fast tracks, developing skills mapping, developing communication activities and developing supportive measures and making them available. In 2018 it also became possible for the partners to apply for promotion funding for activities concerning the reinforcement of Swedish language skills. For 2018 the budget appropriation for promotion funding was SEK 55 million. As an example, a website on the path to jobs in the welfare sector has been launched with new arrivals, supervisors and employers as its target groups.

In the central government sector, the Swedish Agency for Government Employees, the OFR/S, P, O negotiating organisation for public employees, Saco-S (Swedish Confederation of Professional Associations in the central government sector), Seko (Union for Service and Communication Employees) and the Swedish Public Employment Service have jointly developed fast tracks for social scientists, economists, lawyers and veterinary nurses. At the Swedish Public Employment Service's follow-up point at the end of 2018, 17 of the 18 participants in the veterinary nursing programme had obtained their licence and 15 of them were working in the industry. As regards the social scientist track, the follow-up shows that 32 (64 per cent) of the 50 participants who completed their supplementary training starting in 2017 had found a job in one of the occupations that is in line with the fast track and that another 7 people were working in other occupations. At the follow-up point, two participants had started university studies at master's

level. Up until December 2018 a total of 170 people had completed the contract education programme for social scientists.

#### *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. In March 2018, Ria arranged an exchange workshop for partner representatives, training providers and other active parties in order to strengthen the development of the fast tracks. Collaboration between all the parties involved is the foundation for successful fast tracks that are effective in matching the skills provision needs of various industries with the skills of recent arrivals. Seminar participants took the view that this collaboration had improved. Running language training, occupational training and work placement in parallel makes fast tracks work better. Ria also held a seminar arranged during Almedalen Week in July 2018 about the experience of entry jobs and fast tracks, where Minister for Employment and Integration Ylva Johansson was among the participants. Ms Johansson considers that the measures taken by the partners for entry, fast tracks and entry jobs have laid the foundations of the labour market policy of the future. Ria stressed that it is still difficult for information about paths for entering working life to reach new arrivals. In 2018 Ria also visited a county administrative board and received information about the board's successful work on language placements and relief works jobs for new arrivals. All of Ria's activities are presented on [www.integrationiarbetslivet.se](http://www.integrationiarbetslivet.se).

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

The Government has commissioned central government agencies 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 jobs with low required qualifications and tasks that are not currently performed, or 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 is for the modern relief works jobs programme to cover at least 5 000 people in 2020; on 31 December 2018, 2 309 people were employed.

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

For the period 2016–2018 the Government has commissioned most agencies to make work experience placements available to the Public Employment Service and to accept jobseekers and people with disabilities, as well as recently arrived jobseekers, for work experience placements. In 2018 the Government decided to extend the commission to 2020. The Swedish Agency for Government Employers, the Agency for Public Management and the 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 website brings together relevant information, irrespective of which of the three agencies is responsible. Its website acts as a source of information for agencies wanting to offer a work placement; providing inspiration and knowledge about what is involved in being a receiving agency and presenting holders of work experience placements who describe their experiences. There is also an online supervisor training that has been appreciated.

#### *Mentoring programmes*

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

The Swedish Agency for Government Employees has been running a mentoring programme for recently arrived graduates since 2016. The aim is to facilitate labour market establishment and social integration for recent arrivals. Recently arrived university graduates are linked up with people from central government agencies whose professional fields match the skills of the recent arrivals. 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 – which is the largest business organisation in Sweden – 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 Swedish 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. Local sections of the Federation hold workshops to which participants, mentors and other relevant actors are invited and at which the ‘NF entrepreneurs’ can present and obtain feedback on their business ideas and most urgent challenges, as well as building both professional and social networks. 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 in Stockholm, Mälardalen and Dalarna. More than 200 newcomers/asylum seekers have completed the programme, some 20 businesses have been started and some 20 newcomers have been able to support themselves by getting a job. In 2019 a pilot project linking newcomers to generational shift businesses is being 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*

The central government sector has had a special conditions agreement for certain fixed-term employment contracts since 2013. 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 Swedish Local Government Workers' Union (Kommunal) 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 partners 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 greater 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 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 increase 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 2017, 67,3 per cent of monthly paid employees in municipalities worked full time. The corresponding figure for regions was 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 Jämställ.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, the Swedish Innovation Agency (Vinnova) and SALAR.

## **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 fixed-term 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.

SALAR and Sobona have a transition agreement with the Swedish Municipal Workers Union, the Alliance of Graduates and the OFR’s federation areas of General local government services and Health care: it is the KOM-KL transition agreement and has two new annexes on early local transition (TLO-KL). TLO-KL applies during a three-year trial period between 2017 and 2019. TLO-KL is about transitioning organisations and employees so as to meet the skill needs of future services and to minimise or avoid current/future situations with work shortages. Early local transition measures give employees opportunities for development and thus for greater employability, while making employers better able to meet the great recruitment needs in welfare services. Early local transition is part of an

*Agreement in principle - Local transition funds* and of an amended provision on the order of selection for termination in the *General provisions*. A present a joint evaluation is being conducted by the partners.

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

#### *Fewer upper secondary school drop-outs and Plug In 2.0*

The ESF-financed project Plug In, which has been led since 2012 by the Swedish Association of Local Authorities and Regions (SALAR) in cooperation with eight regions and over 70 municipalities, closed at the end of 2018. During the first project period (2012–2015), five success factors were identified in work to counteract study drop-outs. When Plug In 2.0 started in 2015, as a direct continuation of the first project round, the main focus was on developing, implementing and disseminating these successful methods.

During the period of the Plug In 2.0 project 10 per cent of project participants in both introduction programmes and national programmes have had study drop-outs. The reporting of active study drop-outs does not include the large group of newly arrived pupils since study drop-outs in this group depend to such a great extent on factors outside school, such as moving and worries about family and friends, assignments of higher ages or refusals of residence permit applications. Compulsory school pupils are also excluded since, in formal terms, they are not able to drop out of their studies on account of the school attendance requirement. A majority of the participants who have made an active drop-out from their studies have been transferred to the municipal activity responsibility.

Overall, there are relatively few study drop-outs in the Plug In project considering the target group and its situation and needs. The lack of national statistics for the group of young people who risk dropping out of their studies was very noticeable throughout the project period.

SALAR will continue to build on the experience and knowledge built up in Plug In by setting up a knowledge centre dealing with study drop-out. This is to meet the continued need for, and to support, local work on preventing study drop-outs and promoting school attendance. For more detailed information about preventive work at several levels around PlugInnovation and the proportion of study drop-outs in the Plug In 2.0, see SALAR's contribution to the national reform programme from the local and regional level.

*Progress for young people covered by the municipal activity responsibility*

Many participants in Plug In 2.0 who have been covered by the municipal activity responsibility have gone from inactivity to work or studies. The proportion without any activity has decreased from 64 per cent before participation in Plug In 2.0 to only 10 per cent after the intervention. The trend is similar for women and men.

The proportion of pupils in Sweden who start a national programme and complete a qualification within three years has increased for the fifth successive year. A comparison of all five year-cohorts that have completed upper secondary school since its reform in 2011 shows a marked increase in the proportion completing their qualification within three years from 71 per cent in 2014 to 76 per cent in 2018. But there is great variation between municipalities. SALAR has published *Public performance reports – Upper secondary school 2019*, in which the outcomes in municipalities can be compared<sup>16</sup>.

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<sup>16</sup> <https://rapporter.skl.se/oppna-jamforelser---gymnasieskola-2019.html>

## 2. Contribution from SALAR (Swedish Association of Local Authorities and Regions) – as 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, county councils 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. As of 1 January 2019 all county councils have formed regions and taken over responsibility for regional development from central government. This means that the county councils have been given a number of new areas of responsibility; for instance the regions have to perform tasks within the framework of the EU's structural and investment funds.

Sweden's municipalities and regions are facing greater costs for the financing of welfare services in the coming years. Investments in transport infrastructure and broadband expansion are essential. Research and innovation capacity needs to be improved, as does support for existing networks and clusters. It is essential to engage regions and municipalities in this work. Municipal and regional services need to focus more on issues including the use of new technology, new ways of working and focusing 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.

### **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 the present 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 would like to see a new multiyear employment and growth strategy, which is in line with the global goals for sustainable development, with a strong gender equality perspective and a stronger social dimension in the EU. Many of SALAR's members would also like to see Agenda 2030 being included in national and regional programmes in cohesion policy in the next programme period.

### **2.1.2 Structural and investment funds of great importance**

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 give the EU legitimacy at local and regional level.

The European structural and investment funds enable our Swedish municipalities and regions to work on long-term initiatives to create regional development, growth and employment. The structural and investment funds contribute to a stronger innovation climate, and competitiveness and promote work on smart specialisation. Along with the EU Framework Programme for Research and Innovation they make possible a springboard for excellence and they support action for climate adaptation, energy efficiency, support for SMEs, accessibility and sustainable urban development. The policy also helps to counter exclusion and create social cohesion by, for instance, getting young and foreign-born people into employment and by strengthening the ability of individuals to adapt in the labour market, as well as through the implementation of the European Pillar of Social Rights.

The new annex D to the Country Report on investment needs that can be financed with the European structural and investment funds is largely in line with the wishes that SALAR and the regions have presented to the Commission. However, it does not include investments for transport

infrastructure and broadband expansion that several regions have stated are of priority for them.

## **2.2 Regional and local projects**

Sweden's municipalities, county councils and regions are contributing to the attainment of the objectives of the Europe 2020 strategy in their ordinary work, 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**

#### **More paths in – broader recruitment**

There is a shortage of labour in welfare services at the same time as many people with disabilities have difficulty finding a job. SALAR wants to make it simpler for employers to employ people with disabilities for welfare service occupations.

The project called *More paths in – broader recruitment* focuses on the possibilities of employing and retaining people with ways of functioning that affect their work capacity in welfare service jobs. The project will run from December 2019 to June 2020 and has cofinancing from the European Social Fund. Its work is being conducted in Borås, Gävle, Falkenberg, Hudiksvall, Karlskoga, Skövde, Örebro and Stockholm. The project is cooperating with trade union organisations, the Swedish Agency for Participation and the Swedish Public Employment Service.

#### **New method for integration, Municipality of Hässleholm**

For three years the *RSFI project* (covering resources, language, preventive health and integration) has been run by T4vux in the Municipality of Hässleholm. The project ended in January 2019.

The project is financed by the Municipality of Hässleholm and the European Social Fund and is aimed at adults with a foreign background entering society. They can have mental ill health, low education or slow language development. Often traditional SFI education has not worked. The RSFI project starts from the needs and circumstances of the individual, and

project staff help each person to draw up an individual plan. The project tests new theories and methods concerning learning, understanding society and integration processes. The methods are based on national and international research about learning and on the individual's own will to succeed. Language learning is often combined with, for instance, preventive health, outdoor recreation or work. Participation in the project is on a full-time basis and entitles to introduction benefit.

Of the participants who have completed the project, 28 per cent have gone on to work, studies or a work placement. The Municipality is now continuing work on developing these methods as part of a new project, called Origo, which is also financed by the Municipality of Hässleholm and the European Social Fund.

### **SARURE – Save Rural Retail, Municipality of Söderhamn**

Local shops in rural areas supply their vicinity with essential goods and services and are an important meeting point. They contribute to quality of life and service and are an important point of contact in the area for the local population. It contributes to more and more people choosing to stay on in rural areas and to more people choosing to move to them. It is necessary to enable other activities to develop and expand. Small and medium-sized enterprises of this type play a very important role in creating jobs outside town and city centres. They are an essential basic service in rural areas: small villages need their shop, but the challenge is that the shop needs a certain number of customers to be able to survive.

The aim of the *SARURE project* is to support and make improvements for local shops in rural areas to enable them to survive through, for example, new types of innovative service solutions and new technology that is available for small businesses. The project hosts an exchange of successful experience and knowledge between municipalities and regions in the EU with the same set of problems, in order to retain and increase social cohesion in the area. The project is part-financed by Interreg Europe, the European Regional Development Fund.

### **Crossover and Take off, City of Västerås**

The City of Västerås wants to increase social sustainability. The City is supporting sustainable business concepts through two projects.

*Crossover* supports projects that want to contribute to a socially, economically and environmentally sustainable society. The aim of *Crossover* is to

strengthen the business concept of social entrepreneurs with the assistance of a business coach and to establish a meeting point where SMEs and the innovation system exchange knowledge and ideas. The target is for 12 companies to receive support to enable them to grow and increase sales. So far six companies have begun their journey. The City of Västerås, Västerås Science Park and Create Business Incubator are collaborating to achieve this, with part-financing from the European Regional Development Fund. Crossover will end in 2019 and its results are expected to lead to an increase in the employment rate and social inclusion.

*Take off* is aimed at people who have been out of work for a long time. Everyone who starts *Take off* is given a basic course on running a company and knowledge about what social enterprise is. The aim, over three years, is for more people to be employed in social enterprises or to start their own. People who participate are given access to the same business network that is currently helping people with business concepts progress from their idea to a business. *Take Off* is cooperating with *Crossover* with the objective that more people will get jobs and that new types of companies will be started, which also helps to make the world a better place. The project is being run in cooperation between the City of Västerås, Västerås Science Park and Create Business Incubator, Coompanion Västmanland, the Swedish Public Employment Service and the Swedish Social Insurance Agency. The project is part-financed by the European Social Fund. So far some 120 people have taken part in *Take Off*. Of them, 30 have found a job, started studying or started a work-integration social enterprise. *Take Off* will end in 2019 and its results are expected, as in the case of *Crossover*, to lead to an increase in the employment rate and social inclusion.

### **Modernisation of adult education, Municipality of Sundbyberg**

Sundbyberg has been one of the most active municipalities in Sweden in the reception of new arrivals and asylum seekers. The education, integration and employment of new arrivals continues to be a challenge in the municipality.

Adult learners, who often combine their already hectic lives with studies need flexible and individualised learning environments, where digitalisation can offer one alternative. Compared with many compulsory and upper secondary schools, adult education has not received as much support to develop and organise modern teaching.

To meet the development needs of school education and to get new perspectives on modern adult education, Sundbyberg wants to exchange experience with European colleges that have already developed well-functioning educational methods and models around flexible learning. One objective is to establish a Centre for flexible learning in 2020. The project is being financed by Erasmus+.

### **Skills provision in real time, Municipality of Älmhult**

At the start of 2019 the Municipality of Älmhult ended a three-year integration project with cofinancing from the European Social Fund, *Skills provision in real time* (KiR).

The project aims to improve the integration process by making it easier for new arrivals to enter the labour market more quickly. It is based on existing needs to counter exclusion and unemployment among new arrivals in the Municipality of Älmhult, and to supply local business with skilled labour. The objective of the project is to establish a method for how the Municipality can best provide newly arrived individuals with skills and match them with suitable employment. The method is based on mapping the short- and long-term needs of the local labour market and matching them with the knowledge of the new arrivals, in combination with adult education and labour market policy measures.

This way of working has involved greater cooperation between the public employment office, adult education, the social services and integration and labour market coordination in Älmhult. The strength of the method is in the comprehensive approach taken to the labour market entry of new arrivals, and this way of working has made it possible to immediately shorten the path to self-sufficiency for new arrivals.

There is a strong will and a great need among existing actors to continue working in the project with the methods developed and implemented in the Municipality of Älmhult, and to further develop these ways of working. A total of just over 200 newly arrived people took part in the project.

### **Young East, City of Gothenburg**

The *Young East project* has the intention of developing a local platform for collaboration between actors such as the police, schools, social services, the Swedish Public Employment Service, rescue services, and local landlords and associations in order to be more effective in picking up young people in the risk zone for criminal activity, violent extremism and negative gang

formation. Criminal activity among young people in East Gothenburg, especially in Bergsjön, is a growing problem. The municipality and its partners in the local area do not have the tools and methods to be able to work with preventive measures and thereby pick up young people in the risk zone at an earlier stage.

In the period 2016-2019 the project will use transnational benchmarking to bring home new tools and methods so as to test and develop tools for change and methods that motivate young people to break with a negative lifestyle and/or behaviour. The project is staffed by team of six youth community workers who work with the young people on the basis of an approach that combines treatment measures with employment measures.

By supporting the establishment of the young people in society the project is expected to reduce the problem of criminal activity among young people in East Gothenburg in the long term. The preventive approach of the project is also expected to contribute to lower costs for purchases of care, accommodation and support; but the project is primarily intended to give young people in that part of the city support on their path to self-sufficiency and a meaningful life.

### **2.2.2 Climate change and sustainable energy supply**

#### **Fossil fuel-free municipalities in south and north Skåne**

The participating municipalities have signed the appeal for a 100% fossil fuel-free Skåne in 2020 and the project is intended to make good progress towards that target. The participants in the project are five municipalities in south Skåne, along with five municipalities in a sister project in north Skåne, under the leadership of the Association of Municipalities in Skåne and the Skåne County Administrative Board.

The project is cofinanced by the European Regional Development Fund and the Climate Partnership in Skåne.

The projects are intended to enable the participating municipalities to achieve the following by the end of 2018:

- 100% fossil fuel-free electricity use;
- at least 90 per cent fossil fuel-free use of energy for heating; and

- at least 50 per cent fossil fuel-free use of energy for own travel and transportation.

The project uses gender equality aspects as a platform for communication around sustainable energy and for the development towards sustainable business travel. Through measures including reviewing their fleet of vehicles, business travel, contracts with external property owners and what electricity and heating agreements they have, the municipalities have achieved fantastic results that are going to be published in spring 2019.

### **CITyFiED, Municipality of Lund**

The development of existing housing areas is of crucial importance on the path to the sustainable city. The *CITyFiED project* has developed methods for transforming existing European housing areas with high energy needs into the smart cities of the future.

CITyFiED is being run in cooperation between the Municipality of Lund, Lunds kommuns Fastighetsbolag AB (LKF), Kraftringen and the Swedish Environmental Research Institute. The project has focused on upgrading two city blocks, called Eddan and Havamal, in the 1970s area of Linero in order to create more energy-efficient and environment-friendly housing with the same energy performance as new build. To keep rents at a low level even after renovation and enable tenants to stay on, all the measures have been given careful consideration so as to have as cost-effective a renovation as possible. The residents have been involved throughout the process, from planning to performance and evaluation, which makes for a good dialogue between landlord and tenants.

A number of technical measures have been taken to create more environment-friendly housing and raise the standard of the flats. The housing has been made more energy-efficient and carbon dioxide emissions from the energy systems have been reduced. Solar cells have been installed, the district heating network has been improved and the electricity network has been upgraded. The objective has been for the buildings to meet the energy requirements for new buildings and for the district heating to be completely fossil free. A total of 379 flats have been made more energy-efficient. District heating in Lund became completely fossil free in 2018.

In addition to the measures in the buildings, new cycleways have been built, the square has been upgraded and the general environment in the area has been improved. In the centre, new premises have been built to enable

services to be set up in the area – all to create a more pleasing and vibrant environment for residents. The project is being financed by Horizon 2020.

### **OptEEmAL, Municipality of Lund**

The *OptEEmAL project* is about producing a modelling tool and decision support for increasing energy efficiency in buildings. The task of the Municipality of Lund is to test and evaluate how the tool works on some of the types of buildings in the municipality. The project is also intended to produce a catalogue of possible energy measures, assessed in terms of finances, environmental benefit and social aspects. It will also be possible to run data for premises and residential buildings together so as to check a larger area and take a comprehensive approach. This makes the tool unique of its kind. It is also intended to work for all climate zones in Europe, from Athens to Kiruna.

The Municipality of Lund is contributing supporting information for the digital decision support along with San Sebastian in Spain and Trento in Italy. The project is being financed by Horizon 2020.

### **Sun in the South [Sol i Syd], Skåne and Blekinge**

The Sun in the South project combines knowledge-promoting activities with mapping of actors to make solar energy available in Skåne and Blekinge. In Skåne and Blekinge, 50 per cent of municipalities have adopted guidelines, policies or rules for building permits relating to solar energy. The majority of the municipalities also offer some form of relaxation or exemption to the effect that actors do not need a building permit for the erection of a solar cell plant in a one- or two-family dwelling covering a certain proportion of the roof surface and following the slope of the roof.

The project has charted solar cell issues in the processing of building permits. This survey of building permit regulations gives the municipalities support in the form of benchmarking and the exchange of knowledge between municipalities in work on guidelines for building permits. In combination with the statistics produced by the project showing the solar cell power installed in each municipality, this provides possibilities of following developments, municipality by municipality, and this can also have the effect of promoting solar cell use.

By providing knowledge support for key industry actors, the project wants to stimulate the number of solar cell investments in Skåne and Blekinge. The project will provide training for companies that want to invest in solar cell

plants. This is so as to increase the companies' expertise as buyers and in contacts with grid companies, to establish a consensus among grid companies, to shed light on critical issues in electricity grids and to examine the readiness to be able to connect a large number of solar cell plants.

The project is also working on producing regional objectives for solar energy in Skåne and Blekinge. The project is cofinanced by the European Regional Development Fund.

### **Arctic Solar, Northern Sverige**

Arctic Solar is a joint project intended to increase the rate of investments in solar electricity among SMEs in northern Sweden. Solar energy is a relatively underdeveloped area in Norrland. Research done by PiteEnergi along with Luleå University of Technology and the Norut research institute in Norway shows that snow and cold increase production efficiency. A solar electricity plant in a cold climate is a profitable and climate-friendly proposition.

Investments in solar electricity are a brand enhancement measure that can be used in marketing to climate-aware consumers, which can then make these companies more profitable.

The Arctic Solar project is working in four areas: knowledge-raising activities; new business opportunities for solar cells; advice to companies wanting to invest in solar electricity; and building up a network of suppliers, installers, researchers, companies and private individuals who are all interested in and/or know about solar energy.

The project is being financed by the European Regional Development Fund, Region Norrbotten, Sparbanken Nord, the Municipality of Piteå, PiteEnergi and Piteå Science Park. The project is cooperating with the SunCold project, whose activities include research on solar electricity in the Nordic climate.

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

In September 2018 the project to upgrade cargo capacity and LNG bunkering on the maritime link between Świnoujście and Ystad was granted funding from the Connecting Europe Facility. The participants in the project are the Municipality of Ystad along with the Port of Ystad and, from Poland, Polferries S.A. and Gaz System.

If ships are to be able to use liquid natural gas (LNG) as a more environment-friendly fuel, major infrastructure solutions are required both

on land and at sea. In the Port of Ystad, investments are being made in infrastructure and terminal facilities until 2021. The project is intended to contribute to a more environment-friendly port and future-proof the continued port operations of the Port of Ystad. This includes the construction of two new ferry berths so as to be able to receive larger ferries. The quay will also have a special area for delivering LNG to ships by fuel truck. To reduce emissions, ships are usually run on electricity when in port, and this requires power points on the quays. As a result of the project, more power points will be built.

The project will make it possible to access LNG on the Świnoujście-Ystad route and will be capable of supplying large parts of the Baltic Sea with LNG as a marine fuel. The aim is to reduce the environmental impact of shipping by reducing emissions of SO<sub>x</sub>, NO<sub>x</sub> and CO<sub>2</sub>.

### **2.2.3 Research and development**

#### **VIRUS, Region Gävleborg**

On 22 June 2016 the world's first electric road for fossil fuel-free HGV/road transport was opened on the E16 outside Sandviken. The VIRUS sub-project has opened a visitors' centre to deal with study visits and other synergies.

Airborne electrical contact lines hang above the right-side lane along two kilometres of the E16 between Hillsta (Kungsgården) and Sandviken. Using them, hybrid trucks connect to a sensor system so as to be able to drive on electricity alone at speeds of up to 90 km per hour – completely without emissions. When the airborne electrical contact line ends, the trucks switch to a battery or a diesel hybrid system.

Most people who come to Region Gävleborg want to visit the unique demonstration section of the road, but most study visits begin at the newly opened visitors' centre in Sandbacka Science Park. Various research, development and project groups gather here to work on questions concerning safety, business models, regulatory frameworks, operation and maintenance, and the development of ancillary services.

The project focuses on Hosting, Innovation, Regional development and Synergies around electric roads for fossil-free heavy logistics, which is also the project's full name. The project is financed by the European Regional Development Fund.

### **SMART-IAT, Region Kronoberg**

The Smart and Innovative Automation in Manufacturing project is going to establish a demonstration environment in Linnaeus University's EPIC machinery facility. The objective is knowledge transfer and experiments to increase the level of innovation in and competitiveness of SMEs in the County of Kronoberg.

The overall objective of the project is to make the companies more competitive and to increase the sustainability of Swedish manufacturing through higher flexible and innovative automation and digitalisation.

More specifically, the intention is to establish a demonstration environment at the highest national and international level in the form of a laboratory and a centre of competence for maximum knowledge transfer. In the Smart-IAT project companies will be able to perform experiments using pioneering technology and have the possibility of designing innovative manufacturing solutions and products and of conducting skill-enhancing activities.

The project targets are:

- construction of the laboratory;
- centre of competence for companies and communication of results;
- demonstration facilities as platforms for experiments;
- more R&D with the project acting as a lever for new projects.

Business in the region is participating in various ways: in reference groups, in experiments and in the demonstration facilities. The demonstration facility projects form the core of the project. By structuring work on research and development, the project enhances the innovative capacity for new solutions and sustainable growth for SMEs in a future characterised by accelerating technology development and global competition. The project is financed by the European Regional Development Fund.

### 3. Contributions from civil society organisations

#### 3.1 European Youth Parliament

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 Swedens' 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 in upper secondary schools, and improves language skills – particularly 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 out in upper secondary school curricula.

The foundation of our activities is that they are entirely run by young people. Being a member of our organisation opens up opportunities for arranging and project-managing conferences or other events, being part of a regional 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.

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 – mainly linked to teaching in social sciences. 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, builds on 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 Council's remit is to allocate and monitor the central government grant to study associations and folk high schools. We have also been tasked with evaluating whether the central government appropriation for liberal adult education has been met. The National Council of Adult Education has three members that together represent Swedish liberal adult education. These members 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; 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 are a total of 156 folk high schools and 10 study associations. Non-formal and liberal adult education engages large parts of the adult population every year. In all, more than 1.3 million people participated in long courses offered by folk high schools, study circles offered by study associations and other non-formal adult education activities in 2018.

#### **The contribution of non-formal and liberal adult education to the Europe 2020 strategy**

##### **Paths to studies and jobs**

Non-formal and liberal adult education does important work to raise the level of education and close education gaps in society. The study associations and folk high schools provide society with hundreds of thousands of study and educational opportunities each year. One of the main strengths of folk high school is their empowering and study-motivating work. Folk high schools give participants a thirst to learn more and the courage and capacity for further study. A growing proportion of participants in folk high school courses have a short educational background, limited knowledge of Swedish or a disability. In recent years study-motivating courses and introduction courses for new arrivals have provided paths to further studies for the people most remote from studies and jobs. Study-motivating folk high school courses are a successful example. Study-motivating folk high school courses (3 months) are aimed at jobseekers who lack leaving certificates from compulsory school or upper secondary school. Around 40 per cent of participants in the study-motivating courses of folk high schools progress to further studies at the folk high school. This means that the study-motivating

courses succeed in motivating and creating onward paths for the people most remote from education and the labour market. Moreover, 66 per cent of participants are born abroad. In 2017 more than 5 455 folk high school participants applied to higher education and 3 250 were admitted.

Many participants talk about being seen and heard at folk high school and, combined with a positive study environment, this bolsters participants' self-confidence and belief in their own ability to study and succeed.

Overall, adult education does important work that is very close 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.

### **Adult education for a 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. Here, adult education has an important part to play.

The extensive activity under way each day of the year and the hundreds of thousands of people brought together in discussions provide study associations and folk high schools with unique conditions to help bolster, stabilise and develop democracy.

For many participants in this type of education, learning often occurs alongside people who they know or with whom they have shared experiences or interests. In such contexts, non-formal and liberal adult education works cohesively – it strengthens participants' identity, and therefore also their self-esteem. Cohesion in the study circle or course serves as support, empowering participants to open up towards society. New contacts are made between strangers and contribute to social capital and trust.

Looking at the EU level, it is clear that recent years have featured rapidly growing social and political tensions in many EU Member States. This has led to xenophobic and non-democratic movements gaining a foothold. At

the same time, people are increasingly turning to EU countries to seek protection from wars and conflicts in other parts of the world. 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 and liberal adult education have an important part to play both in terms of education and the labour market, and in spreading humanitarian and democratic attitudes. It is therefore crucial that funding for the sector is long-term and at a sufficient level to attain the objectives for life-long learning and education present in European collaboration and expressed in the Europe 2020 strategy.

### **3.3 Swedish Disability Rights Federation**

The Swedish Disability Rights Federation is an organisation for cooperation between 41 national disability organisations with about 400 000 individual members. Our work is founded on human rights when we advocate the disability rights of our members – the right to function in all parts of society on equal terms. Sweden must be a society for all its people.

#### **Our contribution to Europe 2020**

We identify obstacles and contribute to proposals concerning the 2030 Agenda and Europe 2020 that concern the rights of people with disabilities in areas including health, education, work and livelihood, and inclusive planning. There are still great differences between people with disabilities and the rest of the population when it comes to employment and education. There is a negative trend regarding a greater risk of poverty. The situation is serious, as a whole, and in combination with increased ill health, especially mental ill health among children and young people that is increasing strongly and the housing shortage for people with disabilities that leads to restrictions of rights.

#### **Projects and activities that contribute to Europe 2020**

- The initiative of the European Social Fund for inclusive work and the project on universal workplace design.
- Knowledge, research and development of ways of working for universal design of education, work and housing through the *Right from the start* project with support from the Swedish Inheritance Fund.

- Report to the UN with proposed recommendations for implementation of the Disability Rights Convention <sup>17</sup> is continuing in 2019, and builds on input for a list of questions.
- Contribution to the UN high-level forum 2019 on national implementation of goals 4, 8, 10, 13, 16 and 17 of the 2030 Agenda.
- Contribution to standardisation for procurement, digitalisation, learning and design for all (EU mandates 376, 420 and 473) and management systems for the 2030 Agenda at local level.

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

Better governance, monitoring and coordination for more effective results of work on implementation of Europe 2020 linked to the 2030 Agenda and realisation of human rights.

- Coordinate work on developing indicators for the 2030 Agenda and human rights taking account of recommendations from the UN and equality across the country.
- Integrate processes for universal design in plans and monitoring for points 4.1–4.4 of the national reform programme.
- Ensure access to the built environment, public transport, education and work. Steering of public funds, including purchasing and procurement, to go to inclusion. (4.1 and 4.3)
- Develop knowledge about universal design in learning with differences as the norm. Ensure support for pupils based on needs (4.2)
- Invest in research, innovation and development with universal design as a horizontal principle (4.4)
- Ensure that the Regional Fund integrates accessibility through universal design as a horizontal principle and evaluates the results (point 5).

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<sup>17</sup>The Disability Rights Convention stands for the UN Convention on the Rights of Persons with Disabilities (CPRD).

### 3.4 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 has 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 and school education in mathematics and natural science. 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 action

### 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*, which supplies schools with educational material. We also award a much appreciated prize, the *Ingvar Lindqvist Memorial Teacher Prize of the Beijer Foundation* 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 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 future of Sweden and Europe 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. The risk of this happening may increase if/when the UK leaves the EU. Parliament and the Government should therefore cooperate with independent organisations to retain and develop the requirement of excellence in European research.

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.

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.

### 3.5 Swedish Women's Lobby

The Swedish Women's Lobby is a politically independent umbrella organisation for women's organisations in Sweden, with 47 member organisations. We work for women's human rights in a gender equal society and work for the integration of a women's and gender equality perspective in all political, social and economic contexts. All our activities are founded on the UN Convention of the Elimination of All forms of Discrimination Against Women (CEDAW), the Beijing Platform for Action and the activities of the EU regarding women's rights and gender equality.

#### **Focus on the employment target in Europe 2020**

The Swedish Women's Lobby is working to promote gender equality, which includes gender-equal introduction of new arrivals and also a higher employment rate among groups with a weak attachment to the labour market.

We view positively the fact that the employment rate in the 20–64 age group has now reached 80.4 per cent among women and 84.8 per cent among men, but the employment rate is lower for people born abroad. According to the Swedish National Audit Office's report, in 2015 the employment rate for women born abroad was just over 8 percentage points lower than that for women born in Sweden. This has a negative impact on women's financial independence. Focusing on the employment target, the Swedish Women's Lobby demands an increase in labour market measures for newly arrived and foreign-born women in order to promote gender-equal introduction of newly arrived and foreign-born men and women.

We also see a need for targeted labour market measures for women subject to honour-related oppression and control. According to a survey carried out on behalf of the City of Malmö, the City of Gothenburg and the City of Stockholm, one in ten Year Nine pupils in Stockholm and one in five in Malmö are living in an honour context.<sup>18</sup> The main practitioners of honour-related violence against young people are fathers or adult men, after that come brothers or other young men and then mothers or other women in their families. According to the survey, young people are less likely to be

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<sup>18</sup> Baianstovu & Strid (2018) *Det hedersrelaterade våldets och förtryckets uttryck och samhällets utmaningar [Expressions of honour-related violence and oppression and challenges for society]*.

subjected to honour-related violence and oppression in families where the mother is in work.

### **Increase in labour market measures for newly arrived and foreign-born women**

In 2017 the Swedish Women's Lobby examined the Government's introduction initiatives in the central government budget for 2017. We examine the central government budget each year in order to examine whether the Government is complying with its undertakings regarding gender mainstreaming. Our examination in 2017 resulted in the report *Fast tracks and side tracks*.

That report brought out how newly arrived women get less, poorer and later support than men since the action and measures were largely designed on the basis of men. Subsidised employment is among the most expensive, but also most effective, measures for increasing the employment rate among new arrivals. Here, the difference between women and men turned out to be great. More is spent on shortage occupations in industries dominated by men, at the same time as nothing was done in industries dominated by women despite labour shortages. In combination with the fact that women take more parental leave, this leads to women often becoming very detached from the labour market. When introduction initiatives do not reach women, the differences between women and men increase, as does gender inequality in the group, and this can be crucial for the economic independence of newly arrived women.

In the light of this set of problems, the Swedish Women's Lobby has formulated five concrete measures for gender-equal introduction of new arrivals and people born abroad:

1. Earmark at least 40 per cent of places for women in subsidised employment, extra jobs and relief works jobs, and work experience placements (corresponds to the distribution among participants in introduction programmes as a whole).
2. Offer employers a higher subsidy when they employ a newly arrived woman (in, for example, new start jobs and step-in jobs).
3. Increase spending on vocational and labour market training, fast tracks and subsidised employment in industries dominated by women, especially occupations with lower educational requirements and qualifications.

4. Make tougher demands on the Swedish Public Employment Service to ensure that women take up support and measures. Increase the supervision of external actors and procured services.
5. Ensure access to child care and shorter queue times, temporary child-minding in connection with accommodation centres, municipalities and government agencies.

### **Individualise parental insurance**

Sweden's parental insurance has increased women's participation in the labour market to some extent. Yet, despite this, only one couple in five shares parental insurance equally according to The Swedish Social Insurance Agency's report *Finances of households with children* from 2018. This has a negative impact on the position of women in the labour market. According to the report, women take most days of parental benefit, especially during the first two years. Men take parental benefit for a higher proportion of their leave days than do women, and this has long-term financial consequences for women's pensions, for instance. Temporary parental benefit is being shared more equally, but it is still the case that only around a quarter share take-up of this benefit equally.

According to the above-mentioned report, take-up is even less gender-equal among foreign-born families. In combination with the fact that newly arrived women receive less, poorer and later support than men to enter the labour market, this contributes to a difference in employment rate between women and men.

To give fathers a greater incentive to take more responsibility for unpaid work in the home and for child care, the Swedish Women's Lobby advocates a parental benefit model in which each parent receives 230 of the total of 460 days and in which all parts of the insurance are individualised. Moreover, temporary parental benefit should be reserved and parents should be able to reduce their working hours by 12.5 per cent each instead of by 25 per cent jointly.

### **Gender-disaggregated statistics**

Finally, the Swedish Women's Lobby welcomes the collection and reporting of gender-disaggregated statistics. Gender-disaggregated statistics make the differences between women and men visible and enable the development of concrete methods to promote gender equality.

### 3.6 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. To achieve this objective, we work to bring about discussions in new forms between the public and researchers and to increase cooperation between researchers, the public and various societal actors. We also develop new knowledge through opinion polls and studies. The association was formed in 2002 and now has some 90 [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).

#### VA and Europe 2020

VA's operations are linked to many of the Europe 2020 strategy's headline targets, such as the *social inclusion* target and the *education* target. The *research and development target* is the one most in focus. We provide examples below of activities conducted by VA that we see as contributing to attaining the targets. At a general level, we also contribute to the targets by currently being a partner in six EU projects financed by Horizon 2020. In all, we cooperate with 48 organisations in 17 countries through these projects.

#### Researchers' Friday – part of European Researchers' Night

Since 2006 VA has coordinated a science festival on the last weekend in September called [Researchers' Friday \[ForskarFredag\]](#). At some 30 places around Sweden, from Luleå in the north to Lund in the south, meetings are held between researchers and the public, focusing on children and young people. Researchers' Friday creates meeting places to show how enjoyable, exciting and in touch with everyday life research can be and what working as a researcher is like. Visitors and researchers meet in experiments, workshops, try out-activities, science shows, competitions, conversations, exhibitions, science cafés and many other settings. Researchers' Friday is intended to stimulate interest in higher education, research and innovation among young people and to show what science is, how research is done and what it is like to work as a researcher. It is also a way of demonstrating the importance of research and innovation in everyday life and for society, even in places that do not have a higher education institution and for people without an academic background.

## **Citizen Science**

Since 2019 VA has been arranging a [mass experiment](#) each year as part of the Researchers' Friday science festival. The mass experiment is an example of Citizen Science, in which school classes throughout Sweden and the general public are invited to cooperate with researchers. The 2018 mass experiment, [the Ladybird experiment](#), was conducted in cooperation with researchers at the Swedish Museum of Natural History, Savantic AB (an IT-company) <https://savanticab.com/> and the Entomological Association in Stockholm. It was about artificial intelligence, biological diversity, sustainable development and ladybirds. In the experiment some 8 000 school pupils and other interested people helped researchers to train an app to be able to recognise Sweden's 69 species of ladybird.

The mass experiments give pupils and the public the opportunity to take part in real research. They get an introduction to scientific method and an insight into researchers' working methods, which stimulates interest in research. The experiments help researchers to gather large quantities of data, while having a dialogue with participants, and give teachers access to research-based material and methods to integrate into their teaching.

VA is also involved in the development of a [national online portal](#) intended to serve as a resource and hub for citizen research with advice and guidelines for researchers, as well as a compilation of current projects. 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 to design a similar platform for the whole of Europe, [EU-Citizen.Science](#).

## **The VA barometer**

Since 2002 VA has been conducting an annual opinion poll among the general public in Sweden on their view of and confidence in researchers and science. The [VA-barometer](#) is unique in Sweden and provides valuable data about how the general public views research. In 2018, 84 per cent stated that they had great or very great confidence in researchers at universities and other higher education institutions in Sweden. In addition, 78 per cent thought that science had made life better for ordinary people. As regards the relationship between research and politics, 43 per cent consider that science has *too little* influence on politics. 35 per cent consider that politics has *too much* influence on science. Almost three quarters think that it is important to involve the public in research. A third could envisage making an active

contribution of their own by, for instance, collecting data or donating material.

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

Last year VA coordinated a campaign called [#Hurvetdudet? \[How do you know that\]](#) as a continuation of the Swedish part of the global manifestation [March for Science](#). The purpose was to give scientific knowledge more space in the public debate and to get politicians and decision-makers to show more clearly what the basis is for their proposals and standpoints. This can then also lead to more knowledge among politicians and the public about what science is, how research is done, how various research findings can be assessed, and why research-based knowledge is needed as supporting information for decision-making and for a positive development of society. The initiative was supported by some [80 organisations](#), including trade unions, research financiers, voluntary associations, businesses, government agencies, universities and other higher education institutions.

### **National networks and courses**

In 2014–2018 VA coordinated a [national advocacy platform](#) for the *Science with and for Society, SwafS* programme in Horizon 2020. To continue strengthening Swedish actors so that they are successful in this programme, VA is organising courses this year and next year in the six SwafS aspects of *Ethics, Gender Equality, Open Science, Public Engagement, RRI – Responsible Research and Innovation* and *Science Education* in cooperation with Sweden's higher education institutions.

### **Orion**

[ORION](#) is an EU project to promote the RRI approach (where RRI stands for Responsible Research and Innovation) in research work and organisations funding research. VA is responsible for the project's communication and an opinion poll and for carrying out a “co-creation”-experiment.

### **SciShops**

[SciShops](#) is an EU project to foster the development of science shops, where higher education institutions offer the community assistance with investigations and research. VA is involved both in studies and workshops and in communication work.

**Bloom**

VA is a partner in the EU project called [Bloom](#), whose objective is to increase interest and knowledge among the public about bioeconomy. Through dialogue and co-creation the project aims to build up and strengthen regional networks in order to develop a common understanding of and engagement in the potential of bioeconomy and to inspire young people to future career paths and demonstrate the importance of research for a sustainable future.

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