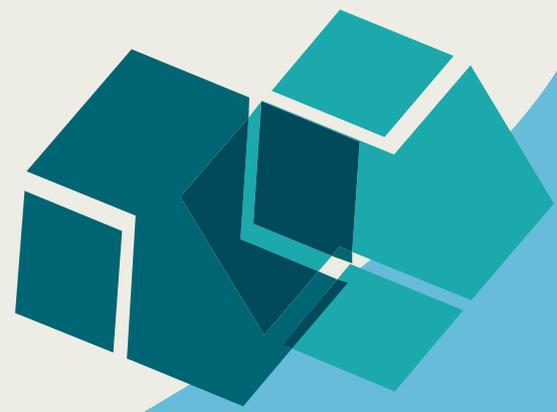


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Cohesion Policy Lessons From Earlier EU/EC Enlargements. Sweden Case Study Report

Kaisa Granqvist*

*European Policies Research Centre, University of Strathclyde

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Kaisa Granqvist, kaisa.granqvist@strath.ac.uk
European Policies Research Centre, University of Strathclyde
www.eprc.strath.ac.uk

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1 Introduction

Structural Funds have an important role in Sweden, despite its moderate amounts of funding and traditionally strong national regional policy. Given the country's territorial asymmetries, the Structural Funds offer an important financial input to support less developed and sparsely populated areas.

In Sweden, the implementation of domestic regional policies and Cohesion policy are separate. However, over the 2007-2013 period, efforts have been made to better integrate objectives and measures in each policy area. The domestic regional policy is implemented at county level, whereas Cohesion policy programmes cover larger areas. There have been discussions about Swedish regional governance since the 1990s and Structural Funds implementation problems have partly reflected these discussions.

Balancing regional disparities has been an important objective in Structural Funds programmes, with funding favouring less developed and sparsely populated areas. The focus has shifted from strong employment and knowledge support towards support for innovation and maximising regional growth potential. Indeed, in Sweden, there are growth possibilities outside of the larger city regions. Yet, employment, knowledge and networking measures have remained in the core of policy.

2 Economic Development In Sweden

2.1 Macroeconomic Development

After the severe recession prior to Sweden's EU accession, national productivity increased relatively rapidly. Many indicators improved so much that they exceeded EU averages in many cases.

In 1995-1999, annual GDP growth in Sweden exceeded the EU25 average by 0.5 percent, although growth was somewhat slower than it was in other Nordic countries (e.g. Hanell 2002). The public sector balance was transformed from a large deficit in 1995 to surplus in 1999 (Applica *et al.* 2008).

Also in 2000-2006, Swedish GDP grew 0.5 percent faster than the EU25 average, although 2000-2001 was an exception due to the 'dot com' crisis, which hit Sweden hard. The balance of trade increased in surplus over the period and net exports contributed significantly to growth (Applica-Ismeri-wiiw 2008). Although GDP per capita remained above - and unemployment remained below - the EU average, disposable household income per capita stayed slightly below EU average over the whole programme period (Eurostat 2012). The public sector surplus increased slightly over the programme period and public sector consolidated debt was reduced considerably, from under 60 percent of GDP at the start of the programming period to 46 percent by the end (and to just 38 percent of GDP by 2008) (Applica *et al.* 2008).

In 2009, the economic crisis led to a decline of 5.1 percent in GDP and a rise in unemployment from 6.2 percent to 8.4 percent (Nilsson 2010). In 2009, real GDP suffered the eighth largest drop among OECD countries (OECD 2010). However, economic growth has since been positive. In January 2013, the unemployment rate was at 8.4 percent and

employment rate at 64.1 percent, with the former at the same level as it had been at the corresponding time in the previous year and subsequently increasing by 0.4 percent (Statistics Sweden 2013). Despite the economic crisis, Swedish public finances have remained strong (Nilsson 2010).

Traditionally, the Swedish economy has relied on manufacturing and natural resources; primarily the timber and mining industries (e.g. Foss 2000). Since the late 1980s, many Swedish regions have undergone a transformation from having strong manufacturing industries to becoming dominated by knowledge-intensive services (Lindqvist *et al.* 2010; Nilsson 2012). Nevertheless, manufacturing still represents an important source of competitiveness, accounting for almost 20 percent of value added (OECD 2010).

2.2 Structural Economic Regional Development

There are strong territorial asymmetries in Sweden. The country's geography and climate have over time led to an uneven distribution of cities and population, with a concentration in southern Sweden and the northern coastline. Around half of the population situated in the three largest metropolitan areas; Stockholm, Skåne and Västra Götaland, in which more than 50 percent of national income is generated (Tillväxtanalys 2011). Even amongst these three cities, Stockholm has a unique position, with a 50 percent higher GDP growth rate than the rest of the Sweden (Nilsson 2010). Despite the economic and population concentration over the last years, Sweden's regional inequalities remain relatively low compared to other European Countries (OECD 2010) (Table 1).

Table 1. Sub National Economic Development

County/Year	2008	2008	2008	2012	2010	2010
Stockholm	137	220	115	22	77.4	6.8
Uppsala	86	220	99	4	75.7	6.6
Södermanland	82	205	97	3	75.5	8.7
Östergötland	82	181	95	5	74	7.8
Jönköping	92	204	97	4	80.1	7.1
Kronoberg	96	199	98	2	78.7	7.3
Kalmar	86	187	93	2	77.7	7.4
Gotland	75	176	92	1	78	7.7
Blekinge	83	177	93	2	74.3	8.3
Skåne	87	204	95	13	71.1	8.2
Halland	88	206	103	3	80.5	7.1
Västra Götaland	97	210	98	17	76	7.5
Värmland	82	183	90	3	73.9	8.6
Örebro	87	198	92	3	75.4	8.2
Västmanland	87	182	95	3	75.1	8.3
Dalarna	91	186	93	3	77.2	7.9
Gävleborg	84	178	92	3	75.8	10.2
Västernorrland	93	176	95	3	77.2	9.7
Jämtland	89	172	92	1	78.2	8.7
Västerbotten	87	190	90	3	76.7	8.2
Norrbotten	104	204	95	3	76.8	8.6

Note: 1) Unemployment rate and employment from population 20-64.

Source: http://www.scb.se/Pages/SubjectAreaList_250626.aspx (Accessed 12 June 2013).

Nevertheless, the northern sparsely populated parts of the country and some smaller industrial regions in the south have continued to suffer from structural economic weaknesses and uneven demographic structure. In these areas, youth unemployment and out-migration are higher, the demographic structure is weak and the business structure is less diversified. The regional problem has become more nuanced, as some sparsely populated areas (particularly small regions in the north) saw very positive developments in 2008-2011. Individual vulnerable municipalities can be found in almost every county (Tillväxtverket 2011). New growth opportunities have emerged in some peripheral areas (e.g. Norrbotten, Västerbotten and Dalarna) in which traditional industries, such as mining and forestry, have recovered (Nilsson 2010a; Tillväxtanalys 2011). Therefore possibilities for growth in Sweden are not limited to urban regions (OECD 2010, p.33

3 Structural Funds Programmes in Sweden

3.1 Structural Funds 1995-1999

Following Sweden's accession to the European Union on January 1995, Single Programming documents (SPDs) were approved by the European Commission for regions eligible under Objectives 2, 5b and 6 of the Structural Funds (Table 2).

Table 2. Structural Funds Aid in Sweden, 1995-1999

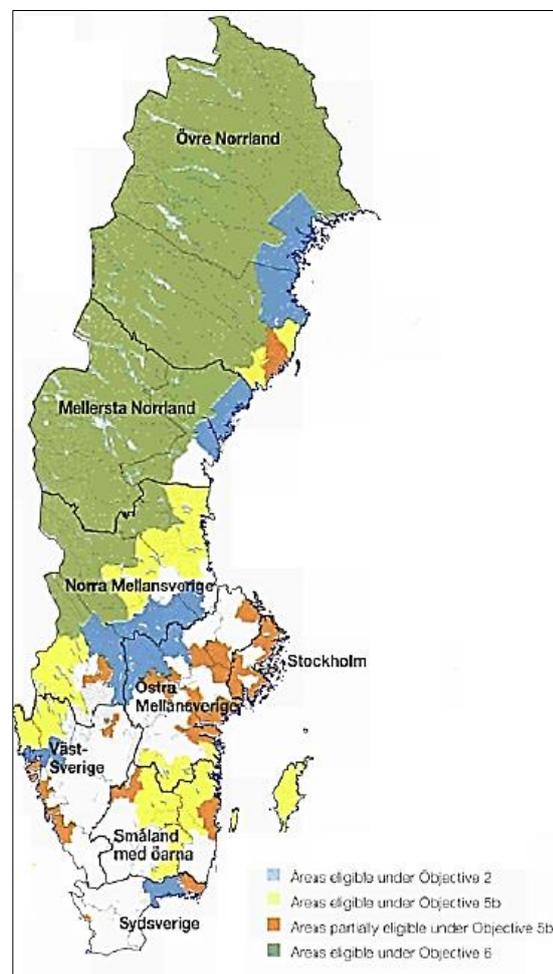
Objective	Funding ECU
Objective 2	160.0 million
Objective 5b	141.015 million
Objective 6	252.0 million
Total	553.015 million

Source: Inforegio (1997)

In this period, the Swedish Objective 2 area covered five regions characterised by the decline in traditional heavy industries and rationalisation in many sectors, resulting in high unemployment and public sector dominance. The aim of the strategy for each region was to modernise and diversify the economy, as a sound basis for job creation in the private sector. The focus

was on improving the entrepreneurial climate and strengthening SME performance in manufacturing and business services, as well as developing IT skills and tourism activities.

The Objective 5b area covered five regions characterised by sparse populations and peripheral locations, high levels of agricultural sector employment and relatively low degrees of socio-economic development. The objective was to develop rural areas through supporting the growth of sectors other than agriculture. As referred to above, the aim of the



strategy for each region was to develop and diversify the economy, to improve the entrepreneurial climate and to strengthen SMEs through various local initiatives, notably by increasing levels of expertise through research and education.

Most funding was allocated to the Objective 6 area, which covered the inland areas of northern Sweden. The area was characterised by its peripheral location and low population density (less than 2 inhabitants/km²), reliance upon a few large companies and high unemployment. The main objective of the programme was to create new jobs, to enable regional inhabitants to continue to live and work in the area. Diversifying the economic base, creating new businesses and increasing competitiveness, preserving the viability of local communities - with an emphasis on the Sami people - and carefully exploiting natural resources were all aimed for.

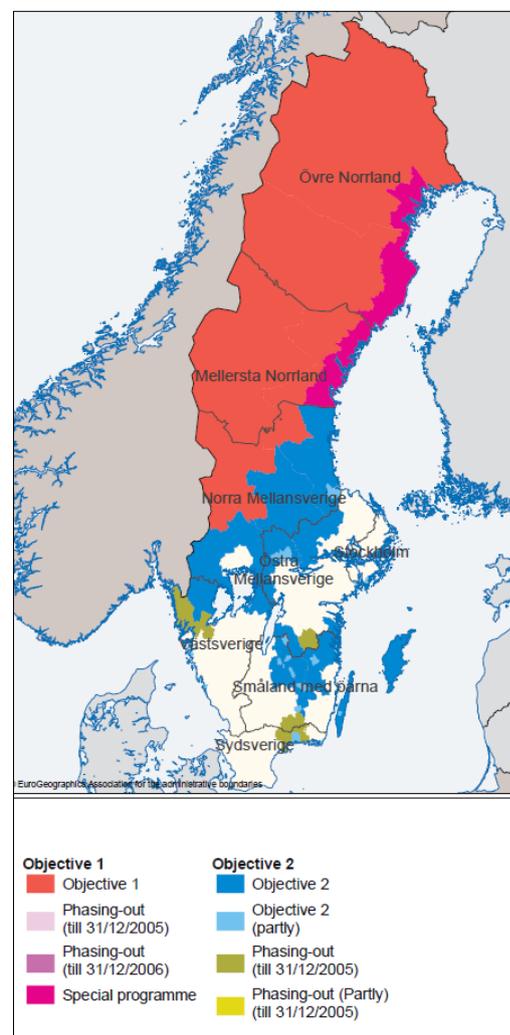
3.2 Structural Funds 2000-2006

In the 2000-2006 period, Sweden benefited from EUR 2.194 billion in aid from European funds. There were six Structural Funds programmes; two programmes under Objective 1 and four others under Objective 2. Almost none of the coastal areas in the north met the specific criteria for Sweden (regions with a very low population density), but benefited from a special programme. Some of the Objective 2 zones had phasing-out status and therefore received decreasing amounts of transitional aid (Table 3).

Table 3. Structural Funds Aid in Sweden, 2000-2006 (EUR Million)

Objective 1	829
Objective 2	448
Objective 3	827,44
Community Initiatives	306.8
Fisheries	68.7
Total	2479.94

Note: In March 2004, the European Commission allocated Sweden an additional amount of almost EUR 84.14 million (total for Objectives 1, 2, 3 and 'Fisheries' programme) in the framework of the performance reserve for the most successful programmes. The table includes this supplement.



The two regional programmes under Objective 1 (*Norra Norrland* and *Södra Skogslänsregionen*) covered the northernmost parts of Sweden. The programmes were aimed to meet the specific challenges of regions characterised by very low population densities, large areas and outlying locations with regard to national and European markets.

The programmes included measures to support commercial and industrial development, infrastructure, skills and employment, rural development and actions in favour of the Sámi.

The four Objective 2 programmes covered the Swedish areas facing structural difficulties; parts of central Sweden (*Norra*), the islands (*Öarna*), the south east (*Södra*) and the south west (*Västra*). The programmes aimed: to improve the economic environment in order to attract investors and to create new SMEs and jobs; to strengthen human resources; to improve the living environment; to promote natural and cultural heritage; to stimulate tourism; and to encourage diversified and sustainable development. In non-Objective 1 regions (in which these interventions were part of the regional programmes) Sweden benefited from Objective 3 measures for education, training and employment, as well as specific support measures for restructuring the fisheries sector.

3.3 Structural Funds 2007-2013

Over the current (2007–2013) programme period, Sweden has been covered by the Regional Competitiveness and Employment and European Territorial Cooperation objectives. Eight regional ERDF programmes and a national ESF programme have been implemented under the Regional Competitiveness and Employment objective. In addition, due to permanent disadvantages of sparse population and remoteness, the northern Swedish regions have benefited from a special allocation for sparsely populated areas of EUR 39 per inhabitant per year from the ERDF, totalling EUR 0.25 billion (Table 4).

Table 4. Structural Funds Aid in Finland, 2007-2013 (EUR Million)

Regional Competitiveness and Employment	
North Sweden	215
North Mid-Sweden	173
Mid North-Sweden	157
Stockholm	33
East Mid-Sweden	72
West Sweden	56
Småland and the Islands	60
Skåne-Blekinge	63
ERDF total	829
ESF	613
Total	1442
European Territorial Cooperation	
ERDF	253

Note: In constant 2004 prices

Over the 2007-2013 period, the National Strategy for Competitiveness, Entrepreneurship and Employment has laid out the framework for both Operational Programmes (OPs) and domestic growth programmes. All eight ERDF OPs have similar priorities, aiming to: support



research, development and innovation; improve ICT infrastructure and services; promote entrepreneurship and support SMEs; improve employability, education and skills; improve transport infrastructure and accessibility; increase participation in the labour market; and protect the environment and sustainable growth (Nilsson 2010, p.9-11).

The Swedish country-wide ESF programme funding focuses on training employees in the skills needed in the labour market, bringing more people into work including those who face difficulties in finding a job, and helping young people into employment. There are two priorities in the Swedish ESF OP; 'Skills supply' and 'Increased labour supply' (European Social Fund 2013).

3.4 Changing Priorities and Focus

The launch of the Cohesion policy in Sweden took place after the recession in the early 1990s. Against this background, in the first programme period 1995-1999, special emphasis was placed on stimulating regional cohesion by creating preconditions for growth in every region and reducing unemployment. Labour market measures and horizontal programmes had an important role in Sweden, with Objective 3, 4 and 5a accounting for a half of Sweden's EU contribution. In order to mitigate regional disparities, the support focused strongly upon sparsely populated areas (Objective 6). In general, both Objective 6 and Objective 2 programmes, which aimed to diversify business structure and preserve the viability of local communities, were considered very ambitious in relation to what was accomplished in earlier similar national programmes (Lindgren and Hjalmarsson 1998).

In compared with the 1994-1999 period, the programmes in the 2000-2006 period placed more emphasis on achieving knowledge-driven development and growth. Nevertheless, the thematic and geographic focus of the programmes was largely the same. The basic aim of Objective 1 was to develop local industry through a knowledge-based growth strategy, so that the growth in the regions covered would become comparable to others in the EU. In Objective 1 regions, the largest share of public funding (39 percent) was directed towards the enterprise environment, with the second and third largest shares going to human resources (21 percent) and territorial policies (14 percent). Correspondingly, the overall aim in Objective 2 regions was to improve the business environment and stimulate knowledge-driven development. In Objective 2 regions, the policy areas receiving the largest share of public funds were the enterprise environment (44 percent), territorial policy (22 percent) and transport and telecommunications (19 percent) (Applica *et al.* 2008). Relatively large investments from both programmes were made in the field of culture and heritage, representing almost 10 percent of the Structural Funds programmes' budget (Tillväxtverket 2012a).

In 2007-2013, a significant effort was made to better integrate domestic regional development policy, labour market policy and European Cohesion policy under one national strategic framework (Regeringskansliet 2007). The Cohesion policy programmes covered (and continue to cover) the whole country. The strong focus on innovation in the 2007-2013 period has shifted attention towards larger towns in the regions, but despite this, the less developed and sparsely populated areas receive significantly more resources. The national strategy has also acknowledged strengthening the ecological and social perspective in regional development (Nilsson 2010).

In the current (2007-2013) period, the regional programmes have placed even more emphasis on innovation and renewal than they did in the 2000-2006 period, with 71 percent of funding allocated to this policy area. The second main priority is accessibility. Each of these priorities are divided into two priority areas. The first is divided into innovation and entrepreneurship; the second into enlargement and the information society. 'Enlargement' in this sense represents initiatives aimed at enlarging the geographical reach of existing local labour markets. Accessibility is a priority in seven of the eight regions, though western Sweden is an exception (Table 5) (Nilsson 2010).

Table 5. Priorities of the Structural Funds Programmes Implemented In Sweden 1995-1999, 2000-2006 and 2007-2013

	1995-1999			2000-2006		2007-2013
	Objective 2	Objective 5b	Objective 6	Objective 1	Objective 2	Objective 1
1	Norra Norrlandskusten: Collaboration between firms	Gotland: Business and tourism	Development of jobs, trade and industry	Norra Norrland: Development of infrastructure	Öarna: Living environment	Mid North-Sweden: Renewal of industry, energy and environment-driven development
	Ångermanlandskusten: Market development	Skärgården Employment and business			Västra: Development of industry and business climate	North Mid-Sweden: Business development
	Bergslagen: Production environment	Västra Sverige; Development of SMEs				Norra: Business development
	Blekinge: Industry development	VGD: Employment and business		Södra Skogslän: Industrial development	Södra: Attractive livingenvironment and development of the economic sector	East Mid-Sweden: Innovative environments
	Fyrstad: SME Investment and company Startups	Sydöstra Sverige: Development of SMEs				Småland and the Islands: Accessibility
2	Norra Norrlandskusten: Inward investment and startups	Gotland; Environment	Promoting knowhow	Norra Norrland: Commercial and industrial development	Öarna: Development of human resources	Mid North-Sweden: Accessibility and attractiveness
	Ångermanlandskusten: Entrepreneurship and innovation	Skärgården; Nature and culture			Västra: Co-operation between industry and educational institutions	North Mid-Sweden: Accessibility
	Bergslagen: Business development	Västra Sverige; Development and diversification of the primary sector				Norra: Knowledge driven development
	Blekinge: Know-how and skills in industry and services	VGD: Human resources		Södra Skogslän: Lifelong learning and	Södra: Development of human	East Mid-Sweden: Entrepreneurship Småland and the Islands: Innovation and entrepreneurship
						Skåne-Blekinge: Accessibility

	Fyrstad: Competence and skills	Sydöstra Sverige: Development of human resources		development of human resources	resources	West Sweden: Cooperation initiatives and innovative environments	
3	Norra Norrlandskusten: Entrepreneurship of women and young people	Gotland: Increased levels of expertise	Agriculture, fisheries and natural resources	Norra Norrland: Development of skills and Employment	Öarna: Economy and infrastructure	Stockholm: Accessibility	
	Ångermanlandskusten: Entrepreneurship and innovation	Skärgården: Overcoming distances through modern infrastructure				East Mid-Sweden: Accessibility	
	Bergslagen: Community development	Västra Sverige; Tourism and culture				Skåne-Blekinge: Special urban measures	
	Blekinge: Economic development infrastructure	VGD: Economic climate Sydöstra Sverige: Development of natural and cultural resources				West Sweden: Sustainable urban development	
4	Norra Norrlandskusten: Collaboration between SMEs & knowledge centres	Gotland: a cultural meeting point in the Baltic Sea	Rural and community development	Norra Norrland: Rural development, fishing and aquaculture			
		Skärgården: Local mobilisation					Södra Skogslän: Development of human environment and infrastructures
	Ångermanlandskusten: Improvement of knowledge infrastructure	Västra Sverige; Communications and local development					
	Blekinge: Tourism development						
5	Norra Norrlandskusten: Human resources development in SMEs		Sami development	Norra norrland: Nature, culture and human environment			
	Ångermanlandskusten: Human resources development						Södra Skogslän: Sami programme
	Blekinge: Information technology						
6	Norra Norrlandskusten: Information technology			Norra norrland: Sami programme			
7	Norra Norrlandskusten: Tourism, culture and environment						

4 Impacts

In the 1994-1999, Sweden carried out evaluations for all Structural Funds programmes. The evaluations focused on assessing the implementation and immediate results (Swedish Institute for Growth Policy Studies 2004). In addition, a study was undertaken in 2004 in order to evaluate the quantitative effects of the geographical programmes on regional development.

Subsequently, in 2000-2006, Sweden carried out a mid-term evaluation for each of its six OPs, plus one joint ex-post evaluation, which built mainly on the outputs of the mid-term evaluations. A meta-evaluation was carried out in 2008 in order to identify reasons for the varying outputs of the regional programmes (Pelli *et al.* 2008).

In 2007-2013, the evaluation strategy changed remarkably. Traditional mid-term evaluations were replaced with extensive ongoing evaluation, because of the need to improve learning processes (Tillväxtverket 2012a). This ongoing evaluation covered each of the eight regional OPs, implementing organisations and the 12 regional venture capital funds - 3 periodic reports and a final report was produced from each. In addition, a series of thematic evaluations were carried out, focusing on clusters, sustainable development, incubators, equality and integration.

4.1 Impact On Cohesion

The reduction of regional disparities has been the overarching goal of the Structural Funds programmes across all three programming periods. In the 1994-1999 period, OPs pursued this target through strategies emphasising employment growth. In the following period, it was pursued through infrastructure investment and knowledge-based development. Finally, in the current (2007-2013) period emphasis has been placed on innovation and renewal.

Although a common understanding is that Structural Funds programmes have contributed to mitigating regional disparities, there is only little reliable evidence supporting this. The main reasons for this lack of reliable evidence are: the difficulties in isolating the impact of the programmes from general economic development (Lindgren & Hjalmarsson 1998); difficulties in assessing the added value of the Structural Funds to the regions in quantitative terms (Applica *et al.* 2008); broad targets and a lack of measurable goals (NUTEK 2004, p.41); persistent flaws in indicator and monitoring systems (Tillväxtverket 2012a); and short time lags between programmes and impact evaluations (Nilsson 2010).

4.1.1 1995-1999

Reducing regional disparities was the main objective of the three geographical programmes; 2, 5b and 6. This target was perceived to be very ambitious in relation to what was previously achieved with domestic programmes (Lindgren & Hjalmarsson 1998). Nevertheless, the programme strategies chosen to achieve the goal were perceived as adequate, albeit rather vague (Eurofutures 1997; Wiberg *et al.* 2002)

Whilst many programme evaluations focused on implementation and immediate outputs, there were also attempts to measure impacts on macroeconomic development. In this regard no (significant) impact was found:

' (...) it is not possible to trace any effects of the EC's geographical programmes on overall regional development. During the period the programmes were studied, the regional differences have tended to intensify rather than be levelled out (Swedish Institute for Growth Policy Studies 2004, p.9).

Quantitative analysis has therefore shown that convergence between municipalities during the 1995-1999 programme period did not definitively occur and that there was no relationship between total investment and trends in 15 selected indicators (covering trade and industry, enterprise development, education and human resource development and external developments) (Swedish Institute for Growth Policy Studies 2004: 9). Lindgren and Hjalmarsson (1998) observe that this finding was, however, not an indicator of success or failure and nor did it preclude that individual projects in individual municipalities may have been successful (*Ibid.* 2004, p.9).

The very limited impact of OPs on general economic development in the Swedish regions can be explained by the scale of programmes. Indeed, the structural problems which developed in the area over previous periods were of such magnitude that OPs could not realistically be expected to solve them (Swedish Institute for Growth Policy Studies 2004, p.11). Yet, in the Objective 6 programme for example, the concentration on the training and mobilisation of the population must be seen as a relevant attempt to empower individuals seeking to gain employment to help themselves through increased possibilities for funding of education and business development as well as bringing spirit of mobilisation. (Wiberg *et al.* 2002, p.42, 68, 70).

4.1.2 2000-2006

In 2000-2006, both Objective 1 and 2 OPs pursued regional cohesion through knowledge-based strategies. In addition, many Objective 1 projects concentrated on local cultural heritage. Given the volume of finance, the cohesion goals of many programmes were very ambitious:

'the region shall have an economy with at least the same growth as other successful regions in Sweden and Europe and that full employment shall be attained in the context of sustainable development and an equal society' (Norra Norrland 2000, p.84-85).

Although the programme resources were not able to reverse general negative economic trends in the regions, the common conclusion was that they were able to contribute to more favourable long term development in the regions (NUTEK 2004):

'Programmes had a real effect on education and the development of competences, which is considered important in improving the conditions for business development, industry renewal and competitiveness. The general interpretation is that this indicates success as regards the potential for changing the economic structure of regions, i.e. from agriculture and low-tech manufacturing to knowledge-intensive services and high-tech manufacturing, which was a common goal of the programmes in both Objective 1 and Objective 2 regions. Such an interpretation, however, is difficult to justify

(Applica *et al.* 2008, p.19).

Moreover, the programmes have stimulated collaboration efforts across counties in the respective regions and as such have increased the potential for further large scale policy initiatives (Applica *et al.* 2008).

4.1.3 2007-2013

Over the current period (2007-2013), the Regional Competitiveness and Employment objective programmes have covered the entire country. The allocation of resources between eight NUTS 2 regions reflects the variation in regional problems across Sweden. The regions traditionally subjected to domestic regional policy measures, primarily in the north of the country, receive significantly more resources than other regions (e.g. Nilsson 2010). Together, these OPs aim to create 33,450 new jobs and 18,200 new businesses. Generally, programmes have progressed well; by the end of June 2012, 32,339 new jobs had been created, corresponding to 97 percent of the employment target, whilst 13,093 new businesses had been established (corresponding to 63 percent of the new business target). Whilst some programmes, such as the OP for Stockholm, have already exceeded targets, other regions such as Mellersta Norrland and Smaland and Oarna are far behind their targets (Samlad lägesrapport per 2012-10-26, 2012).

The strategies and tools in use in Sweden's OPs are seen to be able to ultimately contribute to long term objectives and facilitate structural change in the regions (Tillväxtverket 2012b). Furthermore, the Swedish implementation of the Structural Funds can be said:

'to represent an example of how the cohesion policy can be used to achieve a structural shift towards regional, national and European growth and job creation. The implementation has meant that regional disparities have been reduced by investing in utilising all regions' growth potential. At the same time, the Swedish implementation of the programme has probably led to an increase in intra-regional disparities, as growth, innovation and jobs have been prioritised rather than intra-regional fairness and equalisation' (Tillväxtverket 2012a, p.14).

Although it is too early to estimate the long term impact of programmes (e.g. Nilsson 2010a), they are contributing to a paradigm shift in growth policy and to equalisation in support for regional innovation, growth and job creation. It has been observed that this may be the most significant and long term impact of 2007-2013 (Tillväxtverket 2012a).

This approach is also backed by the experience of Swedish domestic regional policy, which demonstrates that it is most effective in regions in which it supports an ongoing transformation process, whilst the impact is weaker in regions where such autonomous processes do not exist. The situation in sparsely populated areas in Norrland illustrates this; 45 years of national regional policy and 15 years of EU Cohesion policy programmes have not been able to halt rural-urban migration, but on the contrary, regional policy has increased the rate of west Sweden's transition to a knowledge and service based economy (Nilsson 2010a).

4.2 Economic Growth

Impact assessment in Sweden has primarily been based on qualitative analysis of the effects of interventions on business creation and the business climate. One reason for this is the many flaws in the monitoring system and the selected indicators, which do not describe the effects of support.

4.2.1 1995-1999

In the 1995-1999 period, the programmes achieved new business creation and entrepreneurship targets to varying degrees. For example, the Objective 2 Bersslagen programme was expected to achieve its targets, whereas Norrlandskusten and Angelmanskusten were not (Eurofutures 1997a, b, c). The Objective 6 programme helped to create/maintain 25,951 jobs (with the target at 9,500) and 2,696 new businesses, compared to the target of 900 set in the SPD.

The evaluation of Objective 6 programmes suggests that very few businesses were directly created as a result of Objective 6 funding and that it did not help to diversify the business structure. Rather, it could be seen as a 'helping hand', as businesses would most probably have been created without Structural Funds intervention. Even so, entrepreneurs gained some advantage over competitors in other parts of the country, thanks to assistance in using the internet in business (Wiberg *et al.* 2002, p.49).

4.2.2 2000-2006

In 2000-2006, many of Sweden's programmes achieved their employment and firm creation targets (Applica *et al.* 2008). The differences between regions in the 2000-2006 period were significant; each investment of SEK 1 million in projects resulted, on average, in between 0.34 and 7.08 new jobs. The number of new firms created by each investment of SEK 1 million in projects varied between 0.28 and 5.95. Evaluations of this period have not reached consensus on how far such differences reflected actual differences, as opposed to inaccuracies in the information gathering process (Pelli *et al.* 2008).

In this period, new jobs and firms originated primarily from a small set of specific projects relating to the regeneration of businesses and improvement of the business climate (Applica *et al.* 2008). The mid-term evaluations highlighted that infrastructure and strategic projects had the greatest potential to contribute to regional development, to create jobs and to increase the attractiveness of programme areas. Examples of strategic projects are those which target infrastructure, skills development, the creation of an attractive living environment and/or clusters and innovation systems. Infrastructure efforts assessed as having potential long-term impacts are those which aim to develop the means for skills development and training, such as training centres (Nutek 2004, p.34, 81). Furthermore, there is evidence that in certain types of regions, local goods and service centres have greater ability to convert Structural Funds investment into new businesses, new jobs and safeguarded jobs (Swedish Institute for Growth Policy Studies 2004).

However, in this period there were also numerous examples of strategic and infrastructure projects in which impact on growth was questioned. First, there were too many projects which did not directly aim to create new business, but rather aimed to develop the business

environment (e.g. 'one stop shops' and training courses for SMEs, large tourism projects and studies mapping companies' competence needs). Second, many projects focused on building and renovation without a real connection to the actual use of improved facilities (Nutek 2004, p.20, 47, 52, 57). Third, in many projects it was not clear how projects supported truly new ventures rather than existing industries (Nutek 2004, p.40, 63).

4.2.3 2007-2013

By June 2012, 13,093 new businesses had been established, which corresponds to 63 percent of the new business target (Samlad lägesrapport per 2012-10-26, 2012). In contrast with job creation targets, there are some doubts that all programmes will reach their business support targets. Most new businesses have been created through the entrepreneurship priority, whereas support to the innovation environment has resulted in only a few new firms (Nilsson 2010).

It has been found that entrepreneurship initiatives that are part of innovation projects appear to be able to support the emergence of new, fast growing firms. Some such projects have been university-based and have enabled the commercialisation of research results through new business creation as a main objective. Alternatively, some have developed 'platform building' projects, which have an explicit focus on developing the connections between the research community and industry. There have also been very positive experiences from 12 venture capital funds, which have given rise to a number of investments which would otherwise never have been made (Tillväxtverket 2012a).

On the other hand, results have indicated that efforts to increase start-up rates have been focused upon at the expense of efforts to provide support to existing companies possessing the will and potential to grow (Tillväxtverket 2012b). The ongoing evaluation of the eight OPs asserts that the entrepreneurship promotion projects far too often focus on smaller companies and necessity and livelihood enterprises, whilst the objectives of the national strategy are related to aid for innovative entrepreneurship, which promotes new and fast growing companies. In relation to this, projects have been criticised for lacking new ideas which could raise the effectiveness of established activities. Furthermore, there is still a risk of insufficient participation from the private sector; a trait which was strongly criticised in earlier periods (Tillväxtverket 2012a).

4.3 Achievements in RTDI, Knowledge Economy and Networking

Overall, the relative weight given to innovation support has increased, particularly over the course of the 2007-2013 period. The Structural Funds programmes have contributed to strengthening regional innovation capacity in a variety of ways, particularly through knowledge and networking based efforts. The financial weight of Structural Funds intervention is marginal in comparison with national investment. Despite this, they provide a useful complement, focusing on meeting relatively basic regional needs (Åström *et al.* 2006). It has been stated that one of Cohesion policy's largest positive impacts has been strengthening 'innovation logic' in sparsely populated regions, which has also affected central universities and colleges in Sweden (Tillväxtverket 2012, p.36).

4.3.1 1994-1999

In the 1994-1999 period, evaluations did not particularly assess the impact of programmes on RTDI. The ex-post evaluation of the Objective 6 programme was something of an exception, which did state that it (the programme) was successful in enhancing RTDI. IT-orientated projects were seen as some of the most successful, as 'computer maturity' was created through the education which was offered. Nevertheless, it is not certain that increased competence in the IT sector led to any more opportunities to get work or start business (Wiberg 2002, p.52, 57).

4.3.2 2000-2006

In the 2000-2006 period, OPs prioritised initiatives to increase knowledge, research and development with the ambition of maintaining or creating jobs. There was stronger emphasis on increasing knowledge and knowledge friendly environments than there was on direct intervention supporting innovation. The majority of RTDI-related interventions supported knowledge transfer and technology diffusion to enterprises as well as creation of innovation clusters (Åström *et al.* 2006).

These efforts to support RTDI were successful. The results were obvious in terms of general knowledge and technology communication, most easily seen through growing regional universities and university colleges (Åström *et al.* 2006); and also in terms of supporting cooperation between these regional universities and local industry (NUTEK 2004). On the whole, participation from trade and industry increased during the programme period (NUTEK 2006). Nevertheless, Objective 1 and 2 programmes have been criticised for failing to adequately coordinate interventions in innovation and knowledge so as to avoid duplication and overlapping. Furthermore, better cooperation between actors, alignment of policies and a balance between top-down and bottom-up approaches was called for (Åström *et al.* 2006).

4.3.3 2007-2013

In the current (2007-2013) period, the role of the ERDF in supporting innovation has grown substantially in Sweden. Support for interaction between research, business, the public sector and political institutions has an important role in programmes. The underlying view is that innovations are rarely isolated chances, but rather tend to come about when a number of players collaborate. This means that the ability for a region to develop its innovation system depends on how well different players interact with each other (Regeringskansliet 2007).

The programme evaluators largely agree that the most successful initiatives deal with various ways of increasing regional innovation capacity and innovative environments (Tillväxtverket 2012a; Tillväxtverket 2012b). For example, the evaluation of Mid-North programme (2011, p.36-37) states that it has been of immense benefit in terms of injecting energy into the regional innovation system and interfaces created between business, the public sector and academic communities. It seems that the Structural Funds programmes enable knowledge spillover between actors in regional innovation systems. However, it has also been observed that an excessive number of projects have facilitated the transformation

of scientific knowledge and research results into innovations owned by the academic community (Tillväxtverket 2012b). This is a complicated and uncertain process in which project activities all too often consist of more research, publishing in scientific journals and employment of graduate students (Brulin & Svensson 2011, p.190; Tillväxtverket 2012a). Furthermore, a surprisingly large amount of resources have been allocated to 'day-to-day' innovation activities in established companies, considering that the overall objectives of the national strategy are for the programmes to support fast growing companies (Brulin and Svensson 2011, p.191).

The evaluations assert that particular types of projects have greater potential to contribute to innovation (Nilsson 2010b), such as:

- projects created on the basis of existing development processes, strongly focused within regional companies (e.g. North-Mid Sweden, Stockholm);
- concrete and close business related activities, which appear to have a positive impact on firms' ability to innovate (e.g. North-Mid Sweden); and
- large projects which can more easily mobilise regional actors and co-financiers (e.g. East Central Sweden, Stockholm).

Although the importance of supporting innovation has grown, the organisation and the institutional framework have not been adapted to the new situation. For example, the indicators used in Sweden's Structural Funds programmes seem to measure growth rather than innovativeness and there is a time lag between programmes and innovation projects, particularly in terms of funding needs and the measurement of impacts (Nilsson 2010b; Tillväxtverket 2012b, p.93). In general, programmes seem to expect results far too soon from activities which aim to impact upon institutional frameworks, clusters and incubators (Tillväxtverket 2012a).

4.4 Employment and Human Resources

4.4.1 1994-1999

In the 1994-1999 period, employment measures (and the Objective 3 programme in particular) had an important role in Sweden. The Objective 3 programme focused on four target groups: the long-term unemployed (50 percent of all participants); young people between 17 and 24 years old (40 percent); individuals with occupational disabilities (6 percent); and immigrants (4 percent) (Göransson 1999, p.2-6). Types of interventions included, for example, skills development and guidance and advisory services, aiming to support or stimulate new business creation. The programme achieved its targets in terms of numbers of projects and people participating in projects, the latter standing at 158,331. At the end of the programme period, 34,639 of participants (24 percent) had found a work or a training place. Six months after the end of the project, 25 percent of participants were employed, rising to 31 percent a full year after the project. The best results were achieved in projects which aimed to support new business start-ups, with 40 percent of participants employed after the projects (Göransson 1999, p.2-6).

Göransson & Svensson (1998, p.6) found that Objective 3 programmes outperformed traditional labour market support measures, but had poorer results in other areas. Programme results in relation to employment were, however, only indicative and evaluations convey often overly positive impressions of employment effects. For example, it is estimated that the employment impact of the Objective 6 programme in the long term was only a maximum of 15 percent of official figures. The employment effect of the programme was very temporary and projects did not subsequently become self-sustaining. In addition, many Objective 2 programmes found it hard to reach targets regarding completely new jobs created (e.g. Eurofutures 1997b, c).

4.4.2 2000-2006

As in the 1995-1999 period, in 2000-2006 increasing employment was an important objective in Swedish programmes. Most OPs exceeded new job creation targets and their employment impact seemed to be significant - at least in the short term. Programmes also achieved targets set for the number of people enrolled in education and training (Applica *et al.* 2008). According to the evaluation report for the Norra Norrland Objective 1 region, the measures taken meant that people who otherwise would not have had the opportunity were able to participate in education programmes and increase their skills and competences. The programmes were evaluated to be successful in establishing learning centres, which were commonly connected to or situated within local universities, businesses and networks (NUTEK 2004). Indeed, it seems that programmes had a real effect on education and the development of competences, which was considered important to improving the conditions for business development, industry renewal and competitiveness (Applica *et al.* 2008).

4.4.3 2007-2013

Over the 2007-2013 period, programmes have been generally successful in relation to job creation. By the end of June 2012, the number of jobs created stood at 32,339, which corresponds to 97 percent of the programme's job target. It seems very likely that the general target will be exceeded by the end of the programme period. However, there are regional variations.

Programmes have been criticised for not sufficiently considering competence requirements in the implementation of programmes (Tillväxtverket 2012b). For example the largest threshold obstacle for many innovation projects has been a lack of skilled labour, particularly outside the metropolitan regions (Tillväxtverket 2012a). In addition, the programmes' impact on regional growth has often been limited by the lack of businesses in the region that can absorb the results of investments in new fields of knowledge (*Ibid.*).

4.5 Sustainable Development

4.5.1 2000-2006

In 2000-2006, much of the funding allocated towards environment was targeted to projects aiming at encouraging people to use public transport. In addition, there was a general effort to make SMEs more aware of environmental issues and, for example, to encourage them to make greater use of renewable sources of energy. Overall, success in meeting the horizontal

objectives of environmental protection, territorial integration and equality seems to have been limited in this period. Mid-term evaluations emphasised the difficulty of integrating these objectives into a coherent development strategy. Öarna region was an exception in this regard, as the Structural Funds made it possible to finance projects which otherwise would not have been undertaken (Applica *et al.* 2008).

4.5.2 2007-2013

Over the 2007-2013 period, all eight regional programmes have emphasised that implementation must take into account the three dimensions (economic, social and environmental) of sustainable development (Tillväxtverket 2012a). According to Sweden's national strategy (2007), the horizontal criteria must contribute to the environment, equality and integration becoming levers for sustainable growth and competitiveness (Tillväxtverket 2012b). However, despite their strategic importance, the three criteria have only been used to contribute to growth and competitiveness creating processes to a limited extent. OPs have primarily worked towards meeting statutory requirements. This has been largely due to lack of knowledge on the part of those initiating projects on how to use the criteria in growth work (Tillväxtverket 2012a).

The evaluation of the environmental aspects of the eight regional programmes (Tillväxtverket 2010b) found that about a quarter of the total project portfolio can be characterised as environmental projects. The evaluation concluded that the realisation that environmentally sustainable production and development served to enhance competitiveness is beginning to spread. This particularly applies to 'green technology and production' (Tillväxtverket 2012b, p.53).

The evaluation of equality (Tillväxtverket 2010d) conveys scepticism regarding the prospect that current OPs will result in lasting effects. Additionally, equality goals have been seen as overly quantitative in nature, and there has been seen to be a lack of awareness of dynamic effects. This was seen to hamper the development of more creative measures for innovative and long-term equality initiatives which substantially benefit regional development, particularly in regions with negative population growth. There is also an impression that equality work has not been pursued with commitment.

The evaluation of integration issues (Tillväxtverket 2010c) concludes that there is a lack of knowledge about the importance of integration issues to growth and competitiveness. The integration perspective has often been an afterthought, with no connection to the overall objectives of the programmes (or even projects) (Tillväxtverket 2012b).

According to the national strategy (2007, p.27) urban areas have a particular role in achieving sustainable growth. A set of metropolitan initiatives has been implemented, which have promoted local development and integration. Despite the positive developments at urban district level, from a perspective of a whole city, they can hardly be said to have any bearing on the large and difficult issue of increased segregation and socio-economic gaps (Tillväxtverket 2012a).

4.6 Accessibility and Infrastructure

In the 2000-2006 period, especially after mid-term evaluations placed emphasis on the long-term effects of the programmes, the role of infrastructure investments became important (Applica *et al.* 2008). Despite this, the effectiveness of regional policy investments in infrastructure has been questioned, as many built facilities have remained unused (Andersson 2005).

In the current (2007-2013) period, the benefits of infrastructure projects are perceived to be lasting, both in regions with substantial resources and in regions such as Stockholm, in which additions to regular investment budgets are marginal. They have led to more pressing regional initiatives being realised, especially in Northern regions. However, there is a need to develop models able to capture leverage effects of infrastructure projects in order to benefit business; 'IT infrastructure projects cannot be primarily about laying cables, but must also support the use of investment to a greater extent' (Tillväxtverket 2012a; Tillväxtverket 2012b). There is a common view that Structural Funds projects should not be used to fund regular infrastructure projects, but to focus on strategic investment and innovation.

4.7 Community Added Value

The implementation of Structural Funds programmes and the adoption of Community principles has resulted in new institutional structures and practices in Sweden. The influence of the Structural Funds is, therefore, considerably larger than the relative size of their financial contribution (Aalbu *et al.* 1998, p.13).

4.7.1 1994-1999

At the time of Sweden's accession to the EU in 1995, the country had a three-tier regional policy administrative system. At the national level, the Ministry of Industry and Commerce had the responsibility for outlining the national regional policy framework and the national board of Industrial and Technical Development (NUTEK) operated as the main organisation for the implementation of policies. The county administrative board (CAB), as a part of the state administration, was the implementation body at the regional level. EU membership and the planning for the Structural Funds programmes coincided with a major discussion about responsibilities for the implementation of regional policies. The outcome was a new set of administrative bodies, especially established for the implementation of Structural Funds, which led to significantly increased complexity in the field of regional policy (Aalbu *et al.* 1998, p.9).

The Structural Funds were managed by County Decision Groups, established in each of seven counties, deciding on 20 of 29 measures accounting for 60 percent of the EU funding budget. Decisions on measures for IT, tourism and R&D (19 percent of EU funding) were taken by a common 'Regional Decision Group'. Politicians from the municipalities made up the majorities in all decision groups. Coordination with the national system was sought by providing secretarial services for the decision groups from the regional policy departments of the CABs, who were also one of the main providers of co-funding. The implementation system was based on making separate decisions for EU money and national co-funding

money (Aalbu *et al.* 1998, p.9). The financial management, payments and financial control remained under the control of Nutek (van der Wee 1996).

Many of the administrative problems in the first period were related to this new implementation system. Indeed, the complex decision making and payment organisation structure made the whole programme difficult to handle (Wiberg 2002, p.68). The main administrative problems were in relation to financial management and cooperation between the actors. First, the coordination of funding decisions and actual payment was troublesome (Wiberg *et al.* 2002, p.65, 68). Second, Swedish regional policy was formerly dealt with at national level and multi-sector co-operation across levels of government was difficult, particularly when implementation of the SPD brought in new strong local partners. The Monitoring and Management Committees were unsure of their roles and the work in their secretariats were characterised by caution and uncertainty (Aalbu *et al.* 1998, p.9). Furthermore, a consequence of involvement from numerous different actors was that programmes became relatively broad and unfocused (Lindgren & Hjalmarsson 1998).

Structural Funds programmes introduced multiannual programming in Sweden. However, in reality the benefits of multiannual planning were not fully realised in the projects, mainly because they were still greatly dependent on the one-year planning cycles of the co-financiers. Project delivery did benefit, however, through allowing practices to mature and settle in the local arena (Wibert *et al.* 2002, p.58). Multiannual programming was also adopted to domestic regional policy when the Swedish government launched Regional Growth Agreements based on partnerships, growth potential and the bottom-up principle (Foss *et al.* 2000, p.11).

Many of the issues in relation to new programme-based development were due to a lack of experience. Initially, there was confusion over which kind of activities could be financed with EU funding, not least because there were a large number of EU programmes and because they could not grant direct business support (Eurofutures 1997a; Van der Wee 1996). Lack of experience caused problems in project selection and in principle all projects were accepted at the beginning of the period. Many of these projects did not execute programme strategy in the best possible way and in some cases funding went towards conducting 'regular' regional development activities in a project form (i.e. inconsistent with Cohesion policy guidelines) (Wiberg 2002, p.54-55).

The Structural Funds also introduced evaluation and monitoring at a much more advanced level than had previously existed in the Swedish system. In general, it was difficult to monitor the progress of programmes. Indicators were poorly defined and understood and resulted in varying interpretations (e.g. Wiberg 2002). In addition, job creation was often the only result registered and measure-specific indicators were lacking (Aalbu *et al.* 1998, p.10).

4.7.2 2000-2006

As a response to the coordination issues in 1994-1999, there were some changes in the administration of the Structural Funds in the 2000-2006 period. Responsibility for the implementation of Structural Funds was moved to County Administrative Boards (CABs), which were designated the Managing Authorities and Payment Authorities. A specific Structural Funds delegation was established to make decisions over Structural Funds OPs.

This delegation included representatives from the local and county levels. There was also a secretariat in each of the counties of each area in which OPs were delivered, with some of the secretariat located in CABs and some in municipal coordination bodies. These secretariats were also responsible for preparing project applications. Overall, the implementing bodies were assessed to be well suited to manage the programmes and the roles of various actors were clearly defined. Only the roles of Monitoring Committees and the Structural Funds delegation caused confusion, since they covered the same geographical areas but had different tasks. From the project applicants' perspective, there was very little administrative burden compared to the earlier period (NUTEK 2004).

In 2000-2006, there were still some problems related to programming and some signs that OPs focused more upon the implementation side than the end result (i.e. the actual aim of creating regional growth). First, programmes were often considered to be very broad and programme efforts failed to focus on having the best possible long term focus. These strategic efforts also lacked clear demarcation (i.e. having explicit target groups, well-defined objectives, engaging with concerned parties, etc.). Project involvement was also dominated by the public sector. Second, OPs were considered to insufficiently incorporate horizontal objectives such as gender equality, ethnic integration and environmental sustainability. In addition, there were some conflicts between horizontal objectives and other programme objectives (NUTEK 2004). This led to some actions during the programme period. For example, NUTEK established a working group with representatives from each region to arrange workshops and courses for those responsible within the relevant Managing Authorities, to provide guidance on these objectives and how to take account of them (Applica *et al.* 2008).

The monitoring and evaluation of programmes remained problematic in the 2000-2006 period. First, programme indicators remained too numerous and had limited applicability for demonstrating programme results and effects. Furthermore, they were imprecise and were poorly defined. Duplication was another problem, as information was recorded multiple times. In this regard, the systematic follow-up of project results was called for as well as enhanced exchange of experiences (NUTEK 2004).

4.7.3 2007-2013

In the current period, the organisational structure is made up by Tillväxtverket as a Managing Authority, along with eight Structural Funds partnerships tasked with prioritising projects considered eligible by the Managing Authority¹. Each of the eight regions has a Structural Funds partnership, consisting of elected representatives from municipalities and county councils and representatives from labour organisations, county administrative boards, the Swedish Employment Service, amongst others (Tillväxtverket 2010). The Swedish ESF Council oversees the implementation of the European Social Fund programme in Sweden.

An important change between the current period and the 2000-2006 period has been the

¹ Responsibilities set out in regulation of structural funds management (SFS 2007: 14) and partnership (2006/2007:NU15)

formation of Tillväxtverket, which took place at the beginning of 2009. This new government agency took over the majority of NUTEK's responsibilities, with its main task being the promotion of business development in Sweden. Tillväxtverket is governed by the Swedish ministry for Enterprise, Energy and Communication (*Näringsdepartementet*) and in this respect represents the central government level. Tillväxtverket also took on the Managing Authority responsibilities from the CABs. It is divided into eight regional units, each responsible for one of the respective regional programmes. Another important change was the reduction of the number of Monitoring Committees to three in order to better compare the development of regional programmes. The three Monitoring Committees are:

- Övre Norrland and Mellersta Norrland
- Norra Mellansverige, Östra Mellansverige and Stockholm
- Västsverige, Småland and Öarna samt Skåne-Bleking

In 2007-2013, the national strategy for regional competitiveness, entrepreneurship and employment governs the objectives and operating principles for Sweden's Structural Funds and national growth programmes. The aim of the joint document has been to better integrate national regional policy and EU Cohesion policy. The priorities overlap and EU funding helps provide support for regional domestic regional policy. However, Swedish NUTS 2 regions, which form the OP areas, do not correspond to the counties, which are the focus of regional policy. Therefore the OPs of NUTS 2 regions are a compromise between the interests of multiple counties (Nillsson 2010, p.19). Although the discussion about Swedish regional structure continues (Stegmann and McCallion 2008), the relations between stakeholders participating in programme implementation are functional (Sweco Eurofutures 2010).

Programme implementation, in terms of applications, assessment and prioritisation, has been assessed to work well (Sweco Eurofutures 2010). This is despite the problems seen in the project selection system, which mainly concern the definition and use of selection criteria and regional variations in the effectiveness of project selection (Sweco Eurofutures 2010). Indeed, there have been calls for improved efficiency. Programme managers have struggled with extensive detailed control and administration requirements and interpretation of governing regulations. More emphasis needs to be placed on programme implementation based on accumulated experience and knowledge. Problems relate namely to unclear selection criteria - which has reduced the clarity of focus in OPs (Tillväxtverket 2012a) - together with broad strategic focus (Tillväxtverket 2012b). There are examples of similar projects in different programme areas and projects which have little or no sense of cooperation and mutual learning (Sweco Eurofutures 2010). In addition, most projects are public sector led (Sweco Eurofutures 2008), which raises some questions over adherence to the additionality principle in Sweden's Structural Funds OPs (Tillväxtverket 2012a).

The problems with monitoring and indicator systems have also persisted. The core indicators - new jobs created and new firms established - have not been defined in detail. All programme evaluations highlight a lack of reliability and validity in monitoring and results data (Tillväxtverket 2012a). Indeed, the main shortcomings seem to concern the programme objectives (including indicators), the selection criteria and above all the lack of connection

between these two (Sweco Eurofutures 2010).

5 Conclusions

Sweden became an EU Member State in 1995 and has successfully implemented Structural Funds programmes over successive programming periods. Generally, the absorption of the Structural Funds has been good and programmes have achieved their targets in terms of jobs and businesses created and supported, albeit with some regional differences. In line with general European level developments, the focus of programmes has shifted from reducing regional disparities in GDP and unemployment to new policy areas such as knowledge and innovation. Yet, funding has continued to favour disadvantaged areas and employment and knowledge measures have sustained their important role.

Evaluations of Swedish Structural Funds programmes have focused on implementation and the immediate results of programmes. In this regard, there is only little reliable evidence on the real impact of the Structural Funds on long-term economic growth and cohesion. This is not least because of continuous problems with monitoring and a lack of connection between programme objectives and project selection. Despite the lack of quantifiable evidence, there is a common agreement that programmes have had a positive impact on growth and cohesion.

The Structural Funds programmes have marked a cultural shift in regional development practice. Their influence has been considerably larger than their financial contribution, in relative terms. The current administrative system has been assessed as working well, although there are persistent calls for increased efficiency. In this regard, much emphasis has been placed on implementation based on accumulated experience and knowledge.

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