



EUROPEAN COMMISSION

Observations on the Partnership Agreement with Sweden

Introduction

The observations set out below have been made within the framework of the Common Provisions Regulation (CPR) and the fund-specific regulations. The observations take into account the 2014 country-specific recommendations (CSR) http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_sweden_en.pdf together with the supporting analysis http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_sweden_en.pdf and are based on the Commission Services' Position Paper for the use of the European Structural and Investment Funds (ESIF) in 2014-2020.

The observations refer to the Partnership Agreement (PA) submitted by Sweden on 17 April 2014.

The observations are presented following the structure of the PA as set out in the template. The most critical issues for the Commission are noted in part I.

PART I

1. Assessment of Member States' policy objectives

- 1) It can be noted that many of the Commission's informal observations (dated 26 August 2013) and further informal comments have been taken on board while some aspects still need to be addressed. The content of the PA has been considerably strengthened in terms of links with the Europe 2020 objectives and analysis of the main development needs and growth potential.
- 2) In the Commission's view, any potential investments under thematic objective 7 (TO7) should be limited to the two Northern Sparsely Populated Areas (NSPA) Operational Programmes, insofar as the investments help to offset the natural and/or demographic handicaps specific to these regions. Moreover and with respect to the investments in transport infrastructure envisaged by Sweden in relation to the two NSPAs, the Commission does not support drawing on the limited European Regional Development Fund (ERDF) resources in Member States or regions with comparatively good endowment of infrastructure, unless these investments are aimed at addressing specific missing links or bottlenecks related to TEN-T. The Swedish PA does not specify such missing links or bottlenecks that would justify an ERDF contribution to transport infrastructure in the two NSPAs. Moreover, the PA should clearly establish criteria for investments which are in line with the primary objectives of the Investments for growth and jobs' goal (i.e. business enhancement and job creation).
- 3) In the Commission's view, the same approach as in point 2) above should also apply in principle to ERDF investments in broadband infrastructure under thematic objective 2 (TO2), i.e. the ERDF support should be limited to the two NSPA operational

programmes, insofar as the investments help to offset the natural and/or demographic handicaps specific to these regions. Moreover, there should be a clear focus on the primary objectives of the 'Investments in growth and jobs' goal, i.e. business enhancement and job creation. During the dialogue the Swedish authorities have provided an additional analysis of the broadband coverage across the different Swedish regions, which appears convincing as far as it illustrates where the main needs are (i.e. lack of coverage) as well as where there is market failure (i.e. no interest from private sector to invest). Although the PA contains some elements of this analysis and the related justifications, some important main elements included in the additional documentation are missing. The need for support of broadband infrastructure identified in the documentation presented by Sweden should be presented in the PA and clearly reflected in the analysis of the needs in the NSPA ERDF operational programmes together with the guiding principles for selecting operations. (More detailed comments are provided in Part II.)

- 4) Regarding Norra Mellansverige, where Sweden has proposed to invest ERDF resources into the broadband under TO2, this region is not an NSPA. In the Commission's view, the ERDF should not support broadband in more developed regions unless there is a strong justification of the need for the ERDF funding. The Commission may consider investments into broadband under the following conditions: (i) there should be a clear business case justifying the existence of a market failure which explains why private investors are unable or unwilling to provide the necessary ICT infrastructure, irrespective of the technology used; (ii) the purpose of investments into broadband should be to advance the Cohesion Policy objectives; (iii) there is a clear focus on the primary objectives of the 'Investments in growth and jobs' goal, i.e. business enhancement and job creation; (iv) the proposed ERDF investments are in line with the national broadband strategy and the regional development strategy; (v) the need for ERDF should be clearly explained against the use of other sources of finance (e.g. national or regional funding), (vi) the ERDF will be complementing the EAFRD investments based on a solid economic rationale for the area, including needs assessment, coverage and technology proposed. The analysis and justifications provided in the PA should be therefore extended to fully cover the above mentioned conditions (some information is included in the additional documents on broadband provided by the Swedish authorities during the dialogue.) The need for support of broadband infrastructure identified in the documentation presented by Sweden should be presented in the PA and clearly reflected in the analysis of the needs in the ERDF operational programme for Norra Mellansverige together with the guiding principles for selecting operations. (More detailed comments are provided in Part II.)
- 5) As Sweden intends to invest in broadband infrastructure from different ESIF, the guiding principles for such investments as well as the mechanisms for co-ordination should be established in the PA.
- 6) It is not clear from the information provided in the PA whether Sweden has a smart specialisation strategy in place. According to Sweden's self-assessment provided together with the PA, Sweden claims to have national and regional smart specialisation strategies based on the National Innovation Strategy, the Research and Innovation Bill, and regional innovation and development strategies. However, based on the National Innovation Strategy and the Research and Innovation Bill, there is not enough information to qualify the Swedish framework as a strategic research & innovation policy framework for smart specialisation (RIS3). *(See more detailed observations in Part II; comments 24, 26 and 61).*

- 7) Now that the Regulation (EU) No 508/2014 on the European Maritime and Fisheries Fund (EMFF) and the annual breakdown by Member State of the global resources of the EMFF has been adopted, Sweden is requested to provide the relevant information to the Commission no later than 21 July 2014, as provided for by Articles 17(1) and 14(5) of Regulation (EU) No 1303/2013 ("CPR").

1.2 Ex-ante evaluations

- 8) The ex-ante evaluation for the European Social Fund (ESF) Operational Programme from autumn 2013 needs to be updated to cover the necessary points in accordance with the Regulations.
- 9) Section 1.2 of the PA mentions that for ESF, "the ex-ante evaluation was not able to assess fully how the programme relates to other European Union funds and programmes, since the programme that was made available was incomplete in this respect". In the same section 1.2, the consistency of selected thematic objectives and main results with the country-specific recommendations (as specified in the PA template) is not clearly addressed by the ex-ante evaluation. The text should clarify if any recommendations on this issue were provided by the ex-ante evaluators.
- 10) In the section on ERDF the ex-ante evaluator gives a positive assessment of the programming logic but it is not clear whether this assessment takes into account the planned allocation to the different TOs, priority axes and investment priorities. The section should also contain the ex-ante evaluator's assessment of the strategic solidity of the programming vis-à-vis the identified challenges in relation to the expected allocation.

2. Financial allocation proposed by Sweden

- 11) Taking into account the need to optimise the leverage effect of EU funding, Sweden should identify in which priority axes in the ERDF and ESF operational programmes it intends to modulate the co-financing rates in accordance with Article 121 CPR. The Commission recalls that, as set by Article 120 CPR, the co-financing rate is to be determined on a case-by-case basis and the maximum co-financing rates should not always be applied to their full extent.
- 12) All financial tables should be reviewed to check the correctness of the corresponding amounts as there seem to be several errors in the encoded amounts. The overall amount for the Funds in Table 1.4.1 of the PA (SFC version) does not correspond to the amounts available for programming to Sweden in 2014-2020. The sum of the ESF and the ERDF amounts should be EUR 1.719.347.884, while currently it is EUR 1.675.184.787. The ESF corresponding support for the Youth Employment Initiative (YEI) should be included in the table as part of thematic objective 8 (TO8), while the specific allocation for the YEI should not be included in table 1.4.
- 13) In the draft PA (SFC version) the minimum share for the ESF for Sweden seems not to have been respected. The ESF share in SE PA: EUR 730.186.558 (1.4 Union support) or EUR 766.006.388 (1.10). According to the methodology provided in Annex IX of the CPR, the amount of funds allocated to the ESF in 2014-2020 should be at least EUR 730.722.851. The ESF corresponding support for the YEI should be taken into account for the purposes of calculating the ESF minimum share, while the specific allocation for the YEI is not to be taken into consideration.

- 14) The 20% share for thematic objective 9 (TO9) (social oriented measures) will have to be reviewed once the problem of the overall ESF allocation has been sorted out.

3. Cross-cutting policy issues and effective implementation

- 15) While the description of the aim and potential activities of the different ESIF is well developed (section 1.3.1) and comprehensive explanations regarding all the relevant funds within each of the chosen thematic objective are provided, the description addresses each ESIF apart. The PA should also explain how the different ESIF – where relevant – complement one another and where synergies are expected between the funds.

PART II - FURTHER OBSERVATIONS

The below comments follow the structure of the PA and do not reflect an order of importance.

1.1 Arrangements to ensure alignment with the union strategy of smart, sustainable and inclusive growth as well as the fund specific missions pursuant to their Treaty-based objectives, including economic, social and territorial cohesion (Article 15(1)(a) CPR).

- 16) Table 1: Among the EU2020 targets the Digital Agenda targets are missing.
- 17) Any relevant country-specific recommendations to be adopted in the framework of the 2014 European Semester should be taken into account for the final draft of the PA, in accordance with Article 15(1)(a)(i) CPR. In addition, SE should provide a short explanation as to why Sweden has decided not to tackle active and healthy ageing and adaptation of workers with the ESF funding as identified in the CPP.
- 18) It would be useful to see a more thorough review (for example in the form of a table) of how the respective ESIF and programmes relate to specific CSRs.
- 19) CSR 4 identifies low-skilled youth and people with a migrant background as the groups furthest away from the labour market in Sweden, which is also well reflected in the PA where more data analysis narrows down the group to those immigrants that were born outside of Europe. When planning and implementing measures under the ESF but also other ESIF, it seems appropriate to ensure that suitable selection criteria are chosen to reflect the most vulnerable groups, i.e. not young people in general but low-skilled youth and mainly non-EU immigrants, in particular women. The same applies to developing indicators to measure the effectiveness of the actions.
- 20) There are gaps in describing the current situation in certain sub-areas; overall the intervention logic would be much stronger if more precise description of the current situation was provided. For example, only an overall general description of the situation in energy efficiency is included in the PA while one of the priorities is ‘to increase the efficiency of energy use by businesses in rural areas’; therefore, the PA should rather analyse energy efficiency in the main different sectors. As to the development of renewable energy sources (RES), relevant figures should be added, especially linked to development of wind energy generation and, where possible, comprising regional data. Figures linked to current fuel economy would also be useful.
- 21) The PA recognises that changes are needed in the industry linked to the improvement of resource efficiency; however, there should be also an analysis of the initial resource

efficiency state of play. The Swedish authorities are also invited to analyse the situation and potential linked to green jobs, trainings and available skills.

- 22) The 16 Swedish environmental targets are mentioned but without specifying how the ESIF will relate to these targets.

1.2 Ex-ante evaluations

- 23) The ex-ante evaluations have identified several outstanding issues for the ERDF, ESF and EAFRD programmes, such as the setting of appropriate indicators, justification of specific objectives chosen and justification of targets. The PA should shortly describe how these issues have been addressed.

1.3 Selected thematic objectives and for each of the selected thematic objectives a summary of the main results expected for each ESI fund.

Funding priority 1: Strengthen competitive and innovation driven business economy

Thematic Objective 1

- 24) The PA must explicitly state that actions on RD&I supported under thematic objective 1 (TO1) must be exclusively in support of the relevant national or regional smart specialisation strategy (RIS3). As a consequence, RD&I infrastructures to be financed from TO1 must be in support of that strategy.

Thematic Objective 2

- 25) In order for Sweden to be informed at an early stage of negotiations on the Commission's view to support broadband infrastructure under the ERDF operational programmes, the Commission adds the following remarks linked to the three ERDF operational programmes where Sweden is envisaging the investments in broadband infrastructure; the following criteria should therefore be included (aspects not required on the PA level):
- The operational programmes should explain what is intended to be changed – structurally – through the investments in broadband; the intended change should go beyond the improved connectivity and better illustrate the enabling function of ICT. The focus could be, for example, on the increased business activity in a given area (e.g. number of new enterprises, increased turn-over, introduction of new products/ services, access to new markets).
 - Each programme should present the needs in the region related to the growth and jobs' goal. Based on the regional analysis, the projects must be able to show that they address these specific and targeted needs.
 - Each project must show that there is a market failure.
 - Investments from the ERDF should be well co-ordinated with investments from other funds as well as public and/or private funding, to ensure completeness of the connection to broadband.

- Each project must primarily target business development and job creation. Presently, the ERDF operational programmes target businesses, households and public institutions, which is too broad. The primary target must relate directly to growth and jobs. The needs of households or public institutions should not be the main driver for investments (although they may profit from them). This would require that a project documents the link between the investments envisaged in an integrated financing plan and the effects on growth and jobs (business development, job creation).
- Each project must present measurable results related to growth and jobs that Sweden identifies the most appropriate for the implementation of TO2 (e.g. number of businesses connected, number of new businesses created, number of jobs created as a consequence of the integrated investment, number of businesses new to networks as a result of the integrated investment, number of businesses newly launching their products/services on the market through broadband, increased turn-over of the businesses).
- More detailed comments regarding the support from the ERDF will be discussed at the level of the relevant operational programme.

Thematic Objective 3

- 26) There should be clear links to the strategic Research & Innovation policy framework for smart specialisation (RIS3) in the description of thematic objective 3 (TO3) in section 1.3 of the PA.

Funding priority 2: Reinforce sustainable and efficient use of resources for sustainable growth.

Thematic Objective 4

- 27) The description of potential types of investments under the EAFRD is vague and should be more precise.
- 28) The use of financial instruments might be relevant for many of the investments in this area but there is no explicit reference to the form of support envisaged (only a brief reference to risk capital in relation to commercialisation of innovations in the area of energy). Please specify Sweden's plans in this area as to the use of financial instruments.
- 29) The identified measures related to sustainable transport are not based on the analytical part of the PA.
- 30) A reference to the links with the European Strategic Energy Technology Plan (SET Plan), the technology pillar of the EU's energy and climate policy, should be considered in order to identify the relation to the strategic approach of the ESIF in Sweden.
- 31) Member States and regions investing in sustainable transport modes in functional urban areas (in cities or in the context of an agglomeration, urban/peri-urban context) might consider using the framework of thematic objective 4 (TO4). The main purpose and objective of any planned investment has to be directly related to reducing greenhouse gas emissions rather than to improving mobility as such. The planned priority must be directly and clearly linked to, and included in, an existing overarching "low-carbon/climate change strategy" either at the local/city level or in the region in which the investments to be supported will take place.

Thematic objective 6

- 32) It is stated that the EMFF programme will be a "financial instrument". If this is not meant in the sense of Title IV of the CSR, the use of this expression here may cause confusion.

Thematic objective 7

- 33) The PA should include a clear commitment that investments be carried out in full consistency with comprehensive transport plans (with reference to thematic *ex-ante* conditionality 7.1-7.2-7.3) in order to ensure a better interoperable integration between transport modes and a stronger focus towards the Trans-European Networks by 2020 and beyond.
- 34) A description of TO7 should explain which transport modes, and with which specific focus, are planned to be supported. It should also draw on concrete deficiencies of the transport systems. A description of the experience from 2007-2013, including key results and their relevance to the 2014-2020 investments, need to be provided.
- 35) It needs to be clarified in the PA how the relevant transport aspects of the EU Strategy for the Baltic Sea Region will be taken into account. The PA should provide, in particular, information on the types of investments that are planned for improving cross-border/Baltic Sea transport connections, if any.
- 36) As regards Blue Growth, the PA should indicate whether or not the EMFF will support maritime surveillance, in particular the development and implementation of the Common Information Sharing Environment (CISE) initiative.
- 37) The PA states that "*det främst handlar om att underhålla befintlig infrastruktur...*" (p. 28, SFC version). Please revise this statement in order to make it clear that maintenance, which is ineligible, will not be supported.

Funding priority 3: Foster employability, jobs and improve access to labour market

Thematic Objective 8

- 38) YEI needs to be better explained. For example: what are the challenges and how does Sweden intend to tackle them? YEI is about the support to individuals only and does not cover something as broad as employment policies. Please refer to the PA template. The PA should indicate how YEI investments will be sufficiently aligned with the Youth Guarantee Implementation Plan (YGIP) and that appropriate attention will be paid to non-registered "NEETs" (young people not in employment, education or training). The PA should also show how consistency between YEI investments and youth oriented initiatives within the ESF priority axis 2 will be ensured.
- 39) The text should discuss measures for stimulating labour force mobility within Sweden, which is recognised to be an adequate answer to some employment challenges.

Thematic Objective 9

- 40) Since CLLD will be financed from the ERDF and ESF these two funds should be mentioned under TO9 (they appear in the table in section 1.4).

- 41) Although the text regarding the ESF has been improved, it would still need to emphasise more the social orientation of measures under TO9 and differentiate more clearly from the very similar text on the ESF under TO8. It should also be made clearer how actions for youth under investment priorities 8.2 and 9.1 interact with each other and differentiate from each other.
- 42) There is sometimes overlapping and unclear demarcation of measures under TO8, TO9 and TO10 aimed at increasing employability of disadvantaged people at the margins of the job market. The Swedish PA should provide a more thorough identification and prioritisation of the needs for action under each TO, which also shows the actual matching of identified needs (for funding) to specific goals and targets to be achieved.
- 43) The Commission notes that the PA addresses the integration of third-country nationals and that this target group is clearly prioritised. However, the definition of 'people born abroad' and 'newly arrived immigrants' is not fully aligned with the EU policies and *acquis* in this respect. These terms may exclude some of the 'third country nationals' who are long-term unemployed, who have been in Sweden for a long time, and third country nationals born in Sweden who do not have the right to Swedish citizenship but are still facing a very difficult situation on the labour market, discrimination and social exclusion. The Commission asks Sweden to systematically use the reference 'third-country nationals' where possible.
- 44) The education activities referred to in the PA should be accessible for all categories of legally residing third-country nationals.
- 45) The Swedish PA usefully mentions (p. 62) "*Initiatives for entrepreneurship under the programme will also include alternative business models, such as social entrepreneurship and social innovation, and will focus on increasing diversity among entrepreneurs and businesses.*" Here it would be useful to make reference to the general obligation of Member States that the 'ESF shall' promote social innovation (Article 9 of Regulation (EU) No 1304/2013).

Thematic Objective 10

- 46) The intervention areas are not clear. Some are too linked to the last governmental programmes adopted (e.g. the vocational traineeship programme, which we do not know whether it will still be a relevant measure 3-4 years from now). Clearer objectives and broader formulations, not necessarily linked to a given programme, could be better.

1.4 Financial allocation

- 47) Please add EUR 18 million in the Pillar I transfers ('unspent funds', Article 136 of Council Regulation (EC) No 73/2009) to the EAFRD in financial table 1.4.1.
- 48) In Table 1.4, the amounts provided are in EUR million and not in EUR. On the basis of these amounts the yearly allocation is not respected. The differences could be linked to the rounding. For clarity and consistency, all figures in tables should be stated in EUR.
- 49) As regards climate change tracking, this is addressed and automatically calculated in section 1.4.5 in SFC2014. At this stage, this information is also included at the end of Table 1.4; however, the amounts are not consistent. Also, the amounts are still missing for the ESF and the EMFF.

1.4.2 Total indicative amount of EU support for climate change objectives (EUR) (total Union support, including the performance reserve)

- 50) As regards climate change tracking, the methodology used should be in accordance with Commission Implementing Regulation (EU) No 215/2014.

1.5.2 Horizontal principles

- 51) The section on horizontal principles, which covers gender equality and antidiscrimination (disabled), is too general and does not focus on the target groups that are identified elsewhere. This needs to be more specific and linked to the ESIF. (According to the analysis in the PA we would expect specific actions on female migrants in the ESF OP).

1.5.3 Sustainable development

- 52) The section 'Sustainable development' should contain an overview of how the 'polluter pays' principle will be implemented.
- 53) The description in section 1.5.3 should provide information on how the horizontal principle of sustainable development will be integrated. This section should not be a synthesis of what is already in the PA in terms of planned actions under different TOs but state, for example, project selection criteria, including the integration of green public procurement and methods of taking into account sustainable development during programming.

1.6 List of programmes

- 54) The section 1.6 in SFC2014 is not complete. The list should contain all programmes with the exception only of the territorial co-operation programmes. The Commission notes significant discrepancies between the ESF and ERDF amounts in table 1.6 and the ones provided in table 1.4. Please verify the amounts.

2. Arrangements to ensure effective implementation – Article 15(1)(b) of the Regulation (EU) No 1303/2013

2.1 The arrangements, in line with the institutional framework of the Member State that ensure co-ordination between the ESI Funds and other Union and national funding instruments and with the EIB.

- 55) The arrangements to ensure co-ordination between the ESI Funds and the Connecting Europe Facility (CEF) need to be specified.
- 56) In relation to the CEF, the energy strand is not mentioned. This might be of relevance to some of the investments under TO4 and should therefore be added in this section.
- 57) The Internal Security Fund (ISF) should also be included.
- 58) Under the 'Financial Instruments' section it is not clear under which strategic framework the ERDF shall contribute to "Fond-i-fond", for example under which thematic objective(s).
- 59) The synergies and demarcations between ESIF and ERASMUS+ and between the Fund for European Aid to the Most Deprived (FEAD) and the ESF OP should be more clearly

described. Also the interaction between the CLLD OP (ESF and ERDF) and the EAFRD RDP should be more clearly described in the PA.

- 60) The text on the complementarities with the Employment and Social Innovation programme (EaSI), should not re-state the EaSI objectives, but describe explicitly how the ESF will be used to finance the national EURES reform.

2.3 A summary of the assessment of the fulfilment of applicable ex-ante conditionalities in accordance with Article 19 and Annex XI CPR at national level and of the actions to be taken, the responsible bodies, and the timetable for their implementation, where ex-ante conditionalities are not fulfilled.

- 61) As regards **ex-ante conditionality 1.1**, Sweden refers to its national strategy, the research and innovation bill and the regional development strategies as the strategic framework for RIS3. Sweden is requested to provide an additional document explaining the RIS3 which sets priorities in Sweden. This document should contain links to the relevant national and regional documents together with specific references (Articles, page numbers) indicating where the relevant information can be found and an explanation on the relation between the strategies and the documents. In particular, this document needs to include the following elements:

- A SWOT-analysis or similar analysis;
- Information on measures that will stimulate private RTD investments;
- Information on the monitoring mechanisms, including the governance structure (explanation of the "entrepreneurial discovery" process);
- Information on the framework outlining the available budgetary resources for research and innovation at national and regional level.

- 62) As regards **ex-ante conditionality 4.1**, the first criterion is not met. Article 3 of the Directive 2010/31/EU (Energy Performance of Buildings Directive (recast)) sets out the provisions for the adoption of a methodology for calculating the energy performance of buildings. Sweden relies on measured energy for the calculation of energy performance. This approach requires the legislation to define rules on how actual energy consumption measured in actual use is converted into consumed energy associated with a typical use of the building as required by Article 3. The Swedish legislation notified to the Commission transposing Article 3 and Annex I of Directive 2010/31/EU sets out the requirements a building must meet, but no methodology to calculate the energy performance of buildings reflecting this can be identified in these acts and ordinances. Therefore, an action plan is required to ensure the fulfilment of the criterion of the ex-ante conditionality, indicating the actions to be taken, the bodies responsible and a timetable.

- 63) Regarding the three **EAFRD-specific ex-ante conditionalities, 5.2, 6.3, and 6.4**, it should be indicated (e.g. in the last column 'Explanations' of the self-assessment table) that the applicable national legal acts will be revised in 2015 following entry into force of the new baseline requirements under the Common Agricultural Policy (CAP) reform.

- 64) There is no information provided by Sweden separately for **ex-ante conditionality 7.3**.

- 65) Regarding the general ex-ante conditionalities **G1, G2 and G3**, the Commission would like to see more explicit plans for the education and training of the managing authorities.

- 66) Regarding the **general ex-ante conditionality 5**, the information provided by the Swedish authorities demonstrates that Sweden largely fulfils the state aid ex-ante conditionality. However, due to the lack of information, it is not possible to fully assess how the monitoring of the fund manager is organised to ensure compliance with state aid rules, to the extent that state aid is granted in form of financial instruments. Thus, this information should be submitted.
- 67) Regarding the **general ex-ante conditionality 7**, it should come out more clearly from the text under this section how the obligation to collect and store micro-data (both on personal and sensitive characteristics) on individual participants will be ensured, in order for the managing authorities to successfully perform their tasks related to monitoring and evaluation (e.g. draw representative samples on participants and carry out impact evaluations) as specified in Article 125(2)(d) and (e) CPR.

2.4 The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 21 CPR.

- 68) Section 2.4 on the performance framework has been improved, information on the performance framework is now included in the PA in SFC2014, and in the ERDF and ESF OPs. However, the Swedish authorities should review the need for using 'key implementing steps' for EAFRD.

2.5 An assessment of whether there is a need to reinforce of administrative capacity of the authorities involved in the management and control of the programmes and, where appropriate, of the beneficiaries, as well as, where necessary, a summary of the actions to be taken for this purpose.

- 69) The administrative capacity of the managing authorities in Sweden shall allow for the effective implementation of Article 125(4)(c) CPR to put in place risk-based, effective and proportionate fraud prevention measures. In order to reflect this legal obligation, a reference should be made in paragraph 2.5 of the PA to the administrative capacity to implement this obligation and, in particular, to the fraud risk analysis that has to be performed and how the results of the fraud risk analysis will be used in the internal control system of the managing authority.

3.1 The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas (Article 15(2)(a)(i) CPR).

- 70) The following information shall be added in section 3.1.1 :
- main objectives and priorities for CLLD in Sweden;
 - information towards which thematic objectives CLLD could contribute;
 - proposal for derogation from population limits of CLLD areas;
 - information on the arrangements for monitoring and co-ordination of the CLLD activities between the relevant programmes;
 - identification of target territories;
 - information on the arrangements for preparatory support.

- 71) Section 3.1.2 indicates that ITI will be used in one Swedish OP (West Sweden) but without delegation of tasks, contrary to the requirements of Article 7 of Regulation (EU) No 1301/2013. The PA should describe how ITI is going to be implemented in order to ensure the accordance with the Regulation.
- 72) The involvement of urban authorities is unclear. Section 3.1.3 argues for an integrated approach to sustainable urban development and points to some investments areas/actions being more important than others. The section goes on to argue that the regions should have the responsibility to describe and address the territorial challenges linked to urban development. The role of cities is, however, not brought up.
- 73) Functional urban areas in the form of labour market regions with at least 60 000 inhabitants are put forward as a suitable target group for the sustainable urban development investments. It is also indicated that there should be flexibility in the choice of focus areas within these, and also the possibility to include polycentric functional urban areas. This seems reasonable but there is no indication whether all functional urban areas above 60 000 inhabitants will receive funding or if additional criteria will be used.
- 74) It is not fully clear what Sweden plans to achieve under sustainable urban development. A clearer focus of the activities remains necessary as well as a clearer indication of how these are related to the challenges described in section 1.1.4 (the social and environmental effects of continued concentration/urbanisation).
- 75) Segregated areas in major cities are not described. The PA should define and expand the concept of segregated areas in major cities, as these areas have a high concentration of persons included in the target group of measures linked to the labour market, i.e. low-skilled youth and non-EU immigrants (especially women). There may be synergies to increase the knowledge base regarding these communities that could facilitate participation in ESIF-funded measures.

4. Ensuring effective implementation

- 76) Regarding section 4 on ensuring effective implementation, the text is forward looking: the system “will be evaluated before the 2014-20 programming period and the system will be adapted to the requirements of the new rules for the ESF”. The text should outline how the system has been adapted.

Points for information

- a) Following the adoption of the EIT Regulation / EIT Regional Innovation Scheme (RIS) in December 2013, there is a new option to create synergies between Horizon 2020 and the ESIF. To this end, please consider covering the participation in regional activities in EIT KIC's (Knowledge and Innovation Communities of the European Institute of Innovation and Technology).
- b) For reasons of comparability the assessments in the Partnership Agreement (PA) shall preferably make use of the available European statistics. If the necessary data are not available at the EU level, it is recommended to provide, next to the national data source, also links to similar datasets in the European statistics.

- c) In addition, it is crucial that any territorial analysis on sub-national level makes use of harmonised spatial definitions (e.g. NUTS); urban, rural, coastal and metropolitan regions referred to in the analysis shall be delineated according to the harmonised definitions published by the European Commission.