



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 2: Country Report on Achievements of
Cohesion policy**

Sweden

Version: Final

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JENA

**A report to the European Commission
Directorate-General Regional Policy**

Contents

Executive summary	3
1. The socio-economic context	4
2. The regional development policy pursued, the EU contribution to this and policy achievements over the period	6
The regional development policy pursued.....	6
Policy implementation.....	7
Achievements of the programmes so far.....	9
3. Effects of intervention.....	14
4. Evaluations and good practice in evaluation.....	15
5. Further Remarks - New challenges for policy.....	19
References	20
Interviews.....	20
Annex 1 - Tables.....	20

List of abbreviations

- AIR Annual Implementation Report
- EEN Expert Evaluation Network

Executive summary

In Sweden the EU funding for cohesion programmes is looked upon as support for long-term efforts to build more dynamic regional economies. The ambition is that the programmes should be based on a thorough initial analysis, in order to reduce the need to make later shifts in priorities and in the allocation of funding. The fact that the Swedish economy is surprisingly unaffected by the financial crisis has made it possible to fulfil the original plans to support structural change without shifts in priorities. The economic situation, with a balanced budget and low and diminishing public debt, has eliminated the need to use the ERDF to offset national budget constraints.

At the end of 2012 committed resources amounted to 104% of the resources originally budgeted for the programmes. Taking account of the 5% of committed resources that have been returned, the actual commitment rate is 99%. Actual expenditure continued to grow and in 2012 9% higher than 2011. As a result 70% of commitments had been paid out by the end of 2012, an increase from 50% in 2011. Expenditure rates vary between regions, ranging from 53% to 80% reflecting differences in the division between priority areas.

New jobs and new firms are the main outcome indicators in three of the four policy areas. At the end of 2012, the 8 programmes together had surpassed the target of new jobs created. 97% of these were in Enterprise support and RTDI. The target for the creation of new firms has not yet been reached, the actual number of new firm being only 77% of the target, though this represents an increase of 15 percentage points in 2012. The national totals for new jobs and new firms conceal significant regional variations. Two regions have achieved both targets, two only the job target and another two only the firm target, while the remaining two regions have achieved neither.

On-going evaluations are the main element in the evaluation of ERDF financed programmes. This focus is based on a strong belief among Swedish policy-makers that evaluations should be seen primarily as an input into a learning process. The interactive approach used in the on-going evaluations is aimed at creating good conditions for a systematic learning process. The lessons from these evaluations are in many cases said to have resulted in improvements in the management of the projects or in their focus. These improvements are normally made in the process of evaluation and are therefore not presented as recommendations in the final evaluation report. The lessons learned are embodied in the people involved in the programmes and projects.

From the perspective of the learning approach used in Sweden, the main challenge at this stage of the programming period is to systematically review the lessons learned from the evaluations and to initiate a discussion of how they should affect the next programming period in order to avoid the mistakes made in the present period.

1. The socio-economic context

Main points from the previous country report:

- Recovery from the financial crisis has continued.
- Stockholm is a national growth pole.
- Growth rates are slow in the south and north of Sweden.
- Regional disparities and regional policy are neglected issues in public debate.
- Political focus is on unemployment which is seen as a national problem.

Developments since the 2012 report

The economic recovery continued in 2012, although at a significantly slower pace due to slower growth in manufacturing. Growth in GDP was reduced from 2.9% to 1% and employment increased by only 0.7%, compared to 3.1% in 2011, resulting in the unemployment rate increasing to 8%. Public finances were in small deficit (-0.5% of GDP), but public debt is still below 40% of GDP. Regional development patterns in 2012 show a combination of polarisation and convergence. Development was polarised in terms of growth and convergent in terms of unemployment. Most of the employment growth took place in metropolitan regions, while employment declined in the two northern regions. This follows the classic Swedish regional pattern of development with the metropolitan regions in the south acting as growth poles and economic activity declining in the north. However, a new element in development was the convergence of regional unemployment rates with rates falling in the two northern regions and rising in the growing metropolitan regions.

The lag in regional accounts data becoming available means that there are no data on regional GDP growth after 2010. Analysis of regional economic developments in 2012, therefore, has to be based on employment data. These show that employment growth in 2012, as in 2011, was concentrated in two metropolitan regions. Stockholm and West Sweden, with the increase double the national average and, accounting for over 80% of the overall rise in employment. These two regions were also the main growth poles in 2011, though less markedly so.

The regions in the north of Sweden are at the other end of the spectrum. Both Mid Norrland and Upper Norrland experienced falling employment in 2012. The figures are surprising because, as reported in last year's country report, in the first half of 2012 employment in these two regions rose by 4%, which made them the two fastest growing regions in Sweden. One reason for the radical change from the first to the second half of 2012 was an acute crisis in the mining industry as a result of a decline in global demand which as a consequence led to lower prices. Employment was unchanged in both North Central Sweden and Scania and Blekinge, making Scania and Blekinge the region with the highest unemployment rate, 9.4%.

Table 1 - Employment growth in Swedish regions 2012

Region	Employment (Numbers)	Employment growth (Numbers)		Employment growth (%)	
		2011	2012	2011	2012
Stockholm	1,106,000	45,168	14,700	4.3	1.4
East Central Sweden	746,800	18,995	6,700	2.1	0.9
Smaland and the Islands	395,300	7,525	2,100	2.1	0.5
Scania and Blekinge	664,100	9,413	100	1.7	0.02
West Sweden	945,100	26,382	11,300	3.3	1.2
North Central Sweden	389,100	8,850	100	2.7	0.03
Mid Norrland	169,700	2,630	-2,300	1.8	-1.3
Upper Norrland	241,100	5,778	-1,500	2.7	-0.6
Sweden	4,657,200	124,741	31,200	3.1	0.7

The unemployment figures give a rather confusing picture of development, with increasing unemployment rates in regions with growing employment and reduced rates in regions with declining employment. In 2012, the average unemployment rate in Sweden rose from 7.8% to 8%, as a result of the labour supply increasing more than employment. As a consequence five of the regions reported higher unemployment rates in 2012 and three regions lower rates. In Mid Norrland and Upper Norrland reduced employment was combined with unemployment rates that fell by 0.3-0.4 of a percentage point. The picture is similar in North Central Sweden where unchanged employment was combined with a lower unemployment rate.

The pattern of regional development in 2012, with metropolitan regions growing and the north declining, has been common in Sweden since World War Two. A new element was the weak employment growth in South Sweden. In the past few decades, Scania, with Sweden's third largest metropolitan area –Malmö-Lund – and its closeness to Copenhagen, has been one of the fastest growing regions in the country. However in the last years employment growth in Scania-Blekinge has been significant lower than in the other two Swedish metropolitan regions – Stockholm and West Sweden. One reason for this is that the Scania-Blekinge NUTS 2 region is a statistical construct that consists of two different kinds of region –the metropolitan dominated Scania and the stagnating small and rural Blekinge. The lack of employment growth in Scania-Blekinge is due to the fact that employment in Blekinge fell by 1.6%. This is also a well-known regional development pattern. The south east of Sweden – which encompasses part of Scania-Blekinge and the eastern part of Smaland and the Islands - has been a slow growing area for the last 100 years.

The new feature of the regional development pattern is that the only regions in which unemployment fell were those where employment also fell. For the first time in many years, the unemployment rate is now lower in Upper Norrland than in the country as a whole. This has happened, moreover, in a situation of net inward migration into the region. The lower unemployment rate is a consequence of demographic trends reflecting an ageing population. More people are of an age when they retire from the labour force than the number of young persons entering the labour market for the first time, so that the size of the labour force declined by more than the fall in employment.

Regional development and regional policy have not been important issues in the public debate since the 1990s. Sweden has a long history of relatively small regional disparities and the

financial crisis and its aftermath have not changed the situation. It is accordingly no surprise that regional disparities and regional policy are neglected issues in public debate. The main focus of this is instead on unemployment. The political debate is primarily about whether or not the government should make use of the opportunity that a small public debt and a balanced budget give to increase public investment and/or reduce taxes in order to stimulate the economy and bring down unemployment. Next year is an election year and the government has announced that they will use the strength of public finances to support economic recovery.

2. The regional development policy pursued, the EU contribution to this and policy achievements over the period

The regional development policy pursued

Main points from the previous country report:

- The main priority in all, except one, Swedish regions is RTDI which receives about two thirds of funding.
- In Smaland and the Island the allocations to accessibility and RTDI are of equal size.
- The nature of the support normally takes the form of not refundable grants.

Developments since the 2012 report

In Sweden, EU funding for cohesion programmes is regarded as support of long-term efforts to build more dynamic regional economies. The strategic action needed to achieve this was analysed in the initial preparation of the programmes. Since the analysis was thorough, there should be little need, unless economic conditions change dramatically, to make shifts in priorities and in the allocation of EU funding. The fact that the Swedish economy so far is surprisingly unaffected by the financial crisis has made it possible to fulfil the original plans to support structural change. The economic situation, with a balanced budget and low and declining public debt, has made it unnecessary to use the ERDF to offset national budget constraints.

The cohesion programmes, therefore, are looked upon as a means of bringing about the long-term structural changes that will enhance competitiveness and not as a means of overcoming short-term constraints in the aftermath of the financial crisis. A small fraction of the ERDF since 2009 has been allocated to 12 regional co-investment funds with nationwide coverage¹. These funds were not created in response to the credit crunch, but were the result of a pilot project initiated in 2005. The aim is not to cover the financial needs of SMEs in general but to invest in young SMEs with scalable business models capable of expanding internationally, so giving the opportunity for long-term growth. The effects of the investments made by the funds have not yet been evaluated because of the short time they have been in operation.

¹ Expert Evaluation Network (EEN) delivering policy analysis on the performance of Cohesion policy 2007-2013. Year 2 – 2012 Task 1. Financial Engineering – Sweden.

Policy implementation

Main points from the previous country report:

- At the end of 2011 98% of the resources were committed.
- Expenditure carried out corresponded to 50% of the commitments made, this varying from 37% to 58% between programmes.
- The committed co-financing corresponded to 142% of the ERDF-available, 80% coming from the public sector.
- The territorial programmes are lagging behind the national programmes both in terms of commitments made (84%) and expenditure carried out (28%).
- In the territorial programmes the co-financing committed amounts to only 44% of the ERDF available, 98% coming from the public sector.

Developments since the 2012 report

The commitment rate peaked in 2008 and the new commitments made in 2012 represent only 15% of those made in 2008 and a quarter of those made in 2011. This represents a reduction in the commitment rate of 73% in 2012, reflecting the fact that the programming period is coming to an end and that all the available resources are committed. At the end of 2012 the resources committed amounted to 104% of the resources originally budgeted for the programmes². Taking into account the 5% of the resources that have been returned, the actual commitment rate is 99%. Based on the figures in the regional AIRs the commitment rate is even higher, excluding the funding returned.

Expenditure paid out continued to grow and was 9% higher in 2012 than in 2011. As a result, on average, 70% of the commitments had been paid out by the end of 2012, an increase from 50% in 2011. Two regions – North Central Sweden and Stockholm –had paid out 80% or more of commitments, while Småland and islands is lagging at 53%. The situation in Småland and the islands reflects that the fact the region was slow with payments in the early stages of the programme period. However, the expenditure paid out has been steadily growing since then. The situation in Smaland and the islands reflects the fact that the region was slow in making commitments in 2010, due to a request to the EU Commission to reallocate more resources to the accessibility priority, which reduced the expenditure paid out in both 2010 and 2011. Another reason for the low figure for Smaland and the islands is that a relative large share is allocated to the regional enlargement priority, which tends to involve large complex projects and which has a low payment rate in all Swedish regions. The regional enlargement projects in Smaland and the Islands, in addition to being large, are in many cases “cross-border” projects involving participants in two or three different counties. The plan is that the expenditure carried out will be the same size in 2013 and 2014 as in 2012 and will then be significantly smaller in 2015. The rate of expenditure is under control in all programmes and if implementation continues as planned and no disruptive events occur all expenditure will be paid out well before the end of 2015.

² Tillväxtverket *Annual Implementation Report (AIR) 2013. Investing in the Future (En samlad lägesrapport 2013. En investering i framtiden)* Stockholm 2013.

In 2011, Scania-Blekinge had the second lowest expenditure paid out. After doubling expenditure paid out in 2012, Scania - Blekinge has caught up to some extent with the other regions. The expenditure paid out in large complex projects involving many participants in different areas has speeded up.

Table 2 - Programmes for Competiveness and Employment regions. Commitments and expenditure paid out at end-2012 (% of ERDF available)

NUTS2 Programme	Commitments (%)	Expenditure paid out (%)
Upper Norrland	110	70
Mid Norrland	107	69
North Central Sweden	112	80
Stockholm	107	82
East Central Sweden	108	65
West Sweden	113	70
Smaland and the Islands	113	53
Scania-Blekinge	110	62
Sweden	110	70

Sources: The figures are from each region's AIR for 2012. The figures for Sweden are calculated based on data from the regional programmes.

The expenditure paid out varies between different priority areas, with entrepreneurship and information society on top with 67% and territorial development, with 47%, and regional enlargement, with 51%, at the bottom. The low rates in these two priority areas reflect the fact that projects are more complex, in terms of involving more participants from different sections of society, than the entrepreneurship and information society projects.

The committed co-financing amounts to 159% of the ERDF available, which means that ERDF financing amounts to 39% of total funding. With 76% of co-financing coming from public sources, which is lower than last year as a result of the increase in private co-financing in 2012. Private the committed co-financing varies between 16% in Stockholm and 39% in Smaland and the islands. However there are reasons to believe that the figure for Smaland and the Islands is too high since it includes one big project with large committed private co-financing, which was suspended before it started. Statistics have not yet been corrected for this. If this change is taken into account, the share of private co-financing is of similar size to that in the other regions. An indication is given for the private share of co-financing paid out, which is 20%. The scale of private co-financing also varies between priority areas. It is 31% in entrepreneurship support projects but only 4% in innovative milieu projects and 2% in information society ones. 94% of total private co-financing is in the entrepreneurship priority area³. This variation reflects the view of business of the usefulness of different kinds of project, entrepreneurship projects being seen as more useful to firms than the other kinds.

³ Tillväxtverket AIR 2013. *Investing in the Future. (En samlad lägesrapport 2013. En investering i framtiden)* Stockholm 2013.

Table 3 - Programmes under the Territorial Cooperation Objective. Commitments and expenditure paid out at end-2012 (%ERDF available)

IVA programme	Commitments (%)	Expenditure paid out (%)
Sweden-Norway	101	57
IVA North	101	49
IVA Botnia-Atlantica	96	43
IVA Öresund-Kattegat-Skagerrak	103	43
IVB The Northern Periphery	94	43
SUM	100	46

Source: Tillväxtverket AIR 2013. Investing in the Future. (En samlad lägesrapport 2013. En investering i framtiden) Stockholm 2013.

In total, the share of the ERDF committed in territorial cooperation programmes rose from 84% to 100% in 2012. Only two programmes – Botnia-Atlantica and The Northern Periphery – still have a commitment rate below 100%. Due to a slow start, the territorial programmes are still lagging behind the Competitiveness and Employment programmes. However, the share of expenditure paid out is in line with plans and increased in 2012 from 28% to 46%, with the Sweden-Norway programme having the highest figure at 57%. The Öresund-Kattegat-Skagerack programme that in 2011 was lagging behind the other programmes with only 23% of expenditure paid out accelerated in 2012 with the share rising to 43%, the same as for Bothnia-Atlantica and the Northern Periphery.

Private actors show little interest in co-financing territorial cooperation projects. Only 2.5% of the committed co-financing is private. The Bothnia-Atlantica programme has no private co-financing at all.

Achievements of the programmes so far

Main points from the previous country report:

- 7,600 new firms and 12,900 new jobs were reported to have been created in 2011.
- By the end of 2011 the number of new jobs and new firms corresponded to 82% and 63% of the end-target.
- The national figure concealed large regional variations.
- Stockholm had created almost four times as many new jobs as the target.
- The projects aimed at strengthening cooperation between universities and businesses have resulted in relatively few new jobs and new firms.
- The outcomes of the accessibility projects are mostly so specific that it is not possible to use standardised quantitative indicators to measure them.

Developments since the 2012 report

The discussion of the achievements of the programmes in the national AIR covers less than two pages. The section starts by stating that the programmes at the end of 2012 had created 7% more jobs than the target initially set for the end of the programming period and 80% of the target for new companies. A reference is then made to the Swedish discussion of the difficulties of measuring the long-term structural impact of single projects. One factor referred to as creating difficulties is that the outcome of projects is heavily context dependent making it difficult to isolate the role of the project from the context and other factors. However the report

concludes that the projects have not been ineffective in terms of creating new jobs and new firms and gives two examples of what are considered to be successful projects – one that has succeeded in creating new jobs and one that has succeeded in creating new firms. These two projects are described more extensively in an appendix to the report.

One of them is the Business Partner East project in the East Central Sweden programme. The aim of the project was to support and develop SMEs in the region. A coaching approach was used, 4,000 firms being contacted and those interested in participating in the programme being offered an adviser coach for a dialogue with the aim of making the goals of the firm more concrete. Based on the results of the dialogue, the adviser provided support to the firm over formulating and implementing an action plan. The goal of the project was to create 460 new jobs. The reported outcome was more than 900 new jobs. One indicator of the success of the project is that the public cost per job is estimated at only EUR 6,167, which is 14% of the average public cost per new job in the enterprise and innovation priority. However no efforts are made to show the extent to which the jobs concerned were linked to the coaching activity as opposed to other factors.

The other project is the 'Venture, Win, Grow, Forward' project in Smaland and the Island, which is presented as a successful project in terms of creating new firms. The aim was to support the establishment of new firms and the commercialisation of innovative ideas. In addition, it was also intended to increase profitability, competitiveness and growth in the firms concerned. A diversified approach was adopted, involving activities such as inspiration and business plan seminars, coaching, support to product development and help in building business networks. Up to the end of 2012, 260 new firms are reported to have been created, at a cost of EUR 20,375 per firm. According to the on-going evaluation, analysis of the sources of profitability has been an effective mean of helping firms during the financial crisis. No evidence demonstrating that the new firms were created as a direct result of the project is presented. In the appendix to the National AIR, a number of similar cases are described of projects that are relevant for other outcome indicators. These cases are of little value as regards evaluation of the achievements of the programmes because they assume that all outcomes reported by project managers would not have been created without the project.

A conclusion in a report from a long-term research study of how large projects can have beneficial effects is that the most successful initiatives in this programming period have been those with a focus on stimulating innovation and making universities more entrepreneurial. Infrastructure investment allocated to make better use of existing transport networks is also reported to have demonstrated good results and long-term effects on regional growth. On the other hand, initiatives to increase regional attractiveness through investment in cultural activities and the preservation of cultural assets have not generated the jobs and businesses expected. The conclusion in the report is presented as being based on evidence.⁴

⁴ Lennart Svensson, Göran Brulin, Sven Jansson & Karin Sjöberg (eds.) *Capturing Effects of Projects and Programmes*. Lund 2013.

Table 4 - Achievements of NUTS 2-programmes 2007-2012

Policy area	Main indicators	Target	Actual outcomes and results	
			2012	2007-2012
Enterprise support including ICT and RTDI	New jobs	31,750	7,454	33,911
	New firms	18,055	2,032	13,321
	New clusters/centres	15	1	11
Human Resources (ERDF only)				
Transport	New jobs	1,500	361	875
	New firms	165	13	61
	New transport solutions	10	5	10
Environment and energy	New Renewable energy capacity	No target	100 MWH	273 MWH
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	New jobs	200	92	233
	New firms	150	53	100

Source: Final reports produced by project leaders.

The data presented in Table 4 are from the final reports produced by project leaders when projects are finished. Although there is a template for these, the reports vary between projects. There is a standard definition of new jobs and new firms but no standard method to calculate the outcomes of projects. The final reports are mainly descriptive and contain no systematic analysis or reflections on the relative importance of the project and the context in which the outcomes have been produced.

New jobs and new firms are the main outcome indicators in three of the four policy areas. At the end of 2012, the programmes, according to the final reports from projects, have already more than achieved their targets for new jobs created. 97% of the new jobs were created in the Enterprise support and RTDI policy area. The target set at the beginning of the programming period for new firms created has not yet been reached, the outcome falling 23% short, though up by 15 percentage points in 2012.

The only outcome indicators used besides new jobs and new firms created are the number of new transport solutions and new renewable energy capacity. The last is used only in Mid Norrland where growth driven by energy and the environment is a priority. The programme has no target for how much new renewable energy capacity the programme should create but the outcome is recorded.

The use of new transport solutions as an indicator for transport reflects the fact that resources used in this area do not go to building roads or railways but primarily to creating new terminals. The "Båråmo terminal area" project is an example. Its aim was to create an intermodal terminal that could function as a "rail-port" linked to the harbour in Gothenburg, goods arriving from overseas being sent directly to the terminal to be examined by customs. The project is not expected to result in any new jobs or new firms in the short-term but it regarded as a success and further expansion of the terminal is already being planned. Assessing the results of the investment raises the issue of how to deal with the fact that the new firms and jobs being located there have in most cases moved from somewhere else and as such are not 'new', though they might well be new in Smaland and the Islands.

The national figures for new jobs and new firms conceal large regional variations. Two regions have reached both targets while four have reached either the job target or the firm target. Two regions – Mid Norrland and East Central Sweden - have reached neither of the two. Stockholm is one of the regions that have achieved both targets. Stockholm is also the most successful region in terms of job creation, creating almost four times more jobs than the target. The number of new jobs created is larger than that created in Mid Norrland, despite the fact expenditure in the latter is four times as large.

Various arguments can be used to explain this. One relates to the regional context, Stockholm being a much more vibrant economy than Mid Norrland, employment in Stockholm growing by 1.4% in 2012 and declining by 1.4% in Mid Norrland. History tells us that it is easier to stimulate growth in a region which is already growing than to turn economic decline into growth. Another possible argument is that the Stockholm programme has a stronger focus on short-term job creation than Mid Norrland, which is partly right in that over half of expenditure in Stockholm is on entrepreneurship as against only 42% in Mid Norrland. However in absolute terms, Mid Norrland has spent over three times as much in stimulating entrepreneurship as Stockholm.

A third argument is that the success in Stockholm reflects its better management of the programme and its greater success in picking projects with potential. In fact, the results in Stockholm mainly reflect the outcome of two projects - Entrepreneur Stockholm and the follow up project Start-Up Stockholm. The aim of the two was to coordinate and improve the standard of an existing business advisory system which already was up and running and so already creating new jobs. ERDF support served to strengthen the effort. It is difficult, however, to identify the impact of the additional resources on the new jobs created, but it can be seen as a clever way of using resources that are too small to set up something new. A small budget may have forced Stockholm to concentrate its efforts and use the resources primarily to strengthen on-going activities, while Mid Norrland, which has the largest EU funding per capita among the regions, had a strong ambition to create something new. Under certain circumstances, therefore, scarcity can create an impetus to use resources more efficiently.

The most successful region in term of firm creation is Upper Norrland, the second region that has achieved both targets, followed by Smaland and the Islands. 45% of the all new firms created by the programmes have been in these two regions. In terms of the regional context, the two are interesting. Smaland and the Island is home to many SMEs and is a region with a long tradition of entrepreneurship. Part of it is essentially an “industrial district” dominated by family-owned SMEs. The southern part of Upper Norrland has similarities with Smaland while the economy in the northern part has historically been dominated by large State owned resource-based industries.

The AIR for Upper Norrland does not attempt to explain the large number of new firms created. Three projects, however, are presented as examples. The Umeå Biotech Incubator project provides support to researchers in biotechnology at the University of Umeå to commercialise the results of their research by spinning-off new firms. The project has so far resulted in six new firms. The second example presented is the Design LabLand project which provides support to young creative people to set up new businesses in fashion graphic and interior design based on local raw materials, know-how and production capacity. So far this project has created two new

firms. The third project is Design Arena North at Luleå Technical University that uses design as a strategic means of strengthening the competitiveness of firms. This project, which is a follow up one to an earlier project that created four new design firms, has already created two new firms. All the focus in the AIR is on four projects which together have created 12 new firms, out of the 5.157 new firms created by the programme over the period. One reason for the choice of examples may be that it shows that the two universities in the region play an important role in new firm formation. The universities concerned have received 42% of the resources going to on-going projects under the innovation and renewal priority.

The two universities in Smaland and the Islands have not the same dominant role in the innovation priority. The new firms created in this region are to a large degree involved in product areas in which the region is specialised and have links with existing companies. One hypothesis presented in the AIR is that the large number of new firms created in the region are a result of the unemployment caused by the financial crisis making the setting up of new firms an interesting alternative to being unemployed. The hypothesis is based on the fact that part of the region is an "industrial district" with a strong tradition of entrepreneurship and a history of people starting up businesses in periods of job shortages.

The region that is least successful in fulfilling the new firm target is Mid Norrland. At the end of 2012 the number of new firms created amounted to only 29% of the target. The low figure in Mid Norrland reflects the fact that the target was set ambitiously high - 7,000 new firms, which is more than twice the target in the other two regions in the North, Upper Norrland and North Mid Sweden. This ambitious target contrasts with an outcome that is significantly lower than in Upper Norrland. One explanation of this is that the design of the programme is out of line with the ambitious target set. Only 8% of the resources are allocated to entrepreneurship and new businesses. In addition, the aim of this priority was not directly to create new businesses but to improve the business climate and to encourage a more entrepreneurial approach in the public system of support for business. The idea was to create an increasing number of sustainable firms owned especially by women and migrants. The main focus in the programme was planned to be development driven by energy and concern for the environment. The aim was to stimulate production of bio-fuels and to develop the market for renewable energy. The interest in this area, however, has been weak and commitments have been made to only 18 projects, absorbing 64% of the resources allocated to the area. In addition, the expenditure rate has been low. Instead two other measures became the backbone in the programme. The largest of them is Knowledge driven business development and R&D accounting for 22% of the total funding. Most of the resources in this area have been allocated to projects in the university in the region, especially to fields of study in the university's main research areas. The other measure is tourism, accounting for 14% of the total funding, which has attracted a good deal of interest in the region and which is aimed at strengthening the competitiveness of the regional tourist industry. These two measures have received most applications for funding and projects are running according to plan. The problem is that they became the backbone of the programme partly by accident and that the outcome indicators used do not fit very well with the measures. The priorities were not correctly identified at the beginning of the programming period and consequently the target and the outcome indicators were not chosen correctly.

The experience of the Swedish programmes gives rise to some important lessons. First, it is important to have a portfolio perspective when formulating a programme. The programme

should have a suitable mix of priorities aimed both at long-term structural change and at producing short-term results. The long-term perspective- economic development driven by energy and environmental concerns - dominates the Mid Norrland programme, and as a consequence the outcome, based on the core indicators, does not look as successful as in regions with a larger element of short-term priorities, like supporting SMEs and the formation of new firms. For long-term priorities the creation of new jobs in the short term is not a particularly relevant indicator. In general, it is difficult to find relevant short-term indicators for such priorities while the relationship between what is happening in the short-term and developments in the long-term is complex and unpredictable. If a region gives too much attention to long-term structural change it is difficult to measure the outcome of the programme and to create an image of success around it. The short-term elements of the programme, therefore, play an important role in legitimising policy.

The other lesson is that it is easier to strengthen existing industries than to support new ones. Existing industries embody important regional know-how and experience, which with appropriate support can be used to create new firms and to speed up growth in the industries. The programme approach seems to be more efficient in supporting existing regional economic activities than in creating new activities. This underlines the importance of the regional context for the outcome of programmes.

The last lesson is a related one. The interest in a priority depends on how well it captures the interest of potential participants in a region. In cases when the priorities chosen primarily reflect political ambitions and diverge from the interest of businesses there will be little interest in the measures, few applications and difficulties in using the funds. The low interest in the bio-fuel priority and the considerable interest in the tourist priority in Mid Norrland illustrate this. There should, therefore, be a strong bottom-up element in the process of formulating priorities. Political ambitions have to overlap with the priorities of businesses in the region.

3. Effects of intervention

Before considering the wider effects of EDRF support, it is important to recall the scale of funding involved, which, taking the funding for the period as a whole, amounts to 0.3% of Swedish GDP for one year. It is highly questionable that such a small amount can have a visible effect on the ability of regions to sustain economic development and improve the quality of life perceptibly. However the new jobs created by the programmes were equivalent to almost 1% of total employment in Sweden, which corresponds to 16% of employment growth over the period 2007-2012, though it should be emphasised that whereas the jobs created are in gross terms the increase in employment is in net terms. It should be recognised that the importance of the ERDF varies between regions. The funds allocated to the large dynamic metropolitan regions are negligible in relation to their GDP. Most resources are allocated to the two most northern regions, in which the funds available correspond to 1.4% of GDP for one year, while most of the employment growth took place in the regions receiving the smallest amount of funding. Stockholm which received 4% of ERDF support had a growth in employment that was significantly above the national average, while employment growth in Mid Norrland and Upper Norrland that received 45% of the ERDF was only a third of the national average. These figures

are a reminder that the regional context has a greater impact on employment growth than the programmes.

Sweden has in different contexts tried to convince the EU authorities that the tail cannot wag the dog. There is only weak evidence for the view that Cohesion policy is an adequate means, at least in the rich member states, of creating economic growth and employment. One of the striking features of economic and social development is that things never happen as expected but tend to turn out differently. This is certainly true in the case of the ERDF in Sweden, where the aim is to bring about long-term structural change. Evaluations of short-term outcomes, that in many cases disappear when the development programme is completed, is of little relevance when the long-term success of the programme depends on historical accidents created by a complex set of factors. The conclusion in one of the evaluations is that the efforts made are in the nature of a non-recurrent activity that is not transformed into a regular activity or are too short-term to achieve the expected outcome.⁵

A personal judgment regarding policy outcome: ERDF in Sweden used as a tool to bring about long-term structural changes that are unknown at this stage in the programme so the judgment concerns the short-term outcome. The most successful measures seem to be those that are meeting a strong regional demand. Measures that catch the interest of private and public actors in the region are more successful than measures based primarily on political visions. In cases when private actors are an important target group their role in the development of the programme document is crucial.

4. Evaluations and good practice in evaluation

Main points from the previous country report:

- Evaluation is seen as a key element in an on-going learning process.
- The main focus up till now has been on on-going evaluations.
- The on-going evaluations have initiated a fruitful dialogue between the managers of the programmes and the evaluators.
- The on-going evaluations have generated valuable insights that will influence operations in the next period.

Developments since the 2012 report

The original strategy for evaluating the effects of interventions co-financed by the ERDF, the resources made available and the capacity for undertaking the evaluations has largely been followed, meaning there has been no change since last year's report. The fact that all programmes and all large projects have been monitored by on-going evaluation teams means that the evaluations undertaken cover all policy areas. However, the focus has been on the process of implementation with little attention paid to results.

⁵ Tillväxtverket *Sustained structural change for regional competitiveness and innovativeness*. (Hållbar strukturförändring för regional konkurrens- och innovationskraft) Stockholm 2012.

The evaluations and studies which have been carried out to assess Cohesion policy performance since the 2012 report was prepared (including those that were carried out before but which were not referred to in the report) are listed below.

Table 5 – Recent evaluations and studies about the Cohesion policy performance in Sweden

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Hållbar strukturförändring för regional konkurrens- och innovationskraft February 2012	9	3	The impact in terms of structural changes is based on an existing partnership with a long history of cooperation.	4	Tillväxtverket "Hållbar strukturförändring för regional konkurrens- och innovationskraft" Rapport 0147, Stockholm 2012
Skördetid i Övre Norrland. June 2012	9	3	Projects co-financed by ERDF have stimulated the competitiveness of the region	3	Tillväxtverket "Skördetid i Övre Norrland Del 1. Resultat av 110 projekt delfinansierade av Europeiska Regionala Utvecklingsfonden" Rapport 0153. Stockholm 2012
Potentialer för tillväxt och sammanhållning March 2012	7	2	The study demonstrates the dilemmas and difficulties associated with the reconciliation of the two goals, increasing growth and decreasing segregation	4	Tillväxtverket "Potentialer för tillväxt och sammanhållning. En studie av storstadsinsatserna inom regionalforskningsprogrammet för Stöckholm, Västsverige och Skåne-Blekinge" Rapport 0152. Stockholm 2012

Note: (*) Legend:

Policy area and scope: 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

Main objective and focus: 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

Method used: 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

The three evaluations presented in Table 5 represent two distinct kinds of evaluation. "Hållbar strukturförändring för regional konkurrens- och innovationskraft" ("Sustainable structural change for regional competitiveness and innovation") and "Potentialer för tillväxt och sammanhållning" ("Potential for growth and cohesion") are both typical "academic" studies anchored in a theoretical framework while "Skördetid i Övre Norrland" ("Harvest time in Upper Norrland") is a more practical evaluation based on a web-based questionnaire sent to project leaders of 131 completed projects in the region.

The "academic" study "Hållbar strukturförändring" ("Sustainable structural change for regional competitiveness and innovation") addresses questions such as:

1. Have the programmes resulted in structural changes that support competitiveness and growth?
2. What are the expected long-term effects on regional growth of these changes?

3. Is it possible that the programmes can create sustainable results in terms of regional growth, which may also contribute to national economic growth?
4. What characterises the Swedish implementation of the programmes in relation to the Lisbon agenda and implementation in other member states?

The research approach used to answer these questions is described as a Mode 2 one which, according to the authors, is a context driven interdisciplinary approach in which knowledge is generated by the interaction between the researchers and the subjects of the research, in this case actors at the regional and national level. This approach has similarities with that used in the on-going evaluations. The study is based on the results from the on-going evaluations already undertaken and on analyses of the impact of the programme on factors, which, according to the literature on regional growth and competitiveness, are of strategic importance for long-term regional growth.

The aim of the practical evaluation “Skördetid I Övre Norrland” (“Harvest time in Upper Norrland”) was to collect the opinion of project leaders on how useful the programme was for SMEs, what kinds of result have been achieved and how the learning process worked. The method used was a questionnaire with specified alternative answers.

It is not possible to give a general answer to the question of what has been learned from the evaluations that have been carried out in the present programming period. Actors in different position have drawn different lessons. The basic idea of using evaluations as a learning tool is to engage those involved in the programmes - project managers and other private and public participants in the projects as well as programme managers and representatives of the national authority - in a systematic learning process. Such a learning process does not necessarily end up with some common lessons. What each of those involved learns may vary. There is no common official Swedish lesson learned from the evaluations at present. There are a number of published evaluations that come to different, in some cases divergent, conclusions. In addition, there are eight managing committees with members with accumulated and different experience who accordingly have learned different lessons. These lessons are assumed to influence the preparation of programmes for the next programming period. People with experience of the present period and influenced by the evaluations undertaken will use their knowledge when preparing the programmes. In a similar way the lessons learned at national level are assumed to influence public officials when they develop the national strategy for the next period. At this stage of the process, therefore, it is only relevant to talk about results from the evaluations and lessons learned by individuals. The lessons learned will hopefully show themselves in the programmes for the next programming period.

In Sweden, the on-going evaluations have been a key element in the evaluation of the ERDF financed programmes. The focus on the on-going evaluations is explained by the strong belief among Swedish policy-makers that evaluations primarily should be seen as an input in an on-going learning process. The high priority given to on-going evaluations is a manifestation of this. The interactive approach used in the on-going evaluations is expected to create good conditions for a systematic learning process. On-going evaluations have been applied to all programmes and all large projects. The lessons from these evaluations are in many cases said to have resulted in improvements in the management of the projects or in their focus. These improvements are normally made in the process of carrying out the on-going evaluations and

are therefore not presented as recommendations in the final evaluation report. Instead they are normally communicated in a dialogue between evaluators and programme and project managers. It is therefore difficult to trace the changes made back to recommendations in an evaluation report. The national authority responsible for the ERDF programmes, the Swedish Agency for Economic and Regional Growth, has published a synthesis report of the on-going evaluations, which can be seen as the lessons learned by the Agency so far⁶. In the report, 23 conclusions about what has been achieved and what could be done better in implementing the regional Structural Fund programmes are presented. Some of these are listed below:

- Many entrepreneurship projects are too broad and not tailored to specific groups and regional conditions.
- Entrepreneurship initiatives relating to innovation projects are more successful than projects that focus on entrepreneurship itself.
- Initiatives to promote the regional innovation environment appear more innovative, additional and successful than initiatives to promote entrepreneurship and business development.
- The largest owners of innovation projects are colleges and universities dominated by research logic.
- The horizontal criteria “equality and integration” have not worked as means of achieving the overall objective of competitiveness.
- More efficient implementation requires fewer similar projects, more cooperation between projects, clearer bridge building between Structural Fund programmes and research programmes.
- Projects must be characterised more by active ownership, cooperation and development-oriented learning if the implementation of programmes is intended to contribute to improving regional competitiveness.

The 23 lessons presented have the character of statements based on blurred empirical evidence which make it difficult to assess their importance. To what extent these conclusions will influence operations in the next programming period is still an open question.

Sweden Authorities do not plan to undertake further overall impact evaluations in this programming period. Instead, the focus will now be on planning for a theory-driven learning process in the next programming period. However, it is possible that some of the regional-programmes, like the report from Upper Norrland presented above, will collect information on the project leaders’ views of the outcome of the projects.

The evaluation activity could be improved by:

- Strengthening the comparative element in the on-going evaluations. Evaluators should make comparative evaluations of two or more programmes or large projects.
- Establishing a national forum of people involved in the programmes where to discuss the implications of evaluation results.

⁶ Tillväxtverket *A synthesis of the ongoing evaluation in the regional structural funds programme*. Rapport 0136. Stockholm 2012.

5. Further Remarks - New challenges for policy

Main points from the previous country report:

- The main challenge for the Cohesion policy approach is to use short-term projects successfully as a means of creating long-term structural effects.
- According to the approach used in Sweden, policy-makers can influence development but not steer it towards pre-determined goals.
- The approach implies an acceptance that the long-term outcome of programmes is not measurable.
- The role of evaluation is more about creating a system for systematic learning and the sharing of experience.

The issues discussed in the country report last year were of a general nature and are therefore relevant so long as Sweden continues to follow a learning approach. The main challenge at this stage in the programming period is to collect and systematically consider the lessons from all the evaluations carried out and discuss how these should influence operations in the next programming period. These lessons will be an important input in the preparation of the next programmes in order to avoid making the same mistakes as in the current ones. The Swedish national strategy emphasises the importance of continuously reflecting on activities and learning from experience. Feedback from experience and knowledge building can be improved.

Such a synthesis of the experience from the on-going programmes gives a basis for considering relevant issues. One of these is whether the programme should have a thematically broad approach or a narrowly focused one. A narrow programme that concentrates on one priority area has a greater potential impact. On the other hand, it increases the risk of failure and its success depends on choosing the right priority area. In the current period, the Stockholm programme is an example of a focused one that in terms of outcome indicators seems successful. A broad programme on the other hand increases the chances that at least some of the priority areas will produce good results. From this it follows that there is a risk that some of the priority areas will not achieve the targets set and that the overall effect will be smaller than if all the resources had been concentrated in the successful priority areas. The Mid Norrland programme is an example of such a broad programme where some of the priorities have had a weak response from actors in the region which has affected the outcome.

A second important issue is how accumulated knowledge and experience can be used in initiation, prioritisation and implementations of programmes and projects. The intellectual basis for prioritisation is often unclear and implementation is still characterised by ad hoc management and use of tacit knowledge. Efforts to make better use of accumulated knowledge and experience in the planning of the next programme need to be intensified. The search for ways of achieving this can start by studying the results of evaluations undertaken in this programming period.

References

Nation-wide evaluations across operational programmes

Tillväxtverket *Little pieces of a large puzzle. Sustainable change through evaluation impact.* Rapport 0122 Stockholm 2012

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Tillväxtverket *Sustained structural change for regional competitiveness and innovativeness.* (Hållbar strukturförändring för regional konkurrens- och innovationskraft) Stockholm 2012

Evaluations of specific operational programmes

Tillväxtverket *Skördetid I Övre Norrland Del 1. Resultat av 110 projekt delfinansierade av Europeiska Regionala Utvecklingsfonden* (Harverst time in Upper Norrland. Result from 110 projects co-financed by ERDF.) Rapport 0153. Stockholm 2012

Evaluations of specific aspects of operational programmes

Tillväxtverket *Potentialer för tillväxt och sammanhållning. En studie av storstadsinsatserna inom regionalforskningsprogrammet för Stockholm, Västsverige och Skåne-Blekinge* (Potentials for growth and cohesion. A study territorial development projects in Stockholm, West Sweden and Scania-Blwekinge) Rapport 0152. Stockholm 2012

Other relevant research studies

Lennart Svensson, Göran Brulin, Sven Jansson & Karin Sjöberg (eds.) *Capturing Effects of Projects and Programmes.* Studentlitteratur, Lund 2013

Interviews

Henrik Blomberg, Head of programme office, Smaland and the Islands

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Annex 1 - Tables

See Excel Tables 1 -4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2012)

Excel Table 4cbc - Commitments by main policy area (by end-2012) – cross border cooperation

Annex Table A -Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes	
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres	
		02	R&TD infrastructure and centres of competence in a specific technology	
		05	Advanced support services for firms and groups of firms	
		07	Investment in firms directly linked to research and innovation (...)	
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...	
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
	Other investment in firms	08	Other investment in firms	
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
			63	Design and dissemination of innovative and more productive ways of organising work
			64	Development of special services for employment, training and support in connection with restructuring of sectors ...
72			Design, introduction and implementing of reforms in education and training systems ...	
73			Measures to increase participation in education and training throughout the life-cycle ...	
Labour market policies		65	Modernisation and strengthening labour market institutions	
		66	Implementing active and preventive measures on the labour market	
		67	Measures encouraging active ageing and prolonging working lives	
		68	Support for self-employment and business start-up	
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...	
		70	Specific action to increase migrants' participation in employment ...	
		71	Pathways to integration and re-entry into employment for disadvantaged people ...	
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	
3. Transport	Rail	16	Railways	
		17	Railways (TEN-T)	

Policy area		Code	Priority themes
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
		24	Cycle tracks
	Other transport	25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
		31	Inland waterways (regional and local)
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
		53	Risk prevention (...)
		54	Other measures to preserve the environment and prevent risks
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage

Policy area		Code	Priority themes
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication