



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 2 – 2012**

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

Sweden

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Jan-Evert Nilsson

JENA AB

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

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List of abbreviations

- AIR Annual Implementation Report
- CBC Cross Border Cooperation
- OP Operational Programme

EXECUTIVE SUMMARY

In Sweden EU funding for cohesion programmes are looked upon as support for efforts to build more dynamic regional economies. The strategic action needed to achieve this was analysed in the course of preparing the programmes. The analysis carried out then in combination with the fact that the Swedish economy has so far been relatively unaffected by the financial crisis has made it possible to fulfil the original plans of supporting structural changes. So far the financial crisis has had no effect on the implementation of programmes.

The new commitments made in 2011 in the programmes for regional competitiveness and employment were on a similar scale as in 2010. EUR 112.5 million, representing 20% of the resources available, was committed to 156 projects, so that at the end of 2011, 98% of the resources available for the period had been committed. The strongest growth in commitments was in small priority areas like tourism and culture. At the end of 2011 expenditure carried out amounted to 50% of commitments. The co-financing committed amounts to 142% of the ERDF, 80% of this financing coming from public sources. The implementation of the Structural Funds has been below expectations with regard to business and corporate involvement. Managers of the programmes consider that fear of infringing state aid rules contribute to making implementation unnecessarily complicated.

The cross-border cooperation (CBC) programmes managed in Sweden are lagging behind the regional competition and employment programmes in terms of commitments and expenditure. At the end of 2011, 84% of the resources available were committed and expenditure amounted to only 28% of these. Disbursements have accelerated in 2012. The co-financing committed as regards territorial programmes corresponds to only 44% of the ERDF-available. Public sources are responsible for 98% of the co-financing of these programmes, which attract almost no private co-financing. In addition, few firms are involved in the implementation of cross-border projects.

The figures for 2011 show a major increase in the number of new jobs and new firms created. The number of new jobs reported in 2011 was as many as the total number in the four years 2007-2010. Some 97% of the new jobs and 99% of the new firms were created as a result of projects for enterprise support and RTDI, which have received 76% of the resources allocated. The outcome in the other two priority areas, transport and territorial development, is less impressive. There have been 147 projects in transport and the most visible outcome so far is 5 new transport terminals of different kinds, half the target number, though the projects concerned mostly take the form of feasibility studies or preparatory projects rather than direct investment.

The wider effects of ERDF support are limited by the relatively small amount of funding involved, corresponding to only 0.3% of GDP each year over the 7-year period. To believe that such an effort will have a visible effect of the ability to sustain economic development and will improve the quality of life is wishful thinking.

The Swedish approach to evaluation is to see it as a learning process. Evaluations are regarded as a means of learning about the design and implementation of programmes and projects. Accordingly, evaluations of the implementation process are considered to be more useful than

ex-post evaluations of outcome. The focus up until now has been on on-going evaluations undertaken in dialogue with the management teams of programmes and projects. From now on, the focus is moving to impact evaluations.

1. THE SOCIO-ECONOMIC CONTEXT

Main points from previous country report:

- The economic recession had no significant effects on regional disparities
- Regional disparities in Sweden are small in comparison to other Member States
- Sweden experienced a strong economic recovery in 2010 after the financial crisis
- Public finances were in balance and public debt is small and declining
- The unemployment rate was relatively high, but declining
- Employment growth was significant in the metropolitan areas, while employment was declining in the northern periphery

Developments in 2011

The recovery after the financial crisis continued in 2011. Growth in GDP was 4.9%, employment increased by 3.1% and the unemployment rate fell further. Public finances are in small surplus and public debt is significant small than in other EU countries. Progress continued in the first half of 2012.

The lag in the regional accounts means that no data on regional GDP growth are available after 2009. Analysis of regional economic developments in 2011, therefore, has to be based on employment data. These data show that growth in 2011 was concentrated in Stockholm and, to some extent, in to West Sweden.

Figure 1 - Employment growth in Swedish regions in 2011

Region	Employment growth (No.)	Employment growth (%)
Stockholm	45,168	4.3
East Central Sweden	18,995	2.1
Smaland and the Islands	7,525	2.1
Scania and Blekinge	9,413	1.7
West Sweden	26,382	3.3
North Central Sweden	8,850	2.7
Mid Norrland	2,630	1.8
Upper Norrland	5,778	2.7
Sweden	124,741	3.1

Only two regions had a growth in employment exceeding the national average. Employment growth in Stockholm was 1.2 percentage points higher than the national average and growth in West Sweden, although significant lower than in Stockholm, was also higher than the average. Employment growth in these two regions represents almost 60% of all the new net jobs created in Sweden in the year. While employment grew in all the eight NUTS 2 regions, growth was slower than average in the north and south. Growth in Scania-Blekinge and Mid Norrland was about 40% of the growth rate in Stockholm. The figures for 2011 show a pattern similar to that which was visible when national regional policy was implemented back in the 1960s with growth being concentrated in the two largest urban regions. This suggests that the long-standing pattern of disparities is “cemented”.

The latest statistics for the first half of 2012, however, show a radically different pattern. Employment in Upper Norrland and Mid Norrland grew by almost 4% in these six months, more

than twice the national average. Employment growth in Stockholm was on the other hand lower than the national average and employment declined by 0.4% in North Central Sweden.

If the two periods are combined Upper Norrland (6.8%), East central Sweden (6.2%), Stockholm (5.8%) and Mid Norrland (5.4%) show the highest growth in employment, North central Sweden (2.3%) and Smaland and the Islands (2.5%) the lowest growth.

Sweden has a 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 relatively neglected issues in public debate. The main focus of this is instead on unemployment and the major question of whether the government should make use of the financial opportunities that small public debt and a balanced budget give to increase investment in infrastructure and research in order to further stimulate the economy and bring down unemployment. In the budget for 2013 presented in October the government proposed to allocate a further EUR 765 million in the period 2013-2016 to investment in infrastructure and research.

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 previous country report:

- The main priority in all Swedish regions is RTDI, receiving about two thirds of the resources.
- RTDI is the main priority in all regions except in Smaland and the Island, where the allocation to RTDI and accessibility is of equal size.
- No fiscal consolidation has been necessary as a response to the fiscal crisis.

In Sweden the EU funding in the cohesion programmes are looked upon as support of efforts to build more dynamic regional economies. The strategic action needed to achieve this was analysed in preparing the programmes initially. Since programmes are based on a thorough analysis, there should be little need, unless economic conditions change drastically, to make shifts in priorities and the allocation of EU funding. The fact that the Swedish economy has so far been 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 a low and decreasing public debt, has made it unnecessary to use the ERDF to offset national budget constraints.

Youth unemployment has received much attention in the Swedish policy debate. The government has undertaken different kinds of action, such as reducing payroll tax and education initiatives, to strengthen the position of young people on the labour market. Youth unemployment is considered to be a national rather than a regional problem, so the ERDF has not been seen as a suitable means of tackling the problem.

The ERDF has since 2009 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 started in 2005. Their purpose is not to cover the financial needs of SMEs in general but to invest in young SMEs with scalable business models open to international expansion and giving the opportunity for long-term growth.

POLICY IMPLEMENTATION²

Main points from previous country report:

- At the end of 2010 73.1% of the allocation from the ERDF was committed.
- In some regions commitments exceeded the initial allocation in the case of some priority areas.
- Commitments in the territorial programmes were significantly lower than in the regional competitiveness and employment programmes.
- At the end of 2010 about a third of the resources committed were paid out.
- Expenditure was significantly lower on the territorial programmes than in other areas.

Developments in 2011

The new commitments made in 2011 in the programmes for regional competitiveness and employment were about the same as in 2010. EUR 112.5 million, representing 20% of the resources available, was committed to 156 projects making in total 98% of the resources available being committed at the end of 2011. Three regions have committed more than 100% of the budget available, with North Central Sweden at 104% on top, while four regions have not yet committed all the resources available. Due to very low commitments in 2010 caused by request to the Commission to reallocate resources, Smaland and the Islands has a lower committed rate (87%) than the other regions. The positive answer from the Commission speeded up the commitment rate in 2011. The new commitments in Smaland and the Islands were in 2011 almost 20 times as high as in 2010. The resources still uncommitted in Smaland and the Islands correspond to half the amount committed last year. West Sweden, with 90% of resources committed, is in a similar position. The commitment rate also speeded up here in 2011.

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

² The indicators used in this section come from the AIR for 2011, which relate to the situation up to the end of 2011. A more up-to-date view of the aggregate position (though not of the situation in the different policy areas) is presented in the Synthesis Report for 2012 of the Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 which is based on data for payments from the ERDF and Cohesion Fund up to the end of 2012, i.e. after the present report was completed.

Table 1 - Programmes for competitiveness and employment. commitments and expenditure paid out 31/12 2011 (Share of EU-frame)

NUTS2 Programme	Commitments (%)	Expenditure paid out (%)
Upper Norrland	103	50
Mid Norrland	93	50
North Central Sweden	104	58
Stockholm	101	56
East Central Sweden	98	51
West Sweden	90	46
Smaland and the Islands	87	38
Scania-Blekinge	100	37
Sweden	98	50

Commitments increased by 22% to EUR 590.8 million in the most important priority area, RTDI. This amount corresponds to 68.9% of the total commitments made. The highest growth rate in commitments was however in small priority areas like tourism and culture representing only 5% of the total commitments made. In three regions there was significant growth in commitments in tourism. The amount committed to tourism in Upper Norrland grew by 75% to EUR 19.3 million representing 7.9% of the total resources committed. In the other two regions, Stockholm and Scania -Blekinge, the growth rate was even higher but in these regions tourism represents a much smaller share of total commitments. In Mid Norrland and Smaland and the Islands large commitments were made in transport. In the last, this was made possible after the EU accepted a reallocation of resources from innovation to accessibility. Finally in West Sweden resources were committed to one large project in territorial development, which raised the overall commitments in the priority area by 150%.

At the end of 2011 expenditure carried out corresponded to 50% of the commitments made. With 37% and 38% expenditure carried out Scania-Blekinge and Smaland and the Islands are lagging behind while North Central Sweden and Stockholm with 58% and 56% are on top. One explanation for the lower rate in the first two regions is that they have a larger share of complex projects that involve many participants from different sectors. The complexity makes it more difficult and time consuming to decide how the project should be organised and out the necessary structure into place which delays implementation. In Smaland and the Islands the complex projects are a number of large infrastructure ones involving many participants with different background that have not cooperated before. They need time to learn to know each other, to establish routines and to conclude an agreement. Expenditure carried out last year was EUR 149 million, which corresponds to 16% of the resources allocated to Sweden and is the largest amount in a single year in this programming period.

The committed co-financing corresponds to 142% of the ERDF-funds. 80% of this financing comes from public sources. The implementation of the Structural Funds has not fallen short of expectations in respect of business involvement. Managers of the programmes consider that fear of infringing state aid rules contribute to making implementation unnecessarily complicated. Stockholm and Skåne-Blekinge represent one extreme with 99% and 97% co-financing coming from the public sector while Smaland and the Islands with 42% co-financing from private sources represent the other extreme. In this case 99.7% of private co-financing

goes to entrepreneurship projects, while projects in the other priority areas are co-financed by national, regional and local public actors.

Table 2 - Programmes for territorial cooperation. Commitments and expenditure paid out 31/12/ 2011 (Share of EU-frame)

Programme	Commitments (%)	Expenditure paid out (%)
IVA Sweden-Norway	90	40
IVA North	90	32
IVA Botnia-Atlantic	79	29
IVA Öresund-Kattegat-Skagerrak	78	23
IVB The Northern Periphery	96	28
SUM	84	28

The territorial programmes managed in Sweden are lagging behind the regional competition and employment programmes in terms of commitments and expenditure. New commitments peaked in 2009, one year after the national programmes. At the end of 2011, 84% of the resources available for the period were committed. Expenditure carried out on these programmes amounted to only 28% of the resources available at the end of 2011. The largest territorial programme IVA Öresund-Kattegat-Skagerrak, with commitments of 78% of available resources and expenditure of 23%, was lagging behind the other programmes, while IVA Sverige-Norge with 90% of resources committed and expenditure of 40% was the best performing territorial programme. The low figures for the Öresund-Kattegat-Skagerrak programme at the end of 2011 reflect the slow start of the programme. No commitments were made in 2007 and less than 5% of the resources available were committed in 2008. With the commitments made in 2012 the programme, the commitment rate is now well over 90% and expenditure is in line with plans.

The co-financing committed in the territorial programmes corresponds to only 44% of the ERDF-funds available. Public sources are responsible for 98% of the co-financing in these programmes. These programmes attract almost no private co-financing. Few firms are involved in the implementation of cross-border projects. The limited interest of businesses is significant since almost 50% of resources in the Öresund-Kattegat-Skagerrack programme are allocated to sustainable economic growth which includes efforts to support entrepreneurship, strengthen systems of innovation, cooperation between clusters, tourism and green innovation. The small number of firms participating seems to reflect the fact that the projects do not offer concrete business opportunities for them³.

ACHIEVEMENTS OF THE PROGRAMMES SO FAR

Main points from previous country report:

- 5,400 new firms and 11,400 new jobs were reported to have been created in 2010.
- At the end of 2010, 36% of the end-target for new firms and 42% of that for new jobs had been achieved

³ Oxford Research Gränsöverskridande forskning, innovation och utveckling. En studie av Interregprojekt som syftar till innovation och ny kunskap. Stockholm 2012.

- 95% of the new firms and 99% of the new jobs were related to projects in the Enterprise and RTDI priority area.
- There are significant differences in achievements between the regions.

Developments in 2011

Table 3 - Outcome of the NUTS 2 - programmes 2007-2011

Policy area	Main indicators	Outcomes and results		
		No. 2010	No. 2011	% of goal
Enterprise support and RTDI including ICT Increase access to finance by SMEs	New jobs	14,397	26,457	83
	New firms	3,753	11,289	63
	New ICT Services	-	213	32
	Patent	-	38	76
	New centre/clusters	-	10	67
	New networks	-	664	295
Human Resources (ERDF only) Youth unemployment (ERDF only)	-	-	-	-
Transport	New jobs	64	514	34
	New firms	8	48	25
	New transport solutions	-	5	50
Environment and energy	New renewable energy capacity	100,054 MWh		No goal
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	New jobs	153	514	34
	New firms	-	48	200

The figures for 2011 show a major increase in the number of new jobs and new firms created. The number of new jobs reported in 2011 was as many as the total number over the whole period 2007-2010. The number of new jobs reported by the end of 2011 corresponds to 82% of the end-target and new firms to 63%.

Men took 57% of the new jobs, lifting the number of jobs for men to 82% of the end-target, while the corresponding figure for female jobs is 77%. The programmes have also successfully involved the business community. Over 35,000 firms had participated in the programmes up to end-2011, exceeding the target by 59%. This figure partly reflects the fact that a surprisingly large amount of resources are allocated to incremental innovations in established companies, given that the overall objective of the national strategy is for the programmes to support fast-growing innovative companies. The strategy seems to be to attempt to activate innovative potential which is assumed to be present in existing firms.

Three times as many networks as specified in the target have been built, the main reason for target being so much exceeded being that network building is a relatively new activity for Swedish regions and this lack of experiences made it difficult to estimate the expected result of

these activities. Some 97% of the new jobs and 99% of the new firms were a result of enterprise support and RTDI projects, which have received 76% of the resources available.

The outcome in the other two priority areas, transport and territorial development, is less impressive. There have been 147 projects involving 1,038 participants in transport. The large number of participants, in the form of municipalities, regions, universities, consultants and transport firms, is explained by the fact that planning of infrastructure is a complex task that involves many different types of stakeholder. The most visible outcome of these projects so far are 5 new transport terminal of different kinds, which is half the end-target number (examples are given below). The poor results in these areas may reflect the fact that the indicators, new jobs and new firms, are of little relevance here. The results are more impressive in terms of the activities carried out, the number of participants involved being over three times the target and the number of projects 18% higher.

These national figures cover large regional variations. While Stockholm reports that the programme has contributed to creating almost four times as many new jobs as the target, the corresponding figure for Smaland and the Island is only a third of the target. The situation is similar as regards new firms. The number of new firms in Mid Norrland is only 22% of the goal while it in Stockholm is almost 10% higher than the goal. Based on the indicators new jobs and new firms Stockholm is by far the most successful programme. One reason is that Stockholm, with the smallest budget, receiving less than 5% of the ERDF going to Sweden, has decided to use a significant part of the resources on efforts to further increase the national support system for entrepreneurship and SMEs. Accordingly, it is almost impossible to separate distinguish the ERDF contribution to the creation of new jobs and new firms. A single project, Entrepreneur Stockholm together with the follow up project Start-Up Stockholm, aimed at coordinating and increasing the standard of existing business advisors explains the success.

In Smaland and the Islands completed project reports indicate that they have only created 72% of the number of jobs targeted. The AIR explains this in terms of reduced supply of capital caused by the financial crisis in 2008 making it more difficult for firms to expand and increase employment. This picture is partly contradicted by the fact the programme has been successful in getting firms to participate in projects and in creating new firms. Over 6 times as many firms as specified in the target have participated in projects and the projects completed have achieved their target for the number of new firms created, which by the end of 2011, amounted to 86% of the target.

The low figure for new firms created relative to the target in Mid Norrland reflects the fact that the latter was set ambitiously high - 7,000 new firms which is over twice that in the other two regions in the North, Upper Norrland and North Mid Sweden – while the outcome is about the same as in the other two regions.

New jobs and new firms are the only two impact indicators used in all programmes and in more than one priority area. Normally it is impossible to distinguish the contribution of ERDF support in these regards. The figures just tell us the number of new firms and jobs that are reported by projects managers and firms participating in the project. Different outcome indicators give a more accurate, but less relevant, picture of what has been achieved. The figures for the number of firms and participants involved in the programmes are more reliable and based on these, the Swedish programmes appear to be a tremendous success, some 50% more firms and

participants than planned having been involved in the programme. Outcome indicators in terms of activity are also relatively reliable. It is quite certain that ERDF support has been crucial in helping the development of 6 clusters and 4 centres of excellences, in the sense that these would not have taken place without the ERDF.

National regional policy in Sweden follows problem-based Anglo Saxon tradition, focusing on regions with problems. From this perspective, small parts only of Upper Norrland, Mid Norrland and North Central Sweden have been eligible for regional policy. Most Swedish regions did not have access to financial resources to undertake such initiatives. However the critical question, which cannot be answered, concerns the possible future impact on the growth of these initiatives. Efforts have gone into forming clusters, getting firms and others interested in participating and setting up an organisation to manage the cluster, before work to stimulate growth can begin. Only later experience will show whether the premises on which the initiatives were based were valid or not.

In Scania-Blekinge, which has a strong cluster in ICT, 15 projects have been financed with the aim of strengthening its competitiveness. One of these projects, 'Mobile Heights' (2008-2011), was aimed at strengthening collaboration between researchers in universities and companies. An on-going evaluation of the programme made by SWECO Eurofutures concluded that the projects placed too much reliance on large companies to act as engines of growth instead of making efforts to get R&D intensive SMEs involved. Mobile Heights has had problems involving such firms but has been more successful in generating spin off firms from research⁴ and has played an important role in creating 18 new firms, most of them still in an early phase of development. The project has also generated four innovating supporting systems and supported innovations through the creation of contacts with other industries, such as life science, finance and food production.⁵

The aim of one of the other cluster projects was to promote the regional IT cluster internationally, partly through arranging meetings between firms in Scania and potential foreign investors in order to demonstrate the investment possibilities of the region. The financial crisis in 2008 changed the underlying economic conditions and the large IT companies in the region, like Ericsson, laid off workers, which gave new firms access to highly qualified people who previously were out of reach. The new situation made it possible to market teams with various expertise to foreign companies. The project has so far resulted in 13 new investments in the IT industry.

A general conclusion seems to be that quick results cannot be expected and the effects of cluster initiatives are hard to predict. Under favourable circumstances, the initiatives may be capable of increasing innovation capacity and competitiveness, but there is a danger that they may also preserve existing businesses which have begun to lose competitiveness.

In Mid Norrland, the point of departure for the Enterprise support and RTDI priority was its natural resources. The focus has been placed on the paper and pulp industry, renewable energy

⁴ Tillväxtverket Följeforskning i programområde Skåne-Blekinge. Slutrapport. Stockholm 2011.

⁵ Förändra, förbättra och förstärka. Att arbeta med regional tillväxt i strukturfondsprogrammet för Skåne-Blekinge. Årsrapport 2011. Stockholm 2012

and tourism.⁶ The local university, that has a similar focus in its research ('The forest as a resource' being one area), became an important participant in many research projects co-financed by the ERDF.

In other regions too, many research projects have been funded with the aim of strengthening cooperation between universities and business, though these have resulted in relatively few new jobs and new firms partly because the universities retain ownership of the output. In the academic world, research logic predominates with a focus on using new knowledge in the creation of technically excellent solutions. The logic behind successful innovation is about combining existing knowledge in different ways to create new demand. New approaches to bridging this gap in logic between universities and business are a prerequisite for increasing the results from this kind of project

The regional venture capital fund, partly financed by the ERDF, has also a strong focus on IT. Almost 60% of the investments made by the fund are in young ICT firms. The fund has not yet relinquished any of its investments so there is no information about the outcome in terms of new jobs. So far the evaluations cannot answer the question whether the venture capital funds have improved the supply of finance to SMEs, although there are indications that the initiative has helped to tackle the equity gap identified in the companies that have received funding.⁷

In other cases focus has been on promising growth areas where there are no existing clusters. In these cases the on-going complex social and economic processes make it difficult to assess the importance of the project. Media Evolution in Scania-Blekinge is an example of a project with the aim of building such a cluster in new media. The project has made some progress in developing a cluster and a lot of new firms have grown up. However the evaluators found it difficult to trace the growth of the new firms back to the project. New media is an area with a high turnover of firms, where many new firms are being created and almost as many are disappearing and it is hard to find evidence that the project has had a significant effect on these processes.

The results of Accessibility projects are mostly so specific that they cannot be measured with core indicators. The appropriate indicator tends to vary from project to project, as is illustrated by a few examples in Smaland and the Islands, three new railway stations have been opened for commuting, so increasing the access of residents to neighbouring and larger, labour markets. The results of this are initially relatively small but, as in the case of many public investment projects, are likely to increase over time. If the number of passengers passing through the stations is used as a result indicator, the full effects of the new stations are unlikely to be seen until long after the projects have been completed in 2013. So assessing the results of this kind of investment in these terms is unlikely to be meaningful at present.⁸

The situation is similar for other investment project. The aim of the "Båramo terminal area" project is to create an intermodal terminal that can function as a "rail-port" linked to the

⁶Förändra, förbättra och förstärka. Att arbeta med regional tillväxt i strukturfondsprogrammet för Mellersta Norrland. Årsrapport 2011. Stockholm 2012

⁷Tillväxtverket Halvtidsutvärdering av regionala riskkapitalfonder. Implementering och lärdomar. Stockholm 2011

⁸Förändra, förbättra och förstärka. Att arbeta med regional tillväxt i strukturfondsprogrammet för Småland och öarna. Årsrapport 2011. Stockholm 2012

harbour in Gothenburg. Goods that arrive from overseas are sent directly to the terminal where they are examined for custom purposes. The project has been completed and two enterprises have been set up in the terminal, with three more planning to begin operations this year and another three in the process of negotiating locating there. Planning the further expansion of the terminal has started. Assessing the results of the investment raises the issue of how to deal with the fact that in most cases the new firms and jobs being located there have moved from somewhere else and as such are not 'new', though they might well be new in Smaland and the Islands.

The long-term effects of these kinds of investment project are difficult to measure, since it can take many years for the full effects to be realised in terms of the gains to one region and the losses to others. A more fruitful approach is to base support to such projects on cost benefit analysis which estimates the expected social as well as financial returns of the investment concerned and takes account of such redistributive effects.

Many of the results of territorial development projects are also specific in nature. The focus of such projects tends to be on reducing socio-economic differences between different areas through improving the physical environment in order to make areas more attractive. A typical example is "*Centrumutveckling i partnerskap*" in Gothenburg⁹, which involves large-scale investment in three squares and one market place to raise the status of the areas to increase their attractiveness as well as making them safer. The outcome of the project in terms of the investment in the physical environment is easy to identify but its impact on socio-economic disparities is almost impossible to detect because there is a genuine lack of knowledge about how the physical environment affects these. In addition, any reduction in disparities could take decades to come through, so in most cases there will be no visible results when the programme finishes in 2014.

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 this can have a visible effect on the ability of regions to sustain economic development and improve the quality of life perceptibly. The Structural Funds might, however, serve a useful short-term economic policy purpose. In the period 2008-2010, they have helped to offset the decline in employment caused by the financial crisis. In this period, employment in Sweden declined by 14,000 while the ERDF programmes created, according to the annual implementation reports (AIRs), a similar amount of new jobs. However in reality the situation is more complex. Most of the jobs created through the programmes came in 2010 when employment in Sweden increased by 112,000.

The situation is similar when it comes to the new firms. Statistics shows that the number of new firms in Sweden increased in 2007-2010 compared to the four years before. One interpretation is that Cohesion policy contributed to this increase. The new firms reported to be created by the programmes correspond to 5% of all new firms. It can be argued that at the margin the programmes have contributed to the growth of firms, although it is unknown how many of the

⁹Förändra, förbättra och förstärka. Att arbeta med regional tillväxt i strukturfondsprogrammet för Västsverige. Årsrapport 2011. Stockholm 2012

firms generated by ERDF projects would have been created without ERDF support. So the conclusion drawn tends to reflect what a person believes. The optimist claims that projects may have a strategic importance for development far larger than the size of the resources. The realist says that project may under certain circumstances have a marginal influence on growth and the pessimist claims the symbolic political value of the programmes is far bigger than the effect.

It should be recognised, however, that the importance of the ERDF funds varies between regions. The funds allocated to the three large dynamic metropolitan regions are almost negligible compared with their GDP. Most resources are allocated to the two most northern regions, in which the funds correspond to 1.4% of GDP. It is, however, not realistic to believe that this is enough to significantly strengthen their capacity to sustain economic development. It should be noted that the combined land area of the two NUTS 2 regions is as large the UK, excluding Northern Ireland. It is therefore not surprising that it is difficult to find evidence that EU support under Cohesion policy is helping regions to respond to the increased competition resulting from globalisation, demographic change, climate change and energy security. The most that can be expected is to strengthen the economy or improve the quality of life at the margin in a few places in these regions. It is interesting to note that the four large growth centres in the two regions have received less than 25% of the total resources committed. This can be compared with the situation in West Sweden and Scania-Blekinge where Gothenburg and Malmö alone receive more than a quarter of the resources. The lack of geographical concentration in the North suggests a risk that resources are spread across so many places that neither regional nor significant local effects will be achieved.

4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION

Evaluations covered by the 2010 and 2011 country reports:

Nation-wide evaluations across Operational Programmes (OPs)

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

Tillväxtverket *A synthesis of the ongoing evaluation in the regional structural funds programmes. 23 conclusions. Report 0136* Stockholm 2012

Tillväxtverket *Samlad lägesrapport per 2010-12-31. En investering för framtiden.* Stockholm 2011

Tillväxtverket *Redovisning från inlämnade slutrapporter.* Stockholm 2011

Tillväxtverket *Tematisk rapport från strukturfondsarbetet. Hållbar utveckling.* Stockholm 2010;

Tillväxtverket *Tematisk rapport från strukturfondsarbetet. Integration.* Stockholm 2010

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Table 4 - Evaluations carried out in 2011 and 2012

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
A Synthesis of the ongoing evaluations in the regional structural funds. Report 0136, June 2012		Make a synthesis of ongoing evaluations	21 lessons No. 1 The OPs are helping to strengthen the regions and create county-based cooperation No. 2 The structural funds could be implemented more efficiently.	Review of evaluation reports	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
Mid-term evaluation of regional venture capital funds. Report 0110 November 2011	Venture capital funds (1)	Mid-term evaluation of 12 regional venture capital funds aiming at providing stakeholders early indications of how the initiative stands in relation to defined goals and highlight difficulties in the implementation process (2)	The companies which have received funding are highly satisfied and the funding has been used primarily for market development, product development and skills acquisition.	Document analyses, questionnaires and interviews (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
Samarbetet kring Öresund, Kattegat och Skagerack Hur fungerar det nya EU programmet? May 2012	Interreg (9)	Evaluation of implementation organisation (2)	Many criteria are unclear and difficult to understand. Finally, they find that the indicators used does not focus on the impacts of the projects but primarily outcome.	Document analysis, Interviews (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
Samarbetet kring Öresund, Kattegat och Skagerack.Gränsöverskridande mrvärde I sex projekt. . May 2012	Interreg (9)	Studying how six projects have work with the creation of a cross border value added (2)	Identified three kinds of cross-border value added; 1)Work on a common problems 2)learning together 3) reach a critical mass	Interviews and group discussions (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
IV A Sverige-Norge. Evaluering av gjennomføringorganisasjonen . May 2012	Interreg (9)	Evaluation of implementation organisation (2)	The programme organisation has done a good job in establishing the programme. It has applied several new tools to improve the quality of the programme implementation. The selection criteria are relevant but there are problem incorporating the horizontal criteria.	Document analysis, interviews (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
IV A Nord Utvärdering av genomförandeorganisationen. May 2012	Interreg (9)	Evaluation of implementation organisation (2)	Integration of horizontal issues in project activities constitutes a problem. The issues of sustainable development, equality and social integration remain dubious concepts.	Document analysis, interviews (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
IV A Botnia-Atlantica.	Interreg (9)	Evaluation of implementation	Integration of horizontal issues in project	Document	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Utvärdering av genomförandeorganisationen. May 2012		organisation (2)	activities constitute a problem. The issues of sustainable development, equality and social integration remain dubious concepts. The project selection criteria are inconsistent and have to be redefined. Operate with a very limited set of result indicators at the programme level.	analysis, interviews (4)	tillvaxtverket.se/Seach.aspx?pageid=75
Lärande inom territoriellt samarbete 2012. Rapport 0134, May 2012	Territorial cooperation	Evaluation of the situation in the Interreg programmes and their contribution to the national strategy.	The report covers a number of undertaken evaluations of territorial cooperation programmes and present no conclusions.	Document analysis	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
EU:s regional utvecklingsfond som finansierar infrastruktur i Sverige. Insatser och effekter. Rapport 0113	Accessibility (4)	Study of projects in the priority area accessibility (2)	The resources from ERDF have mainly been used for purposes which are normally not financed nationally. It is unclear if the projects give the best long-term effects.	Interviews (4)	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75
Little pieces of a large puzzle. Sustainable change through evaluation impact. Report 0122 February 2012	Synthesis report	Synthesis report from the ongoing evaluation and interactive research of 60 ERDF projects	The study reveals varying degree of quality in the performance of the evaluations. In some cases they have been more like traditional monitoring of objectives and short-term results. The study also demonstrates that successful projects appear to create sustainable changes in the regions.	Systematic review of final evaluation reports from ongoing evaluations at project level in Sweden.	http://publikationer.tillvaxtverket.se/Seach.aspx?pageid=75

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 Swedish approach to evaluation is to see it as a learning process. Evaluations are regarded as a means of learning about designing and implementing programmes and projects. As a result, evaluations of the implementation process are considered more valuable than ex-post evaluations of the result. The focus is on on-going evaluations undertaken in a dialogue with the management teams of the programmes and projects concerned. The on-going evaluations at the programme level have initiated a fruitful dialogue between the managers of the programmes and the evaluators who pointed out organisational problems and conveyed insights into how to tackle them. The on-going evaluation of projects has not had a similar effect, which became more of an on-going monitoring of their progress. All the focus was on the projects and their outcome in terms of new jobs and new firms and no attention was paid to how the projects contributed to the overall ambition of the programmes to strengthen the competitiveness of the region.

One reason for dialogue between managers of the programmes and the evaluators being effective was that they could interact as equal partners. The managers were competent and confident enough to discuss weaknesses in the programmes and to make adjustments based on the advice of the evaluators. Project managers on the other hand, tend to be more doubtful about the evaluators and less prepared openly to discuss weaknesses in the projects. They failed in many cases to recognise the importance of specifying the requirements well before starting the evaluation. Experienced, self-confident managers with an open mind are vital for successful on-going evaluations. The experience from the on-going evaluations in this period has brought valuable insights that will influence evaluations in the next programme period.

Up to now the main effort has been on on-going evaluations. From now on, the focus is moving to impact evaluations. However, it should be mentioned that there is a reluctance in Sweden to see the usefulness of evaluating the short-term impacts of programmes that have a long-term aim of bringing about structural change. Structural change is about more than creating new jobs and new firms. It is about changing the institutional structure in a way that will improve the capacity of the economy to create new jobs and new firms. To decide on such changes, to implement them and to see whether they a significant impact on behaviour will normally take longer than one programming period.

Two consulting firms have been commissioned to evaluate the "long-term" effects of the eight Swedish OPs. The purpose is to examine how the programmes so far have contributed to structural change that has strengthened the competitiveness of the regions concerned and have had strategic impact on public policy-makers and other actors as regards entrepreneurship, innovation and industrial development. The intention is that the preliminary results of these evaluations will be presented to stakeholders in autumn this year and that the final report will be delivered in January 2013. The publication of the evaluation will be followed by a national conference at Linköping University in June 2013.

5. FURTHER REMARKS - NEW CHALLENGES FOR POLICY

Main points from previous country report:

- It is important to stimulate the learning process to make the implementation process more efficient
- The existing system of targets and indicators makes an effective evaluation of outcomes as well as of the long-term effects.

Both of these points are still relevant. At this stage when the focus is moving from on-going evaluations of the implementation to evaluations of the results, the second point is even more relevant, as is elaborated below.

The main challenge for the Cohesion policy approach is to successfully use short-term projects as a tool to create long-term structural effects. The approach used for the Structural Funds is similar to the rational planning model used in the 1960s when large programmes were launched to tackle most economic and social problems.

In a new text book, based on the experience from the implementation of the Swedish OPs, the traditional planning-steered development model is compared with the development-supportive evaluation model¹⁰. The approach used for the evaluation of Cohesion policy is the planning-steered development model. This model takes as its point of departure the overall goals of the programme that are operationalised into specific, measurable, relevant and time-bound goals that can be evaluated. The model is based on the assumption that development is a mechanical and linear process that can be controlled. But history teaches us that complex social systems, like a system consisting of more than 500 million Europeans, does not produce a linear and mechanical development process. And anyone that has read about the efforts to handle the European debt crisis understands that development is not controlled. This fact raises one important question. How fruitful is it to use a planning-steered development model approach in evaluating a non-linear complex social process, which is formed more by historical accidents and sluggishness in the forming and implementing of policies than by rational planning.

Evaluations based on the planning-steered development model take the form of a quantitative follow-up with rather precise information of the activities that have taken place and the number of actors involved and educated guesses about the short-term results in terms of new jobs and new firms, but it gives now insights about the long-term structural impact. The main argument for the approach is that it can be used as a tool for Commission or national governments to check that the programmes have done what they promised to do. Applying the other approach, the development supportive model, implies an acceptance that the long-term outcome of the programme is not measurable. To apply the approach requires admitting that the development process in a complex social system cannot be controlled, but policy making can exert a strong influence on development. Policy-makers can influence the development but not steer it towards pre-determined goals. Using this approach evaluation is more about having a system for systematic learning and sharing of experiences. Evaluation is primarily a tool for accumulating experience so that we can avoid some of the mistakes made in the past in the

¹⁰G. Brulin & L. Svensson Managing Sustainable Development Programmes. A Learning Approach to Change. Farnham, Gower 2012.

future. By adopting this approach we also acknowledge that one of the most important benefits from development programmes is the new knowledge they may generate. Knowledge about under what circumstances different kinds of actions may result in failure or success.

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Niclas Andre, administrator programme Öresund-Kattegat-Skagerrak

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

Niels Boye, head of the Kattegat/Skagerrak secretariat

Göran Brulin, Senior Analyst, Swedish Agency for Economic and Regional Growth

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-2011)

Excel Table 4cbc - Commitments by main policy area (by end-2011) – 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
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 ...

Policy area		Code	Priority themes
	Labour market policies	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 ...
		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)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		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)

Policy area		Code	Priority themes
		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
		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