Summary

In total, Sweden has been allocated around SEK 17 billion for structural fund projects during the current programming period. The largest portion of this amount goes to the Regional Development Fund – in total, SEK 10.8 billion. The eight regional programmes for regional competition and employment within the Regional Development Fund together receive around SEK 8.4 billion. These eight programmes vary in size, from SEK 0.3 billion for the Stockholm region to approximately SEK 2.2 billion for the Upper North region. In addition to these eight programmes, the Regional Development Fund has earmarked SEK 2.4 billion for territorial cooperation.

The Social Fund has been allocated more than SEK 6 billion, which includes the national programme for regional competition and employment. This national programme is implemented via eight regional plans, which correspond to the regions in the Regional Development Fund.

The national Social Fund programme and the eight regional fund programmes are now in full swing. By the summer of 2008, a total of more than 2,800 applications had been processed, of which 1,943 for the Social Fund and 797 for the Regional Fund. Of these, 461 Regional Fund applications (58 percent) and 457 Social Fund applications (24 percent) were approved.

This report identifies areas within the implementation process that we believe can be improved.

Place the assignment in focus

During the initial phase of the implementation, the actors felt that the division of responsibilities was unclear. This problem was most evident with regard to the division of roles and assignments between the Structural Fund Partnerships and the managing authority, and was primarily related to information in conjunction with the decision process. To a large extent, the problem can be traced to the multiple guidance documents steering the projects. The actors felt that these documents did not provide precise instructions for how the authorities should carry out their assessments and what criteria should form the basis for the Partnerships' prioritisation announcements.

The actors must therefore clarify the division of responsibilities for themselves by applying a method that is comprehensible for everyone involved while remaining within the boundaries established by regulations and legislation. In order to reverse the negative tendencies we observed, it is absolutely critical that we move away from the suspicion, lack of communication and territorial protection that is currently present in some of the regions. We can achieve this goal by working together to assume clear responsibility for placing our assignment and customers in focus.

Greater focus on the pre-project phase

Our initial portfolio analysis showed that actors from the public sector are overrepresented among project applicants. Part of our assignment has been specifically to ensure that actors from outside the public sector have the possibility to receive funding.

However, these possibilities differ widely between the two funds. The regional programmes in the current programming period have a more distinct focus on entrepreneurship and innovation. Compared to previous programmes, this has decreased the opportunities for some actors, primarily from the non-profit sector, to receive funding, and can be one of the reasons why their applications have a lower success rate than other applications for passing the eligibility assessment. Another reason could be that, in the previous programming period, these groups had the opportunity to receive active support from the implementing organisation to develop their projects. This has not been possible to the same extent during the current programming period primarily due a lack of resources, but also due to the slightly different interpretation of the role of the authority as compared to previous programming periods.

Information and dialogue with applicants

Our analysis of the project portfolio demonstrates that, from the perspective of the Social Fund, a large number of projects were rejected – either during the authority's eligibility assessment or as a result of the Partnerships' prioritisation. Only one-fourth of the applications to the Social Fund resulted in an approved project. As mentioned above, there are a number of potential reasons for this and we have reason to believe that this number can improve in the future.

Still, the high number of denied applications represents a cost for both the authority and the applicants at the same time as there is also a risk that it will affect the actors' faith in the implementation. In the long run, this can affect the results of the implementation as a whole and lead to a decrease in general cost efficiency.

Avoid double work

First of all, it should be said that projects are underway across the country and in most of the eight regions they appear to be functioning satisfactorily. However, the initial stages of the implementation were characterized by distrust between the actors and a lack of respect for each others' responsibilities and assignments. This has meant that some work was carried out twice since applications were handled both by the authorities and the support groups established by the Partnership Secretaries. In certain regions – even in regions where the processes generally functioned well – significant resources were committed to the assessments by both the Partnerships and the regional programmes. Our conclusion is that the same work has been carried out twice, which should be unnecessary.

Learn from one another

On the regional level, we observed that the relationships between NUTEK and both the regional actors and potential project owners were in many aspects better than the Swedish ESF Council's relationships with the same parties. NUTEK is described in a considerable number of interviews as having a more pragmatic and supportive approach. The differences touch on a number of areas within the implementation process, but are most tangible in relation to information/project generation and decision processes. The Swedish ESF Council is very aware that these differences exist. They are the result of a conscious decision by the Swedish ESF Council to protect its role as an authority - not to be perceived as bureaucratic, but rather to guarantee equal treatment for all applicants. Several people have explained that this approach was chosen because the Social Fund deals with individuals. However, we would like to encourage the Swedish ESF Council to review its approach to dialogue and

communication with applicants. It should be possible to give advice and provide appropriate guidance and support without being forced to ignore the equality principle, provided that these services are offered to everyone who requests them.

We have observed that there are differences between the regions with regard to the documentation the Partnerships receive to determine their prioritisations. In several regions, the Partnerships receive very thorough management documents from the authorities, which at times also are the result of consultation with regional developmental bodies. In other regions, the Partnerships use an eligibility assessment that concludes with a Yes or No, while the Partnerships' Secretary (often in cooperation with a preparatory group of some form) proposes decisions and statements that the Partnerships should decide on. The downside of this method is that the considerable knowledge of the administrators in the managing authorities is not fully utilised. Developing a method of working that is similar to the relationship between an organisation and its Board of Directors/Management Group could be one solution. Managing authorities would then be able to communicate more of their content-based assessments to the Partnerships, e.g. by sorting the eligible applications based on their quality. The Partnerships would be able to work more strategically and apply criteria for how applications should be prioritised.

There also appears to be a more defined policy approach to the programmes in both the Skåne-Blekinge and West Sweden regions than in other regions. It is easier to clearly link the work of the programmes in both of these regions to the development strategies within the national regional development project. This was equally evident in both the Social Fund and the Regional Fund in these regions. Initiatives within the framework of the Social Fund are also clearly part of the regional development agenda in Skåne-Blekinge and West Sweden in a way that was not observed in other regions.

Clear boundaries for regional variation

One of the reasons for transferring responsibility for the implementation from the regional authorities to the national authorities was to decrease regional variations within the implementation. Everyone is in agreement that regional variations are beneficial, but that they should be a strategic adjustment to specific assignments and strategic solutions in each region. The implementation itself, and in particular the results of the implementation, should not be allowed to vary in such a way that equality principles and legal rights are ignored. The differences we observed consisted of both differing viewpoints between the authorities and the Partnership and varying regional practices in general.

Specifically with regard to cooperation between the authorities and regional actors, we believe there to be significant opportunities for developing new forms of cooperation. The exact models can vary between regions. However, a fundamental condition is improved trust. Trust is built on transparency and openness. Forums for cooperation and co-utilization of existing skills should be developed. The West Sweden and Skåne regions can serve as examples in this case.

Eliminating exclusion is also a growth policy!

Some of the people we interviewed stated that the Partnerships lack relevance for the Social Fund programme. Others felt the opposite – that the Social Fund programme lacks relevance

for the Partnerships. Still others emphasized the need to "educate" the Partnerships in Social Fund issues.

However, it is our assessment that there is significant growth potential linked to the content of the national programme that, if properly presented, should be of interest for representatives from the Partnerships. In turn, the Social Fund programme stands to gain from learning about the knowledge located within the Structural Fund Partnerships.

In both the Skåne-Blekinge and West Sweden regions, a policy focused on eliminating exclusion has been a central part of the regional development and growth policy for a long time. Growth comes from either *working smarter* (increased productivity, more innovations, etc.) or *working more* (more people working). Somewhat simplified, it could be said that the Regional Fund projects primarily focus on the first part of the growth equation, via innovation policy projects and by supporting the growth of new companies in new areas of knowledge, while the Social Fund focuses more on the second part of the equation by eliminating or preventing exclusion. Within the traditional regional development policy, exclusion issues have been on the agenda infrequently, but in regions such as Skåne and West Sweden, the situation is somewhat different. Here there has been a long-term focus on taking advantage of the growth and development potential that comes from eliminating exclusion and long-term unemployment. It has therefore become natural to also view the Social Fund as a central instrument for the regional development policy. We believe that the application of this approach should be encouraged in other regions. This could also become an important assignment for the Social Fund.

7. Conclusions and recommendations for increased focus on customers and assignments

In this chapter, we summarize the most important conclusions from the current analysis – i.e. the three analysis methods – and provide suggestions to further develop methods of working.

7.1 Set the assignment in focus

We take the position that the actors' interpretations of the division of responsibilities during the implementation process clearly differed. This problem was most evident with regard to the division of assignments between the Structural Fund Partnerships and the managing authority, and was primarily related to information in conjunction with what we call the decision process. What is most important in this situation is how the organisation is perceived by those who are working for it.

During the interviews we conducted, the desire for "someone" to step in and "make a decision" about what should be done was frequently voiced. The Government naturally has an invested interest in ensuring that the implementation of the Structural Fund programmes in Sweden is conducted fairly and in accordance with the law. This is an absolute must for the implementation. At the same time, the Government has clearly demonstrated that it would like the politicians and other actors in the Partnerships to take an active and important role in the implementation. It has made several statements along these lines, that the Partnerships shall have a clear influence on the decision process. However, the complexity and political sensitivity of this issue leads us to draw the conclusion that we cannot expect any such "decision" from the Government.

The actors must therefore clarify the division of responsibilities for themselves by applying a method that is more explicit for everyone involved while remaining within the boundaries established by regulations and legislation. In order to reverse the negative tendencies we observed, it is absolutely critical that we move away from the suspicion, lack of communication and territorial protection that is currently present in some of the regions. We can achieve this goal by working together to assume clear responsibility for placing our assignment and customers in focus.

Instead of making a "decision", the Government could rather, in this context, emphasize that the actors have a joint responsibility to utilise the resources allocated to Sweden via the Regional Development Fund and the Social Fund in such a way that they result in innovative regional development and sustainable employment across the entire country.

7.2 Greater focus on the pre-project phase

Our portfolio analysis showed that actors from the public sector are overrepresented among the project applicants. Part of our assignment has been specifically to ensure that actors from outside the public sector have the possibility to receive funding.

It is important to note here that these possibilities differ significantly between the two funds. The regional programmes have a more distinct focus in this programming period on entrepreneurship and innovation. Compared to previous programmes, this has decreased the opportunities for some of the actors, primarily from the non-profit sector, to receive funding, and can be one of the reasons why their applications have a lower success rate

than other applications for passing the eligibility assessment. Another reason could be that, in the previous programming period, these groups had the opportunity to receive active support from the implementing organisation to develop their projects. This has not been possible to the same extent during the current programming period, primarily due to resources. Several of the people interviewed stated that the current organisation is considerably "smaller" than in previous programming periods.

For the Social Fund, these actors are clearly included in its target group. However, there are considerable differences between the current programme and previous programmes, which means that the actors in this sector have needed to dedicate time and resources to understanding the new programmes - time and resources that many of them do not have. It has not been possible for the organisation to provide support. The Swedish ESF Council also takes the stance that there is a difference between project support and eligibility assessments and that its responsibilities fall solely within the latter. Resources are currently being allocated to the Swedish ESF Council so it can receive support from actors outside the authority in order to improve this situation.

One of the sub-issues within this context is the need for funding to develop projects in relation to the horizontal criteria. Applicants have currently expressed dissatisfaction with how the authorities have handled the horizontal criteria. The applicants say that the authorities bureaucratically and steadfastly push through the horizontal issues even in contexts where they are not relevant. At the same time, many of the comments from the project applicants indicate that they do not understand the importance of, for example, environmental or equality integration in projects that do not explicitly include these issues. In this context, the goal must be to develop the projects so we can achieve the targets that the horizontal criteria are meant to tackle.

7.3 Improved information and dialogue with applicants

Our analysis of the project portfolio demonstrates that, from the perspective of the Social Fund, a large number of projects were rejected – either during the authority's eligibility assessment or as a result of the Partnerships' prioritisation. Only one-fourth of the applications for the Social Fund resulted in an approved project. As mentioned above, there are a number of potential reasons for this and we have reason to believe that this number can improve in the future.

At the same time, we believe that such a large percentage of rejections indicates failure, and failure costs time and money. If every rejected application is assumed to take approximately 50 hours to produce and perhaps 10 hours to administrate, this means that the approximately 1,800 projects that were denied have cost the actors in the system more than 100,000 hours, or more than SEK 50 million. Naturally, there is a cost involved in ensuring that the best projects receive funding, and from that perspective this cost can be seen as an investment. But if the rejections are due to technical or similar mistakes in the application and could have easily been avoided through improved dialogue and information, this cost is entirely unnecessary.

The high number of rejections does not just mean higher costs; it also places the trust of the parties involved in the implementation at risk. The greatest cost could therefore be incurred if a situation arises in which actors decide not to apply for funding for innovative projects because they judge their chances for receiving approval to be too small. This type of

situation could affect the results of the implementation as a whole and lead to a decrease in general cost efficiency.

7.4 Avoid double work

An important conclusion of the analysis thus far relates to the consequences of the perceived lack of clarity surrounding the division of responsibilities. First of all, it should be said that projects are underway across the country and in most of the eight regions they appear to be functioning satisfactorily. In some areas, however, the uncertainties have led to relationships between the actors that can be best described as drawn out territorial battles. Another observation is that the amount of attention that is given to the work in problematic regions has a negative effect on opportunities to create constructive exchanges of experiences and development in other regions where there are no problems.

This has led to some people leaving or threatening to leave their positions if changes are not implemented. Several of the people we interviewed also said that their working conditions are negatively affected by these problems.

One of the underlying causes of today's situation is an inability to raise oneself above the protection of "territorial interests" and instead focus on customers and assignments. It is not obvious why some regions have been more successful at this than others. Our conclusion is that the answer is primarily due to personal factors. It appears that employees with experience from previous programming periods have adapted more easily to new responsibilities than new employees have. Employees with experience from previous programming periods also do not appear to have had difficulty adapting to the new period. Instead, it seems that employees without previous experience have felt insecure about their roles and others have taken advantage of this insecurity to advance their own positions.

A consequence of this situation is that there is a certain degree of double work. However, it is not very easy to describe the scope of the double work in more detail. The reason for this is that the decision process includes two different types of assessments – a first assessment to determine if the basic funding requirements are met and a second ranking of projects for prioritisation given the available resources. We observed that the authorities, the Partnerships' Secretary and the authorities responsible for regional development all work with (to different degrees) both types of assessments. In certain regions – even in regions where the processes generally functioned well – significant resources were committed to the assessments by both the Partnerships and the regional actors. Our conclusion is that there is significant double work that can hardly be considered necessary.

7.5 Learn from one another

This evaluation is in itself an important expression for the desire to place learning at the centre of the implementation. At the same time, our analysis has shown that procedures for returning knowledge to the actors in the regions are lacking. What is primarily needed is the possibility to return the knowledge gained during the authorities' administration and follow-up back to the Partnerships' actors and to ensure that the Partnerships receive the knowledge generated during different phases of the evaluations.

7.5.1 A more pragmatic approach to contact with applicants

On the regional level, we observed that NUTEK's relationships with both regional actors and potential project owners were in many aspects better than the Swedish ESF Council's relationships with the same parties. NUTEK is described in a considerable number of interviews as having a more pragmatic and supportive approach.

The differences touch on a number of areas within the implementation process, but are most tangible in relation to information/project generation and decision processes. In general, it appears to be easier for Regional Fund applicants than Social Fund applicants to have a dialogue with the authority. This means that it is easier for Regional Fund applicants to "do it right from the start". If an application is submitted incorrectly, it is easier to make changes and add supplements. NUTEK is more likely to initiate contact with its applicants if the applications are incomplete to request supplemental information. The Swedish ESF Council also contacts applicants, but it is still common for applications to be rejected either without dialogue with the applicants or with dialogue that is insufficient for helping the applicant submit an application that would be approved. This is reflected in the share of rejected applications that are later resubmitted. This number is significantly higher for NUTEK than the Swedish ESF Council.

Again, it is important to emphasize that sub-par applications should not receive funding. But when 3 out of 4 applications do not result in approved projects, it becomes evident that there is a more systematic problem that needs to be resolved.

The Swedish ESF Council is very aware that these differences exist. They are partly the result of a conscious decision by the Swedish ESF Council to protect its role as an authority - not to be perceived as bureaucratic, but rather to guarantee equal treatment for all applicants. Several people have explained that this approach was chosen because the Social Fund deals with individuals.

It is Sweco's conclusion that NUTEK's method in this case contributes to facilitating the implementation, as evidenced by a larger number of approved projects and more satisfied actors. We would therefore like to encourage the Swedish ESF Council to review its approach to dialogue and communication with applicants. It should be possible to give advice and provide appropriate guidance and support without being forced to ignore the equality principle, provided that these services are offered to anyone who requests them. If there are concerns that an administrator could be inappropriately influenced, these can be resolved by not allowing administrators to handle applications for projects with which they have had informal contact.

7.5.2 Take advantage of all competence for the best possible basis for prioritisation

We observed in our evaluation that the documentation the Partnerships receive from each region to determine the prioritisations varies. In several regions, the Partnerships receive very thorough management documents from the authorities, which at times are the result of the authority's dialogue with regional developmental bodies.

In other regions, the Partnerships use an eligibility assessment that concludes with a Yes or No, while the Partnerships' Secretary (often in cooperation with a preparatory group of some form) proposes decisions and statements that the Partnerships should decide on. One disadvantage of this method is that the managing authorities, the Partnerships' Secretaries

and the preparatory groups to a certain extent carry out double work since there is no clear division of the prioritisation criteria that are applied.

In some cases, the Partnerships have clearly stated that they would only like to have a basic eligibility assessment following minimum requirements since they will develop the basis for their prioritisation themselves. This means that the knowledge of the administrators in the managing authorities is not fully utilised. In other cases, the authorities carried out more extensive eligibility assessments. However, these assessments were not considered to be transparent enough for the Partnerships' actors. They then carried out their own assessments using some of the same criteria. In yet other cases, the managing authority carried out more extensive assessments, this time with considerable transparency, which allowed the competence of the other regional actors to be utilised in the assessment and thereby created a strong, transparent basis for the Partnerships' prioritisation.

We believe that developing working methods that are similar to the relationship between an organisation and its Board of Directors/Management Group could be a solution. This would give managing authorities the possibility to communicate more of their content-based assessments to the Partnerships, e.g. by sorting the eligible applications based on their quality. It would also be possible to bring in additional expertise if needed. The Partnerships would be able to work more strategically, for example by developing the criteria for how applications should be prioritised.

7.5.3 Collaboration, trust and political responsibility

To continue with the parallel to a company and its Board of Directors, a key factor in the success of this type of relationship is a considerable degree of reciprocal trust. Central to this trust is an understanding for one another's roles and areas of responsibilities. The authority's assignment is to ensure that the implementation follows current regulations. The Partnerships' assignment is to develop the general strategies for choosing the best projects within the boundaries set by the regulations and the programmes.

There is also a clearer policy approach to the programmes in both the Skåne-Blekinge and West Sweden regions than what is evident in other regions. In concrete terms, the difference is that the tasks are included in the large regions' chairmanships for regional development. This may appear trivial, but at the same time it is a clear indication that the politicians are on the right path. There is a clear political interest in the development of the programmes. This interest extends beyond the individual project and is more than just ensuring that sufficient resources can be secured for the municipality or region. It is easier to clearly link the work of the programmes in both of these regions to the development strategies of the national regional development project. In the Skåne-Blekinge and West Sweden regions, this also applies to the Social Fund. Initiatives within the framework of the Social Fund are clearly part of the regional development agenda these regions in a way that was not observed in other regions.

7.6 Clear limitations for regional variations

One of the reasons for why responsibility for the implementation was transferred from the regional authorities to the national authorities was to decrease regional variations within the implementation. Everyone is in agreement that regional variations are beneficial, but that they should take the form of a strategic adjustment to specific assignments and strategic

solutions in each region. The implementation itself, and in particular the results of the implementation, should not be allowed to vary in such a way that equality principles and legal rights are ignored.

We currently have no reason to believe that legal rights or equality are at risk given the varying practices of each region. However, at the same time, we observed that there are considerable differences between the regions in how the work is carried out. The differences consist of both differing viewpoints between the authorities and the Partnership and varying regional practices in general.

As stated previously, there are multiple reasons for why these variations occur. We believe that one important cause is the different policy conditions in each region. In this context, our position is that the most important factor is the direct political influence on regional development. Regions with a long tradition of direct political influence normally have a more clearly expressed policy goal for their regional strategic development. In these regions, it is more customary for politicians to exercise control using strategies. The regional development documents in these regions are significantly more influenced by policy and "living" than in other regions. It is possible that this could also mean that the politicians are more comfortable working with strategies and have a greater tendency to turn over the practical work to officials.

Specifically with regard to cooperation between the authorities and the regional actors, we believe there to be significant opportunities for developing new forms of cooperation. The exact models can vary between regions. However, one fundamental requirement is increased trust for one another and respect for each other's assignments. The first step in building trust is transparency and openness. Therefore, forums for cooperation and co-utilization of existing competence should be developed. The West Sweden and Skåne regions can probably serve as examples in this case.

7.7 Eliminating exclusion is also a growth policy!

A discussion is also underway concerning how well the Partnerships and the national Social Fund programme function together. Some of the people we interviewed went so far as to say that the Partnerships lack relevance for the Social Fund programme. Others felt the opposite – that the Social Fund programme lacks relevance for the Partnerships. Still others say there is a need to "educate" the Partnerships in Social Fund issues.

It is our assessment that there is significant growth potential linked to the content of the national programme that should be of interest for representatives from the Partnerships. In turn, the Social Fund programmes stand to gain from learning about the knowledge located within the Structural Fund Partnerships.

In both the Skåne-Blekinge and West Sweden regions, a policy focused on eliminating exclusion has been a central part of the regional development and growth policy for a long time. Growth comes from either *working smarter* (increased productivity, more innovations, etc.) or *working more* (more people working). Somewhat simplified, it could be said that the Regional Fund projects primarily focus on the first part of the growth equation, via innovation policy projects and by supporting the growth of new companies in new areas of knowledge, while the Social Fund focuses more on the second part of the equation by eliminating or preventing exclusion. In northern Sweden, the focus of the regional development projects

was never to eliminate exclusion despite the fact that exclusion has always been high here in relation to the labour market. Instead, focus has moved to the first part of the equation – improving the conditions for productive investments and innovations. An increased focus on exclusion and its potential for filling the vacancies resulting from the increases in demand from certain basic industries is a central part of the regional development in the north.

In the Skåne and West Götaland regions, the situation is somewhat different. Here there has been a long-term focus on taking advantage of the growth and development potential that comes from eliminating exclusion and long-term unemployment. It has therefore become natural to also view the Social Fund as a central instrument for the regional development policy. We believe that the application of this approach should be encouraged in other regions. This could even become an important assignment for the Social Fund.