

Sweden's national reform programme  
**2013**

**Europe 2020 – the EU's strategy for smart, sustainable and  
inclusive growth**

## Contents

<b>1. Introduction</b> .....	<b>3</b>
<b>2. Macroeconomic situation and scenario</b> .....	<b>7</b>
2.1 Macroeconomic prospects for the programme period .....	7
2.2. Macroeconomic effects of structural reforms .....	8
<b>3. Implementation of the 2012 country-specific recommendations</b> .....	<b>11</b>
3.1 Recommendation regarding fiscal policy .....	12
3.2 Recommendation regarding the stability of the housing and mortgage markets .....	12
3.3 Recommendation regarding measures to improve labour market participation among young people and other exposed groups.....	15
3.4 Recommendation regarding research and innovation .....	22
<b>4. Progress towards the objectives of the Europe 2020 strategy</b> .....	<b>25</b>
4.1 Employment target.....	25
4.2 Education targets.....	27
4.3 Target for increased social inclusion .....	30
4.4 Research and development targets.....	34
4.5 Climate and energy targets.....	37
<b>5. The importance of the internal market, cohesion policy and the EU's strategy for the Baltic Sea Region</b> .....	<b>42</b>
5.1 Reforms to promote growth and competitiveness in the EU internal market .....	42
5.2 Implementation of cohesion policy.....	43
5.3 Preparations for the 2014–2020 programme period.....	48
5.4 EU Strategy for the Baltic Sea Region .....	50
<b>6. Institutional issues and participation by affected parties</b> .....	<b>53</b>
6.1 Institutional issues.....	53
6.2 Consultations with the social partners .....	53
6.3 Local and regional ownership .....	54
6.2 Consultation with interest organisations and Swedish civil society.....	55
<b>Appendix 1. Contribution from social partners</b> .....	<b>57</b>
<b>Appendix 2. Contributions from the Swedish Association of Local Authorities and Regions (SALAR) – as a representative of the regional and local levels in Sweden</b> .....	<b>63</b>
<b>Appendix 3. Contribution by Vetenskap &amp; Allmänhet (Public &amp; Science)</b> .....	<b>69</b>

# 1. Introduction

Since June 2010, the Europe 2020 strategy has been the EU's common strategy for growth and employment. The aim of the strategy is to improve the conditions for full employment and inclusive sustainable growth up until 2020. The strategy is based on three priorities that are mutually reinforcing:

- smart growth, developing an economy based on knowledge and innovation,
- sustainable growth, promoting a more resource efficient, greener and more competitive economy, and
- inclusive growth, fostering a high-employment economy with social and territorial cohesion.

In April each year member states submit a national reform programme to the Commission, which reports on implementation of the Europe 2020 Strategy in national policies, undertakings implemented and progress achieved over the past year, as well as a description of planned measures. The reporting shall reflect the overarching priorities for the European semester.

Sweden's national reform programme for 2013 is an update of the 2012 national reform programme based on the initiatives and reform ambitions proposed by the Government in the 2013 Budget Bill and the 2013 Spring Fiscal Policy Bill. It also reflects five overall priorities for the European semester that were established at the meeting of the European Council on 14–15 March 2013:

- pursue differentiated, growth-friendly fiscal consolidation,
- restore normal lending to the economy,
- promote growth and competitiveness,
- tackle unemployment and the social consequences of the crisis and
- modernise public administration.

This year's programme also includes examples of work conducted by labour market partners, regional and local actors, and organisations in civil society, in accordance with the strategy's guidelines and goals.

## *Reform policy*

The Swedish economy is being noticeably affected by weak economic development internationally, although development in Sweden remains stronger than in most other comparable countries. The Government continues to counter the weak economic situation with responsible fiscal policy that combines reforms for jobs, growth and cohesion with measures that support recovery while safeguarding strong finances.

The weak economic trend entails unemployment being expected to rise in 2013 and 2014, while the public sector's finances are expected to show a minor deficit. The scope for proposing unfinanced reforms in the 2014 budget is

limited. The Government takes a serious view of the weakened labour market trend and is prioritising measures that strengthen the conditions for getting more people into jobs. An extended period of weak economic conditions entails considerable risks of unemployment gaining a lasting foothold.

In accordance with the Government's budget proposal for 2013, rigorous investments are currently being made in infrastructure and research, as well as in improved conditions for business. This is strengthening conditions for more jobs in growing companies. To further support economic recovery and prevent high unemployment from gaining a lasting foothold, in connection with its 2013 Spring Fiscal Policy Bill, the Government is proposing reinforcements in labour and education policy through measures entailing:

- an additional 14,000 adult vocational training places in 2013 and 2014,
- an additional 8,000 practical work experience and labour market training places in 2013 and 2014 and
- an additional 2,800 tertiary education places on master and graduate engineer programmes and nursing programmes in 2013 and 2014.

In designing fiscal policy for the coming year, the Government will prioritise measures in the following areas. These priorities coincide substantially with those established by the Council of the European Union at its summit in March this year.

#### *More people in work*

Continued efforts to improve job opportunities for those with a weak foothold in the labour market, particularly young people and those born outside Sweden, are of the utmost urgency. A central component in this process entails assuring a high level of quality throughout the education system. In the Government's view, strengthened driving forces to work and lowered entrance thresholds into the labour market are effective ways of increasing employment. Where budgetary scope allows, the Government wants to further strengthen the in-work tax credit and raise the lower bracket for national income tax.

To counteract increasing long-term unemployment, the demand for those who are remote from the labour market needs to be strengthened. For this reason, it is important to assure the level of quality and activity in the measures aimed at those who have been without work for an extended period. Work to improve matching in the labour market continues, focusing on providing clear driving forces for unemployed people to actively seek work, as well as improved labour market contact, and continued improvement of the effectiveness of the Public Employment Service. Opportunities for training and moving or commuting to places where jobs are available should also be improved. Regional differences in unemployment points to the need of geographic mobility and a growth policy that serves the whole country.

The Swedish model entails the Government and the social partners bearing a

shared responsibility for the development of the labour market. The labour market's social partners have a very strong position. Many important matters are regulated through collective agreements, including wage matters and digressions from the labour legislation. Wage formation is entirely the responsibility of the social partners. The model works in principle well. However, it can be stated that certain groups find it difficult to establish themselves in the labour market. The high level of long-term unemployment is also a serious concern. Consequently, since 2011, the Government has conducted discussions with the social partners as to how the Swedish model could be further developed to make the labour market more inclusive and flexible. These discussions are now generating concrete results in several areas.

#### *Strengthening of the education system.*

High-quality training is decisive for competitiveness and employment. Sweden shall be one of the world's foremost nations in terms of knowledge and research. The Swedish education system has many strengths on which it is important to build further, but also major shortcomings as indicated by declining knowledge results in particular. The Government has initiated a comprehensive process to remedy the shortcomings and turn the trend. Several important reforms have been implemented and additional measures will be needed.

#### *Improved competitiveness*

Swedish companies' competitiveness shall be based on knowledge and quality. The fierce competition in the global market requires continuous improvement in companies' conditions through business-friendly tax policy, research, technological development, innovation, regulatory improvement and improved infrastructure.

#### *Increased stability in the financial markets*

Financial stability is a prerequisite for a functioning national economy. The Government's work on preventive measures for financial stability continues. The ambition is to establish better rules through both strengthened regulations, as well as increased information and knowledge.

#### *Sustainable energy, climate and environmental policy*

The vision is that Sweden, by 2050, has a sustainable and resource efficient energy supply and no net emissions of green-house gases in the atmosphere. The ambition with the energy, climate and environmental policy is to cost-effectively achieve sustainability in the energy systems and reach the targets within this area.

#### *Cohesion and high-quality welfare*

Reducing economic exposure by improving standards for households with weak finances or a considerable burden of support takes a high priority in the Government's fiscal policy. To this end, increases have been made in housing

allowances, the large-family supplement, the basic level for parental benefit and the housing supplementary allowance. In addition, taxes have been reduced for pensioners. The government plans to come back with additional proposals regarding a lowered tax for pensioners for 2014, if the public finances allows.

## 2. Macroeconomic situation and scenario

### 2.1 Macroeconomic prospects for the programme period

The improvement in the financial situation in the EU area during the course of 2012 has not brought any clear recovery in the real economy. Economic activity in the EU is expected to remain weak over the next year. Fiscal austerity in the US is having a subduing effect on that country's domestic growth but also a restraining effect on the international economic trend. On the whole, this entails a weak international economic trend in 2013 and 2014, although growth outside the OECD area is giving tangible support for global trade.

The weak economic trend internationally is judged to entail that Swedish export growth will be relatively low in the immediate future. Combined with the uncertainty regarding economic prospects, this probably means that companies are holding off on investments. Swedish households are also negatively impacted and growth in private consumption will be restrained over the next year. Combined GDP growth is expected to hold at 1.2 per cent for 2013 and the weak growth will result in declining resource utilisation in the Swedish economy during the current year. However, a gradual strengthening of GDP growth is expected from 2014 and onwards (see Table 1). The uncertainty regarding the future economic trend is, however, considerable.

In the labour market, employment fell in connection with the financial crisis in 2008, but has risen since the autumn of 2009. The strengthening in economic activity, an increase in the population of working age and the structural reforms in the labour market have also contributed. However, unemployment is high, which can be explained by the weak demand, but also by increased labour force participation. Unemployment is expected to peak at 8.5 per cent in early 2014 to subsequently abate to about 6 per cent in 2017.

As a consequence of the weak economic activity, the public finances are expected to show a deficit of approximately 1.5 per cent of GDP in 2013. After that, gradual improvement is expected. Net lending is subsequently expected to improve at the rate of about 1 percentage point of GDP per year, and in 2017, a surplus of 2 per cent of GDP is expected. At the same time, the consolidated gross debt is expected to fall towards 32 per cent of GDP in 2017. (The public finances are addressed in detail in Sweden's convergence programme 2013.)

**Table 1 key data**

*Outcome for 2012, forecast for 2013–2017*  
*Percentage change, unless otherwise stated*

	2012	2013	2014	2015	2016	2017
GDP	0.8	1.2	2.2	3.6	3.9	2.9
GDP, calendar-adjusted	1.2	1.2	2.3	3.4	3.5	3.1
GDP gap <sup>1</sup>	-2.2	-3.5	-3.3	-2.3	-1.1	-0.4
Employed	0.7	0.2	-0.1	0.6	1.5	1.4
Hours worked <sup>2</sup>	0.6	0.2	0.3	0.7	1.5	1.3
Business sector productivity <sup>2</sup>	1.2	1.3	2.4	2.9	2.1	1.9
Unemployment <sup>3</sup>	8.0	8.3	8.4	8.1	7.1	6.3
Wages <sup>4</sup>	2.9	2.8	2.9	3.1	3.4	3.6
CPI <sup>5</sup>	0.9	0.5	1.2	1.8	2.7	3.1
Repo rate <sup>6</sup>	1.0	1.0	1.0	1.8	2.8	3.3

<sup>1</sup>The difference between actual and potential GDP as a percentage of potential GDP.

<sup>2</sup>Calendar-adjusted.

<sup>3</sup>Per cent of the labour force aged 15–74.

<sup>4</sup>Measured in accordance with the economic wage statistics.

<sup>5</sup>Annual average

<sup>6</sup>Per cent, at year-end.

Sources: Statistics Sweden, Swedish National Mediation Office, Riksbank and own calculations.

## 2.2. Macroeconomic effects of structural reforms

### *Effects of measures associated with fiscal policy recommendations*

Changes in public net lending are usually used as an indicator of fiscal policy stance. Changes in structural saving in Sweden had an expansive effect in 2012 when it weakened by 0.4 per cent of GDP and will have a largely neutral effect in 2013. On the whole, the trend in public net lending in 2012 and 2013 is helping keep demand in the Swedish economy up for those years.

### *Effects of measures associated with stability in the housing and mortgage markets*

The Government has taken a number of initiatives and implemented several measures to strengthen the financial system and increase the stability of the housing and mortgage markets (see Section 3). Many of these measures came into effect on 1 January 2013 and it will take several years before data is available on which a reliable assessment can be made. This includes the reduction in municipal property fees for blocks of rental flats, the reduction in property fees and the increase in the standard deduction.

Much suggests, however, that the measures undertaken have helped restrain lending to households. Accordingly, annual credit growth has fallen from a level of around 10 per cent in the first decade of the 21st century to 5.2 per cent in 2011 and 4.3 per cent in 2012. To a large extent, the decrease is likely to be an effect of the mortgage ceiling. Finansinspektionen's (Swedish Financial Supervisory Authority) annual mortgage survey shows that few households are taking out loans that exceed the ceiling – i.e. exceeding 85 per cent of the market value of the property, and that households with loans above the ceiling



generally amortise their loans. A factor contributing to the lower credit growth could also be the expected implementation of stricter capital adequacy regulations, and higher risk weights for mortgages affecting the banks' capital costs and thereby limiting their scope for lending.

The macroeconomic effects of measures to restrain household borrowing are very difficult to calculate however. In most instances, the purpose of the measures is to prevent a negative trend and to avoid financial crises and naturally it is very difficult to estimate quantitative effects under such conditions. The measures can potentially limit the demand trend at the macroeconomic level but have a positive effect by reducing the risks for later setbacks.

### *Effects of measures associated with recommended measures to improve labour market participation among young people and other exposed groups*

The design of the Government's policies to improve labour market participation among exposed groups involves a combination of general measures to stimulate supply and demand for labour and those to improve matching between job seekers and vacancies. The Government has also implemented targeted measures to increase employment among groups with a weak foothold in the labour market. The most important reform in strengthening the labour supply is the in-work tax credit, which has strengthened the driving forces to work by making work more profitable. If it is more profitable to work, more people will seek participation in the labour market and lasting employment can thus increase for the long term. The Government has also implemented changes in unemployment insurance to increase the supply of labour and to shorten periods spent in unemployment.

To reduce illness figures and increase employment, the Government has also implemented extensive reforms in health insurance intended to strengthen the capacity for work among those on leave due to illness, generate driving forces for work and strengthen labour demand for those who have been on leave due to illness for an extended period or who have received sickness or activity benefits.

In order that the measures designed to stimulate supply should quickly result in increased employment and reduced unemployment, the Government has also undertaken measures to strengthen the position of, and demand for people with a weak foothold in the labour market. Labour market policy has been realigned. Among other things, the Swedish Public Employment Service has been given a clearer assignment to mediate jobs while labour market policy resources target, to a greater extent, those in greatest need. To make those who have been out of work for a certain amount of time more attractive in the labour market, new-start jobs have been introduced.<sup>1</sup> Other measures to

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<sup>1</sup>New-start jobs serve to stimulate employees to hire an individual who has been outside the labour market for an extended period of time. An employer who hires an individual who has been outside the labour market for more than a year (six months for young people) can qualify

increase demand for those with a weak foothold in the labour market include lowered employers' contributions for young people and seniors. The Government has also introduced a HUS deduction (tax rebate for domestic and home renovation services) to stimulate labour supply and demand.

In the Government's assessment, the structural reforms implemented in 2006–2013 have durably increased employment by approximately 223,000 people in the long term. Not only do the Government's reforms affect employment – the number of people in work is also expected to rise because fewer people are absent due to illness. In addition, the in-work tax credit encourages those already in work to work more by, for example, switching from part-time employment to full-time. On the whole, the structural reforms implemented to date are judged to durably increase the number of hours worked by approximately 6 per cent in the long term, corresponding to some 247,000 annual full-time equivalents. The in-work tax credit is judged to contribute about half of this increase (see Table 1).

The Government's assessment is based on the research available on the effects of different measures; for example, on how changes in the tax system, social insurance and labour market policy affect the labour supply and employment. It is, however, difficult to gain a complete knowledge of the scale of the effects and, in particular, the pace at which they achieve an impact. Consequently, the assessments detailed in Table x are uncertain.

**Table 2 Expected long-term effects of the government's policy 2006–2012**

*Change in per cent, unless otherwise stated*

	Annual full-time equiv. <sup>1</sup>	Employed <sup>2</sup>	Labour force	Unemployment <sup>3</sup>	GDP
In-work tax credit	120 000	106 000	1.6	-0.6	2.2
Unemployment insurance	39 000	45 000	0.2	-0.7	0.7
Labour market policy	11 000	13 000	0.1	-0.2	0.2
Health insurance	19 000	16 000	0.9	0.5	0.4
HUS deduction	27 000	25 000	0.2	-0.3	0.4
Lowered social security fees	14 000	16 000	0.2	-0.2	0.3
Taxation threshold	13 000	0.0	0.0	0.0	0.3
Lowered VAT on services	6 000	4 000	0.0	-0.1	0.1
Raised housing allowances	-2 000	-2 000	-0.05	0.0	0.0
<b>Total structural reforms</b>	<b>247 000</b>	<b>223 000</b>	<b>3.1</b>	<b>-1.6</b>	<b>4.6</b>

<sup>1</sup> Hours worked recalculated as annual full-time equivalents. One annual full-time equivalent corresponds to 1,800 hours worked.

<sup>2</sup> Number of people in age group 15–74 years.

<sup>3</sup> Change in percentage points.

Source: Own calculations

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for financial support for an amount corresponding to twice the employers' contributions paid by the employer.

### 3. Implementation of the 2012 country-specific recommendations

The Government welcomes the country-specific recommendations as an important part of the European semester for strengthened economic coordination within the EU, as well as for an ambitious implementation of the Europe 2020 strategy and the Stability and Growth Pact. This section provides an overarching account of the measures that the Government has undertaken, and intends to undertake, to meet the country-specific recommendations.

The Commission's communication of 30 May 2012, which includes the proposed recommendations, summarises the Swedish economy as generally developing very well. Since the mid-1990s, Sweden has pursued an ambitious fiscal policy and reform agenda. It states that recent reform work has focused on achieving full employment, safeguarding a strong and stable financial sector, improving the function of the housing market, reforming the education system, promoting innovative and dynamic companies and managing environmental and climate change issues.

It also states, however, that a number of challenges still need to be addressed. Despite public efforts to integrate exposed groups into the labour market, unemployment among certain groups remains high. While the price trend in the housing market has weakened somewhat since mid-2011, several structural distortions remain that have, in the past, contributed to unstable property prices. It is held that certain parts of the Swedish tax system could be designed for greater efficiency, effect and growth. In the mid-term, a warning is raised that Sweden's competitiveness is threatened by declining corporate investment in research and development and low commercial exploitation of the results of research and innovation.

The Council decision of 10 July 2012 recommended that Sweden:

1. Preserve a sound fiscal position in 2012 and beyond by implementing the budgetary strategy as envisaged and ensuring continued achievement of the MTO.
2. Take further preventive measures to strengthen the stability of the housing and mortgage market in the medium term, including by fostering prudent lending, reducing the debt bias in the financing of housing investments, and tackling constraints in housing supply and rent regulations.
3. Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the

current reduced VAT rate for restaurants and catering services in support of job creation.

4. Take further measures in the upcoming research and innovation bill to continue improving the excellence in research and to focus on improving the commercialisation of innovative products and the development of new technologies.

### **3.1 Recommendation regarding fiscal policy**

With regard to the first recommendation, which addresses fiscal policy, the Government shares the view that fiscal policy in Sweden agrees with set targets and that it is important for this focus to be maintained. Public sector net lending in line with the surplus target, and public expenditure that does not exceed the expenditure ceiling, are basic prerequisites in the design of fiscal policy in Sweden. Because fiscal policy is conducted according to the guidelines given in the fiscal policy framework, a foundation is laid for macroeconomic stability, which is a condition for high growth, lasting high employment and welfare that benefits everyone.

Public net lending showed a deficit of 0.7 per cent of GDP in 2012 and, as stated above, a deficit of approximately 1.5 per cent of GDP is forecast for 2013. Net lending is subsequently expected to gradually improve to a surplus of slightly more than 1 per cent of GDP in 2016. At the same time, the consolidated gross debt is expected to decrease as a proportion of GDP. This trend in public finances is considered well in line with the surplus target and the Medium Term Objective (MTO). Net lending is currently below 1 per cent of GDP but is expected to rise to just above the target level over the next ten years. The structural balance amounted to 0.2 per cent of GDP in 2012 and is expected to increase to 1.7 per cent of GDP in 2016 if policies are left unchanged. With this trend, Sweden's MTO of a negative 1 per cent of GDP throughout the reported period will be met. (The public finances are addressed in greater detail in Sweden's convergence programme 2013.)

### **3.2 Recommendation regarding the stability of the housing and mortgage markets**

With regard to the second recommendation, it is the Government's view that high indebtedness among households (and companies), as well as the banks' increased international operations, may represent a risk to financial stability. High indebtedness also threatens macroeconomic stability, including risks for significant economic consequences. In the past two years, Swedish households' combined debt has stabilised at about 170 per cent of their combined disposable income. Despite the high level, certain factors suggest that the risk of households encountering major difficulties in managing their debt is low.

The interest quota, that is, interest expenditure following tax deductions as a proportion of disposable income, is close to the average for the past 30 years. A situation with lower interest rates has thus entailed households being able to carry greater debt without this necessarily affecting risks to financial stability.

Since 1 January 2013, companies' opportunities to make interest deductions for internal loans have been limited. The measure was introduced to protect the Swedish corporate tax base from tax planning. Internal borrowing for tax planning purposes is consequently expected to decrease. The reduction in the corporate tax rate from 26.3 to 22 per cent also decreased the incentives for loan financing. The Corporate Tax Committee is assigned with preparing a proposal as to how the treatment of borrowed capital and shareholders' equity can be placed on an equal footing in taxation terms. The proposal, which is to be presented on 1 April 2014, is expected to further reduce the incentives for loan financing.

A well-functioning financial system is of key importance for the economy. If serious problems arise in the financial system, in the bank system in particular, the conditions for growth, jobs and welfare can be dramatically impaired. In an international comparison, Sweden has a large banking system in relation to the size of the economy. Turbulence in the bank sector can therefore be highly costly for the Government and tax payers. Against this background, the Government has taken a number of initiatives and implemented rigorous measures to strengthen the financial system and reduce the risks to financial and macroeconomic stability that are related to household (and company) borrowing.

It is of the utmost importance for financial stability that the Swedish banks be well-capitalised. The Government is positive towards the Basel III accord and its implementation within the EU. The Government's clear ambition is for the four major Swedish banks to hold 10 per cent core primary capital as a proportion of risk-weighted assets for 2013 and 12 per cent for 2015. This entails a higher capital adequacy ratio than the minimum imposed by the Basel III regulations.

To strengthen financial stability, in the autumn of 2010, Finansinspektionen (Swedish Financial Supervisory Authority) adopted a general recommendation for mortgages with the home as collateral. This so-called mortgage ceiling means that new loans should not exceed 85 per cent of the home's market value. Finansinspektionen's follow-up shows that borrowing levels have decreased for the first time in ten years and that the proportion of households with loans exceeding 85 per cent have decreased by more than half since 2009. Finansinspektionen's annual mortgage survey from March 2013 confirms that the mortgage ceiling is still working. Few households take loans exceeding the ceiling, that is, of more than 85 per cent of the market value, while amortisation behaviour among those taking large loans has improved. The

survey also shows that households whose borrowing exceeds the ceiling are amortising their loans and that fully nine out of ten households are amortising loans with more than 75 per cent indebtedness.

As a further step in the effort to increase the resilience of banks, The Swedish FSA announced in late 2012 that the so-called risk weights for mortgages should be raised. Higher risk weights requires banks to hold a larger share of equity in relation to the outstanding volume of mortgages.

Based on stress tests conducted by Finansinspektionen, it was concluded that most households having secured new mortgages have a good repayment capacity and are resilient to interest rate hikes. Finansinspektionen interprets the results as suggesting that Swedish mortgages are not a threat to financial stability.

To further improve economic stability and strengthen the consumer perspective, the Government proposes in its 2013 Budget Bill measures aimed at increased transparency, particularly in the mortgage market. Among other things, Finansinspektionen has been assigned with studying possible measures for how the credit institutes could improve customer insight into how mortgage lending rates are determined. Finansinspektionen is also to examine whether it is possible to demand that banks give new mortgage customers individually tailored advice on the value of amortising their loans.

The Government has taken initiatives to strengthen consumers' interests. A legislative process is under way to create a fairer model for the calculation of compensation for the difference of interest when fixed-interest mortgages are settled prematurely. Finansinspektionen's resources have also been reinforced, among other things to intensify its drive in financial education among the general public. With regard to what is referred to as the housing market in the recommendation, it can be affirmed that the governments' policy aims to increase the supply of housing by improving conditions for an increased construction and by making better use of the existing supply of housing. The measures aim to improve the conditions for investment and increase the driving forces behind construction of rental flats. Among other things, rental regulations have been relaxed through the changes in the tenancy legislation that took effect as of 1 January 2011. These measures, together with the new regulations for public housing companies, which also took effect on 1 January 2011, promote competition in the housing market.

As proposed in the 2013 Budget Bill, municipal property fees for rental units were lowered on 1 January 2013 in order to stimulate the supply of blocks of rental flats. In part, the reduction involved lowering the amount per housing unit and, in part, decreasing in the percentage of the tax value with which the amount is compared. With the aim of increasing the supply of rental flats, the government has appointed a committee that will, by October 15 2013 at the

latest, among other things, propose improvements in the tax situation for rental units.

In addition, and in accordance with the 2013 Budget Bill, the ten-year reduction of the property fee for newly built homes completed in 2012 or later was extended. Regulation changes that simplifies the transfer of private residential properties or rented flats was also made. A private person who lets out their house or apartment can now claim a rent that covers the full cost. The standard deduction on such income is also raised, effective from 2013. Also being prepared are measures aimed at simplifying building regulations and shortening building permit processes. (Issues of stability in the housing and mortgage markets are also addressed in Sweden's convergence programme 2013.)

### **3.3 Recommendation regarding measures to improve labour market participation among young people and other exposed groups**

The recommendation regarding employment policy agrees well with the Government's policies and the measures it has undertaken. The Government's principal objective is to take Sweden towards full employment by reducing exclusion. The Government shares the view expressed in the recommendation that labour market participation needs to be improved, particularly in terms of the level of employment among young people and other groups with a weak foothold in the labour market. Counteracting long-term unemployment and increasing employment among these groups is one of the most important challenges facing the Government over the next few years. For this to be possible, the labour market must become more inclusive and flexible.

The Government's policy focuses on continuously following-up and improving the labour market situation for groups with a weak foothold in the labour market. Young people, older people, people born outside Sweden, those with at most a lower-secondary education and those with disabilities entailing decreased work capacity have a poorer labour market situation than the population as a whole. The Government's policies are a combination of measures to stimulate supply and demand for labour and to stimulate the matching of job-seekers and vacancies.

Since 2011, discussions have been taking place between the Government and the social partners, known as the tripartite discussions, aimed at finding shared solutions to the remaining problems. The Government's objective with the discussions is to identify measures to reduce equilibrium unemployment and increase lasting employment, particularly by improving job opportunities for people with a weak foothold in the labour market. Three areas have been in focus:

- establishing a new path into the labour market for young people through work introduction agreements,

- providing improved opportunities for realignment in the labour market, and
- introducing a system of central government support for short-term employment in periods of deep economic crisis.

The transition to working life from education must progress faster and be simpler. Many young people do not have sufficient competence and experience for it to be profitable to employ them. It may also be difficult for employers to assess the productivity of a young person lacking previous work experience. To facilitate young people's transition from school to working life and to safeguard long-term skills supply for companies, the partners in several labour market agreement areas have signed what are known as *work introduction agreements*. Most of these agreements build on the principle that young people lacking professional experience are offered coaching and training during part of their working time. This portion of the individual's working hours is not included in the calculation of salary. To date, relatively few people have been employed within the framework of such agreements. For this reason, the Government seeks, together with the social partners, to work for additional such agreements being signed and for more people to be employed within these agreements. The Government is preparing proposals that aim, through wage subsidies and economic support for coaching, to stimulate the recruitment of young people through work introduction agreements signed by the parties. The Government is also examining what support is needed and what it and/or the social partners can contribute to strengthen workplace-based learning. The Government has also resolved to support a pilot scheme involving sector-tailored vocational training during introductory employment. A possible state aid for the work introduction agreements will be decided in the budget bill for 2014. The European Commission must be notified before the proposed support for work introduction agreements can come into effect. The notification process will commence during the spring of 2013. It is expected that it will be possible for the proposal to come into effect in January 2014.

Increased pressure for change in the economy imposes greater demands on labour market's capacity to realign itself. While companies need to be flexible to be able to adjust their production to new conditions, employees' individual rights, as well as their needs for security and predictability must also be met. Since the social partners have the best knowledge of companies' and employees' conditions, they are suited to weigh up different forms of security and flexibility. The Government therefore takes a positive view of the Confederation of Swedish Enterprise and the Council for Negotiation and Co-operation (PTK), which organises private sector white collar workers, conducting discussions regarding a new *transition agreement* intended to generate improved opportunities for realignment in the labour market. A key issue in these negotiations are the priority rules for dismissals. The Government is prepared to support the social partners to enhance the possibility of reaching an agreement. The discussions have, among other topics,



addressed improved access to training – for example through further education being offered in a way that makes it possible to combine work and earning a living during the training period. In the Government’s view, legislation in this area is a less effective measure than an agreement between the parties.

For companies encountering a temporary strong decline in demand and needing to reduce the number of hours worked, agreements on *short-term employment* may be an alternative to lay-offs. In a deep recession, short-term work may help keep employment up and cause unemployment to increase less than would otherwise have been the case. Short-term employment is a way of sharing the burden more evenly between wage-earners and it could also help companies increase production volumes faster when the trend turns, since it would reduce companies’ new recruitment needs. Proposals for central government subsidies in connection with short-term work were referred to the Council on Legislation in March 2013. According to the proposal, two criteria must be met for it to be possible to activate the system. In part, the recession must be particularly deep or it must be likely that such a recession is imminent and, in part, the subsidy must not prevent, to any material extent, socio-economically desirable structural change or bring about other significant socio-economic disadvantages. The Government can activate the system for 12 months with the possibility of a 12-month extension. After that, a quarantine period of 24 months shall take effect before the system can be reactivated. Within the framework of short-term employment, the social partners may agree on different levels for the reduction in working time. The central government’s contribution amounts to a third of the cost incurred. The Government intends to return to the Riksdag with a proposal. The proposal presupposes notification to the European Commission to ensure that this support measure conforms with the EU regulations on central government subsidies.

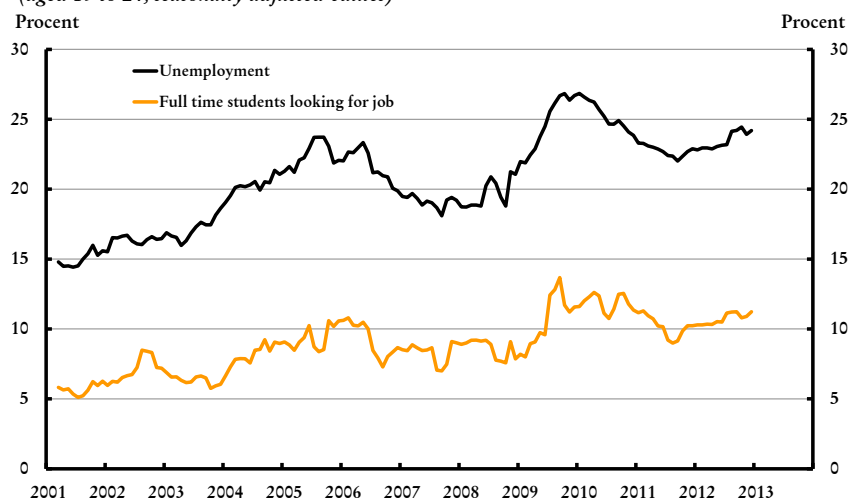
As described above, the tripartite discussions form an important part in the Government’s work to improve the function of the labour market, although the reform process is also continuing in numerous other areas.

### *Young people*

A number of measures, described by the Government in previous reform programmes, for example, have been undertaken in recent years in the areas of education, labour market and tax policy. For example, the introduction of a special job guarantee for young people can be mentioned, as well as lowered employers’ contributions for young people and simplified processes for employers when hiring people on a temporary basis. The Government has also implemented reforms in the regular education system aimed at improving students’ skills and, consequently, their future employability. Reformed upper secondary education and apprenticeship training represent important reforms in counteracting students dropping out of upper secondary school and facilitating young people’s entrance into the labour market.

Unemployment among young people aged between 15 and 24 was slightly above 22 per cent in December 2012 – see Diagram 1. Slightly less than half of unemployed young people are full-time students who have sought employment. The fact that young people become unemployed is often associated with their transition between school and working life. However, compared with other age groups, unemployed young people generally have good opportunities to find employment, which means that most young people experience relatively short periods of unemployment. For certain groups of young people, it often takes considerably longer to gain a firm foothold in the labour market than for young people on average. This is particularly true of young people with incomplete grades from primary or secondary education and for young people born outside Europe. In its 2013 Budget Bill, the Government proposed a number of temporary and permanent measures to improve the function of the labour market and to counter the weakening economy. Therefore, temporary increases were made in

**Diagram 1 Unemployment among young people and full-time students seeking work**  
(aged 15 to 24, seasonally adjusted values)<sup>2</sup>



places in adult vocational training, apprentice training, higher vocational training, folk high schools and certain tertiary programmes. The 2013 Spring Fiscal Policy Bill proposes measures providing a further total of 14,000 places in adult vocational training, a further total of 8,000 places in practical work experience and labour market training, and an additional 2,800 tertiary education places on master and graduate engineer programmes and nursing programmes during 2013 and 2014. Vocational training was also allocated increased funds with the purpose of enhancing quality. In 2013, the level of financial support for studies will be raised for those not registered with the job guarantee for young people.

<sup>2</sup> Source: Statistics Sweden, Labour Force Survey

Measures are also being undertaken to raise quality in the job guarantee for young people. Young people who have been unemployed for at least 12 months receive a subsidy equivalent to twice the social security contributions, and for this group, the limit for qualifying for the relocation grant has been lowered from age 25 to 20, aimed at stimulating mobility from unemployment to employment among a larger target group. In 2012, the Government also tasked a special investigator with preparing proposals as to how efforts for young people between 16 and 25 who neither work nor study could be developed and strengthened (for further details, see Section 4.2).

The Government's overarching objective is to strengthen the work-first principle and for all who can and want to work to have the opportunity to do so. The Swedish model forms a solid foundation for a well-functioning labour market and in the Government's view no major changes in labour law are required. As a consequence of the design of certain parts of labour law, certain groups can encounter difficulties in becoming established in the labour market. Against this background, the Government assigned a special investigation to examine and propose solutions for a new employment format with educational content for young people – known as apprentice probation employment. A report on the assignment was presented in November 2012. In addition, the Government Offices are preparing for the introduction of a special employment format for apprentices within upper secondary schools.

#### *Long-term unemployment*

Older people who lose their jobs encounter a difficult labour market situation and risk becoming unemployed long term or leaving the labour force. Many also voluntarily leave the labour force relatively early through, for example, contractual pensions. Not least in order to safeguard the public sector's long-term financing, it is important to encourage a late retirement from the labour market. One of the most important measures introduced by the Government to stimulate the supply of labour among older people is the higher in-work tax credit for people over 65. In addition, people aged 55–64 are eligible for new-start jobs for up to ten years, which is twice as long as people aged 26–54. The temporary shortening of the qualification period for new-start jobs for those over 55 has been extended to apply in 2013, to improve the possibilities for older unemployed people to remain in the labour market.

Within the labour market policy programme known as the job and development guarantee (JDG), which targets people in long-term unemployment, the opportunity to participate in a three-month measure for scholastic motivation at a folk high school has also been opened up to older participants. For participants in the JDG, there is the opportunity to benefit from special employment support and the raised ceiling for that support, and the coaching option introduced on a trial basis in 2012 has now been made permanent. The strengthened coaching support that previously encompassed 2012 and 2013 has been extended to include 2014. Resources have also been set

aside so that participants in the employment phase of the JDG can continue to benefit from programme measures.

### *People with disabilities entailing reduced work capacity*

People with disabilities entailing decreased work capacity have a poorer labour market situation than the population as a whole. A significant obstacle in gaining employment for more people with different types of disabilities is judged to be the uncertainty experienced by employers when considering possible recruitments. For this reason, enhanced support prior to, during and following employment represents an important measure in mitigating this uncertainty. The number of places offering individual support at a new workplace (SIUS) has been increased. SIUS entails employers and individuals being supported by someone with special skills in both the matching phase and the employment process. Furthermore, it shall be possible to combine individual support at a new workplace (SIUS) and a personal assistant at the workplace with more of the special measures for people with disabilities entailing reduced work capacity.

Effective from 2013, people with disabilities entailing reduced work capacity shall be able to acquire practical work experience within central government authorities and agencies. The Government has tasked the Swedish Public Employment Service with the gradual implementation of the work experience programme based on the availability of suitable applicants and places.

To secure the continued development of policies for people with disabilities entailing reduced work capacity, the Government has appointed several commissions. A special investigator has submitted a collective proposal as to how labour market policy measures should be designed to be effective in helping people with disabilities entailing reduced work capacity gain and retain employment to a greater extent. The investigator has also taken a stance on a number of issues affecting Samhall AB, involving increased opportunities to employ more people with complex reasons for unemployment, reviewed the regulations regarding work aids, conducted a dialogue with representatives of companies and worked to communicate good examples and the development of workplaces with sound and supportive work environment factors. In addition, the Swedish Agency for Administrative Development has mapped out existing forms of subsidised employment, including new-start jobs, and analysed the design of individual measures and their interaction, as well as other labour market policy measures at workplaces.

### *People born outside Sweden*

The Introduction Act has been in place for slightly more than two years and participants are now beginning to leave the programme. Among other things, the reform includes the introduction of a state individual benefit, 'the introduction benefit', strengthening the incentives for both women and men to participate in activities and to work while also taking part in introduction activities. The Public Employment Service is involved from an early stage and is

tasked with coordinating various measures to hasten newly arrived immigrants' introduction to working and community life and drawing up an introduction plan.

It is important that measures offered to new arrivals are appropriate and adapted to the target group. For this reason, the Introduction Act reinforces the process of preparing for working life with two new measures. One is the introduction of a practical base year for people above 30 with at most nine years of education. The base year consists of work training that can be combined with vocationally oriented language studies and suitable theoretical studies. The second new measure consists of work training for those in need of additional coaching. Under certain conditions, those who coordinate work training are eligible for compensation for the additional costs incurred.

The target group is growing with conflicts such as that in Syria, meaning that Sweden is experiencing an inflow of refugees and family reunification migration. Consequently, the Public Employment Service's administrative appropriation for expenditure associated with newly arrived people has been increased.

#### *Assessment of the value-added tax reduction for restaurants and catering services*

The Commission also recommended that Sweden review the effectiveness of the value-added tax reduction for restaurants and catering services in creating jobs. Three agencies have been tasked with following up the effects of the value-added tax reduction for restaurants and catering services. Among these, the National Institute of Economic Research was tasked with following up the effects on wages, prices and employment. Following consultation with the Swedish Agency for Economic and Regional Growth, the Swedish Agency for Growth Policy Analysis shall follow up the effects in terms of enterprise and the simplification of the regulations. The Swedish Tax Agency has been tasked with examining the restaurant and catering sector to ascertain how the value-added tax reduction has affected value-added tax evasion and other tax infringements. An initial assessment of the effects of this measure will be reported in January 2014. A final assessment will be presented in early 2016.

To date, the trend shows that the impact on restaurant prices has been a decline of approximately 4.5 per cent since the introduction. Lowered value-added tax on restaurants and catering services may generate positive employment effects in both the short and long term. In the short term, the reduction means an increase in restaurants' profits as long as the reduction does not fully translate into lower prices. Restaurants could thus use their increased profits to employ more people. In the longer term, employment can be expected to rise as a consequence of lower prices and increased consumption of restaurant services.

A selective value-added tax reduction generally leads to the sector affected by

the cut expanding at the expense of other sectors. Consequently, total employment in the economy may not increase as result of the reduction. However, the conditions for the value-added tax cut on restaurant services are such that it should be possible to expect a positive overall effect on employment. The restaurant sector employs many young people and people born outside Sweden who have a weak foothold in the labour market. Expansion in the sector could thus lead to increased recruitment of available labour that find it difficult to gain employment in other parts of the economy. In addition, the labour supply, and with it overall consumption, may increase among those who consume more restaurant services. On the whole, these effects mean that employment in the restaurant sector can increase without employment in other sectors decreasing.

### **3.4 Recommendation regarding research and innovation**

The Government shares the view that it is important to implement measures to improve excellence in research, commercialisation of innovative products and the development of new technologies. The Government's policies are well in line with the recommendation.

In October 2012, the Government presented a bill on research and innovation,<sup>3</sup> which entails a substantial increase in funding. In a long-term perspective, this will strengthen Sweden's position as a prominent research nation.

In parallel with the bill, the Government adopted an innovation strategy aimed at strengthening the innovative climate. The innovation strategy takes a holistic view with the purpose of enhancing innovative capacity and meeting social challenges. The strategy emphasises, for example, the importance of all relevant actors being involved, the lowering of thresholds and the creation of incentives to advance different actors' capacity for growth and innovation. The innovation strategy includes several different areas of policy and affects a number of government bills over the period up until 2020.

#### *Research excellence*

The research and innovation bill presents several measures to improve research excellence:

- Considerably increased funds aimed at universities, colleges, research funders and research institutes. The total increase amounts to SEK 4 billion for 2016.
- Special efforts will be made in the period 2013–2016 to recruit top-level international researchers to Swedish seats of learning and to allocate funds to prominent young researchers.
- The system for the allocations and reallocation of appropriations to

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<sup>3</sup>Government Bill 2012/13:30 Research and innovation,

universities and colleges will be changed to further reward quality. Effective from 2014, an additional 10 percentage points, or a total of 20 per cent of appropriations, will be subject to reallocation based on aspects of quality.

- The Swedish Research Council will be tasked, in consultation with other research funders, to study and submit proposals for a resource allocation system making it possible to allocate appropriations for universities and colleges in a manner that includes peer assessment of universities and colleges' research quality and performance. A new system can be introduced in 2018 at the earliest.
- The Swedish Research Council will be tasked with setting up a special programme aimed at the most prominent researchers in Sweden, whereby researchers will be allocated research funding over a period, normally of seven years, enabling high-risk, high-potential research.

### *Development of new technologies and commercialisation of innovative products*

In the development of new technologies, curiosity-based research that is long-term and accepts risks is important. In the long term, this can contribute to major advances. The large injections of funding that research funders and seats of learning will receive during the period 2009–2016 will reinforce the conditions for this type of research.

The foundation for the development of new technologies includes the major venture in some 20 strategic areas of research initiated in 2009. These areas represent key enabling technologies and areas of research that are important in meeting the challenges facing society. In addition, the service innovation strategy from 2010 forms a basis for how the services sector is to contribute to generating growth.

The research and innovation bill presented several measures of importance for increased commercialisation and utilisation of research results. The research policy target was broadened for research to contribute to the development of society and industry's competitiveness, resulting in an overarching focus on utilisation.

Measures associated with commercialisation include:

- One initiative in the area of strategic innovation involves a new instrument focusing on social challenges. The purpose is to identify and establish long-term coordination projects between, for example, the seats of learning, industry and research institutes whereby potential users of research results are involved right from the stage at which the problems are formulated.
- The industrial research institutes are being further strengthened and an initiative is in progress to make opportunities for testing and demonstration more accessible. Also presented are measures and initiatives to strengthen the universities and colleges' assignment to work together

with external society and work for research results to be of benefit.

- Beyond the efforts presented in the bill, other measures are being made in the area, such as those to enable and strengthen the procurement of innovation and innovation-friendly procurement. Measures have also been taken to simplify the structure of central government risk capital.

The Government is also reviewing possibilities to coordinate the central government's risk capital efforts and to support the commercialisation of innovations early in the process of companies being set up. To engender a clearer structure among the parties involved in market-complementary financing at early stages, on 1 January 2013, Almi Företagspartner AB and Innovationsbron AB were merged with the aim of creating a more efficient and accessible organisation that provides both financing and advice at early stages of innovation and growth throughout the country. The Government also proposes a broadened investment mandate for Inlandsinnovation AB and Fouriertransform AB as of the second half of 2013.



## 4. Progress towards the objectives of the Europe 2020 strategy

### 4.1 Employment target

#### *Sweden's national targets*

*To strive for a level of employment well above 80 per cent for women of 20–64 years of age by 2020. The increase is mainly to be achieved among groups with a weak foothold in the labour market, such as young people and people born outside Sweden, as well as by counteracting long periods without work. The difference in the level of employment between women and men is to decrease through an increase in the level of employment among women.*

#### *EU targets*

The target for the EU level is to aim for an increase in the level of employment to 75 per cent among women and men of 20–64 years of age by 2020, including through increased participation of young people, older workers and low-skilled workers, as well as improved integration of legal migrants.

#### *Description of the current situation*

In 2011, the employment rate for the age group 20–64 was 80.0 per cent (women: 77.2 per cent, men: 82.8 per cent) compared with 68.6 per cent (women: 62.3 per cent, men: 75.0 per cent) in EU27.<sup>4</sup>

As a consequence of the economic trend, the employment rate, both for Sweden and EU27 decreased somewhat in 2012. However, the trend in Sweden is not at all as dramatic as it has been in other parts of Europe.

It is the Government's assessment that the number of employed people will rise by 220,000 individuals between 2011 and 2016. For people in the age group 20–64 years, the level of employment is forecast to rise from slightly less than 80 per cent in 2012 to 82 per cent in 2016. Consequently, Sweden is well positioned for the targets set in this area to be achieved.

The Government takes the view that employment policy should be based on an analysis of the material issues that contribute to holding lasting employment down, the measures that can be assumed to best resolve these issues, and whether or not the measures implemented are successful. The Institute for Evaluation of Labour Market and Education Policy (IFAU) monitors the effectiveness of the roughly 15 labour market policy programmes being

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<sup>4</sup>The age interval 20–64 is seldom applied in other contexts. The EU-harmonised labour force surveys measure the age interval 15–74. In Sweden's case, this indicates an employment rate that is approximately 15 percentage points lower. The reason is the high level of participation in upper secondary education.

conducted by the Public Employment Service. The Government has also developed a framework for employment policy. Its aim is that the policy will contribute to sustainably higher welfare in the most effective way possible. Indicators of the labour market trend are published once a year, together with the Government's assessment, in the Spring Fiscal Policy Bill.

### *Initiatives and measures*

The Government's principal objective is full employment. Since 2006, policy design has been based on strengthening the work-first principle. More people should be able and willing to work. Fewer people should be left outside the labour market. Section 3.3 accounts for the Government's reforms aimed at helping young people and other weak groups in particular to enter the labour market. These aim to increase employment and thus to achieve the target in the area of employment but are not repeated in this section.

### *Longer working life*

The demographic trend means that it is important that many people work. The Government has appointed a special investigator to review pension-related age limits and possibilities for a longer working life. The investigator shall prepare proposals and alternative strategies for how the age limits should be handled. A good working environment is important, both in preventing ill health and accidents, and for counteracting the exclusion of people from work or being forced to leave working life prematurely. In addition, the investigator shall submit proposals for measures in the area of work environment or other areas that afford better conditions to continue working until a later age. A final report on the assignment is to be presented in April 2013.

### *Preventing discrimination*

Work to prevent discrimination is important, including within working life. In February 2012, the Government adopted a long-term strategy for Roma inclusion for 2012–2032. It is aimed at ensuring that Roma people be afforded the same opportunities and rights as others and that they not be exposed to discrimination in their everyday lives. The strategy includes targets and measures in six areas of activity, including education and work. Work on the strategy commenced in the spring of 2012 with the Government allocating various assignments to authorities, agencies and others, with the Public Employment Service, for example, being tasked with cooperating in pilot activities regarding Roma people's establishment in the labour market. The initiative aims to improve Roma people's opportunities to gain a foothold in the labour market, particularly the opportunities of young Roma people. The pilot activities are to be reported on in 2016.

### *Assignment to reinforce and further develop the regional skills platforms*

To improve matching in the labour market, in 2010 the Government tasked the actors regionally responsible for growth in each county with setting up skills platforms for cooperation in skills supply and short- and long-term educational

planning. The decision was a stage in the Government's ambition to strengthen cooperation between regional growth policy, labour market policy and education policy. Skills platforms have now been set up in all counties and the Government considers them to be important tools in securing the skills supply to business and the public sector throughout the country both for the short and long term. On 20 December 2012, the Swedish Agency for Economic and Regional Growth was assigned by the Government to conduct efforts to strengthen and further develop the regional skills platforms during the period 2013–2016. Among other areas, the focus is on strengthening local and regional cooperation in, for example, upper secondary education, as well as the continued development of cooperation and dialogue between relevant authorities in the area of the skills supply and the regional skills platforms.

## 4.2 Education targets

### *Sweden's national targets*

- For the proportion of 18–24 year-olds not having completed upper secondary school and not studying to be less than 10 per cent in 2020.
- For the proportion of 30–34 year-olds with at least a two-year tertiary education to amount to 40–45 per cent in 2020.

### *EU targets*

The EU level target is to improve education levels by 2020, in particular by aiming to reduce school drop-out rates to less than 10 per cent and by increasing the share of 30–34 year-olds having completed tertiary or equivalent education to at least 40 per cent.

### *Description of the current situation*

According to Eurostat, the proportion of Swedish 18–24 year-olds who had not completed upper secondary education and who were not currently in education in 2011 amounted to 6.7 per cent. The average for the EU as a whole has gradually improved somewhat although the share was nonetheless 13.5 per cent in 2011. Throughout, there is a greater proportion of men with a low level of education than women, both in Sweden and in the EU.<sup>5</sup>

The statistics published previously, showing the indicator to be approximately 10 per cent for Sweden, was misleading due to a delay in the updating of the proportion of students not completing upper secondary education. Correcting this fault has led to the outcome for Sweden being lowered by some three percentage points. At the same time, the overall register-based statistics indicate that the Labour Force Survey (LFS) to a certain extent underestimates the proportion of young people lacking completed upper secondary education. This is likely linked to the fact that those lacking completed upper secondary

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<sup>5</sup>Eurostat

education have a somewhat lower response rate to the survey than those having completed upper secondary education. Consequently, the actual proportion of 18–24 year-olds not having completed upper secondary education and who are not currently in education is likely to be about 8 per cent.

The proportion of 30–34 year-olds with at least two years of tertiary education has risen in Sweden since 2002 and amounted to 47.5 per cent in 2011 (54.6 per cent for women and 40.6 per cent for men) according to Eurostat's data. This is above both the EU's target level of 40 per cent and Sweden's national target of 40–45 per cent. The measure includes university education, advanced vocational training and higher vocational training. For Sweden's part, the proportions reported by Eurostat are based on data from the LFS questionnaire, that is, a sample survey. The overall Swedish statistics (the educational register) shows that the proportion of 30–34 year-olds with at least two years of tertiary education was 43.3 per cent in 2011 – a difference of 4 percentage points compared with the proportion reported by Eurostat. The difference suggests that highly educated people respond to the LFS questionnaire to a greater extent than those with a lower level of education and that the statistics reported by the EU therefore overestimate how Sweden stands in relation to the target. In Europe too, the proportion of people with tertiary or equivalent education has increased strongly and amounted to 34.6 per cent in 2011.<sup>6</sup>

The proportion of Swedes aged 30–34 with at least two years of tertiary education is expected to decrease somewhat by 2020. This is primarily due to participation in education having decreased during the period 2003–2008. Many of those who began their studies at the end of this period will be 30–34 years old in 2020. The Government is carefully monitoring developments regarding the achievement of targets for upper secondary and tertiary education.

### *Initiatives and measures*

#### *Initiatives to reduce upper secondary drop-out rates*

To reduce the proportion of 18–24 year-olds not having completed upper secondary education and not currently in education, the Government is investing in reinforced student and careers counselling. The Government has set aside SEK 10 million for 2013, primarily for further training of student and career counsellors and calculates SEK 26 million for the same purpose for 2014–2016. In addition, the Government intends to develop further training measures for student and career counsellors at upper secondary schools, focusing in particular on how to resolve the problems young people with disabilities encounter in gaining a foothold in the labour market, and focusing on the various kinds of support young people can obtain from different authorities. These measures are expected to be able to reduce drop-out rates, increase the share of well-considered choices among students and improve

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<sup>6</sup> Eurostat

target achievement. The Government has also paid particular attention to the problem of declining reading and writing skills, which may be one of the factors behind students dropping out of upper secondary school.

#### *Improved quality in work introduction*

Within work introduction measures, students not qualifying for national programmes can gain an introduction to concrete tasks in the labour market. The Government provides support incentives for organisers to develop the quality of work introduction measures – for example developing support for the documentation of professional skills. However, subjects in compulsory schooling and motivation-raising efforts based on students' needs can also be included to increase the share of students who continue their studies on a national programme or another introduction programme.

#### *Improved quality in workplace-based learning*

The Government provides special incentive funds for heads of schools to further develop quality in workplace-based learning. The organisers also receive a subsidy to provide upper secondary apprenticeship programmes. The portion targeting the employer has been raised by SEK 15,000 to a total of SEK 30,000 per student per year to encourage additional workplaces to offer apprenticeships. The Government is also implementing measures to design and make available support for supervisors at workplaces, and, for example, a national supervisor training programme is being planned.

#### *Development of efforts for young people who neither study nor work*

The Government also tasked a special investigator with proposing how young people between 16 and 25 who neither study nor work could be developed<sup>7</sup>. An interim report,<sup>8</sup> has been submitted to the Government. The interim report focuses on 16–19 year-olds covered by the municipal responsibility of information for young people below 20 years of age who have not begun nor completed upper secondary school. Among other things, the investigator has submitted a draft statute clarifying the municipalities' responsibilities vis-à-vis this group of young people. The investigator is to submit his/her final report in August 2013.

#### *Additional places in tertiary and vocational education*

To increase the share of 30–34 year-olds with at least two years of tertiary education, the number of places in higher vocational education is being temporarily increased by slightly more than 3,000 annual places for the period 2013–2016. Although, in the long term, demand for higher education is expected to decrease due to the cohorts of young people being smaller, it will nonetheless continue to be high. For this reason, the Government has presented a temporary initiative corresponding to an additional approximately

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<sup>7</sup> U 2012:08, Dir. 2012:70

<sup>8</sup> Swedish Government Official Report (SOU) 2013:13,

4,200 places in tertiary education during the period 2013–2015. The Government has allocated universities and colleges SEK 300 million for undergraduate studies in 2013 and calculates that a further SEK 300 million will be allocated in both 2014 and 2015 for the same purpose.

#### *Efforts to raise quality in education*

The Government's objective is for education and research at universities and colleges to maintain an internationally high level of quality and to be operated efficiently. Measures to raise quality in education are therefore a priority. There is also cause to adjust the dimensioning of specific programmes and seats of learning. The Government emphasises the importance of universities and colleges affording high priority to opportunities for students to embark on tertiary programmes resulting in a degree. Accessibility to and opportunities for higher education are strengthened through improved finances for students with student aid having been raised, effective from the autumn of 2011.

According to the Government's view, the continued development of medical, dentistry, nursing, Master of Engineering and Graduate Engineer programmes is a priority. This is decisive in securing the future skills supply in these areas. Fully built out, the engineering initiative is expected to amount to SEK 152 million in 2018.

To strengthen quality in educational programmes, in 2012 and 2013, the Government is implementing a permanent increase totalling SEK 800 million for increased compensation in the humanities, social sciences, law and theology. Effective from 2013, universities and colleges can be allocated resources on the basis of assessments of the quality of the results of their educational programmes. The quality-based allocation of resources will encompass SEK 295 million when fully built out in 2015.

Teachers are the single most important factor affecting students' results. Instruction at schools shall be performed by highly educated teachers who convey knowledge and values motivating students to learn more. The Government has already implemented a large number of measures to enhance teachers' skills and status. An additional large-scale and important measure for teachers will be taken with the introduction of the Government's career-development reform in the autumn of 2013. The initiative means that it will be possible for heads of schools that establish the career stages lead teacher and senior master/mistress to receive central government support. This central government support may only be used for salary increases for these teachers. The initiative affects teachers in compulsory schooling, upper secondary schools and equivalent types of schools.

### **4.3 Target for increased social inclusion**

#### *Sweden's national targets*

*Increasing social inclusion by reducing the percentage of women and men aged 20–64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well below 14 per cent by 2020.*

### *EU targets*

The target at the EU level is, promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and social exclusion by 2020.

This portion of the population is defined as the number of people at risk of poverty and social exclusion according to three indicators:

- Risk of poverty: the number of people with incomes less than 60 per cent of the median income for the country, that is, people with low economic standards,
- Material deprivation: the number of people with inadequate living standards, that is, those who cannot afford a certain specified standard of living, and
- Jobless households: the number of people living in households with an employment rate of less than 20 per cent of the potential.

### *Description of the current situation*

The calculations for the national target for increased social inclusion are mainly based on the Swedish Labour Force Survey. To cast more light on the situation for groups with a weak foothold in the labour market, the statistical sample was increased in 2010. Consequently, data for the period 2010–2011 differ somewhat from those reported previously. Table 3 details calculations regarding the national target based on the old and extended samples. According to both series, the proportion of women and men aged 20–64 who are not in the labour force (except of full-time students), the long-term unemployed or those on long-term sick leave decreased between 2010 and 2011. For 2012, for which it is only possible to calculate the target based on the extended sample, the proportion decreased by 0.3 percentage points to 13.1 per cent compared to 2011.

**Table 3 Calculations concerning the national target for increased social inclusion**

	2010	2011	2012
Old	13.9%	12.9%	
Extended	14.4%	13.4%	13.1%

### *Initiatives and measures*

The Government's overarching objective is to take Sweden towards full employment. A weak foothold in the labour market is the principal cause of economic deprivation. Consequently, Sweden's national targets encompasses groups who are not in the labour force or that risk exclusion from the labour force. The Government's ambitions also include achieving high distribution

targets, as well as maintaining and developing the public welfare systems. During its current period in office, the Government has undertaken measures and implemented reforms to strengthen opportunities for people to support themselves, but also to improve standards for those groups who nonetheless have a weak economic position and for pensioners. See also Section 4.1 regarding the employment target, since these measures also have a bearing on the target for increased social inclusion.

#### *Efforts for effective labour market introduction for young people*

The Government is setting aside special funds for the period 2013–2015 to increase knowledge of efficient working methods to support those who are very detached from the labour market. The Government takes the view that it is important to increase the knowledge regarding how measures in accordance with the *supported employment* method can hasten labour market introduction for young people. The method entails developed support being provided before, during and following recruitment for both the individual and the employer. *Supported employment* has attracted attention as an effective method when it comes to securing employment for young people who are very detached from the labour market. To stimulate the dissemination of the method and to generate conditions for increased knowledge on the long-term effects of the initiative, SEK 30 million per year is being set aside for the period 2013–2015 for projects aimed specifically at the group of young people who are receiving activity support.

#### *Social assistance reforms*

The Government has proposed changes in the Social Services Act aimed at strengthening the opportunities for those receiving social assistance to support themselves through work and to extend the social services' possibilities to stimulate, encourage and support those receiving assistance to support themselves. Among other things, a change is proposed in the grounds on which social assistance is calculated so that not all income from employment is included when assessing entitlement to social assistance – providing an incentive to seek work. This change means that for those having received income support for six consecutive months, 25 per cent of income from employment will not be taken into account when assessing their entitlement to social assistance. The calculation rule is to apply for two years. The Government is setting aside SEK 200 million annually for the municipalities' resulting increased costs.

It is also proposed that the municipalities be afforded increased opportunities to refer assistance recipients of 25 years of age or older to practical work experience or other skills-enhancing activities if it has not been possible to offer them any suitable labour market policy measure.

In addition, it is proposed that the limit for when income from work earned by offspring still living at home and children of school age may be taken into



account when assessing entitlement to social assistance be raised from half a base amount (SEK 22,250) to one base amount (approximately SEK 44,500) per calendar year. The Government is setting aside SEK 10 million annually for this purpose. It is suggested that the proposed legislation come into effect on 1 July 2013.

#### *Planned parental benefit reform*

The Government aims to present a bill whereby it would be possible to save at most 20 per cent of the total 480 days of parental benefit until after the child's fourth birthday. Furthermore, the Government intends to raise the upper age limit for parental benefit withdrawals from 8 to 12. The announced proposals form part of the measures planned to improve the opportunities for newly arrived women born outside Sweden to establish themselves in the labour market. The current design of parental benefit means that parents of children born outside Sweden are allocated parental benefit retroactively. This means that the parents of a child that arrives in Sweden at four years of age are allocated parental benefit for 480 days, that is, the same number as when a child is born. However, the protracted withdrawal of parental benefit when the child is older could counteract the ambition that newly arrived parents born outside Sweden should take part in employment preparation activities that can bring them closer to the labour market.

#### *Raised housing allowances to households with children*

In 2012, the housing allowance for households with children was raised by SEK 1.2 billion, entailing an increase of more than 30 per cent compared with 2011 for an average family. To strengthen the economies of those families with children who have the weakest economic conditions without weakening driving forces to work, the special child allowance was raised in 2012, while the lower limit for housing costs when housing allowances are paid was lowered. For a family with two children, the housing allowance was raised by slightly more than SEK 725 per month. In principle, this increase reaches all recipients of housing allowances, that is, more than half a million people. A major group consists of single parents with children, among whom 35 per cent of households receive housing allowance. At the same time the housing allowance for young people between 18 and 29 years of age was raised by it being made possible to receive compensation for a larger share of housing costs. This increase reaches all young people receiving housing allowance – some 45,000 people to the tune of an average SEK 180 per month.

#### *Increase in the basic level of parental insurance*

To strengthen the economies of economically deprived households with children, the basic level of parental benefit was raised from SEK 180 per day to SEK 225 per day. This change in regulations took effect on 1 January 2013. The increase primarily strengthens the economies of young parents who have not yet become established in the labour market and those who do not, for other reasons, meet the requirements to receive parental benefits at the level of

sickness benefits. Of parents aged 20–24, half received basic level compensation in 2011. On the whole, 66,100 parents received basic level parental benefit in 2011, of whom 82 per cent were women. The change in the law means that compensation before tax is raised by 25 per cent.

#### *Housing supplement for pensioners*

From 1 January 2013, the housing supplement for pensioners (HSP) was raised from the earlier SEK 170 per month to SEK 340 for unmarried pensioners. The supplement was introduced in 2012 at SEK 170 per month for all recipients of HSP, regardless of the size of the home. With the new proposal, a household consisting of a single, unmarried pensioner will receive the same supplement as a household consisting of two married pensioners.

The housing supplement is aimed at the group of pensioners who, when taking their income and housing costs into account, have small economic margins. For many of them, the housing supplement is important in achieving a reasonable economic standard and it contributes strongly towards reducing the share of pensioners with low economic standards, which is defined as those with income below 60 per cent of median income. Since women have lower income on average than men, more women than men receive the housing supplement.

## **4.4 Research and development targets**

### *Sweden's national targets*

*For public and private investment in research and development to correspond to about 4 per cent of GDP in 2020.*

### *EU targets*

The target at the EU level is to improve conditions for research and development (R&D) by 2020, particularly with the aim of increasing combined public and private investment in this sector to 3 per cent of GDP. The Commission will develop an indicator reflecting the intensity of research, development and innovation.

### *Description of the current situation*

During the period 2009–2012, Sweden increased central government funding for research by SEK 5 billion. For the period 2013–2016 additional funding of SEK 4 billion is planned in the form of a permanent increase in the level of expenditure – an increase of 13 per cent compared with the 2012 level. Combined, the increases during this eight-year period amount to an additional approximately SEK 9 billion for Swedish research and innovation. Certain initiatives within the framework of the research and innovation bill presented by the Government in 2012 are covered in Section 3 above.

Statistics Sweden's next report containing official statistics on R&D expenditure is to be presented in May 2013. However, the data that will be presented then have already been collected and, according to information from Statistics Sweden, R&D expenditure in 2011 amounted to 3.38 per cent of GDP. This represents a decrease of 0.21 percentage points compared with the level of 3.59 per cent in 2009. The decline is explained by the fact that companies' R&D expenditure in relation to GDP has decreased from 2.55 per cent to 2.32 per cent.

In monetary terms, however, companies' R&D expenditure has increased somewhat between the surveys. In 2009, companies' R&D expenditure amounted to SEK 80,885 million (at 2011 prices), while expenditure for 2011 amounted to SEK 81,145 million (at 2011 prices). The decline in companies' R&D expenditure in relation to GDP is instead explained by GDP having risen strongly in those two years. In 2010, GDP rose 6.6 per cent and in 2011, the increase was 3.7 per cent. Research funding in the central government budget rose from 0.84 per cent of GDP in 2011 to 0.86 per cent in 2012.

#### *Measures to realise the European Research Area*

In December 2012, the Council adopted a set of conclusions as to how the European Research Area could be realised in 2014. Based on the priorities backed by the Council, the measures being implemented by Sweden are accounted for below.

#### *More efficient national research systems*

In 2012, approximately 30 per cent of central government funding for research was allocated through open calls for applications via the research financing agencies, the Swedish Research Council, VINNOVA (the Swedish Governmental Agency for Innovation Systems), the Swedish Research Council Formas, FAS (the Swedish Council for Working Life and Social Research) and the Swedish Energy Agency. This engenders competition and raises quality within Swedish research.

Direct funding to universities and colleges account for 48 per cent of the central government funding. Since 2010, 10 per cent of the existing funds are allocated based on quality criteria. The aim is to reward quality in research and to give leaders at universities and colleges incentives to undertake measures to enhance quality and competitiveness in the research conducted at the seats of learning. To further reward quality, the proportion based on the quality indicators will be raised to 20 per cent.

In the Government's view, strengthening regional environments is important for innovations, innovation systems and clusters to come about and be developed. By strengthening these regional environments, national innovation systems are also strengthened. The Government is conducting a process aimed at developing the dialogue and cooperation between the national and regional

levels and between the sectors involved in research and innovation matters and of importance to sustainable regional growth.

#### *Optimum transnational cooperation and competition*

Through the research financing agencies, Sweden is participating in nine of the ten common programme initiatives that have been initiated and as an observer on one initiative. Sweden is the coordinator on the initiative on antimicrobial resistance.

In the research and innovation bill, Sweden is setting aside a further SEK 200 million for 2014–2016 for participation in partnership programmes within the framework of European research cooperation.

A special coordinating function is to be established at Vinnova that, in cooperation with the other research funders, is to facilitate the prioritisation of participation in the partnership programmes, coordinate and reinforce strategic and proactive efforts in European research cooperation and work to achieve synergies between EU and national research and innovation initiatives.

In many cases, research infrastructure is decisive for opportunities to conduct high-grade research. Sweden is currently undertaking three very large scale infrastructure initiatives: ESS, Max IV and SciLifeLab.

#### *An open labour market for researchers*

With the aim of enabling the recruitment of top-level researchers to Sweden, the Swedish Research Council will be allocated SEK 250 million for 2013–2016. These funds are to be used to set up a programme for the recruitment of internationally prominent researchers, enabling them to move their research to Sweden and to the relevant seat of learning that has applied for the funds.

The Committee for Circular Migration and Development appointed by the Government has proposed a number of measures that could contribute to students and post-graduates from third-party countries choosing to come to Sweden to study. Since this is a matter of some urgency, the Government intends to return to the matter of possible measures.

#### *Equality*

According to the Higher Education Act, the operations of the universities and colleges shall always observe and promote equality between women and men. However, the conditions for working on these issues vary between universities and colleges. Consequently, Vinnova will be allocated SEK 32 million in 2013 and 2014 for research deemed to contribute to development and progress in practical equality efforts at universities and colleges, in trade and industry and in the public sector.

In 2013, the Swedish Research Council was tasked with developing a plan for how the agency should conduct development worked in order that its

operations contribute to the achievement of the equality policy targets. This means, for example, ensuring that both women and men are afforded equal opportunities and conditions to gain access to research funding.

*Optimum dissemination, access to and transfer of scientific knowledge.*

The Government's 2012 research and innovation bill outlines a number of reforms and measures aimed at creating better conditions for the utilisation of research-based knowledge and knowledge-intensive innovation. A selection of measures is presented below:

- The industrial research institutes support trade and industry's need for innovation and operate in the borderland between the research conducted by the universities and colleges and the development conducted by trade and industry. To further support these activities, the allocation for the institutes' strategic skills funding will be raised by a total of SEK 125 million for 2013–2016.
- In consultation with the other funding agencies, Vinnova is tasked with a mission to support the universities' and colleges' development of strategies for cooperation with the external community, and their efforts to ensure that research-based knowledge is utilised.
- The Swedish Research Council has been tasked with formulating national guidelines for open access to scientific information.

#### **4.5 Climate and energy targets**

*Sweden's national targets*

*Sweden's national targets in the area of climate and energy were established as early as in 2009.<sup>9</sup> According to the EU's allocation of responsibilities, Sweden is to reduce emissions of greenhouse gases by 17 per cent by 2020 compared with 2005, corresponding to 31 per cent compared with 1990. Sweden's national climate target is that our emissions should be 40 per cent lower in 2020 than they were in 1990. The target applies to operations not covered by the trading system for emissions rights in the EU (EU-ETS). The target is to be achieved through national measures and aided by efforts in other EU countries or through flexible mechanisms such as the Clean Development Mechanism (CDM).*

*Sweden has also undertaken to increase the proportion of renewable energy to 49 per cent by 2020. The national target is set at a minimum of 50 per cent of total energy use by 2020.*

*The Riksdag has also adopted an energy efficiency target, expressed as a reduction in energy intensity by 20 per cent by 2020 compared with 2008.*

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<sup>9</sup> Bill 2008/09:162, Report 2008/09:MJU28, Govt. Comm. 2008/09:300, and Bill 2008/09:163, Report 2008/09:NU25, Govt. Comm. 2008/09:301

### *EU targets*

The targets at the EU level are to reduce emissions of greenhouse gases by 20 per cent by 2020 compared with 1990 levels; to increase the proportion of final energy consumption accounted for by renewable energy sources to 20 per cent and to aim for a 20 per cent increase in energy efficiency. The EU undertakes to adopt a resolution to progress to a cut in greenhouse gas emissions by 30 per cent by 2020 compared with 1990 levels as its conditional offer, ahead of an overarching global climate agreement for the period after 2012. This is provided that other developed countries commit to comparable emission reductions and that developing countries make a reasonable contribution, based on their responsibilities and capabilities.

### *Description of the current situation*

Environmental and climate challenges transcend borders, thus environmental conditions in Sweden are highly dependent on what measures are implemented in the EU and internationally. At the same time, a great deal of work remains at the national level before Sweden's environmental quality and climate targets are met. Climate, environment and energy-related challenges represent an opportunity for the development of technologies, goods and services in all sectors.

Regional growth efforts include activities to stimulate companies to environmentally driven development in trade and industry and the application of environmental aspects as means for the strengthening of trade and industry's competitiveness, thus contributing to a resource-efficient economy.

Sweden supports the EU's target to reduce climate emissions by 80–95 per cent by 2050 and also acts to enhance the conditions for EU to be able to increase the stringency of its target for emissions reductions for 2020 from 20 to 30 per cent. The national target is for Sweden's emissions to decrease by 40 per cent by 2020 compared with 1990. The assessment of the National Institute of Economic Research is that the targets can be achieved with the control measures already approved.<sup>10</sup>

The Riksdag has resolved that the proportion of energy that is renewable should be at least 50 per cent of total energy use in 2020. The forecast shows that the proportion of renewable energy in relation to total final energy use is expected to be 50.2 per cent in 2020.

The proportion of renewable energy in the transport sector shall be at least 10 per cent in 2020. The target for 2020 should also be viewed in light of the Government's long-term priority for Sweden to have a fossil-fuel-independent vehicle fleet by 2030. According to Sweden's national situation report in accordance with Directive 2009/28/EC, 8 per cent of energy used in the

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<sup>10</sup>In the report Environment, Economics and Policy

transport sector in 2010 was renewable. According to the Swedish Energy Agency's long-term forecast from 2010, Sweden will achieve 10.4 per cent renewable energy in the transport sector in 2020. To continue promoting the transition of the vehicle fleet, the Government intends to extend the time limitation on the reduction of the tax assessment value of certain green cars.

The target for energy efficiency is that energy use shall be 20 per cent more efficient by 2020 compared with 2008. The target is expressed as an economy-wide target of a 20 per cent reduction in energy intensity between 2008 and 2020. Energy intensity is calculated as the quotient between power input and GDP at fixed prices (kWh/SEK).

With regard to energy efficiency, the Government explained in its Budget Bill for 2012 that energy intensity decreased in the first decade of the new millennium, but that the trend shifted in 2009 and 2010 when energy intensity increased compared with the preceding years. This is judged to be an effect of the economic crisis. In its Budget Bill for 2013, the Government reported that energy intensity had again fallen and that in 2011 it was approximately 7 per cent below the reference year of 2008. Both the Swedish Energy Agency and the National Institute of Economic Research make the assessment that energy intensity will further decrease by 2020. Measures needed to fulfil commitments regarding the EU directive on energy efficiency are currently being analysed.

#### *Renewable energy measures*

In July 2012, the Government appointed a special investigator to map out possible alternative approaches and to identify measures to reduce the transport sector's emissions and dependency on fossil fuels.<sup>11</sup>

On 26 April 2012, the Government appointed a commission to prepare, among other things, proposed legislation on a system of net debiting for offsetting energy tax and value-added tax. A report on the assignment will be presented by 14 June 2013.

In the 2013 Budget Bill, the Government proposed an extension of the support for increased production, distribution and use of biogas and other renewable gases by a further SEK 280 million being set aside in 2013–2016.

During 2014, the Government intends to introduce a quota system for biofuel to achieve blends including biofuel in petrol and diesel in accordance with the levels permitted by the Fuel Quality Directive (including 10 per cent ethanol by volume in low-blend petrol and 7 per cent FAME by volume in diesel). The Government also stated that although high-blend biofuels without fossil fuel content is not covered by the quota, such fuels should continue to be afforded

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<sup>11</sup> Directive 2012:78

favourable conditions, thus contributing to the long-term priorities.

Solar cells are not yet competitive compared with established technologies and, with the aim of engendering favourable conditions for this technology, the support for solar cell installation was extended up to and including 2016 by a further SEK 210 million.

The build-out of wind power on a larger scale is a relatively new phenomenon in Sweden and a number of issues need following up with regard to the effects of wind power on the landscape, the environment and people. 10 billion SEK per year is allocated for 2013-2016.

#### *Energy efficiency enhancement measures*

A total of SEK 120 million was set aside for the period 2014-2016 for an initiative regarding close-to-zero-energy buildings. The calculated funds are for the demonstration of new building, alteration and renovation methods.

#### *Carbon dioxide reduction measures*

The global partnership initiated by Sweden for the reduction of emissions of short-lived climate forces (for example: carbon, methane and ground-level ozone) has attracted a large number of countries in a short time. The Government has tasked the county councils with developing regional plans of action for climate adaptation and the Knowledge Centre for Climate Adaptation at the Swedish Meteorological and Hydrological Institute will support this work. To strengthen the regional work on reducing the climate impact and on the transition to alternative energy sources, in August 2010, the Government designated three counties as pilots for green development. The pilot counties are tasked with developing working methods and tools, as well as with disseminating experiences and providing guidance for other counties. The transition to a green economy implies opportunities for the development of Swedish technologies, including sustainable goods, services and production systems, and can thus reduce environmental impact nationally and globally while also generating new jobs in both urban and rural regions.

One stage in developing a greener economy, in reducing carbon dioxide emissions and reducing the use of fossil raw materials, is to develop a bio-based national economy. Consequently, in its research and innovation bill, the Government is introducing an initiative on “Research in forest raw materials and biomass – new materials and bio-based products for a bio-based national economy”. The initiative will grow gradually and entails, effective from 2016, a permanent increase of SEK 100 million per year.

#### *Additional reform measures*

The 2013 Budget Bill proposed an extension and gradual strengthening of the efforts for research and development in the area of expenditure 21 Energy by a total SEK 1,240 million in 2013-2016. In relation to previously estimated



levels, the allocation was increased by SEK 250 million in 2013, by SEK 250 million in 2014, SEK 270 million in 2015 and SEK 470 million in 2016. This entails a level of about SEK 1.3 billion in 2013–2015 and a level of about SEK 1.4 billion as of 2016. This reinforcement enables increased ambitions in several priority areas, including a fossil fuel-free vehicle fleet, power systems able to cope with renewable electricity generation, energy efficiency enhancement in building, increased use of bioenergy and energy efficiency enhancement in industry.

The Government has instructed the Swedish Environmental Protection Agency to submit a proposal on a Swedish roadmap for reaching the vision that Sweden shall not have any net greenhouse gas emissions in 2050. The roadmap was submitted for a broad round of referrals in January 2013. At the same time, the needs for national efforts on resource efficiency are being identified. As part of this process, potentially environmentally harmful subsidies are being mapped. An investigation has been appointed for the assessment of ecosystem services. In a planned bill on waste, the ambition is to promote resource-efficient ecocycles without hazardous substances. This should result in increased recycling of materials, business opportunities and jobs in the recycling sector. A planned chemicals bill will contribute to improved chemical safety and control, which should lead to substitution, that is, to hazardous substances being replaced with safer alternatives, and thus increasing the pressure for innovation.

## 5. The importance of the internal market, cohesion policy and the EU's strategy for the Baltic Sea Region

### **5.1 Reforms to promote growth and competitiveness in the EU internal market**

The development of the EU internal market regulatory framework represents an important driving force for structural reform at the national level. Over the year, Sweden has therefore ascribed high priority to the negotiations and the elaboration of the growth-promoting measures in the two single market acts and has stressed the importance of implementing the single market regulations in a correct and uniform manner. In this context, Sweden has aimed particular focus at the implementation of the Services Directive and its application in all member states and the major economic potential, of an additional approximately EUR 330 million, contained in the complete implementation of the Services Directive. A legislative process is under way, aimed at achieving a better impact for the Services Directive's regulations at the municipal level by clarifying the notification requirement with regard to the municipal provisions. The expected effect is that regulations that could imply a barrier to trade are prevented and that openness and predictability are engendered regarding rules at the municipal level that affect service businesses. During the year, Sweden also hosted a seminar aimed at all member states and the Commission on the theme of electronic procedures within the framework of the shared contact points established as a result of the Services Directive. In addition, national efforts have been initiated to ascertain how the regulations on goods can be developed by means of the initiative on reforming the internal market for industrial products announced by the Commission.

#### *Digital internal market*

By 2015, Sweden aims to create Europe's most attractive conditions for e-trade. Efforts to establish a digital internal market have therefore been prioritised, particularly by identifying and removing barriers to electronic trade in the internal market, in terms of more secure payments and parcel delivery for example. To achieve, among other results, the objectives of the digital internal market, access to IT infrastructure and broadband is of considerable importance for opportunities to operate and develop companies in all parts of the country and to provide good public services. To increase broadband access in rural areas, the Government has invested additional resources within the framework of the Rural Development Programme during the period 2013–2014 for targeted initiatives. These funds are additional to those previously earmarked by the Government for the 2012–2014 period. To further support the build-out of broadband throughout the country, the Government is continuing its work with Bredbandsforum (Broadband Forum) to tackle together with those involved in the broadband business the challenges that confront them.

On 17 December, the Government presented its e-government strategy “Med medborgaren i centrum” (Citizens in Focus). In 2013, the Government is investing funds to finance strategic e-government projects with the aim of creating a more open, straightforward and more efficient administration pervaded by security and protection of personal integrity. Administration is to be made more open by means of the öppnadata.se (opendata.se) platform – a portal for the mediation of data made available for wider use.

### *Transport*

Well-functioning transports are of great importance for the provision of long-term sustainable transport for business competitiveness and for the investment climate. It is also essential for growth and development throughout the country to make use of the full potential of a well-developed transport market, which is a precondition for trade in goods, including e-trade, to be able to develop, as well as for service sector activities and other contexts where people need to move around. In December 2012, the Riksdag adopted a new direction for measures within the transport infrastructure corresponding to approximately SEK 522 billion for the period 2014–2025. This entails a substantially higher level of ambition in the area of transport. The standard of both the existing rail and road networks is to be improved while new investments are also planned, particularly in the railways.

### *Simplifying for businesses*

In its 2013 Budget Bill, the Government details new targets and follow-up measures in the efforts to simplify matters for companies. The continued simplification process is focused on the areas deemed to offer the greatest potential to bring about a noticeable change for the better in day-to-day conditions for businesses. These areas are: lower costs for companies, reduced and simplified reporting requirements, simpler procedures for contacting authorities at regional and local level action on proposals for simplification from the business sector and better impact assessments. To follow up on these efforts leading to noticeable change for the better in day-to-day conditions for businesses, the Government has adopted seven new targets that will apply until 2020. Follow-up will take place on an on-going basis to safeguard long-term positive effects of the efforts for companies.

## **5.2 Implementation of cohesion policy**

For the programme period 2007–2013, Sweden has been allocated funds from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The funds are shared among a number of programmes within the two objectives; Regional Competitiveness and Employment and European Territorial Cooperation. Geographically, the Structural Fund Programmes in these two targets cover all of Sweden. In total, Sweden has SEK 31 billion (EU funds and national public co-financing) for initiatives to achieve the two targets Regional Competitiveness and Employment and European Territorial

Cooperation.

*The Regional Structural Fund Programmes for regional competitiveness and employment 2007–2013 (European Regional Development Fund)*

The total amount of the eight regional structural funds programmes is SEK 22.6 billion (EU funds, Swedish public co-financing and private co-financing) for the entire programme period. Of the programmes' total assets, the EU share of the funding amounts to about SEK 8.4 billion. In addition, there is national public co-financing amounting to about SEK 10 billion and business sector financing is estimated at around SEK 4.3 billion.

Until the turn of the year 2012/2013, the decision on EU funds from the ERDF in the eight regional structural funds programmes amounted to approximately SEK 8.3 billion. Approximately SEK 10.2 billion in national public co-financing will be added. The private co-financing amounts to about SEK 2.5 billion. The speed of implementation is very good in the programmes. Sweden is at the top within the EU; as of 2012, 98 per cent of the total funds have been committed and 64 per cent have been paid. The expenditure area of highest priority and greatest financial scope in the Regional Structural Fund Programmes has involved initiatives in research and development, innovation and entrepreneurship. Until the end of 2012, a total of approximately SEK 5.5 billion has been approved in these areas.

**Table 4 Report on types of initiatives to date, based on funds approved up to 31 December 2012**

	R&D & entrepreneurship	IT	Transport	Energy	Tourism & attractions	Other (excl. TA)
Upper middle	66.5%	2.9%	17.3%	1.6%	11.0%	0.5%
Mid-North Sweden	49.4%	7.8%	11.5%	6.3%	17.4%	7.7%
North Mid-Sweden	59.0%	10.8%	19.8%	1.7 %	9.0 %	0.2 %
East Mid-Sweden	79.8%	6.8%	12.7%	0.7%	0.0%	0.0%
Stockholm	60.7%	0.0%	20.0%	0.0%	3.5%	16.7%
West Sweden	80.6%	0.0%	0.0%	3.4%	0.3%	17.3%
Småland and the islands	50.4%	0.5%	41.2%	1.0%	5.7%	1.2%
Skåne-Blekinge	64.0%	9.1%	5.2%	1.5%	4.8%	16.8%
<b>Total</b>	65.8%	5.8%	15.3%	2.5%	7.0%	5.0%

Source: Swedish Agency for Economic and Regional Growth

According to the programme documentation, the measures under the eight regional structural fund programmes are expected to contribute to 33,450 new job opportunities and 18,200 new businesses. The number of companies expected to participate in the programme is 27,500. The goal is that the outcome of new job opportunities, new business start-ups and participation by companies are evenly distributed between women and men at the end of the programme period. As of 31 December 2012, the programmes have

contributed to the creation of approximately 35,700 jobs and 14,600 new companies. In addition, about 48,000 companies have participated in the programmes. Approximately 1,400 projects have been financed. After the completion of roughly 60 per cent of the projects, it is apparent that the level of target fulfilment is generally good, particularly as regards the participation of companies and new networks, where the targets for the entire period have already been met.

In the eight regional structural funds programmes, decisions were made for the funding of 12 fund projects aimed at increasing the regional supply of equity for new and growing SMEs. This represents part of the ambition to offer other forms of funding than benefits, such as loans, guarantees and venture capital. The projects, including public co-financing and private investors, have a total turnover of SEK 2.1 billion. By the end of December 2012, the projects had received 2,560 requests and invested a total of about SEK 1,865 billion in 204 portfolio companies.

Even if it is too early to see the results and impact of most initiatives, the impression from the evaluations of the programme is still predominantly positive. In the evaluators' opinion, the targets established for the project will most likely be met, despite the economic downturn, and the programmes are able to focus on structural change leading to new industries. Although the evaluations are predominantly positive, there is nonetheless room for improvement. It is, for example, necessary for projects headed by universities and research institutions to achieve an even greater connection to trade and industry and generally for them to increase the participation of trade and industry in the development of the programmes. It may also be a matter of it being necessary to strengthen the innovation perspective in entrepreneurship measures.

The higher level of professionalism and the requirements on innovativeness, creativity, long-term perspective and additionality in the Swedish system helps making the project more results-oriented and more innovatively connected to the natural conditions in the region than before. For example, the support of the structural funds programmes to the innovation systems has entailed them having a clearer learning perspective, as well as a focus on networking and knowledge spill-over.

*The national structural funds programme for regional competitiveness and employment, 2007–2013 (European Social Fund)*

The overall goal of the national structural funds programme for regional competitiveness and employment 2007–2013 is higher growth through an increased labour supply and good skills supply. There are projects in the programme aimed at counteracting exclusion in the labour market and promoting skills development for the employed. The grant from the European Social Fund (ESF) amounts to about SEK 6.2 billion for the period. In

addition, national public co-financing will at least match that amount.

Through 2012, more than 840 projects primarily aimed at those most detached from the labour market have been awarded funding. The number of people who have begun to participate in these projects amount to 90,000, of which 48 per cent are women and 52 per cent are men. In the same period, barely 1,300 projects aimed at skills development for the employed have been awarded funding. The number of people who have begun to participate in these projects amounts to 250,000, of whom 55 per cent are women and 45 per cent are men. Through 2012, the committed ESF funds in the national structural funds programme total SEK 5.8 billion or 93 per cent of the decision-making scope. Approved national public co-financing amounts to SEK 7.6 billion.

The Government agency involved, the Swedish ESF Council, is of the opinion that all quantified goals regarding skills development for the employed will be met at the end of the programme period. With regard to efforts related to people who are very detached from the labour market, the authority believes that all quantified goals will be met, except the goal for the long-term unemployed. The goal for young people, which has been changed from at least 5,000 to at least 15,000 participants, has already been met before the end of the programme period. Through 2012, just over 39,000 young people began their participation.

The independent evaluation of the national structural funds programme has thus far focused primarily on the implementing organisation. Indicated at an early stage, were, among other aspects, certain deficiencies in the processing of project applications. The Swedish ESF Council has taken measures to remedy these deficiencies. Since then, it has been the evaluators' opinion that the implementation is progressing relatively well and that fundamental changes in the processes involved should not be made during the current programme period. An evaluation of the structural funds programme centred on the results and added value generated by the programme is currently in progress. In its initial report, the evaluator affirms that the Social Fund has contributed towards good results at the individual level but that the projects have influenced participating organisations and existing structures to a lesser extent.

### *Territorial cooperation*

Within the European Territorial Cooperation, Sweden participates in a total of 13 programmes. Six cross-border programmes include one or more counties: the North, the Botnia-Atlantica, Sweden-Norway and Öresund-Kattegat-Skagerrak, the Central Baltic and the South Baltic. The European regional development programmes are contributing SEK 3.3 billion to these six programmes for 2007–2013. Sweden also participates in three transnational programmes: the Northern Periphery, the Baltic Sea Region and the North Sea programmes. The European Regional Development Fund is contributing SEK 3.4 billion to these programmes in 2007–2013. By 31 December 2012, funding

of approximately SEK 6.7 billion from ERDF in all nine of these cross-border and transnational programmes had been approved.

In addition to the cross-border and transnational programmes, Sweden also participates in four programmes aiming at interregional cooperation and the exchange of experiences through networks and analysis. These are Interreg IVC, Urbact II, Espon and Interact II. These programmes concern all 27 Member States.

The programmes are tools used to bring attention to and help removing obstacles that still counteract development in the border regions, in the form of different laws, regulations and practices that do not show sufficient consideration for the reality faced daily by nationals in the border regions. By solving border-related everyday problems and facilitating increased integration, the programmes help bring the EU closer to the nationals.

- The average decision level is about 100 per cent, but varies from 92 to 106 per cent in the various programmes. In total, 44 per cent of the EU framework has been disbursed, although there is great variation between the programmes, from 35 to 57 per cent.
- The largest co-financiers in the programmes are county administrative boards, regional councils and certain municipalities and universities.
- A majority of the funds granted contribute to meeting the targets of the Lisbon strategy, approximately 75 per cent (except for Sweden-Norway, which is approximately 55 per cent). There is no predominant category of projects within the territorial programmes, as there is for the eight regional programmes. However, research and development and entrepreneurship are the largest categories here as well.

**Table 5 Decision and payment levels on 31 December 2012**

	Granted EU funding	Decision (%)	Disbursed (%)
<b>Cross-border programmes</b>			
Sweden-Norway	335	100	57
North	306	100	49
Botnia-Atlantica	274	97	43
Öresund/Kattegatt/Skagerrak (ÖKS)	992	102	43
Central Baltic	920	106	41
South Baltic	547	105	35
<b>Transnational programmes</b>			
Northern Periphery	317	93	43
North Sea	1 247	95	45
Baltic Sea	1 872	102	44
<b>Total</b>	<b>6 808</b>	<b>99</b>	<b>44</b>

In addition to these 13 programmes for territorial cooperation in the EU, Sweden also participates in cross-border cooperation programmes with non-EU countries through the Community instrument, the European Neighbourhood and Partnership Instrument (ENPI). In part, Sweden participates in the Kolarctic Programme for regional cooperation with Russia, and, in part, there is ENPI funding in the Baltic Sea Programme to make it possible for Belarus to participate.

### *Follow-up*

In 2009, there was a strategic follow-up of the national strategy for regional competitiveness, entrepreneurship and employment 2007–2013<sup>12</sup>. The follow-up pointed out both the importance of a national strategy and the importance of keeping the focus of the current strategy in order for there to be continuity and the possibility of improving the regional growth process. At the same time, a number of development areas for continued work were identified. These included strengthening innovation and renewal, taking advantage of the growth potential in climate and energy work, strengthening the synergy between the regional growth policy, the labour market policy and the education policy in order to improve the supply of skills and of labour. Furthermore, the importance of national, regional and local preparations in anticipation of imminent demographic challenges, more of an international perspective, a developed regional leadership, continued dialogue between different levels and actors, and the development of inter-agency cooperation were emphasised.

In 2012, a strategic follow-up of the national strategies was carried out, focusing on the years 2009–2012. The follow-up provides several good examples of cooperation across sector boundaries, as well as cooperation between higher education, public actors and trade and industry, and developed multi-level governance between the local, regional and national levels. It is also evident that the priorities in the national strategy remain relevant, as do the development areas identified in the strategic follow-up from 2009.

## **5.3 Preparations for the 2014–2020 programme period**

### *Partnership agreement*

Ahead of the upcoming 2014–2020 programme period, the European Commission has, as part of its work on the targets in the Europe 2020 strategy, developed a proposal for a common framework for the regional development fund, the social fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The proposal includes the elaboration of a partnership agreement between each of the Member States and the European Commission. The partnership agreement will act as Sweden's overarching strategy for the four funds. It will include the overall Swedish priorities for 2014–2020 in achieving the objectives of the

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<sup>12</sup> (Ds 2009:69)



Europe 2020 strategy. The partnership agreement will also contribute to improved coordination between the funds and will avoid overlap between them.

In Sweden, work has been in progress since 2012 to elaborate a partnership agreement. According to the principle of multi-level governance, the Government is elaborating the partnership agreement in collaboration with the actors involved to engender a positive dialogue and ownership of the priorities and contents. This process will take place in parallel with the development of proposals to the operational programmes involved. For Sweden's part, the focus will be well in line with the Europe 2020 priorities.

The work is being conducted jointly by the three ministries responsible for the funds, the Ministry for Rural Affairs, the Ministry of Employment and the Ministry of Enterprise, Energy and Communications. The Ministry of Enterprise, Energy and Communications is responsible for coordination. The partnership agreement will be submitted to the Commission in the autumn of 2013.

#### *Regional dialogue and ownership processes*

As part of the preparations for the upcoming structural fund period, in 2011, the Government tasked the county administrative boards, which bear the regional responsibility for growth, and offered the county council and municipal consultation bodies with similar responsibilities, with identifying and presenting each county's priorities in future regional growth work from 2014 and onwards. All counties submitted material and the report has contributed to a deeper understanding of the counties' future priorities within the regional growth process, providing a knowledge basis for the government's work to develop regional growth policy and future cohesion policy. Among other things, the report contains a description of how priorities are related to the five targets in Europe 2020. In the spring of 2012, in-depth dialogues were held on the issue with the regional level. Through the reports and dialogues it emerged that the clearest priority is assigned to issues of infrastructure, demographic challenges, skills supply, climate and environment, development of trade and industry, research and innovation initiatives, as well as creating attracting living environments.

Preparations in 2012 and 2013 ahead of the new structural fund period also include an extensive dialogue and ownership process involving a large number of actors at the local, regional and national levels. Dialogues have also been held with project owners and representatives of trade and industry. The aims of the dialogues have included obtaining viewpoints regarding the focus and implementation of the upcoming programme period. In addition, several national authorities have been assigned with supporting the Government Offices in the preparations for the 2014–2020 programme period with regard to the EU's cohesion policy, as well as its policy regarding the European

Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, including work on a partnership agreement with the European Commission. The authorities are also, based on their areas of responsibility, to support the regional actors who have been tasked with formulating proposals for structural fund programmes or the equivalent.

### *Territorial cooperation*

Preparations for the upcoming programme period began in 2012. The objective is for the implementation of the European territorial cooperation programmes to continue developing and contributing to the achievement of the Europe 2020 strategy. The programmes are to be firmly established and should build on existing cross-border cooperation. In addition, the programmes are to reflect, and be coordinated with, other regional, national and European growth efforts, for example, the EU strategy for the Baltic Sea Region. Since it is evident that cooperation between the regions/counties included in existing programmes is working well, only minor adjustments in the geography of the programmes will be considered. With regard to the focus of the programmes, the Government has made the assessment that particular attention should be directed towards cross-border challenges in the following areas: strong innovative environments and cross-border clusters; the development of shared social functions for the population and for trade and industry aimed at creating conditions for the cross-border growth of regions; innovative solutions to the demographic challenge; the promotion of natural resources and the handling of natural risks, as well as initiatives in energy efficiency enhancement, renewable energy and environmentally friendly transport.

## **5.4 EU Strategy for the Baltic Sea Region**

Under the Swedish Presidency in the autumn of 2009, the EU adopted its Baltic Sea Strategy. The strategy has three principal objectives: Save the Sea, Connect the Region and Increase Prosperity. The EU strategy for the Baltic Sea Region is based on the fact that eight of the nine countries bordering the Baltic Sea are now members of the EU and this membership offers entirely new opportunities for the countries in the region to cooperate via the political and financial instruments that the EU has at its disposal in meeting shared challenges. The EU's strategy for the Baltic Sea Region makes use of the areas where regional cooperation within the EU generates added value in the implementation of the EU's policies. This applies in particular to the Europe 2020 strategy where the EU's strategy for the Baltic Sea Region generates regional added value and contributes to the fulfilment of the targets.

Approximately two thirds of Sweden's trade is conducted with countries within the EU. Half of this trade is conducted with countries within the Baltic Sea Region. Safeguarding an efficient and well-functioning internal market within the EU is thus one of the most crucial factors for growth, job creation and welfare. For Sweden, it is imperative that the Baltic Sea Region develop and be able to serve as a pioneering region for the in-depth and concordant implementation of internal market legislation. The economic development of

the immediate surrounding area has a clear effect on Sweden's competitiveness. Increasing cooperation and integration in the immediate surrounding area is therefore a high priority for the Government.

A digital internal market within the EU is a strategically important objective for Sweden in cementing its global competitiveness. Here, the Baltic Sea Region is a pioneering region in many regards. Supported by the EU strategy for the Baltic Sea Region, it can break new ground by identifying and removing barriers to growth in digital services and trade.

Increased ventures in research and innovation are enabled through improved coordination between countries, allowing them to benefit from various comparative advantages. Innovation cooperation in the Baltic Sea Region may become an important complement in several areas where the Baltic Sea countries are at the fore, particularly in the area of a resource-efficient economy. The area of life sciences is also strongly focused on innovation and research. Encouraging continued cooperation in the Baltic Sea Region between healthcare institutions, seats of learning and private trade and industry is important for, for example, pharmaceutical development and medical technology development, but also for improved public and private healthcare systems and their sustainable financing. Through investment in the health of the populations in the Baltic Sea Region, better conditions are generated for a healthier labour force, while costs for diseases and ill health can be kept down.

A particular challenge for Sweden and the countries in the Baltic Sea Region is the long distances involved – both internally as well as in relation to trade and labour markets. Transport conditions are also periodically aggravated by inclement climate conditions. The Baltic Sea Region offers rich conditions in the form of considerable natural resources, successful industry and a highly educated labour force. Efficient goods transports, business travel and labour market mobility represent decisive success factors for Sweden and the region in making use of these resources. Improved transport corridors in the Baltic Sea Region are a key condition for increased access and strengthened competitiveness for Sweden.

Increased cooperation between the EU member states in the region is needed to improve the functioning of the transport system. Through the EU's strategy for the Baltic Sea Region, the countries are able to cooperate to achieve increased multi-modality, harmonised transport services and transport conditions, the implementation of shared traffic management systems, increased safety and reduced environmental impact. Of particular interest are also measures in the EU's strategy for the Baltic Sea Region that improve infrastructure and facilitate procedures at border crossings between the member states and their neighbouring countries.

At the same time, the EU's strategy for the Baltic Sea Region acknowledges

and makes use of the geographical and climatological conditions common to the region, motivating close cooperation to equip our communities to deal with climate change. The region also shares similar conditions for the sustainable production and refinement of biomass. An important area for Sweden's aspiration towards a resource-efficient economy is therefore cooperation between the countries surrounding the Baltic on research, development and refinement of biomass – known as bio-economy.

A cohesive maritime policy is needed for sustainable growth. Healthy seas provide many important ecosystem services. A healthy sea provides healthy stocks of fish, tackles pollutants and generates tourism opportunities, which are preconditions for sustainable growth and welfare. The EU's integrated maritime policy takes the need for sustainable, long-term use of the seas as its point of departure. The planning and use of the seas' resources demand cross-sector approaches involving coordination between different areas of policy. For Sweden, which has one of the longest coastlines of the EU member states and which is traditionally a seafaring nation, this view is particularly relevant. Work involving the maritime environment requires close cooperation with the immediate surrounding area, particularly for partially landlocked seas such as the Baltic Sea and the North Sea. The EU's strategy for the Baltic Sea Region deepens cooperation to reduce nutrient input, environmentally adapt shipping and prevent the proliferation of hazardous substances. The EU's strategy for the Baltic Sea Region also serves as a regional application of the EU's integrated maritime policy with ecosystem-based maritime planning and so-called blue growth. Blue growth is the maritime agenda's contribution to the Europe 2020 strategy and is expected to both strengthen competitiveness in coastal and maritime regions and, at the same time, to undertake initiatives to improve aquatic and maritime environments. The Government takes the view that the focus and use of the EU's funds should contribute to added value for Europe. The development of cross-border cooperation is prioritised and the internationalisation of authorities' operations are a stage in the process of strengthening Sweden's competitiveness. The objectives of the EU strategy for the Baltic Sea Region reflect this perspective and the Government therefore takes the view that it should be beneficial for the utilisation of the EU's funds to work to achieve the objectives of the strategy.

## 6. Institutional issues and participation by affected parties

### 6.1 Institutional issues

Sweden's national reform programme 2013 is based on the measures proposed by the Government in the 2013 Budget Bill and the 2013 Spring Fiscal Policy Bill. In the elaboration of these bills, the country-specific recommendations from 2012 have been taken into account and the programme reflects the overarching priorities adopted by the Council of the European Union on 14–15 March.

The Riksdag's Standing Committee on Finance has been informed about the national reform programme. The Riksdag was informed on several occasions as the Council addressed the country-specific recommendations during the summer of 2012.

### 6.2 Consultations with the social partners

The social partners play a key role in creating the conditions for sustainable growth and full employment. The Swedish labour market has a high degree of organisation, broad collective bargaining agreement coverage and a well-developed social dialogue. The social partners in Sweden traditionally resolve many issues by means of collective bargaining agreements, without central government intervention in the form of legislation or the involvement of public authorities. The social partners also have a central role in the implementation of EU directives and guidelines through arrangements in collective bargaining agreements.

Regular consultations take place between the Government and the social partners on matters associated with the Europe 2020 Strategy, as well as other EU matters that concern the social partners. These consultations, which take place both at the political level and with senior civil servants, provide opportunities to discuss important EU issues in relation to the Government's actions and national policies.

To bring the dialogue with the social partners more in line with the European semester and the national decision-making process, the Government has established a reference group with representatives from the ministries concerned in the Government Offices of Sweden and the social partners (the Confederation of Swedish Enterprise, the Swedish Trade Union Confederation (LO), the Swedish Confederation for Professional Employees (TCO), the Swedish Confederation of Professional Associations (Saco), Swedish Association of Local Authorities and Regions (SALAR) and the Swedish Agency for Government Employers). The reference group holds regular meetings over the year at strategic points in time for discussions and

consultations on the implementation of the strategy in Sweden. The initiative was taken after consultation with the social partners. In February 2013, a consultation meeting was held at the political level headed by the Minister for EU affairs and consultations have been held at the civil service level on three occasions since the presentation of NRP 2012.

The social partners have been invited to contribute to next year's national reform programme at these consultation meetings. Attached in Appendix 1 is the contribution from the social partners, which accounts for the work carried out by the social partners in accordance with the strategy's guidelines and goals.

### **6.3 Local and regional ownership**

Local and regional support for the Europe 2020 Strategy's targets and intentions, and thus for regional and local development in Sweden, are crucial for the successful implementation of the strategy. The national strategy for regional competitiveness, entrepreneurship and employment 2007–2013 sets out the Government's priorities for regional growth and constitutes an important instrument for converting the EU's common targets for growth and employment into regional and local priorities. It forms the basis of the regional development and structural funds programmes. The national strategy together with the regional development programmes thus contributes to increased cooperation between the national and the regional levels. The regional actors thus play a role in implementing the Europe 2020 strategy based on their particular conditions and opportunities, primarily within the framework of the regional development programmes. In the light of local self-government in Sweden, the local level has a leading role in implementing some of the targets set by the Government. In the spring of 2013, work will commence on developing a new controlling document for regional growth policy, which will largely replace the current strategy for regional competitiveness, entrepreneurship and employment 2007–2013.

In 2007, the Government established a national forum for regional competitiveness, entrepreneurship and employment to further develop the dialogue between the national, regional and local levels on regional growth issues. It is based on a shared responsibility between the regional and national levels for regional growth, which requires a political dialogue and a shared view and understanding of important development issues. It is also one way of increasing local and regional influence and responsibility. Political representatives from every county participate in the forum together with representatives for the Government.

In 2012, four national forums were held, where current topics were discussed. Examples of topics discussed include the research and innovation bill, preparations for the upcoming structural fund period including the partnership

agreement, the infrastructure bill, the current status of the economy, labour market and education issues and innovation procurement in the public sector. At national forum meetings in April 2012, and February 2013, the implementation of the Europe 2020 Strategy at the regional and local levels, and the link to regional growth process and cohesion policy were considered.

In November 2012, the European Commission, the Swedish Association of Local Authorities and Regions (SALAR) and the Government arranged a joint conference on the implementation of the Europe 2020 strategy at the local and regional levels. The conference gathered more than 170 participants.

Appendix 2 contains the contribution received from the Swedish Association of Local Authorities and Regions (SALAR), as the representative of the local and regional levels, accounting for, for example, the work being conducted in accordance of the strategy's guidelines and goals.

## **6.2 Consultation with interest organisations and Swedish civil society**

There is a number of existing consultation processes at present, which form a part of the Government's decision-making process. These also cover issues affecting the Europe 2020 Strategy. Affected stakeholders are often included in reference groups within the inquiry system and are given the opportunity to present their views on inquiry proposals through the referral process within their specific areas. Occasionally, the Government also issues invitations to hearings, in order to bring about a dialogue on specific topics. There are also continuous discussions within various consultation bodies (such as the Pensioner's Committee, the Disability Delegation and the User Committee). Following requests that the dialogue with civil society organisations on the implementation of the Europe 2020 strategy be developed, an initial horizontal consultation with civil society took place in the autumn of 2011 and this approach was welcomed by the participants.

For this reason, the Prime Ministers Office invited the affected organisations to a new information and consultation meeting on the Europe 2020 Strategy on 19 December 2012, led by the state secretary for EU affairs. The purpose of the meeting was to inform them of the Government's work as early in the process as possible, a few weeks after the presentation of the Commission's Annual Growth Survey for 2013. They also discussed the Commission's proposed priorities for the Europe 2020 strategy in 2013, future forms of consultation and the involvement of the affected organisations in the work on the national reform programme. The affected organisations were invited to contribute with texts to the national reform programme that highlighted good examples of how Swedish civil society actively contributes to the implementation of the Europe 2020 Strategy in Sweden.

After the consultation in December, the Prime Minister's Office received a

contribution from VA (Public and Science). Their contribution is included in Appendix 3.



## Appendix 1. Contribution from social partners

### **Introduction**

The social partners – the Swedish Association of Local Authorities and Regions (SALAR), the Confederation of Swedish Enterprise (LO), the Swedish Trade Union Confederation (TCO), the Swedish Confederation for Professional Employees (Saco) have provided the following examples of initiatives within the framework of the Europe 2020 Strategy. This is a selection of examples and not a comprehensive report.

### *Wage formation*

The social partners are responsible for the formation of wages on the Swedish labour market and they safeguard their autonomy as a party. The fundamental components of the model include trade unions with a high level of organisation, employer representatives with a broad membership, the strong status of collective agreements, workplace representatives with a mandate to negotiate, as well as the independence of the social partners from the central government. Among other things, independence is manifested in the fact that the majority of the labour market is regulated by a number of principal agreements met at a central level between employers and trade unions and that regulate aspects including negotiation procedures, dispute procedures and development issues.

### **Activities for increased employment**

#### *Survey of local business climate*

Each year, the Confederation of Swedish Enterprise conducts a comprehensive survey of the business climate in all Swedish municipalities in its Local Business Climate (LBC) survey. The survey includes both statistics and questionnaires to companies and politicians. The LBC is presented at [www.foretagsklimat.se](http://www.foretagsklimat.se), which is an interactive website that municipalities, politicians and civic servants can use for self-assessment and to follow up on various initiatives. The Confederation of Swedish Enterprise applies the LBC as a tool when dealing, and in many instances acting, with municipalities to improve the business climate and to thus remove municipal barriers to increased enterprise, jobs growth and getting groups that experience difficulties in the labour market back to work. Alongside national obstacles for exposed groups in legislation and agreements, analyses based on the LBC show that municipalities with a better business climate have a more inclusive labour market for, e.g. people born outside Sweden and individuals with disabilities.

#### *Recruitment survey*

The recruitment survey is a recurring questionnaire-based survey of recruitment conditions conducted by the Confederation of Swedish Enterprise among its members. Slightly more than 16,000 companies were consulted in the latest survey. The purpose includes identifying obstacles and problems in the labour

market. One of the clearest conclusions of the most recent survey is that a considerable mismatch prevails in the labour market, resulting in companies not being able to expand and recruit at the pace they would like.

### *Integration of people born outside Sweden*

#### *The Omstart web portal*

Omstart (Re-Start), a web portal operated by the Swedish Confederation of Professional Associations (Saco) and its member associations, is aimed at academics with foreign degrees who have not yet established themselves within their professional or educational field in Sweden. The portal gathers everything from general information on the Swedish labour market to specific information that is important for individual professional groups.

#### *The Recruitment Bazaar*

For a number of years, several of the parties have participated as co-hosts of the Recruitment Bazaar in Stockholm, which was visited by some 15,000 people in 2013. At the bazaar, which is aimed at people born outside Sweden, they can meet employers recruiting employees and find information on how to start a company, information on tertiary-level studies and other education in the County of Stockholm and information on how to get their foreign degrees and diplomas validated. Saco holds training interviews and provides information about the Swedish labour market.

#### *Guest membership in trade unions for citizens of third countries.*

Unionen, a trade union within the central organisation TCO, offers guest membership to those having secured work permits to work in Sweden and who are citizens of countries outside the EU/EES and Switzerland. This provides the same benefits as for other members but differs in being limited to at most one year and in fees being lower than for ordinary membership. Being a guest member entitles the individual to advisory services and, after three months, the right to representation in negotiations.

#### *Mentoring programmes and introduction guides*

Several Saco associations have mentoring programmes for newly arrived academics. In the programmes a newly arrived academic will be paired with a colleague in the same profession. The objective is for the immigrant academic to expand his or her professional network and gain improved self-confidence in his or her career efforts. The Swedish Medical Association has started an introduction guide activity. The aim is to shorten and improve the road to obtaining a Swedish medical licence.

## *Work environment*

### *Prevent*

The Confederation of Swedish Enterprise, LO and the Council for Negotiation and Co-operation (PTK)<sup>[1]</sup> are the heads of the non-profit organisation Prevent, which is tasked with spreading knowledge on work environment issues. Prevent publishes work and training materials and factual books, provides information and training and publishes the magazine Arbetsliv.

### *Alna*

Alna is a not-for-profit organisation owned by the social partners in the labour market. Through cooperation between employers and employees, its assignment is to prevent harmful exploitation at workplaces. For 50 years, Alna has worked on issues of harmful exploitation and dependency that have consequences in working life (alcohol, drugs, pharmaceuticals, gaming, food, shopping, sex and social media). Alna works to increase employers' awareness through counselling, management support and training. In the autumn of 2012, a project was concluded aimed at elaborating guidelines for reliable alcohol and drug testing in working life. The guidelines have been developed in cooperation with the central labour market organisations, representatives of the Data Inspection Board, the National Board of Health and Welfare, Swedac (the Swedish Board for Accreditation and Conformity Assessment) and researchers.

### *Method support for coping with constant change*

In the general government sector, a council of the parties involved is conducting the project "Change and development – a constant state". The purpose of the programme has been to identify and clarify what Swedish government authorities and agencies can do to achieve more flexible and dynamic operations to be able to adapt to external conditions.

### *Funding to deal with threats and violence*

In 2012, the central government parties agreed to establish a working area within the council of parties to support local partners in their efforts to cooperate and to prevent and deal with threats and violence at work.

## *Gender equality in the labour market*

### *Gender equality council*

Employers and trade unions in the municipal sector have convened a gender equality council. The purpose of the council is to monitor the development of salaries and terms of employment from a gender equality perspective and propose active measures aimed at achieving greater equality in working life. The objective is for terms for work and employment within municipalities, county councils and regions to result in attractive jobs that are on an equal footing in terms of gender and that form a part of efficient, high-quality operations.

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<sup>[1]</sup> PTK is an organisation for cooperation among trade unions that organise private sector white-collar workers

### *Equality integration*

Between 2008 and 2013, the Government has granted SALAR SEK 240 million in support of local work on equality integration. “Programme for Sustainable Gender Equality” is the name of SALAR’s major initiative in equality integration and addresses municipalities, county council, regions and private contractors to ensure that they offer equal and good service to women and men, girls and boys. SALAR has financed 87 development projects at municipalities, county councils, regions and private contractors around the country. The basic idea is that gender equality work should be sustainable and a part of the regular activities. The focus is on management and control, quality aspects and concrete effects for clients, patients and citizens.

To disseminate the effects of these development processes, in 2013, SALAR will be launching a start-up package for sustainable equality for municipalities, county councils and private contractors who have not previously received development funds to integrate equality into their operations but who do want to get started with a concrete improvement process.

During 2013, on assignment from SALAR, Karlstad University will be conducting a 15-credit course on strategic equality work. The course will provide strengthened professional skills enabling participants to independently organise and implement processes based on the needs of their own operations. SALAR is also one of the initiators of [www.jamstall.nu](http://www.jamstall.nu), which is a tool in day-to-day work on equality. SALAR has also developed a special tool for following up and comparing work on equality integration, [www.makeQuality.se](http://www.makeQuality.se).

### *Method support in analysing whether unfair salary discrepancies exist between men and women*

The council of the parties involved within the central government sector has developed a method to support the analysis of salary discrepancies between men and women. The method support has been developed by a working committee within the council consisting of representatives of the various parties to support the principles of wage formation in the central government agreement area. This material has been checked with the Equality Ombudsman (EO) with regard to methods and content.

### *Integration of young people in the labour market*

#### *Work introduction agreements*

SALAR and the Swedish Municipal Workers’ Union have reached an agreement regarding two new forms of employment: training and introductory employment, and work introduction employment. Training and introductory employment is a job format intended as a link between school and employment. The agreement is intended to offer special training and introductory employment to give those who have completed healthcare and nursing training and who lack professional experience an opportunity to develop their skills and to enable the employee to work and to develop in his/her professional career in

the Swedish labour market. The employment is intended to form the start of a permanent position and commences with a one-year probationary period. The probationary period can be discontinued prematurely for no particular reason. Such jobs contain a 25 per cent training and introduction component. For the time in which work is carried out, 75 per cent during the probationary year, the employee receives a wage in-line with collective agreements. An introduction plan is to be set up and a supervisor appointed for the employee. After one year, the job transitions into a permanent job.

Work introduction employment is a job format aimed at unemployed 19–25 year-olds. The agreement aims to offer work introduction jobs in healthcare and nursing operations to unemployed young people of 19–25 years of age, thus offering them an opportunity to enter the labour market. Applying the agreement in other operations may also be an option although that would also require a local collective agreement. This is a temporary job format and the employee is employed for a period of one year. The employment can be broken off with no particular reason being given subject to a one month mutual period of notice. The terms of employment are largely the same for other municipal employees, except for, e.g. vacation and parental leave benefits. Such jobs contain a 25 per cent training and introduction component. For the time in which work is carried out (75 per cent), the employee receives a wage in-line with collective agreements. An introduction plan is to be set up and a supervisor appointed for the employee.

#### *Guidance for young people*

Every year Saco and its member organisations issue two publications aimed at students who are about to graduate from upper secondary school. “Choosing a profession and higher education” describes some 160 professions: work duties, required training, salary levels, etc., while “Future prospects – the labour market for academic professions” contains five-year forecasts for the labour market for a selection of 60 higher education professions. Saco Student Fairs are arranged every year in Malmö and Stockholm. Representatives from universities and higher education institutions, other education providers, future employers, several authorities and organisations, including Saco’s member organisations, are represented at these fairs, so that the students can be in contact with them during their studies. Student counsellors and career advisors are present at the fairs, and seminars are arranged. In 2012, the fairs had approximately 27,000 visitors, corresponding to about a quarter of all 19 year-olds in Sweden.

#### *Student employees*

In the Skåne Regional Council, students from universities and colleges in the region preparing for careers in engineering or administration are employed as “student employees”. The student must have completed at least one year of his/her programme and must be able to work 10–15 hours per week. Student employees may not come from educational programmes that offer workplace-based learning. Salaries for student employees are approximately two thirds of

the entrance-level salary for new graduates. Several other local government authorities also employ students under agreements of varying design, including the Municipality of Uppsala, the Municipality of Falkenberg, the Municipality of Lund and the Regional Council of Southern Småland. Saco-S has requested deliberations with the Swedish Agency for Government Employers regarding a central collective agreement for student employees in the public sector.

### *Transition*

#### *Transition agreements*

Most employees in the Swedish labour market are covered by transition agreements. Such agreements are intended to make it easier for employees whose jobs have been, or risk being, terminated, to obtain help in finding a new job through active transition processes and financial benefits on termination due to shortage of work. In this way, transition agreements promote flexicurity in the Swedish labour market. The social partners involved in the Swedish labour market, where collective agreements apply, have transition agreements in the private sector, as well as in the central and local government sectors. Sweden is unique in that the social partners assume responsibility, in this way, for such a major part of the active employment policy measures in case of unemployment.

### *Research and development*

#### *Research partnerships*

Several employee and employer organisations are involved in sector-specific collaborations in research and development. An example worth mentioning is the Industrial Development Council of the Industry Committee with its various programme areas and the Swedish Retail and Wholesale Development Council. The Swedish Retail and Wholesale Development Council is a collective agreement foundation financed through a provision of 0.3 per thousand of the total salary of retail employees covered by collective agreements and is one of Sweden's largest financiers of trade research.

## Appendix 2. Contributions from the Swedish Association of Local Authorities and Regions (SALAR) – as a representative of the regional and local levels in Sweden

### **Strategic work on the Europe 2020 strategy**

The Europe 2020 Strategy affects several policy areas that in Sweden fall within the responsibility of municipalities, county councils and regions. SALAR shares the Commission's view that strengthened participation by municipalities and regions, and by the social partners at the national and European levels, are key to the success of the strategy. Many of Sweden's municipalities, county councils and regions have integrated the Europe 2020 targets in their development plans, operational plans and annual budgets. There are solid strategic efforts to follow up on the targets with fixed indicators as part of the strategy. In this context, it is important to emphasise that for the many regions and county councils that have regional development responsibility in Sweden, their basic assignments include working on and driving many of the issues highlighted in the strategy. Accordingly, these are issues that SALAR's members work with on a regular basis.

The 290 municipalities throughout Sweden also work on many fronts and within many of their core activities on measures that can be linked to the Europe 2020 objectives. In a majority of regional councils, municipalities have also integrated the targets of the strategy into their operational plans and budgets and defined measurable indicators.

### **The importance of multi-level governance and cohesion policy to the implementation of the strategy**

Sweden's municipalities, county councils and regions play a decisive role for the successful implementation of the Europe 2020 strategy in Sweden. Cohesion policy should be foregrounded as the method and the structural funds as the instruments for controlling growth and development work at the local and regional levels. Both are highly important and entirely decisive tools in the realisation of the strategy. Cohesion policy requires a clear and strong role for the local and regional levels on issues of sustainable development and cohesion. It also requires a well-functioning dialogue between the different levels from a multi-level perspective that respects subsidiarity and proportionality. In accordance with these principles, the authority embodied by the Member States must be respected. A particular challenge will be to combine the possibilities of multi-level governance for pragmatic solutions, broad partnerships and administrative efficiency with demands for openness and the democratic assignment of responsibility. It is therefore important that methods be developed for the composition, responsibilities and roles of the partnerships

with regard to the planning, implementation, follow-up and assessment of programmes for territorial development.

### **Regional and local examples contributing to the fulfilment of Sweden's national targets**

Around Sweden, numerous different projects are in progress at the local and regional levels with the aim of meeting the targets of the strategy. The examples presented below are not representative of all municipalities, county councils and regions in the country but can be seen as a selection of good examples of successful efforts in various parts of the country.

#### *Within the framework of SALAR*

##### *Youth to Work*

SALAR is continuing to prioritise its *Youth to Work* initiative in 2013 and, within the framework of this work, the association is developing its support for the municipalities in their efforts to facilitate young people's path to earning a living. Work is also being carried out through the *Sweden's most Important Jobs* communications initiative to encourage young people to choose paths that lead to jobs, with the aim of recruiting people to the welfare sector.

In line with these efforts, in early 2013, SALAR issued a guide for the municipalities on their responsibility to provide information. The guide has a practical focus and it is SALAR's hope that it will inspire politicians and civil servants in local efforts. It is also hoped that the Swedish Public Employment Service will improve and that its role in this work will become clearer. Today, nine out of ten municipalities offer measures aimed at this group of young people, but these can be made more efficient in cooperation with the Public Employment Service.

SALAR also cooperates on this matter with the *Insecure Transitions* research project, which examines how local factors affect young people's opportunities to earn a living. Among other things, it has studies what strategies and initiatives exist within the municipalities to support young people's transition from working life.

##### *Drop-outs and Plug In*

In 2013, SALAR's work with drop-outs will continue to be focused on the *Plug In* project run by SALAR together with five regional associations and 55 municipalities. The project is partially financed by the European Social Fund (ESF), has a total budget of SEK 200 million and will run until 30 June 2014. Some of the results are to be presented at a conference on 24–25 April in Stockholm arranged by SALAR, the Ministry of Employment and the Swedish Public Employment Service.



The project aims to counteract the dropping out of upper secondary school and to get drop-outs to resume their upper secondary studies. It also aims to develop and compile concrete proposals as to how efforts could generally be changed to achieve greater success in getting young people to complete upper secondary school. The project has attracted international attention. As a result of the strategic multi-level initiative that the project entails, the OECD and its LEED development programme (Local Economic and Employment Development Program) have invited Plug In to participate in the ninth annual conference on local governance and partnership being held in Dublin in 2013. Plug In will present how, by gathering and disseminating knowledge, influencing and developing systems, and developing methods, it seeks to reduce upper secondary school drop-out rates and give a greater number of young people the opportunity to complete their studies.

### *Regional examples*

The Regional Council of Southern Småland has built further on the Danish *Student Employees* concept, which gives students the opportunity to perform additional work connected to their education during their studies. The purpose is to increase their contacts with the labour market and to encourage more students to remain in the region after having completed their studies. The regional council is acting as a coordinator between the municipalities and the county council during a three-year pilot project.

The principal for collective transport at the county level in the County of Kronoberg is the Regional Council of Southern Småland. Within the framework of the assignment, the decision has been made that collective transport in the region shall be fossil fuel-free by 2020. As a part of this, the Kronoberg County Transport Administration has procured biogas busses that will operate on routes within the region from 2013. The biogas is derived from household biological waste that is collected and chemically digested.

*Ingjuta* (Inspire) is a social fund project currently in progress in the County of Jönköping and neighbouring areas. Ingjuta is a collaborative project between the municipalities of Sävsjö, Vimmerby, Vetlanda and Hultsfred and the School of Health Sciences at Jönköping University, the Public Employment Service, foundry companies, the IF Metall trade union and Swerea SWECAST (the Swedish foundry branch's institute for research, development, education and training). The project involves foundries in and around the above-mentioned municipalities and offers participants work experience within ordinary production operations, with supervisors from the company. The aim is to increase integration and employment while meeting the foundry sector's needs for professionally trained labour. Participants include young adults of 18–24 years of age who have been unable to establish themselves in the labour market

Since 2009, the Municipality of Kristianstad has been conducting a successful project to assist young people's entry into the labour market – *Kompetensare*.

The Skåne Regional Council took the initiative to highlight this method and to spread it to additional municipalities in Skåne. The Skåne Regional Council is now running the *Kompetensare 2.0* project, which is a development of the Municipality of Kristianstad's successful concept. A total of ten municipalities in Skåne and Blekinge are participating in the project. Municipalities, the Public Employment Service, trade and industry organisations, local business associations, Företagarna (the Swedish Federation of Business Owners) and trade unions are some of the organisations involved in the project.

The overarching purpose of *Kompetensare 2.0* is for young people to enter the labour market, find jobs and to thus achieve inclusion and self-sufficiency. The qualitative objectives to be achieved by the project include creating conditions for young people to find, secure and retain jobs by offering relevant skills for working life and needs-adapted practical internships, and to generate an exchange of experience between municipalities to enhance awareness of methods and models for working with young people's entry into the labour market.

The Skåne Regional Council also runs the *Export Sales Programme*, which targets companies in the region in all sectors that want to strengthen their international marketing efforts and their competitiveness by bringing in export sales interns. The export sales training programme is aimed at academics born outside Sweden who lack a foothold in the labour market and aims to increase employment and encourage more companies in the region to increase their competitiveness by drawing benefit from the skills of people born outside Sweden.

The Örebro Regional Development Council is conducting the *Min-Novations* project which aims to build up a regional and international network between universities, research bodies and the small and medium-sized companies that extract raw materials from the waste dumps of the mining industry in the Baltic Sea Region. The companies in the network are to be offered technical/scientific assistance in applying new technologies to achieve more efficient utilisation of raw materials, enhanced profitability and better environmental results. This project corresponds to the objectives of the Europe 2020 strategy regarding smart specialisation, increased competitiveness and the environment.

The Örebro Regional Development Council is also conducting the *Regional Competence Arena project*. The project focuses on building a knowledge platform, creating meeting places and providing information and communication. To aid the planning of training efforts, a knowledge platform and needs analyses have been developed. Support for these has been secured among decision makers, training coordinators, employers and actors for the promotion and development of skills in the region. As a result of efforts within the Regional Competence Arena project, a joint plan of action will also be prepared in cooperation with employers, training coordinators and those who act as skills brokers. This is linked clearly to the Europe 2020 objectives of training and skills for all within smart growth.

Region Västerbotten is working with *the virtual EU project office* to bring academic institutions and small and medium-sized companies closer through cooperation with the three universities in the region, the three largest municipalities in the county and Region Västerbotten. Among other things, the project has entailed some 30 small and medium-sized companies taking part in benchmarking activities in Europe.

*The Energy Agency for Southeast Sweden* works with different types of projects to support development towards a fossil fuel-free region, with the Regional Council of Southern Småland and the municipalities within the county being its members. To achieve this objective, there is also a climate commission for the region. The vision is to become “Europe’s greenest region”. Southern Småland is to unite sustainable growth and attractive environments with the efficient utilisation of resources and minimal climate impact. Over the year, an energy balance sheet (for the provinces of Småland and Blekinge together) has been prepared as a statistical basis for future priorities.

#### *Local examples*

*Second Chance School* is a project initiated by the European Commission to combat youth unemployment. The project is aimed at young people of 20–30 years of age who lack school grades and qualifications and therefore risk exclusion from the labour market. Second Chance School is being operated in several municipalities around Sweden, including Malmö, Linköping, Norrköping and Lycksele.

*Ung Arena* (Young Arena) is a project in the Municipality of Jönköping coordinated between four different administrative units to prevent exclusion among young people of 16–20 years of age who have not begun or completed upper secondary school and who are not directly employable. New approaches and individual mapping interviews with young people in the target group form the basis for the development of methods and targeted measures that, combined, are expected to be able to meet the needs of young people better than previously. Through these measures, a lasting link between school and working life is established that will, in the long term, enhance the employability of young people and consequently also regional growth. The results demonstrate the importance of noticing these young people before their exclusion has gained a foothold (possibly as early as during lower-secondary school). It can be shown that considerable socioeconomic gains are to be made by investing in young people.

*The Jobba i Västerås* (Work in Västerås) initiative is one such investment and has succeeded with regard to cooperation between the organisations involved and with regard to *skills mismatch*. The project became the hub in an initiative that brought together trade and industry, the public sector, the education sector and organisations regulating the labour market in Västerås’ largest labour market

initiative in modern times. Together with Etablering Västerås AB and the Swedish Public Employment Service, an inventory was made of recruitment needs for the near term and for the whole of 2009. This inventory arrived at 300 near-term jobs and a total of 1,200 jobs for 2009. It focuses on encouraging young people to develop an interest in technical education programmes, and the fact that many actors are working together is one of the reasons behind the project's success.

*Rätt väg ut* (The Right Way Out) is a cooperative project between the folk high schools in Medlefors and Solvik, Urkraft and the Municipality of Skellefteå and is aimed at young people of 16–29 years of age who have not completed upper secondary school. The project's objective is to help all young people in Skellefteå find a place and a belonging in which they can develop the talents and skills they need to participate in society.

*Hållbara Järva* (Sustainable Järva) is a project aimed at developing the urban districts around Järvafältet in Stockholm as one of the city's environmental profile areas alongside the large-scale renovation of the housing areas built in the 1960s and 1970s as part of the "Million Homes Programme". The objective is for the Järva area to become a national and international role model for the sustainable renovation of housing areas of this kind. The solar cell initiative means that the Järva area will be one of the areas in Sweden with the highest density of solar cells. What is unique about the project is that it takes a comprehensive approach to an entire district, making a combined efforts specifically in the area of solar cells. The project will provide experience in integrating a larger number of solar cells in a delimited urban district and, provided that this is done well, it will likely provide a source of inspiration for other cities.

## Appendix 3. Contribution by Vetenskap & Allmänhet (Public & Science)

The activities of Vetenskap & Allmänhet (VA) contribute clearly to the fulfilment of the targets of the Europe 2020 strategy. VA's purpose is to strengthen dialogue and openness between science and the general public and it has nearly 80 member organisations. It is a not-for-profit organisation that receives some of its funding from the Ministry of Education and Research. In summary, VA's principal assignments are:

- Development of knowledge through studies and opinion surveys on the public's views on research, opinion making social groups' views on and use of research, researchers' interaction with the external community and methods for dialogue on research.
- New formats for discussions on research based on aspects that concern and involve people.
- Dissemination of internal and external findings and experiences.

If the EU is to be able to invest long-term in research, particularly during periods of economic uncertainty, the democratic support of citizens is a precondition. For this reason, it is important that support for research initiatives be secured in dialogue with citizens. Naturally information on research that has already been conducted is necessary, although one-way communication is insufficient. To create genuine participation, a dialogue is needed, including with regard to research and decision-making processes. Each year, VA conducts surveys of the general public's confidence in, and views on, research and researchers. These surveys form an important foundation for structured efforts to generate conditions for the public's trust in research and its willingness to invest in it. As a complement to these surveys, VA also conducts in-depth thematic studies in various areas, such as journalists' views on research, politicians' views on research-based knowledge, young people's views on research, the interaction between trade and industry and research, connections between views in science and people's basic values and background, how interaction is measured and rewarded in Sweden and other countries, authorities and agencies development of research-based knowledge, how science is used in schools and media reporting on research.

It is important that support for research ventures and research per se be secured in dialogue with citizens. As part of this process, VA develops and disseminates new methods for communication and dialogue on research. Examples include the Science Café meeting format, mass experiments for young people and the Forskar Grand Prix research competition. VA also coordinates Sweden's participation in the EU project *Researchers' Night*, in which the public has, since 2005, been able to meet researchers and try research work for themselves for a day. This year, activities will take place in more than 30 locations in Sweden. VA also acts as a network arena with regard to research communication and dialogue

activities, it responds to referrals from the Government, and it develops proposals regarding how cooperation can be promoted.