



SWEDISH NATIONAL
AUDIT OFFICE

Summary

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The Government's regional development policy

– a weak basis for effective cohesive government
action

Summary

The Swedish National Audit Office (NAO) has audited the Government's organisation, governance and follow-up of regional development policy. The overall conclusion of the audit is that the Government's management of central government initiatives on regional development policy has provided a weak basis for effective cohesive government action to reach the policy goals. At an overall level, it is a matter of lacking clarity, long-term perspective and holistic approach of the Government's governance and organisation of central government efforts. This has consequences for matters such as cooperation between sectors and administrative levels, evaluation of the cumulative effects of the policy and regions' basis for managing the responsibility for regional development. It also affects the implementation of the Government's National Strategy for Sustainable Regional Development Throughout the Country in 2021–2030.

Unclear roles and responsibilities make implementing policy difficult

There are many important actors in regional development policy. The regions are responsible for regional development, but depend on central government initiatives in a variety of policies, and thereby on several government agencies and

ministries. This is why coordination between sectors and administrative levels is essential for regional development efforts. The conditions necessary for coordination and interaction are lacking at both national and regional level. The scope of the responsibility for regional development is not clearly defined, which is a fundamental problem. This makes cooperation difficult between regions and authorities, which has manifested itself in several areas of importance for regional development efforts, such as broadband, rural development, sustainability, energy, labour market and skills supply.

Governance of regions and government agencies is often short-sighted and unclear

The Government's remit to government agencies, offers to regions, and calls for proposals to regions via government agencies are often short-term and are sometimes announced with short notice. Regional development is largely financed by project funds over a few years. This leads to a short-sighted and irregular outcome, poorly suited to cooperation across sectors and levels, regions' internal planning and processes, and prospects for long-term learning.

The regions have varying capacities to handle the responsibility for regional development and often rely on collaboration with government agencies. Agencies' collaboration with regions, in turn, relies heavily on a clear mission, while the Government's expectations of government agencies and their collaboration with regions are often unclear. The role of county administrative boards in regional development is also unclear and therefore they may find it difficult to use their broad range of activities to strengthen regions' efforts at the county level. At the same time, the Government's governance of regional development policy has evolved, and improvements can be discerned in the implementing actors' interaction and coordination. The Government's ongoing work on an action plan for the National Strategy for Sustainable Regional Development Throughout the Country 2021–2030 may further clarify agencies' roles and create better conditions for cross-sector collaboration.

The Government's performance reporting has evolved but it is difficult to assess the effects of regional policy efforts

It is difficult to evaluate the central government efforts on regional development. The initiatives financed within Expenditure Area 19 Regional growth are small in relation to the overarching goal and the initiatives in other policy areas relevant to regional growth are difficult to overview. It is not possible, at an overall level, to grasp the extent to which the objectives of the policy have been met. The difficulty in understanding the effect of the policy is partly the responsibility of the Government. Regional development policy has not been evaluated in more than 20

years. There is also no intervention logic that links together policy goals, resources, initiatives and actors, while outcome evaluations are scarce. However, the Government has taken initiatives to improve the conditions for producing more outcome evaluations, though the outcome of the initiatives cannot yet be assessed. The Government has advanced the collection and reporting of results from the regions, which has become clearer and more consistent. In addition, the Government has developed performance reporting to the Riksdag, by increasingly reporting initiatives and performance indicators in a clear context.

Policy direction has changed more than its content and well-known challenges remain

The direction of the policy in the Government's new National Strategy for Regional Development for the period 2021–2030 has been diversified towards sustainability, broad societal challenges and the 2030 Agenda. The impact of this remains to be seen. Changes to the content of the policy with regard to Expenditure Area 19 Regional growth have been marginal over time. The new policy is similar to the previous national strategy for the period 2015–2020, addressing broad societal challenges and similar national priorities. The challenges of unclear roles and responsibilities, regions' differing conditions, difficulties in coordinating resources between various sectors and shortcomings in government agencies' participation have been known for a long time. There have been no substantial changes in this respect. At the national level, it is difficult to get an overview of the overall scope and financing of regional development policy, and how different initiatives are related. This makes it difficult to coordinate and evaluate the pursued policy and, as part of national governance, provide regions with the conditions needed to manage the responsibility for regional development.

Recommendations

The Swedish National Audit Office audit shows that the Government can provide central government initiatives on regional development with better conditions to reach the policy goals.

The Swedish NAO makes the following recommendations to the Government

- Investigate regional development policy. This investigation may include
 - the scope and definition of the policy
 - ways to design an intervention logic linking policy goals and initiatives in different areas of central government activities
 - the need for a public authority with overall responsibility for regional development in central government administration

- the consequences of the regions' assumption of responsibility for regional development
- which issues and areas that the regions are to handle.
- In the appropriation directions and other instructions concerning regional development, ensure a clarity of purpose, requirements and expectations of agencies' interaction with each other and with the regions. For government agencies that the Government deems to be particularly important for regional development efforts, information should be included in the instructions.
- Task the Swedish Agency for Economic and Regional Growth with following up the implementation of the National Strategy for Sustainable Regional Development Throughout the Country in 2021–2030.

The Swedish NAO makes the following recommendation to the Government Offices

- Draw up guidelines for the design of offers and assignments, with regions as the target group. The guidelines may include
 - lead times and time requirements for implementation
 - possibilities for joint assignments
 - possibilities to coordinate financing.