



# **Objective 2 Programming in Fyrstad, Sweden**

*IQ-Net Thematic Paper 3(4)*

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Improving the Quality of Structural Fund  
Programming through Exchange of  
Experience***

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## Preface

### *IQ-NET: Networking to improve the quality of Objective 2 programmes*

Launched in early 1996 and managed by the *European Policies Research Centre* (EPRC) at the University of Strathclyde in Glasgow, the network *IQ-NET* facilitates exchange of experience in the development, implementation and evaluation of Objective 2 programmes. Funded by a consortium of 13 Objective 2 areas and the European Commission (DG XVI), the network meets twice a year to examine issues of practical relevance to programme-makers and share examples of good, innovative and distinctive practice from across the EU. The first three meetings were held in Glasgow, in association with Strathclyde European Partnership (February 1996), in Cardiff, hosted by the Welsh Office and Welsh Development Agency (September 1996), and in Gelsenkirchen, Nordrhein Westfalen, hosted by the Land Government of Nordrhein Westfalen (April 1997). The most recent conference was hosted by the Swedish Objective 2 secretariat in Fyrstad. Meetings provide the opportunity to discuss the results of a structured programme of applied research and debate, steered by the network's partner regions:

- Steiermark and Niederösterreich, Austria
- Nordjylland, Denmark
- Päijät-Häme and South Karelia, Finland
- Aquitaine and Rhône Alpes, France
- Nordrhein Westfalen and Saarland, Germany
- Ångermanlandskusten and Fyrstad, Sweden
- Industrial South Wales and Western Scotland, UK

### *IQ-NET Thematic Papers*

This document contains the third series of thematic papers produced by EPRC in winter 1997 as part of *IQ-NET*'s applied research programme:

- 3.1: The Evolution of Objective 2 Programmes
- 3.2: Integrating Equal Opportunities into Objective 2 Programmes
- 3.3: Meso-Level Partnerships and Structural Fund Implementation
- 3.4: Objective 2 Programming in Fyrstad, Sweden

It supplements the following previous *IQ-NET* papers:

- 1.1: Managing the Structural Funds, Institutionalising Good Practice
- 1.2: RTD/Innovation policies in Objective 2 programmes
- 1.3: Generating Good Projects
- 1.4: Monitoring and Evaluation
- 2.1: Interim Evaluation
- 2.2: Synergy between the ERDF and ESF
- 2.3: The Environment in Objective 2
- 2.4: The Nordrhein Westfalen Objective 2 Programme

Focusing on topics selected by the network's partner regions, each paper places issues in their international context, raises questions for debate and highlights distinctive and innovative practices. For the convenience of readers, executive summaries are included in French, German and English.

Papers are first drafted on the basis of field research (encompassing interviews with Objective 2 programme managers and partners at regional, Member State and Commission levels) and substantial desk research. They are then modified to reflect the discussions of the *IQ-NET*

meeting and the comments of network sponsors. The papers are distributed to a wide group of people nominated by the sponsors. The EPRC welcomes comment and feedback on them.

Readers are reminded that the content of the papers does not necessarily represent the official position of either the partner regions or the Commission, and that errors of fact or interpretation are the responsibility of the authors alone.

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Translations were carried out by Ingrid Schumacher (German) and Lexus in Glasgow (French).

### *Further Information*

Additional copies of the papers and further information on *IQ-NET* can be obtained from John Bachtler and Sandra Taylor, managers of the network, at the EPRC. The December 1996, June 1997 and January 1998 editions of '*IQ-NET Bulletin*', a newsletter co-financed by DG XVI and available from EPRC, contain synopses of the papers.

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*Executive Summaries*

*Objective 2 Programming in Fyrstad, Sweden*

*L'Objectif 2 dans le Fyrstad, en Suède*

*Ziel 2 in Fyrstad, Schweden*





## **1. OBJECTIVE 2 PROGRAMMING IN FYRSTAD, SWEDEN**

### **1.1 Introduction**

There are five *Objective 2* programmes underway in Sweden during the current programming period (1995-99), these being for Ångermanlandkusten, Blekinge, Fyrstad, Norra Norrlandskusten and Bergslagen. The programmes collectively involve a total resource allocation of just over 800 MECU, of which the Structural Funds contribution is 157 MECU. The main aim of Sweden's Objective 2 Programming Documents is to modernise and diversify the regional economies to provide a solid foundation for job creation in the private sector. In particular, the Funds in Sweden endeavour to develop local SME capabilities by encouraging networking and collaboration. This paper provides a brief overview of the implementation of one of the Swedish Objective 2 programmes: that for Fyrstad, the 'four cities' region.

### **1.2 Economic Context**

The Objective 2 area of Fyrstad has a complex urban and rural settlement structure, and comprises the municipalities of Lysekil, Uddevalla, Vänersborg and Trollhättan. The area has a total of 154,000 inhabitants and is densely populated compared with the rest of Sweden. The regional economy is characterised by a high degree of dependence on a small number of industrial sectors and, with virtually one-third of the region's jobs in manufacturing, is significantly more manufacturing-oriented than the Swedish economy as a whole (at 25 percent). The dependence upon a narrow range of manufacturing sectors was one of the factors underlying the severity of the industrial restructuring process which took place in the early 1990s. The majority of this employment loss was caused by closures and rationalisation in the heavy engineering and telecommunications sectors.

The regional economy is currently confronted by five key economic problems. First, Fyrstad has the highest unemployment rate for all of Sweden's Objective 2 areas (12.7 percent in 1994). Most recent job losses in the region have occurred in the manufacturing sector, one third of all manufacturing jobs in Fyrstad being lost between 1989 and 1994. The employment groups most affected by industrial rationalisation have been the unskilled or semi-skilled. Second, there are significant competence gaps within the local labour market, and the region continues to experience shortages of engineers, technicians and other groups of highly qualified workers. Third, owing to shortcomings in local transport infrastructure, the region also suffers from a poorly integrated labour market and significant intra-regional unemployment disparities. Fourth, the local economy has a relatively weak SME base and a poor entrepreneurial climate. Finally, the region is hindered by a relatively weak further and higher education system. Indeed, it was not until 1990 that a higher education facility at university level was established in Fyrstad (the Trollhättan/Uddevalla University College).

### **1.3 Aim and Structure of the Objective 2 Programme**

The main objective of the Fyrstad Structural Fund programme is to contribute to the creation of a robust region with strong competitive capacity, a higher

level of employment and an integrated and efficient labour market. In order to attain these goals the Fyrstad's SPD sets out four conversion priorities: Priority 1. *SME investment and company start-ups*; Priority 2. *Competence and skills*; Priority 3. *Business environment* and Priority 4. *Technical assistance*. These priorities are broken down into the following seven measures:

Measure 1.1: Investment aid for starters & SMEs

Measure 1.2: Business development

Measure 2.1: Competence & technology through co-operation & networking

Measure 2.2: Human resource development

Measure 2.3: Environmental technology

Measure 3.1: Tourism, environment & culture

Measure 3.2: Economic infrastructure

#### **1.4 Implementation Structures**

In Fyrstad, a small independent secretariat was established to implement the programme. Although the secretariat has close connections with both local County Administration Boards (CABs), the main vehicle for national regional policy implementation in Sweden, it is essentially autonomous from both. Fyrstad has its own Project Management Committee (PMC) or Decision Group which decides on project applications. In Fyrstad, this body comprises local partners including the four local Municipalities, two County Councils, two CABs and the County Labour Market Board, and is chaired by the local County Governor of Alvsborg. The PMC is supported in its decision-making role by various sub-committees and advisory groups. The first decisions were taken on projects in January 1996, and by March 1997, one-third of the programme's budget had been allocated.

#### **1.5 Monitoring and Evaluation**

Monitoring and evaluation in Fyrstad is the responsibility of the Monitoring Committee which comprises members of the wider partnership and is chaired by the Ministry of Industry and Trade. The Monitoring Committee approves project selection criteria and, in some cases, also financial allocations to individual aid schemes and major projects.

The recent interim evaluation of the Fyrstad programme was well received. As with Objective 2 interim evaluations elsewhere in Sweden, the evaluation concluded that while it was still too early to fully assess the effectiveness of projects, the programme itself was relevant and well balanced. It is fulfilling a useful role in the region and pursuing appropriate objectives. Fyrstad's framework projects received particular praise as being innovative and efficient.

The interim evaluation has directly influenced the programme in a number of ways. For example, four measures within the programme are currently being merged into two at the suggestion of the report. The desire to combine these measures has been brought about, first, to release greater resources for new elements within the programme (particularly in the area of innovation and human resource development) and, second, to deal with the problem of weak levels of national co-financing, one of the main issues raised by the interim

evaluation. The decision to combine the measures has not yet been approved by the Decision Group.

### **1.6 Programme Innovation**

One of the innovative features of the Fyrstad programme is its three 'framework programmes'. Broadly speaking, these are large-scale initiatives which are managed by a third-party intermediary which co-ordinates the delivery of support for assistance under the programme. The intermediary in charge of the framework programmes manages all aspects of their implementation including project administration, project selection, payment and project monitoring. Steering Committees composed of co-financers and programme representatives oversee the projects and play a part in the decision-making process. The programmes operate in the field of business development and offer eligible firms various types of assistance. The most innovative aspects of Fyrstad's framework programmes are the level of decision-making responsibility devolved to the project managers and the 'one-door' approach to participating companies. The latter is particularly important in Fyrstad owing to the unavailability of national regional incentives there for individual companies.



## **2. L'OBJECTIF 2 DANS LE FYRSTAD, EN SUEDE**

### **2.1 Introduction**

Cinq programmes d'*Objectif 2* sont en cours en Suède pour la période de programmation actuelle (1995-99), dans les régions d'Ångermanlandkusten, Blekinge, Fyrstad, Norra Norrlandskusten et Bergslagen. Ces programmes représentent collectivement une allocation de ressources totale de plus de 800 millions d'ECU, la part de contribution des Fonds Structurels étant de 157 millions d'ECU. L'objectif principal des documents de programmation d'Objectif 2 en Suède est la modernisation et la diversification des économies régionales pour assurer une base solide à la création d'emplois dans le secteur privé. En particulier, les Fonds en Suède s'efforcent de développer les capacités des PME locales en encourageant la formation de réseaux et la collaboration. Cet article donne une brève vue d'ensemble de la mise en œuvre d'un des programmes d'Objectif 2 en Suède: celui du Fyrstad, la région des "quatre villes".

### **2.2 Contexte économique**

La région d'Objectif 2 de Fyrstad possède une structure complexe de communautés urbaines et rurales, et comprend les municipalités de Lysekil, Uddevalla, Vänersborg et Trollhättan. La région compte 154000 habitants et est densément peuplée par rapport au reste de la Suède. L'économie régionale a pour caractéristique de dépendre d'un petit nombre de secteurs industriels et, avec pratiquement un tiers des emplois de la région concentrés dans le secteur de la fabrication, elle est beaucoup plus orientée vers le secteur secondaire que l'économie suédoise dans son ensemble (avec 25 pour cent des emplois dans le secteur de la fabrication). Cette dépendance par rapport à une gamme réduite de secteurs manufacturiers a été l'un des facteurs sous-jacents de la sévère restructuration industrielle qui a eu lieu au début des années 1990. Ces pertes d'emplois ont pour la majorité été entraînées par des fermetures d'usines et par une rationalisation des secteurs de l'industrie lourde et des télécommunications.

L'économie régionale est actuellement confrontée à cinq problèmes économiques clefs. Premièrement, le Fyrstad a le plus fort taux de chômage de toutes les régions suédoises d' Objectif 2 (12,7 pour cent en 1994). Les pertes d'emplois récentes dans la région ont pour la plupart touché le secteur secondaire, et un tiers de tous les emplois du secteur de la fabrication dans le Fyrstad ont disparu entre 1989 et 1994. Les groupes les plus touchés par la rationalisation industrielle ont été les ouvriers non qualifiés ou semi-qualifiés. Deuxièmement, il existe de sérieuses lacunes dans les compétences au sein du marché du travail, et la région continue à connaître une pénurie d'ingénieurs, de techniciens et autre personnel hautement qualifié. Troisièmement, en raison des insuffisances de l'infrastructure locale de transports, la région souffre aussi d'une mauvaise intégration du marché du travail et de disparité des niveaux de chômage au sein même de la région. Quatrièmement, l'économie locale a une base de petites entreprises relativement faible et un climat peu propice à la création d'entreprises. Enfin, la région souffre de la faiblesse relative de son système d'enseignement supérieur et de formation permanente. En effet, ce

n'est qu'en 1990 qu'un centre d'enseignement supérieur de niveau universitaire a été établi dans le Fyrstad (l'université de Trollhättan/Uddevalla).

### **2.3 Objet et structure du programme d' Objectif 2**

Le programme de Fonds Structurels du Fyrstad a pour objectif principal de contribuer à la création d'une région robuste, dotée d'une forte capacité concurrentielle, d'un plus haut niveau d'emploi et d'un marché du travail intégré et efficace. Afin d'atteindre ces objectifs le DOCUP du Fyrstad a défini quatre priorités de conversion: Priorité 1. *investissement dans les PME et les nouvelles entreprises*; Priorité 2. *compétence et aptitudes*; Priorité 3. *environnement commercial* et Priorité 4. *assistance technique*. Ces priorités se décomposent en sept mesures:

Mesure 1.1: Aide à l'investissement pour les nouvelles entreprises et les PME

Mesure 1.2: Développement commercial

Mesure 2.1: Compétence et technologie par la coopération et des réseaux

Mesure 2.2: Développement des ressources humaines

Mesure 2.3: Technologie de l'environnement

Mesure 3.1: Tourisme, environnement et culture

Mesure 3.2: Infrastructure économique

### **2.4 Structures de mise en œuvre**

Dans le Fyrstad, un petit secrétariat indépendant a été établi pour mettre le programme en œuvre. Bien que le secrétariat entretienne des liens étroits avec les deux conseils d'administration de comté, principaux véhicules pour la mise en œuvre de la politique régionale nationale, il est essentiellement indépendant de l'un et de l'autre. Le Fyrstad a son propre comité de gestion de projets, ou groupe de décision, sélectionnant les projets. Dans le Fyrstad, cet organisme réunit des partenaires locaux, y compris les quatre municipalités locales, les deux conseils de comté, les deux conseils d'administration de comté, et le conseil du marché du travail du comté, et est présidé par le gouverneur du comté d'Alvsborg. Le comité de gestion de projet est assisté dans son rôle de prise de décision par divers sous-comités et groupes consultatifs. Les premières décisions concernant les projets ont été prises en janvier 1996 et, dès mars 1997, un tiers du budget du programme avait été alloué.

### **2.5 Suivi et évaluation**

Le suivi et l'évaluation dans le Fyrstad relèvent de la responsabilité du comité de surveillance qui se compose de membres du partenariat plus large et est placé sous la présidence du Ministère de l'industrie et du commerce. Le comité de suivi approuve les critères de sélection de projets et, dans certains cas, les allocations financières aux divers régimes d'aide et grands projets.

L'évaluation intérimaire récente du programme du Fyrstad a été bien accueillie. Comme dans le cas des évaluations intérimaires d'Objectif 2 effectuées ailleurs en Suède, celle-ci a conclu que bien qu'il soit trop tôt pour juger pleinement de l'efficacité des projets, le programme à proprement parler était pertinent et bien équilibré, jouant un rôle utile dans la région et visant des objectifs appropriés. Les projets cadres dans le Fyrstad ont fait l'objet de

commentaires particulièrement positifs en raison de leur caractère innovant et de leur efficacité.

L'évaluation intérimaire a directement influencé le programme de plusieurs façons. Par exemple, à la suite d'une suggestion faite dans le rapport, quatre mesures dans le programme sont en cours de fusion pour n'en faire que deux. Le désir de combiner ces mesures est né, initialement, du besoin de débloquer plus de ressources pour les nouveaux éléments au sein du programme (particulièrement dans le domaine de l'innovation et du développement des ressources humaines) et, deuxièmement, du besoin de résoudre le problème des faibles niveaux de cofinancement au niveau national, l'une des principales questions soulevées par l'évaluation intérimaire. La décision de combiner les mesures n'a pas encore été approuvée par le groupe de décision.

## **2.6 Innovation dans le programme**

L'un des aspects innovants du programme du Fyrstad réside dans ses trois "programmes cadres". De façon générale, il s'agit d'initiatives larges qui sont gérées par une tierce partie intermédiaire qui coordonne les services d'assistance dans le cadre des programmes. L'intermédiaire chargé des programmes cadre est responsable de tous les aspects de leur mise en œuvre, y compris l'administration de projets, la sélection de projets, le paiement et la suivi des projets. Des comités directeurs composés de co-financeurs et de représentants de programme supervisent les projets et jouent un rôle dans le processus de prise de décision. Les programmes opèrent dans le domaine du développement commercial et proposent divers types d'aides aux sociétés satisfaisant aux critères. Le pouvoir de prise de décision des responsables de projets et la démarche à guichet unique proposée aux sociétés constituent les aspects les plus innovants des programmes cadres du Fyrstad. Cette dernière est particulièrement importante dans le Fyrstad en raison de la non-disponibilité des aides à l'aménagement du territoire au niveau national pour les sociétés prises individuellement.





### **3. ZIEL 2 IN FYRSTAD, SCHWEDEN**

#### **3.1 Einführung**

Während der derzeitigen Programmperiode (1995-99) sind fünf Ziel 2 Programme in Schweden im Umlauf - für Ångermanlandskusten, Blekinge, Fyrstad, Norra Norrlandskusten und Bergslagen. Die Programme beinhalten zusammen eine Mittelzuweisung von insgesamt knapp über 800 MECU, wobei der Beitrag der Strukturfonds 157 MECU beträgt. Das Hauptziel der schwedischen Ziel 2 Programmdokumente ist die Modernisierung und Diversifizierung der regionalen Wirtschaften, um eine solide Basis für die Schaffung von Arbeitsplätzen im privaten Sektor zu bieten. Insbesondere wollen die Fonds in Schweden durch die Förderung von Verbindungsnetzen und Zusammenarbeit lokale KMU-Möglichkeiten entwickeln. Die vorliegende Arbeit gibt einen kurzen Überblick über die Umsetzung eines der schwedischen Ziel 2 Programme: des Programms für Fyrstad, der 'Vier-Städte'-Region.

#### **3.2 Wirtschaftlicher Kontext**

Das Fyrstader Ziel 2 Gebiet hat eine komplexe städtische und ländliche Siedlungsstruktur und umfaßt die Gemeinden Lysekil, Uddevalla, Vådersborg und Trollhättan. Das Gebiet hat insgesamt 154.000 Einwohner und ist im Vergleich zum übrigen Schweden dicht besiedelt. Charakteristisch für die regionale Wirtschaft ist ihre starke Abhängigkeit von einigen wenigen Industriebranchen; außerdem ist sie mit praktisch einem Drittel der Arbeitsplätze im verarbeitenden Bereich, bedeutend mehr verarbeitungsorientiert als die schwedische Industrie insgesamt (mit 25 Prozent). Die Abhängigkeit von einem engen Bereich von Verarbeitungsbranchen war einer der Faktoren, der zur Schwere des industriellen Umstrukturierungsprozesses beitrug, der Anfang der neunziger Jahre stattfand. Der überwiegende Teil der dabei verlorenen Arbeitsplätze ging auf Schließungen und Rationalisierungen in der Schwerindustrie und im Telekommunikationsbereich zurück.

Die regionale Wirtschaft steht momentan vor fünf Hauptproblemen. Erstens hat Fyrstad die höchste Arbeitslosenquote aller schwedischen Ziel 2 Gebiete (12,7 Prozent im Jahre 1994). Die jüngsten Arbeitsplatzverluste in der Region fanden alle im verarbeitenden Sektor statt, wobei im Zeitraum 1989 bis 1994 ein Drittel aller Arbeitsplätze im verarbeitenden Bereich in Fyrstad verloren gingen. Die von der industriellen Rationalisierung am stärksten betroffenen Werk tätigen waren ungelernte und angelernte Arbeitskräfte. Zweitens gibt es bedeutende Kompetenzlücken auf dem lokalen Arbeitsmarkt, und es fehlt der Region auch weiterhin an Ingenieuren, Technikern und anderen Gruppen hochqualifizierter Arbeiter. Drittens leidet die Region aufgrund der Mängel einer lokalen Verkehrsinfrastruktur unter einem schlecht integrierten Arbeitsmarkt und bedeutenden intraregionalen Disparitäten in der Arbeitslosigkeit. Viertens hat die lokale Wirtschaft eine relativ schwache KMU-Basis und ein schlechtes unternehmerisches Klima. Schließlich wird die Region durch ein relativ schwaches System höherer und Weiterbildung behindert. Tatsächlich wurde erst 1990 eine höhere Bildungsanlage auf

Universitätsebene in Fyrstad eingerichtet (das Trollhättan/Uddevalla Universitätskolleg).

### 3.3 Ziel und Struktur des Ziel 2 Programms

Das Hauptziel des Fyrstader Strukturfondsprogramms ist, zur Schaffung einer robusten Region mit starker Wettbewerbsfähigkeit, hohem Beschäftigungsvolumen und einem integrierten, leistungsfähigen Arbeitsmarkt beizutragen. Um diese Ziele zu erreichen, erstellt das Fyrstader EPPD vier Konversionsprioritäten: Priorität 1: *KMU Investitionen und Unternehmensneugründungen*; Priorität 2: *Kompetenz und Fachkenntnisse*; Priorität 3: *unternehmerisches Umfeld* und Priorität 4: *Technische Hilfe*. Diese Prioritäten werden in die folgenden sieben Maßnahmen zerlegt:

- Maßnahme 1.1: Investitionshilfe für Neugründungen & KMU
- Maßnahme 1.2: Unternehmensförderung
- Maßnahme 2.1: Kompetenz & Technologie durch Kooperation und Verbindungsnetze
- Maßnahme 2.2: Entwicklung von Humanressourcen
- Maßnahme 2.3: Umwelttechnologie
- Maßnahme 3.1: Tourismus, Umwelt & Kultur
- Maßnahme 3.2: Wirtschaftliche Infrastruktur

### 3.4 Umsetzungsstrukturen

In Fyrstad wurde für die Umsetzung des Programms ein kleines unabhängiges Sekretariat eingerichtet. Es hat zwar enge Verbindungen zu beiden lokalen Kreisverwaltungsräten (KVR), dem wichtigsten Organ zur Umsetzung nationaler Regionalpolitik in Schweden, doch ist es im wesentlichen autonom. Fyrstad hat sein eigenes Projektmanagementkomitee (PMK) bzw. eine Entscheidungsgruppe, die über Projektanträge entscheidet. In Fyrstad besteht dieses Organ aus lokalen Partnern einschließlich der vier lokalen Gemeinden, zwei Kreisräten, zwei KVR und dem Arbeitsmarktausschuß für den Kreis; Vorsitzender ist der lokale Kreisvorstand von Alvsborg. Das PMK wird in seiner Entscheidungsrolle durch verschiedene Unterausschüsse und Beratungsgruppen unterstützt. Die ersten Entscheidungen über Projekte wurden im Januar 1996 getroffen und bis März 1997 war ein Drittel des Programmetats zugewiesen.

### 3.5 Begleitung und Evaluierung

Für Begleitung und Evaluierung ist in Fyrstad der Begleitausschuß zuständig, der aus Mitgliedern der größeren Partnerschaft besteht und dessen Vorsitz das Ministerium für Industrie und Handel führt. Der Begleitausschuß billigt Projektauswahlkriterien und in einigen Fällen auch finanzielle Zuweisungen für individuelle Förderprogramme und größere Projekte.

Die jüngste Zwischenevaluierung des Fyrstadprogramms kam gut an. Wie bei anderen Ziel 2 Zwischenevaluierungen in Schweden kam man zu dem Schluß, daß es zwar noch zu früh sei, um die Effektivität der Projekte voll zu beurteilen, das Programm selbst aber relevant und ausgeglichen sei. Es erfüllt eine nützliche Rolle in der Region und verfolgt angemessene Ziele. Besonderes Lob erhielten Fyrstads Rahmenprojekte für ihre Innovation und Effektivität.

Die Zwischenevaluierung hat das Programm in einigen Stellen beeinflusst. So werden z.B. auf Vorschlag des Berichts derzeit vier Maßnahmen innerhalb des Programms zu zwei zusammengeschmolzen. Der Wunsch, diese Maßnahmen zu kombinieren, ergab sich erstens, weil man größere Ressourcen innerhalb des Programms freisetzen wollte (vor allem im Bereich der Innovation und Entwicklung von Humanressourcen) und zweitens, um mit dem Problem eines schwachen nationalen Kofinanzierungsvolumens fertig zu werden - eine der Hauptfragen, die durch die Zwischenevaluierung aufgerissen wurden. Doch ist die Entscheidung, diese Maßnahmen zu kombinieren, noch nicht von der Entscheidungsgruppe gebilligt worden.

### **3.6 Programminnovation**

Eines der innovativen Merkmale des Fyrstader Programms sind seine drei 'Rahmenprogramme'. Allgemein handelt es sich dabei um großangelegte Initiativen, die durch eine dritte Partei als Vermittler geleitet werden, die die Bereitstellung von Unterstützung durch das Programm koordiniert. Der für die Rahmenprogramme verantwortliche Vermittler leitet alle Aspekte ihrer Umsetzung einschließlich Projektverwaltung, Projektwahl, Auszahlung und Projektbegleitung. Steuerausschüsse, bestehend aus Kofinanzierern und Programmvertretern, überwachen die Projekte und wirken auch bei der Entscheidungsfindung mit. Die Programme operieren im Bereich der Unternehmensförderung und bieten förderfähigen Unternehmen verschiedene Arten der Förderung. Die innovativsten Aspekte der Fyrstader Rahmenprogramme sind das Niveau der Entscheidungsgewalt, die an Projektmanager delegiert wird und die Tatsache, daß eine einzige Organisation die gesamte Betreuung der teilnehmenden Unternehmen unternimmt. Letzteres ist besonders wichtig in Fyrstad, da es dort keine nationalen regionalen Fördermaßnahmen für individuelle Unternehmen gibt.



## Thematic Paper

### *Objective 2 Programming in Fyrstad, Sweden*



# Objective 2 Programming in Fyrstad, Sweden

## 1. INTRODUCTION

This paper provides a synopsis of the Objective 2 programme in Fyrstad. It begins with a brief overview of the Structural Funds in Sweden. It then goes on to outline the economic problems confronting the Fyrstad region, including the strengths and weaknesses of the Fyrstad economy. The paper then highlights the main features of the Fyrstad strategy document, and this is followed by a brief description of the management and implementation process of the Objective 2 programme. The penultimate section deals with monitoring and evaluation in Fyrstad and the paper concludes with the programme's main innovative practices.

## 2. KEY CHARACTERISTICS OF THE STRUCTURAL FUNDS IN SWEDEN

For the programming period 1995-1999, Sweden is receiving a total of 1,178 MECU (ECU at 1994 prices) from the Structural Funds. Of this total, 157 MECU is allocated for Objective 2 regions, 135 MECU for 5b regions and 247 MECU for the Objective 6 region. The Structural Funds designated assisted areas include 24.3 percent of the Swedish population: 11 percent in the Objective 2 areas, 8.6 percent in the Objective 5b areas, and 5.1 percent in the Objective 6 area (see Figure 1). An important feature of the application of the Funds in Sweden is the strong coherence between national regional policy implementation and the operation of the Structural Funds.

There are five Swedish *Objective 2* areas (Ångermanlandkusten, Blekinge, Fyrstad, Norra Norrlandskusten and Bergslagen) which collectively involve a total Structural Funds contribution of 157 MECU and a total cost of just over 800 million ECU. The main aims of the SPDs are to modernise and diversify the economies in the regions to provide a solid foundation for the creation of jobs in the private sector. In particular, the Funds are endeavouring to develop local SME capabilities by encouraging networking and collaboration.

The five programmes seek to improve the business environment and strengthen SMEs in the productive sector and services to business. Priorities centre on the development of businesses and industry, tourism and human resources. However, under Objective 2, a special feature of the Swedish approach has been the decision to concentrate on innovative forms of indirect support to SMEs, with a very limited place for the co-financing of existing policies, in particular, direct aid to enterprises. Strong emphasis is placed on the promotion of networking activities of SMEs, both within their regions and internationally. Aid is available to firms for networking activities, start-ups, training of SME staff, and SMEs will be the main beneficiaries under priorities such as Information Technologies. In this respect the Structural Funds are not attempting to duplicate national regional policy by co-financing existing measures.

Figure 1: Structural Fund designated areas in Sweden (highlighting Fyrstad)

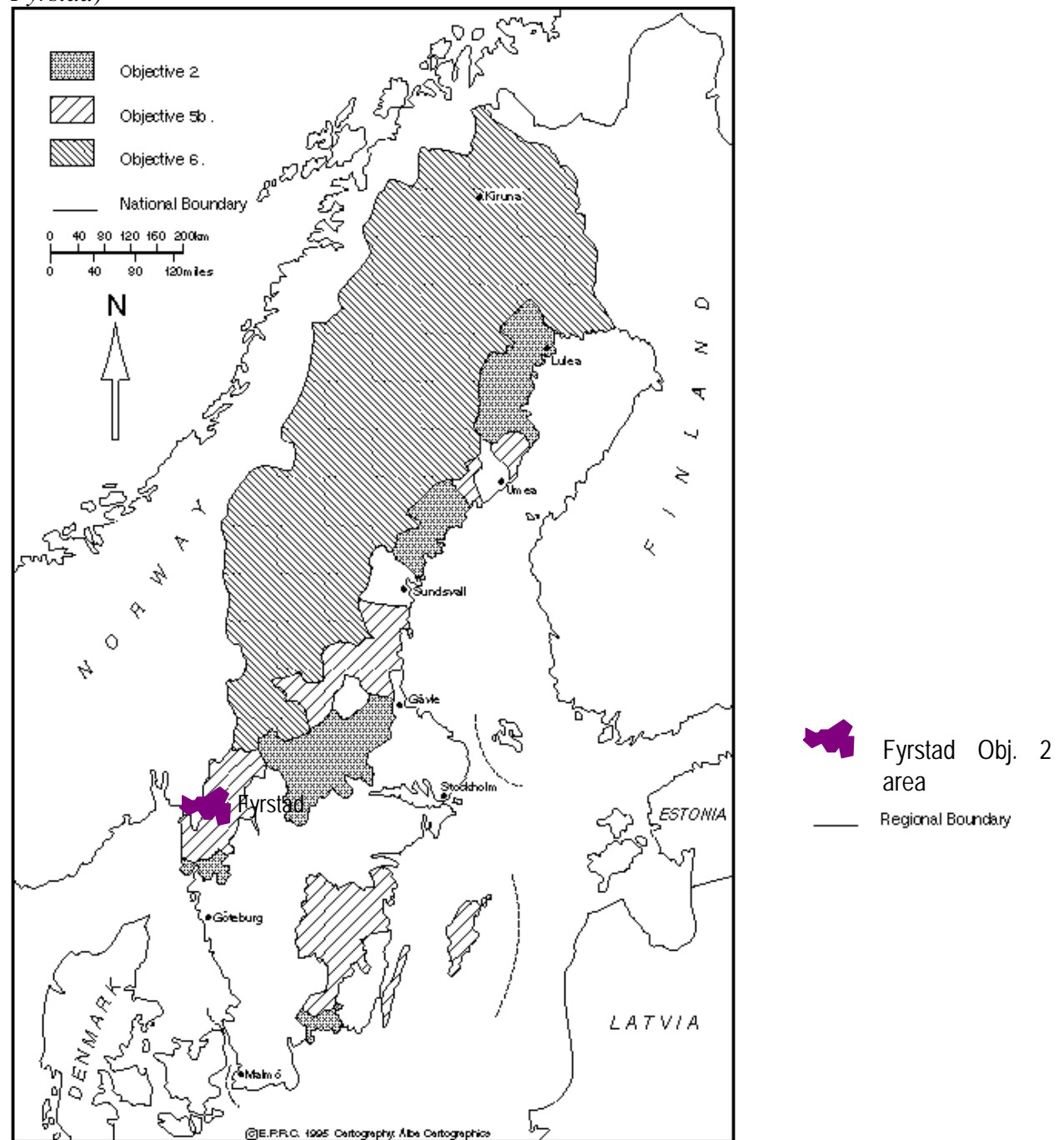


Figure VII. Structural Fund Designated Areas in Sweden

At the national level, the Ministry of Industry and Trade oversees implementation, while NUTEK (National Board for Industrial and Technical development) and AMS (National Labour Market Board) provide the secretariat for the Funds and deal with all project payments. With the exception of Fyrstad, the delivery of Objective 2 programmes is co-ordinated locally by the County Administration Board (CABs). CABs are essentially the local arm of national government, and are used as a vehicle for implementing national policies at the local level. In Fyrstad, an independent executive has been set up to administer the programme.



There are totally separate decision making structures for EU and national regional policy. Each Objective 2 region has its own Project Management Committee which decides on project applications and is overseen by its Monitoring Committee. The former are composed of local politicians while the latter are mostly local, national and EU civil servants. The fact that Decision Groups in Sweden are often composed of senior political figures sometimes creates difficulties for programme implementation. The politicised nature of these bodies sometimes leads to territorial issues taking a dominant role. Nevertheless, the decision-making processes in EU programmes involve greater democratic participation than in national regional policy. In Sweden, separate Monitoring Committees were established for each of the five Objective 2 programmes.

### **3. THE FYRSTAD OBJECTIVE 2 AREA**

The Objective 2 area of Fyrstad comprises the municipalities of Lysekil, Uddevalla, Vänersborg and Trollhättan. The region has a total of 154,000 inhabitants and is densely populated compared with the rest of the country - Fyrstad has a population density of 81 per square/kilometres, against the Swedish average of 20 per square km.

Approximately 100 km south of Fyrstad is Sweden's second largest city, Göteborg, which is also the centre of Sweden's second largest and most affluent employment region. To the north of the region are more sparsely populated areas of Bohusian and Dalsland, both of which are included in the West Sweden 5b area. Fyrstad functions as a regional centre for these northern districts in several respects, providing government, administration and health service functions. Although Fyrstad is a multi-polar region with short internal distances, the Objective 2 area is divided in two by county administrative boundaries: Uddevalla and Lysekil belong to the County of Göteborg and Bohus, while Trollhättan and Vänersborg are part of the County of Alvsborg.

Local government re-organisation in the West of Sweden is thought to be a key issue for the future of the Fyrstad programme. This process will see a merger between the three County Administration Boards in the west of Sweden, as of 1 January 1998. This will then be followed by the merger of the three County Councils on 1 January 1999. This is expected to have a significant impact on regional development within the region, including the operation of Fyrstad's Objective 2 programme potentially making programme implementation easier and less time consuming owing to a reduction in the number of actors involved in the partnership.

Fyrstad is currently not eligible for national regional policy aid, but the Ministry of Industry and Trade is negotiating with the Commission to enable the region to qualify for temporary regional assistance.

#### 4. THE REGIONAL ECONOMY

The regional economy of Fyrstad is characterised by a high degree of dependence on a small number of industrial sectors<sup>1</sup>. With virtually one-third of the region's jobs in manufacturing, Fyrstad is significantly more manufacturing-oriented than the Swedish economy as a whole (25 percent). The dependence upon a narrow range of manufacturing sectors was one of the factors underlying the severity of the industrial restructuring process which took place in the early 1990s. The majority of this employment loss was caused by closures and rationalisation in the heavy engineering and telecommunications sectors (e.g. SAAB Automobile, Volvo Aero, Volvo Automobile and Teli). The restructuring process was particularly painful for Uddevalla which had already lost its dominant employer in 1986 when the main shipyard closed, leading to 3,000 lost jobs.

The dominance of manufacturing in the local economy is supplemented by a strong sectoral bias in heavy engineering. The most evident regional cluster within the engineering industry is transport engineering, which includes strong electronics and automotive sectors. Another feature of the local economy is its heavy reliance upon a very few large multinational enterprises (MNEs). With over 9,000 employees, Saab Automobile and Volvo Aero Corporation now account for around half the region's industrial employment and undertake the bulk of the region's leading-edge R&D. Together with their suppliers, the local economy's competitive advantage is strongly tied up with developments in these two firms.

Following the acquisition of Saab Automobile by GM in 1990, Saab's plant in Trollhättan reduced its workforce in half from 10,000 to 5,000 employees. It is estimated that the indirect employment losses at subcontractor level comprised an additional 1,000 employees. Notwithstanding the problems experienced at Volvo and Saab, both companies are now expanding once again and, in spite of continuing losses at Saab's plant, GM remains strongly committed to its local operation. One of the region's main economic weaknesses is the lack of integration between these large firms and local suppliers. Although Fyrstad has managed to develop some local suppliers and subcontractors, there is a perception that key, higher-value components and services are bought outwith the region and that some local suppliers have weak internal capabilities.

Related to the dominance of these large companies is the relatively weak base of SMEs and a poor entrepreneurial climate in the region. Research in Sweden on new firm formation shows that regions such as Fyrstad, which are dominated by large manufacturing companies, often display the lowest new firm birth rates<sup>2</sup>. The town of Trollhätten, where Saab is located, is a prime example of a big company town or *bruksanda*.

The impact of the structural crisis of Fyrstad's core industries on regional employment has been dramatic and developments over the last few years have greatly weakened the job market for people living in Fyrstad. At 12.7 percent

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<sup>1</sup> Ekberg, T. (1997) Fyrstad's New Sense of Identity and Purpose, The Nordic Journal of Regional Development and Territorial Policy, Vol 8.

<sup>2</sup> Davidsson, P., Lindmark, L., and Olofsson, C. (1994) New Firm Formation and Regional Development in Sweden, Regional Studies, Vol 28:4, pp. 395-410

in 1994, Fyrstad has the highest unemployment rate for all of Sweden's Objective 2 areas (see Table 1). As mentioned above, the bulk of these job losses occurred in the manufacturing sector. Between 1989-94 one third of all manufacturing jobs were lost in Fyrstad. The employment groups most affected by industrial rationalisation are the unskilled or semi-skilled. At the same time, the region has continued to experience shortages of engineers and technicians and other groups of highly qualified workers. There are also competence gaps inside companies, where a number of qualified tasks are carried out by personnel without appropriate formal qualifications. Owing to shortcomings in the local transport infrastructure, the region also suffers from a poorly integrated labour market and significant intra-regional unemployment disparities (see Table 2).

*Table 1: Harmonised unemployment rates in the Swedish Objective 2 areas*

	1990	1992	1994
<b>Ångermanlandskusten</b>	2.2%	7.1%	11.4%
<b>Bergslagen</b>	2.8%	7.4%	11.8%
<b>Blekinge</b>	2.6%	6.5%	11.1%
<b>Fyrstad</b>	1.9%	6.5%	12.7%
<b>Norra Norrlandskusten</b>	2.8%	7.3%	11.8%
<b>Total Objective 2 Sweden</b>	2.6%	7.1%	11.8%
<b>Sweden</b>	1.8%	5.8%	9.8%
<b>EU15</b>	7.6%	9.2%	11.2%

Sources: CEC and Swedish Ministry of Labour

The figures for Sweden are based on figures covering open unemployment and labour market measures.

*Table 2: Overt unemployment in Fyrstad and people involved in labour market policy programmes in 1995*

	Overt unemployment N°	Other* N°	Overt %	Other* %	Total %
<b>Lysekil</b>	1,129	1,672	12.2	5.9	18.1
<b>Uddevalla</b>	3,415	5,044	11.5	5.5	17.0
<b>Vänersborg</b>	2,165	292	9.6	3.3	13.0
<b>Trollhättan</b>	4,038	5,332	12.5	4.0	16.5
<b>Fyrstad</b>	10,747	14,968	11.5	4.5	16.0
<b>Sweden</b>			8.4	2.8	12.2

Average figures for the first quarter of 1995, % of population aged 16-64

\*Taking part in labour market policy programmes (other).

Source: The National Labour Market Board (AMS).

The region is hindered by a relatively weak further and higher educational system. Indeed, it was not until 1990 that a higher education facility at university level (Trollhättan/Uddevalla University College) was established in Fyrstad. This university has approximately 3,000 students and offers study programmes up to under-graduate levels in technology, social sciences and business. This small university undertakes very little in the way of leading-edge research however.

## 5. STRENGTHS AND WEAKNESSES OF FYRSTAD'S ECONOMY

The following SWOT analysis was carried out on the region's economy in order to identify the most appropriate areas of focus for the SPD.

### *Strengths*

- Strong engineering industry, especially in the transport and electronic industries.
- Strong maritime sector: oil refineries, important ports, aquatic research.
- Good housing and living environment and strong welfare system.
- Close proximity to dynamic industrial region of Göteborg.
- Tourism.

### *Weaknesses*

- Extreme dependence on developments in a few companies.
- Low entrepreneurial start-up rate.
- Divided labour market.
- Competence gaps between labour supply and labour demand.
- Weak regional infrastructure, especially in terms of university-based research.
- Complex urban region.

### *Opportunities*

- Highly specialised region with skills in engineering and production.
- Internationalisation, EU-membership.
- Closer co-operation and resource co-ordination in the region.

### *Threats*

- Increasing dependence on Swedish economy (e.g. rapid reductions of social safety nets etc. can affect development prospects).
- Competition from other EU and non-EU countries.

## 6. FYRSTAD SPD 1995-1999: STRATEGY, PRIORITIES AND MEASURES

The main objective for the Structural Fund programme is to 'contribute to the creation of a robust region with strong competitive capacity and a higher level of employment in an integrated and efficient labour market'. To achieve this goal, resources within the programme will concentrate on the following six overriding objectives:

- *diversify* enterprise and competencies in order to reduce one-sidedness and dependence on large companies;
- enhance greater *flexibility* of enterprise and in the labour force in order to achieve greater long-term competitive strength;

- improve *access* to knowledge, competence and markets to secure greater competitive capacity and stability;
- preserve *cohesion* and participation in the life of the community as this is the base of a stable and robust society;
- develop local and regional *co-operation* in order to create a stable region with a viable labour market; and
- preserve and further develop the attractive natural and man-made *environment*.

It is estimated that the strategy will result in:

- the creation of 2,500 new jobs in the private sector, at least one third for women;
- a total of 5,000 new jobs if indirect effects are included;
- the percentage employed in the local population reaching the national average not later than 1999;
- halving the difference between the region's unemployment and the national unemployment level;
- reducing the differences in unemployment rates between the Municipalities of Fyrstad;
- bringing the rate of new firm formation close to Swedish average by 1999;
- ensuring that businesses and residents find the Fyrstad living and working environment attractive.

In order to attain these goals the Fyrstad SPD sets out the following conversion priorities and measures.

- Priority 1. *SME investment and company start-ups*. The main purpose is to create new companies and to boost investment in existing SMEs and, as a result, to create new jobs in the region. Immediate action is required to halt the industrial decline and to support additional investments and new jobs. This priority is a basic precondition for the creation of new jobs, the diversification of the regional economy and to achieve greater flexibility.
- Priority 2. *Competence and skills*. The purpose of this priority is to make enterprise more competitive and to make better use of and develop human resources. This will ensure that more firms in Fyrstad will be able to compete with better products in wider, even international markets. It will help reduce imbalances in the labour market, reduce competence gaps and mitigate social problems. This priority will play a pivotal role in raising the competitive capacity and improving flexibility of the regional economy. In addition, it should also contribute to a strengthening of cohesion and public participation in Fyrstad.
- Priority 3. *Business environment*. The purpose of this priority is to increase the return on and supplement infrastructure in the region. Action under this priority will help Fyrstad to meet the necessary conditions for durable growth. It will also contribute to the creation of an integrated, common labour market in the region and facilitate access to knowledge, competence and markets. This priority lays the foundation for the creation of jobs and for a strengthening of Fyrstad's competitive capacity in the longer term. It will also improve possibilities for local and regional co-operation.

- Priority 4. *Technical assistance*. Until recently there was no institutional framework for regional development action in Fyrstad. Given the complex administrative situation, there is a need for pilot actions to promote co-operation in Fyrstad.

The Fyrstad SPD has seven measures:

- Measure 1.1 Investment aid for start-ups and SMEs
- Measure 1.2 Business development
- Measure 2.1 Competence and technology through co-operation and networking
- Measure 2.2 Human resource development
- Measure 2.3 Environmental technology
- Measure 3.1 Tourism, environment and culture
- Measure 3.2 Economic infrastructure

## **7. PROGRAMME MANAGEMENT AND IMPLEMENTATION OF THE FYRSTAD OBJECTIVE 2 PROGRAMME**

For the implementation of the SPDs, Sweden has set up a new and complex structure which combines decentralised decision-making on project selection with highly centralised financial management. Although essentially implementing the Structural Funds using the same organisational apparatus used for national regional policy, new decision-making procedures have been established in Sweden.

In Fyrstad, a small independent secretariat was established to implement the programme. Part of the reason for Fyrstad's autonomy from the CABs was the fact that the O2 region crossed two CAB boundaries, Alvsborg and Bohus. These two CABs traditionally had little experience of working together on regional development matters and it was felt that an independent secretariat would integrate activities within the regions and reduce political tensions. Although the secretariat has close connections with both CABs, it is essentially autonomous from both.

While this is essentially the same framework as national regional policy, each Objective 2 region in Sweden also has its own Project Management Committee (PMC) or Decision Group which decides on project applications. In Fyrstad, this body comprises local partners including the four local Municipalities, two County Councils, two County Administration Boards, the County Labour Market Board and is chaired by the local County Governor of Alvsborg. The decision-making of the PMC is supported by various sub-committees and advisory groups.

The first decisions were taken on projects in January 1996, and as of March 1997, one-third of the programme's budget had been allocated<sup>3</sup>.

## **8. MONITORING AND EVALUATION IN FYRSTAD**

The Fyrstad Monitoring Committee is comprised of members of the wider partnership and is chaired by the Ministry of Industry and Trade. The Monitoring Committee is responsible for monitoring implementation of the SPD. The Monitoring Committee approves project selection criteria, and in some cases also financial allocations to individual aid schemes and major projects.

The interim evaluation of the Fyrstad Objective 2 programme has just been undertaken by the consultants IM-Gruppen. Following this, the findings from the evaluation seem to be influencing the programme's actions in a number of ways. For example, the programme is currently combining four measures within the programme into two: Measures 1.1 (SME Investment aid) and 1.2 (Business development) are being combined as are measures 3.1 (Tourism, environment and culture) and 3.2 (Economic infrastructure). The decision to merge these measures has not yet been approved by the Decision Group however. The desire to combine these measures has been brought about first to free-up greater resources for new elements within the programme (particularly in the area of innovation and human resource development) and, second to deal with the problems of weak levels of national co-finance. One of the main issues raised by the interim evaluation was the lack of national co-finance. In this respect, the programme is seeking to raise the level of EU funding in projects, currently 30 percent, which is the lowest level in all of Sweden's Objective 2 regions.

Overall, the interim evaluation was well received by the Fyrstad programme. As with Objective 2 interim evaluations elsewhere in Sweden, the evaluation claimed that it was still too early to fully assess the effectiveness of projects within the programme. Nevertheless, the evaluators claim that the Objective 2 programme in Fyrstad is relevant and well balanced. The evaluation claims that the programme serves a useful purpose in the region and the objectives in the programme are deemed to be appropriate. Fyrstad's framework projects received particular praise as being innovative and efficient.

## **9. INNOVATIVE PRACTICE**

One of the most novel and innovative features of the Objective 2 programme in Fyrstad is the so-called 'framework programmes'. These are considered the flagship projects of the entire Objective 2 programme. Broadly speaking, these programmes are large-scale initiatives which are managed by a third part intermediary who co-ordinates the delivery of support for assistance under the programme.

The intermediary in charge of the framework programmes manages all aspects of the programme: project administration, project selection, payment, project monitoring etc. Steering Committees composed of the wider partnership oversee the projects and play a part in the decision-making process. The

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<sup>3</sup> Ekberg, T. (1997) op.cit.

programmes operate in the field of business development and offer eligible firms a straightforward ‘one-door’ approach to various types of assistance.

There are three framework programmes in Fyrstad.

- *Foretagsutveckling Fyrstad* is a business development programme designed to develop the competence levels in SMEs.
- *Foretagsstart Fyrstad* is a small business start-up programme designed to boost the number of new companies in Fyrstad.
- *Expandera I Fyrstad* is a newer project which aims to attract inward investment into the region.

The most innovative aspects of Fyrstad’s framework programmes is the level of decision making responsibility devolved to the project managers and the ‘one-door’ approach to participating companies, the latter is particularly important in Fyrstad owing to the lack of aid to individual companies from national regional incentives.