

Sweden

Key facts and issues

Sweden is a unitary country with a population of 9.8 million. Subnational governments are responsible for 49.1% of public expenditures, making it the 5th most decentralised country in the OECD with regards to spending. It is the 6th least urbanised country in the OECD, with only 22% of its population living in predominantly urban regions. Sweden is one of the top performers in the OECD on gender equality, with a gender gap in labour force participation rates three times smaller than the OECD average. The worst performing Swedish region has only half the gender gap in participation compared to the OECD average. It also has the smallest inter-regional differences of gender gaps in life expectancy in the OECD.

Sweden's GDP per capita, about USD 46 400, is 13% above the OECD average, ranking Sweden 11th among OECD countries. Moreover, inter-regional inequalities in GDP per capita among small regions (TL3), measured by the Gini index, are among the lowest in the OECD. Between 2008 and 2014, unemployment rates increased in all regions by less than 2 percentage points, with a higher increase in urban compared to rural regions. In terms of labour productivity, Stockholm is outpacing the rest of the country in terms of labour productivity growth while most of the country is losing ground. Only Upper Norrland and East Middle Sweden were able to keep pace with Stockholm between 2000 and 2013. Stockholm alone was responsible for over 40% of national GDP growth between 2000 and 2013.

Sweden: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	National Strategy for Sustainable Regional Growth and Attractiveness 2015-2020	Focus on enhancing innovation, promoting attractive living environments, improving labour market (supply side and matching), strengthening public services delivery, provision of skills, development of transportation systems and ICT	Ministry of Enterprise and Innovation (Minister for Rural Affairs also responsible for Regional Growth Policy and a Minister responsible for Urban Development)
Urban	No over-arching framework but elements of policy can be found in: The National Platform for Sustainable Urban Development (2014)	Ministerial portfolio includes environment, energy, climate change and urban development	Ministry of the Environment and Energy (Minister responsible for Urban Development)
Rural	Rural development programme for Sweden 2014-2020	Innovation in rural development and sustainability, strong focus on service delivery and accessibility of rural areas	Ministry of Enterprise and Innovation (Minister for Rural Affairs); Swedish Board of Agriculture

General policy approach

The National Strategy for Sustainable Regional Growth and Attractiveness 2015-2020 is focused on a wide range of considerations from innovation and employment to public services and transport. Relative to the prior strategy, it adopts a more cross-sectoral approach and will rely on multi-level governance mechanisms for dialogue and learning along with a greater focus on results, monitoring and evaluation. The current government has increased the focus on sustainable and inclusive regions and has strengthened the dialogue with stakeholders at the regional level, within a formalized forum for dialogue between the national government and politicians as well as civil servants at the regional level. Sweden has no explicit national urban policy strategy per se. Urban issues are handled by the Ministry of the Environment and Energy. Rural development is part of the regional development strategy. In addition, Sweden has a plan for implementing EU rural development funds.

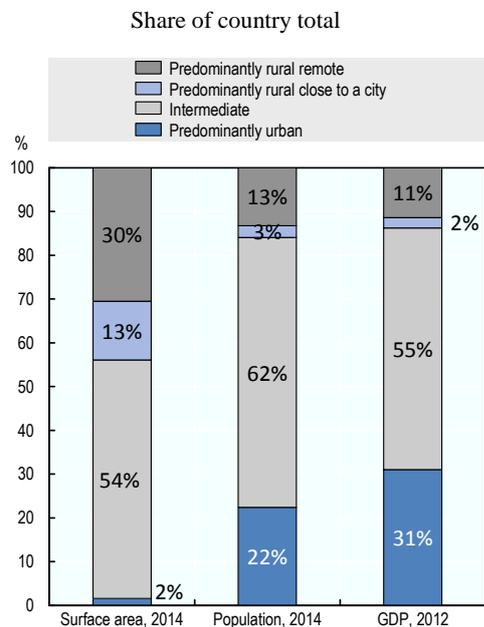
Recent policy changes

- The Swedish government and its government agencies have undergone a substantial overhaul in recent years. The Swedish Agency for Growth Policy Analysis and the Swedish Agency for Economic and Regional Growth were created in 2009. The Ministry of Agriculture was transformed into the Ministry for Rural Affairs in 2011 and then merged into the new Ministry of Enterprise and Innovation in 2015.
- There have also been reforms to the regional tier. Following the 2011 pilot project in Skåne and Västra-Götaland, Parliament has reallocated the responsibility for regional development to county councils in 6 counties in 2015 and 4 counties in 2017. A commission on regional reforms was formed. Suggestions for merger of counties are expected, with possible implementation 2019 and 2023.
- The revised National Strategy for Sustainable Regional Growth and Attractiveness 2015–2020 was launched in June 2015 with a broader scope than the previous strategy.
- A new National Platform for Sustainable Urban Development was launched in 2014, and aims at co-ordinating the stakeholders of sustainable urban development, be it special purpose agencies or ministries. Urban environment agreements are being prepared to boost investments in urban public transport. Additional support to municipalities concerns their work to combat segregation and improve the living environment and energy efficiency in buildings in vulnerable areas.
- The National Negotiation on Housing and Infrastructure seeks the construction of a high-speed rail between Stockholm, Malmö and Gothenburg.
- A parliamentary committee has been established to suggest a new rural policy. The proposition must consist of a policy that creates conditions for growth, business, employment, attractiveness and housing in rural areas (final report expected in early 2017).

Sweden: Main regional, urban and rural development policy tools

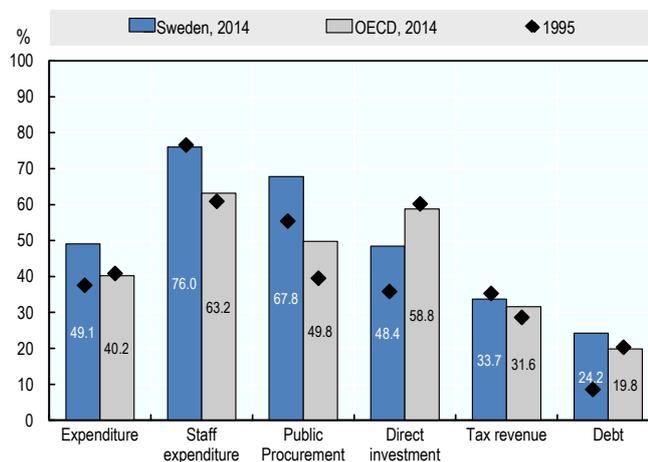
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Most of the money is allocated via the policy bill on transport and regional transport plans. Some regional priorities fostering better accessibility are also supported via each region's allowance for regional development and via financing from EU structural funds Urban: national negotiation on housing and infrastructure for inter-city transport links
Other Infrastructure investments	✓	Better broadband connection is a priority in all parts of the country, but especially in the northern and sparsely populated areas Rural: national rural development programme (2014-2020): Investments in deployment of broadband access networks
Service delivery (subsidies for public services)	✓	Rural: Regional service programmes 2014–2018 Förordning om stöd till kommersiell service : Regulation about funds for commercial services grants 1:1 in the national budget Test municipalities for development of service provision; Swedish Agency for Economic and Regional Growth with funding from the government 2015–2019.
Business development/ innovation support	✓	Regional: no information provided on tools; however one of the main priorities Rural: Part of priority 2 and 3 in RDP
Urban renewal		
Urban form and land use		
Sustainability policies	✓	Rural: Part of priority 4 in RDP ; Restoring, preserving, and enhancing eco-systems relating to agriculture and forestry
Rural-urban linkages	✓	Programme for CLLD, support from ERDF and ESF
Clusters/technology platforms/ centres of expertise	✓	The VINNVÅXT programme at the state agency VINNOVA
Special economic zones		
Rural landscape preservation	✓	Rural: Part of priority 4 in RDP ; Restoring, preserving, and enhancing eco-systems relating to agriculture and forestry
Skills/training programmes	✓	Regional competence platforms in each county
Capacity building for subnational governments	✓	Learning at the regional level is set by the National Strategy for Sustainable Regional Growth and Attractiveness 2015–2020 with frequent dialogues around analyses and strategic priorities etc. – with contribution from the regional interest organisation Reglab Rural: Part of priority 1 in RDP Advisory services, information activities, knowledge transfer

Land, population and economy in rural and urban regions



Subnational government role in public finance

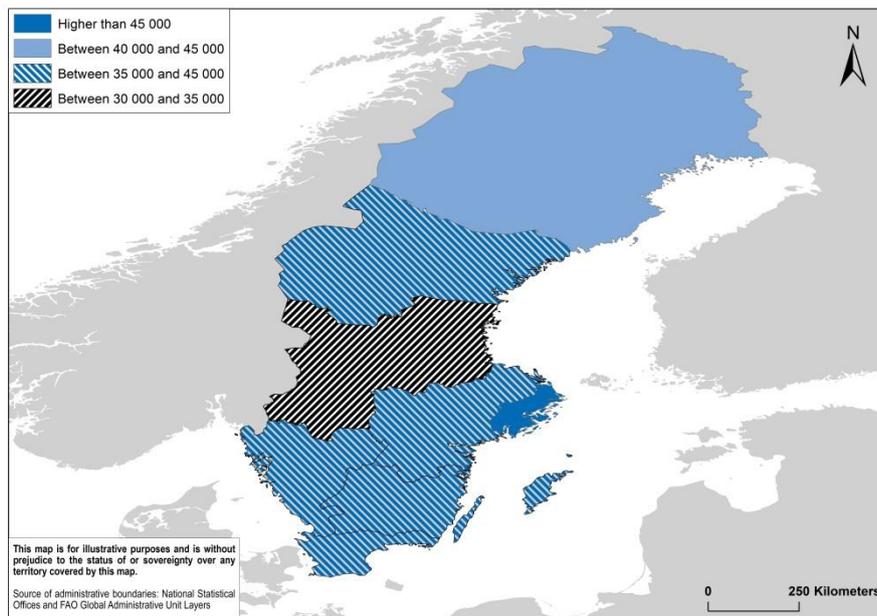
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
290		21	311

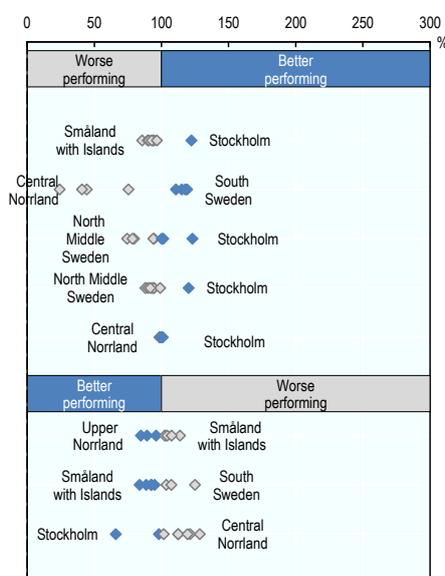
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)



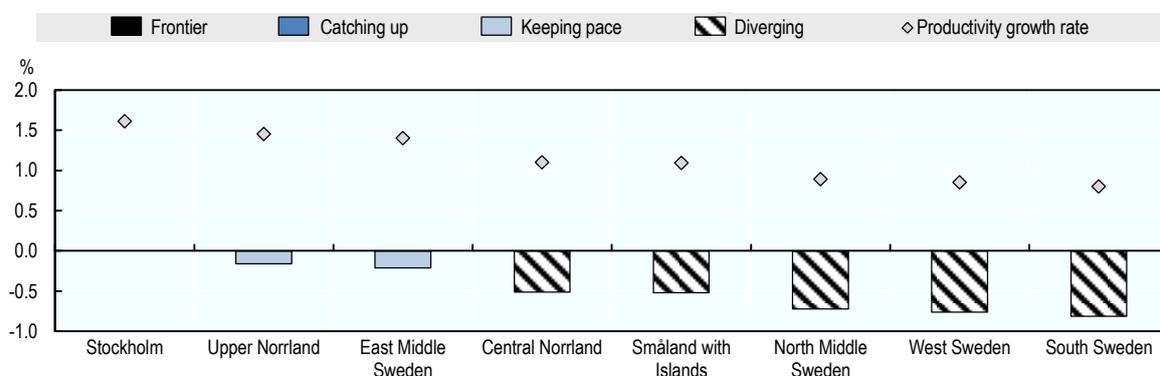
Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	74 459	106 206	86 826	74 520	up
R&D expenditure as a % of GDP (2013)	0.8	3.93	3.3	2.4	down (2003)
Share of labour force with tertiary education	27.4	45.3	36.8	32.3	down
Disposable household income (2012)	26 501	36 194	30 079	34 866	up (2011)
Life expectancy (2013)	80.9	82.8	82	80	up
Share of workforce with only primary education	13.4	17	15.8	25.2	down
Unemployment rate	6.7	10	8	7.3	down
Gender gap in participation rate	-3.7	-7.2	-5.6	-15.9	down

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

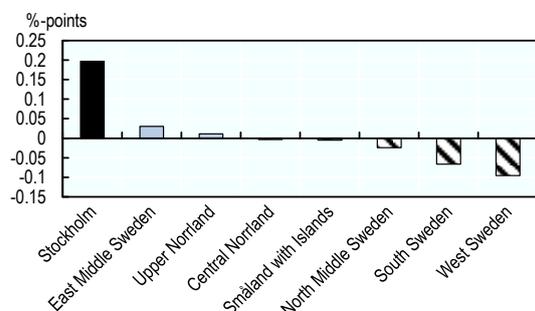
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013

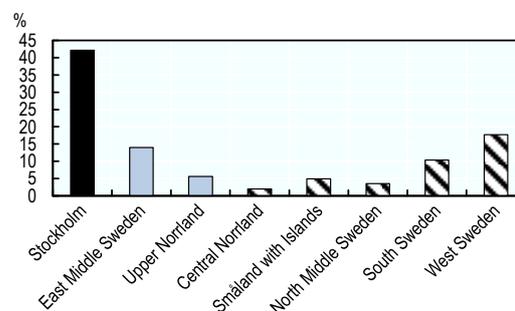
See country page notes for classification of regions



Contribution to labour productivity growth, 2000-13



Percentage contribution to national GDP growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.