

Strengthening the Governance of the Swedish Skills System

Output 3

Situation Analysis Report

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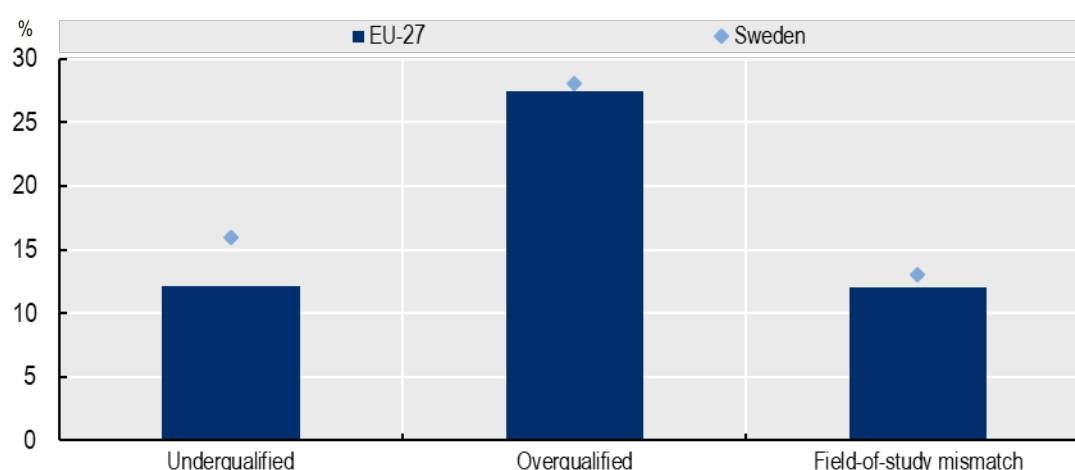
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Introduction

As in many OECD countries, there is a need to reduce skills shortages and mismatches in Sweden. Sweden is grappling with important labour and skills shortages, which are particularly pronounced in education, health care, social work, information and communication technology, industry and construction sectors (European Commission, 2020^[1]). Northern Sweden in particular, which experienced decades of demographic decline and depopulation, is now the “epicentre of the green industrial revolution” in Sweden, with large green investment inflows set to increase the demand for industrial workers (OECD, 2023^[2]). Besides an increase in demand for workers with specialised technical skills, green investment in Northern Sweden will also likely lead to population growth, and therefore further demand for workers providing complementary public services, notably in education, health and long-term care (OECD, 2023^[2]).

Sweden also has space to reduce skills mismatches. As shown in Figure 1, the share of individuals who are underqualified, overqualified or work in an occupation mostly requiring a field of study different from the one that they graduated in, is higher in Sweden than in the EU on average by 4, 1 and 1 percentage points respectively. In addition, 27% of workers in Sweden think that new digital or computer technologies in their company or organisation do or will require new knowledge and skills they currently do not have, which is the highest share in the EU-27 (Cedefop, 2022^[3]).

Figure 1. Share of individuals affected by skills mismatches, EU-27 and Sweden, 2021



Source: Cedefop (2022^[3]), *European Skills and Jobs Survey 2021*, www.cedefop.europa.eu/en/tools/european-skills-jobs-survey/data

Sweden is undertaking active efforts to address skills shortages and mismatches. For instance, in October 2022, based on an agreement with the social partners, Sweden introduced the so-called “transition package”. The transition package, which involved changes to the labour law, strengthens workers’ opportunities to up-/re-skill through the introduction of generous financial support for training with duration of up to 44 weeks in the form of grants and loans (“student finance for transition and retraining”), and establishes a new “public transition organisation”, co-owned by unions and employers, to help workers who are not covered by a collective agreement to move from one job to another (Regeringskansliet, 2022^[4]; Global Deal, 2023^[5]). In 2022, the government also commissioned an inquiry into how municipal adult education (see more this type of education in Sweden below) can become more responsive to labour market and individuals’ needs. Since July 2023, the inquiry is also tasked with proposing how a new form of vocational education and training at upper secondary level, to be modelled along the lines of the Swedish higher vocational education (see more this type of education in Sweden below), could help strengthen the connection between adult education and working life (Regeringskansliet, 2023^[6]).

Notwithstanding these important reform efforts, better aligning skills supply and demand to reduce skills mismatches and shortages remains a challenging task. The causes of mismatches and shortages are always multiple, while no single actor has all the necessary policy levers at their disposal for addressing them. Therefore, reducing such skills pressures requires co-ordinated action by multiple governmental and non-governmental actors, highlighting the importance of strong skills system governance.

Sweden has recognised that skills system governance matters. In 2019, a government inquiry identified the need for strengthening co-ordination and collaboration on skills and suggested that a new public agency, with an overall responsibility of skills policy, be created (Regeringskansliet, 2019^[7]). However, the proposal did not materialise. In 2022, building on recommendations of the Strategic Cooperation Programme on Skills Supply and Life-long Learning (*Samverkansprogrammet Kompetensförsörjning och livslångt lärande*) launched in 2019, the Swedish Government tasked seven national agencies, all with some responsibilities for skills policy, to work together to contribute to a well-functioning skills supply. To aid in the implementation of this task, Sweden applied for technical support to the European Commission. The technical support was requested by the Swedish Public Employment Service (*Arbetsförmedlingen*), in collaboration with the Swedish National Agency for Higher Vocational Education (*Myndigheten för Yrkeshögskolan, MYH*), the Swedish Higher Education Authority (*Universitetskanslersämbetet, UKÄ*), the Swedish Council for Higher Education (*Universitets- och högskolerådet, UHR*), the Swedish National Agency for Education (*Skolverket*), Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) and the Swedish ESF Council (*Svenska ESF-rådet*). The request for technical support was assessed by the European Commission's Directorate-General for Structural Reform Support (DG REFORM) and selected for funding. A wide range of stakeholders in Sweden are expected to benefit from the results of this project, including the Swedish Government and a wide range of non-governmental stakeholders.

This document

This document is structured as follows. The first section provides an overview of the Swedish skills system (see definition below), the key actors and their roles and responsibilities, and relevant governance structures.

The subsequent two sections outline five opportunities for improvement in Sweden's skills governance system, aggregated under two Priority Areas.

- Priority Area 1: Promoting co-ordination, co-operation, and collaboration across the whole of government, and
 - Opportunity 1: Improving collaboration between national agencies at a strategic level
 - Opportunity 2: Improving collaboration between national agencies at an operational level, and
 - Opportunity 3: Improving collaboration between national and sub-national levels of governments.
- Priority Area 2: Engaging stakeholders throughout the policy cycle
 - Opportunity 4: Improving engagement with stakeholders at the national level, and
 - Opportunity 5: Improving engagement with stakeholders at the sectoral level.

The two Priority Areas and related opportunities for improvement examined in this document constitute the first two building blocks of strong skills governance arrangements, as defined by the OECD (see Figure 2). The latter two building blocks will be covered by the OECD in subsequent Outputs. In Output 5, the OECD will assess opportunities for improvement in Sweden's skills data infrastructure (building block 3). In Output 6, the OECD will put forward recommendations for strengthening whole-of-government co-ordination on skills policy issues, stakeholder engagement in skills policy and Sweden's skills data infrastructure, some of which may pertain to mobilising financial resources (building block 4) in the respective areas.

In Output 7, “Roadmap proposal”, the OECD will then complement this by, among others, identifying approximate, estimated costs (building block 4).

Figure 2. Four key building blocks of strong skills governance arrangements



Source: Elaboration on OECD (2019^[8]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>.

This document is based on desktop analysis undertaken by the OECD, complemented by inputs from numerous Swedish governmental actors and stakeholders. In summer 2023, the OECD developed a background questionnaire to help map the Swedish skills governance system and identify preliminary opportunities for improvement, which was filled out by 11 governmental actors and stakeholders. In October 2023, the OECD organised an in-person fact-finding workshop with more than 40 stakeholders in Stockholm, Sweden, where further information was collected. Before and after the workshop, the OECD also held more than 20 virtual meetings with relevant actors to gather further information on the workings of the Swedish skills governance system and key opportunities for improvement.

Mapping of the Swedish skills governance system

Skills system¹ governance² is inherently complex, requiring the involvement of a wide variety of actors in the provision, financing, reform and day-to-day administration of skills policy, ranging from different levels of government to non-governmental stakeholders. In addition, as skills policy lies at the intersection of multiple policy fields, it implicates a wide range of ministries such as those with responsibility for education, labour markets, innovation, industry and other fields (OECD, 2020^[9]).

Therefore, as is the case in other countries, understanding the Swedish skills system requires taking into account different ministries, governmental agencies, levels of government, and governance structures with different degrees of formality (e.g., some governance structures are mandated by the government, while others have been established by the agencies themselves).

This section provides a mapping of the Swedish skills governance system. It starts by giving an overview of the Swedish skills system, before outlining the key roles and responsibilities for skills policy within, across and outside the government. Last, it presents an overview of the key existing governance structures created to promote collaboration across the whole of government and/or engagement with non-governmental stakeholders on skills.

Overview of the Swedish skills system

The Swedish skills system is divided into several levels. Preschool (*förskola*) is available for children from the age of one. From the age of three there is a right to attend preschool. The preschool is heavily subsidised, with 15 hours a week free of charge. Since 2018, reception class (*förskoleklass*) is compulsory for all children starting at six years old. The reception class lasts one year. Between seven and fifteen, children attend compulsory school (*grundskola*). After school activities, called school-age educare, are organised by municipalities for children in reception class, as well as older children up to the age of twelve (6th grade). After school activities are part of the Swedish school system and have their own curricula. At fifteen, young people start attending upper secondary school (*gymnasieskola*) until the age of eighteen (Eurydice, 2023^[10]; Eurydice, 2022^[11]). Young people also have the possibility of pursuing an upper secondary vocational track lasting three years and leading to an upper secondary vocational diploma at

¹ A skills system can be broadly defined as covering all institutions and individuals, as well as policies, laws and regulations, concerned with the development and use of skills in the economy. Therefore, skills policies are at the intersection between various sectors of the education system, including early childhood education and care (ECEC); schools; vocational education and training (VET); adult learning and higher education; labour market policies, especially those that aim to make use of existing skills such as active labour market and training policies; policies that support the adoption of high-performance workplace practices; and certain immigration policies (OECD, 2020^[9]).

² Skills system governance is defined as encompassing four key pillars, as explained in Figure 2.

EQF (European Qualifications Framework) level 4. Upper secondary vocational education and training (VET) is financed by municipalities and delivered by private and public education providers. Besides municipalities, private entities may also be approved by the Swedish Schools Inspectorate as organisers of upper secondary VET and run independent upper secondary schools (Cedefop, 2021^[12]).

Students who have not completed compulsory or upper secondary school, or who need to complete grades for eligibility to higher education, can attend municipal adult education (*kommunal vuxenutbildning*, *komvux*) or folk high schools (*folkhögskola*). Municipal adult education is part of the formal adult education system and provides education for adults at compulsory and upper secondary levels, with a priority for individuals with lower levels of education. Municipal adult education also includes upper secondary vocational adult education (*yrkesvux*), which provides opportunities for individuals to retrain for new professions or further develop their skills within their current profession. Municipal adult education additionally comprises adult education for persons with mental disabilities (*omvux som anpassad utbildning*) and for newly arrived immigrants (*Svenska för invandrare, sfi*) (Eurydice, 2023^[10]; Eurydice, 2022^[11]).

Folk high schools, together with study associations (*studieförbund*) and private providers (Cedefop, 2021^[12]), provide liberal adult education (*folkbildning*), which is part of non-formal adult education in Sweden. Folk high schools are adult education institutions, which offer courses across a range of fields (e.g. arts, crafts, music, theatre, social sciences, and vocational training). Folk high schools provide graduates basic eligibility³ to higher education. Individuals with no or little previous education are prioritised when applying. Liberal adult education, provided by folk high schools, is not tied to academic qualifications.

Students who have completed upper secondary school can apply for higher education at universities (*universitet*) and university colleges (*högskola*) and/or higher vocational education (*yrkeshögskola*). Universities are higher education institutions with awarding powers at first (Bachelor's), second (Master's) and third (Doctoral) cycle level. University colleges are higher education institutions with limited or no right to award doctoral degrees (Eurydice, 2023^[10]). There are both public and private universities and university colleges in Sweden. Universities and university colleges in Sweden are relatively autonomous but must respond to student demand and the needs of the labour market. A small number of universities and university colleges also deliver higher vocational education (HVE), or in other words post-secondary non-tertiary education. However, HVE is mostly provided by municipalities and private education providers.

Labour market training (*arbetsmarknadsutbildning*) is overseen by Arbetsförmedlingen and intended primarily for unemployed individuals in need of re-/up-skilling. In the provision of labour market training, Arbetsförmedlingen focuses on those who are far from the labour market and who, for example, have been unemployed for a prolonged period of time. Arbetsförmedlingen receives Government funding for the training programmes, the management of which is then procured from external suppliers such as municipalities or private training providers. (Eurydice, 2022^[11]).

Labour migration policies are overseen by the Ministry of Justice and implemented by the Swedish Migration Agency (*Migrationsverket*) (see more below). Under the “new migration policy”, the government intends to make the conditions for low-skilled labour immigration stricter, and improve conditions for immigration of high-skilled workers (Government Offices of Sweden, 2023^[13]).

³ “Basic eligibility”, also referred to as “general entry requirements”, refers to common key requirements, which applicants need to meet to apply for higher education in Sweden (e.g. completion of upper secondary education, proficiency in English, etc.). In addition, applicants may need to meet specific requirements for different academic programmes (educations, 2023^[38]).

Roles and responsibilities in the Swedish skills system

Ministries and governmental agencies

Sweden has a decentralised skills system. ministries in Sweden are solely policy-making organisations, and governmental agencies and the sub-national level (regions and municipalities) are responsible for implementation.

A number of ministries are responsible for creating policies in different sub-fields of skills policy (e.g. education policy, active labour market policy, etc.), including the Ministry of Education and Research, Ministry of Employment, the Ministry of Climate and Enterprise, the Ministry of Finance and the Ministry of Justice. Each ministry is responsible for several governmental agencies. Table 1 outlines which agencies are overseen by which ministries.

Table 1. Key ministries and agencies in the Swedish skills system

Ministries and the key agencies that they respectively oversee

| Ministry | Agency |
|------------------------------------|--|
| Ministry of Education and Research | <ul style="list-style-type: none"> Swedish National Agency for Education (<i>Skolverket</i>) Swedish Schools Inspectorate (<i>Skolinspektionen</i>) Swedish National Agency for Special Needs Education and Schools (<i>Specialpedagogiska skolmyndigheten, SPSM</i>) Swedish Higher Education Authority (<i>UKÄ</i>) Swedish Council for Higher Education (<i>UHR</i>) Swedish National Agency for Higher Vocational Education (<i>MYH</i>) |
| Ministry of Employment | <ul style="list-style-type: none"> Swedish Public Employment Service (<i>Arbetsförmedlingen</i>) Swedish ESF Council |
| Ministry of Climate and Enterprise | <ul style="list-style-type: none"> Swedish Agency for Economic and Regional Growth (<i>Tillväxtverket</i>) Swedish Agency for Innovation Systems (<i>Vinnova</i>) |
| Ministry of Finance | <ul style="list-style-type: none"> Agency for Digital Government (<i>Digg</i>) |
| Ministry of Justice | <ul style="list-style-type: none"> Swedish Migration Agency (<i>Migrationsverket</i>) |

Source: Compilation by the OECD based on publicly available information and information shared by Sweden.

In Sweden, agencies apply the laws and decisions of the Riksdag (Swedish Parliament) and the ordinances and various decisions of the government. The core mandates of agencies are described in ordinances (*förordningar*) decided by the government. There is one ordinance common to all agencies (*Myndighetsförordningen*), as well as agency-specific ordinances. The government also issues appropriation directives (*regleringsbrev*) on an annual basis. Appropriation directives specify the agencies' budget and priority activities for the current year. In addition, the government can give agencies "special" government tasks (*uppdrag*), outside of annual appropriation directives (Regeringskansliet, 2023^[14]).

While the government appoints the management of the agencies and decides on agencies' funding, agencies are organisationally independent. Organisational independence means that while agencies are monitored by the government and the ministries (i.e. agencies, as well as most public higher education institutions⁴, submit annual reports to the government and meet with relevant ministers in annual "agency dialogues" (Regeringskansliet, 2023^[14])), agencies are free to decide how to implement their respective mandates within the bounds set by the ordinances. Under the so-called "Swedish governance model", agencies are governed by collective government decisions. An individual ministry cannot alone decide

⁴ Public higher education institutions in Sweden are also national agencies.

what an agency should do, nor can one intervene in the day-to-day operation of agencies (Regeringskansliet, 2023^[14]).

Table 2 lists the key agencies involved in skills policy, and their respective roles and responsibilities.

Table 2. Key governmental agencies with responsibilities for skills policy

Agencies and their roles and responsibilities

| Name | Roles and responsibilities |
|---|---|
| Swedish Public Employment Service (<i>Arbetsförmedlingen</i>) | Responsible for creating the right conditions for a well-functioning labour market and matching the unemployed with employers and potential jobs, with a specific focus on supporting individuals the furthest from the labour market. Oversees the provision of active labour market policies, including re/upskilling for the unemployed. Develops and publishes occupational forecasts, in co-operation with the regions, which are used by other governmental agencies. Leads the implementation of the government task to develop a skills data infrastructure in Sweden. |
| Swedish National Agency for Higher Vocational Education (<i>Myndigheten för Yrkehögskolan, MYH</i>) | Responsible for higher vocational education (HVE) and ensuring that HVE meets the labour market needs. Allocates government grants, conducts reviews and produces statistics on HVE. Carries out inspections and handles enquiries and complaints regarding HVE courses and programmes. Implements the Swedish National Qualifications Framework and serves as a national co-ordination point for the European Qualifications Framework. Co-ordinates the inter-agency skills co-operation structure (MSV) established under the 2022 government task. |
| Swedish National Agency for Education (<i>Skolverket</i>) | Oversees publicly funded education from pre-primary to upper secondary level (both academic and vocational), as well as adult education on upper secondary level (both academic and vocational). Prepares regulations, develops curricula and national tests, produces statistics and conducts evaluations and co-ordinates Sweden's participation in international education surveys. Distributes grants (e.g. for adult vocational education and school development initiatives) and arranges head-teacher training programmes and issues diplomas of certification to teachers. Provides in-service training for teachers, school health care staff and career counsellors within the national school development programmes. Facilitates regional dialogues to support heads of schools to plan and align education offer according to skills demand and pupils' choices. Serves as a national reference centre providing information about vocational education in Sweden. |
| Swedish Higher Education Authority (<i>Universitetskanslerämbetet, UKÄ</i>) | Oversees higher education in Sweden, including assuring quality and efficiency of higher education, monitoring of compliance with laws and regulations among universities and university colleges, and responsible for official statistics and data on higher education. |
| Swedish Council for Higher Education (<i>Universitets- och högskolerådet, UHR</i>) | Provides information about higher education to potential applicants, manages admissions to most higher education programmes in Sweden, and develops the Swedish Scholastic Aptitude Test. Responsible for the recognition of foreign upper secondary and higher education qualifications and management of several key IT systems in tertiary education. Promotes international co-operation and mobility in all education sectors by running dedicated programmes and serves as national co-ordination points for European tools for mobility. Supports increased diversity, equal rights and widened participation in higher education. |
| Swedish ESF Council (<i>Svenska ESF-rådet</i>) | Administers the use of the European Social Fund in Sweden. Finances projects that support skills development and integration efforts and reduce unemployment and exclusion. Has eight regional offices in Sweden. |

| Name | Roles and responsibilities |
|---|---|
| Swedish Agency for Economic and Regional Growth (<i>Tillväxtverket</i>) | Promotes competitiveness and growth of Swedish companies and the development of Swedish regions. Oversees and provides financing via two EU funds - the European Regional Development Fund and the Just Transition Fund – including on projects supporting the development of relevant skills. |
| Swedish Agency for Innovation Systems (<i>Vinnova</i>) | Promotes sustainable growth by supporting innovation in the areas of technology, transport, communications and working life through the financing of needs-driven research. |
| Swedish Schools Inspectorate (<i>Skolinspektionen</i>) | Inspects schools and assesses applications to start independent schools. Ensures that school principals, i.e. the municipality or those who run an independent school, manage their activities in accordance with laws and ordinances through inspection and licensing procedures. |
| Swedish National Agency for Special Needs Education and Schools (<i>Specialpedagogiska skolmyndigheten, SPSM</i>) | Works to ensure that children, pupils and adult learners, regardless of disability, have the conditions to achieve the goals of their education. Does this through special educational support, and provision of accessible teaching materials and government grants, among others. |
| Agency for Digital Government (<i>Digg</i>) | Responsible for Sweden's digital infrastructure. Co-ordinates and supports the digitalisation of public administration, follow ups and analyses of the digitalisation of society, and helps the government make well-informed decisions. Responsible for Sweden's national data portal, including data on skills. |
| Swedish Migration Agency (<i>Migrationsverket</i>) | Responsible for assessing applications for work and residence permits, permits for job-search after completion of studies, citizenship applications, and others. Provides support to asylum seekers and unaccompanied children, among other responsibilities. |

Source: Compilation by the OECD based on publicly available information and information shared by Sweden.

The 2022 government task instructing agencies to work together to contribute to a well-functioning skills supply (as mentioned above) is one amongst several tasks related to skills policy given by the government to a number of agencies collectively. For example, in 2021, the government gave a task to Arbetsförmedlingen, Skolverket, MYH, the Swedish Research Council, UHR, Statistics Sweden, the Agency for Digital Government and the Swedish Agency for Innovation Systems (Vinnova) to develop a coherent data infrastructure for skills supply and lifelong learning (Regeringskansliet, 2021^[15]).

Other tasks have been given by the government to individual agencies, but require co-operation and collaboration, nonetheless. For instance, in the summer of 2023, Tillväxtverket was tasked with co-ordinating work at national level to support new industrialisation and societal transformation in Norrbotten and Västerbotten counties (Regeringskansliet, 2023^[16]), which includes supporting the counties in meeting the changing skills demand. Tillväxtverket works closely with Arbetsförmedlingen, among others, on implementing this task. The key governmental tasks currently in place are summarised in Table 3.

Table 3. Key governmental tasks on skills policy

Key tasks (*uppdrag*) assigned by the government to the agencies on skills policy

| Goal | Responsible agencies | Year of assignment |
|--|--|--------------------|
| Supporting the new industrialisation and social transformation in Norrbotten and Västerbotten counties, including by supporting the counties in meeting the changing skills demand | Tillväxtverket | 2023 |
| Co-operating with the aim of contributing to a well-functioning skills supply | MYH, Arbetsförmedlingen, Skolverket, UKÄ, UHR, Tillväxtverket, Swedish ESF Council | 2022 |
| Supporting the development of effective structures for validation of prior learning at the regional level | MYH, Tillväxtverket (in collaboration with Arbetsförmedlingen) | 2022 |

| Goal | Responsible agencies | Year of assignment |
|---|---|--------------------|
| Developing regional planning documents to support municipalities with planning and designing the upper secondary and municipal adult education offer (see Box 2 for more details) | Skolverket | 2022 |
| Developing a coherent data infrastructure for skills supply and lifelong learning | Arbetsförmedlingen, Skolverket, MYH, Swedish Research Council, UHR, Statistics Sweden, Agency for Digital Government, Vinnova | 2021 |
| Contributing to an improved and more efficient supply of skills in connection with large company establishments and company expansions | Arbetsförmedlingen | 2021 |

Source: Compilation by the OECD based on publicly available information and information shared by Sweden.

Apart from collaborations between agencies specifically mandated by the government through governmental tasks, there are also other collaborations between agencies, which are self-initiated by them, such as the network on career guidance, in which agencies and universities participate jointly (see more on governance structures in the Swedish skills system below).

Regions and municipalities

Sweden is divided into 21 regions and 290 municipalities (SKR, 2023^[17]), which have a significant degree of autonomy and independent powers of taxation (known as the local self-government model). Both regions and municipalities have substantial competencies and decision-making prerogatives across diverse policy domains, notably for skills policies.

The regions can, on a voluntary basis, provide certain types of upper secondary education, including adult education. They are also often involved in the provision of liberal adult education and are responsible for running around one-third of folk high schools, for which they receive funding from the government. The Swedish National Council of Adult Education (*Folkbildningsrådet*) (not a governmental agency) is responsible for distributing government grants to folk high schools and study associations. Given their extensive responsibilities for health policies, the regions play a special role in education programmes for nurses and medical doctors, including providing input on future demand for skills and, as an employer, paying for training leave/internships.

The regions also have the responsibility for supporting the alignment between regional skills supply and demand, including through the creation of networks with municipalities and employers as well as carrying out regional/local skills analysis/forecast exercises.

Since 2010, the statutory responsibility for fostering collaboration on and alignment between regional skills supply and demand has also been given to the Swedish regions through the Swedish Act on Regional Development Responsibility (*Lagen om regionalt utvecklingsansvar*). In 2022, the Act was amended to reinforce the link between regional development and regional skills work. The amended Act stipulates that regions must “establish goals and priorities for regional skills supply and demand work and assess regional skills demand in both the public and private sectors in the short- and long-term” (The Swedish Government, 2022^[18]).

Complementary to the legislative framework, regional responsibilities for aligning skills supply and demand are further described in the National Strategy for Sustainable Regional Development 2021-2030 (*Nationell strategi för hållbar regional utveckling i hela landet 2021–2030*) (The Swedish Government, 2021^[19]). This strategy was adopted by the preceding government but has been retained by the current government. The strategy foresees a central role for the 21 Swedish regions in analysing and forecasting regional skills demand and in using these insights to strengthen the link between the supply and demand of skills. This includes supporting dialogue between various stakeholders such as municipalities, education institutions, employers, social partners and national government agencies. The strategy also foresees a role for the

regions in supporting lifelong learning, including by strengthening co-operation around work-based learning. The Act on Regional Development Responsibility does not provide the Swedish regions with formalised governance measures to back these responsibilities. Therefore, the regional work relies fully on other stakeholders' interest in and willingness to co-operate around this task.

The financing of regional development initiatives, including those related to skills, is derived from diverse sources such as the European Union (specifically the European Regional Development Fund and European Social Fund Plus), state funding, and the region's own resources through taxation rights. State funding is further categorised into compensatory and competitive funding. Compensatory funding, often called "1:1 funding", is distributed to all regions based on nationally defined criteria, with rural and remote regions typically benefiting the most. Competitive funding, allocated through an application process, is primarily directed towards research and innovation, with a significant portion going to the regions Skåne, Stockholm, and Västra Götaland (SKR, 2023^[20]). Decisions on how to split the government funding between regional development and skills development lie at the regional level. In practice, most work undertaken at the regional level to align skills supply and demand relies on project funding, e.g. from the European Union, which may have important implications for the sustainability and impact of those efforts.

Municipalities assume a central role in the national skills system and are responsible for providing preschool, compulsory and upper secondary education (including initial vocational education and training (IVET), and municipal adult education (*komvux*)) within their jurisdictions. Given their responsibility for social policies and minimum income benefits, most municipalities also have support programmes for unemployed and inactive individuals, (OECD, 2023^[21]). At the same time, municipalities also have a stake in the demand side of the skills system as they are large employers. Municipalities employ teachers and other staff in preschools and schools and are responsible for the school buildings, with the financial support of the government. In addition, municipalities are responsible for providing education for immigrants (*Svenska för invandrare/invandrare*) and for running school-age educare (*fritidshem*) (Eurydice, 2023^[10]).

Non-governmental stakeholders

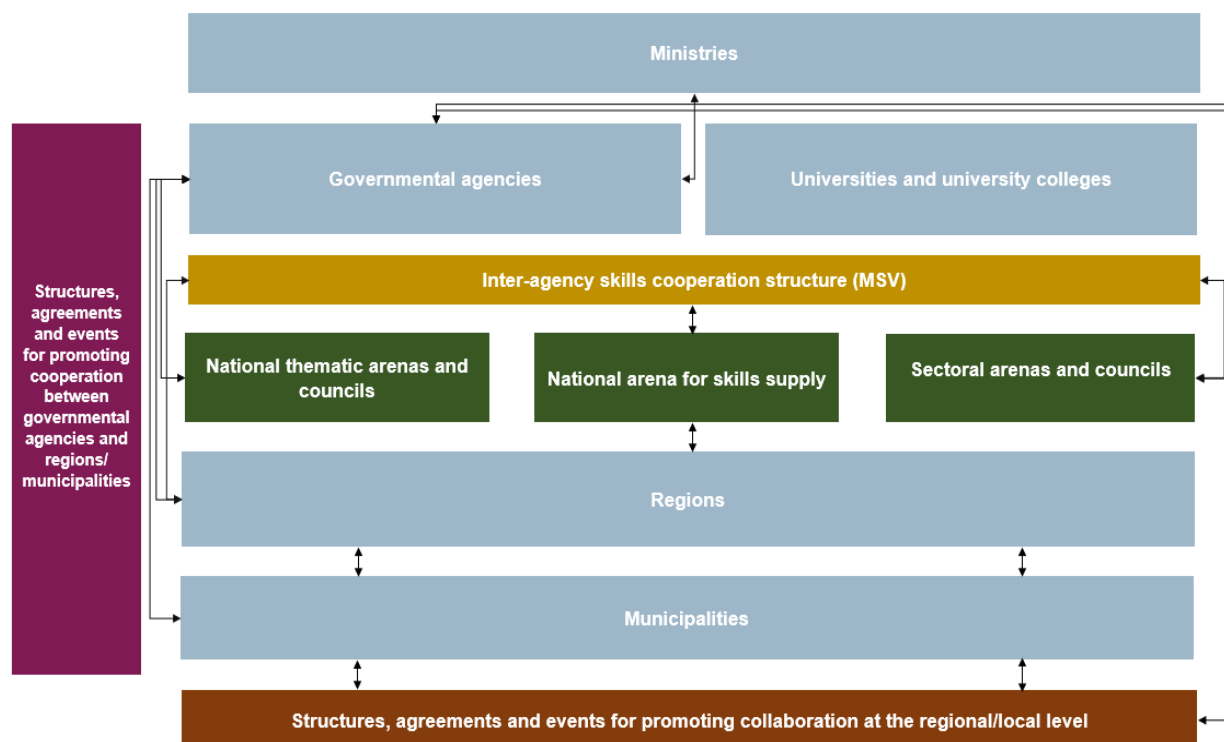
Non-governmental stakeholders play an important role in the Swedish skills system. Employer associations, trade unions, professional associations, social economy organisations (so called "idea-based organisations" in Sweden), among others, provide inputs into skills policy design, implementation, monitoring and/or evaluation depending on the policy issue through dedicated councils and arenas (see examples of governance structures for engaging non-governmental stakeholders in skills policy in the section below), direct channels to the ministries and/or broader public awareness-raising and mobilisation on skills policy issues. Education and training providers, both public and private, are responsible for the different strands of the education and training provision (as described in the section above) and also contribute insights into skills policy design, implementation, monitoring and/or evaluation. In addition, individual employers and associations have more direct roles in education and training provision through short term courses, providing study days, and other resources for work related education and training.

Governance structures in the Swedish skills system

Figure 3 provides an overview of the skills governance structures in Sweden, created to promote collaboration across the whole of government and/or engagement with non-governmental stakeholders on skills.

Figure 3. Overview of key skills governance structures in Sweden

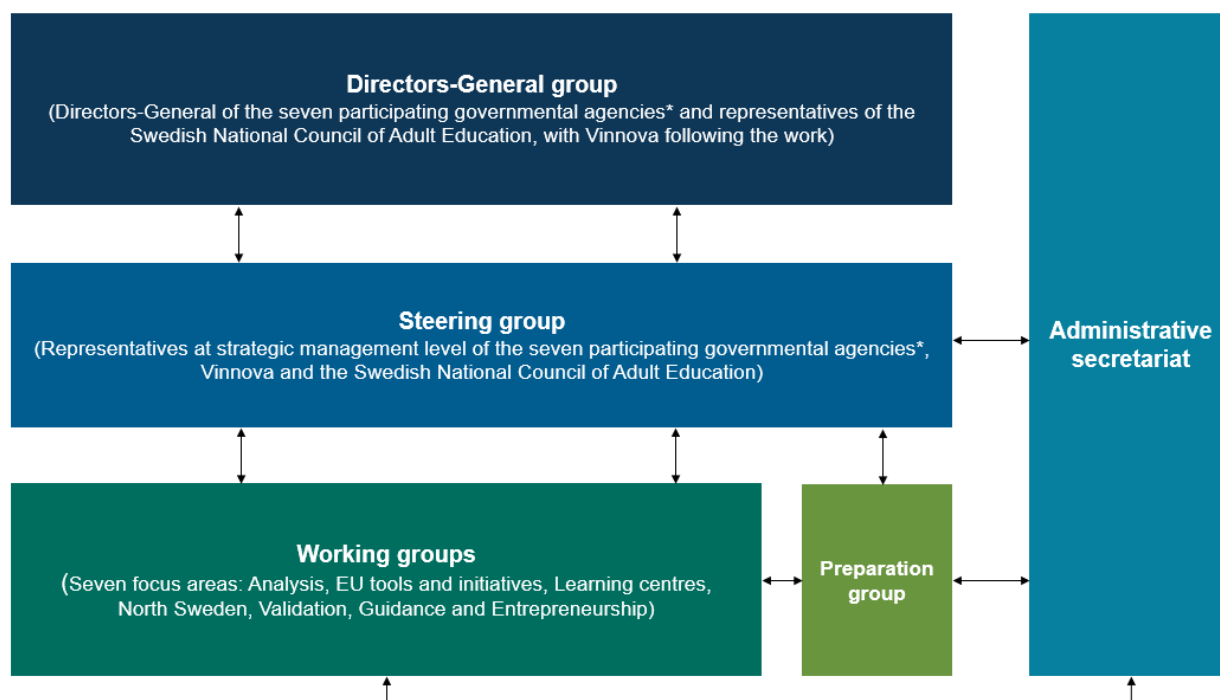
Key skills governance structures for co-ordination across government and stakeholder engagement (in dark colours) and other actors (for context, in light blue)



Source: Compilation by the OECD based on publicly available information and information shared by Sweden. Dark purple refers to vertical coordination mechanisms across levels of government, dark yellow denotes horizontal co-ordination mechanisms between governmental agencies, dark green refers to stakeholder engagement mechanisms, and brown denotes inter-regional/local collaboration mechanisms.

As mentioned above, in 2022, the government of Sweden formally tasked seven governmental agencies to work together to contribute to a well-functioning skills supply (MYH, 2023^[22]). As a result of the governmental task, changes were made to the ordinances of six of the seven agencies, stating that the agencies shall co-operate to contribute to a well-functioning skills supply on permanent basis, while Tillväxtverket received the task in their annual appropriation directive instead. As part of implementing the 2022 government task, the agencies established the inter-agency skills co-operation structure (*Myndighetssamverkan för kompetensförsörjning och livslångt lärande, MSV*). The MSV (in dark yellow in Figure 3), which has multi-level governance and includes participants beyond the seven governmental agencies, is described in further detail in Figure 4.

Figure 4. The inter-agency co-operation structure on skills (MSV) in Sweden



Note: The seven governmental agencies mentioned under * include: Swedish National Agency for Higher Vocational Education, Swedish Public Employment Service, Swedish Council for Higher Education, Swedish Higher Education Authority, Swedish National Agency for Education, Swedish Agency for Economic and Regional Growth, and the Council for the European Social Fund in Sweden. Vinnova is part of the StG and is following the work of the DG (Vinnova's Director-General does not participate in the DG but all StG members, including Vinnova, are invited to DG meetings), even though Vinnova was not included in the 2022 government task. Swedish National Council of Adult Education (*Folkbildningsrådet*) is part of both StG and DG, but, as mentioned above, is not a governmental agency and is not governed in the same way. Source: Compilation by the OECD based on publicly available information and information shared by Sweden.

Within the MSV (see Figure 4), key decisions (e.g. on the direction of work, resources, etc.) are made by the Directors-General Group (DG). The Steering Group (StG) supports the DG in decision-making processes by providing background research and provides strategic guidance to the working groups (WG).

At present, seven working groups have been established (see Figure 4), each with a different thematic focus (e.g. analysis of skills data and forecasting, integrating EU skills tools and initiatives into the Swedish skills system, etc.). The Preparation group, reporting to the StG, aims to support the StG in preparing decisions and in strategic questions. The administrative secretariat helps co-ordinate between WG, the Preparation group and the StG.

Apart from the MSV, there are also a great number of co-ordination networks, fora and arenas focusing on skills and lifelong learning, where agencies exchange information on specific topics, such as the adult education network, which is a network of agencies with a rotating chair, focusing on information and exchange of experience about adult education. With respect to engagement with stakeholders (i.e. non-governmental actors such as the social partners, trade organisations, unions and civil society organisations) in skills policy, Sweden already has a number of structures in place for this purpose, some of which also serve the dual purpose of further supporting co-ordination between agencies (see a

simplification in dark green in Figure 3). Existing national thematic arenas and councils⁵ provide space for exchanging on policy issues related to specific sub-fields of skills policy (e.g. on enhancing the education provision, matching, improving the overall functioning of the labour market, etc.), such as the Labour market council for higher vocational education (*Yrkeshögskolans arbetsmarknadsråd*) overseen by MYH and stipulated in MYH's ordinance. The National Arena for Skills Supply (*Nationella arenan för kompetensförsörjning*), established by the agencies in the inter-agency co-operation structure (MSV), aims to provide space for engaging stakeholders on skills policy issues at a strategic level, without a particular thematic and/or sectoral focus.

In addition, Sweden has sectoral arenas and councils, such as the National Healthcare Skills Council (*Nationella vårdkompetensrådet*) that is overseen by the National Board of Health and Welfare (*Socialstyrelsen*). Sectoral arenas and councils convene stakeholders to jointly address skills needs within particular sectors (i.e. industries) of the Swedish economy and/or collaborate on designing and implementing solutions to meet such needs. One sectoral arena ("Sectoral arena for Digital Excellence", see also Box 4 in Opportunity 5 below), is currently being tested by the inter-agency skills co-operation structure (MSV). Under the auspices of this Arena, a conference on cyber-security was organised in November 2023.

The multi-level skills system and regional labour market differences in Sweden call for strong vertical cooperation across the different levels of government: national, regional/county and local. Swedish regions and municipalities differ significantly in terms of their geography, size and structure of their population, dominant sectors and industries, infrastructure and presence of educational institutions. Regional differences in skills supply and demand also exist, resulting in varying challenges regarding skills shortages and mismatches.

Sweden has established structures for promoting co-operation on skills issues between national level and regions/municipalities. For example, the Swedish Public Employment Service provides direction on skills supply and demand at the local level through co-operation agreements with municipalities (see in purple in Figure 3). In addition, there are structures in place for promoting collaboration and engagement on skills at the regional and local levels, some set up by the regions themselves and some by the national agencies (see in brown in Figure 3). For instance, while the regions run and oversee Regional skills councils (*Regionala Kompetensråd*), the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) runs exchange meetings with regional development managers (*Erfarenhetsträffar Kompetensförsörjning*) around skills with the aim of supporting peer-learning and information exchange. In addition, there are several examples of co-operation between regions, municipalities, public and private employers and education and training providers (including higher education institutions).

⁵ In Sweden, councils are typically formal bodies appointed by the government (with certain exceptions, such as the Regional skills councils). Arenas are less formal platforms/groups convened by the agencies for the purposes of collaboration, co-operation and co-ordination with stakeholders.

Priority Area 1: Promoting co-ordination, co-operation, and collaboration across the whole of government

Importance

As mentioned in the mapping section (see above), collaboration between the large number of actors – ministries, governmental agencies and others – with responsibilities for skills policy is key for establishing a holistic approach to understanding and solving skills challenges, while avoiding overlap or conflicting assignments (OECD, 2020^[9]). Promoting co-ordination, co-operation, and collaboration across the whole of government is the first pillar underpinning strong skills governance arrangements, as identified by the OECD (see Figure 5).

Figure 5. Four key building blocks of strong skills governance arrangements



Source: Elaboration on OECD (2019^[8]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>

Co-operation between national and sub-national levels of government helps keep local policy-making consistent with the long-term goals of an overarching skills strategy, and, if designed well, ensures that unique regional needs are met. While vertical collaboration mechanisms are key to developing and sustaining strong skills systems, their complexity and multi-participant nature could create overlapping or conflicting activities, slow or inefficient progress, or policy gaps. It is therefore important to carefully design and implement governance structures for fostering engagement between the national level and

sub-national levels in a way that maximises their potential in a simple and effective way, while remaining cognisant of the varying mandates and levels of autonomy of the different actors in the skills system.

Opportunity 1: Improving collaboration between national agencies at a strategic level

Background

The governance of the Swedish skills system is complex, as described in the mapping section. With roles and responsibilities for skills policy implementation spread across several governmental agencies as per mandates defined by various ministries (see Table 1 and Table 2), there is a need for strong horizontal co-ordination, collaboration and co-operation to foster policy complementarities and synergies. A need for robust horizontal co-ordination, collaboration and co-operation mechanisms was also underlined by the consulted agencies, who pointed to instances where they were working in siloes in their respective areas of oversight. The agencies also noted the existence of overlaps in mandates, for example in the area of labour market training, which is the responsibility of both by Arbetsförmedlingen and Skolverket, further underscoring the importance of strong horizontal co-ordination, collaboration and co-operation.

The need for better horizontal co-ordination, collaboration and co-operation was first addressed by agencies in 2016, specifically by the Director-General of Tillväxtverket, in the area of validation of non-formal and informal learning. The Director-General of Tillväxtverket established contacts first with the DG of MYH, and then with other agencies and stakeholders, to this end. Soon after, additional agencies in Sweden recognised a greater need for collaboration on several other topics in skills policy. The agencies also recognised the need for more high-level co-ordination to allow them to come together to jointly make strategic decisions about the key collaboration priorities and the most pressing goals, while using all the agencies' resources effectively. During 2016-2019, agencies were gradually strengthening their mutual collaboration across several skills policy areas, importantly led by the Director-General of Tillväxtverket first, and since 2017, the Director-General of MYH, the commitment of whom was crucial to establishing and sustaining the collaboration that later became the inter-agency skills co-operation structure (*Myndighetssamverkan för kompetensförsörjning och livslångt lärande, MSV*). In addition, as mentioned in the Introduction, in 2019 a government inquiry identified the need for strengthening co-ordination and collaboration on skills and suggested that a new public agency, with an overall responsibility of skills policy, be created (Regeringskansliet, 2019^[7]).

While a proposal to create a new public agency with oversight for skills policy did not materialise, the Directors-General of seven Swedish governmental agencies: the Swedish Public Employment Service (*Arbetsförmedlingen*), the Swedish National Agency for Higher Vocational Education (*Myndigheten för Yrkeshögskolan, MYH*), the Swedish Higher Education Authority (*Universitetskanslersämbetet, UKÄ*), the Swedish Council for Higher Education (*Universitets- och högskolerådet, UHR*), the Swedish National Agency for Education (*Skolverket*), the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) and the Swedish ESF Council (*Svenska ESF-rådet*) founded the inter-agency skills co-operation structure (MSV) in 2019. Parallel to the establishment of MSV, in 2019, the government initiated four Strategic Cooperation Programmes related to different policy areas, one of which was Skills Supply and Life-long Learning, co-ordinated by Vinnova. The Strategic Cooperation Programme provided space for dialogue between the agencies, and further highlighted the need for a more structured platform for collaboration.

In 2022, the government tasked the seven agencies involved in the MSV to “cooperate with the aim of contributing to a well-functioning supply of skills”, with three initial specific priority areas: promote skills analyses/forecasts, support to regional skills supply efforts, and ensure a suitable offer of education and training programmes for students benefiting from the new “student finance for transition and retraining” (see the Introduction section for more details on the transition and retraining scheme and 2022 government

task). The government further tasked the Swedish National Agency for Higher Vocational Education (MYH) with the responsibility for facilitating the collaboration. In response to the 2022 government task, agencies decided to pursue the mandated collaboration via the MSV.

In MYH's annual appropriation directive for 2024, published at the end of 2023, the government restated MYH's role in co-ordinating the collaboration under the MSV and specified priority areas for the MSV to work on in 2024. The priority areas for 2024 are data analysis for forecasts and planning of the education offer, support for regional skills work, education for the green transition, and increasing participation in science, technology, engineering, and mathematics (STEM) education. The directive also states that MYH, together with other agencies participating in the MSV, are to ensure that other relevant actors at the national and regional level are given the opportunity to contribute to the collaboration for a well-functioning supply of skills. MYH must publish a joint report along with the other participating agencies on the MSV's progress by 20 March 2025.

Analysis

The MSV or a structure like it could indeed be an effective way to strengthen horizontal collaboration between governmental agencies, and the MSV has seen some progress since its establishment. Indeed, similar structures were created by other countries, such as Norway, to promote a whole of government approach to skills policy (OECD, 2020^[9]). The potential benefits of the MSV are commonly recognised by the consulted agencies who all agree that the current skills challenges in Sweden require a whole of government approach. Among the challenges identified as most pressing are skills shortages and mismatches. The shared understanding of these challenges and the role that the MSV can play in addressing them helped to foster commitment to MSV among participating agencies though agencies vary in their level of commitment. Consulted agencies reported that participation in the MSV has also created or strengthened meaningful work connections. Agencies also mentioned the broad and diverse set of perspectives brought together within MSV as an important strength of the structure. The involvement of a wide range of agencies with diverse expertise and perspectives allows the MSV to map the collaborative activity around skills in the Swedish government, build on previous or existing collaborations, and integrate them into structure. Indeed, some collaborations, such as on the implementation of the government task to develop processes for validation of non-formal and informal learning, was integrated as a working group within the MSV (see Table 3).

Even though the 2022 government task identified three specific priority areas for initial collaboration, the instructions provided to the agencies were quite general. The task does not identify specific desired outputs and does not specify in which way the agencies are expected to collaborate. Certain agencies have argued that when the government directly tasks certain agencies with collaborating on a specific project to achieve a specific aim, the outcomes are typically better than when the task assigned has been left more general. The recent change of government in Sweden has not led to greater clarity about specific outputs that MSV should be delivering and how. So far, the new government has communicated its expectation that the MSV produce concrete and tangible results, and, in the 2024 appropriation directive for MYH, outlines new priority areas for the MSV to work on in 2024 (see above), though still without mention of specific, expected outputs to be delivered.

Another outstanding question related to MSV's mandate is whether the MSV should actively identify and set skills policy priorities. There is no agreement on whether the MSV can or should assume this role. On the one hand, some agencies interpret the government task as enabling the agencies to steer skills policy collaboratively and view the broadness of the task as empowering them to define skills policy priorities. Consistent with this interpretation, in a recent meeting between the Secretaries of State and Directors-General, certain ministries called upon the agencies to help identify skills policy priorities. In response to such requests, agencies in the MSV have recently prepared a concrete policy proposal for developing and strengthening learning centres (*Järcentrum*) and their role in contributing to the Swedish

skills supply and lifelong learning, based on five feasibility studies conducted by an MSV WG and funded by the Swedish ESF Council. On the other hand, some agencies are not convinced that the MSV is best placed for developing policy proposals and believe that the ministries should take a more active role in steering skills policy. This would imply a more co-ordinative role for MSV, in which agencies use the MSV to improve how they implement their respective mandates and existing tasks and, if need be, identify necessary adjustments within the mandates, which can then be suggested to the government. Some agencies have also highlighted the importance of more active collaboration between the ministries themselves in defining skills priorities and guiding the activity of the MSV. Greater clarity on the role of the MSV in strategically steering policy is needed. In this context, the recently established communication channel between the MSV and the government, with MYH and the Ministry of Education acting as the respective focal points, could be helpful. The impact of this established communication channel is yet to be assessed.

Regardless of the role defined for the MSV, participation in this body will require time and resource commitments on the part of the involved agencies. However, no additional funding was provided to agencies by the government to support their participation in the MSV, which is challenging especially for smaller agencies with fewer resources. This resource pressure is compounded by Sweden's strong consensus building approach to policy making. Consensus can be a strong tool in encouraging ownership, commitment, and accountability on the part of the agencies. However, achieving consensus among the large group of agencies implicated in the MSV can result in a further strain on human and other resources. Some consulted agencies argued that despite being time and resource intensive, the consensus building approach was important for designing a governance structure that is both effective and broadly supported. On the other hand, some other agencies have stressed the importance of moving forward more quickly as skills challenges are becoming more pressing and fast evolving. Indeed, some collaborative projects have already moved forward outside of the structure in order to avoid some of these identified limitations. This suggests that the structure is not yet currently able to facilitate collaboration effectively and efficiently.

The extent to which agencies can and do actively contribute to the collaboration within the MSV varies. Some agencies are able to actively participate and contribute to initiatives undertaken within the MSV as their ordinances are less prescriptive than those of other agencies, creating more flexibility. Similarly, the scope of mandates of the different agencies, as described in their respective ordinances, impacts on the extent to which agencies can help implement potential solutions conceived by the MSV. For example, MYH can directly steer providers of higher VET, but UKÄ and UHR have no power to steer universities and university colleges.

The degree of commitment to the MSV amongst participating agencies also affects how much each agency contributes to the joint work within the MSV. Some agencies are more hesitant than others to take an active role, as certain agencies are less prone to explore new areas than others due to the nature of their agency cultures. For example, some consulted agencies prefer that the work of the MSV focus on areas already within the agencies' ordinances. Others, however, are open to using the collaboration to uncover gaps or important topics not yet addressed by any agency and find joint solutions. Variation in commitment to the MSV between agencies is also driven, in some instances, by the varying priorities of individual Directors-General of agencies.

Strategic priority setting in the MSV with respect to selecting the themes of MSV's working groups has been a challenge. The MSV includes several thematic working groups (see Figure 4 and Opportunity 2), the themes of which have been identified by the agencies with the objective of contributing towards achieving MSV's over-arching goal of supporting a "well-functioning supply of skills" as well as making progress in the three initial priority areas identified for the MSV by the 2022 government task (see above). However, the themes of the working groups have not been chosen on the basis of a strategic assessment of what is most needed, but rather reflect pre-existing areas of collaboration or areas on which agreement could be easily reached by all members. Building on existing initiatives may be a good starting point, but a more strategic approach to priority identification is required. At present, a private consultancy, Ramboll,

is working with MSV's secretariat to support the StG in strengthening the priority setting process for the WG. The work includes a process of setting high-level strategic goals, and deriving short term targets from them, as well as mapping and assessing the current progress of the WG in relation to the defined goals and targets and identifying potential gaps. So far, the StG agreed on the following over-arching strategic goal for the MSV: work on aligning skills supply and demand based on collaborations between education and training providers and the private sector. This goal is somewhat more precise than the over-arching goal set for the MSV by the 2022 government task. Going forward, the new priority areas set for the MSV for 2024 by the government in MYH's 2024 appropriate directive will need to be taken into account as the MSV works to strengthen the priority setting process for the WG.

Notwithstanding the above, it is important to highlight that the choice of having a technical level (i.e. the working groups) within the MSV is an important strategic decision in itself as it involves many levels of experts in the discussion, encourages ownership, accountability, bottom-up initiatives. Working groups can help ensure that the high-level goals set by the DG and StG are turned in to action, more actively involve agencies in the process, as well as provide feedback and new ideas to the StG.

Finally, agencies have not fully succeeded yet in identifying and involving all the key governmental actors and non-governmental stakeholders at the strategic level of the MSV. Several agencies, for instance, mentioned the regions as an important actor not currently represented in the StG, even though progress has recently been made in involving them (see Opportunity 3). Another important stakeholder that is missing from the StG is higher education institutions, which are autonomous institutions and cannot be steered by neither by UKÄ nor UHR. As involving a large number of stakeholders is a challenge, and since the MSV, steered by the StG, was primarily intended to strengthen horizontal government collaboration, it is not yet decided whether and which stakeholders and actors should directly be represented in the MSV. Consulted agencies mentioned that collaboration between the MSV and non-governmental stakeholders at a strategic level could be explored via the national skills supply arena, but it is not yet clear how exactly the MSV and the Arena could and should be linked (see Opportunity 4).

Opportunity 2: Improving collaboration between national agencies at an operational level

Background

Beyond the 2022 government task and the MSV, as described in the mapping section above, there are number of collaborative initiatives in the area of skills policy at the operational level (i.e. through working groups composed of technical level officials). For example, in 2022, Tillväxtverket and MYH were tasked with developing effective structures for the validation of non-formal and informal learning at the regional level (though, as mentioned in Opportunity 1, agencies had already been collaborating on this topic even prior to this task). The government task on validation of learning was then operationalised in practice through a working group including representatives from different agencies at a technical level from Tillväxtverket, MYH, Arbetsförmedlingen, regions, and others.

As explained in Figure 4, MSV has established several working groups (WG) which involve the participation of officials at the technical level. Some WG operating under the MSV have built on existing collaborations, such as the Validation WG, and some work on implementing government tasks, such as facilitating the new industrialisation and social transformation in Norrbotten and Västerbotten counties, which was assigned to Tillväxtverket (see Table 3). Discussions are ongoing about how the Northern Sweden WG in MSV could have an active role in implementing this task. Besides creating the possibility of achieving actionable impact by proposing and/or implementing concrete policy solutions, involving technical-level officials in the MSV through the WG can help foster a bottom-up approach that encourages new ideas and perspectives. Establishing working groups under the MSV can also encourage ownership amongst the participating agencies of the policy solutions potentially proposed by the WG, and in turn foster more effective implementation.

Analysis

In practice, there are several challenges, which agencies in Sweden will need to overcome to effectively contribute the various WG under the MSV.

First, agencies sometimes lack the resources to participate effectively in WG. While agencies typically participate voluntarily and can choose in which WG to be involved, they still have to nominate representatives to actively participate in meetings, undertake analyses, and contribute the necessary expertise to the efforts of the WG, all of which requires considerable resources. Some agencies are more committed to WG than others due to the differences in the extent of alignment between the mandate of the WG and the mandates of the agencies, and also due to the varying size and budgets of different agencies. These differences in commitment can result in difficulties in achieving concrete goals and outcomes within the WG (see more below).

Second, it takes some time for a WG to become established and start generating concrete outcomes. Those WG of the MSV that were created on the basis of existing collaborations have been found to be more effective than ones that have been established anew. Those consulted thought that this could be related to a greater level of commitment and ownership on the part of participating agencies to those WG that have had a chance to mature more fully. For instance, the WG on validation, which has been operating even before the 2022 government task, has been identified as a WG that has been relatively more successful in achieving results. WG that have only recently been established may require additional support than they currently receive from the MSV in order to achieve this level of maturity.

Third, some WG members report that they need more and better guidance from the Steering Group (StG) to be effective. At present, the head of each WG is typically a member of the StG, creating at least one channel for communication with the StG. However, WG members report that they lack clear steering and guidance from the StG. Some StG members have reported that discussions within WG tend to focus too much on strategic topics (such as assisting the DG in setting goals and priorities for the MSV) and not enough on operational matters (such as working methods for the WG). In addition, some WG members report that there is not always a clear, bottom-up channel of communication from the operational (WG) levels to the StG within the MSV. This limits the ability of the strategic level (StG and DG) of the MSV to hear ideas coming from the WG that would be otherwise beneficial to the process of defining MSV's strategic priorities, which has proven to be a challenge in the MSV (see Opportunity 1).

Fourth, some WG members report that the lack of concrete and impactful results to date is undermining commitment to the MSV and its WG. However, some WG participants have expressed frustration that the work of certain WG is not moving beyond the level of conversation in practice, leaving the impression that time spent at WG meetings is not time well spent. Lack of actionable results in certain WG is an important challenge for the MSV, especially as agencies have agreed that the MSV as a whole needs a stronger, results-based approach (see Opportunity 1) and were hoping to build up MSV's outcome orientation precisely through the WG. The lack of concrete actions in the WG can be a result of differing levels of resources and/or commitment across participating agencies, as mentioned above. The lack of actionable results could also stem from other factors, such as the consensus building approach to policy making typical for Sweden, as described in the Opportunity 1. Consensus decision-making can, as explained above, support involvement and generate strong commitment, but can equally result in slower processes. It should be noted that this lack of concrete results has had effects at the strategic level in the MSV, as it has raised questions about the importance and relevance of the MSV itself among the agencies, as well as among ministries and other levels of government (see Opportunity 1). This has led the MSV to contract Ramboll to help put in place mechanisms that aim to help achieve actionable results, such as pre-preparing meeting agendas, assigning certain WG members to prepare and run certain meetings, and clarifying and assigning action points to be achieved between meetings.

Finally, adequate functioning of the WG within the MSV necessitates effectively involving non-governmental stakeholders in the WG. The StG has not provided guidelines as to which stakeholders to involve in the WG and how. Some WG, such as the WG on Northern Sweden, have managed to involve stakeholders out of their initiative, but this has been reported as difficult for other WG as it is often unclear whether and how to do so.

Opportunity 3: Improving collaboration between national and sub-national levels of government

Background

The Swedish labour market exhibits distinct regional differences, giving rise to diverging challenges related to skills shortages and mismatches. As mentioned in the mapping section above, Swedish sub-national governments (i.e. regions and municipalities) have important responsibilities in skills policy. The multi-level skills system and divergent regional labour market dynamics in Sweden make necessary strong vertical co-operation across the national, regional and local tiers of government.

In Sweden, substantial variation exists in the investment in, and organisational structure of regional efforts to align skills supply with demand. As a starting point, all 21 Swedish regions have one regional development manager responsible for regional development and skills work. However, some regions have only a limited budget for the activities to align skills supply with demand, resulting in limited analytical capacities and a more informal and ad-hoc approach. In other regions, work on aligning skills supply with demand has been a critical priority area for many years and takes a more formalised form. Notable, specific regions, such as Västra Götaland and Stockholm, have established Regional Skills Councils (*Regionala Kompetensråd*) to facilitate structured, long-term engagement on skills-related issues (see Box 1).

Box 1. Regional Skills Councils in Västra Götaland and Stockholm Region

Västra Götaland Region

In the Västra Götaland Region, a Regional Skills Council (*Regionalt Kompetensråd*) was established in 2010 following the adoption of the Act on Regional Development Responsibility. The Council is organised at two levels: an over-arching regional council covering all 49 municipalities in the region and four sub-regional skills councils overseen by smaller clusters of municipalities (Fyrbodalen, Skaraborg, Göteborg and Boråsregionens skills supply councils). The council also includes several sector skills councils, each dedicated to addressing skills supply challenges within specific sectors integral to the regional economy. The composition of the Regional Skills Council reflects a diverse array of stakeholders, encompassing representatives from the region and municipalities, trade unions, businesses and employers' organisations, education institutions and independent providers, and Arbetsförmedlingen. The council's primary mandate is to identify and analyse skills demand and supply in the region and disseminate the findings to relevant public and private stakeholders.

Stockholm Region

In April 2021, the Stockholm Region created the Skills Arena Stockholm (*Kompetensarena Stockholm*). The Skills Arena Stockholm supports collaboration and dialogue on skills supply and demand issues among various regional stakeholders, including the 26 municipalities, Arbetsförmedlingen, Skolverket, social partners, and representatives of regional education institutions. These actors are all members of the Stockholm Skills Council (*Stockholmsregionens kompetensråd*), the main decision-making body in the Skills Arena. The Arena also includes a preparatory group/secretariat, topical working groups and

sector skills councils that feed into and support the work of the Skills Council. The work of the Arena focuses on strengthening regional skills analyses and forecasting and regional co-operation to adjust skills provision to changing skills demand. The Arena has also facilitated dialogue between local industries and career guidance counsellors in education institutions, organised events to increase attraction and visibility of vocational education and training among youth and established new procedures to collect labour market intelligence on skills shortages from municipalities, training providers and employers.

Source: Fact-finding interviews with regional representatives and the Swedish Association for Local and Regional Authorities.

Prominent Regional Skills Councils in Sweden, exemplified by those in Västra Götaland and Stockholm, adhere to an annual strategic framework or schedule. Annually, these councils formulate comprehensive work plans with goals and activities to support skills development within their respective regions. The foundation of these strategies rests upon yearly assessments of regional skills supply and demand, leveraging data from Statistics Sweden and regional sources (e.g. employer surveys and through regional sector skills councils). In Stockholm, day-to-day implementation of the strategy is organised by working groups featuring representatives from local and regional stakeholders. In Västra Götaland, the sub-regional councils play an important role in implementation.

Over time, as foreshadowed in the mapping section above, various national agencies have developed structures to facilitate co-operation with regions within their specific area of competence. These include, for example, the dialogue meetings between the Swedish National Agency for Higher Vocational Education (MYH) and the regional development managers (and the Regional dialogues on adult education (*Regionala dialoger om vuxenutbildning*) overseen by the Swedish National Agency for Education (*Skolverket*). Furthermore, some national agencies maintain regional/local offices (including Arbetsförmedlingen, the ESF Council, Skolverket and Tillväxverket), a practice acknowledged by consulted stakeholders as instrumental in fostering collaboration between national and regional levels.

Swedish National Agency for Economic and Regional Growth (*Tillväxtverket*) is pivotal in advancing regional skills initiatives by disseminating insights and best practices across the regions (e.g. through reports). The agency also supports regions in skills supply work on the basis of various governmental tasks, for example on improving regional capacity for validation of skills. Notably, the agency organises knowledge exchange meetings on skills issues (*nätverksträffar för regionalt arbete med kompetensförsörjning*), convening all 21 regions to facilitate peer learning on skills-related matters. The aim of these exchange meetings is to improve communication and relations between the regions and between regions and national authorities. The agency also organises the Skills Supply Days (*Kompetensförsörjningsdagarna*) in co-operation with the Swedish Association for Local Authorities and Regions (SKR), the Ministry of Climate and Enterprise and Arbetsförmedlingen. The Skills Supply Days is a yearly event with the purpose of gathering regional development managers for an exchange of knowledge and sharing of experiences. Complementing these efforts is the Reglab platform, created in 2010, dedicated to exchanging knowledge on regional development, encompassing skills supply and demand dynamics. Reglab has 23 members: the 21 regions, the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), and Vinnova (Reglab Sverige, 2023^[23]).

Diversity among Swedish municipalities, marked by variations in economic composition, geography, and population size, results in disparate approaches to skills development activities. Recent efforts seek to enhance the link between upper secondary VET, municipal adult education, and the broader labour market. This signifies a shift in the Swedish skills system away from student-driven planning and toward a stronger alignment of education provision with labour market demands. These vertical co-ordination mechanisms include reforms in the Swedish upper secondary VET and municipal adult education system, regional planning documents on upper secondary education, and an ongoing national inquiry on VET in municipal adult education (see Box 2).

Box 2. Recent measures to strengthen the link between skills supply and labour market needs

Reform of the upper secondary VET and municipal adult education

In 2022, the Swedish Parliament reformed upper secondary VET and municipal adult education. The reform aimed to strengthen the link between labour market demands and the supply of skills. In the future, municipalities must consider both young people's demands and the needs of the labour market when planning upper secondary education or programmes in municipal adult education (*Komvux*). In addition, planning in each municipality must be co-ordinated with at least two other municipalities. The reform came into effect in 2023 and will affect education provision from 2025 onwards (Swedish Government, 2022^[24]).

Regional planning documents on upper secondary education

Connected to the reform, the Swedish Government assigned the National Agency for Education (*Skolverket*) to develop regional planning documents (*regionala planeringsunderlag*) to guide the provision of upper secondary education and upper secondary VET provided through municipal adult education. The regional planning documents will be developed based on input from, for example, education providers and businesses, and they shall be co-ordinated with the regional assessments of the short- and long-term skill needs in the public and private sectors. As part of the work, Skolverket must coordinate with other national agencies such as Statistics Sweden and Arbetsförmedlingen, e.g. Arbetsförmedlingen e.g. on the development of statistics and other labour market intelligence within the context of the inter-agency co-operation structure (MSV) (The Swedish Ministry for Education, 2022^[25]).

Inquiry on VET in municipal adult education

In June 2022, the Swedish Government established a National Commission to review how vocational education and training in municipal adult education can be made more effective and better adapted to the needs of the labour market and individuals. Among other things, the Commission shall analyse if the provision of education meets the needs of different groups of students and propose a new model for central government funding of vocational education and training in municipal adult education. In addition, the Commission will provide recommendations on a potential reform of upper secondary vocational education to strengthen the link between adult education and working life. The report is expected in February 2024 (The Swedish Government, 2022^[26]).

Source: Swedish Government (2022^[24]), *Dimensioning of upper secondary education for better skills supply*, Prop. 2021/22:159, Stockholm, www.regeringen.se/rattsliga-dokument/proposition/2022/03/prop.-202122159; The Swedish Ministry for Education, (2022^[25]), *Assignment on regional planning documents*, The Swedish Government, Stockholm, www.skolverket.se/download/18.64cems90183ff475a641ef9/1672887942103/U2022-02828_Regionala-planeringsunderlag-2.pdf; The Swedish Government (2022^[26]), *Long-term and needs-based vocational education and training for adults*, Stockholm, www.regeringen.se/rattsliga-dokument/kommittedirektiv/2022/06/dir.-202284/.

In addition to recent initiatives to strengthen the link between municipal education provision and labour market demands, another important co-operation mechanism is the local agreements between Arbetsförmedlingen and municipalities (*Överenskommelse om samverkan med kommunerna*). These agreements, existent in nearly all 290 municipalities, are designed to align the local supply of municipal adult learning with employer demand. One component of these agreements is the Job Tracks programme, fostering collaboration among employers, municipalities, and the PES to assist individuals furthest from the labour market (Arbetsförmedlingen, 2023^[27]). Apart from these structures, activities to align local supply and demand primarily happens through inter-municipality or regional co-operation. Inter-municipality

collaboration often assumes an ad hoc nature, guided by shared interests rather than administrative boundaries. For instance, in Region Norrbotten and Region Västerbotten, inter-municipality collaboration is structured around two principal groups: coastal municipalities and inland municipalities. Overall, these co-operation structures aim to co-ordinate the local provision of skills across larger geographical areas, e.g. to fill gaps in provision in more rural and remote areas or strengthen specialisation in more densely populated areas.

Analysis

While the Swedish skills system includes numerous structures to support co-operation across levels of government, consulted stakeholders have expressed challenges with the existing governance system. These relate to the national structures for co-operation with regional and local governments and the scope, funding and data available for regional activities to align skills supply with demand.

A key challenge mentioned by stakeholders is that the multiple existing structures for co-operation between national agencies and regions operate in parallel and sometimes overlapping systems without co-ordination across national agencies. This puts pressure on regional resources (since regional stakeholders have to participate in several co-operation structures across different national agencies). Consulted stakeholders underscored the need for more streamlined co-operation between the regions and national agencies, including to i) support information sharing on regional labour market and skills developments, ii) streamline dialogue between public bodies and businesses at the regional level, iii) co-ordinate and harmonise analysis and forecasting and streamline data requests, and iv) harmonise validation systems. This could entail the establishment of a unified entity such as the MSV where all the regions could be represented at the national level or enhancement of the role of national agencies within cross-regional co-operation structures.

The 2022 government task to the Swedish National Agency for Higher Vocational Education (MYH) explicitly mandates the agency to ensure that other relevant actors at the national and regional levels actively contribute to the MSV (The Swedish Ministry for Education, 2021^[28]). Furthermore, the March 2023 report on the administrative co-ordination of agency collaboration for a well-functioning skills supply underscores the pivotal role of regions in aligning skills supply with demand (The Swedish National Agency for Higher Vocational Education, 2023^[29]).

Initial steps have already been taken towards fostering collaboration between sub-national governments, the MSV (see Opportunities 1 and 2), and the national skills supply arena for engagement with non-governmental stakeholders (see Opportunity 4). Certain regions have participated in working groups operating under the inter-agency co-operation structure (MSV) (see Opportunity 2). More recently, five regions were invited to StG meeting in the MSV to represent all 21 regions. Inviting the regions on a regular basis could serve as a foundation for enhanced co-operation across levels of government. In addition, as a member of the national skills supply arena, SKR serves as an advocate, representing the voices of regions and municipalities. The MSV is also working on several questions linked to skills activities at local and regional levels, including on local learning centres (*lärcentrum*)⁶ and the implementation of a government task on the development of structures for validation at the regional level (The Swedish Ministry of Economy, 2021^[30]).

The key challenges of further engaging the sub-national levels within the MSV include: i) national agencies have different responsibilities for and interests in engaging with the sub-national level, resulting in different views on their engagement, ii) the MSV has limited resources to engage with the sub-national level, iii) differences in the format and quality of regional skills supply and demand activities pose challenges for

⁶ Learning centres (*lärcentrum*) are an umbrella term for local meeting places managed by municipalities with the aim of facilitating adult learning through enhanced accessibility to guidance, support measures and education and training opportunities (MYH, 2022^[37]).

national agencies in developing a coherent structure for co-operation spanning all regions and municipalities, iv) the purpose and focus of co-operation with sub-national governments have yet to be understood and agreed upon.

From a regional standpoint, key challenges around the role of regions in aligning skills supply and demand relate to the funding model and access to data to support skills analysis and forecasting. In many regions, efforts to aligning skills supply and demand heavily relies on project-based funding, including funding from EU funds. This impedes long-term planning and diverts resources from core activities towards fundraising. Stakeholders consulted expressed a desire for a more stable funding model where EU project funding fills smaller gaps or addresses pressing issues not covered by regular funding. Another challenge for the regions pertains to the production and accessibility of data at the regional level. Stakeholders suggested that Statistics Sweden should routinely produce regional-level data on employment and skills issues and that the agency should be a member of the MSV (e.g. with the purpose of supporting data request to regional and local stakeholders).

Regarding the role of the municipalities in the MSV, consulted stakeholders have argued that the regions should play a central role in linking local skills supply with demand and in channelling local insights and needs to the national level. Among other things, it has been mentioned that all regions should make regional skills analysis and forecasting easily available at the local level, facilitate knowledge-sharing across municipalities and between municipalities and local employers and gather and transfer local insights on labour market needs to the national level. However, consulted stakeholders also stressed that existing resources for regional skills activities was not sufficient to cover such extended work at the local level and thereby strengthen the link between local and national level.

Priority Area 2: Engaging stakeholders throughout the policy cycle

Importance

Engaging with stakeholders (i.e. non-governmental actors) supports policy makers in dealing with the inherent complexities of skills policies. Stakeholders are uniquely positioned to provide policy makers with valuable insights into the real-world effects of skills policies. Stakeholder engagement also helps generate political legitimacy, which can itself be an important resource when designing and implementing ambitious skills reforms. Reform efforts based on a broad consensus between involved actors are more likely to be fully accepted and broadly supported (OECD, 2020^[9]). Engaging stakeholders throughout the policy cycle is the second pillar underpinning strong skills governance arrangements, as identified by the OECD (see Figure 6).

Figure 6. Four key building blocks of strong skills governance arrangements



Source: Elaboration on OECD (2019^[8]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>

Beyond engagement with stakeholders at the national level, engagement with sectoral stakeholders is key for translating into policy making how skills needs differ significantly across sectors and regions. Sectoral arenas covering different sectors or industries in the economy and engaging relevant sector organisations can be crucial for understanding the rapidly changing skills needs. Such arenas can potentially bridge the gap between sector needs and the labour market.

Opportunity 4: Improving engagement with stakeholders at the national level

Background

Sweden has a long tradition of partnership between the government and stakeholders on skills and labour market issues. In practice, Sweden has gone beyond traditional policy consultations to engage stakeholder in skills policy by establishing bodies (i.e. arenas, councils, networks, etc.) for promoting more sustainable and ongoing engagement. As mentioned in Figure 3 in the mapping section above, the agencies participating in the MSV, led by MYH, established the National Arena for Skills Supply in 2023. The National Arena aims to provide a national forum for strategic engagement with stakeholders on skills policy issues, with a central focus on aligning the education and training offer at different levels with the needs of the labour market (The Swedish National Agency for Higher Vocational Education, 2023^[29]).

To date, two meetings of the Arena have been convened. The stakeholders from outside the MSV who participated in the first two meetings of the National Arena included the Confederation of Swedish Enterprise (*Svenskt Näringsliv*), Swedish Association of Local Authorities and Regions (*Sveriges Kommuner och Regioner, SKR*), Swedish Association of Universities and University Colleges (*Sveriges universitets- och högskoleförbund, SUHF*), Swedish Federation of Business Owners (*Företagarna*), Swedish Confederation of Professional Associations (*Sveriges akademikers centralorganisation, SACO*), Swedish Confederation of Professional Employees (*Tjänstemännens centralorganisation, TCO*), Swedish Trade Union Confederation (*Landsorganisationen i Sverige, LO*), and the Umeå University (as a representative of the Association of Swedish Higher Education Institutions, SUHF). The stakeholders invited to participate in the two meetings were high-level representatives of the different agencies and stakeholder organisations. The State Secretary for Education participated in one of the meetings of the National Arena so far.

Analysis

It is positive that Sweden assigns importance to promoting engagement with stakeholders on skills policy, as evidenced by the establishment of the National Arena. Stakeholders in Sweden, who have extensive knowledge of the labour market and skills supply challenges, are generally keen to engage with the government on those topics. Stakeholders' willingness to work together with the government on skills supply issues was confirmed during the stakeholder workshop and bilateral meetings.

The National skills supply arena is a new initiative and still in early stages of development, which means that there are several questions Sweden will need to answer before the Arena can become fully and effectively operational. The exact mandate, working methods and respective roles of the members of the National Arena are not yet clear. The Arena is envisioned to be a forum for strategic engagement at the national level, a need for which was identified by Sweden on the basis of a mapping of existing arenas for stakeholder engagement on skills (The Swedish National Agency for Higher Vocational Education, 2023^[29]). However, not all stakeholders and governmental agencies are equally convinced of the need for such an Arena in the first place. Certain stakeholders are sceptical whether their participation in such a strategic-level Arena will be worthwhile, especially as stakeholders emphasise the need for the work in the Arena to lead to concrete results. At present, it is not clear to stakeholders how concrete results can be achieved through the Arena, as conceptualised now, in practice.

While it is important to allow stakeholder commitment and trust develop over time (OECD, 2020^[9]), it became clear during workshop discussions and bilateral meetings that stakeholders are not motivated to take part in the Arena if it serves solely/primarily as an information-sharing forum. Nonetheless, all stakeholders and agencies expressed willingness to actively participate in the Arena as long as a clear and strong case is made for it. Stakeholders also put forward several considerations for what the mandate of the National Arena could be (e.g. advisory body on issues requiring co-operation between agencies,

especially those issues identified at the regional/local/sectoral level as needing national-level action; co-ordination body for other national/sectoral skills arenas; collaboration body for creating “joint ventures” between agencies and stakeholders; etc.), and often mentioned the Skills Arena Stockholm (see Box 1) as a relevant national good practice to potentially consider going forward.

There are trade-offs related to positioning the arena as a strategic forum with high-level participation, as it is done currently. A National Arena at a strategic level is naturally better placed for vision-setting, identification and alignment of priorities, whereas an Arena at the technical level would be better suited for detailed technical discussions or implementation decisions. Both objectives (i.e. strategic vision setting/priority alignment and technical discussions/implementation decisions) are important in their own right and can lead to achieving meaningful results, in the long-term and medium/short-term respectively. In either case, the mandate of the arena should address an existing gap in engagement and be clearly communicated to stakeholders.

Another issue impacting on stakeholders’ potential willingness to participate in the National Arena is related to the perceived lack of potential impact resulting from engaging solely with agencies, rather than the ministries as well. As described in the mapping section, agencies in Sweden have important implementation responsibilities, in areas specified quite broadly in their respective ordinances. The extent to which agencies can and do look for more room for manoeuvre within their respective ordinances depends on Directors-General of individual agencies and their relationships with the respective ministries. Nonetheless, several stakeholders perceive the agencies as having little power to instigate change within the skills system and table new reforms. In turn, on the one hand, stakeholders may be less willing to participate in an Arena with agencies but no connection to the ministries. On the other hand, many stakeholder organisations in Sweden do already have direct channels to the different ministries. Therefore, agencies face the challenge of designing the mandate of the Arena in a way that is perceived as conducive to achieving real impact by stakeholders (e.g. through a connection to the government level), while offering stakeholders ways of achieving such impact through channels not already used and of value-added (e.g. one gateway to several ministries at once).

As agencies work on further specifying the exact mandate of the National Arena, it will be important to avoid overlaps between the mandate of other national-level arenas. As shown in Table 4, governmental agencies in Sweden already run several arenas for engagement with stakeholders on specific skills policy issues. In addition, there are regional and sectoral skills arenas in which stakeholders participate, as discussed in Opportunities 3 and 5. Therefore, by carefully placing the National Arena within the existing system and minimising potential overlaps of mandates, agencies can avoid creating “engagement fatigue” amongst stakeholders and the risk of eventual disengagement.

Table 4. Existing national stakeholder engagement arenas on skills in Sweden overseen by governmental agencies

Relevant arenas/networks and responsible agencies

| Arena | Responsible agency | Other participants |
|---|--------------------|--|
| Arena for advising on the operation of Arbetsförmedlingen | Arbetsförmedlingen | Among others: Akademikerförbundet SSR (trade union), Swedish Agency for Government Employers, Cooperative Employers' Association (KFO), Industrifacket Metall (trade union), LO, SACO, SKR, Svenskt Näringsliv |
| Arena for “fast-track commissioned training” ⁷ | Arbetsförmedlingen | Social partners, vocational training boards, universities. MYH and Skolverket on case-by-case basis. |

⁷ Commissioned training (*uppdragsutbildningar*) refers to training for employees of firms, municipalities, agencies and other organisations. Employees attend the training as part of their job.

| Arena | Responsible agency | Other participants |
|--|---|--|
| Council for the validation of non-formal and informal learning | MYH | Agencies, social partners, transition organisations, SKR, Swedish National Council of Adult Education |
| Council for "nationally recruiting education programmes" ⁸ | Skolverket | Arbetsförmedlingen's agency for maritime professions, Swedish Transport Agency (marine and aviation), employers, employer associations, professional associations and trade unions from the maritime, train and transport sectors, Swedish Marine Technology Forum and Research Institutes of Sweden |
| Labour market council for higher vocational education | MYH | LO, Företagarna, Svenskt Näringsliv, TCO, SACO, Arbetsförmedlingen, SKR |
| Council for "introductory programmes" ⁹ | Skolverket | VET schools and universities, municipalities, City of Malmö, SKR, National Agency for Special Needs Education and Schools (SPSM), Swedish Schools Inspectorate, Swedish Agency for Youth and Civil Society Affairs (MUCF), Swedish National Council of Adult Education, Fryshuset (NGO) |
| Council for the National Qualifications Framework | MYH | Arbetsförmedlingen, Swedish National Council of Adult Education, SKR, LO, Svenskt Näringsliv, Skolverket, SACO, UHR, UKÄ, SUHF |
| Council for the "university preparatory programmes" ¹⁰ | Skolverket | Swedish National Union of Students, universities and university colleges, Swedish Schools Inspectorate, UHR, UKÄ |
| Council for assisting "transition organisations" with strategic and operational issues | Chamber College (Legal, Financial and Administrative Services Agency) | Svenskt Näringsliv, Swedish Council for Negotiation and Cooperation, LO, SKR, Public Employees' Negotiation Council, Municipalities, Swedish Board of Student Finance (CSN), Arbetsförmedlingen |
| Adult education network | Rotating presidency | Skolverket, MYH, Swedish Schools Inspectorate, Arbetsförmedlingen, UHR, National Agency for Special Needs Education and Schools (SPSM), CSN, Swedish National Council of Adult Education, Tillväxtverket, Regeringskansliet |
| Forum network for career guidance in schools | Skolverket | Skolverket, Swedish Schools Inspectorate, Arbetsförmedlingen, SPSM, Swedish Agency for Youth and Civil Society, MYH, UHR, SKR, universities |
| Reference group with practising career guidance counsellors in schools | Skolverket | School career guidance counsellors |
| Network for guidance counsellors in higher education | UHR | Guidance counsellors in higher education |
| Central Defence Forces Council ¹¹ | Armed Forces | Trade associations, Arbetsförmedlingen |
| Supplier forum with contracted providers providing matching and guidance services and labour market training programmes. | Arbetsförmedlingen | Contracted providers of Arbetsförmedlingen |

Source: Compilation by the OECD based on publicly available information and information shared by Sweden.

⁸ Nationally recruiting education programmes (*riksrekryterande utbildningar*) are upper secondary education programmes, which may accept students regardless of their place of residence. Secondary schools are given a special permit from Skolverket to accept students from all over the country. A secondary school can become a "national recruiter" if a demand for a specific field of study is identified in the labour market.

⁹ Introductory programmes (*introduktionsprogram*) are upper secondary education programmes for students, who are not eligible for "national programmes". In Sweden, upper secondary education is delivered via 18 "national programmes", with the same content regardless of the school attended.

¹⁰ University preparatory programmes (*högskoleförberedande program*) are those upper secondary education "national programmes", which provide students with basic eligibility to attend higher education.

¹¹ In 2012, Riksdag decided that the majority of the Armed Forces' soldiers and sailors must be on temporary duty (i.e. have another main employer), which calls for increased co-operation between the Armed Forces, the private sector and the society, facilitated by the Central Defence Forces Council.

The exact linkages between the National skills supply arena and other governance structures in the Swedish skills system are yet to be established. At present, it is not clear how the Arena will be connected to, and could support the work of, the MSV (see Opportunities 1 and 2), existing or potential regional skills arenas (see Opportunity 3) and sectoral skills arenas (see Opportunity 5).

The membership of the National skills supply arena is not fully decided yet and will depend on the exact mandate and focus of the Arena in the first place. Nonetheless, important stakeholders were missing from the first two meetings, such as private training providers, representatives of SMEs or social economy organisations. Consulted stakeholders have agreed that it is important that regions have a voice in the National Arena as well. As mentioned in Opportunity 3, in the first two meetings of the Arena, regions were represented by SKR. However, workshop discussions highlighted that SKR does not have the capacity to adequately represent the regions in the Arena.

Finally, it is worth mentioning that there was no extra funding attached to the establishment of the National skills supply arena, similarly to the MSV (see Opportunity 1). Therefore, agencies who currently operate the Arena, most importantly MYH, are investing resources into building up the Arena from their own budgets. Going forward, it will be important to determine a sustainable funding source for the Arena, especially as a well-resourced secretariat will be important for the Arena's effective functioning (OECD, 2023^[31]).

Opportunity 5: Improving engagement with stakeholders at the sectoral level

Background

The Swedish economy displays a rich diversity with variations influenced by regional specialisation and population distribution. The largest sectors in Sweden include services (e.g. retail, tourism, finance, and healthcare), manufacturing (e.g. automotive, engineering, and telecommunications), natural resources sector (including mining, forestry, and hydropower generation) and the public sector. Geographically, the composition of the Swedish economy varies. Large cities, such as Stockholm and Gothenburg, serve as economic hubs, hosting diverse industries. Meanwhile, rural areas concentrate on specific sectors such as agriculture, forestry, and mining. In this context, sector-based skills work can play a crucial role in identifying skills needs within specific sectors.

As foreshadowed in the mapping section above, the Swedish skills system features various formal or informal bodies, arenas, or councils facilitating collaboration on skills-related matters within specific sectors. Notable examples include the National Healthcare Skills Council (*Nationella vårdkompetensrådet*) overseen by the National Board of Health and Welfare (*Socialstyrelsen*), the National Skills Council within the Green and Nature-based Economy (*Nationellt kompetensråd inom det gröna och naturbaserade näringslivet*) overseen by the Swedish Rural Network, the National Programme Councils for Vocational Education and Training at Upper Secondary Level (*Nationella programråd för yrkesutbildning på gymnasial nivå*) the College Initiative overseen by the social partners and the Industry Councils overseen by Arbetsförmedlingen (Box 3).

Box 3. Examples of sectoral skills arenas or dialogue forums in Sweden

National Healthcare Skills Council

The National Healthcare Skills Council (*Nationella vårdkompetensrådet*) is a national advisory board focusing on skills development within the healthcare sector. The Council's mission is to address and develop strategies related to the skills required for healthcare professionals to meet the needs of the labour market. The Council was established on behalf of the government on 1 January 2020 and includes representatives from regions, municipalities, higher education institutions, the National Board of Health and Welfare and the Swedish Higher Education Authority (*UKÄ*). The Council consists of 14 members and is located at the National Board of Health and Welfare with an associated secretariat. A government task guides the work of the Council. Its areas of work include: 1) making assessments of skills supply and demand in the healthcare area and disseminating these to relevant actors, 2) supporting the adjustment of skills supply to skills demand (e.g. through ongoing dialogue with education institutions, private education and training providers, student associations and municipalities as well as newsletters and the organisation of seminars or workshops) and 3) proposing initiatives to increase the attractiveness of specific fields of study. In addition, the government has assigned the Council to develop a national action plan for healthcare skills supply. To promote collaboration at the regional level, six regional healthcare councils (corresponding to the six healthcare regions in Sweden) have been established with representatives from the regions, municipalities, and higher education institutions. The 21 regions and other national agencies are not represented in the national as well as regional councils.

National Skills Council within the green and nature-based economy

This national skills council was established in 2019 to address skills supply and demand issues in green and nature-based industries such as forestry, horticulture and rural environment. The council is a meeting place for identifying, discussing and, where possible, working together on skills demand and supply questions. Participants in the council include employer representatives from the relevant industries. Representatives from relevant national agencies such as the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), Arbetsförmedlingen and the Swedish National Agency for Education (*Skolverket*), educational institutions and civil society are invited ad hoc. The council meets four times a year to discuss topics such as the number of students to accept in upper secondary and adult education, measures to attract youth to study and work in the green and nature-based economy, measures to strengthen education provision through cross-municipal co-operation and to share experiences and best practices between the members of the council.

National Programme Councils for vocational education and training at upper secondary level

Sweden has 13 national programme councils that advise the Swedish National Agency for Education on various issues relating to vocational education and training at the upper secondary level. This may involve analyses of education supply vs. labour market needs, the quality and content of vocational education and training and the design of support for supervisors. Each council covers a specific sector e.g. the Council for the Building and Civil Engineering Programme, the Council for the Vehicle and Transport Programme, and the Council for the Hotel and Tourism Programme. The councils aim to make the education system more flexible and responsive to the needs of the labour market and initiatives from school authorities. The National Agency for Education uses the views and proposals of the national programme councils as a basis for government reports, support material and various decisions. The National Agency for Education appoints the members of the programme councils. These, in turn, have been nominated by employers' organisations, trade unions, industries and authorities.

The college structures

In Sweden, the college structures are collaborative efforts between schools, industry partners, and the government to enhance the provision of vocational education and training (VET) and create pathways for students to develop skills relevant to industries/employers. A college is not a specific education institution but a network of schools, businesses and municipalities working together to enhance the quality of vocational education and training, including by setting up quality criteria for schools and providers to become certified providers under the college structure. The quality criteria relate, among other things, to the link between provision and labour market needs, use of in-work training, creative and stimulating environment and co-operation with employers. Two examples of college structures are the Technical College (*Teknikcollege*), which includes a network of VET providers in the field of technical and engineering skills, and the Health and Care College (*Vård- och omsorgs college*), which includes a network of health and care VET providers. Both initiatives are overseen by a national body organised by relevant social partners that support and govern the college structure across Sweden. The national body establishes the guidelines, principles, and standards for the college initiative, ensuring a uniform and high-quality approach to vocational education and training. The body sets the criteria for schools and providers to become recognised as a college and provides resources, support, and a network of industry partners to improve the quality and relevance of technical education. In addition to the national body, the college structure is organised at the regional level through regional and local steering groups.

Industry councils

Before Arbetsförmedlingen had changed its organisational structure in 2011, the agency managed several industry councils to promote the alignment of skills supply with demand. The overall purpose of the industry councils at the national level was to co-operate with representatives of the labour market partners and expert authorities to obtain and disseminate information, increase knowledge about and contribute to meeting the skills needs in industries where the demand for labour is high. Since 2011, the industry councils have been given less priority due to changes in the organisation of Arbetsförmedlingen. Today, only four formal councils remain in media, maritime transport, transport on land, and green industries/agriculture.

Source: National Council for Healthcare Competence (2022^[32]), *National Council for Healthcare Competence*, www.nationellavardkompetensradet.se/; Swedish National Agency for Education (2023^[33]), *National Programme Councils for Vocational Education and Training at Upper Secondary Level*, www.skolverket.se/om-oss/organisation/nationella-programrad-for-yrkesutbildning-pa-gymnasial-niva; Riksföreningen Teknikcollege Sverige (2023^[34]), *Teknik College*, <https://teknikcollege.se/>.

In addition to national sector-based skills bodies, regional-level sectoral skills initiatives also exist. This is particularly evident in regions with well-established skills co-operation structures, such as Stockholm and Västra Götaland (see Opportunity 3). In both regions, the Regional Skills Council is intricately linked to various sub-councils that focus on strategic sectors at the regional level, including transport, industry, tourism, trade, health and care, and construction. In both regions, some of these sector-based councils are integrated into existing national structures. For instance, in Västra Götaland, the regional Technical College and the Health and Care College are integrated into the Regional Skills Council. In the Stockholm Region, the Industry Councils overseen by Arbetsförmedlingen have become a part of the Regional Skills Council. Drawing from these experiences, some consulted stakeholders emphasised the importance of aligning national sectoral efforts with ongoing initiatives at the regional level. They also highlighted the advantage of working at the regional level, citing the flexibility it offers to tailor sector-based initiatives to the dynamics of the regional economy and specific skills needs.

Analysis

There are many strengths of the existing sectoral skills work in Sweden, including strong representation from sector organisations and industry associations and a general willingness to collaborate with national agencies and the government on skills-related issues, aligning with Sweden's longstanding tradition of co-operation with social partners. Stakeholders consulted highlight that sector skills councils/arenas provide a vital opportunity for smaller, locally based stakeholders to participate actively in the skills system. More generally, the consultations with stakeholders have shown broad support for developing sector-based skills work while also recognising the need to adjust to ongoing labour market transitions.

Nevertheless, sector skills councils/arenas remain relatively scarce in Sweden, while the existing ones face several governance challenges. First, the existing sectoral bodies vary significantly in form, working methods, and connections to the government. Some bodies are overseen by national agencies, such as the National Council for Healthcare Competences, while others are predominantly driven by industry representatives, like the college initiatives. Additionally, the stakeholder compositions and regional engagement of these bodies differ, posing a potential challenge for national and regional co-ordination across different sector skills councils/arenas or initiatives. Stakeholders mentioned the importance of linking any existing or new sector skills councils/arenas to regional sector councils in the regions where these exist.

Second, the current sector skills councils/arenas often operate independently or in silos with limited connections to other bodies or national agencies that are not formal members. This can impede skills intelligence and planning across sectors and parts of the education system and mentioned the need for strengthened dialogue across sectors at both national and regional level. Notably, there is no established structure to ensure co-ordination between sector skills councils/arenas, the MSV, and the National skills supply arena. As mentioned in the mapping section, the only sectoral skills arena linked to the MSV is the sectoral arena for digital excellence, which focuses initially on cyber-security skills (see Box 4 below). According to consulted stakeholders, this setup has proven successful and could inspire the government to establish new or reinforce existing sectoral skills councils. The sectoral arena for digital excellence is being tested during 2023 and 2024 and will be evaluated hereafter.

A third potential challenge lies in the absence of sector skills councils/arenas in some sectors and strategic guidance from the national government concerning establishing future sector skills councils. Several key economic sectors or industries in Sweden, such as automotive, information and communication technology (ICT), tourism, renewable energy, or pharmaceuticals, currently lack dedicated sector skills councils/arenas that gathers both agencies and stakeholders. Some consulted stakeholders stressed the need for a high-level strategy to guide future decisions on the establishment of new bodies. Among the suggested criteria, stakeholders emphasised focusing on rapidly changing or emerging sectors, particularly those influenced by the green and digital transition. Other relevant criteria included the sector's size in terms of employment, export or growth potential, and identification of current or future skills gaps. Additionally, consulted stakeholders mentioned the need to clarify the mandate of the MSV to potentially establish new sector bodies and the importance of building on the existing system rather than creating a parallel system. Other stakeholders, however, insisted that the responsibility for establishing new sector skills councils/arenas should remain the responsibility of the sector organisations/industry organisations.

A fourth challenge raised by stakeholders was the lack of consensus on the overarching purpose and mandate of sectoral skills councils/arenas. Consulted stakeholders mentioned the need to determine why new bodies should be established and the specific issues within the skills system they will address. Potential roles identified include providing sector-based analysis and forecasting, facilitating information sharing among relevant stakeholders, supporting validation or adjustment of education and training provision, and engaging in policy design and implementation. Moreover, stakeholders also mentioned the need to consider the division of responsibilities between the national and regional levels and how to ensure alignment rather than overlap with ongoing regional efforts.

Box 4. Sectoral arena for digital excellence

In 2019, the Swedish Government tasked the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) and the Swedish Higher Education Authority (*UKÄ*) with a joint initiative to analyse and provide recommendations for the short and long-term development of cutting-edge digital skills supply (*Uppdrag att samverka kring kompetensförsörjningen av digital spetskompetens*). As part of this mandate, these agencies were directed to facilitate a dialogue and collaboration among relevant stakeholders to enhance access to activities, statistics, and forecasts concerning the demand and supply of digital skills in the Swedish labour market. In their final 2022 report, the two agencies advocated for the establishment of a comprehensive sector body or arena that could unite all pertinent stakeholders. This proposed entity would offer analysis, guidance, and recommendations on the demand and supply of skills in the digital domain. Furthermore, one option the agencies suggested was placing this body under the jurisdiction of the inter-agency co-operation structure (MSV) to ensure a robust connection with the broader skills system in Sweden. Drawing inspiration from the National Healthcare Skills Council, it was proposed to establish a secretariat with dedicated funding (SEK 5 million per year) to support the council's work. Subsequently, the relevant national agencies opted to integrate the work on digital skills with the MSV. However, as of now, no formal council has been established in accordance with the recommendations. Instead, a more informal sectoral arena is being tested within the framework of MSV. Yet, the arena lacks funding and a secretariat to support its work at present.

Source: The Swedish Government (2019^[35]), *Assignment to collaborate on the skills supply of digital excellence*, Stockholm, <https://regeringen.se/regeringsuppdrag/2019/08/uppdrag-att-samverka-kring-kompetensforsorjningen-av-digital-spetskompetens/>; The Swedish Agency for Economic and Regional Growth and The Swedish Higher Education Authority (2020^[36]), *Förutsättningar för främjande av digital spetskompetens – Samverkan, statistik och utbildningsmöjligheter*, Stockholm, <https://digitalspetskompetens.se/wp-content/uploads/2020/10/Framjandet-av-digital-spetskompetens.pdf>.

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