

# **Regional Development in Sweden**

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## Foreword

In the end of the 1990s, pilot projects involving a new division of regional responsibilities were launched in Kalmar, Gotland and Skåne and Västra Götaland counties. The main objective of these *regional pilot projects* was to develop arrangements for greater democratic participation in regional development work and to make this work more effective. The local and regional authorities in these counties all declared that they were prepared to take greater responsibility for the development of their region.

In 2001 the Swedish Parliament decided that the pilot projects in Skåne and Västra Götaland counties were to continue until 2006. At the same time the Parliament passed new legislation opening up for all counties to form so called *regional development councils* comprising all municipalities in a county and, on a voluntary basis, the county council. These entities are not pilot projects. Since then, eight regional development councils, including the former pilot regions Kalmar and Gotland, have been created, and extensive efforts to develop new regional cooperation arrangements are under way in local and regional authorities in several counties.

This folder on regional development in Sweden focuses on the situation today, and includes information about the recently formed regional development councils. However, a folder like this cannot be comprehensive. Those who would like more information about this subject are welcome to contact the Swedish Association of Local Authorities and the Swedish Federation of County Councils or to visit our home page on the Internet: <http://www.lf.svekom.se/tru/>

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## Introduction

It is human nature to join forces in order to solve common problems. Village communities, parishes and municipalities are examples of such associations, as well as regions and indeed nations as a whole. Sweden has an ancient tradition of local and regional self-government, where the state has assigned responsibility to the local and regional authorities for the provision of important social services. Municipal councils, county councils and regional councils are all elected in general elections, and they all have the right to levy taxes in order to finance their activities.

The *municipalities* are mainly responsible for the provision of school education, childcare, care of the elderly, social services, spatial planning and environmental health protection.

The *county councils*' most resource-consuming task is health and medical services. In recent years they have also, together with the municipalities, increased their commitment in areas that contribute to regional development, i.e. education, research and development, culture, tourism, commerce, the environment and public transport.

The two pilot regions have established directly elected *regional councils*. They still handle health and medical services, but unlike traditional county councils, the new regions have assumed full responsibility for the county's regional development from the county administrative boards. They have made the commitment to promote sustainable growth and development in their respective counties.

As of 2003 municipalities and county councils in several counties have formed *regional development councils* that consists of a statutory joint authority comprising all municipalities in the county and the county council. These new councils have a weaker legal status and have less State resources at their disposal than the regional councils, but have nevertheless assumed full responsibility for the county's regional development from the county administrative boards,

The *county administrative boards*, however, are not a part of the local self-government system. They represent the state in the counties, and their main tasks include the monitoring and evaluation of compliance with central government decisions. The county administrative boards are still responsible for certain regional development issues in counties without regional councils or regional development councils.

One result of the establishment of the regional councils and regional development councils is that we now have a broader base to discuss the term 'region' in Sweden. People demand a greater say in community affairs, and greater transparency and accountability. Elected representatives on local and regional level who are accountable to their voters should take decisions concerning everyday matters.

In Sweden, the local level is especially well defined with strong and independent local authorities, but the regional level is less well defined. With so many entities involved, there is an increasing demand for a popularly elected regional authority with overall responsibility for regional development. The regions own elected representatives should have greater responsibility for and influence over the region's future. The long-term objective must therefore be to establish directly elected regional authorities. The new regional development

councils are good alternatives before the Government makes it possible for more regions to establish directly elected regional councils.

## **Definitions**

### *County council*

‘County councils’ are directly elected political bodies on regional level. Their most resource-consuming task is health and medical services, but in recent years they have also, together with the municipalities, increased their commitment in areas that contribute to regional development.

### *Regional council*

‘Regional council’ is the term used for the directly elected political bodies in the two pilot regions, Skåne and Västra Götaland. Unlike the traditional county councils, the new regions have greater impact on regional policy goals and the formal responsibility for the county’s regional development. The new regions are formally still ‘county councils’, but have assumed greater responsibility for regional development than other county councils.

### *Regional development council*

‘Regional development council’ is the term used for the indirectly elected political bodies in Kalmar, Gotland, Blekinge, Halland, Östergötland, Södermanland, Uppsala and Dalarna. The regional development councils consist of a statutory joint authority (*kommunalförbund*) comprising all municipalities in a county and, on a voluntary basis, the county council. Unlike traditional associations of municipalities, the regional development councils have greater impact on regional policy goals and the formal responsibility for the county’s regional development.

### *Municipality*

‘Municipalities’ are directly elected political bodies on local level. They are mainly responsible for the provision of school education, childcare, care of the elderly, social services, spatial planning and environmental health protection.

# Why focus on regional development?

## **Economic growth in Sweden must improve**

Strong, successful regions can contribute to achievement of this objective. The regions' own resources must be mobilized to develop the region. A *policy for the region* thus differs somewhat from the traditional central government *regional policy*, one of whose main objectives is to help to adjust regional imbalances in terms of resources. Both types of policies are necessary: regional policy creates a more level playing field for development in Sweden as a whole and a policy for the region is based on the unique strength of each region.

## **Greater democratic participation is needed**

Responsibility and powers have in many areas gradually been devolved from central to local government. This has increased citizens' opportunities for influencing important decisions. As regards responsibility for regional development, this has been left to officials at the county administrative boards. It is practically impossible to demand accountability of the county administrative boards and the county governor. This has caused a democratic deficit in areas of particular concern to the counties' inhabitants.

## **Both service and development are needed**

Since World War II the municipalities and county councils have helped to build up a welfare state that now faces great challenges. At the same time as the pace of economic growth has slowed, there is greater demand for freedom of choice, service and influence.

The local and regional levels have a significant task, which is to satisfy citizens' demands for community services. The municipalities, for example, are responsible for the provision of school education, childcare and care of the elderly, while the county councils are mainly responsible for health and medical services. Together, the municipalities and county councils are responsible for public transport.

At the same time, many municipalities and county councils have assumed the task of creating a good climate for development, i.e. by enabling industry and commerce to contribute to growth in the region and thus increase employment. This calls for an integrated approach to all public works and services in the region – infrastructure, education etc. – that are necessary for regional development.

Since there is a great need of both regional development and services, it follows that closer regional cooperation is also necessary.

## **Inspiration from international cooperation**

In an increasingly globalised world there is a growing need to cooperate with and learn from other countries. The Swedish municipalities and county councils are therefore members of various international cooperation fora, particularly in Europe. Many Swedish county councils, for example, are members of the Assembly of European Regions (AER), and most municipalities are involved in an extensive network of twin cities. Often, cooperation in such fora brings home the advantages and need of a strong, independent regional level. Lombardy,

Rhône-Alpes, Catalonia and Baden-Württemberg are examples of powerful regions that have influenced the Swedish debate.

### **Membership of the EU strengthens the regions**

Membership of the EU does not by itself necessitate any changes in the regional division of responsibilities. But Sweden's accession to the EU has brought the regional level into focus. The EU confirms the role of the regions in many ways. One of these is the principle of subsidiarity, according to which decisions are to be taken at the lowest appropriate level, which in many cases is the regional level. A condition for the EU's regional aid, which is delivered through the structural funds, is that it must be implemented on the basis of strong support from the regional and local bodies, such as municipalities and county councils. The Committee of the Regions, whose task is to safeguard the interests of municipalities and regions, is a third example of the EU's role in strengthening the regional level.

# **What progress has been made on regional reform so far?**

## **Growing interest in regional cooperation**

There are several reasons why there has been so much debate about regions in Sweden. At the same time as the central government has delegated more and more tasks to municipalities, the need for cooperation between larger geographical areas has increased. It is now also recognized that regional growth is only possible where there is sufficient efforts being made in the region as a whole. Another important reason is that Sweden has joined the EU. The EU's regional structural funds require cooperation in the form of partnerships, for example between municipalities and county councils. Entities that have not previously cooperated have realized the value of shaping the regions' future together.

## **Proposals of the Commission on Regional Administration**

In 1995, the Commission on Regional Administration (an official commission of inquiry) presented its proposals for a new regional organisation in Sweden. One of its proposals was that responsibility for regional development should be transferred from county administrative boards to the regions' directly elected bodies – county councils. The municipalities' areas of responsibility should not be restricted. The county administrative boards should concentrate on the task of representing central government. Any changes in the division of responsibilities should be based on local and regional initiatives.

Following the Commission's proposal, representatives from Skåne, Kalmar and Gotland counties, as well as from Göteborg and Bohus, Älvsborg and Skaraborg counties, requested permission from the Government to start a pilot project under which the regions' self-governing bodies, i.e. the elected regional representatives, would assume responsibility for regional development from the county administrative boards.

At the same time discussions regarding county mergers took place. Malmöhus and Kristianstad were later merged into Skåne county, and Göteborg and Bohus, Älvsborg and Skaraborg counties were merged into Västra Götaland county. The request to start pilot projects and the new county divisions are, however, two different matters. The pilot projects relate only to the transfer of responsibility from the county administrative boards to the regions, while the county mergers are permanent.

## **Regional pilot projects**

In 1996, Parliament adopted a resolution on regional pilot projects, which were to be implemented up to the year 2002. As a result, Skåne, Kalmar, Gotland and Västra Götaland counties established various regional self-governing bodies. Directly elected regional councils were established in Skåne and Västra Götaland, an indirectly elected regional council was established in Kalmar, and the responsibility for regional development in Gotland was transferred to the municipality.

A Parliamentary Committee on the Regions was appointed to evaluate the work being done in the new regions during 1997-2000, so as to provide the Government and Parliament with supporting data for decisions on future policy on regional organisation. The Committee presented its report in 2000, suggesting a prolonged and extended trial period. Despite this, in 2001, the Parliament decided to only let Skåne and Västra Götaland continue the regional

pilot projects up to the year 2006. In many counties, municipalities and county councils wanted to assume a greater responsibility for regional development, but the Swedish government was not ready to accept a stronger regional self-government. Instead, a Commission on Division of Responsibilities was appointed (see below).

### **Regional Development Councils**

In 2001, Parliament passed new legislation opening up for all counties to form regional development councils comprising all municipalities in a county and, on a voluntary basis, the county council. In 2003, the regions of Kalmar and Gotland were directly transformed into regional development councils, and hence kept a similar level of responsibility for regional development as they had had as pilot regions. At the same time, regional development councils were created in the counties of Blekinge, Halland, Östergötland, Uppsala and Dalarna. In 2004, the county of Södermanland will formally create a regional development council. Today, extensive efforts to develop new regional cooperation arrangements are under way in municipalities and county councils all around Sweden.

### **Commission on Division of Responsibilities**

The Government has also taken the initiative for a review of the division of responsibilities between central government, municipalities and county councils/regions. A Parliamentary Commission of inquiry was appointed in the beginning of 2003. The starting point for the review is to maintain strong municipal self-governing within the framework for a strong national responsibility for the welfare of the citizens in the whole country. The Commission will also review economic and demographic factors effecting public sector commitments on all levels of government. The Commission will identify and describe changes in society that may lead to necessary reforms regarding the division of responsibilities between central government, municipalities and county councils/regions.

## **What are the consequences of increased regional self-government?**

Increased regional self-government in the new regions means primarily that the responsibility for regional development, i.e. means and measures that promote long-term development of the region as a whole, is transferred from county administrative boards to directly or indirectly elected regional self-governing bodies. Basically, this means that the region's own elected representatives will have greater responsibility for and influence over the region's future.

### **Greater transparency and accountability**

An important reason for closer regional cooperation is a desire to increase democratic influence over development of the region. This puts the focus on regionally elected representatives. They are required to adopt new methods, including an integrated approach to the functions and services that are important for a successful region. They must function as innovators, coordinators and negotiators between various interests in the region, and they must provide good conditions for industry and commerce. An important policy instrument will be the regional development plan, or equivalent, which will focus on the region's strong and weak sides and define a vision for development of the region.

The pilot regions Skåne and Västra Götaland have established directly elected regional councils, which officially have assumed full responsibility for regional development. The municipality of Gotland is a directly elected local and regional development council. The other seven regional development councils are indirectly elected statutory joint authorities comprising all municipalities in a county and the county council. These regions have assumed greater responsibility for regional development

### **Greater focus on the unique strength of each region**

The regional councils and the regional development councils have assumed responsibility for drafting a strategy for the region's long-term development, built on analyses of the region's conditions and potential. They also decide on the allocation of funds for regional development measures, including funds for co-financing of EU structural fund projects. Furthermore, they have assumed the county administrative boards' powers to adopt a long-term county plan for regional transport infrastructure, as well as the responsibility for drafting programmes for the promotion of regional growth, that will create a positive business climate and sustainable development in the region.

The municipalities and county councils in regions where regional development councils have been created have delegated some of their tasks to the new council. Such tasks include support for regional industry and regional cultural affairs. Tasks such as responsibility for tourism and regional environmental issues have been transferred from the county's association of municipalities. The municipalities' other tasks are normally not affected.

### **Clearer division of responsibilities**

The county administrative boards are not a part of the local self-government system. They represent the state in the counties, and their main tasks include the monitoring and evaluation of compliance with central government decisions. In order to clarify the new, more narrowly

defined role for the county administrative boards, the executive committees of the county administrative boards will, as of 2003, in all counties, no longer be appointed by the county councils. The Government will in the new regions appoint nine members, and in all other counties appoint thirteen members to the executive committees of the county administrative boards.

Even though the county administrative boards still are responsible for certain regional development issues in the counties without pilot projects or regional development councils, the Government has given them instructions that they will primarily act as the representatives of central government in the county.

The Swedish Association of Local Authorities and the Swedish Federation of County Councils welcome the Government's initiative to review the division of responsibilities between central government, municipalities and county councils/regions. Both organisations share the opinion that the responsibility for regional development should be transferred from county administrative boards to directly or indirectly elected regional self-governing bodies. The regions own elected representatives should have greater responsibility for and influence over the region's future. This also implies a new role for the county administrative boards as the representatives of the central government, a role yet to be formed.