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2019

MONITORING PROGRESS AND SPECIAL FOCUS
ON MIGRANT INTEGRATION



OECD Territorial Reviews: Småland-Blekinge 2019

MONITORING PROGRESS AND SPECIAL FOCUS
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Foreword

This review is part of a series of OECD Territorial Reviews created in 2001 to support regional development at the multi-country, country, regional and metropolitan scales. The *OECD Territorial Review* series examines a range of policies that have the potential to propel economic growth in regions and improve the quality of life for their residents from a place-based perspective. Policies for economic growth, jobs, human capital and environmental sustainability have greater impact when they recognise the different economic and social realities where people live and work.

The present review is a follow-up study to the 2012 Territorial Review of Småland-Blekinge. It monitors the progress made in 12 recommendations and 32 sub-recommendations identified in that report. The degree of progress in implementing the recommendations is measured according to reforms undertaken by the regional authorities. The review also identifies the main bottlenecks and ways forward for each sub-recommendation.

This monitoring review takes into consideration the changing context in the region, with improved economic performance, new country/regional reforms and an influx of migrants spurring population growth. The report finds that Småland-Blekinge has made progress on a number of fronts. It has stronger common priorities, a more cohesive identity and improved support for business. Notably, the Småland-Blekinge has developed a more efficient support framework for the private sector and have improved intra-regional co-ordination in a number of key areas.

This report contributes to the work programme of the OECD on regional and rural development. It was approved by the Working Party on Rural Policy of the Regional Development Policy Committee [CFE/RDPC/RUR(2018)6] at its 21st session on 6 November 2018.

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Executive summary

This report monitors progress since the 2012 OECD Territorial Review of Småland-Blekinge. Located in South-East Sweden, Småland-Blekinge is composed of Region Jönköping, Region Kronoberg, Region Kalmar County and Region Blekinge. The population in Småland-Blekinge amounts to around 948 120 people, which is equal to 9.5% of Sweden's population. Småland-Blekinge economy is dominated by manufacturing and is renowned for being the region where Ikea originated.

The 2012 OECD Review made 12 recommendations and 32 sub-recommendations that were articulated around the need to shift towards higher value-added and knowledge-intensive activities; to promote stronger links between the regional education system and the private sector; and to enhance the region's attractiveness to residents, migrants and tourists.

This Monitoring Review assesses the main regional policy changes since 2012 and the extent to which the recommendations have been implemented. It gives full consideration to the changing context in the region, with improved economic performance, new administrative configurations and an influx of migrants spurring population growth.

Småland-Blekinge today has stronger common development priorities, a more cohesive tourism identity, and improved support for business...

Among the 12 recommendations and 32 sub-recommendations identified in the 2012 review, three are no longer relevant because they concerned an administrative reform which did not take place. For the 29 pertinent sub-recommendations, Småland-Blekinge has met 4 of them (around 14% out of total) and made notable progress in 8 (28% out of total). Mixed results appear in 41% and no progress or very little progress in the remaining 17%.

Most notably, progress has been made in developing a more efficient support framework for the private sector, particularly in traditional industries, and expanding beyond business creation to also support existing small and medium-sized enterprises (SMEs). The region has demonstrated notable progress in intra-regional co-ordination in a number of key areas, including in infrastructure planning. Although access to the region remains a concern, co-ordination among counties has strengthened, attaining a common identification of needs and increased bargaining power when negotiating with the national administration, benefitting the north-south axis.

No. of sub-recommendations met out of 29*	Status of sub-recommendations/progress indicator
4 (14%)	Recommendation met by all counties
8 (28%)	Notable progress has been made in all counties, but ongoing efforts necessary
12 (41%)	Way forward well defined, but implementation has not started yet or mixed results in counties
4 (17%)	No progress, by any of the counties

* 3 sub-recommendations no longer applicable due to changing conditions.

...however ongoing efforts are needed in a number of areas

Support for female and youth entrepreneurship has been slow to materialise. Improving capacities at the municipal level remains a concern, as well as better matching skills with available jobs, in particular, vocational training and increasing the attractiveness of local job markets to young graduates. Finally, tourism branding has increased but the focus on quality of life and regional attractiveness could be further strengthened for local residents.

Authorities have adopted an active agenda implementing the recommendations – demonstrating progress in a short amount of time

Concerning the timeframe of each sub-recommendation, 31% were suggested to be implemented in the short-run (0 to 1 year), 48% over the medium- to long-term (1 to 5 years), and 21% in the long term (more than 5 years). In particular, it is found that five of the nine short-term actions have been adequately promoted. Areas that particularly advanced are incentives for migrant entrepreneurship and support services to SMEs. In the medium-term, two sub-recommendations have been met, regarding business retention and development of knowledge-intensive businesses, whereas in four of them stronger implementation efforts are yet to be implemented. Understandably, four out of the six sub-recommendations for longer term implementation show mixed results thus far. These refer to the fields of transportation, road infrastructure and urban-rural linkages. Still, some actions taken so far signal that positive structural changes are in the way of being developed. The remaining two, about tourism promotion and cross-border co-operation for business development, have been fully met. Given this relatively short period, this progress demonstrates an active agenda by public officials in implementing the recommendations identified in 2012.

A recent rise in migration from asylum seekers and refugees has challenged the region to adapt

The 4 counties of Småland-Blekinge experienced an unprecedented population increase (4.3%) between 2011 and 2017, which was fuelled by a rise in migration, mostly from asylum seekers and refugees. The pace at which newcomers have arrived in Småland-Blekinge has challenged the counties to provide suitable housing and to reorient services and develop new ones to meet the needs of this group of diverse individuals (e.g., different ages, language skills and training). While lessons from previous waves of migration were certainly helpful in structuring a response, capacity in many cases needed to be built up from scratch, particularly in terms of the services provided by front-line organisations in such areas as health, housing, education and skills.

A great deal has been achieved in a short amount of time and this should be applauded. For example, there is increasing use of multi-level and multi-stakeholder dialogues; there has been improvement in adopting integrated approaches from “Day One”; some municipalities in Småland-Blekinge have adopted local integration strategies; and efforts are underway to conduct institutional mapping and to build a locally accessible database of newcomers’ competencies.

Despite many successes, challenges with policy formulation and implementation remain. In terms of policy formulating, consultative mechanisms with migrant communities could be more developed and there remains a need for mainstream integration policy across municipal departments. Improved data for decision making is also needed. For example, sound assessments of the costs of services are needed in order to better manage integration-related activities. Also, service providers need enhanced capacity to share information in order to improve co-ordination across them. Confidentiality requirements make this difficult, but initiatives like the Meeting Venues Project have offered a workaround. In terms of labour market integration, working with key business sectors to meet labour market demand has proven successful – but more firms need to be convinced of the merits to engage.

Integration can be a very long process, particularly for individuals who have arrived with less transferable or very low skills or who suffer from health issues, including mental health. Therefore, the demand remains for settlement and integration services and there is a need to cater services to those who may face the greatest obstacles to integration. While the need for early skills assessments has been well recognised and progress has been made – there is now a need to strengthen and expand these initiatives and make sure they are used by some of the hardest to reach. Finally, special strategies and resources are needed in order to assist younger migrants and women.

Assessment and recommendations

The context of the review

In 2011, the OECD conducted a *Territorial Review of Småland-Blekinge, Sweden*, which was approved in the 13th session of the OECD Regional Development Policy Committee and was published in 2012. The report provided 12 recommendations and 32 sub-recommendations to the region and its 4 counties (OECD, 2012). The review highlighted the need to shift towards higher value-added and knowledge-intensive industries and businesses; stronger links between the regional education system and the private sector; more support for entrepreneurship and enhanced attractiveness to residents, migrants and tourists.

To follow-up on the recommendations, the OECD conducted the present *Review of Småland-Blekinge*. The objectives of the review are to: i) assess the main regional policy changes since 2012 and the extent to which the recommendations from the territorial review have been implemented; and ii) examine the processes of recent migrant settlement and integration in Småland-Blekinge and offer recommendations.

New realities in Småland-Blekinge

Improving economic performance, administrative mergers and increased migration have changed conditions

Småland-Blekinge is evolving under a different scenario than the one in 2012 when the OECD conducted the territorial review of the region. There are several differences to note: i) the arrival of a large number of humanitarian migrants; ii) a different macroeconomic context after the effects of the global financial crisis; and iii) ongoing waves of administrative mergers at county-level.

The four counties of Småland-Blekinge were negatively impacted by the 2007 financial crisis. However, the economy has rebounded over the past five years and the counties are now recording positive economic and employment growth. Since then, the four counties of Småland-Blekinge have experienced a climate of economic recovery and have been expanding their economic base. These conditions have affected how the counties work together with municipalities and the private and third sectors in order to address common challenges such as growing labour market demand and housing shortage.

A second change is administrative mergers at county-level in Jönköping and Kronoberg wherein competencies for regional development have been incorporated into the county council structure. Blekinge and Kalmar will adopt a similar structure in 2019. The current project of mergers has brought together two administrative institutions that, despite sharing common responsibilities, differ in purpose and organisational culture.

Finally, over the past five years, Småland-Blekinge has seen an unprecedented population increase, fuelled by a rise in migration, mostly from asylum seekers and refugees. The

four counties recorded among the highest net migration rates per capita in Sweden during this period. The pace at which newcomers have arrived in Småland-Blekinge has challenged the region to provide suitable housing and to reorient services and develop new ones to meet the needs of this diverse group. Migrant integration and retention in the region will be critical for its future development. This monitoring review dedicates a special focus chapter on migration.

Current trends

The region is facing the following trends:

- Population growth is primarily due to the arrival of immigrants. In the period 2011-17, the increase amounted to 0.89% annually.
- The performance in gross domestic product (GDP) per capita amongst the counties has been mixed. Kronoberg has been catching up on the national average, Jönköping has been growing around the same pace as the national average and both Blekinge and Kalmar have been declining. At the international level, the growth rates in GDP per capita of the 4 counties have been above the average growth rate of 40 comparable regions.
- Productivity in the four counties is below the average of comparable regions. This is a key area of priority for improving competitiveness.
- In terms of innovation, research and development expenditures are high in Kronoberg and for patent intensity, all counties fare well with respect to comparable regions.
- Unemployment rates have however been decreasing over the past years. As of 2016, Jönköping and Kalmar lie below the national average.
- The share of low-skilled workers in the labour force remains higher than the national average.
- All counties face increasing housing prices. According to 2015 data, in Jönköping and Kronoberg property prices are above the national average, while in Kalmar and particularly Blekinge they are below.
- Digital connectivity and internal accessibility have progressed significantly. However, mixed results are observable for external connectivity.

Measuring progress over the past five years

Overall progress

The 2012 Review had identified 12 recommendations to support regional development.

Table 1. Summary of recommendations

1	Developing a knowledge-based economy
2	Addressing labour market mismatches
3	Quality of life
4	Tourism
5	Small and medium-sized enterprises

6	Improving accessibility to the region
7	Better co-ordination of business development efforts
8	Regionalisation reform
9	Regional development programmes
10	Strengthening inter-county planning
11	Further developing public-private interactions
12	Municipal co-operation and reform

Source: OECD (2012_[1]), *OECD Territorial Reviews: Småland-Blekinge, Sweden*, OECD, <http://www.oecdbo.org/browse.asp?pid=title-detail&lang=en&ds=&ISB=5k9h79jnzzxr> (accessed on 23 December 2017).

Amongst the 12 recommendations and 32 sub-recommendations identified in the 2012 review, Småland-Blekinge has made notable progress in 8 of the sub-recommendations (28% out of total) and have met 4 of them (around 14% out of total). Mixed results appear in 41% and no progress of very little progress in the remaining 17%.

Most notably, progress has been made in developing a more efficient support framework for the private sector, particularly in traditional industries, and expanding beyond business creation to also support existing SMEs. The region has demonstrated notable progress in intra-regional co-ordination in a number of key areas, including in infrastructure. Although accessibility to the region remains a concern, co-ordination among counties has strengthened, attaining a common identification of needs and increased bargaining power when negotiating with the national administration.

The arrival of migrants has represented a challenge and an opportunity for the region, leading to the development of a support scheme for integration (Chapter 3). However, the focus on migrant settlement and integration should not shift away from support for female and youth entrepreneurship. Improving capacities at the municipal level remains a concern, as well as better matching skills with available jobs, in particular, vocational training and increasing the attractiveness of local job markets to young graduates. Finally, tourism branding has increased but the focus on quality of life and regional attractiveness could be strengthened for local residents.

Given this relatively short period, this progress demonstrates an active agenda by public officials in implementing the recommendations identified in 2012.

Assessing the implementation of recommendations

This review measures progress in each of the sub-recommendations, according to 4 scales: 0, if no significant progress was made; 1, for when further implementation is needed or results in counties are mixed; 2, referring to notable progress; and 3, for when the recommendation was met by all counties. When notable progress is reached, the counties still have to deploy continued efforts and, even when the recommendation was fully implemented, ongoing actions are necessary to maintain the current situation. Three sub-recommendations concerning regionalisation are no longer applicable since the reform was abandoned in 2017. For this reason, progress is not evaluated for them.

Co-ordination between governmental institutions and regional actors has significantly progressed – this is central to meeting all other recommendations

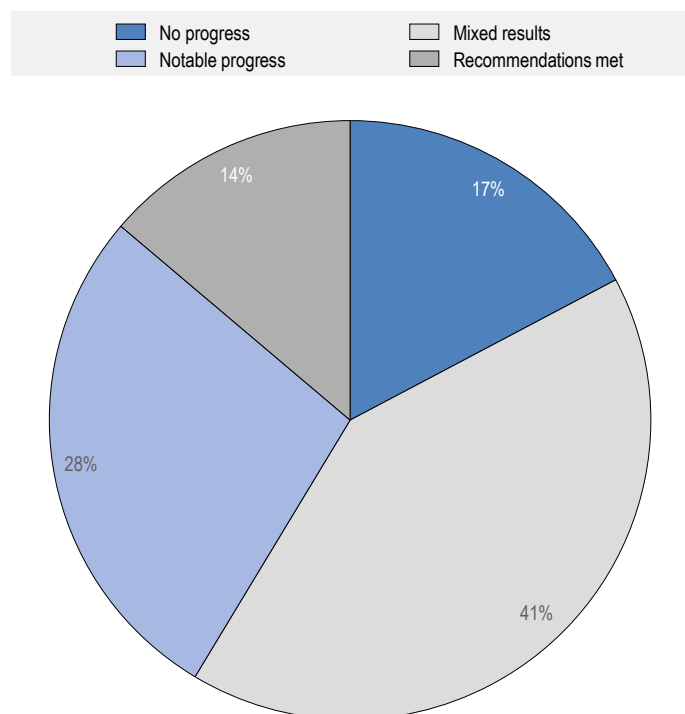
As noted, significant advancement could be observed in 12 of the sub-recommendations:

- Promisingly, the majority of them relate to improved co-ordination mechanisms among key stakeholders in Småland-Blekinge, with a more cohesive identity and definition of common priorities.
- Support for business development, migrant integration and tourism are the areas where integration has improved the most, reaching positive outcomes.

In the remaining 58%, progress has been mixed, whereby further implementation efforts are needed:

- In 12 sub-recommendations, there has been little progress, or mixed results (41% out of total). The region needs to better connect skills and education with labour market demand. Transportation connectivity remains a major challenge but, promisingly, the four counties have developed a cohesive strategy and common voice, including neighbouring counties.
- In 5 sub-recommendations, no progress has been made (17% out of total). This lack of progress partially reflects changing priorities. For example, youth engagement has been slow to materialise. Air and freight transportation remain challenging aspects.

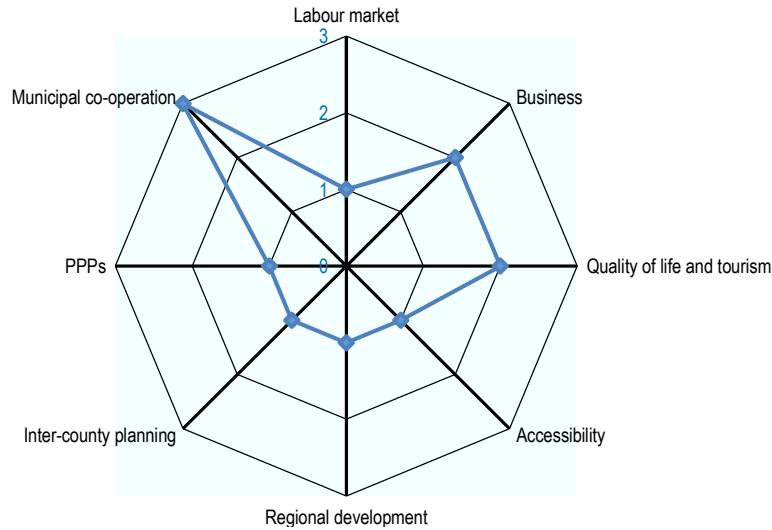
Figure 1. Progress on sub-recommendations



Note: Calculation based on 29 sub-recommendations, as 3 are no longer applicable.

When grouped by area, two of them show notable progress (knowledge-intensive economy and business development and quality of life and tourism), and in terms of municipal co-operation and reform, the average scale is three. The five other groups of recommendations show mixed results – even though some sub-recommendations had notable progress, for others there has been very little, arriving at the average of one.

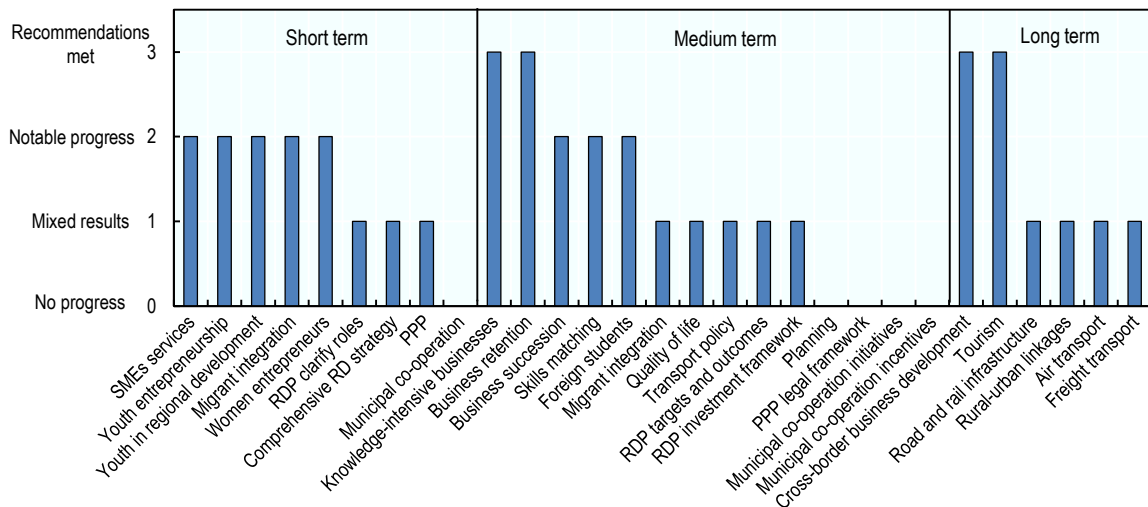
Figure 2. Progress on recommendations



Note: 12 recommendations grouped into 8 main themes.

Concerning the timeframe of each sub-recommendation, 31% are to be implemented in the short run (0 to 1 year), 48% over the medium to long term (1 to 5 years) and 21% over the long-term perspective (more than 5 years).

Figure 3. Meeting short-, medium- and long-term goals



In particular, it is found that:

- Among the nine recommendations to be implemented in the **short term**, Småland-Blekinge has made notable progress in five of them and very little progress in four.
- Among the 14 recommendations over the **medium term**, the region has met 2 of them and made notable progress in 3, whereas for the remaining ones there has been no progress or mixed results.
- Among the six recommendations over the **long term**, two of them have been met, and in four there have been mixed results.

The sections below provide a thematic account of progress. The recommendations 1, 5 and 7 were grouped together, for addressing similar topics of business development, support to SMEs and knowledge-intensive economy. The recommendations concerning tourism and quality of life show complementarity, as better quality of life for residents, translates into attractiveness for migrants and tourists. The sub-recommendation on regionalisation which remains pertinent was integrated into the discussion of regional development programming.

Knowledge-intensive economy, SMEs and business development

Business development and tourism branding: where the dynamics of improved collaboration are most visible

Recommendations of 1, 5 and 7	Progress	Timeframe
Develop knowledge-intensive businesses	Notable progress	Medium term
Further promoting knowledge-intensive service activity firms, particularly those which are attracted to amenity-rich areas	Notable progress	Short term
Design and implement strategies for business retention	Mixed results	Medium term
Better facilitate business succession amongst SMEs through local business facilitators who can support business owners and broker solutions between sellers and buyers	Mixed results	Medium term
Engage in more cross-border interaction and co-operation to avoid the territorial fragmentation of business development efforts	Recommendation met	Short term

Overall, there has been strong progress in this area. The four counties have provided more assistance in improving efficiency in traditional industries, as the example of dairy processing in Jönköping County shows. The local innovation ecosystem in Småland-Blekinge has become increasingly organised: new science parks and business incubators have been inaugurated, and complementary institutional structures such as Kalmar's Innovation Council have emerged. Smart specialisation strategies can flourish with the relocation of the eHealth national agency in Kalmar and the development of the bioeconomy sector in Jönköping. There is stronger intra-regional collaboration through the *Tillväxtforum* in Blekinge. Cross-border co-operation has seen advances, for instance with the office of Kronoberg County, Kalmar County and Linnaeus University in Shanghai, China. The office supports SMEs in the early stages of business in China and helps recruit East/Southeast Asian students to the university.

The business retention strategy should focus more on existing businesses

The focus of the counties' entrepreneurial support and assistance has widened beyond business creation in order to include the existing SMEs. Counties need to place greater emphasis on business retention efforts, such that existing firms do not have to move elsewhere in order to increase their scale and competitiveness. Similarly, business succession remains an increasingly important subject for the region's ageing population of SME owners and entrepreneurs. Business succession programmes including education, planning, legal assistance, transmission process assistance and seller/buyer match-making are still needed. Taking over an existing enterprise should be promoted as a valid "easy-entry" option for youths initiating their entrepreneurial career.

Another area for further amelioration is knowledge transfer. Higher Education Institutions (HEIs) experience difficulties in liaising with local businesses and technology upgrading in these businesses has been lagging behind as a result. One way to address this issue is to include HEIs-business collaboration as a requirement for project funding. Greater promotion and prioritisation of the creation and development of local knowledge-intensive business services (KIBS) is required, as they are important transmitters of knowledge and innovation across local firms and manufacturers. Lastly, the region should also promote the integration of postgraduate and PhD students in local firms.

Labour market mismatches

Poor labour market skills matching continues to be a drag on the region's economy

Recommendation 2	Progress	Timeframe
Strengthen the links between the regional education system and regional business	Mixed results	Medium term
Educate local communities about the importance of young entrepreneurs and provide support for their initiatives	Mixed results	Short term
Increase the involvement of young people in regional development efforts	No progress	Short term
Work with local industry to open up employment opportunities for foreign students	Mixed results	Medium term
Improve co-ordination and collaboration in supporting migrant integration (including the labour market, training, social assistance and housing) and addressing the limited capacities of smaller municipalities	Notable progress	Short term
Strengthen support and incentives for migrant entrepreneurship	Mixed results	Medium term
Improve the social recognition of female entrepreneurs and facilitate networking opportunities for them	Notable progress	Short term

Better linking skilled human capital with available jobs in the region is a multi-faceted challenge, where mixed progress has been made between 2012 and 2017. On the aspect of matching skills supply with skills demand, HEIs have liaised with the business community to develop new training programmes and curriculum updates, but vocational training still needs to be strengthened.

No programmes have been implemented with the objective of increasing the attractiveness of the local job market for young graduates, who continue to leave the region after their studies. HEIs and local industry should collaborate to seize the interest of the many European foreign students studying in Småland-Blekinge. Career guidance

has been identified as another area for improvement. There is also room for greater labour-force “need finding” amongst local firms to improve labour market forecasting and guide the development of new programmes.

Supporting youth and female entrepreneurship are areas in which progress has been slow. Local universities should continuously invest in initiatives that focus on youth entrepreneurship in schools such as Ung Företagsamhet. To better promote entrepreneurship as a career for women successful local female entrepreneurs should be championed and promoted as role models opening the way for others to follow.

Furthermore, local programmes should fill the gap of national and EU funding by supporting the consumer-based services often promoted by women entrepreneurs, especially migrant women. Concerning migrant local employment opportunities, the region has to offer flexible training and educational pathways, including for instance specific language and computer skills development. The region could build a database of newcomers’ competency, which would be accessible to employers in general. Finally, the benefits and longer-term positive impact for the region of the increased immigration have to be highlighted by the government.

Quality of life and tourism

Tourism branding among the three counties in Småland has increased but the focus on quality of life and regional attractiveness could be strengthened for local residents

Recommendations 3 and 4	Progress	Timeframe
Better promote the regions natural and cultural assets to local people and potential migrants	No progress	Medium term
Place tourism at the forefront of development efforts	Recommendation met	Long term

The recommendation addresses the need to increase the attractiveness of the region for old and new residents as well as tourists. Strategies to promote the natural and cultural assets for tourists have been developed. Tourism branding has strengthened, with the creation of a common brand and digital platform for the Småland region (visitsmaland.se) and a separate brand and digital platform (visitblekinge.se) for Blekinge. Now the co-operation has to move beyond branding to include development issues and combined offers. The outreach of such brand promotion could be significantly helped through collaboration with internationally renowned local consumer corporations. Tourism could be an important pillar of the region’s regional development strategy, especially if aligned with other policy areas.

Less progress could be observed in what regards attracting new residents to Småland-Blekinge. One notable exception is the inter-municipal co-operation in Kalmar county, called *Kalmarsundsregionen*, to brand the region as a great place to live and work. Cultural events and the presence of international schools could be better used in the future to scale up the region’s profile. Moreover, enhanced communication with local residents could contribute to generating local pride and a greater sense of belonging. This is a first essential step for retaining and recuperating local residents.

Accessibility

Transport infrastructure continues to be an obstacle rather than a catalyst to the development of the region

Recommendation 6	Progress	Timeframe
Remove the main bottlenecks and improve road and railway connections to Malmö and Gothenburg	Mixed results	Long term
Improve connectivity between larger towns/nodes and more sparsely populated rural areas	Mixed results	Long term
Improve air transport from each of the four county capitals by improving scheduling that enables same-day travel to and from other European capitals via Stockholm and Copenhagen	Mixed results	Long term
Improve freight transport infrastructure to take advantage of opportunities for trade with the Baltic States, the Russian Federation and China	Mixed results	Long term
Improve co-ordination between counties and the private sector in prioritising transport and communicating a single voice to the national government about them	Recommendation met	Medium term

Accessibility projects require long-term investment to plan and implement. Although five years is a short period to observe concrete results, some progress was identified. The strengthened co-ordination among counties resulted in the identification of common needs and increased bargaining power when negotiating with the national administration. The proposed High-Speed Railway project will benefit Jönköping and Kronoberg counties. The project for eastern-oriented development and inter-county connections between Blekinge and Kalmar should not be abandoned, with the promotion of the development of eastern oriented commercial routes and infrastructure maintained. The focus on freight transportation has dissolved in most counties, except for Blekinge where it has doubled since 2012. A land to sea logistic platform ought to be considered in a long-term perspective. In the field of air transportation, subsists the competition among countries to establish connections with European hubs, with some countries experiencing positive fluctuation of traffic flows and others seeing traffic decline. The daily connection between Frankfurt and Jönköping, operative since 2016, has increased the county's international connectivity. Besides international connections, counties should use airport infrastructure to address the needs of local businesses and industries.

The connectivity between nodes and less populated areas has been fostered by investments in public transportation, including sustainable commuting modes and research and development in the area. The challenge for the region in this matter is to adopt a functional approach, superseding administrative barriers. An integrated territorial perspective is needed to assess transport needs alongside other sectoral policy areas such as infrastructure investments and the delivery of public services.

Regional development

The existing framework for regional planning is evolving to take on a stronger form

Recommendations 8 and 9	Progress	Timeframe
Clarify roles and competencies of agencies involved in regional development, and how they interact	Notable progress	Short term
Develop more concrete and institutionally reinforced regional development programmes with clear targets and measurable outcomes	Notable progress	Medium term
Establish an enforcement framework to link investment priorities with the objectives of RDPs	No progress	Medium term
Integrate rural and general development programmes into a single comprehensive regional development strategy	Mixed results	Short term

While the regionalisation reform is no longer in the public agenda, inter-county collaborations remained strong in the areas of infrastructural planning and negotiation with the national administration. The need to enhance the regional planning system remains evident. The four counties are slowly building a spatial development vision for the region, in alignment with Sweden's National Strategy for Sustainable Regional Growth and Attractiveness 2015-20. The complex knitting of roles and competencies of the many players involved in regional development is being simplified through the mergers of different institutions. Communication of the new roles and responsibilities to the general public and across the administration could facilitate interaction and promote institutional efficiency.

Further vertical and horizontal co-ordination could be achieved. Better linking regional programmes, plans and strategies together, including the rural development programmes, is necessary. Local action groups should be included within these co-ordination efforts and be better linked with the regional and county councils. The aim should be the elaboration of a single cohesive regional development strategy.

Jönköping is compiling municipal plans in order to develop a comprehensive understanding of spatial planning in the county. In Kronoberg, a network has been established with the aim of strengthening border-municipal planning. Reforms announce growing competencies for regional planning, which will be a unique opportunity to adopt a strong spatial vision for development that can help to target strategic investments, manage growth, enhance inter-municipal co-ordination and build local planning capacity.

Inter-county planning

Inter-county collaboration has taken on new forms

Recommendation 10	Progress	Timeframe
Strengthen inter-county planning arrangements by including clear initiatives with funding and accountability and monitoring arrangements	Mixed results	Medium term

Inter-county planning has greatly improved since 2012, in all issues related to business and territorial development. Substantive progress has been achieved by: multi-stakeholder platforms in Blekinge, e.g. the collaborative platform of Blekinge Council; the creation of an Innovation Council in Kalmar; networking and consultation in Kronoberg; and the

signing of a cross-county agreement on infrastructure priorities for southern Sweden. This progress has been achieved through soft instruments, based in interpersonal relations and in line with the Swedish culture of consensus-building. While these mechanisms have shown positive results so far, if personal relations change, co-operation may deteriorate. For this reason, it is important that counties invest in formal mechanisms to keep incentives in place and institutionalise the existing networks.

Future inter-county collaboration amongst the studied counties could involve data collecting and sharing for improved community planning; the pursuit of regional and inter-municipal co-ordination across functional territories; as well as the establishment of a vertical co-ordination forum between the regional and local levels on planning issues.

Public-private partnerships

More could be done to support the development of public-private partnerships – regionally and nationally

Recommendation 11	Progress	Timeframe
Build institutional frameworks for public-private co-operation like public-private partnerships or industry advisory groups	Notable progress	Short term
Enable the legal framework for public-private partnerships	No progress	Medium term

Public-private partnerships (PPP) have had some developments, notably in Blekinge and Kronoberg. There has been stronger collaboration between HEIs, local science parks and incubators, as well as more involvement of the Swedish business support agency, Almi, in public initiatives in the four counties. Because of the potential benefits of such collaboration, prioritisation should be given to the development of PPP investment projects at the senior political level. It remains necessary to encourage greater involvement of the private sector, especially in large infrastructure projects.

A legal framework for PPPs should be developed, with clear, transparent and enforced regulation. To do so, the counties will not only need to collaborate amongst themselves but also at a wider national level.

Municipal co-operation and reform

Increasing capacity at the municipal level remains an essential concern across the four counties of Småland-Blekinge

Recommendation 12	Progress	Timeframe
Initiatives and mechanisms that show co-ordination across municipalities around common projects	Recommendation met	Medium term
Establish place incentives and support to encourage inter-municipal co-operation	Notable progress	Short term
Conduct an in-depth assessment of municipal competencies identify opportunities for regional or national institutions to take on responsibilities, and/or develop an asymmetric approach (larger municipalities have responsibilities that smaller ones do not)	No progress	Medium term

Inter-municipal co-operation has significantly improved since 2012, partly because the falling apart of the regionalisation reform and the challenges associated with migrant integration. The areas of infrastructure, housing and business development concentrate

the majority of efforts. For instance, Business Gnosjö Region is a joint effort of four municipalities to promote the industrial district and businesses in the area. Capacity at the municipal level remains, however, a concern. The OECD had recommended an in-depth assessment of municipal competencies, which is being conducted by the national authority. The results of this investigation may allow counties to identify opportunities to adopt and develop a more asymmetric responsibility approach among collaborating municipalities of different sizes. This would reduce the existing dependency on third-party consulting.

Special focus on migration issues

The recent wave of migration offers an opportunity to rebalance demography in the region

The four counties of Småland-Blekinge experienced an unprecedented population increase (4.3%) between 2011 and 2017, which was fuelled by a rise in migration, mostly from asylum seekers and refugees. With a younger age profile than the native population, they help to balance the counties' ageing demographic structure. Migrants also have the potential to contribute to employment, as the counties are experiencing labour market shortages in some occupations. Yet, the participation of migrants in the labour market is low: as of 2016, the employment rate was at 65.5% versus 80.5% for those born in Sweden (ages 15-74); meanwhile, the unemployment rate is 15.8% for foreign-born versus 4.8% for those born in Sweden. The main challenges associated with migration are labour market mismatch and co-ordination across levels of government to provide an effective, multi-sectoral policy response for migrant integration.

The participation of migrants in the labour market is lower than native-born but there are encouraging results for newcomers after the introduction programme

There is often a skills mismatch between newcomers and the types of jobs available. Demand is tilted towards high skills and qualifications in Sweden, but migrants do not necessarily have the required language skills, education or training. For example, there are unfilled jobs in the forestry, dairy and high-tech industries. Significant efforts have been made to address this mismatch. Flexible educational pathways have been adopted, which help individuals to meet programme requirements in a timely manner and make it easier for them to work, for instance in trainee jobs and vocational introduction jobs. Fast-tracking the recognition of foreign credentials and certificates has been of great help, but partial recognition needs to be better linked to complementary courses. There is a need to strengthen and expand initiatives of early skills assessments, which can enable a better profiling of asylum seekers and improve labour market matching. A related initiative is building a database of newcomers' competencies and qualifications, to be made available to employers.

Migrant settlement and integration policies could be enhanced through improved vertical co-ordination and implementation at the relevant scale

The rapid influx of newcomers has challenged the counties to provide suitable housing and to reorient services and develop new ones. There are many different groups at the local level that offer programmes and services to migrants, and the main governmental actors know one another and are increasingly working together. Yet, this broader community could be better linked. Institutional mapping, inter-institutional fora and

multi-stakeholder dialogues could help to achieve this. Examples in this direction exist. County administrative boards have recently been assigned to map the civil society's efforts for asylum seekers. The four counties have regional councils for integration which act as a platform to discuss key issues for migrant integration. Inter-municipal partnerships can be established to set up joint service provision and financial agreements. For instance, the Association of the Region of Gothenburg has set up an organisation called Validation Test, for skills certification. Ronneby Municipality has an integration and education centre which operates societal orientation for all immigrants in Blekinge County.

Concerning the provision of services, the counties could reinforce the entry points, invest in co-funding and facilitate co-ordination. One-stop shops could help individuals to better navigate the services available to them. Regrouping relevant information in one place renders the integration process more transparent and expedite. Creating standalone municipal or regional departments or co-ordination bodies would help to mainstream integration policy across municipal departments. Such bodies can raise awareness and build capacity in other departments and develop "migration-sensitive" policies in their respective sectors of competency. Some municipalities such as Ronneby in Blekinge County have adopted a migrant integration strategy. In order to be operational, such action-oriented strategies require a budget and dedicated personnel. The capacity to share information among service providers also has to improve, following the example of the *Meeting Venues Project* that occurred in 2015.

The successful labour market integration of migrants has been one of the most important issues for Småland-Blekinge. At the national, regional and local levels, a great deal of progress has been made in adapting systems to better support the most recent wave of migrants. However, there remain several areas for further progress. Namely, while there is progress in the fast-tracking the recognition of foreign credentials, these have to be better linked to bridging courses. Furthermore, while working with key sectors to meet labour market demand has proven successful, firm uptake has been slow. More firms need to be convinced of the merits to engage in this manner. Finally, more needs to be known about which initiatives for migrant entrepreneurship are working best and how they could be improved.

In all, inclusion and equal access to opportunities is a major aim of migrant integration in Sweden. While many important initiatives have been deployed to assist individuals to access education, training and jobs and start businesses, achieving these goals requires different levels of government to work together – local, regional and national. The mobilisation of local networks is also critical. The positive results of Blekinge, for instance, have been attributed to the strong co-operation within the region, including the involvement of the employment office with the sectors of housing, day-care and health.

Chapter 1. Trends and challenges: An updated snapshot of Småland-Blekinge

This chapter provides a diagnosis of Småland-Blekinge, identifying major trends, strengths and bottlenecks to development. It first explores how conditions have changed since the 2012 Territorial Review of Småland-Blekinge, including population and demography, economic performance and inter-regional disparities. Following this, it examines some of the main factors of growth and bottlenecks to development including: accessibility, mobility and digitalisation; innovation; and human capital and skills.

In 2012, the OECD published the *Territorial Review of Småland-Blekinge, Sweden*.¹ Building on the evidence-based analysis of regional policies, the report provides 12 recommendations and 32 sub-recommendations to the region and its 4 counties (OECD, 2012_[1]). The review highlighted the need to:

- Shift towards higher value-added industries and businesses and to focus more on knowledge-intensive production.
- Adopt programmes to help to strengthen the links between the regional education system and the private sector.
- Enhance its supports for entrepreneurship and, more generally, make better use of the region's many assets in order to improve its attractiveness to residents and migrants alike.

This *Monitoring Review of Småland-Blekinge* follows up the recommendations made in the earlier 2012 review. The objectives of the review are to: i) assess the main regional policy changes since 2012 and the extent to which the recommendations from the territorial review have been implemented; and ii) examine the processes of recent migrant settlement and integration in Småland-Blekinge and offer a number of recommendations.

Between 2012 and 2017, some conditions in the region have changed substantially. The four counties of Småland-Blekinge were negatively impacted by the 2007 financial crisis. However, the economy has rebounded over the past five years and the counties are now recording positive economic and employment growth. These changed conditions impact how the counties work together with municipalities and private and third sectors to address the common challenges of growing labour market demand and housing shortages in some areas. A second change is that there have been administrative mergers at county-level in Jönköping and Kronoberg wherein competencies for regional development have been incorporated directly elected county council structure. Blekinge and Kalmar are expected to adopt a similar structure in 2019. Finally, over the past five years, Småland-Blekinge has also seen an unprecedented population increase, fuelled by a rise in migration, mostly from asylum seekers and refugees. The four counties recorded among the highest net migration rates per capita in Sweden during this period. The pace at which newcomers have arrived in Småland-Blekinge has challenged the region to provide suitable housing and to reorient services and develop new ones to meet the needs of this diverse group. Migrant integration and retention in the region will be critical for its future development. This monitoring review dedicates a special focus chapter on migration.

The OECD team, together with international experts as peer-reviewers, carried out an official mission in 24-27 October 2017 to evaluate progress in the four counties of Småland-Blekinge. The OECD team held bilateral interviews with public officials from the four counties and from selected municipalities as well as with actors from the private sector and public research institutions to understand challenges and bottlenecks and assess progress in implementing recommendations.

The structure of this review is organised as follows:

- The present Chapter 1 introduces the methodology and evolving context in the four counties since the elaboration of the territorial review.
- Chapter 2 assesses progress in each of the 12 recommendations. It offers a summary of progress and a detailed analysis of the changes promoted. It also indicates how the four counties can continue making progress in these areas. It is

complemented by the detailed table of Annex 2.A, which tracks down progress in each of the 32 sub-recommendations.

- Chapter 3 examines the processes of recent migrant settlement and integration in Småland-Blekinge and offers a number of recommendations. Inclusion and equal access to opportunities is a major aim of the migrant integration in Sweden and achieving these goals requires the different levels of government to work together – local, regional and national.

Adjusting to new conditions

Småland-Blekinge is evolving under a different scenario than the one in 2012 when the OECD conducted the territorial review of the region. There are several differences to note: i) ongoing waves of administrative mergers at county-level; ii) arrival of a large number of humanitarian migrants; and iii) a different macroeconomic context after the effects of the global financial crisis.

The merger of the regional council and the county council in the four counties of Småland-Blekinge happened after the former regionalisation reform plans were abandoned. The regionalisation reform was one of the main motivations of the county authorities for carrying out the territorial review of Småland-Blekinge in 2012, but in 2017, it is no longer in the agenda. Instead, the current project of mergers has been developed to bring together two administrative institutions that, despite sharing common responsibilities, differ in purpose and organisational culture to a large extent.

The merger process has been finalised in the counties of Jönköping and Kronoberg, and it is expected to commence in Blekinge and Kalmar Counties in 2019 after the next regional elections take place. No set system, configuration or process is uniformly implemented in order to carry out these fusions; each county is to use trial and error in order to adapt the process to their own specificities. Given that both Jönköping and Kronoberg have reported difficulties, systematically documenting these difficulties may ease this transition process to Blekinge and Kalmar Counties. Likewise, identifying pitfalls and best practices from other Swedish and OECD countries may prove useful to ensure that this new governance structure works at its best.

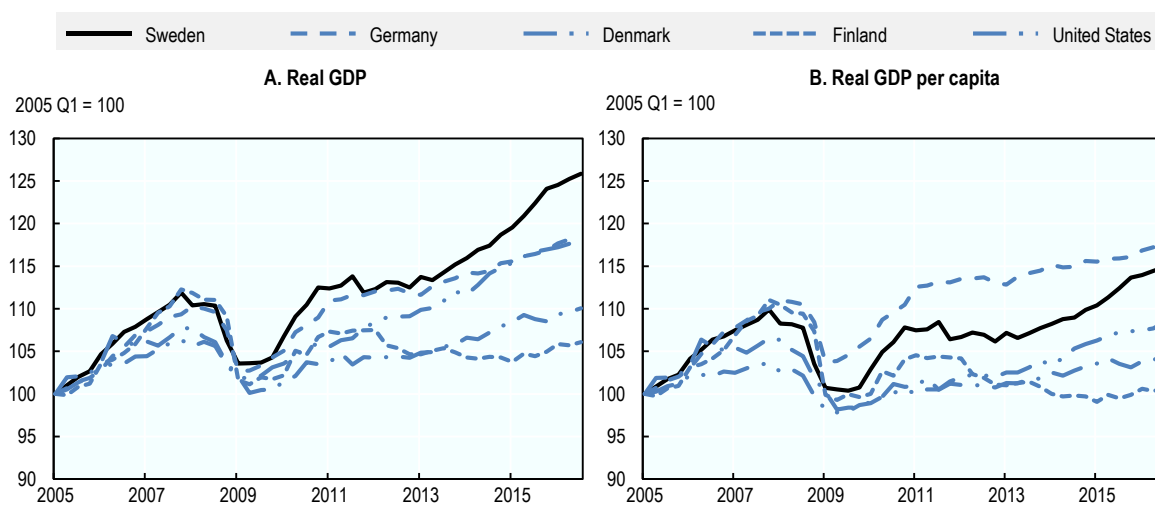
The second major change – a wave of humanitarian and family reunification migration – has challenged the four countries to quickly build internal capacity to receive newcomers and provide settlement and integration services. While a great deal of progress has been made in a short amount of time, there remains a need to take stock of what has worked or not in the intervening period and to continue to build capacity and partnerships among the various actors supporting migrant settlement and integration. The counties' experiences and policy recommendations on how processes could be improved form the subject of Chapter 3.

The macroeconomic context differs significantly than the one from 2012. In that time, only timid signs of recovery from the 2007 financial crisis could be observed – especially as the data analysis referred to the period from 2008 and 2009. Since then, the four counties of Småland-Blekinge have experienced a climate of economic recovery and have been expanding their economic base.

An evolving national context

According to the recent *OECD Economic Survey of Sweden* (OECD, 2017_[2]), Sweden weathered the global financial and economic crisis with limited damage, thanks to strong macroeconomic, fiscal and financial fundamentals, as well as a competitive and diversified business sector. Output has grown faster than in most other OECD countries over recent years (Figure 1.1, Panel A). Population increases, to a large part related to immigration, have contributed significantly to growth. Even so, the country's gross domestic product (GDP) per capita has expanded faster than in most OECD countries (Figure 1.1, Panel B). Business investment has picked up, which has contributed to reviving labour productivity, now increasing rapidly. Employment has also increased more rapidly than in most OECD countries over recent years, and the unemployment rate has receded and is now around 7%. In a weak global environment, Sweden's growth has been primarily driven by strong domestic consumption and investment. The trend of growth is expected to remain solid over the coming years.

Figure 1.1. GDP growth in OECD member countries, 2011-15



Source: OECD (2018_[3]), *Economic Surveys: Sweden 2017*, OECD, Paris.

Over the past two decades, inclusive, sustainable and green growth has underpinned a high quality of life for Swedes. The country has welcomed a large number of immigrants, which have both contributed to and benefitted from economic prosperity. The foreign-born accounted for over 16% of the population in 2015, up from 10% in 1993 at the low point of the early-1990s recession. The country faces challenges of integrating foreign-born, which are less likely to be employed, often earn less and work in occupations with lower status than natives with similar education.

The areas of relative weakness highlighted by the Better Life Index and identified in previous OECD Economic Surveys include:

- Housing market which penalised households with low income and wealth, leading to a widening of inequalities despite remaining relatively low.

- Rigidities in the labour market, hampering access to jobs for the low-skilled and putting pressure on inequality.
- Declining educational performance.
- Persistent gender gap, particularly for foreign-born women, despite Sweden being one of the most gender-equal countries in the OECD.

Sweden has maintained a high level of performance in science, technology and innovation (STI) but there are signs of weakening. As the *OECD Review of Innovation Policy: Sweden 2012* (OECD, 2013^[4]) observed, Sweden's research performance has lost some ground vis-à-vis traditional comparators such as Denmark, the Netherlands and Switzerland, and a number of emerging economies are catching up fast. Business research and development expenditure has declined in the wake of the restructuring and change in ownership of large multinational enterprises of Swedish origin, which now have new global corporate strategies. Sweden's overall research and development intensity is no longer the highest in the world.

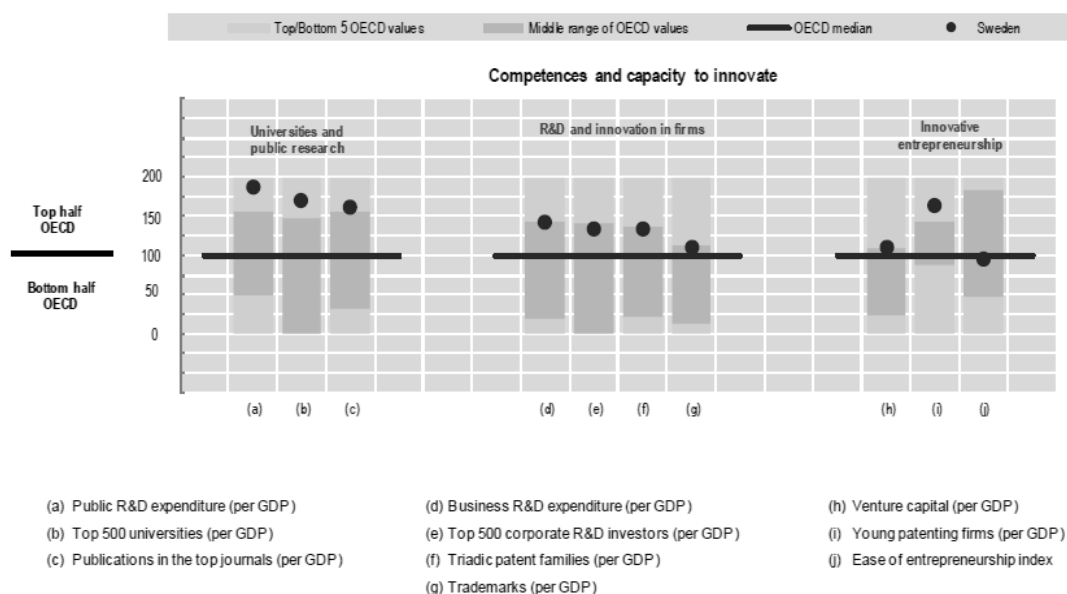
Against this backdrop, the government introduced the Research and Innovation Bills of 2008 and 2012 aimed at strengthening the performance of the Swedish STI system. These include:

- A significant increase in the “block funding” for universities and the introduction of a performance-based allocation mechanism.
- Additional funding for selected Strategic Research Areas (SFOs); an enhanced role and funding for research institutes (RIs).
- The development and funding of public-private partnerships within selected Strategic Innovation Areas (SIOs).
- The initiation of a Challenge-driven Innovation (UDI) programme focusing on societal challenges.
- Improved prioritisation and support for Swedish participation in European research and innovation activities.

These efforts have reached mixed results with limited success in strengthening the university research base, commendable efforts to link research and innovation with some concerns, a need for more concerted effort to tackle societal challenges and prioritisation and strategy development constrained by weak governance (OECD, 2016^[5]). Despite these mixed results, Sweden remains one of the most innovative countries in the OECD with business research and development expenditure standing at 2.31% of GDP well above the OECD average (Figure 1.2). Government research and development expenditure also stands above the OECD average with a large share allocated for research to Swedish universities, well placed in global rankings of world-class universities and publications. Higher education research and development, at 0.92 in 2014, is amongst the highest in the OECD (OECD, 2017^[6]).

Figure 1.2. Science and innovation in Sweden, 2016

Comparative performance of national science and innovation systems



Note: Normalised index of performance relative to the median values in the OECD area (Index median=100).
 Source: OECD (2016^[7]), “Sweden”, in *OECD Science, Technology and Innovation Outlook 2016*, http://dx.doi.org/10.1787/sti_in_outlook-2016-88-en.

Population and demography

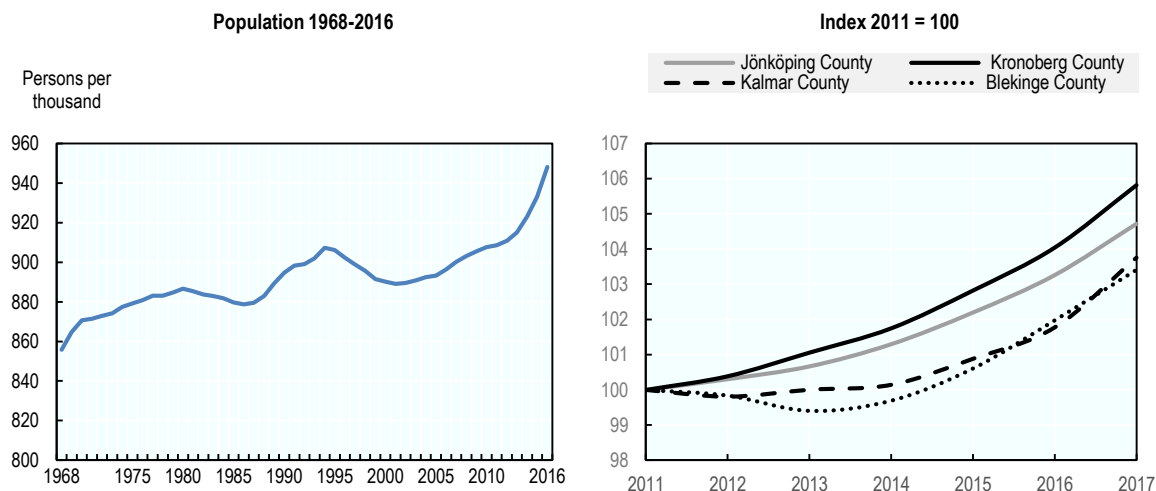
Settlement patterns and population dynamics

The population in Småland-Blekinge amounted to 948 117 people in 2017, which is equal to 9.5% of Sweden’s population, with the largest share of inhabitants living in Jönköping (352 735), followed by Kalmar (242 301), Kronoberg (194 628) and Blekinge (158 453).

Overall, the population in Småland-Blekinge increased annually on average by 0.33% between 1968 and 2016 against 0.58% in Sweden. The population dynamics show a relatively flat trend from 1970 to 2011 and a significant increase since 2011 (Figure 1.3). Over this latter period (since 2011), the increase amounted to 0.89% annually, below the average in Sweden (1.23%) – primarily driven by Stockholm (2.09%) – but slightly above the un-weighted average of Swedish counties (0.88%). Amongst the 4 counties from Småland-Blekinge, Kronoberg experienced the highest annual growth (1.16%) adding 10 688 inhabitants over 2011-17 and Jönköping experienced the highest absolute growth (15 869). This rise in population is primarily driven by an increase in migrants (see next section and also Chapter 3).

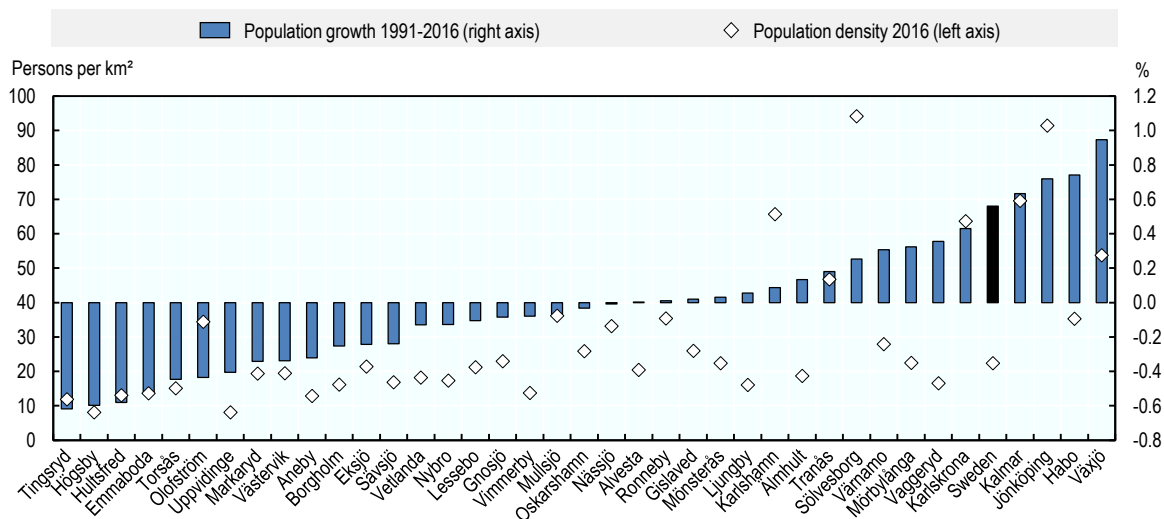
The population growth was highly concentrated in a few municipalities. Only 4 municipalities, Habo, Jönköping, Kalmar and Västervik out of the region’s 39 municipalities contributed to 46% of the net population growth (39 498) in the region during 2011-16. In total, 19 municipalities recorded population declines over the 1991-2016 period (Figure 1.4). The municipalities experiencing population growth were, in general, the largest and most densely populated in the region and home to almost half its population.

Figure 1.3. Population in Småland-Blekinge and its counties, 1968-2017



Sources: Statistics Sweden, (2018_[8]), *Befolkningsstatistik i Sammandrag 1960-2016* [Population Statistics in Summary 1960–2016], <https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/pong/tabell-och-diagram/helarsstatistik--rikt/befolkningsstatistik-i-sammandrag/> (accessed on 31 January 2018); Statistics Sweden (2018_[8]), *Population by County, 1968-2016*, http://www.statistikdatabasen.scb.se/pxweb/en/ssd/START_BE_BE0101_BE0101A/BefolkningNy/table/tableViewLayout1/?rxid=709a880a-2c74-413a-9dd8-dc463b18f609 (accessed on 31 January 2018).

Figure 1.4. Population growth and density at the municipal level, 1991-2016

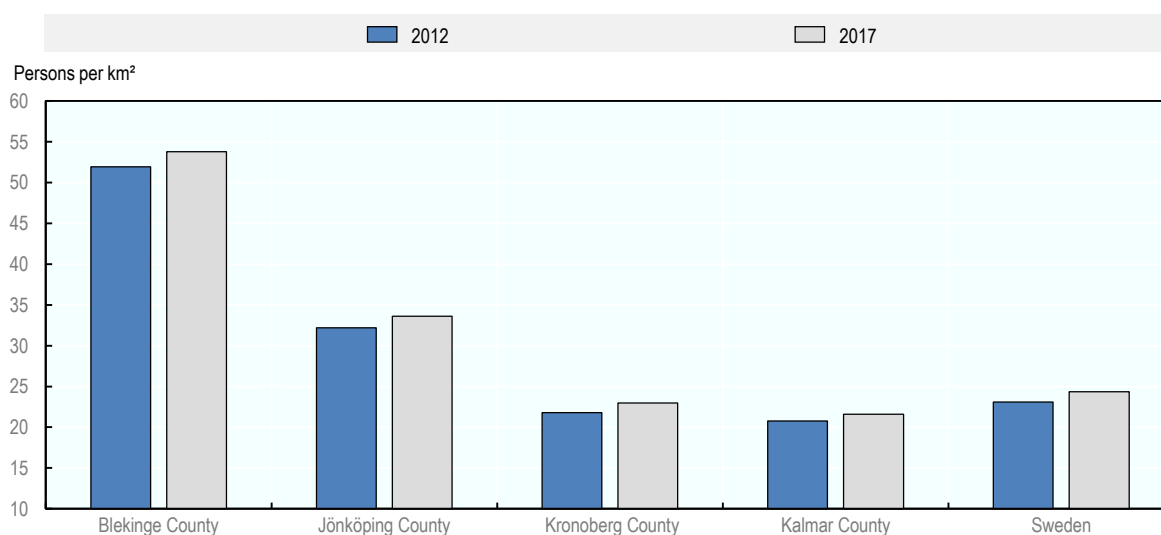


Note: Population growth is percentage change between 1991-2016 and population density is population per km², 2016.

Source: Statistics Sweden, (2018_[8]), *Befolkningsstatistik i Sammandrag 1960-2016* [Population Statistics in Summary 1960–2016], <https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/pong/tabell-och-diagram/helarsstatistik--rikt/befolkningsstatistik-i-sammandrag/> (accessed on 31 January 2018).

Population density remains stable and increased slightly in all four counties over 2012-17. Population density in Kalmar and Kronoberg remains close to the Swedish average (24 inhabitants per km²), while Jönköping has a higher (34) density and Blekinge the highest (55) despite its small population size found (Figure 1.5). In comparison to OECD TL3 regions (200), the lower density of the 4 countries confirms their rural nature. According to the OECD extended typology, Blekinge, Kalmar and Kronoberg are predominantly rural remote regions and Jönköping is predominantly rural close to the city. Despite their relatively low population density, the four countries in 2017 are facing the challenge of population decline – particularly prominent in rural remote regions – albeit to a lesser extent than in 2012.

Figure 1.5. Population density of Småland-Blekinge’s TL3 regions, 2012 and 2017



Source: OECD (2018^[9]), *Regional Demography*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

The increase in population growth in the four counties has been mainly driven by a growth rate in the youth population over the last five years. The percentage change in the share of youth (ages 0-14) has increased in Småland-Blekinge above that of the Swedish average between 2012 and 2017 (12.4% versus 11.2% percentage change respectively). Amongst its counties, all except Jönköping recorded a higher youth population growth rate than the Swedish average and Blekinge and Kalmar host the largest share of youth. In contrast, population growth amongst the working-age population (15-64) and seniors (65 years and more) has remained relatively stable between 2012 and 2017 standing below the average growth rate in Sweden (Table 1.1).

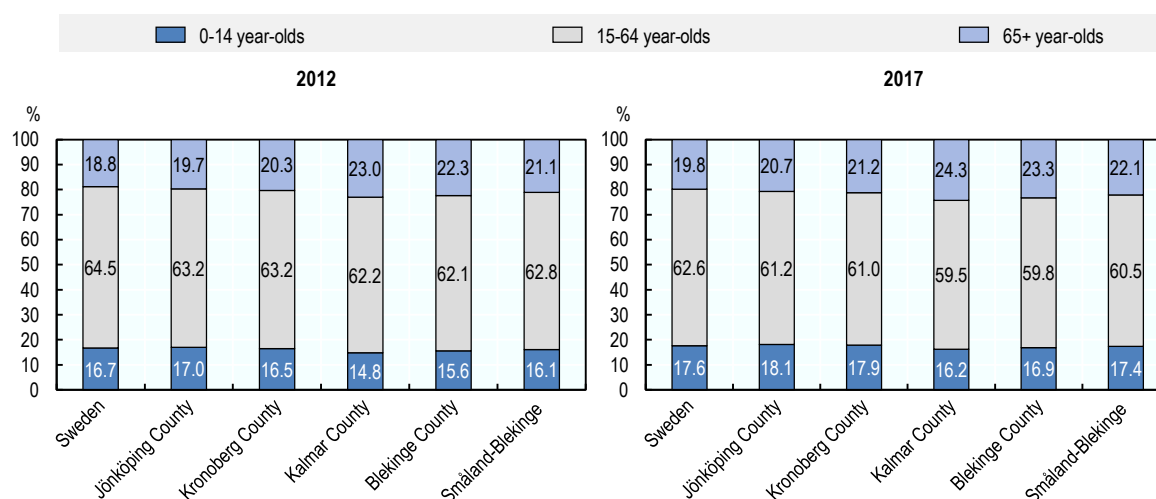
Table 1.1. Population by age cohort of Småland-Blekinge's TL3 regions, percentage change, 2012-17

	Sweden (%)	Jönköping County (%)	Kronoberg County (%)	Kalmar County (%)	Blekinge County (%)	Småland-Blekinge (%)
Youth (ages 0-14)	11.2	10.8	14.3	13.7	12.0	12.4
Working age (ages 15-64)	2.3	1.1	1.6	-0.4	-0.2	0.6
Seniors (ages 65 and more)	10.8	9.4	9.8	9.6	8.2	9.3

Source: OECD (2018_[9]), *Regional Demography*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

The four counties still face the pressures of an ageing population

Despite these receding pressures, population ageing remains prevalent in Småland-Blekinge, most notably in Kalmar County. Among all counties in Sweden, Kalmar has the second oldest age profile – with an average age of 43.8 in 2017 and the highest elderly dependency ratio at 40.7² (Table 1.2). All counties in Småland-Blekinge saw an increase in the average age of their population between 2012 and 2017 with the exception of Kronoberg, which saw a slight decline (-0.5%). This is undoubtedly related to the fact that Kronoberg has experienced high population growth in the past five years. Despite the population increases, the share of elderly and the share of youth increased at a higher rate than the rise in population. In other words, the elderly dependency ratio and the youth dependency ratio increased from 2012-17 against a drop in the working-age population (Figure 1.6). Among all OECD TL3 regions, the four counties are amongst the second and third quartiles in terms of the elderly dependency ratio.

Figure 1.6. Demographic profile of population share by age cohort Småland-Blekinge TL3 regions and Sweden, 2012 and 2017

Source: OECD (2018_[9]), *Regional Demography*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Table 1.2. Average age by county, Sweden, 2010 and 2016

	2010	2016	Percentage change 2010-16
Stockholm County	38.9	39.1	0.5
Uppsala County	39.8	40.2	1.0
Skåne County	40.8	40.9	0.2
Västra Götaland County	40.8	41.0	0.5
Östergötland County	41.2	41.3	0.2
Jönköping County	41.4	41.5	0.2
Kronoberg County	41.8	41.6	-0.5
Västerbotten County	41.3	41.7	1.0
Örebro County	41.8	41.7	-0.2
Halland County	41.6	42.1	1.2
Västmanland County	42.1	42.2	0.2
Södermanland County	42.3	42.3	0.0
Blekinge County	43.0	43.1	0.2
Jämtland County	43.1	43.2	0.2
Gävleborg County	43.3	43.4	0.2
Värmland County	43.3	43.5	0.5
Dalarna County	43.3	43.5	0.5
Västernorrland County	43.3	43.5	0.5
Norrbottn County	43.2	43.7	1.2
Kalmar County	43.7	43.8	0.2
Gotland County	43.4	44.6	2.8

Source: Migrationsverket (2018_[10]), *Översikter och Statistik från Tidigare år [Reviews and Statistics from Former Years]*, <https://www.migrationsverket.se/Om-Migrationsverket/Statistik/Oversikter-och-statistik-fran-tidigare-ar.html> (accessed on 31 January 2018).

Net migration has been a driver of population change

Among all counties in Sweden, Kalmar had the highest rate of net migration as a proportion of its population in 2016, at 2% (Table 1.3). Blekinge and Kronoberg were not far behind, at 1.5% and 1.4% respectively, while among the counties in Småland-Blekinge, Jönköping had the smallest share, at 1.1%.

Table 1.3. Net migration by county, Sweden, 1997 and 2016

	Net migration, 1997	Net migration, 2016	Population, 2016	Net migration, 2016/population
Kalmar County	-892	4 901	242 301	2.0
Uppsala County	562	5 669	361 373	1.6
Halland County	1 178	4 994	320 333	1.6
Blekinge County	179	2 318	158 453	1.5
Södermanland County	-47	4 062	288 097	1.4
Kronoberg County	-550	2 697	194 628	1.4
Värmland County	-1 021	3 632	279 334	1.3
Gotland County	-95	744	58 003	1.3

Skåne County	2 817	16 985	1 324 565	1.3
Dalarna County	-1 866	3 541	284 531	1.2
Örebro County	-185	3 602	294 941	1.2
Östergötland County	-1 068	5 437	452 105	1.2
Västmanland County	-1 220	3 097	267 629	1.2
06 Jönköping County	-508	3 920	352 735	1.1
Västra Götaland County	860	18 087	1 671 783	1.1
Jämtland County	-921	1 365	128 673	1.1
Stockholm County	13 641	23 940	2 269 060	1.1
Gävleborg County	-1 292	2 978	284 586	1.0
Västernorrland County	-1 222	1 980	245 572	0.8
Västerbotten County	-791	2 076	265 881	0.8
Norrbotten County	-1 761	1 102	250 570	0.4

Note: Net migration is the difference between immigration and emigration.

Source: Statistics Sweden (2016_[11]), *Migration by Region, Observations and Year*, http://www.statistikdatabasen.scb.se/pxweb/en/ssd/START_BE_BE0101_BE0101J/Flyttningar97/table/tableViewLayout1/?rxid=2e9b16e6-5aa0-499b-b5fa-deb95fbc423f.

The share of the foreign-born population is one indicator of migration. As the main receiving county, Stockholm has the largest share of foreign-born population, standing at 24.1% out of the total population in 2016 (see Table 1.4). However, among Swedish counties, several of the counties in Småland-Blekinge also show a relatively high share of foreign-born as a proportion of the population, with the highest in Kronoberg at 18.4% followed by Jönköping at 16.3% in 2016. Among the counties in Småland-Blekinge, Kalmar County has the lowest share of foreign-born as a percentage of its population, at 13.5% in 2016. It is important to note here that the allocation of migrants within counties has been in part determined by housing availability, particularly for those asylum seekers who are allocated housing through the Migration Agency (see Chapter 3 for an in-depth discussion).

Table 1.4. Foreign-born in population by county, Sweden, 2016

	Foreign-born (number of persons)	Total population (number of persons)	Ratio of foreign-born to population (%)
Stockholm County	545 752	2 269 060	24.1
Skåne County	273 534	1 324 565	20.7
Västmanland County	52 221	267 629	19.5
Södermanland County	54 212	288 097	18.8
Kronoberg County	35 870	194 628	18.4
Västra Götaland County	294 536	1 671 783	17.6
Jönköping County	57 341	352 735	16.3
Uppsala county	58 698	361 373	16.2
Örebro County	45 605	294 941	15.5
Östergötland County	68 122	452 105	15.1

Blekinge County	22 849	158 453	14.4
Kalmar County	32 670	242 301	13.5
Halland County	41 549	320 333	13.0
Gävleborg County	36 388	284 586	12.8
Värmland County	35 706	279 334	12.8
Dalarna County	34 844	284 531	12.2
Norrbottn County	27 281	250 570	10.9
Västernorrland County	25 867	245 572	10.5
Västerbotten County	25 511	265 881	9.6
Jämtland County	12 201	128 673	9.5
Gotland County	3 740	58 003	6.4

Source: Statistics Sweden (2018^[12]), *Befolkningsstatistik i Sammandrag 1960–2016 [Population Statistics in Summary 1960–2016]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/pong/tabell-och-diagram/helarsstatistik--riktet/befolkningsstatistik-i-sammandrag/> (accessed on 31 January 2018).

The arrival of a large number of migrants has positively influenced the demographic profile of the Småland-Blekinge region.

Economic performance of the four counties

The territorial review highlighted the strong performance of Blekinge before the 2007 financial crisis period (OECD, 2012^[11]). Whereas the county had the lowest level of GDP per capita in the region in 1995, it was the only amongst the four counties to record GDP per capita growth rates well above the average for Sweden over 1995–2007. Jönköping’s performance was slightly above the average and Kronoberg’s slightly below it.

After the crisis period, the convergence pattern of Blekinge halted, due to a slower growth rate in GDP per capita than the national average (Table 1.5). Kalmar’s performance, which recorded the second lowest level of GDP per capita in 1995, has also trailed behind the national average, especially in recent years. Jönköping has also performed behind the national pattern in recent years in contrast to Kronoberg, the only region that outperformed the national rate in GDP per capita, especially over 2011–15, even surpassing the performance of Stockholm.

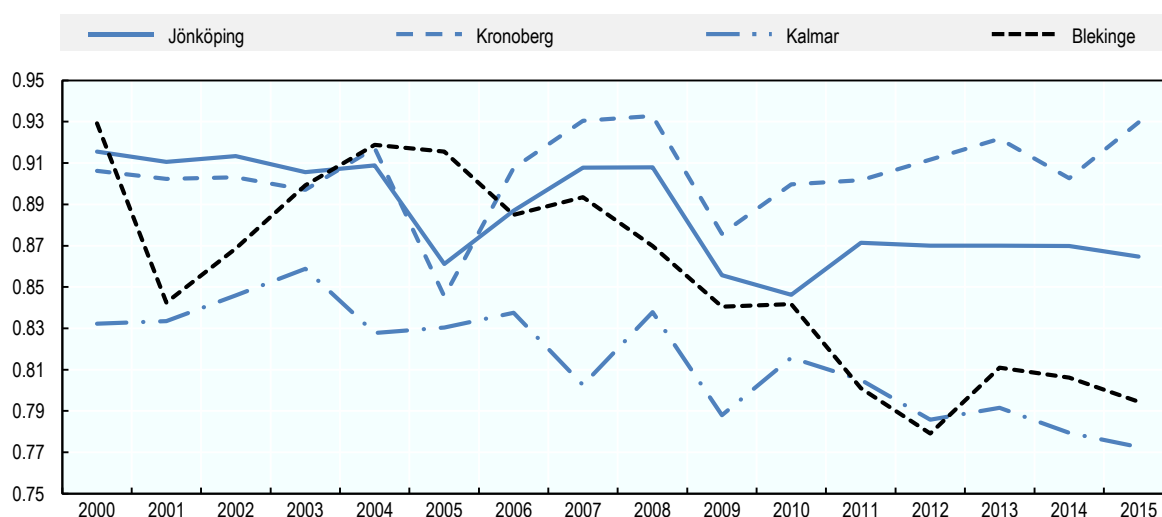
Table 1.5. GDP per capita growth rate (%) in Småland-Blekinge TL3 regions and Sweden, 2000–15

	2000–15 (%)	2011–15 (%)
Sweden	1.44	4.40
Stockholm	1.48	5.22
Jönköping	1.05	3.59
Kronoberg	1.61	7.63
Kalmar	0.94	0.19
Blekinge	0.39	3.53

Source: OECD (2018^[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Thus, amongst the four counties, only Kronoberg has been catching up to the national level of GDP per capita from standing 10 percentage points below the national average in 2000 to 7 percentage points in 2015 (Figure 1.7). Blekinge and Kalmar have been diverging and falling behind the national average over the last decade standing 20 percentage points below the national average. Jönköping reduced their distance from average levels of GDP per capita, albeit by just two or three percentage points, although from 2011 it has been growing at the same pace as the national average.

Figure 1.7. GDP per capita in Småland-Blekinge TL3 regions relative to the Swedish average, 2000-15



Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

In terms of productivity growth, all 4 counties have been performing below the national average of 1.54 percentage points over 2000-15 (Table 1.6). Yet in recent years, over the period 2011-15, performance has overall improved. Jönköping has shown growth rates of 0.2 percentage points, very similar to the national ones. Kronoberg's growth rates have been slightly higher, of 0.3 percentage points. Blekinge occupies the top end among the 4 counties, with 0.6 percentage of productivity growth, only below the capital city, Stockholm. Only the county of Kalmar has shown negative productivity growth rates over the recent years.

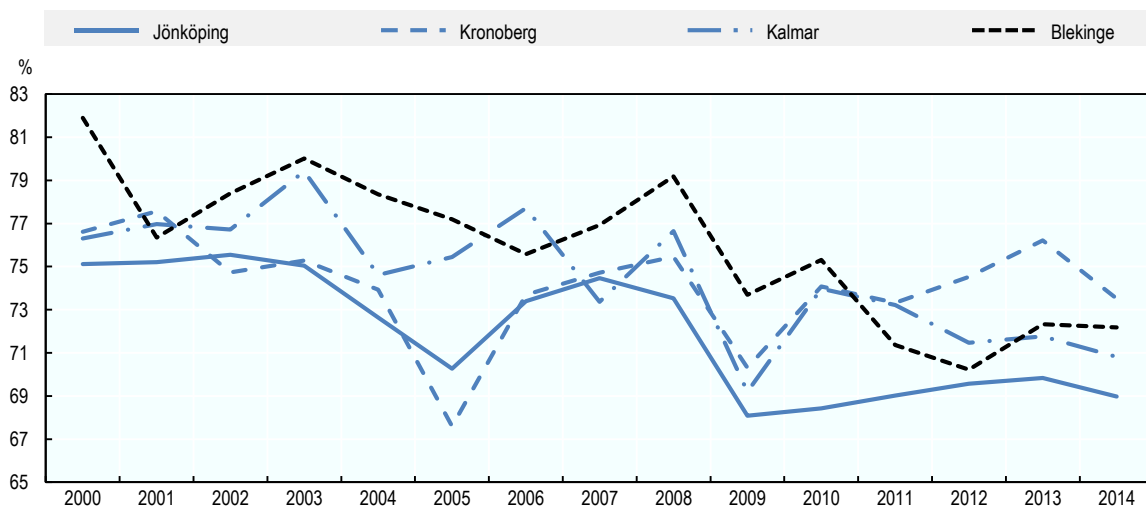
Table 1.6. Growth rates (%) in labour productivity in Småland-Blekinge, 2000-15

	2000-15 (%)	2011-15 (%)
Sweden	1.54	0.23
Stockholm	1.62	0.83
Jönköping	0.92	0.20
Kronoberg	1.24	0.31
Kalmar	1.00	-0.88
Blekinge	0.62	0.61

Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

The gap between the counties' labour productivity and the national average is wider than the one regarding GDP per capita. In 2000, Blekinge figured 20 percentage points below the Swedish average, which was the smallest difference, as the other counties were between 24 and 25 points below (Figure 1.8). Since then, despite spikes in 2003 and 2008, counties have been losing ground to the national average of productivity growth. Once the effects of the financial crisis could be observed, the counties have maintained a trend which points towards stabilisation. Still, in 2014, the gap was wider than the one observed in 2000. It varied from 26 percentage points in Kronoberg to 31 in Jönköping. Improving productivity levels, more than GDP per capita, should be a priority in these 4 counties.

Figure 1.8. Labour productivity in Småland-Blekinge relative to the Swedish average, 2000-15



Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

It is important to highlight the strong performance of Sweden's economy during this period under which the analysis benchmarks the four counties. It is also important to understand how the four counties have performed globally against comparable regions. To draw these international comparisons, the analysis identifies 44 OECD TL3 regions similar to the 4 counties of Småland-Blekinge, using 4 criteria to measure regional economies with a similar economic base. These include:

- **Density:** measured by the level of population density in 2012 with values between 0.5 to 2 of the average population density in Småland-Blekinge.
- **Level of development:** measured by the level of GDP per capita in 2012 with values ranging between 0.5 to 2 of the average level of GDP per capita in Småland-Blekinge.
- **Economic structure:** measured by the share of the manufacturing sector in the economy, between 20%-40% in 2012.
- **Type of region:** only considers predominantly rural regions or intermediate regions excluding predominantly urban regions according to the extended TL3 classification.

Applying these 4 criteria to all OECD TL3 regions, 44 TL3 regions are identified (Table 1.7):

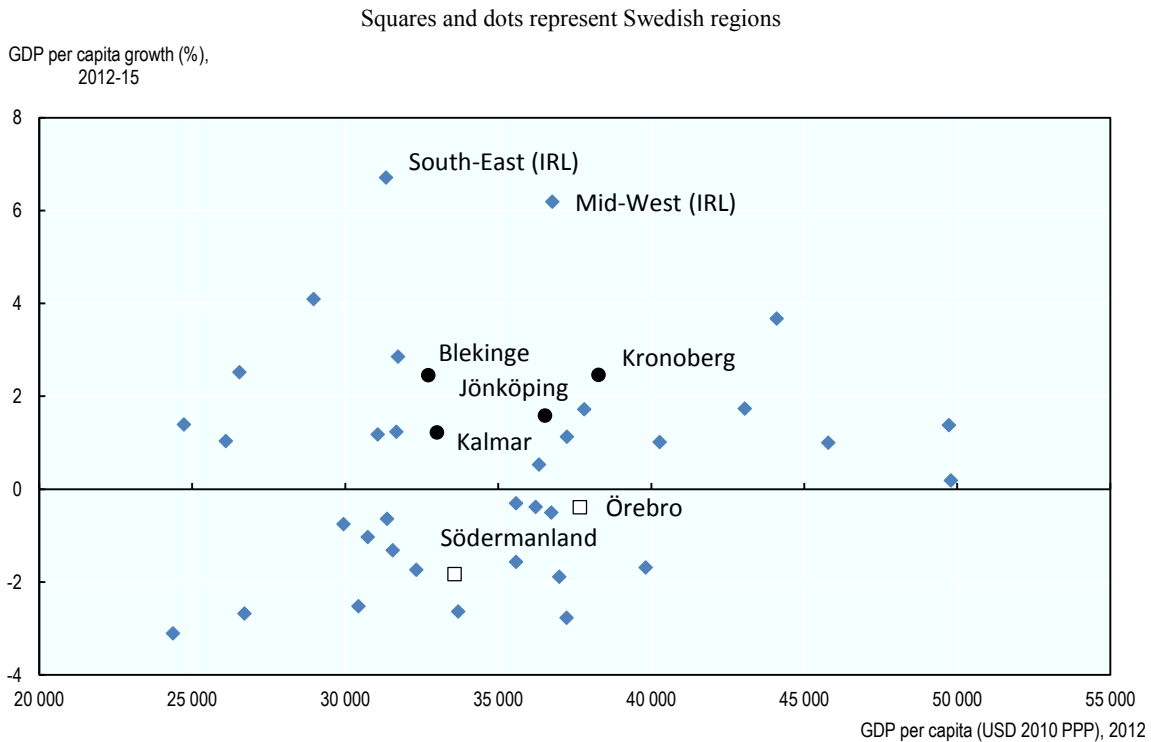
Table 1.7. Comparable OECD TL3 regions to Småland-Blekinge

Country	Region	Country	Region
AUT	Unterkärnten	FIN	South Karelia
AUT	Liezen	FRA	Jura
AUT	Westliche Obersteiermark	FRA	Mayenne
AUT	Außerfern	FRA	Charente
AUT	Osttirol	IRL	Border
AUT	Tyrolean Unterland	IRL	West
AUT	Bludenz-Bregenzer Wald	IRL	Mid-West
DEU	Uckermark	IRL	South-East (IE)
DEU	Lüchow-Dannenberg	ITA	Belluno
DEU	Eifelkreis Bitburg-Prüm	LTU	Telšiai county
DNK	West Jutland	NOR	Vest-Agder
GRC	Boeotia	NOR	Møre og Romsdal
ESP	Navarre	ROU	Alba
ESP	Burgos	ROU	Arad
ESP	Palencia	SWE	Södermanland County
ESP	Guadalajara	SWE	Örebro County
FIN	Ostrobothnia	SWE	Jönköping County
FIN	Satakunta	SWE	Kronoberg County
FIN	Pirkanmaa	SWE	Kalmar County
FIN	Finland Proper	SWE	Blekinge County
FIN	Tavastia Proper	SVN	Littoral–Inner Carniola
FIN	Päijät-Häme	SVN	Goriska

Source: Elaboration based on OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Comparing the performance of Småland-Blekinge in this group of regions from the OECD in GDP per capita reveals that the level of GDP per capita of the 4 counties was around the average, which was of USD 33 344 in 2012 (Figure 1.9). In the Småland-Blekinge region, it varied from USD 32 709 in Blekinge and USD 38 272 in Kronoberg, as of 2012.

In terms of growth rates in GDP per capita, all 4 regions were amongst the top 50% group of regions with the fastest growth, over the period 2012-15. Kronoberg and Blekinge record the 10th and 11th positions in this group, with a 2.4 percentage point of GDP per capita growth rate. The top performers in this comparison are the two Irish Regions of South-East and Mid-West, with a growth rate of 6.7 and 6.2 percentage points respectively. The other 2 Swedish regions in the comparison, Södermanland and Örebro, have experienced a decrease of GDP per capita, with negative rates of 1.8 and 0.4 respectively.

Figure 1.9. GDP per capita levels and growth in 44 OECD TL3 regions, 2012-15

Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Comparing the performance of Småland-Blekinge to the benchmark regions from the OECD in labour productivity, the figure is less optimistic. Their productivity is relatively low in the four counties, falling into the bottom half of the distribution amongst the group. Kronoberg is placed in the 22nd position, right in the middle, with USD 68 803 Gross Value Added (GVA) per worker as of 2012 (Figure 1.10). The other three counties analysed in this study occupy a few positions below. The Swedish regions of Örebro and Södermanland are in the top half of the spectrum.

In terms of growth rates in labour productivity, all four regions were amongst the upper half. Blekinge recorded the 4th fastest growth rate in labour productivity in the period between 2011 and 2014, of 2.3%. The labour productivity in the other 3 counties has gained between 0.25% and 5.1% in the same period. Albeit small, the growth is positive, whereas all the regions in the bottom half of the spectrum have registered negative labour productivity growth rates.

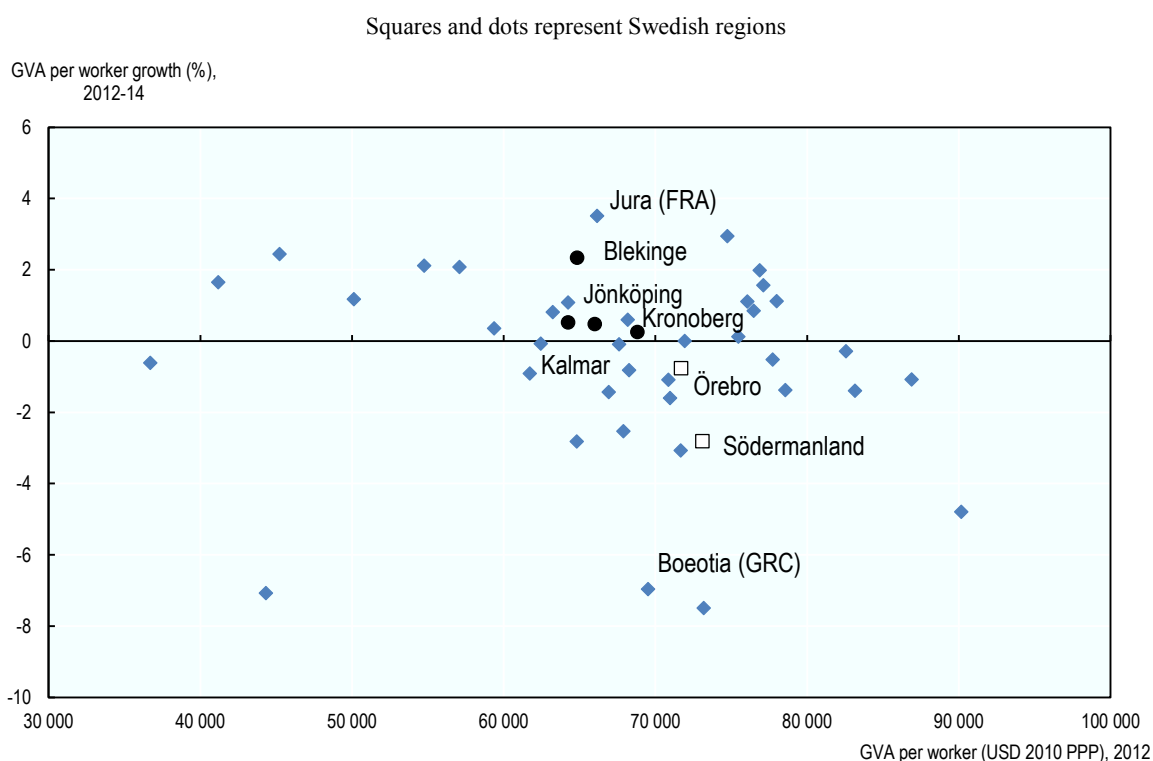
More recent trends are not available, given that data at subnational level have a 3-year lag. Thus, they are only available up to 2014 for labour productivity and 2015 for GDP per capita. Nevertheless, more recent trends can be captured through the 2017 Regional Potential Index (RPI) produced by Nordregio. This index ranks all 74 European Nordic regions, in terms of demography, labour force and the economy³ (Grunfelder, 2018_[14]). According to this index, the following patterns can be detected:

- Blekinge and Kalmar, which were at the bottom of the distribution in 2014, have made significant progress in the most recent years. Blekinge moved from 59th

place in 2015 to 50th place in 2017 in the RPI rankings, while Kalmar has moved from the 62nd to the 45th place.

- Meanwhile, Jönköping and Kronoberg, which have strong rankings, maintained relatively well their position. They have declined only marginally between 2015 and 2017. Jönköping has fallen slightly from 30th place in the rankings in 2015 to 35th in 2017 while Kronoberg has fallen from 30th to 32nd.
- Stockholm, which occupied 3rd place in 2015, is in the first place as of 2017. This strong performance of the capital region of Sweden must not be forgotten when comparing the four counties with the Swedish average, as above.

Figure 1.10. Labour productivity in 44 OECD TL3 regions, 2012-15



Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

In terms of sectoral composition, the four counties continue to be more specialised in manufacturing and the primary sector than the rest of the country (Table 1.8). The sector has gravitated around 2% and 4% of their GDP as of 2014 whereas, in Sweden, it represented 1.5% of the GDP. The importance of agriculture, forestry and fishing has decreased in Blekinge and Jönköping from 2008 to 2014, while Kalmar and Kronoberg have registered the opposite trend. Still, this variation has been quite constrained: no more than 1% change has been observed during this period.

Table 1.8. Structure of GDP by economic sector by TL3 region (percentage), Småland-Blekinge TL3 regions and Sweden, 2008-14

	Agriculture, forestry and fishing (%)		Manufacturing (%)		Distributive trade, repairs, transport, accommodation, food service activities (%)		Financial, insurance and real estate activities (%)	
	2008	2014	2008	2014	2008	2014	2008	2014
Blekinge	3.15	2.19	29.36	25.98	11.52	12.85	1.16	1.42
Jönköping	3.09	2.67	28.54	27.71	20.71	20.37	1.38	1.50
Kalmar	4.10	4.27	22.36	20.23	15.02	16.59	1.39	1.76
Kronoberg	3.22	3.61	26.21	22.06	19.73	19.93	2.01	2.19
Sweden	1.78	1.55	18.85	16.71	18.10	19.20	3.72	4.31

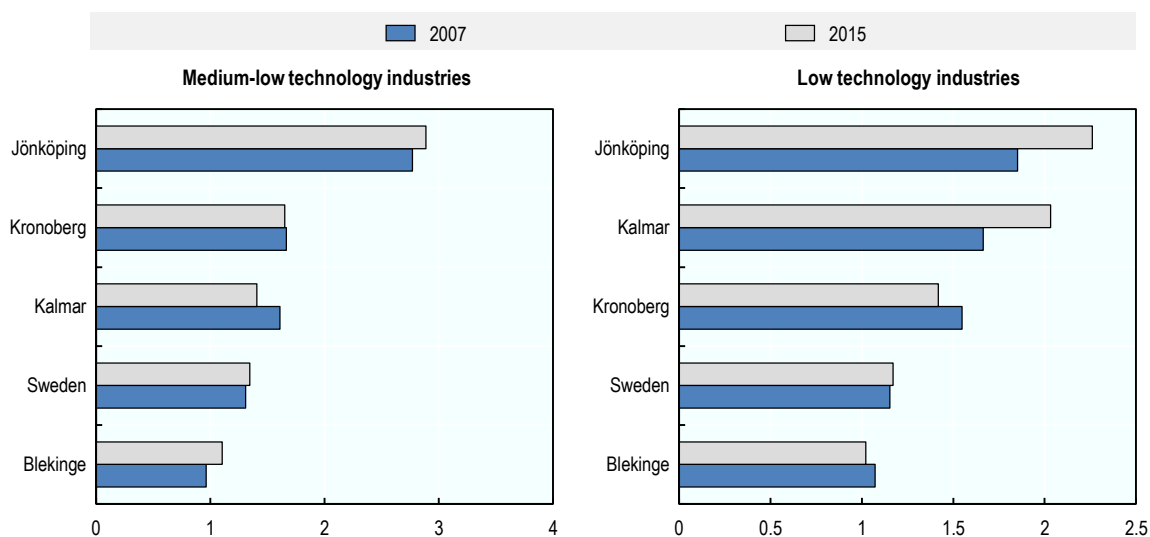
Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Manufacturing is the most important economic sector in the region. In 2014, it accounted for between 22% and 26% of the GDP of these counties whereas the manufacturing sector for the whole country represented 16.7% of the GDP. The weight of manufacturing has decreased in all the counties, while that of financial, insurance and real estate activities has increased in all of them from 2008 to 2014. These trends are consistent with the national ones, in which Swedish firms have been moving up the value chain, which partly explains the increasing share of services in output. More value is created in upstream activities (e.g. research and development, and product design) and downstream operations (e.g. marketing and customer services) than at the production stage, a pattern which has been accentuated over time by productivity gains in manufacturing and offshoring to low-cost production sites. Such activities require a high level of skills and intangible capital to allow firms to gain or retain a comparative advantage by differentiating their products from those of competitors.

In terms of industrial specialisation (see Box 1.1), the region is more specialised in low to medium technology sectors, in comparison to high technology ones. All counties except Blekinge are more specialised in medium-low and low technology sectors (Figure 1.11). Between 2007 and 2015, some changes are visible:

- The county of Jönköping has increased its specialisation in both medium-low and low technology sectors, maintaining its position as the most specialised county among the four.
- Kalmar has become less specialised in medium-low technology and more specialised in low technology sectors.
- Kronoberg has become less specialised in low-technology sectors, whilst variation in the medium-low sector has been less prominent.
- Blekinge has become less specialised in low-technology sectors and more in medium-low technology sectors, yet remaining as the least specialised among the four counties, given its greater specialisation in high technology and knowledge-intensive sectors, as discussed further below.

Figure 1.11. Specialisation in medium-low and low technology industries in Småland-Blekinge TL3 regions and Sweden, 2007 and 2015



Note: Balassa Hoover Index, so $BHI = (E_{ij}/E_j) / (E_i/E)$. BHI measures the degree of specialisation per region. A ratio where $BHI > 1$ indicates a relatively high degree of specialisation, and vice-versa. BHI is equivalent to the more common location quotient (LQ), which is typically used to indicate whether a region is export/import oriented in a particular industry.

Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Box 1.1. Knowledge-intensive services, high-technology, medium-low and low-technology industries

For compiling aggregates related to knowledge-intensive services, high technology, medium-low technology and low technology, the analysis uses Eurostat's definition defining these sectors aggregating NAEC Rev codes as follows:

Knowledge-intensive services:

- (50-51) Water transport; Air transport.
- (58-63) Recording and music publish activities; Programming and broadcasting activities; Telecommunications; Computer programming, consultancy and related activities; Information service activities (section J).
- (64-66) Financial and insurance activities (section K).
- (69-75) Architectural and engineering activities, technical testing and analysis; Scientific research and development; Advertising and market research; Other professional, scientific and technical activities; Veterinary activities (section M).
- (78) Employment activities.
- (80) Security and investigation activities.

- (84-93) Public administration and defence, compulsory social security (section O); Education (section P), Human health and social work activities (section Q); Arts, entertainment and recreation (section R).

High technology:

- (21) Manufacture of basic pharmaceutical products and pharmaceutical preparations.
- (26) Manufacture of computer, electronic and optical products.

Medium-high technology:

- (20) Manufacture of chemicals and chemical products.
- (27-30) Manufacture of electrical equipment; Manufacture of machinery and equipment n.e.c.; Manufacture of motor vehicles, trailers and semi-trailers; Manufacture of other transport equipment.
- (19) Manufacture of coke and refined petroleum products.
- (20-25) Manufacture of rubber and plastic products; Manufacture of other non-metallic mineral products; Manufacture of basic metals; Manufacture of fabricated metals products, excepts machinery and equipment.

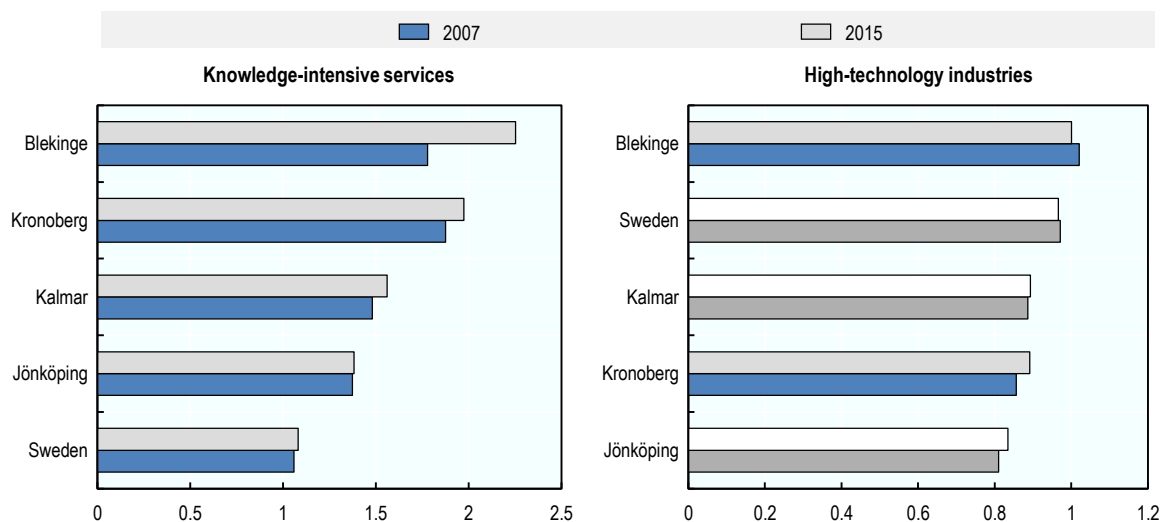
Low technology:

- (10-18) Manufacture of food products, beverages, tobacco products, textile, wearing apparel, leather and related products, wood and of products of wood, paper and paper products; Printing and reproduction of recorded media.
- (31-32) Manufacture of furniture; Other manufacturing.

With respect to knowledge-intensive services and high-technology industries, only Blekinge is more specialised in these two sectors than Sweden as a whole (Figure 1.12). Particularly, Blekinge has gained further specialisation in high tech industries over the period 2007-15. Jönköping has also increased specialisation in high-technology manufacturing; as a result of which the county is now one of the top ten in Sweden.

Despite slight improvements in higher-technology and knowledge-intensive activities, Kalmar and Kronoberg Counties remain at the bottom of the rankings of Swedish counties in these fields. The current favourable economic climate in the region may be an important factor in explaining companies' low motivation to engage in more technology-intensive activities.

Figure 1.12. Specialisation in high-technology and knowledge-intensive industries in Småland-Blekinge TL3 regions and Sweden, 2007 and 2015



Note: Balassa Hoover Index, so $BHI = (E_{ij}/E_j) / (E_i/E)$. BHI measures the degree of specialisation per region. A ratio where $BHI > 1$ indicates a relatively high degree of specialisation, and vice-versa. BHI is equivalent to the more common location quotient (LQ), which is typically used to indicate whether a region is export/import oriented in a particular industry.

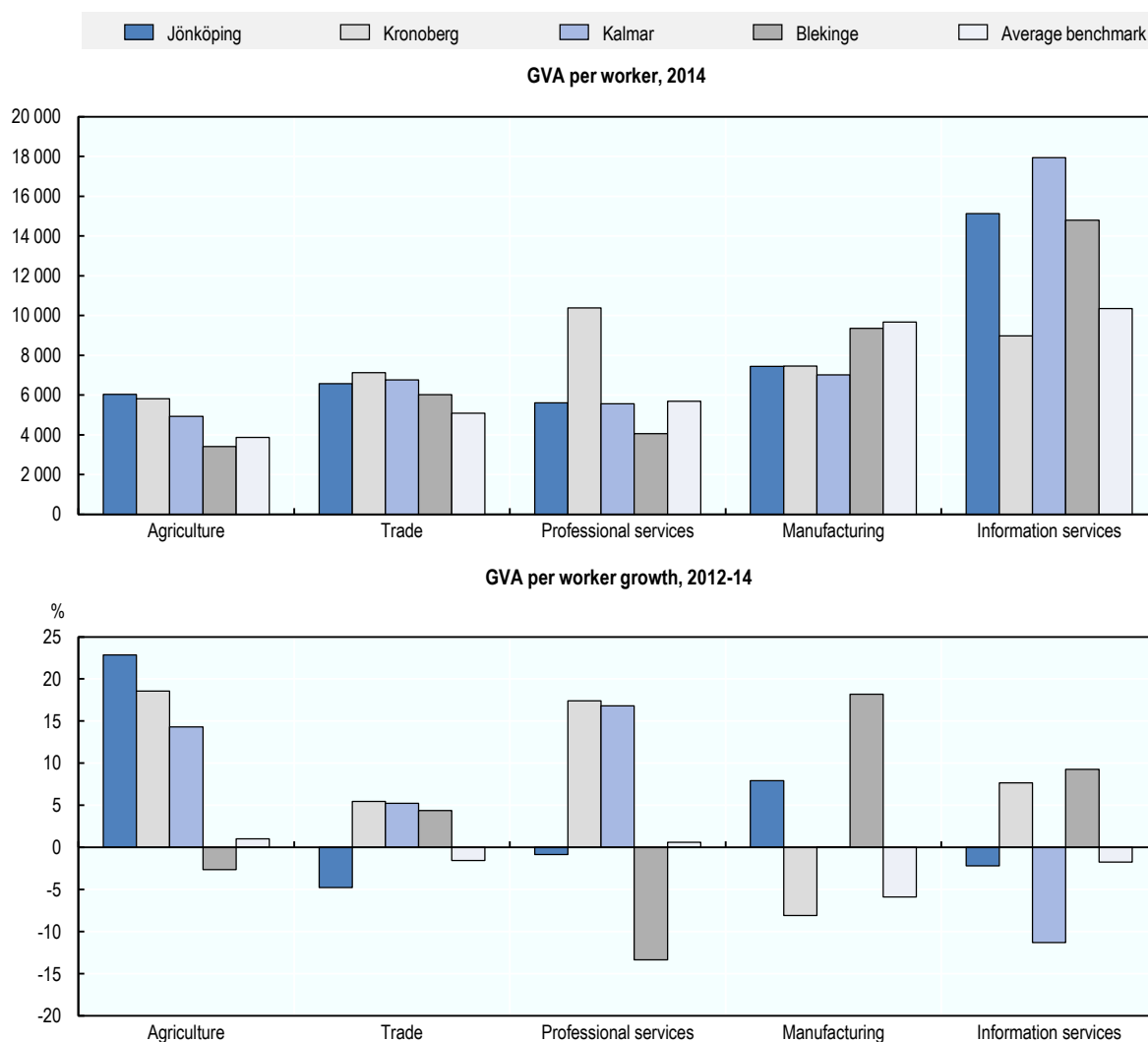
Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

Across sectors, labour productivity in Småland-Blekinge regions compared to the benchmark regions from the OECD in 2014 was higher in smaller sectors such as professional and information services, and lower in larger sectors such as manufacturing and trade (Figure 1.13). Among Småland-Blekinge regions, Blekinge and Jönköping showed improvements between 2012 and 2014. The fast improvement in labour productivity in manufacturing of Blekinge is particularly notable given that the average level across comparable regions declined during the same period. Despite its small share in employment across regions, labour productivity in the agricultural sector improved in 2012-14 in all Småland-Blekinge regions except for Blekinge.

The labour market has been picking up, but large differences remain in the employment of native and foreign-born

Labour-market performance in Småland-Blekinge prior to the 2007-08 crisis was mixed, with Blekinge and Kalmar experiencing greater difficulties than Jönköping and Kronoberg (OECD, 2012_[11]). Blekinge County had the largest gaps in unemployment and employment rates with respect to the Swedish averages, and Kalmar experienced consistently lower employment rates. Blekinge nevertheless weathered the crisis better than its neighbours, with a smaller rise in the unemployment rate over 2008-09 (OECD, 2012_[11]).

Figure 1.13. Labour productivity for selected sectors in Småland-Blekinge and selected OECD TL3 regions, 2012-14

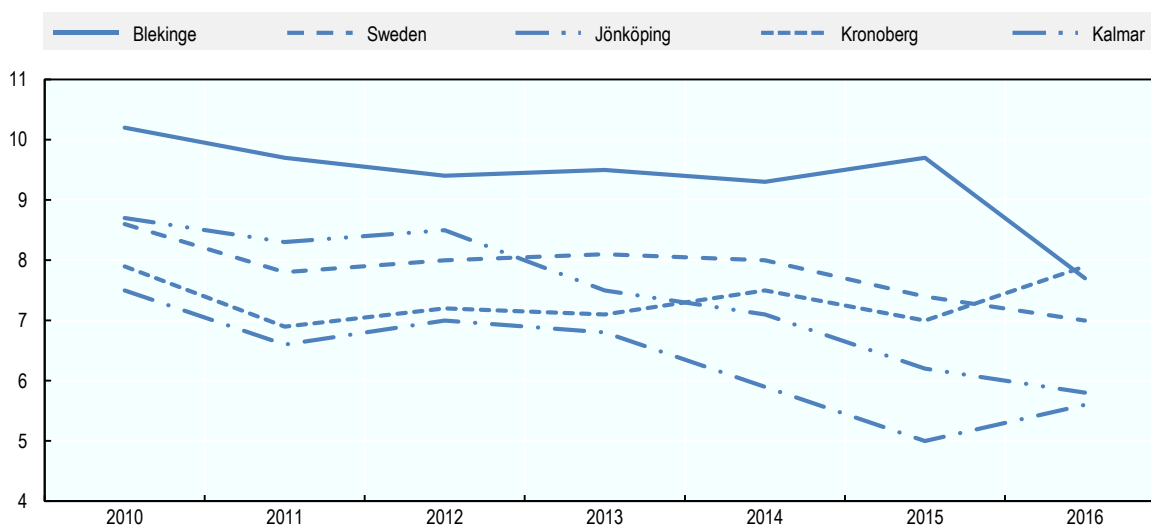


Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Over the past few years, in all 4 counties, the unemployment rates of those aged 16-24 have been declining. Blekinge still has higher unemployment rates than the national average in 2016 but has almost closed the gap in the last reducing the unemployment rate by 2 full percentage points from 9.7 in 2015 to 7.7 in 2016 (Figure 1.14). Kronoberg's unemployment rate remained below the national average from 2001-15 and only in the last year (2015-16) has surpassed it, standing at 7.9. In contrast, the unemployment rates of Kalmar and in particular Jönköping are lower than the Swedish average both improving their unemployment situation since 2010, standing at 5.6 and 5.8 respectively in 2016.

Figure 1.14 Unemployment rate in Småland-Blekinge TL3 regions, 2010-16

Percentage of unemployed individuals over labour force 15 years of age and over



Note: Unemployment and employment rate is for those aged 15 and over (definition from the Labour Market Agency, *Arbetsförmedlingen*).

Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

All four counties display the same cycle movement in employment rates. The employment rates in Jönköping and Kronoberg remained above the national average from 2010-16, although in Kronoberg it has dropped in the last year (2015-16). In contrast, the employment rates in Blekinge and Kalmar remain below the national average and since 2013 both have been converging standing less than 1 percentage point (0.7 and 0.9 respectively) below the national average in 2016 (Figure 1.15).

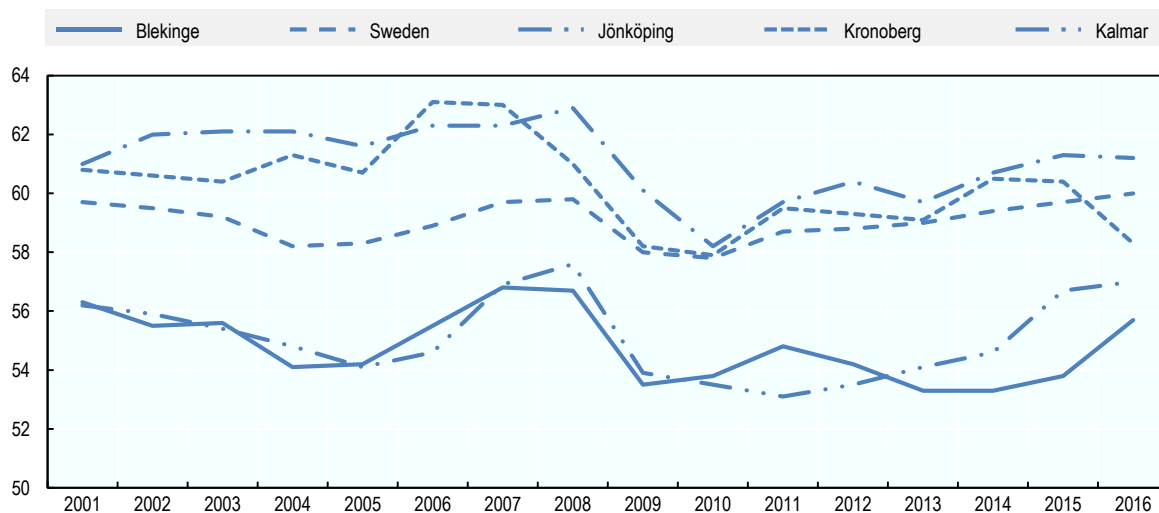
In addition, the employment difference between native workers and those born abroad remains large in Småland-Blekinge: close to a 20 percentage-point gap in all counties, with Blekinge and Jönköping recording the largest and smallest variations respectively (Statistics Sweden, 2016_[16]).

The gap between female and male participation rates has increased but more women have accessed managerial positions

The difference in labour market participation rates between males and females in Småland-Blekinge has increased in the past few years, as opposed to the continuously narrowing gap which is observed in Sweden on average (OECD, 2018_[17]).⁴ In 2015, female participation rates were lower in all 4 counties than for Sweden as a whole (-6.8%). The counties of Kalmar (-5.6 to -9.4) and Kronoberg (-6.1 to 8.4) experienced the most dramatic increase between 2013 and 2015, but Jönköping remains the county with the highest gender difference gap, reaching -10.9% in 2015 (Figure 1.16). While important gender differences persist, the proportion of women accessing a managerial position between 2009 and 2015 has steadily increased in all counties, oscillating between 30% and 35.5% in 2015, but there again Jönköping County lags behind its peers (Statistics Sweden, 2016_[15]).

Figure 1.15. Employment rate in Småland-Blekinge TL3 regions, 2001-16

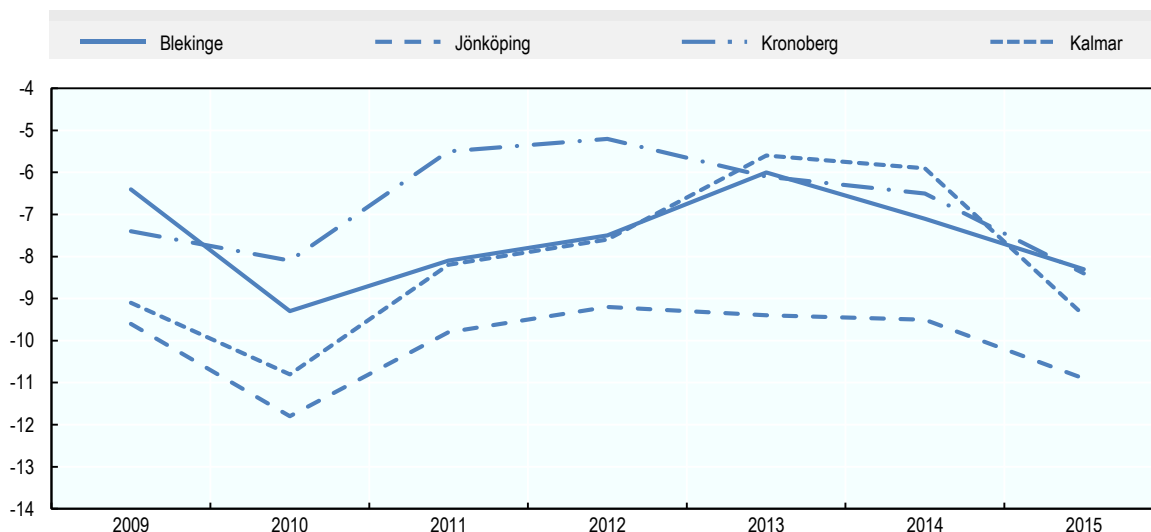
Percentage of employment for individuals aged 15 and over, over population aged 15 and over



Source: OECD (2018_[16]) *Regional Labour*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Figure 1.16. Gender difference (female-male) in participation rates (%), Småland-Blekinge TL3 regions, 2009-16

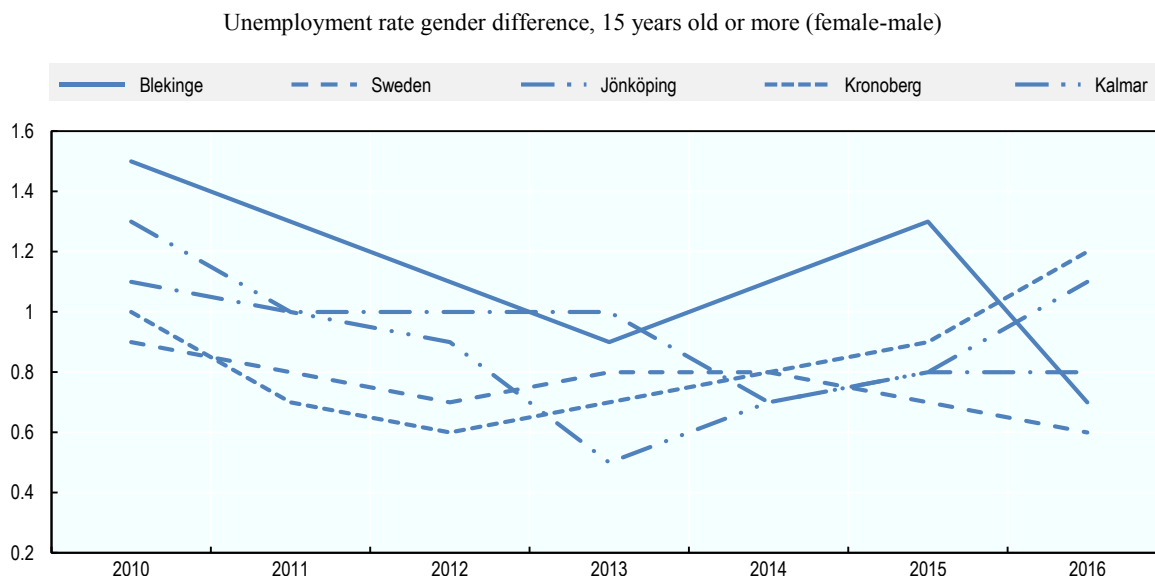
Individuals aged 15 or more



Source: OECD (2018_[16]) *Regional Labour*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

The gap in unemployment rate female vis-à-vis male is larger than the national gap (Figure 1.17). Between 2010 and 2013, the gap (female unemployment rate minus male unemployment rate) decreased in all counties following the national trend. The national trend declined further until 2016 and, in contrast in Småland-Blekinge, the female unemployment rate increased again vis-à-vis the male from 2013 to 2016, except in Blekinge which decreased in 2016.

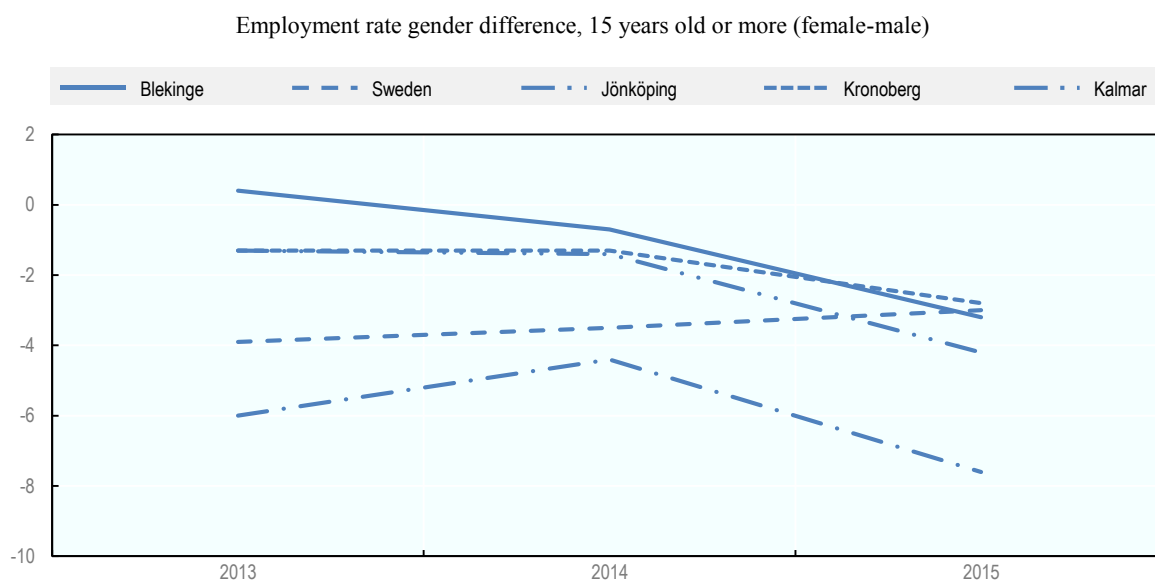
Figure 1.17. Unemployment rate gender difference in Småland-Blekinge TL3 regions, 2010-16



Source: OECD (2018_[16]) *Regional Labour*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

In terms of employment rates in Småland-Blekinge, the rates between men and women were very similar in 2013 with the exception of Jönköping (Figure 1.18). Sweden, which had a bigger gender gap than the three counties, has been reducing the gap. In contrast, the gap has increased in all four counties.

Figure 1.18. Employment rate gender difference in Småland-Blekinge TL3 regions and Sweden, 2013-15

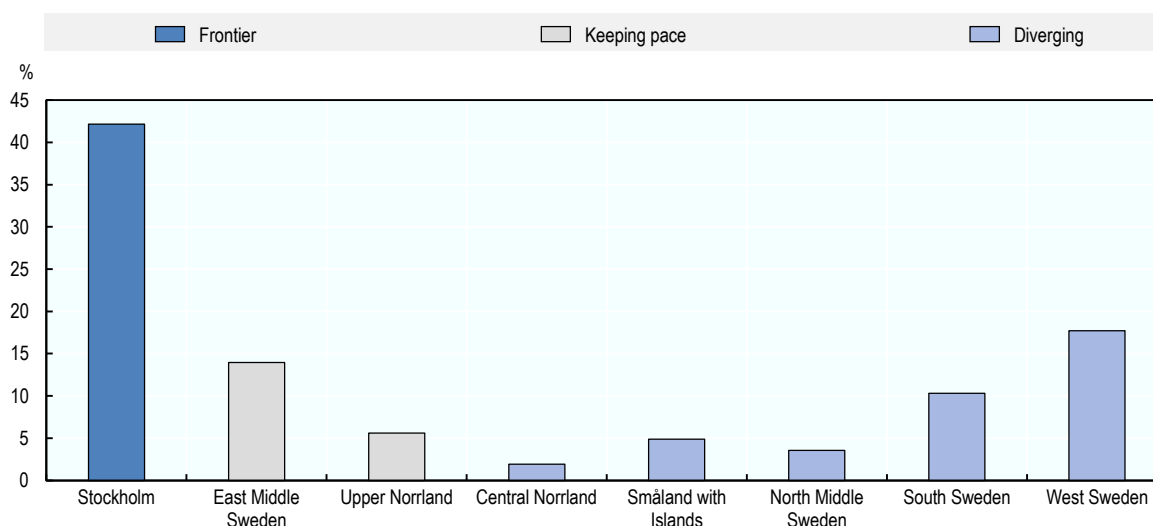


Source: OECD (2018_[16]) *Regional Labour*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Inter-regional disparities and well-being

Stockholm is the strongest performing large (TL2) region in Sweden recording the highest level of GDP per capita and labour productivity growth.⁵ Stockholm was responsible for over 40% of national GDP growth between 2000 and 2013 (Figure 1.19). Only Upper Norrland and East Middle Sweden were able to keep pace with Stockholm between 2000 and 2013, while in the rest of regions GDP per capita and labour productivity growth is slower.

Figure 1.19. Percentage contribution to national GDP growth, Swedish TL2 regions, 2000-13



Note: Percentage contribution shows the share of total GDP growth due to growth in the indicated region. Total contribution equals 100%.

Source: OECD (2016_[18]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, <http://dx.doi.org/10.1787/9789264260245-en>.

The strong performance of Stockholm contributes to national prosperity but also puts pressure on inter-regional inequalities in Sweden, which have been rising over the last years. Despite recent increases, Sweden still enjoys relatively low levels of inter-regional inequalities when compared with OECD countries (Figure 1.20) recording the 6th lowest level in 2016.

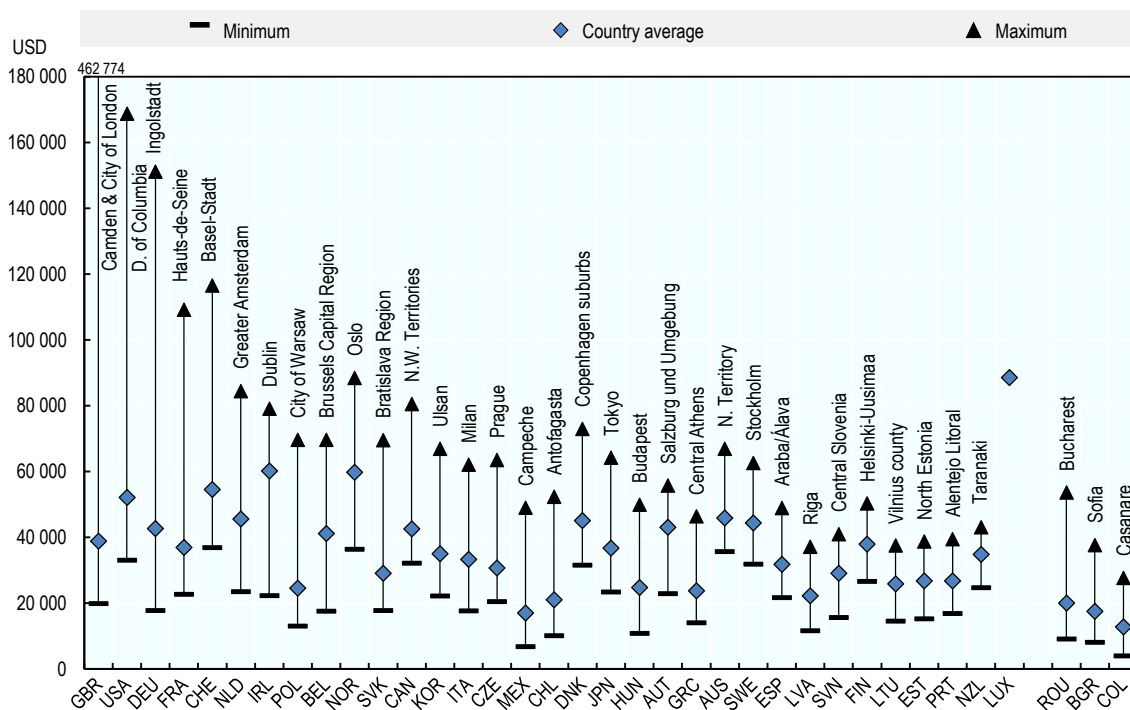
Sweden and Småland-Blekinge show relatively high levels of well-being compared to other OECD regions

Småland-Blekinge is an attractive region with high levels of well-being offering high quality of life for its residents.⁶ The OECD Regional Well-being dataset measures 11 dimensions of well-being standardised across all TL2 regions in the OECD. There are currently no comparable data for well-being across TL3 regions (e.g. counties). Jönköping, Kalmar and Kronoberg along with Gotland are part of the TL2 region of Småland with Islands while Blekinge and Skåne are part of the TL2 regions of South Sweden.

The well-being indicators for Småland with Islands and South Sweden reveal a similar picture scoring relatively high in 9 of the 11 dimensions of well-being and low in just 2 of them (income and housing) (Figure 1.21). When comparing the individual dimensions of

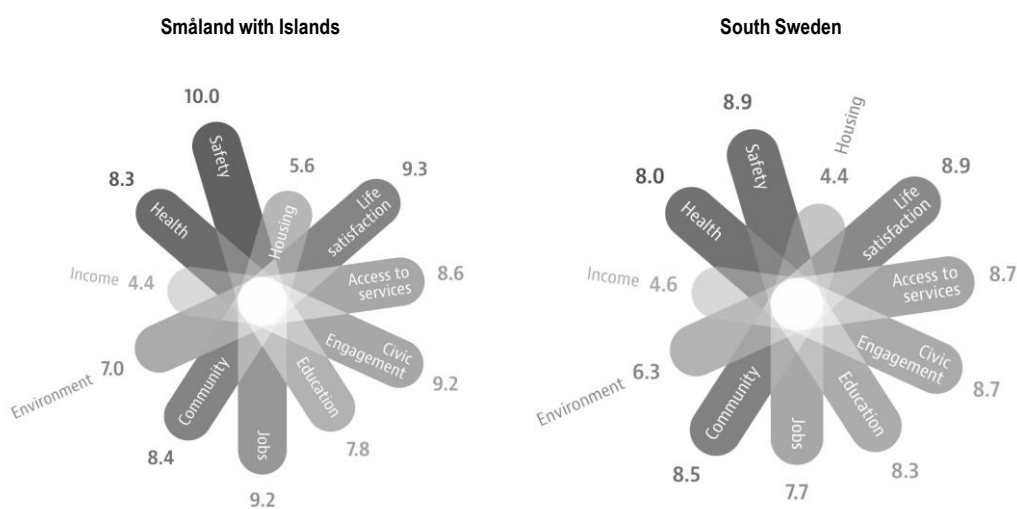
well-being amongst the 2 regions, Småland with Islands fares similarly or better in 9 of the 11 dimensions with respect to South Sweden.

Figure 1.20. Regional disparities in GDP per capita, OECD TL3 regions, 2016



Source: OECD (2018_[13]), *Regional Economy*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Figure 1.21. Well-being across 11 dimensions, selected Swedish TL2 regions, 2016

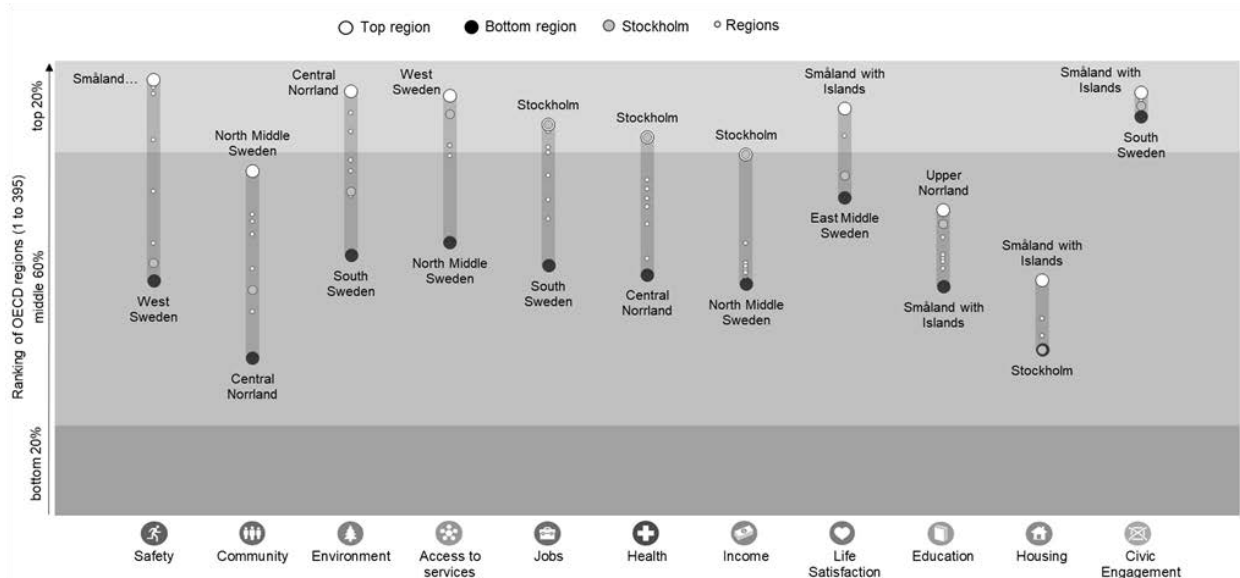


Source: OECD (n.d._[19]), *Regional Well-Being Database*, www.oecdregionalwellbeing.org.

The OECD Regional Well-being dataset also identifies OECD TL2 regions with a comparable level of well-being to Småland with Islands and South Sweden. These include Central Jutland (Denmark), Helsinki-Uusimaa (Finland), Brittany (France), Utrecht (Netherlands) and Oslo and Akershus (Norway).

Småland with Islands ranks at the top of Swedish rankings and in the top 20% of OECD regions in safety, life satisfaction and civic engagement (Figure 1.22). Housing also comes at the top of Swedish rankings but when compared to OECD it only stands at 60% of the distribution. Education is the area in which improvement is most needed, as Småland with Islands occupies the lowest ranking of all Swedish regions. In contrast, South Sweden, of which Blekinge County is a part of, tends to be in the bottom rankings, in environmental sustainability, employment outcomes and civic engagement. It is fair to assume that the weight of Skåne County may be greater than that of Blekinge County in determining those results, however, no distinction is possible under the South Sweden T2 region.

Figure 1.22. Well-being in Swedish TL2 regions, 2016



Note: Access to services is measured by household broadband, civic engagement by voter turnout, education by the share of the labour force with at least secondary education, jobs by employment and unemployment rate, community by perceived social support network, environment by average level of fine particulate matter (pm 2.5) in the region experienced by the population, income by disposable income per capita, health by mortality rate and life expectancy, safety by homicide rate, housing by number of rooms per person and life satisfaction by life satisfaction.

Source: OECD (2016_[20]), *Regional Well-Being in OECD Countries: Sweden*, <http://www.oecd.org/cfe/regional-policy/how-life-country-facts-sweden.pdf> (accessed on 30 January 2018).

Housing shortages remain a challenge

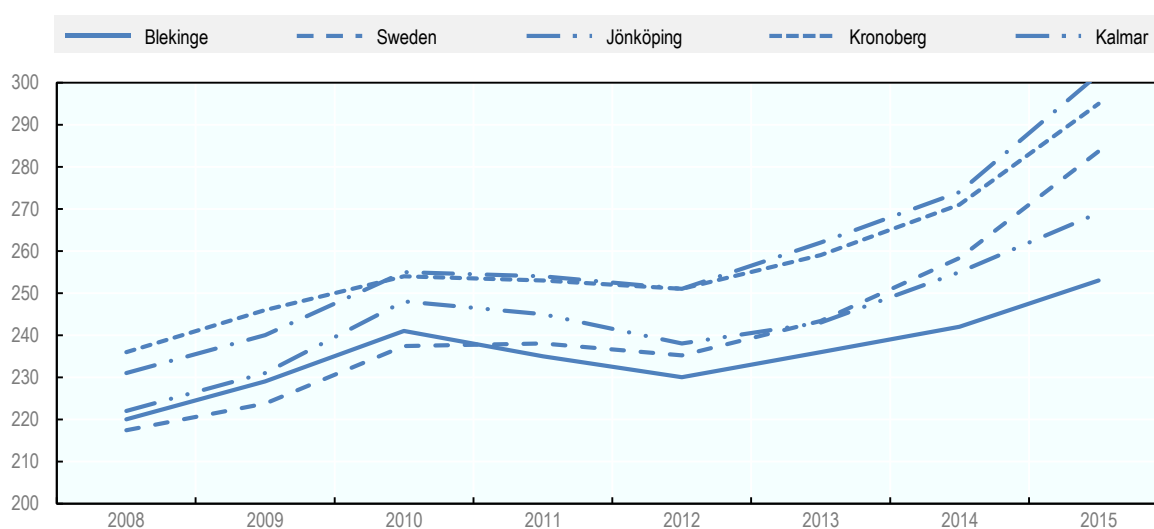
Akin to the rest of Sweden, the region of Småland-Blekinge is also faced with housing shortages which impact the lives of its residents and represent a bottleneck to economic development. Regional data from the Swedish National Board of Housing, Building and Planning (*Boverket*) reveals that the housing market in Småland-Blekinge is unbalanced with a deficit on housing in all 38 municipalities of the region (Boverket, 2018_[21]). Estimates project no change to this situation in the coming 3 years in most municipalities.

More precisely, the situation is estimated to improve in only 7 of the 38 municipalities comprising the Småland-Blekinge region.

A shortage of housing on the market or a lack of appropriate housing (in terms of cost and type) can have wide-ranging impacts. It can, for instance, reduce labour mobility as individuals find it more difficult to move in order to access employment and it prevents a barrier for new migrants to a region. While the housing shortage in Sweden is most pronounced in the largest cities where demand is the greatest, these trends are impacting a wide range of municipalities.

Rising property valuations are as a major challenge for Sweden as noted in the latest OECD Economic Survey (2017^[22]), penalising households with low income and wealth and leading to a widening of inequalities. In Småland-Blekinge, property prices have followed the national trend, increasing from 2008-10, then declining until 2012 and increasing again until 2015 (Figure 1.23). In Jönköping and Kronoberg property prices are above the national average while in Kalmar and particularly Blekinge, they are below.

Figure 1.23. Property price index, Småland-Blekinge counties and Sweden, 2008-15



Source: Statistics Sweden (2016^[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

Main factors of growth and bottlenecks in Småland-Blekinge

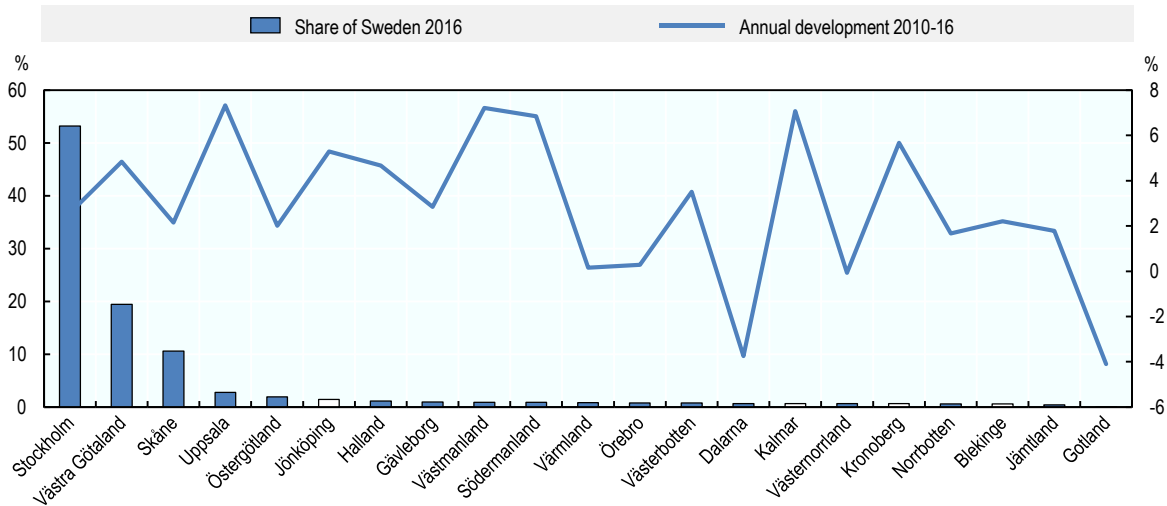
Accessibility, mobility and digital connectivity

The 2012 territorial review recommended improving the accessibility of Småland-Blekinge, both internally and externally, to enhance the competitiveness of the region. Although the region is geographically relatively close to European markets in the Swedish context, improving its accessibility has been at the forefront of the policy discussion.

There have been improvements in internal mobility via public transportation

While representing a small share of total public transportation journeys by bus and trains in Sweden in 2016, between 2010 and 2016 all counties in Småland-Blekinge have recorded annual developments higher than the Swedish average, with the exception of Blekinge County (Blekinge, 2018_[23]) (Figure 1.24). This signals a positive transition of the region towards the adoption of more sustainable modes of transportation.

Figure 1.24. Journeys by public transportation (bus and train) in Swedish counties (%), 2010-16



Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

Jönköping improved its share of tonnes transported by road freight

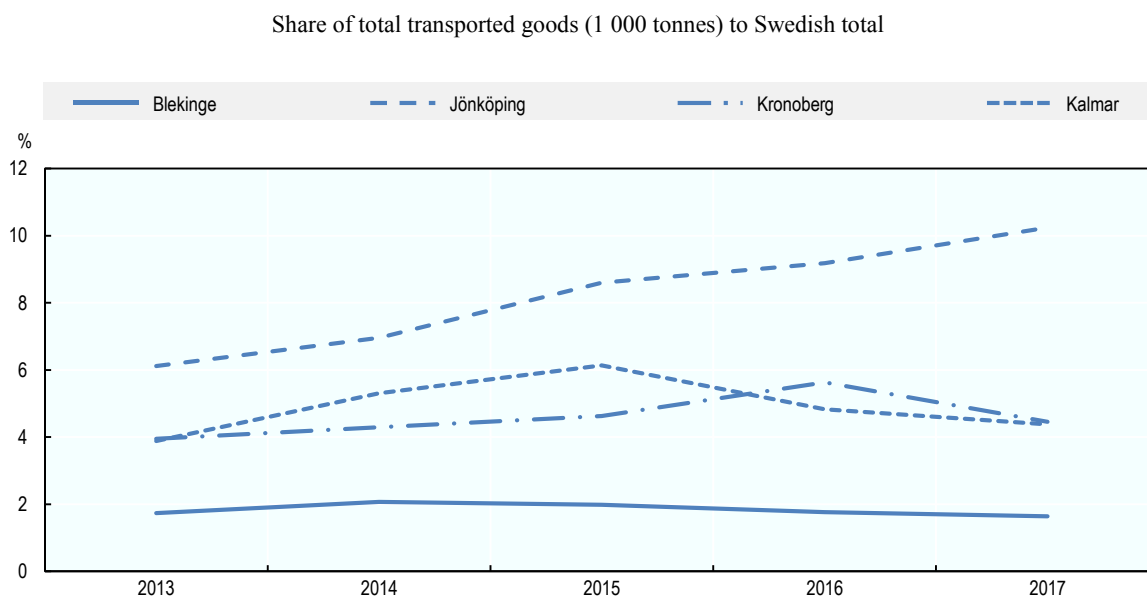
All counties except Blekinge increased their stock road freight transportation goods over the 2013-17 period: Jönköping by 14%, Kronoberg by 3% and Kalmar by 3%. Only Blekinge declined in the total tonnes transported by road freight by 1%. This increase can be driven by a myriad of factors, including its accessibility or national market conditions. In relation to the Swedish freight transportation flows, only Jönköping increased its relative share against a decline in the rest of counties (Figure 1.25).

Digital connectivity across the region has improved

Broadband connectivity has been an infrastructural priority for the past five years. All counties of Småland-Blekinge show significant increases in broadband connectivity at 100 Mbps deployed both in the home and work environments. In 2016, Jönköping and Kronoberg Counties registered the highest deployment figures: 62% and 58% in the home, and 50% and 51.5% in workplaces respectively. Blekinge and Kalmar Counties are the counties that made the most remarkable advancements between 2012 and 2016 in terms of deploying broadband both to homes and workplace. While important progress has been made in raising digital connectivity in the region, access to broadband remains limited compared to other OECD regions and the rest of Sweden. In terms of average speed for receiving data, Småland and Blekinge are still low. Despite improvements on access to 100 megabits for households between 2008 and 2016 (Figure 1.26), Blekinge,

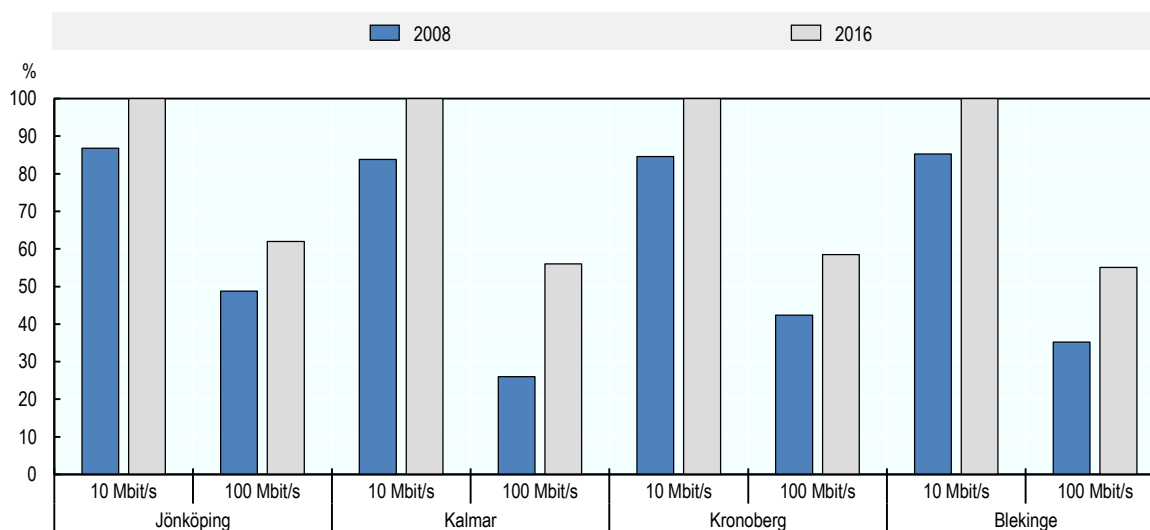
Kalmar and Kronoberg Counties are among the 6 counties with the lowest average speed among 21 counties in Sweden (Bredbandskollen, 2017^[24]).

Figure 1.25. Share of annual road freight transport by regions of loading relative to national, Småland-Blekinge counties, 2013-17



Source: Eurostat (2017^[25]), *National Annual Road Freight Transport by Regions of Loading (NUTS 3) and by Group of Goods (1 000 t), from 2008 Onwards*, https://ec.europa.eu/eurostat/web/products-datasets/product?code=road_go_na_rl3g (accessed on 08 January 2019).

Figure 1.26. Broadband access for households, 10 and 100 megabits, Småland-Blekinge counties, 2008 and 2016



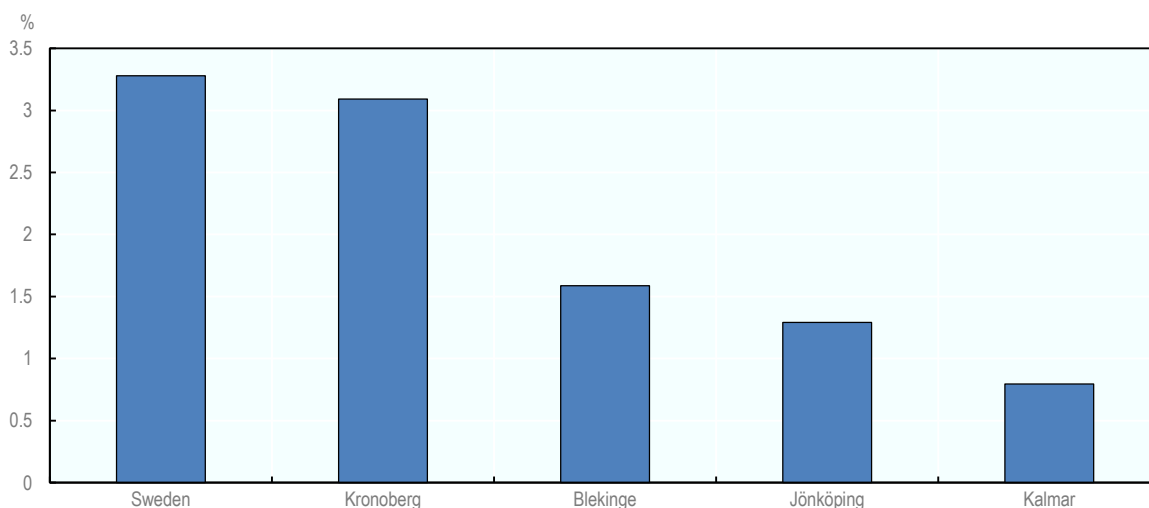
Source: Statistics Sweden (2016^[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

Innovation

In the counties of Småland-Blekinge, research and development expenditures as a percentage of GDP have either increased slightly or stagnated between 2013 and 2015. In 2015, Kronoberg County recorded the highest percentage of research and development expenditures as a percentage of GDP (3.1%), which brought it close to Sweden's national average (3.3%), and was followed by Blekinge County (1.6%) (Figure 1.27). Research and development expenditures by the business community have most likely been driving those increases.

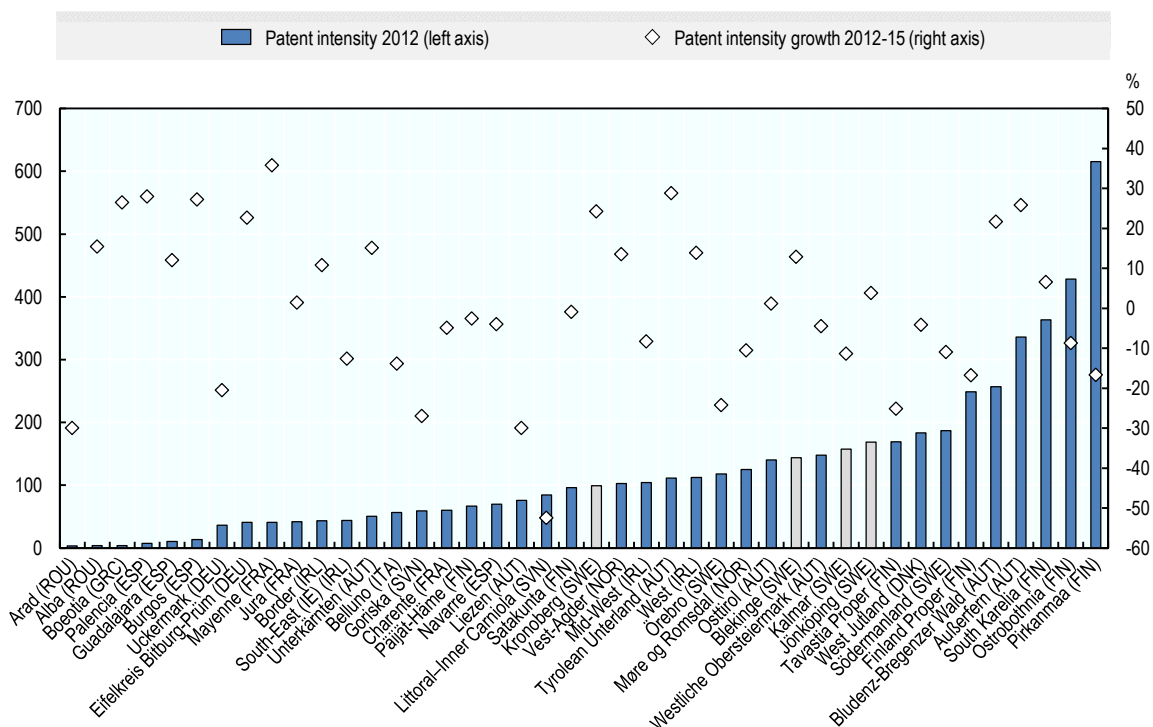
Business research and development expenditures as a percentage of GDP have increased in all four counties between 2013 and 2015, with Kronoberg and Jönköping as leading counties. The weight of business research and development expenditures is most visible when looking at Blekinge County in which, unlike its peer counties, business research and development expenditures almost doubled from 353 in 2013 to 680 in 2015. This important increase is also visible in terms of overall research and development expenditures as a percentage of GDP from Blekinge went from 1.1% in 2013 to 1.6% in 2015. In all counties, after the business community, the largest shares of research and development expenditures as a percentage of GDP come from universities and colleges.

Figure 1.27. Research and development expenditures as a percentage of GDP, Småland-Blekinge counties, 2015



Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

In terms of patent intensity, all 4 counties recorded a higher patent intensity than their comparable group of 44 regions. Jönköping recorded the 10th highest patent intensity followed by Kalmar (11th), Blekinge (13th) and Kronoberg (21st). Over the last years, from 2012-15, Kronoberg recorded the 7th highest patent-intensity growth amongst the 44 comparable countries, followed by Blekinge (14th) and Jönköping (18th) (Figure 1.28). In contrast, patent-intensity growth in Kalmar was below the average growth of the 44 regions.

Figure 1.28. Patent-intensity levels and growth, Småland-Blekinge and selected TL3 regions, 2012-15

Source: OECD (2018_[26]), *Regional Innovation*, OECD Regional Statistics (database), <http://dx.doi.org/10.1787/a8f15243-en>.

Human capital and skills

Skills mismatch in Sweden

Skills shortages and mismatches in Sweden are a widespread challenge that educational and labour market actors have a common responsibility to address. The OECD Skill Mismatch Indicator reports that 37% of workers in Sweden are experiencing “field-of-study mismatch” whereby individuals are employed in a different field than the one they have specialised in (OECD, 2017_[27]). Qualifications mismatch – e.g. whereby a worker has qualifications that exceed (over-qualification) or do not meet (under-qualification) those generally required for the job – is also a persistent issue. In Sweden, 14% of individuals are over-qualified and 23% are under-qualified for their work (OECD, 2017_[27]). Similar data analyses would prove useful if conducted at the regional level, which may be done at the initiative of the different counties.

The counties of Småland-Blekinge are characterised by a lower stock of skills than the Swedish average...

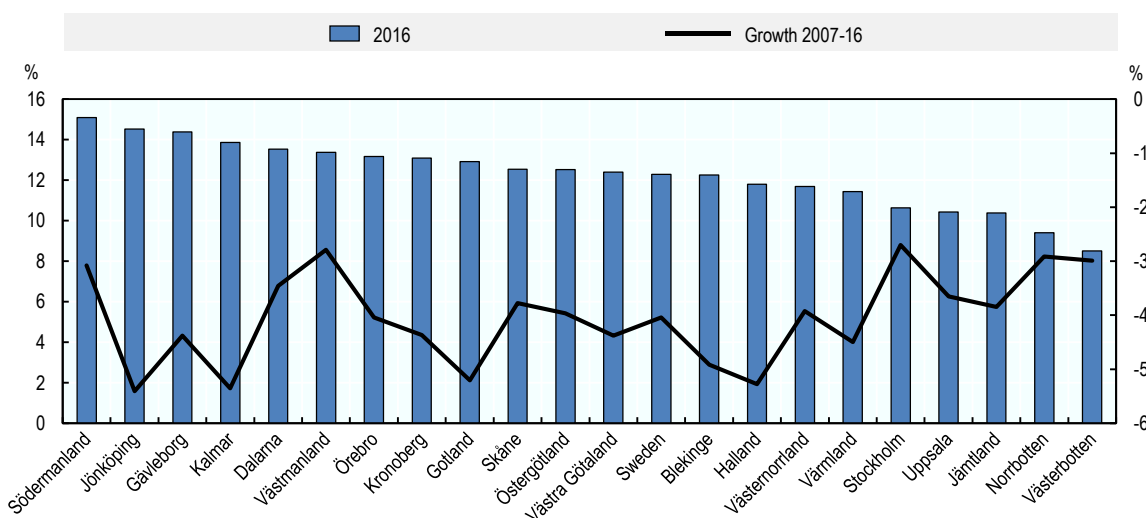
The share of people aged 25-64 with at least upper secondary education in Småland-Blekinge is lower than in the rest of Sweden on average, except in Blekinge (Figure 1.29). Among the counties, Kronoberg is the 8th lowest, Kalmar the 4th lowest and Jönköping the 2nd lowest in Sweden.

...however, progress is being made

Despite the high shares of low-skilled people in the workforce, progress has been made over 2007-16 with all four counties reducing the share of low skills in their workforce at a higher rate than nationally. Jönköping recorded the highest decline (-5.4) across all Swedish regions, followed by Kalmar (-5.3) and Blekinge recorded the fourth highest decline (-4.9).

Figure 1.29. Low-skilled educational attainment of the labour force by county, Sweden 2007-16

Share of population (aged 25-64) with only primary and lower secondary school education



Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, http://www.statistikdatabasen.scb.se/pxweb/en/ssd/START_UF_UF0506/Utbildning/table/tableViewLayout/?rxid=364e5a0c-2341-4fd5-80f7-27f70a40408b (accessed on 30 January 2018).

Compare to national levels Blekinge and Kronoberg have a similar share of high-skilled workers while Kalmar and Jönköping have lower levels

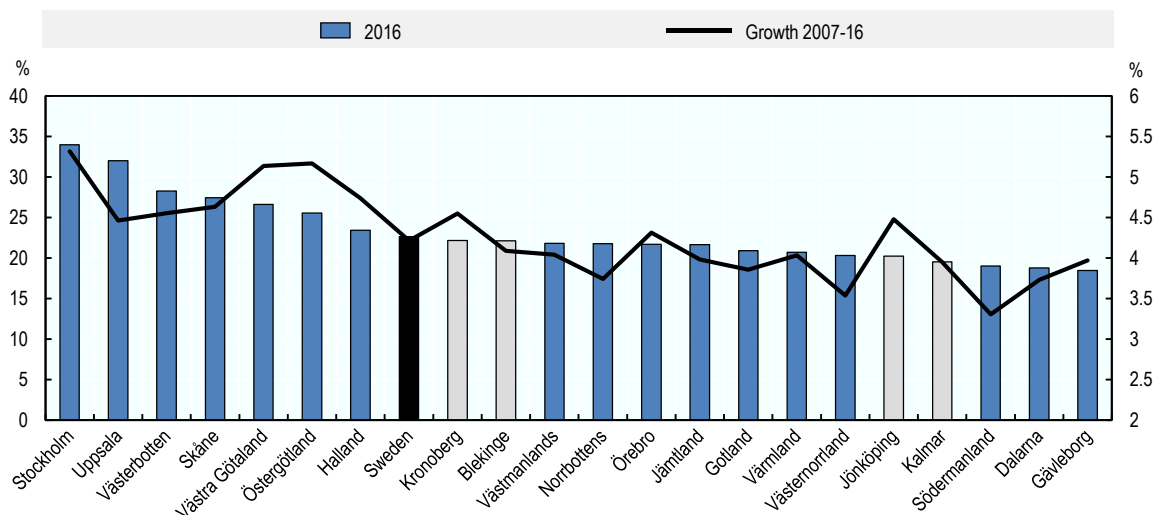
Despite relatively low stock of skills compared to the Swedish average, the share of the labour force with tertiary education or higher is lower in all four counties than nationally. Kronoberg (22%) and Blekinge (22%) stood right below the Swedish average (23%) in 2016, in contrast to Kalmar (19%) and Jönköping (22%) both recording the 4th and 5th lowest score in Sweden (Figure 1.30).

Between 2007 and 2016, the share of the labour force with some form of tertiary education or higher (e.g. three years of post-secondary education) increased in all four counties. In Kronoberg (4.6 percentage points) and Jönköping (4.5 percentage points), the increase was larger than the national average (4.2 percentage points) against a lower increase in Kalmar (3.9 percentage points) and Blekinge (4.1 percentage points) (Figure 1.30).

In accordance with the Swedish average, the counties of Blekinge and Kalmar are characterised by a prevalence of foreign-born entrepreneurs. The share of Swedish native entrepreneurs is higher in Jönköping and Kronoberg.

Figure 1.30. Share of population with high skills by county, Sweden, 2007 and 2016

Individuals aged 25-64 with at least 3 years of post-secondary education



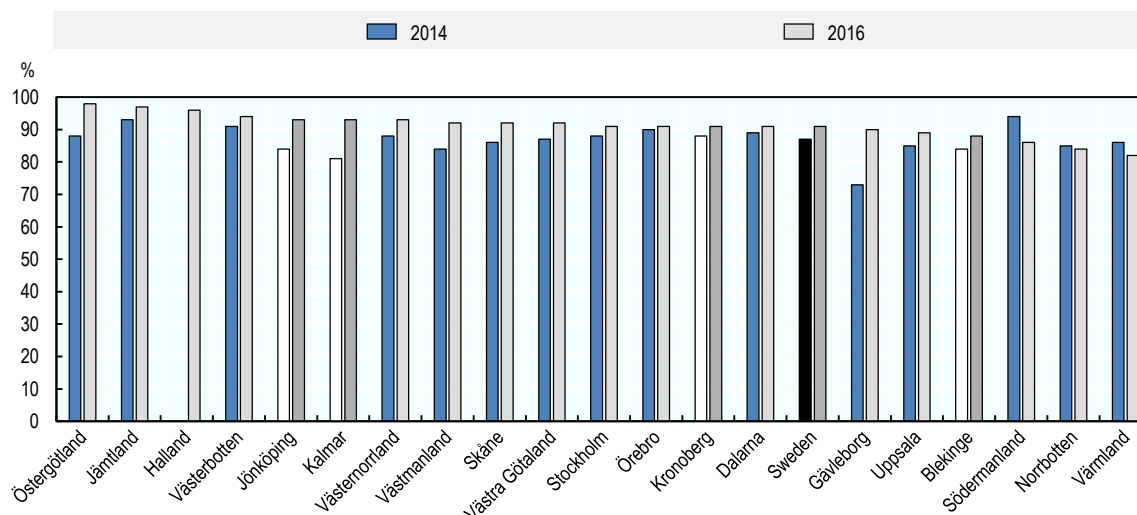
Source: Statistics Sweden (2016^[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsundersokningarna-aku/> (accessed on 30 January 2018).

Recent graduates have mixed success gaining employment post graduation

Recent graduates in Småland-Blekinge have mixed success gaining employment one-year post graduation. Among the counties, Jönköping and Kalmar Counties fair comparatively well, ranking 5th and 6th respectively among Sweden's counties, while Kronoberg and Blekinge rank 13th and 18th respectively (Figure 1.31).

Figure 1.31. Share of graduates in employment one year after graduation by county, Sweden, 2014 and 2016

Individuals completing vocational education and training (VET) and transitioning into the labour market

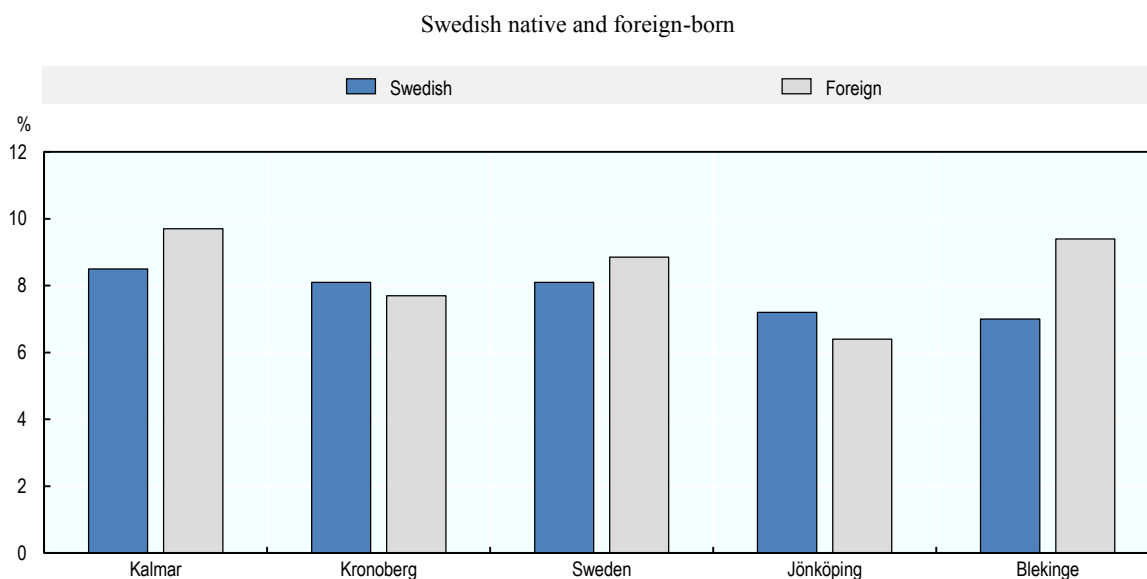


Note: 2014 and 2016 values for Gotland not available.

Source: Myh (2018^[28]), *Swedish National Agency for Higher Vocational Education*, <http://www.myh.se> (accessed on 30 January 2018).

In accordance with the Swedish average, the counties of Blekinge and Kalmar are characterised by a prevalence of foreign-born entrepreneurs (Figure 1.32). The share of Swedish native entrepreneurs is higher than that of foreign-born in Jönköping and Kronoberg.

Figure 1.32. Share of entrepreneurs in Småland-Blekinge counties and Sweden (%), 2015



Source: Statistics Sweden (2016_[15]), *Arbetskraftsundersökningarna (AKU) [Labour Force Surveys]*, <https://www.scb.se/hitta-statistik/statistik-efter-amne/arbetsmarknad/arbetskraftsundersokningar/arbetskraftsu ndersokningarna-aku/> (accessed on 30 January 2018).

Summary of findings

A number of findings are emerging from Chapter 1, assessing the performance of the 4 counties of Småland and Blekinge over the past years. All counties are facing the following trends:

- Population has increased since 2011, particularly in Kronoberg and Jönköping primarily by the arrival of immigrants. This increase in population is very concentrated with only four counties contributing to almost half of the population growth from 2011-17.
- The performance in GDP per capita amongst the counties has been mixed: all four regions have below Swedish average levels of GDP per capita. Over the past years, Kronoberg has been catching up to the national average, Jönköping has been growing around the same pace as the national average and both Blekinge and Kalmar have been declining. When comparing this performance to international standards the growth rates in GDP per capita of all 4 counties have been above the average growth rate of 44 comparable regions.
- In terms of productivity, the gap of the four counties with respect to Sweden is larger than it is with respect to GDP per capita. More worrisome, the gap has widened over the past 15 years overall, although since 2010 convergence started to take place. Productivity in the four counties is below the average of comparable regions. This is a key area of priority for improving the medium- and long-term

competitiveness of the four counties. Although they are starting to catch up, the pace of convergence needs to continue and intensify. Productivity in manufacturing is below the average of comparable regions and higher in services.

- In terms of labour market performance, the unemployment rates have been decreasing over the past years and remain below the national average. Employment rates are higher in Jönköping and Kronoberg than nationally and lower in Blekinge and Kalmar. There is a concern about gaps between gender labour market outcomes. The gap in unemployment rate female vis-à-vis male is larger than the national gap. In terms of employment rates, the gap has been increasing against a declining trend in Sweden.
- Kronoberg and Jönköping face a challenge of increasing housing prices.
- There is some progress in internal accessibility, but mixed results are observable for external connectivity. There are notable improvements however in digital connectivity.
- For human capital, the share of low-skilled workers in the labour force remains higher than nationally. This is an area of concern, although improvements have been achieved since 2017. For high-skilled labour, the gap with respect to the national level is a bit lower but remains an area of concern for Jönköping and Kalmar. Amongst these two, Jönköping has shown important progress.
- In terms of innovation, research and development expenditures are high in Kronoberg and for patent intensity, all counties fare well with respect to comparable regions.

Notes

¹ The report was approved by the OECD Working Party on Rural Policy of the Regional Development Policy Committee in November 2011.

² The elderly dependency ratio in Jönköping, Kronoberg and Blekinge counties stood at 33.6, 34.5 and 38.9 respectively in 2016.

³ Nordregio's Regional Development Potential Index highlights the strengths and weaknesses of the 74 Nordic regions in relation to one another and identifies the regions with the strongest development potentials. This data is also shared through NordMap, an interactive map tool dealing with demographic, labour market and accessibility issues in the Nordic countries.

⁴ The female labour force participation rates is calculated as the female labour force divided by the total female working-age population. The working-age population refers to people aged 15 to 64.

⁵ Regional Gross Value Added per worker for all industries in Stockholm was USD 102 370 in 2014 (USD per worker, current prices, current PPP), significantly above the national average at USD 84 346 and the highest among all Swedish regions (OECD, 2018_[29]).

⁶ See <https://www.oecdregionalwellbeing.org/> for comparison.

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Chapter 2. Assessing the implementation of the recommendations

This chapter assesses the extent to which Småland-Blekinge has met the recommendations of the 2012 OECD Territorial Review of Småland-Blekinge across the 12 thematic areas. It focuses on where the region has seen the greatest accomplishments since 2012; where there is need for further progress; and where there has been a change in regional priorities.

The 2012 OECD *Territorial Review of Småland-Blekinge* provided a diagnosis and analysis of key social and economic trends in the region and assessed both the enabling factors for growth and well-being and the bottlenecks to development across a range of policy areas and domains – e.g. governance, transportation, education and skills. On the basis of this analysis, the territorial review forwarded 31 recommendations across 12 main thematic areas (see Table 2.1). This monitoring review assesses the progress that has been made in meeting these recommendations either in whole or in part across the four counties. This assessment is summarised in Annex Table 2.A.2.

Overall, it is found that the counties in Småland-Blekinge have made either notable progress or have met the recommendations in 12 of the 32 recommendations (around 38% out of total). This demonstrates great progress and commitment in a relatively short amount of time. Promisingly, the majority of these recommendations relate to key actors in Småland-Blekinge developing improved co-ordination mechanisms and a more cohesive identity and common priorities. These improved governance frameworks and networks set the region on course for more effective co-ordination in the future.

Of the remaining recommendations, it is assessed that the region's future direction has been well defined but that implementation has not yet started or that results are mixed in counties in the case of 10 of the recommendations (around 30% out of total). This monitoring review identifies a need for the region to improve its efforts to connect skills and education with labour market demand and for employers to be better linked with education providers. Furthermore, transportation connectivity remains a major challenge for the region. However, it is noted that the four counties have promisingly developed a cohesive strategy and common voice with which to lobby the national government. This growing cohesion bodes well for the region's future development.

Across 7 recommendations, it is assessed that no progress has been made (22% out of total). In some instances, this lack of progress is reflective of changing priorities. For example, the large wave of migration to the region starting in 2011 shifted a number of priorities such as youth engagement in regional development efforts. While youth engagement efforts continued to some extent in the interim, the need to rapidly mobilise resources to address migration made this a focused priority. Beyond this, it is noted that significant transportation challenges remain in such areas as air and freight transport. Some recommendations contained in the 2012 territorial review, such as the recommendation to strengthen the legal framework for public-private partnerships (PPPs), lay in part outside of the purview of the region's responsibilities. Finally, there are three recommendations that no longer remain relevant because conditions have changed (for example in the case of regionalisation reforms).

The following chapter presents an assessment of how Småland-Blekinge has met the recommendations across the 12 thematic areas. The chapter is organised in four parts. It first describes the areas where the region has seen the greatest accomplishments since 2012 and following this, areas of further progress. Next, the chapter discusses where the region has seen shifting priorities and finally, it examines the progress that has been made to date on the need for regional planning.

Table 2.1. Summary of recommendations: Territorial Review of Småland-Blekinge, 2012

#	Theme	Recommendations
1	Developing a knowledge-based economy	<ul style="list-style-type: none"> ● Develop knowledge-intensive businesses
2	Addressing labour market mismatches	<ul style="list-style-type: none"> ● Strengthen the links between the regional education system and regional business ● Educate local communities about the importance of young entrepreneurs and provide support for their initiatives ● Increase the involvement of young people in regional development efforts ● Work with local industry to open up employment opportunities for foreign students ● Improve co-ordination and collaboration in supporting migrant integration (including the labour market, training, social assistance and housing) and addressing the limited capacities of smaller municipalities ● Strengthen support and incentives for migrant entrepreneurship ● Improve the social recognition of female entrepreneurs and facilitate networking opportunities for them
3	Quality of life	<ul style="list-style-type: none"> ● Better promote the regions natural and cultural assets to local people and potential migrants
4	Tourism	<ul style="list-style-type: none"> ● Place tourism at the forefront of development efforts
5	Small and medium-sized enterprises	<ul style="list-style-type: none"> ● Further promoting knowledge-intensive service activity firms, particularly those which are attracted to amenity-rich areas ● Design and implement strategies for business retention ● Better facilitate business succession amongst small and medium-sized enterprises (SMEs) through local business facilitators who can support business owners and broker solutions between sellers and buyers
6	Improving accessibility to the region	<ul style="list-style-type: none"> ● Remove the main bottlenecks and improving road and railway connections to Malmö and Gothenburg ● Improve connectivity between larger towns/nodes and more sparsely populated rural areas ● Improve air transport from each of the four county capitals by improving scheduling that enables same-day travel to and from other European capitals via Stockholm and Copenhagen ● Improve freight transport infrastructure to take advantage of opportunities for trade with the Baltic States, the Russian Federation and China ● Improve co-ordination between counties and the private sector in prioritising transport and communicating a single voice to the national government about them
7	Better co-ordination of business development efforts	<ul style="list-style-type: none"> ● Engage in more cross-border interaction and co-operation to avoid the territorial fragmentation
8	Regionalisation reform	<ul style="list-style-type: none"> ● Undertake a cost-benefit analysis to determine the potential advantages and disadvantages of reform ● Clarify roles and competencies of agencies involved in regional development and how they interact ● Transition toward a model whereby a directly elected regional council is responsible for regional development ● Strengthen the bridging role of County Administrative Boards between central government and the regions, and simplifying the territorial boundaries of national agencies

9	Regional Development Programmes (RDPs)	<ul style="list-style-type: none"> ● Develop more concrete and institutionally reinforced programmes with clear targets and measurable outcomes ● Establish an enforcement framework to link investment priorities with the objectives of RDPs ● Integrate rural and general development programmes into a single comprehensive regional development strategy
10	Strengthen inter-county planning	<ul style="list-style-type: none"> ● Strengthen inter-county planning arrangements by including clear initiatives with funding and accountability and monitoring arrangements
11	Further develop public-private interactions	<ul style="list-style-type: none"> ● Build institutional frameworks for public-private co-operation like public-private partnerships or industry advisory groups ● Enable the legal framework for public-private partnerships
12	Municipal co-operation and reform	<ul style="list-style-type: none"> ● Initiatives and mechanisms that show co-ordination across municipalities around common projects ● Establish place incentives and support to encourage inter-municipal co-operation ● Conduct an in-depth assessment of municipal competencies identify opportunities for regional or national institutions to take on responsibilities, and/or develop an asymmetric approach (larger municipalities have responsibilities that smaller ones do not)

Accomplishments since 2012

Co-ordination between governmental institutions and regional actors has significantly progressed – this is central to meeting all other recommendations

Cross-institutional and county-wide co-operation has improved...

The most consequential progress of the past five years lies in the increased cross-institutional and county-wide co-operation and co-ordination on all issues related to business and territorial development. Improvement in this area is the highlight of the monitoring exercise: it is a positive achievement that carries the potential to enable some of the changes further suggested in the 2012 OECD *Territorial Review of Småland-Blekinge*.

Five years ago, regional development and business promotion efforts were hindered by the fragmented actions of the different actors involved in regional and local development (i.e. the Regional Council, County Councils, Community Administrative Boards, municipalities, private, civic and business organisations). In 2017, all counties have reported greater alignment between those actors in seeking to build complementarities and work together toward a comprehensive vision for regional development. Substantive progress has been achieved through:

1. The establishment of an Innovation Council in Kalmar County.
2. Monthly consultations in Kronoberg County (networks for different managers).
3. Multi-stakeholder platforms in Blekinge County.
4. A corporate incubator in Kronoberg (*företagsfabriken*), which supports start-up companies to be developed with the support of senior business developers. The incubator also runs the Bravo entrepreneurial hub – a business development hub for entrepreneurs in start-up companies.

5. Jönköping County has established quarterly meetings with 2017 with all the actors involved in the business support system in order to increase co-operation. New project ideas are also raised in the council. In addition, in spring 2018, the council has initiated a network on co-operation on digitalisation of the business sector.
6. A cross-county agreement on infrastructure priorities for southern Sweden which feeds into Sweden's national infrastructure development strategy.

More precisely, the county of Kronoberg has progressed vis-a-vis strategic planning and administrative co-ordination efforts. The county now holds monthly exchanges with municipalities and representatives from different sectors (e.g. school network), as well as bi-annual strategy meetings with politicians. Blekinge is showing important cohesion around migrant integration measures and business development projects such as the collaboration platform Blekinge Council. This platform involves the Blekinge Region, its five mayors, the County Administrative Board (CAB), Blekinge University of Technology, the Employment Service and business support agency (Almi) working together to strengthen the co-ordination and implementation of Blekinge's regional development strategy. Similarly, Kalmar County which in 2012 exhibited divisions between the northern and southern parts of its county, has made significant progress in “unifying” the different municipalities around a county-wide vision. The recent process with the new Regional Development Strategy (adopted by the board in January 2018) is a confirmation of this; it has been a much smoother process anchoring the discussion with the municipalities and achieving consensus. There has also been more strategic co-ordination through the creation of new platforms. The Kalmar Innovation Council – a network of innovation promoters – is one such platform: it meets once a month and involves representatives from different sectors who define action plans in order to boost and support the business environment. In Jönköping County, there are monthly meeting with all the directors from the municipalities, region, university and the CAB. The leading politicians from the region and municipalities meet to discuss these issues every second month.

With respect to infrastructure development since 2012, the counties of southern Sweden have strengthened the manner in which they communicate their priorities and concerns to the national government. They have adopted a unified voice in a number of areas including infrastructure, public transport, culture and regional development. The integration of 20 priorities of South Sweden into the recent national infrastructure development plan is a clear illustration of how greater levels of cross-county co-operation can help the region carry forward objectives to the national level.

In all counties, the progress achieved in cross-institutional and county-wide co-operation has been dependent on soft instruments for co-operation. This co-operation is based on personal relationships and the goodwill and interest of different actors to work on common issues through dialogue, networking and information exchange. Such collaboration is in line with Sweden's notable consensus-building culture (Bergström, Magnusson and Ramberg, 2008^[1]). While such mechanisms can translate into stronger co-operation as observed in this case, there remains a risk that co-operation will deteriorate when opinions diverge and conflicts of interest arise. In a context such as Sweden's, where municipalities are granted a large degree of autonomy, moving towards a greater institutionalisation of such meetings and designing incentive mechanisms could help to counter the potential negative scenarios driven by (poor) personal relationships between a small number of individuals. Furthermore, it may incentivise the organisation

of meetings in which different sectoral representatives are gathered to discuss the interconnectedness of certain challenges – allowing for greater synergies to emerge in regional actions and initiatives. At present, in several counties, sectoral representatives do regularly meet with municipalities and cross-sectoral participation is not promoted. This is a missed opportunity.

...and so, has municipal co-operation and reform

Inter-municipal co-ordination has also improved. In 2012, it was found that municipalities – particularly larger ones – did not generally share a county-wide vision and saw few benefits in collaborating with their respective Regional Councils on the regional development strategy. Similarly, with the exception of infrastructure issues, the benefits resulting from building policy complementarities through inter-municipal collaboration were unclear. There continues to be no legal incentive for municipal co-operation in the region of Småland-Blekinge, but the dynamics for collaboration have shifted in recent years. This has been driven in part out of the necessity to mobilise greater cross-municipal capacity to address the challenges linked to migrant integration, and partly because the regionalisation project was dropped.

Inter-municipal planning co-operation in the different counties has most commonly been reported in the areas of infrastructure and housing (e.g. residual water and waste). Such an approach has been adopted in Jönköping, where four municipalities (Gislaved, Gnosjö, Vaggeryd and Värnamo) have voluntarily co-operated in order to achieve economies of scale. Business development is another area in which shared municipal functions in some counties are evident. The four municipalities of Gislaved, Gnosjö, Vaggeryd and Värnamo co-operate in business development in the form of Business Gnosjö Region. Kalmar County has manifested much greater inter-municipal co-ordination – the two former sub-county municipal groups in the north and south of the county have merged into one unique county-wide co-ordinated group. Now, since large regions are off the table, the unity among these actors has improved. In the upcoming merger forming Region Kalmar County, the 12 municipalities will form a formal federation for common interests and collaboration on issues like social welfare, education and environmental monitoring. In Kronoberg, the three municipalities of Kalmar, Karlskrona and Växjö have adopted a leadership stance in the drive for county-wide inter-municipal actions primarily related to infrastructure in the three municipalities.

While gains have been made in recent years, increasing capacity at the municipal level remains an essential concern across the four counties of Småland-Blekinge. The direct benefits of inter-municipal co-operation tend to be more greatly felt by the smaller municipalities who share the same obligations as the larger ones but who may lack the competencies and capacity required to effectively meet their responsibilities. For instance, while central to any regional development strategy, spatial planning is an area of municipal responsibility that demands varying competencies and cross-sectoral considerations (e.g. housing, transportation, environment), often prompting the smaller municipalities to devolve this task to a third party. By doing so, municipalities risk losing an opportunity to build policy consistency with neighbouring municipalities and the county regional development strategy. Potential conflicts of interest could also arise that may guide the intentions of the external agents that the responsibility is devolved to. As such, while there is a long tradition of consultation with municipalities to work toward common priorities in the case of infrastructure investments, a similar formalised co-operation is needed for skills capacity-building. As recommended by the OECD in 2012, conducting an in-depth assessment of municipal competencies in the four counties

remains relevant but it is recognised that the options to rebalance responsibilities across levels of government or adopting asymmetrical solutions remains sensitive.

Business development and tourism branding: Where the dynamics of improved collaboration are most visible

Tourism branding among the three counties in Småland has increased

The three counties in Småland have made significant steps towards a cohesive tourism branding with the establishment of a common digital platform (visitsmaland.se) and have through this effort have developed consensus on which brand values should be promoted; a discussion which continues to evolve. The brand tagline is “Småland – Sweden for real”. This collaboration, if not friction-free, with its triumphs but also setbacks, is a major improvement compared to ten years ago, especially when Kronoberg and Jönköping Counties claimed the brand Småland. However, the collaboration only relates to branding and e-marketing/sales. The regions and destination do not co-operate on development issues or combined offers. Blekinge is not included in this co-operation as the county has its own tourism branding which is quite strong and with good public recognition. It operates its own digital platform (visitblekinge.se). Kalmar County has a separate challenge since a large part of its tourism is in fact not in Småland but in the landscape of Öland (Sweden’s second largest island), which has a unique brand with comparatively good public recognition in many parts of Sweden and key markets like Germany. The brand value of Öland is arguably the highest in all Småland-Blekinge but the possibilities of collaborating with other destinations are limited since the brand values are quite diverse. There is however a strong link in target groups since both Öland and Astrid Lindgren’s interpretation of Småland (most clearly manifested in Vimmerby) are both very strong amongst families with young children, in Scandinavia as well as in Germany.

Public support for value-added creation in firms has increased but developing a knowledge-based economy remains a slow process

The four countries have enhanced the levels of assistance that they provide in order for local industries to generate greater value in their products and services. Cost efficiency in traditional industrial processes has improved over the past five years. There has been a concerted effort to improve products, service quality and business processes. Examples of such practices are evident in the local processing of dairy products in Jönköping County; Kalmar County’s integrated food strategy which benefits from research and development investments from companies; product internationalisation; and the business incubation centres in Kronoberg County.¹

A number of local actors lie behind those efforts, including counties (e.g. Kalmar Innovation Council), municipalities, business support organisations (e.g. Almi) and higher education institutions (HEIs). For instance, Linnaeus University has recently adopted new university postgraduate programmes focusing on innovation in such areas as design, business and engineering. It has also enhanced its relationships with large employers such as the global furniture retailer IKEA (based in Älmhult, Kronoberg County), with whom it is creating a “life at home” niche. There is also co-operation in forestry with the company “Södra”. The HEIs of the region have a central role to play in supporting this innovation promotion dynamic across a wider range of economic

activities and in supporting the development of knowledge-intensive businesses. In 2018, Jönköping University launch its first MSc course in the field of industrial product design.

At the heart of those initiatives lay the opportunity for Småland-Blekinge to build on the competitive advantages of its counties to create market specialisation across the region. The relocation of the eHealth national agency in Kalmar County and the development of the bioeconomy sector in Jönköping County can foster productive gains, possibly facilitated through local smart specialisation strategies. Smart specialisation favours an integrated approach to economic development. In the case of Jönköping, it may help better integrate its forestry, climate and food strategies for the development of the bioeconomy sector, while in the case of Kalmar it may help better co-ordinate IT sector innovation with public service delivery capacity. Likewise, in Kronoberg County where the IT sector has been steadily growing since the late 1990s and which today has one of the highest growth rates in Sweden, the adoption of local smart specialisation strategies could more effectively promote knowledge spill-overs from Växjö to the rest of the local economy. At present, many activities continue to be concentrated in one or two urban poles. The region should consider how smart specialisation strategies may have application in rural areas as well (see Box 2.1 for a discussion).

One recent positive development is that in April 2017 Jönköping University opened a research and education environment for knowledge-intensive product realisation (known as SPARK). The initiative aims to help manufacturing companies adopt more knowledge-intensive products and processes. SPARK is being developed in co-operation with the Swedish Knowledge Foundation during the period 2017-26. The ten-year collaboration aims to create a nationally leading and internationally competitive research and education environment within knowledge-intensive product realisation, based on continuous co-production between the university and partner companies.

Another significant and rather unique example of ambitious co-operation is Småland China Support which was established in 2012. Kalmar and Kronoberg Counties together with the Linnaeus University then established their own permanent support office in Shanghai (China). The office has three full-time employees (one based in Småland and two in China) who work on two objectives: i) to support SMEs in the early stages of business in China: and ii) to recruit East/Southeast Asian students to the Linnaeus University (LNU). The business side of the operation currently focuses on four regionally strategic areas (wood industry, tourism, food industry and digital business). The office has been operative for almost 6 years with more than 200 clients and has proven itself to be highly efficient, contributing not only a considerable amount of actual business but also a greater knowledge and awareness of the opportunities in China amongst SMEs. The work mainly involves developing networks and personal relationships in China and connecting individual or groups of companies to these networks. The office also co-operates with other Swedish public and private business promoting agents. Permanent representation in China with staff who know the conditions in both markets and who speak both Swedish and Chinese has been critical to the success of this initiative. The office has also recruited more than 1 000 tuition-paying students from China and other countries in East Asia, increasing the brand value of LNU in China and deepening the network of partner universities in Asia. Blekinge and Jönköping Counties have at different stages considered engaging in this initiative but have eventually chosen other priorities. Despite Småland China Support's successes, its main weakness is the number and limited diversity of SMEs in the regional target group. There are many opportunities in China and a broader and larger base of companies in Sweden would increase the offers on the Chinese market.

Box 2.1. Smart specialisation for rural areas

It is not about technologies but about knowledge and its application

A smart specialisation strategy in rural regions is conceptually different than that of urban ones. In urban regions, smart specialisation approaches focus on expanding formal research in high-technology industries in order to increase the role of these fast-growth sectors in the local economy. Rural regions, in general, are not ideal candidates for this approach. Most lack a university or any other formal research centre. Very little of their economic base could be characterised as high-tech, advanced manufacturing or information and communications technology (ICT)-related. Furthermore, a relatively small share of the local workforce has an advanced degree or even a tertiary education. Low population density, small and dispersed settlement over a large geographic area limit interaction among people and firms. Similarly, small local markets and a small labour force make diversification and the opportunity for “related variety” innovations limited.

However, in a rural context smart specialisation can become a way to facilitate a stronger exogenous growth process. In a broad sense, smart specialisation is really a process that searches for evolving comparative advantage – as such it is useful in all regions. It is fundamentally a “bottom-up” development approach where the region determines its strategy on the basis of local capabilities. If the scope of the opportunities for support is expanded beyond the usual format of export-oriented high-technology products and formal research, then the concept becomes more generally applicable.

As noted by Charles, Gross and Bachtler, “Smart specialization should not be seen as being about technologies as such, but about knowledge and its application, and this applies to all sectors, even agriculture and craft-based industries” (2012, p. 6_[2]). A large share of the firms in rural regional economies are small and medium-sized enterprises with no formal research and development activity, but in some cases considerable ability to innovate, although in ways that are not easily detected, since no patent is filed. Process innovations or innovations protected by trade secrets, or innovations that remain hidden because the firm is far from competitors, can be locally significant but do not neatly fit into a smart specialisation strategy. Innovations in the delivery of services or in goods that are not export-oriented are also not captured but can lead to increased productivity and an improved quality of life.

Strategies for rural smart specialisation

Charles, Gross and Bachtler provide five important reminders when developing regional smart specialisation strategies that are particularly relevant for rural regions (2012, pp. 45-46_[2]):

1. The selection should reflect an existing competency, not simply an aspiration. It is also important that the projected demand for a particular good or service be large enough that providing it will have a noticeable impact on regional output and employment. There need not be an immediate increase, but there should be clear potential for significant growth over time.
2. It is important not to focus on the level of technology when identifying target sectors but on sectors that have future growth potential in the region. This could be in primary industries, such as forestry, fishing, mining or agriculture; in manufacturing, whether it is traditional heavy industry, boat building or

specialised components; or in services including tourism, healthcare delivery or job training.

3. Regions should look for synergies that build on existing capabilities. By extending the local demand for an input, or by using a by-product from the production of a current output, the local economy can grow organically without having to establish a completely new production process.
4. Fostering innovation is a key function of smart specialisation strategy, but support for innovation should be applied where the potential benefits occur broadly and are not restricted to one or two specific firms. If an innovation is valuable to multiple firms in an important sector of the regional economy, then there will be stronger contributions to regional growth than is the case if the innovation only benefits a few firms with a narrow and small niche market.
5. In choosing sectors or activities to support, regions must be aware not only of their capability but also the potential of other regions. The underlying logic of smart specialisation is to support activities that result in tradable goods or services and while each region focuses on its opportunity to export, it must also assess the possibility that other regions may be better positioned, and are more likely to capture market opportunities.

These points reinforce the idea that smart specialisation has to do with expanding the competitiveness of regions through investments that increase productivity in those sectors that are ongoing regional strengths.

Source: Charles, D., F. Gross and J. Bachtler (2012_[2]), “Smart specialisation and cohesion policy: A strategy for all regions?”, www.eprc-strath.eu/public/dam/jcr:ca04731c-2d7b-490f-a51e-3e368b7ecfb6/ThematicPaper30%25282%2529Final.pdf.

In comparison to 2012, the local innovation ecosystem in Småland-Blekinge has become increasingly organised. New science parks and business incubators have opened in most of Småland-Blekinge’s counties (e.g. Blue Science Park in Blekinge and the Techtank technology cluster) and complementary institutional structures such as Kalmar’s Innovation Council have emerged to develop and implement local development strategies in business and innovation and there is collaboration between municipalities, the region, county councils, and Blekinge Institute of Technology (BTH) and science parks through the *Tillväxtforum*. After talks with many actors in the regional innovation system, Jönköping has developed a draft regional innovation strategy.

The common instruments used to support technology and knowledge diffusion indeed include physical infrastructure such as science or technology parks, incubators, although the quality and impact of these instruments depend on their design and implementation. The proximity factor is important for the latter. Physical proximity is an advantage which Småland-Blekinge can make use of for building and maintaining relationships given the generally small size of counties. Kronoberg is one of the most successful Swedish examples of how to leverage this advantage to promote an innovation system; horizontal co-ordination has been achieved across economic areas and the ten organisations involved. The value generated in the innovation process by geographic proximity and face-to-face interaction also continues to be supported by evidence from OECD research, despite the widespread use of ICT to connect individuals (OECD, 2016_[3]).

Despite improvements in Småland-Blekinge's local innovation ecosystem, knowledge-transfer from HEIs to businesses remains weak and technology upgrading in local industries has been lagging behind as a result. In all counties, HEIs experience difficulties in liaising with local businesses due to a widespread lack of understanding of the value generated by the integration of postgraduate students and researchers in firms. This reluctance from firms, of small and medium-size most often, limits their capacity to successfully manage technology upgrading. In turn, a poor understanding of the pertinence of university-led research and innovation for private sector development continues to be shared by firms from, for example, the rural sector. In this context, innovation vouchers are instruments that can be used to promote further the use of academic expertise for business development in this era of technological change.

More systemic initiatives such as clusters, networks or competency centres are effective to support specific types of firms (start-ups or existing SMEs), while innovation vouchers or brokerage systems help firms access consulting services and knowledge (OECD, 2016^[3]). Innovation vouchers are presently used in Blekinge, Jönköping and Kalmar Counties. For example, Kalmar County has developed a system with innovation vouchers which is not limited to finding support in universities but can also be used for acquiring innovation support from commercial actors or, preferably, one of the national industrial research institutes. The voucher covers 50% of the costs and contra-financing can, if the project meets certain conditions, include the innovators own time (as a defined hourly rate) for prototyping, etc. The terms are quite generous and the process time is normally around a week; despite this, the utilisation of these instruments is surprisingly low. This could be due to a lack of time on behalf of firms to undertake this work or perhaps a lack of knowledge.

Box 2.2. Supporting innovation in SMEs: The use of innovation vouchers

Innovation vouchers are small lines of credit provided by governments to small and medium-sized enterprises (SMEs) to purchase services from public knowledge providers with a view to introducing innovations (new products, processes or services) in their business operations. Innovation vouchers normally target SMEs in light of the contribution (normally below EUR 10 000) they provide for the introduction of small-scale innovations at the firm level. SMEs tend to have limited exposure to public knowledge providers such as universities and research organisations as they may see such institutions as irrelevant to their business activities or be unwilling to invest in the search costs necessary to identify relevant providers. On the other hand, staff in public knowledge providers may see little incentives in working with small firms when the latter have lower absorptive capacity and guarantee lower returns as compared to large companies and other public agencies.

The main purpose of an innovation voucher is to build new relationships between SMEs and public research institutions which will: i) stimulate knowledge transfer directly; ii) act as a catalyst for the formation of longer-term more in-depth relationships. In a snapshot, innovation vouchers are intended as pump-priming funding through which initial industry-university relationships can be established.

The issuing of the voucher has two main impacts, both of which overcome major incentive barriers to the usual engagement between SMEs and knowledge providers:

1. The voucher empowers the SME to approach knowledge providers with their innovation-related problems, something that they might not have done in the absence of such an incentive.
2. The voucher provides an incentive for the public knowledge provider to work with SMEs when their tendency might either have been to work with larger firms or to have no industry engagement at all.

Success factors for the use of innovation vouchers

The wide recourse to innovation vouchers (e.g. Ireland, the Netherlands, the West Midlands in the United Kingdom, etc.) demonstrates that, thanks to its simplicity, the measure can be easily adopted by countries and regions worldwide, provided that small firms have a minimum “absorptive capacity” towards university research and that universities and public research institutions are willing to co-operate with industry. Innovation vouchers are traditionally used to solve minor technological problems or scope out larger technological issues. As such, they are useful instruments but need to be integrated into a wider innovation strategy in which voucher recipients can refer to other policies for further stages of business innovation. Examples include collaborative research programmes, incentives for internal research and development, clusters and networks for innovation, etc.

Limited evaluation evidence suggests that output additionality for this measure is high, i.e. a large share of firms that are granted vouchers would not have undertaken the project without public support. However, the impact on longer-term SME-university collaboration is more limited and questionable. On their own, innovation vouchers appear too small a tool to change the embedded attitude of SMEs towards research organisations.

A few conditions make this tool more feasible and likely to succeed. First of all, the voucher should be directly administrated by a public agency, whereas there are some cases in which it was also managed directly by a university. Whilst this causes more costs for the public sector, it presents three main advantages: i) it avoids any potential conflict of interest between the university as a scheme operator and knowledge provider; ii) it may allow a more dedicated approach to the operation of the scheme than the wider mission of a university may permit; iii) there may be greater scope for follow through with other supports for innovation if the scheme is administered by a development agency.

Second, brokering is crucial to the feasibility of the programme. There is a need both to minimise the application burden on firms and to provide cost-effective matching to appropriate academic expertise. For instance, too much an arm’s length approach by the delivery agency may lead to difficulties for firms in finding appropriate academic partners and for knowledge providers in responding to a relatively high volume of unco-ordinated enquiries. Developing an enhanced brokerage service is crucial to the effectiveness and popularity of the programme by enabling firms to more quickly identify possible partners and reducing the load on knowledge providers.

Source: OECD (2018_[4]), *Innovation Vouchers*, OECD International Migration Statistics (database), <http://www.oecd.org/innovation/policyplatform> (accessed on 15 February 2018).

Småland-Blekinge's current favourable economic climate may explain the disincentive for companies to engage in more technology-intensive activities (see Chapter 1) and the lower prioritisation by local actors of the OECD recommendation on supporting the development of a knowledge-based economy. Yet, continuous efforts should be mobilised in this direction. Such actions remain critical because the industrial base of most counties in Småland-Blekinge remain dominated by manufacturing and characterised by low-value creation within the regional economy. The local business community should seize upon these strong local conditions to engage in the strategic changes that will contribute to increasing their knowledge intensity, their value added and competitiveness, making them and the local economy more resilient to any future economic slowdown.

Lastly, it is noted that certain actors in the local economy may have interpreted the OECD's recommendation in this area as a call for the development of new industries rather than support for the existing business fabric to transition toward higher-knowledge intensive activities. With the growing organisation of the region's innovation system, it is important to take a broad view of innovation. As Wintjes and Hollanders note (see 2.3), innovation is fundamentally about the ability to adopt and adapt new knowledge (Wintjes and Hollanders, 2010_[5]). This pertains as much to existing industries and processes as it does to newly emerging ones and should encompass a broad range of activities, including public service provision, government organisations and administration.

Building diversity in the economy and exploring new avenues in knowledge-intensive activities can only strengthen the economic profile of the region, but such an endeavour should not be pursued at the detriment of the local industrial business community which may be left behind. A deviation of the attention and prioritisation to support existing industries in their growth development is not advisable. Efforts should continue to be oriented toward improving the competitiveness and processes of the prevailing local economic capacity.

Box 2.3. Beyond technology-driven innovation

Focusing on “demand-driven” innovation

While national governments largely continue to emphasise technology-driven innovation as the core of smart specialisation strategies, academic research is increasingly arguing for a more nuanced approach that includes “demand-driven” innovation in the form of applications, entrepreneurship, user-driven innovation, and innovation in services and organisations (Wintjes and Hollanders, 2010_[5]). The shift includes a recognition that while the production of inventions may continue to be concentrated in a small number of metropolitan regions, all regions can benefit from adopting these inventions in the form of regional innovations. It is the ability to adopt and adapt new knowledge that separates higher growth regions from slower growth ones (Wintjes and Hollanders, 2010, pp. 17-19_[5]).

In a survey of experts on the most important sectors for future regional economic development and the most important technologies, Wintjes and Hollanders find hotels and restaurants; health and social work; and agriculture, forestry and fisheries were the 5th, 6th and 7th highest ranked, ahead of computer and data services, pharmaceuticals, software, and aircraft and spacecraft (2010, p. 29_[5]). The high rank of traditional

industries suggests that the experts believe that innovation in these sectors can have a much larger impact across regions than is the case for the more advanced industries because they are so pervasive in many countries (Wintjes and Hollanders, 2010, p. 28_[5]). Similarly, when the experts were asked to pick the most important technologies for the future, the most mentioned was ICT, but alternative energy was second and process control and agricultural and food technologies were in the top 20 (Wintjes and Hollanders, 2010, p. 30_[5]).

The larger point made in the study is that there is considerable opportunity in traditional industries for future economic growth and that regions, where there is a strong comparative advantage in these industries, should carefully assess how they can invest in increasing the competitiveness of local firms as a central element of their smart specialisation strategy. While these sectors may not benefit from the push effect of formal research and development investments, they can benefit from the demand for product or process improvement, and there are opportunities for small-scale innovations by entrepreneurs and existing SMEs based on local knowledge. Finally, the importance of regions importing inventions and knowledge developed elsewhere and using it for local innovations cannot be overemphasised as a way to increase the competitiveness of local firms.

A broader understanding of innovation (beyond new technologies alone) is needed in order to apply smart specialisation policy in low-density areas. Almost by definition, low-density areas lack vital parts of the usual way that smart specialisation processes are described. They are too small and open to trade effects to have an endogenous growth process. They lack formal research capability in the form of large universities, government research facilities and corporate research centres. They lack the dense networks of firms, organisations and other institutions that are thought to be central to innovation. However, when innovation is extended to include a broader range of activities, including public service provision, government organisations and administration, tourism and the creation of “third-sector” solutions to social concerns, there are obvious examples of these forms of innovation occurring in large metropolitan regions and in small remote rural regions.

Sources: Wintjes, R. and H. Hollanders (2010_[5]), “The regional impact of technological change in 2020”, http://ec.europa.eu/regional_policy/en/information/publications/studies/2010/the-regional-impact-of-technological-change-in-2020; Wintjes, R. and H. Hollanders (2011_[6]), “Innovation pathways and policy challenges at the regional level: Smart specialization”, United Nations University, Working paper series 2011-027.

Box 2.4. Rural innovation: The case of Nordland, Norway

Nordland is a region located in northern Norway and has 240 000 inhabitants, and the largest city, Bodo, has a population of close to 50 000. The land and topography of the region are diverse with fjords, high mountains, narrow peninsulas and islands. Nature-based attractions such as the Lofoten Islands are critical for the region’s tourism industry. Forestry and agriculture have also developed in the valleys and coastal areas. As a result of this physical environment production is dispersed across the region – some in locations which are remote and difficult to access.

Nordland has a rich endowment in terms of water resources, landscapes, productive land and mineral resources. These resources provide the foundation for mining, agriculture, forestry, fisheries and aquaculture, and tourism. These industries are performing strongly and are integrated into global markets. They make an important contribution to the economic prosperity of Norway. However, these highly productive and export-oriented industries are not generating significant new jobs for the region (with the exception of tourism). How the region overcomes this “growth paradox” to capture greater value added and jobs in the region will be critical to the future of the region.

In terms of skills and innovation, the region has a number of key strengths and challenges. The region has one university, two university colleges and three research institutions. These institutions are increasingly engaged with local businesses and research and development investment is rising. The county has recognised the importance of innovation and was the first region in Norway to have its own research and development strategy, which has provided a platform to forge closer links with local businesses. However, the region has an ageing population and lower educational attainment than the rest of the country. Although research and development activity is increasing, it still lacks scale and there is not a strong culture of innovation amongst smaller businesses in traditional industries.

Enhancing the competitiveness of tradable sectors outside of oil and gas is challenging in Norway, which has a high-cost base.

The region has adopted smart specialisation as a framework to promote innovation within the region’s tradable sectors. The county’s smart specialisation strategy – Innovative Nordland – has identified the process industry, seafood and tourism as key opportunities for future growth. The county has three key strategies to shape innovation outcomes:

- supporting co-operative projects between business and research and development institutions
- brokering education projects within clusters
- supporting competency building in universities and research and development institutes that aligns with cluster development in the region.

The development of this strategy involved close collaboration between the public sector, business, and research, education and training organisations in the region. Priorities were identified using techniques such as Strength, Weaknesses, Opportunities and Threats (SWOT) analysis and foresight planning to reveal the region’s comparative advantages. The design and delivery of this strategy also involve co-operation and peer review with the region of Österbotten, Finland. Collaboration, consistent and transparent methodologies to identify strengths and peer-review have all been identified as success factors within smart specialisation strategies in a European context (OECD, 2013^[7]).

Sources: OECD (2017^[8]), *OECD Territorial Reviews: Northern Sparsely Populated Areas*, <http://dx.doi.org/10.1787/9789264268234-en>; OECD (2013^[7]), *Innovation-driven Growth in Regions: The Role of Smart Specialisation*, <https://www.oecd.org/innovation/inno/smart-specialisation.pdf> (accessed on 30 January 2018).

Formal public-private partnerships have not materialised but public-private co-operation is more widespread than before

Public-private co-operation has grown over the past five years, in the counties of Blekinge and Kronoberg particularly. The improved public-private co-operation is reflected by the increased involvement of Almi, Sweden's business support agency, in public initiatives in the four counties and the stronger collaboration between HEIs, local science parks and incubators. Unlike in 2012, the obstacles in the legal framework for the formation of public-private initiatives for regional development therefore no longer seem to be prevailing.² However, public-private co-operation does not go beyond business development initiatives. Encouraging greater participation and contribution of the private sector may yet benefit other areas of strategic regional development in Småland-Blekinge. In Jönköping County, the Science Park has local representatives in all 13 municipalities, which may promote public-private co-operation.

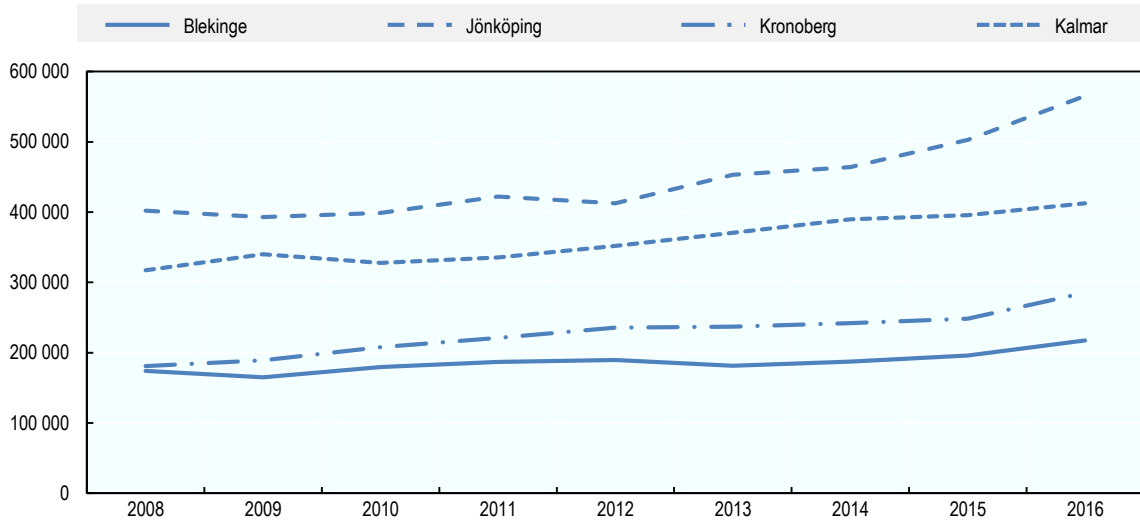
Three of the counties co-operate in tourism with a common brand (Visit Småland) and all four have their own more operational strategies as well

Over those past five years, tourism has expanded in Småland-Blekinge. Hotel revenues went up in all counties between 2008 and 2016 (Figure 2.1). Jönköping remains the most popular county of the region and is the county in which revenues have increased the most. Private cottage and apartment rentals also picked up in recent years, although not reaching pre-crisis levels yet (Figure 2.2). In the same period, there has also been an overall increase in the creation of establishments (i.e. hotels, holiday villages, youth hostels) to serve the tourism sector in Småland-Blekinge (Tillväxtverket, 2018^[9]). Kalmar, followed by Jönköping, is the county that registers the highest number of establishments and it is also one of the two counties, with Kronoberg, in which the increase has been most visible; thereby showing the commitment of those counties to strengthening infrastructure quality and the tourism industry in the region more generally (Tillväxtverket, 2018^[9]).

An additional development since the 2012 Territorial Review is that each of the four counties now possesses its own county brand for the international tourism market.³ With “Blekinge Wonderful Water”, the county of Blekinge recently defined its tourism identity in relation to the element of water, which links directly to the promotion of its coastline assets. The strategy in Blekinge led to the formalisation of the organisation Visit Blekinge with the mission to market Blekinge outside of the county's borders. Kronoberg County has been the main instigator of the “Småland” brand which encompasses a larger inter-county geographical scope. Similarly, Jönköping County chose to follow the strategy it had prior to 2012 with a county-wide promotional focus essentially targeted at the “nature-loving” foreign Dutch tourists. Kronoberg's approach is similar to Jönköping's while Kalmar – the most tourism-intensive region of the four – to a large extent uses a fragmented approach where the five major destinations (private/public) take full responsibility for their own development and domestic marketing. Kalmar is, for instance, developing a niche tourism market attracting Chinese visitors which likely results from the increase in foreign direct investment projects with China in recent years (involving Småland China Support). The regional level is responsible for international marketing and certain competencies and development projects. Since 2018, the regional level has been better-resourced to develop the regional competitiveness in the tourism industry.

Figure 2.1. Hotel revenue in Småland-Blekinge

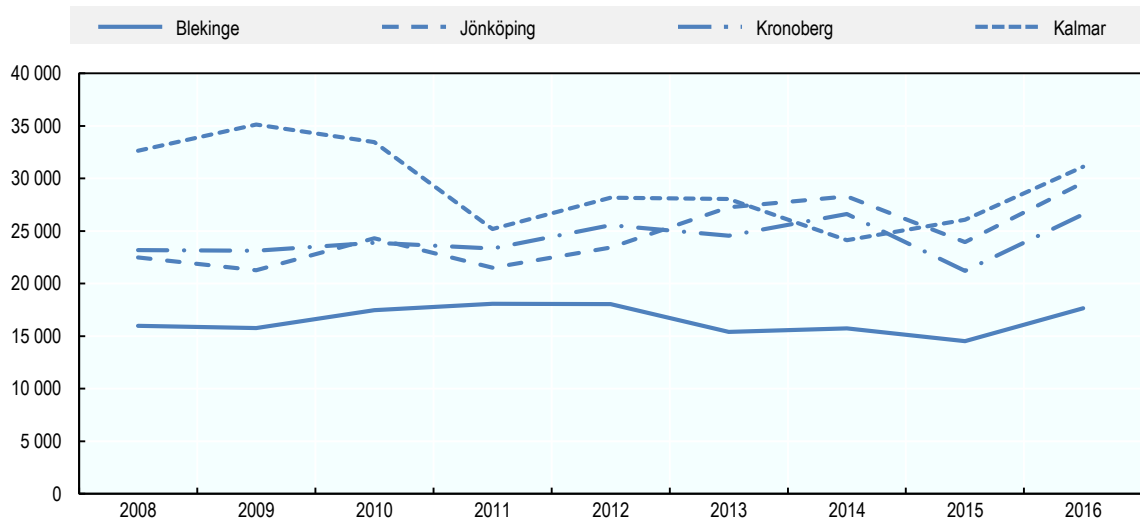
Total revenue in SEK thousand between 2008 and 2016



Source: Swedish Agency for Economic and Regional Growth (2018_[10]) (2018), *Tourism Statistics*, <https://tillvaxtverket.se/statistik/turism.html>.

Figure 2.2. Commercially arranged private cottage and apartment rentals in Småland-Blekinge counties

Total revenue in SEK thousand between 2008 and 2016



Source: Swedish Agency for Economic and Regional Growth (2018_[10]) (2018), *Tourism Statistics*, <https://tillvaxtverket.se/statistik/turism.html>.

While tourism in Småland-Blekinge has been gaining traction, the international outreach of the region needs to be further developed. Significant steps have been taken in Småland since 2012 to create joint branding under the brand name “Sweden for real” and a common marketing and sales platform (visitsmaland.se). Synergies should be built across the different counties’ tourism strategies to enhance the regional brand. With the exception of Kalmar County, investments in the tourism industry are seen as carrying a lighter weight for local development than investments in ICT or industrial projects. Yet, the importance and contribution of the tourism sector to the local economy of the region is not negligible and can be boosted through a strategic territorial branding campaign as developed by French and German regions (Box 2.5).

Box 2.5. Territorial branding strategies: Experiences from Brittany (France) and Nuremberg (Germany)

Territorial branding can be an effective strategy for regional development, if well-articulated and well-promoted. One lesson from place-branding is that a clearly identifiable brand is more beneficial than many different segmented ones. Investing in several different brands for the same place can limit the impact of the marketing strategy and create market confusion.

Produit en Bretagne

The case of the brand *Produit en Bretagne* (Made in Brittany) in France shows how shared values and collective efforts to expand and solidify the brand can yield positive results. The oldest regional food brand in Europe, *Produit en Bretagne* was created in 1986 to strengthen the solidarity and employment of the region. Since then, an association of producers was created, which includes today members of the service sector such as hotel, restaurants and cultural and creative sectors. The association facilitates the engagement of an array of stakeholders, who exercise quality controls over products and agree on the marketing strategy. The association successfully created a business incubator to support innovative projects, too.

This example also signals the importance of participatory territorial branding, i.e. of involving local stakeholders in brand development and consolidation. Promoting synergies and consensus among regional stakeholders has been identified as one of the key elements in keeping a brand alive and well in the long run.

Nuremberg Metropolitan Region

In the Nuremberg Metropolitan Region, creating a common identity was instrumental to develop the territorial brand of the region (OECD, 2013^[7]). Building territorial identity can involve a process of identifying local strengths and weakness, creating trust and defining directions for future change. This process further enables common action and strategies to take place.

One step in this process was to promote internal tourism, by encouraging residents to “rediscover” their own territory, with the Discovery Pass. The metropolitan authority also invested in the accessibility of the regional transport system, with broader coverage and an integrated fare system. Increased daily commuter traffic contributes to regional economic cohesiveness.

The territorial branding process in Nuremberg was further backed up by a strong cluster policy. It includes comprehensive projects of renewable energy production, innovation and entrepreneurship in healthcare, regional trade fairs and a knowledge-sharing and network-building platform called Original Regional (OECD, 2013_[7]). The branding policy can showcase the Nuremberg region as having “original” products and assets whilst also being able to develop research and generate innovation.

Sources: OECD (forthcoming_[12]), *Productivity and Jobs in a Globalised World: (How) Can All Regions Benefit?*, OECD Publishing, Paris; OECD (2013_[7]), *Innovation-driven Growth in Regions: The Role of Smart Specialisation*, <https://www.oecd.org/innovation/inno/smart-specialisation.pdf>.

The multi-functionality of tourism for rural areas, if well managed, can create positive externalities by opening up access to local amenities that will not only make sites attractive to foreign visitors but also improve the quality of life of local residents. Service-based businesses and entrepreneurial ventures linked to tourism can create social and economic opportunities. The OECD Rural Policy 3.0 framework emphasises the importance of a diversified rural economy (Box 2.6). Rural policies should consider the specific features of diverse territories and should promote new economic opportunities for rural communities (i.e. in non-farm employment, alternative products and services) (OECD, 2016_[11]). In this vein, the Rural 3.0 framework encourages a bottom-up approach that mobilises the diverse set of actors contributing to the development of rural areas. The tourism sector can be a central pillar to any country or region’s rural development strategy but tends to be more strategically developed when integrated into a framework that considers important the alignment with other policy areas (e.g. road, rail, supply of accommodation facilities, public services, etc.).

Box 2.6. The OECD rural policy framework: Rural Policy 3.0

In 2006, OECD member countries adopted the New Rural Paradigm as a core approach to developing better rural policy. The main principle of this approach was that rural territories can be places of opportunity but, for these places to achieve their potential, a spatially sensitive development approach is required. The key elements of the approach are:

- Recognition that rural areas are now much more than only agriculture.
- A shift in philosophy from supporting rural areas through subsidies or entitlements to focusing support on investments to increase competitiveness.
- Belief that rural people have a better sense for their local development opportunities than national governments, which leads to a “bottom-up” approach.
- Recognition that there are multiple actors that must be engaged in the rural development process, not just national governments and farmers (OECD, 2006_[13]).

Since 2006, the OECD has engaged with a number of member countries to conduct rural policy reviews in order to gauge how existing rural policies in each country conforms with the principles of the New Rural Paradigm and to offer advice on how to reform those

policies to make them more effective (Freshwater, 2014_[14]). Policy advice is based on evolving academic and practitioner research and on the identification of effective rural policies in member countries. In addition, the OECD has investigated some key thematic topics in co-operation with member countries, including rural service delivery, the role of renewable energy in rural development and the nature of the linkages between urban and rural areas.

In 2016, the New Rural Paradigm was updated with the Rural Policy 3.0, which reflects the new knowledge acquired in the intervening decade (OECD, 2016_[15]). This approach builds upon the New Rural Paradigm with the intention of moving from a “paradigm” towards more specific policy recommendations that can help countries with policy implementation (Garcilazo, 2017_[16]). The core idea in Rural Policy 3.0 is that economic growth occurs in different ways in rural areas than it does in urban ones. The rural growth process takes place in a “low-density economy” where agglomeration effects do not occur and distance plays an important role in production costs and the lives of the people. Moreover, because the opportunities and constraints in different types of rural places vary, so does their economic function. Rural economies tend to have niche markets because they are small and specialised, except for those places producing natural resources, such as agricultural commodities, minerals or forest products.

Table 2.2 illustrates the evolution of OECD thought on rural policy. The advice for policy implementation is fairly abstract, reflecting the fact that, for any country, variability in regional conditions and in national objectives makes it impossible to provide specific policy advice. Even for specific rural policy reviews, it is difficult for the OECD to develop policy advice that goes much beyond basic principles. To do so would require more information and analysis than is available and a far better understanding of how rural policy fits into the larger set of policy concerns for that national government.

The value of the OECD approach remains its potential to apply a coherent analytical framework to thinking about rural policy. A country that engages in the process receives some basic advice on how to think about policy but must still develop specific policies on its own. Because the OECD policy framework emphasises the importance of a bottom-up approach and the inherent diversity of rural areas, national governments have to be willing to engage in joint development strategies with local counterparts. It is in only through this process that specific policies are developed.

Table 2.2. Rural Policy 3.0

	Old paradigm	New Rural Paradigm (2006)	Rural Policy 3.0: Implementing the New Rural Paradigm
Objectives	Equalisation	Competitiveness	Well-being considering multiple dimensions of: i) the economy; ii) society; and iii) the environment
Policy focus	Support for a single dominant resource sector	Support for multiple sectors based on their competitiveness	Low-density economies differentiated by type of rural area
Tools	Subsidies for firms	Investments in qualified firms and communities	Integrated rural development approach – spectrum of support to the public sector, firms and third sector

Key actors and stakeholders	Farm organisations and national governments	All levels of government and all relevant departments plus local stakeholders	Involvement of: i) public sector – multi-level governance; ii) private sector – for-profit firms and social enterprise; iii) third sector – non-governmental organisations and civil society
Policy approach	Uniformly applied top-down policy	Bottom-up policy, local strategies	Integrated approach with multiple policy domains
Rural definition	Not urban	Rural as a variety of distinct types of place	Three types of rural: i) within a functional urban area; ii) close to a functional urban area; iii) far from a functional urban area

Sources: OECD (2016_[151]), “Rural Policy 3.0”, in *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, <https://doi.org/10.1787/9789264260245-7-en>; Freshwater, D. and R. Trapasso (2014_[141]), “The disconnect between principles and practice: Rural policy reviews of OECD countries”, <http://dx.doi.org/10.1111/grow.12059>; Garcilazo, E. (2017_[161]), “Rural Policy 3.0 productive regions for inclusive societies: Low density economies: Places of opportunity”, https://enrd.ec.europa.eu/sites/enrd/files/s4_rural-businesses_rural-policy_garcilazo.pdf; OECD (2006_[131]), *The New Rural Paradigm: Policies and Governance*, <http://dx.doi.org/10.1787/9789264023918-en>.

Internal mobility and broadband connectivity improvements will benefit regional well-being and attractiveness

A strong emphasis is placed on expanding public transport

Within the realm of infrastructure and connectivity works, internal mobility is the domain in which most progress has been made across the region. In the counties of Småland-Blekinge, the focus has been put on increasing the efficiency of the public bus system. This new infrastructure not only improved accessibility within the county but it also changed commuter behaviour. In Kalmar and Kronoberg Counties, a new corridor system was created which increased the frequency of public buses; all buses being 100% climate neutral, functioning on biogas or HVO biodiesel.⁴ Fossil CO₂ is virtually eliminated from all public transport operated by the regional public transport company KLT. This includes also all minibuses, public transport taxis, etc. (almost all private buses and taxis are also biofuelled or electric/hybrid since this is a common customer demand). Blekinge also has a large share of renewable fuels in its public transport system and has emphasised a corridor system for public transport; the modal share of public transport has increased in the county in recent years.

The counties of Småland-Blekinge are taking a strong environmental stand which is also emphasised through the development of new bike lanes in all counties. The importance of internal mobility and the prioritisation of more sustainable modes of transportation has thus increased since 2012 and marks a shift from the mostly rail and road (i.e. private cars) focus in infrastructure planning that predominated five years ago. Measures such as those can both contribute to positively raising the well-being levels of residents, mainly through greater proximity to services from remote areas and by increasing the attractiveness of counties and the overall region. It is noted that there remains a strong focus on improving rail infrastructure in the region since little progress has been made on making road transport more sustainable. The need for better, more efficient and safer road infrastructure remains. However, better road infrastructure will inevitably increase

demand and correspondingly CO₂ emissions. Since the possibilities to regionally influence the share of CO₂-neutral road vehicles are very limited, the only possibility that remains is to increase bio-fuelled and electric public transport.

Nonetheless, data collection on travel inflows by road, bike ownership and bike use for going to work journeys, as well as data capturing the shift toward more electrified modes of transportation which are currently unavailable would be welcome so as to develop a better understanding of the economic and social returns from adopting more sustainable and efficient internal transport systems. Some data collection on these topics is initiated and done regionally but some gaps remain.

There is a unanimous commitment towards enhancing digital connectivity

How to bring digital connectivity to rural areas and a country's most remote places is debated across all OECD countries and regions. In a recent strategy document, the Swedish government set the national target of at least 95% of all households and companies having access to broadband with at least 100 Mbit/s by the year 2020. This national target has influenced each county in Sweden to set and meet similarly ambitious goals and the national government has assigned broadband co-ordination to the counties. In Småland-Blekinge, county targets vary from 90% to 100% coverage. All counties of Småland-Blekinge show significant increases in broadband connectivity at 100 Mbits deployed both in the home and work environments (Chapter 1).

Digital connectivity was not a primary subject of recommendation in the 2012 territorial review, but it certainly was pointed out as an essential piece of infrastructure to improve service provision and business attraction in the region. In some aspects, access to broadband can help overcome physical distances, road and rail infrastructure challenges by giving people the possibility of having a full-time professional activity working from home and living close to the natural amenities that constitute the wealth of the region and a key point of attraction for those residents. Digital connectivity is an instrument that can significantly help strengthen labour markets, skills to jobs matching and the local entrepreneurial business environment.

As in the rest of Sweden, interest in telemedicine has gone up in the region over the past few years. One factor driving the increasing interest in telemedicine is the difficult access to health facilities, qualified physicians and specialists, particularly. As telemedicine relies on high-speed Internet services to connect patients with healthcare providers, pushing for its development may well be the secret to advancing broadband itself in underserved communities, both rural and urban. Telehealth is not a specific service but a variety of technologies and tactics to deliver virtual medical care, wellness, health awareness and education in a holistic manner. Broadband is a major part of that delivery mechanism.

There is a large potential for Småland-Blekinge to develop a “continuum of care”; that is, a system providing a comprehensive array of healthcare spanning all levels and intensity of care. The presence of a strong IT cluster concentrated in Blekinge and Kronoberg Counties and the relocation of the National Health Agency in Kalmar County are all factors that can support the creation of new technologies and services in Småland-Blekinge and help raise the profile of the region in the field of eHealth. Blekinge's success with the e-healthcare project “Sicah” is a case in point; it has led to a permanent focus area on eHealth within Blue Science Park. A “healthcare hub” that uses broadband to link a city's or county's hospitals, clinics, other healthcare providers and private practices can strengthen and expand the continuum of care. Healthcare institutions in

Småland-Blekinge could align with schools and libraries that have telemedicine applications and services into a healthcare hub. By doing so, the infrastructure available to communities may not only be further strengthened but community funding may also be more easily mobilised.

The cost-benefit analyses driving decision-making on the question of whether to provide digital connectivity to sparsely populated areas most often underline the costly engagement that it will represent for any given local economy. In Småland-Blekinge, the speed by which each county will be able to meet its target will largely depend on the responsiveness of private providers to market incentives in a first stage and, in a second stage, on the capacity of public companies, community associations and municipalities to finance such a service to the areas that lack critical mass and remain underserved. In the counties that set a target of 100% successful county-wide coverage, considerations around the establishment of public-private partnerships or the mobilisation of county resources were also expressed as the potential solution to remedy remaining gaps in coverage. While counties' perspective may differ on how to best finance digital connectivity, the economic and social value generated by the provision of such a service even to the most remote areas is recognised unanimously. There is a growing concern that the gap between the most and least connected areas will further increase in the roll-out of 5G networks. Accessibility to 5G is critical to the development of IoT (Internet of Things) for all kinds of purposes, autonomous vehicles, high-automation of industry, virtual reality, augmented reality and many services just waiting to be created.

Box 2.7. Deployment of fibre optical networks through collaborative approaches

As an increasing amount of economic and social activity is undertaken over communication networks, it becomes more challenging to be restricted to low-capacity broadband when living in some rural or remote areas. Given that most countries have regions that are sparsely populated, it raises the question of how to improve broadband access in these areas.

There is a growing “grassroots movement” in Sweden to extend optical network fibre coverage to rural villages. There are around 1 000 small village fibre networks in Sweden, in addition to the 190 municipal networks, which on average connect 150 households. These networks are primarily operated as co-operatives, in combination with public funding and connection fees paid by end users. People in these communities also participate through volunteering their labour or equipment as well as rights of way in the case of the landowners. The incumbent telecommunication operator, as well as other companies, provides various toolkits and services for the deployment of village fibre networks in order to safeguard that these networks meet industry requirements. As the deployment cost per access in rural areas can be as much as four times what it cost in urban areas, such development may not attract commercial players and rely on such collaborative approaches. Aside from any public funding, Sweden's experience suggests that village networks require local initiatives and commitment as well as leadership through the development of local broadband plans and strategies. They also require co-ordination with authorities to handle a variety of regulatory and legal issues, and demand competency on how to build and maintain broadband networks. The most decisive factor is that people in these areas of Sweden are prepared to use their resources and contribute with several thousand hours of work to make a village network a reality.

In the United Kingdom, Community Broadband Scotland is engaging with remote and rural communities in order to support residents to develop their own community-led broadband solutions. Examples of ongoing projects include those in Ewes Valley (Dumfries and Galloway), Tomintoul and Glenlivet (Moray), which are inland mountain communities located within the Moray area of the Cairngorm National Park. Another example of a larger project can be found in Canada and the small Alberta town of Olds with a population of 8 500, which has built its own fibre network through the town's non-profit economic development called O-net. The network is being deployed to all households in the town with a number of positive effects reported for the community.

Sources: Mölleryd, B. (2015_[17]), "Development of high-speed networks and the role of municipal networks", <http://dx.doi.org/10.1787/5jrql7rvns3-en>; OECD (2016_[11]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, <http://dx.doi.org/10.1787/9789264260245-en>.

Areas for further progress

Poor labour market skills matching continues to be a drag on the region's economy

Strong linkages between the regional education system and the business community are a necessary condition for achieving a better match of skills supply with skills demand. Over the past five years, in Småland-Blekinge, those links have been strengthened. The better co-ordination of HEIs and vocational education and training (VET) schools with the business community has resulted in the creation of new programmes, curriculum design and updating with, in some cases, local companies sitting on the board of educational institutions. In the different counties, educational institutions have thus made efforts to become more responsive to local labour market needs. In Blekinge, VET institutions have been co-operating with the military to develop a new programme that would meet their long-term labour market need for airport technicians; whereas the Linnaeus University (LNU) of Kalmar and Kronoberg recently created an eHealth postgraduate programme, in response to the relocation of the National eHealth Agency from Stockholm to Kalmar County. Through its Information Engineering Centre, LNU is also working with ICT companies to develop more relevant education programmes. The concern of retaining existing businesses with a high-growth potential in the region is associated with the objective to achieve good employment outcomes.

The availability of skilled human capital is central to enabling the growth of any company's products and operations. The lack thereof may prompt firms to relocate to neighbouring business hubs such as Stockholm or Malmö or even lead to their closure. It bears noting that there is also demand for skills in the public sector in several occupations, for example, qualified teachers, school managers, qualified social workers, city planners (architects, engineers), all kinds of nurses. The French CIFRE convention (*Conventions Industrielles de Formation par la Recherche*) is a best practice that may be replicable and adapted at the local level and which could effectively boost the hiring of young talent by local businesses. Fostering synergies between education and the labour market contributes not only to ensuring that businesses find individuals with the right skills to meet their need, but it should also be sought as part of a strategy to generate greater spillovers from university, research across a diverse set of economic activities in the region in order to support its knowledge-based transition. Knowledge spillovers,

which are knowledge benefits that firms, researchers and other agents receive by being co-located, are typically measured by patent citations and the distance decay associated with citations in the same technology areas (i.e. after a particular distance, citations are significantly less likely, commonly found to be within a 150-200 km radius) (OECD, 2016^[3]).

Linnaeus University (LNU) has generally been perceived as successful in disseminating and reaching a cross-county and labour market impact.⁵ A beneficial change at LNU driving this positive evolution has been the greater co-ordination and local involvement of this institution with regional and business planners. Linnaeus University is a greater part of the regional strategic fabric than was the case five or six years ago. LNU is increasingly involved in a number of local learning centres such as Campus Västervik. LNU actively participates in Småland's focus on the wood industry. For example, through ProWood (prowood.se), researchers work directly with companies in the industry. Furthermore, LNU has increased its participation in the regional dialogue on competency provision with both Kalmar and Kronoberg and has also taken the lead creating a regional network of school/education development specialists. In the case of Jönköping University (JU), the labour force and business influence remain largely local. Jönköping University was also reported to need to strengthen its efforts to equip students with the technical skills required in the forestry and green industries, which are at the base of much of the counties' labour demands and skills mismatch and could likely be well delivered by vocational training institutions. It is noted that JU has a host company programme based on the idea of proximity between the university and the surrounding community. Further, the newly established SPARK environment is a clear example of collaboration between universities and regional companies in co-production research. As such, this issue is being increasingly tackled. In Blekinge, the Blekinge Institute of Technology has diverted its attention away from potential partnerships and collaboration with other Småland-Blekinge HEIs to focus on the Skåne region's Lund University. A recent reduction in budget and admission numbers (i.e. minus 1 000 students) is a loss to the Småland-Blekinge region. The Blekinge Institute of Technology continues to be recognised as a high-reputation and differentiated technical institution which has been and still plays a major role in stimulating the competitiveness of the local industry and its labour market.

Box 2.8. Facilitating student hiring by the local industry: A good practice from France

The CIFRE convention (*Conventions Industrielles de Formation par la Recherche*), created in 1981, is one of the key mechanisms linking French businesses with universities and doctoral students. The student is granted a research mandate within the business, supervised by the university laboratory. A CIFRE contract has a term of 3 years, with a minimum gross salary of EUR 23 484 per year, on which the partner business receives a subsidy of EUR 14 000 per year from the National Association for Technological Research (ANRT, *L'Association nationale de la recherche et de la technologie*).

CIFRE agreements cover all scientific disciplines and sectors of activity and are concluded with large companies as well as with SMEs. They operate primarily in the sectors of electronics, communications and information technology, transport and energy, and to a much lesser extent in the construction, banking and insurance sectors.

Measured in terms of publications, CIFREs are a force to be reckoned with in research (at least 1 037 highly ranked international publications in 2012) and development (2 000 patents filed between 1981 and 2012). The thesis defence rate is 90% across all disciplines. Employment rates for CIFRE students are 96% within a year and 70% within a month after graduation (ANRT data).

By hosting a doctoral student, the business is a location for and an ally in the student's training. The agreement creates or reinforces strong links between these two worlds, with their sometimes-differing methods and cultures. CIFRE doctoral students receive recurrent funding and are able to combine their scientific and professional development.

Source: OECD (forthcoming_[12]), *Productivity and Jobs in a Globalised World: (How) Can All Regions Benefit?*, OECD Publishing, Paris.

However, the mismatch of skills to jobs presents a persistent bottleneck across the four counties. Despite the presence of quality higher education institutions (HEIs), the region remains mostly characterised by a low stock of skills; higher-skilled youth continue to leave the region after completing their studies. The region thus faces the same obstacles as five years ago. Likewise, as was the case in 2012, the local industry and the work opportunities it provides continue to bear a negative image amongst young people but no new programme has been implemented with the objective to increase attractiveness.

Skill mismatches in OECD countries present a drag on the growth potential of the economy. Mismatches between the educational requirements of jobs and educational qualifications are common and result in lower productivity than that which could be achieved if workers were all employed in jobs that matched their skills. The issue of retaining high-skilled youth into the region after the completion of their studies also has important productivity implications: for a 10-percentage point increase in a city's share of university graduates, the productivity increases by around 3% (Ahrend and Lembecke, 2015_[18]).

Local labour market forecasting needs to be improved and career guidance strengthened

To achieve a good responsiveness of education to the labour market, Småland-Blekinge should not only seek to successfully meet existing labour market needs but it should also make better use of labour market forecasting to understand future needs and be able to orient the development of new programmes and start equipping young people with the skills that will be growing in demand as technology continues to evolve and influence job requirements. At present in Sweden, Statistics Sweden and the Public Employment Service (PES) are the main actors developing skills assessment and anticipation exercises (SAA) in the country but trade unions and employer's organisations are also actively engaged in the dialogue on skill needs and skills development (OECD, 2016_[19]). Information is scaled down to the regional level but capacity-building at the local level would be needed to support the local authorities in charge of education provision (the municipalities) in making good use of this information and disaggregating it further to their municipal level; which is what exploiting it better would also entail. Labour market forecasting at the regional level is a practice that can be instrumental to developing a good understanding of the type of occupational profiles sought-after by businesses in the

short-, medium- and longer-term, as well as identifying the qualifications necessary to meet those needs (OECD, 2016_[19]).

In relation to this, weak career guidance has also been identified as an issue in Småland-Blekinge. Developing a good handle of evidence-based information on the region's (potentially) high-growth sectors and the necessary credentials to enter those would also contribute to providing better career orientation in schools by showcasing the diversity of labour market opportunities and career profiles existing in the region and advising on study tracks in relation to those. But previous OECD research on Sweden (OECD, 2016_[19]) highlighted that the interaction between the PES and the municipalities that provide career and counselling advice to students tend to be ad hoc with PES input sought late in the decision-making process. The weak link between SAA information and municipal career advisors is especially troubling for municipalities with limited analytical capabilities, those that would benefit the most from being able to use the SAA information produced by the PES and Statistics Sweden (OECD, 2016_[19]). Further involving the county level would be beneficial to tackle this issue and could lead to instrumentalising county level or a regional initiative such as those created by the French regions of Provence-Alpes-Côte d'Azur and Auvergne-Rhône-Alpes, as exemplified below.

Box 2.9. Career advice websites: Best practices from French regions

Provence-Alpes-Côte d'Azur

In addition to providing the detailed occupational description of career advice services Onisep, the career advice portal of the Provence-Alpes-Côte d'Azur region also provides key data for each occupation, links to job offers from employment centre *Pôle Emploi* and to the relevant education and training options in the region. The key data is presented as an interactive tool that enables a better understanding of the occupation in the region. A map is provided showing the regions in which employment in the specific occupation is highest. Information is also provided regarding which sectors use the occupation most, including links to employer contact details in the specific sectors (through the *pages jaunes* directory). The tool also shows an age and gender profile of the occupation in the region. To allow individuals to better understand the demand for the occupation, information is provided on employment growth in the last two years, recruitment projects from *Pôle Emploi*, the share of recruitments on permanent contracts, and whether or not the occupation is mainly a seasonal activity. This information is shown in a user-friendly way, using three types of smiley faces (good, neutral and bad). The average wage in the occupation is also displayed. Finally, a list of related occupations is provided. Data can be displayed for the entire region and for specific parts of the region.

Auvergne-Rhône-Alpes

The career advice portal from the Auvergne-Rhône-Alpes region contains detailed labour market information for all occupations in the form of weather forecasts. Using typical weather forecast symbols (e.g. rainy, cloudy, sunny), the website visualises the situation in the region and its departments in terms of employment and job opportunities. The occupational profile also presents information on educational attainment, gender, employment type and working hours in a visually attractive way, as well as the most important sectors for the occupation. A short description provides information on short-term and long-term recruitment trends. The typical information on tasks, skills, and

education and training requirements is also provided, together with links to training options and job offers in the region. The portal also contains a separate option to look at the occupations that are recruiting in the region. For each regional department, three interactive lists are available: i) occupations with a high number of recruitments; ii) occupations with strong growth in the number of recruitments; iii) occupations that have a shortage of available candidates

Source: OECD (2016_[19]), *Getting Skills Right: Sweden*, <http://dx.doi.org/10.1787/9789264265479-en>.

As the question of local labour market skills forecasting, regional data analysis and information dissemination highlights, the Swedish education and training system faces a multi-level governance issue that hinders its effectiveness. In Småland-Blekinge, as in the rest of Sweden, municipalities play a crucial role in the delivery and implementation of national skills policies. Among other areas, education provision at the upper secondary level is under their responsibility. As earlier stated, the smaller municipalities are likely to possess less technical capacity in the design and implementation of training programmes and have reported a difficulty in getting new programmes approved at the national level (only around 20% do). Alongside the issue of competency, municipalities may be suffering from a fragmented understanding and vision of the labour market, its growing sectors and the skill requirements that emerge from those. Sweden has set up Regional Competence Platforms for this very purpose to bring together education and labour market planning. County-wide skills strategies – such as those used in Gothenburg – facilitate the involvement of the business sector at all levels of education. This type of approach reduces the extent to which such engagement and collaboration are dependent on individual relationships between business leaders and municipal representatives. However, a broader issue is that Swedish regional actors, unlike municipalities or national bodies, do not have extensive powers to plan or implement skills policies (OECD, 2016_[19]). They have no mandate to tell schools and universities how to organise the delivery of education and have almost no say in the design and implementation of policies to spur the development of skills to match labour market needs. As such, schools and universities have little incentive to respond to the demands of the regional labour market (OECD, 2016_[19]). As noted by the 2016 OECD report *Getting Skills Right: Sweden*, the mandate of Regional Competence Platforms is often vague and they have scarce resources and analytical capabilities (OECD, 2016_[19]).

A renewed role for regional actors to plan skills development could be inspired by the functioning of state-region contracts that exist in other OECD countries. These bilateral agreements between national and sub-national governments clearly define stakeholders' mutual obligations, the assignment of powers of decision, the financial commitments (possibly in a multi-year budgeting perspective) and the enforcement and accountability mechanisms. Other international examples of how to do skills planning at a regional level include:

- **Local Enterprise Partnerships in the United Kingdom.** Local Enterprise Partnerships are locally-owned partnerships between local authorities and businesses. They play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. These are less focused on education and more on skills (as it relates to adult education). They are active in doing skills planning and looking at emerging industry

requirements. They often play a role in promoting apprenticeships to employers and aim to co-ordinate public services.

- ***Workforce Investment Boards in the United States.*** These boards bring together local employers (over 50% of the membership) with community colleges, local county governments and the non-profit sector to do regional workforce planning and policy. There are 600 such boards across the United States.
- ***Local Associations of Labour, Management, Government, and Community in Korea.*** Korea has been moving to a more decentralised model of labour market policies and they have established four party committees in many regions to bring together labour market planning and training with employers.
- ***Regional Employment Trials Program in Australia.*** This recently established programme has introduced the Regional Employment Trials programme in ten selected disadvantaged regions (Australian Government, 2018_[20]). In these regions, the Department of Jobs and Small Business Employment Facilitators works with Regional Development Australia (RDA) committees to develop local employment projects. Projects bring together stakeholders and employment services providers to tackle employment challenges. This includes such activities as: using mature aged residents and local business leaders in a mentoring programme; preparing job seekers for an up-coming infrastructure project; and work experience programmes that provide local employment opportunities.

Box 2.10. Learning from a peer region: Gothenburg’s framework of co-operation to tackle skills imbalances at the local level

The Gothenburg region has been able to gather different municipalities around collective and shared skills objectives through a framework that could well be strengthened and exported to other regions in Sweden. This led to a co-ordinated planning of the educational offer (as opposed to the unco-ordinated response prompted by local competition) and to an extremely effective response to skills challenges at the regional level. The establishment of a regional platform for co-operation implied that resources were used in a more rational way and enabled smaller education providers (some of them private ones) to benefit from reaching a critical mass which, for instance, allowed to apply for European Social Funds (ESF) with larger project proposals eventually increasing the chance of receiving funds. Building trust across local actors has been fundamental in this process as was the ability to collect and share SAA information to all stakeholders involved.

Source: OECD (2016_[19]), *Getting Skills Right: Sweden*, <http://dx.doi.org/10.1787/9789264265479-en>.

Effectively managing business succession and promoting youth entrepreneurship

A comprehensive strategy should be developed to better manage business succession

In 2012, improving business succession amongst local SMEs was a priority area for the four counties of Småland-Blekinge. However, over the past five years, little has been done. Stakeholders reported that solving this challenge requires the implementation of

complex measures and policies which have been delaying progress in this area. To be more precise, the personal, family and social aspects involved in business succession mean that regional and municipal administrations are often ill-equipped to successfully manage and facilitate such a process.

Yet, there is a continuous pressing need for the region to get better at addressing this challenge as, for instance, Kalmar County records the oldest business owner population in all of Sweden. The county benefits from Almi's collaboration (the business support agency), for it seeks to identify potential business takers for retiring owners. But other complementary actions could be envisioned to make this process work. For instance, an avenue to look into would be that of mobilising the two independent incubators loosely connected to LNU – one in Växjö (Företagsfabriken) and one in Kalmar (Kalmar Science Park Incubator) – in order to see how they could facilitate contact between retiring business owners and entrepreneurs. Not all entrepreneurs aspire to develop their own project: some are more eager to put their entrepreneurial mindset to use by taking over someone else's.

One notable activity in this regard is the role of Jönköping County's Science Park in matching existing businesses with driven entrepreneurs. This applies both to matching the right team when it comes to a new company/business idea as well as addressing business succession. As a countywide Science Park with nodes in every municipality, individuals can be matched throughout the county.

Ensuring effective business succession also has implications for the geographic economy of the counties. Given that most young entrepreneurs tend to locate their activities in the urban centre or city that is the economic heart of the county, the risk is that, with poorly managed business successions, a great number of companies currently in the outskirts of the urban centres, dispersed in rural areas particularly, will soon disappear.

Box 2.11. Reempresa: A business transfer marketplace for SMEs in Catalonia, Spain

The *Centre de Reempresa de Catalunya* (Reempresa) is an innovative initiative that gained international recognition being recently distinguished with the EU's 2017 European Enterprise Promotion Awards (EEPA) within the category of "Improving the business environment". With this award, Reempresa's contribution is recognised as an innovative policy supporting SMEs safeguarding the business fabric of a region and fighting against unemployment.

Reempresa is the market for the sale of small and medium-sized businesses in Catalonia. It is a new entrepreneurial and growth model: a professional mechanism by which one or more newcomers access the property of another company, in operation, to make it grow without having to go through the phase of creating it. In most SMEs, and in all personal companies, this process means the assumption of the tasks of management and management by the re-entrepreneur.

By structuring the Reempresa process, all the assets of the company are maintained and this continues in operation, maintaining jobs, facilities, customers and suppliers, and giving value to the whole story, an effort developed in the initial creation and development of the company. In addition, with the transfer of companies, the current and future business fabric is reinforced and a market susceptible to economic growth is promoted.

Reempresa's initiative stems from the belief that a company in ordinary operation has many more possibilities to generate resources than a new company that starts from scratch. Business transfer can help to avoid the conflict and judicialisation that so often comes along with business closure.

Source: Reempresa (2018_[21]), *But, What is Reempresa?*, <http://www.reempresa.org/eng/Reempresa/But-What-is-Reempresa> (accessed on 30 January 2018).

The previous youth and female entrepreneurship support priorities have been put on hold...

Young people make a decisive contribution to the local economy, shaping communities and creating new opportunities not only for themselves but in many cases also for their peers. Retaining local youth, especially entrepreneurial and high-skilled individuals, should be at the cornerstone of any regional development strategy. While identified as a priority at the time of the 2012 report, the emphasis that was placed on supporting young people, and especially women, to develop their own initiatives and be more involved in regional development planning has declined somewhat. It is also worth noting that there is in many cases a policy preference to integrate women and migrants into existing programmes, as opposed to developing targeted initiatives. In support of inclusion, projects may, for example, be designed in order to lower barriers to access for women and minorities.

To complement the Young Entrepreneurship initiative that existed in 2012, a few other measures have been implemented by the different counties with the objective to strengthen youth entrepreneurship support and raise young entrepreneurs' profile in the local community. Jönköping University has a Corporate Partners Programme with approximately 350 participating companies that enables students to solve authentic problems derived from business reality as part of their education. However, a stronger role could have been expected from Jönköping International Business School (JIBS) in developing more applied initiatives and generating spillover benefits into the region's entrepreneurial landscape. The JIBS is not only recognised as a leading European institution in entrepreneurship studies and research but it is also one of the world's most renowned institutions in family business research. Consequently, there is scope for innovative, county-adapted initiatives to emerge in close alignment with local development and smart specialisation strategies, and taking advantage of the region's increasingly well-co-ordinated local innovation ecosystems. Parallel efforts should be invested in better promoting entrepreneurship to young people from an early age. Stakeholders have reported certain reluctance in wanting to understand the potential benefits of engaging in an entrepreneurial track and developing entrepreneurial skills by, for instance, introducing entrepreneurship education in primary and/or secondary school.

Youth entrepreneurship can not only be a motor for the local economy by creating new jobs and opportunities, it can also play a determining role in keeping current economic activities alive, especially when it comes to taking over businesses that would cease to exist if a successor to the retiring business owner is not found and the entire process of succession not well managed.

Over the past five years, the emergence of new female entrepreneurship promotion initiatives has been limited by national and EU funding rules which do not support the

consumer-based services often promoted by women entrepreneurs. The regional support programmes should, therefore, aim to fill this gap, especially because consumer services are those that directly contribute to improving proximity service availability and, as such, the quality of life of the local population (even more so when living outside of metropolitan areas). Moreover, consumer-based services tend to be the most accessible entrepreneurial projects to women with less labour market adapted human capital or experience, as may be the case for many migrant women arriving in the region. Because consumer services entail a close contact with the local population, supporting women entrepreneurs, from a migrant background particularly, could significantly contribute to speeding up their integration into the local communities and generating greater empathy and acceptance by them. While regions are prohibited by law from using their own funds to support companies, they can develop projects aimed at a particular group and provide indirect support.

The uneven gender distribution across the geographic and industrial landscape of the Småland-Blekinge region is an issue that was identified in 2012 and that persists today. The outcomes from the National Equalised Regional Growth project implemented between 2012 and 2014 were reported by participants in the monitoring review meetings as being unclear. The national Equal Opportunities for Regional Growth project that followed and is currently being implemented in all counties has a focus on gender mainstreaming, working with norms and attitudes at work, with the underlining objective that women and men enjoy the same access to regional growth employment opportunities.

...But employment opportunities have opened up for foreign residents

Mixed progress can be reported about the recommendation on working better with the local industry to increase employment opportunities for foreign students. The Blekinge Institute of Technology appears as the institution that has had the most success in this area while Jönköping University and Linnaeus University have reported a number of administrative and red-tape obstacles coupled with a lack of responsiveness from local employers.

Although the recommendation in 2012 focused on attracting and integrating southern European students into the local economy, Småland-Blekinge HEIs have mainly been concentrating their efforts on non-European students. To illustrate, the Blekinge Institute of Technology has been co-operating with telecommunications company Ericsson on a work placement programme targeted at attracting 20-30 young Indians annually. While there can be many benefits to increasing the international image of the region, there are certainly also clear advantages in attracting mostly European students. Their mobility is administratively easier to manage, their preparation often more in line with Swedish requirements and their integration to Swedish lifestyle smoother, despite the inevitable language barrier.

Transport infrastructure continues to be an obstacle rather than a catalyst to the development of the region

Major accessibility and infrastructure projects take time to plan and materialise. Five years is a short period to observe concrete results in this area. Nonetheless, the improvements that have been made in inter-county co-ordination amongst the counties of Småland-Blekinge, together with Halland and Skåne, have resulted in the identification and prioritisation of common needs and have increased the bargaining power of southern Sweden as one unified entity when negotiating with the national administration.

The Swedish National Transport Plan for 2014-25 aims to upgrade the transport system to promote jobs and growth. Resources are to be increased by 20% relative to the previous plan period (OECD, 2017^[22]). The plan will improve road and rail maintenance and further develop transport infrastructure. More than 150 investment projects are identified, including road upgrades, new high-speed railways, an expansion of the Stockholm underground railway system and mining-related infrastructure (OECD, 2017^[22]).

Twenty priorities from South Sweden have been consolidated and intend to feed into this recent national transport plan. Out of those 20, some of the counties identified the 7 first as being of utmost priority for the greater region, with the high-speed train connection to the south being number 1. Better collaboration and joint prioritisation have thus allowed the counties of southern Sweden to develop a more integrated perspective on their infrastructural needs and an understanding of how those often depend on investments falling outside of their administrative territory. Several actors in counties also reported that this unity proved particularly beneficial in developing a common voice and strategy for EU-funded investments (Interreg and TEN-T projects).

Building this type of bargaining power, especially for negotiations with the national administration, was one of the main benefits motivating the regionalisation process, a dominant issue in the 2012 territorial review. The inter-county collaboration that since then developed amongst southern Sweden counties has permitted that they secure a similar bargaining power, without the disadvantages that establishing new administrative boundaries would have potentially engendered. This positioning and the infrastructural synergies currently being envisioned would have likely been difficult to achieve should the previous state of territorial competitiveness that existed during the regionalisation process prior to the 2012 OECD report had been maintained.

However, despite the institutional unity, greater collaboration is not benefiting all counties of south Sweden alike. Kalmar County may be the county that has the least to gain from such an arrangement, for none of the infrastructural projects prioritised fall within its realm. The current focus on the north to south axis bypasses Kalmar's eastern peripheral location within the geography of the region. On the other hand, it is unlikely that Kalmar County would have succeeded in obtaining approval for its infrastructure needs as a stand-alone case in the face of the national government.

The different counties have made distinct progress on the different dimensions of connectivity. Those will be seen in the short sections as follows.

Railway

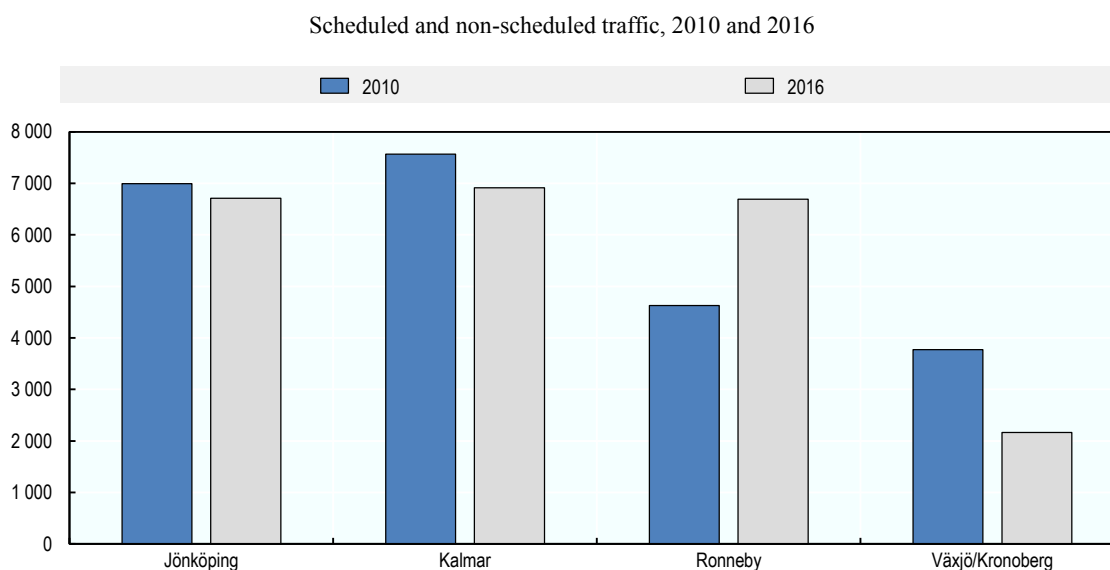
The construction of a high-speed train has been an object of debate since the 1990s. A planning decision was recently taken favouring the western over the eastern stretch of the Småland-Blekinge region, which naturally serves the interest of some counties at the expense of others. The western orientation of the railway investment project has been very positively received by Jönköping County as, with it, emerges the opportunity to establish an important hub with excellent communication to Stockholm/Goteborg and Malmo/Copenhagen. The rail would also serve to connect Jönköping City and Värnamo (also in Jönköping County), two of Sweden's 60 functional urban areas, thereby allowing the formation of a greater labour market. In Kronoberg too, the high-speed train may help consolidate the local labour markets and attract new investments, despite only crossing the western part of the county and missing its economic heart, Växjö. In contrast, Blekinge and Kalmar Counties will not be served by the new high-speed train and there are concerns that their existing poor railway infrastructure may deteriorate further as

high-speed train-related investments shadow other infrastructure investment needs. However, the southwestern orientation is prompting those counties to focus on building other competitive connections. For instance, Blekinge County intends to strengthen the connections of the TEN-T core network in Sweden to Lithuania and Poland as well as improve their connection further within Sweden and Scandinavia – e.g. towards the Öresund Region, Jönköping and further. In this case, efficient connections to a high-speed rail network are critical.

Air transportation

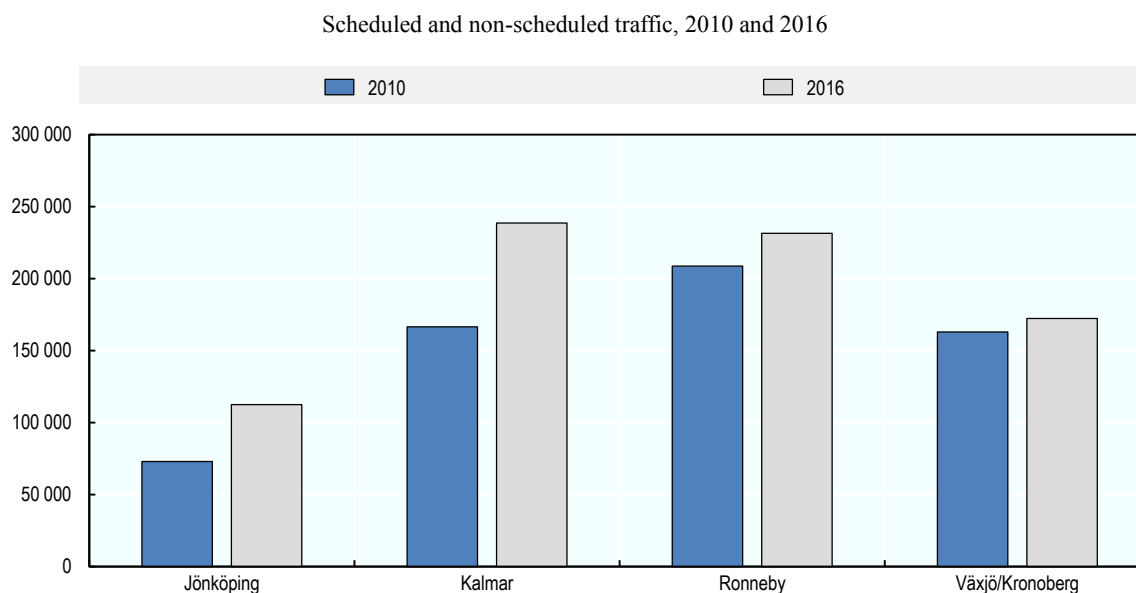
The past few years have been marked by a competition between the four counties to establish new routes. While all counties with an airport facility have direct connections to Stockholm airports, some have been more successful than others in establishing connections with European hubs, such as Jönköping County with Frankfurt. Ronneby Airport in Blekinge County is the only of Småland-Blekinge airports that showed an increased number of landings. Over the indicated time period, there has been a shift away from Växjö in Kronoberg County to Ronneby, as landings have decreased in Växjö as much as they have increased in Ronneby. Overall, the number of landings in the region of Småland-Blekinge has decreased by 2%. However, the number of passengers increased by 24%, in Jönköping and Kalmar especially (both in absolute and relative terms).

Figure 2.3. Number of landings at Småland-Blekinge airports



Note: Domestic and international flights.

Source: Transportstyrelsen (2018^[23]) *Flygplatsstatistik [Airport Statistics]*, <https://www.transportstyrelsen.se/sv/luftfart/Statistik/Flygplatsstatistik/> (accessed on 09 May 2018).

Figure 2.4. Arriving and departing passengers in Småland-Blekinge airports

Source: Transportstyrelsen (2018^[23]) *Flygplatsstatistik [Airport Statistics]*, <https://www.transportstyrelsen.se/sv/luftfart/Statistik/Flygplatsstatistik/> (accessed on 09 May 2018).

Road transportation

In Småland-Blekinge, public transportation as a tool and focus of regional development has increased since 2012. Emphasis is drawn on sustainable commuting modes and alternative transportation in an attempt to reverse a strong dependency of the population on cars. Public bus lines have been increased, walkability and bicycle riding further promoted. A project of electric roads for lorries has been designed and will soon be implemented in some counties.

While road connectivity has been deemed relatively good in all counties, long commuter flows and average travel times from home to work continue to be a concern. The challenge, in other words, is how to facilitate public transportation in order to create a better geographic equilibrium between counties' most populated areas and those where the industries are located. The demand for increases in road capacity is highest in terms of connecting the bigger cities. A functional approach is essential to addressing those challenges.

Freight transportation

The strong focus on freight transportation that was expressed in the 2012 territorial review has somewhat lost importance over the past few years in most counties, with the exception of Blekinge. In Blekinge, freight transportation growth has doubled since 2012. This growth prompted operators in ports to increase their capacity and bears implications in terms of railway technical capacity for serving both ports. In Kalmar, progress was made in better connecting Oskarshamn to Gotland, but not other ports.

Little focus has been given to raising the quality of life and attractiveness of the region

The recommendation on quality of life has been the least well understood of all recommendations provided in the 2012 territorial review. While formulated to encourage measures and policies that could raise the well-being of local residents, the recommendation has been interpreted as a call to improve the attractiveness of the region to increase the number of short-term foreign visitors. Most efforts that have been reported in line with the original meaning of the recommendation focused on better promoting the region's natural and cultural assets to local people and potential migrants have thus been associated with the promotion of the region for the tourism market. Some exceptions include "Kalmarsundsregionen" (kalmarsundsregionen.com) – involving co-operation between the Kalmar, Mönsterås, Mörbylånga, Oskarshamn and Torsås municipalities – in order to brand and market the region as an attractive place to live and work. This initiative also served as a valuable platform lobbying for the decision to move the national eHealth agency from Stockholm to Kalmar.

The recommendation in its original sense yet continues to be of pertinence to the development of a more holistic regional strategy and county development strategies. It highlights the need to increase different indicators of well-being which would contribute to generating a greater sense of pride and belonging amongst local residents. The recommendation also seeks to encourage more efforts from regional and local actors in better communicating the attractiveness of the four counties to local, national and foreign individuals, especially families, in order to attract, recuperate and/or retain residents into the region. A number of elements could contribute to building the region's attractive profile, ranging from cultural events (i.e. theatre, music and dance) to the possibility of enrolling children in an international school; a potentially determining factor for foreign families who consider moving to the region. High-skilled individuals, in particular, tend to be relatively mobile and sensitive to the local quality of life and amenities available when choosing a place to live. As such, a better promotion of the four counties' natural and cultural endowments should be integrated into the regional development strategy not only to improve quality of life for current and future residents but also as contributing indirectly to increase the knowledge intensity of the local business fabric.

Promoting an integrated approach to regional development

Rural development is yet to find its place in regional development strategies...

Rural policies are governed at the regional level by county administrative boards (or the new Regional Councils and the County Councils forming regions of Jönköping and Kronoberg). There are currently three different models for implementing regional policy in Sweden, which include county administrative boards, directly elected county councils and indirectly elected county co-ordination bodies. In all counties, co-ordination amongst the different local and regional actors around a single regional development strategy has increased.

Enhanced efforts may be required to better integrate rural development into county-level regional strategies and to bring the EU's Rural Development Programme policy measures (especially those implemented through Local Action Groups – LAGs) closer to the strategies developed by the Regional Councils and other county administrations. It is noted that the EU Common Agricultural Policy (Pillar II) measures continue to be largely dissociated from locally driven efforts and strategies. LAGs are established at the

initiative of local governments, entrepreneurs and civic associations within a certain territory or community in order to implement objectives related to the EU LEADER programme. This community-led approach to rural development was first adopted by the EU in the 1990s and has played a critical role in reorienting rural development beyond agricultural policies only. The approach has been so successful in rural areas that it was subsequently expanded to three additional EU funds under community-led local development (CLLD) (these are the European Social Fund, the European Maritime and Fisheries Fund and the European Regional Development Fund). LAGs were seldom mentioned in monitoring review meetings, but in relation to the situation in 2012, a greater issue of dis-co-ordination between LEADER-based actions and Regional Council was reported.

Improved links between regional and rural development efforts can be hindered in some cases due to how territories are classed in order to access funding. For example, Blekinge County is neither considered an urban nor a rural area, which disqualifies the county from accessing certain EU funds and national priorities.

...this is a common problem faced by OECD countries

How to connect rural and regional development efforts from the national down to the local levels is a co-ordination problem faced by all OECD countries – and even more so for those within the EU: not only do national policies have to be managed, but so too do applications for regional and Cohesion Funds that have rural dimensions and for the EU Common Agricultural Policy (CAP) which has Pillar I and Pillar II components. This is multi-level governance challenge. Finland has adopted a unique approach to co-ordinating rural policy across sectors – one that combines elements of broad rural policy along with forms of vertical and networked governance.⁶

An alternative approach is “rural proofing”. This entails considering the likely impact of policy decisions on rural areas, and, where necessary, adjusting the policy to take into account the particular needs of those who live in, work in or enjoy the countryside. This approach encourages the early assessments of expected, or likely, impacts in rural areas. The effectiveness of such approaches is a matter of debate, with some arguing that it can act as a form of tokenism that does not in fact adequately inform policy development at an early stage.⁷ There is no one best solution to overcoming inherent divisions between regional, rural and agricultural policies. The network approach that Finland has adopted is enmeshed in its culture of decentralisation and multi-level governance. Similarly, rural proofing does not offer a one-size-fits-all model. However, beyond governance structures, the inherent silos between these policy domains can be addressed at an organisational level as well.

Within Kalmar County, rural development is regarded as a horizontal question (akin to environmental issues, gender equality, etc.). This approach is evident in the new RDS. Beyond this, the county’s yet-to-be-adopted Smart Specialisation strategy is based on values that originate from the rural structure of the county. This is a promising strategy. It does, however, raise the question of how this horizontal approach is linked up to vertical (multi-level) governance for rural and regional development.

Youth engagement in regional development planning has been slow to materialise

In 2012, greater youth involvement in regional development planning was recommended as clear differences were observed in the four counties in the assessment and visions of local youth on regional development compared to the rest of the participants. Local youth

tend to express a more positive and creative approach to regional challenges that regional strategy discussions could benefit from. Their involvement could both enhance a sense of belonging to the county and influence its development as somewhere they could settle for the long-term.

However, promoting greater involvement of young people is no easy task. Over the past five years, two counties have established a youth board (Kalmar County) or reference group (Kronoberg County) to serve as a platform for engaging with them, while the two remaining counties did not take any new initiative to address the recommendation.⁸ Young people can give a certain dynamic to regional development that should be capitalised on, for the result of their involvement in regional development planning discussions has the potential to contribute directly to another recommendation: that is, increasing the attractiveness of the region for current and future residents, including new businesses.

In Kalmar County the most important tool for developing better youth policy has been the data obtained in the “Local Follow-up on Youth Policy” (LUPP). Every 3 years since 2007, almost all 14-15 year-old and 17-18 year-old pupils in Kalmar County have answered a large number of questions in a survey covering the conditions for growing up, opportunities to influence the conditions, sense of security, stress levels, thoughts about the future and other aspects of youth. The data has been analysed and scrutinised by academic researchers and policymakers. LUPP was originally developed in Kalmar County but has since spread across Sweden (and also in the Baltic Sea Region through an EU Strategy for the Baltic Sea Region EUSBSR project) and has been adopted by the governmental Swedish Agency for Youth and Civil Society. Partly as a result of the findings in LUPP ten of the municipalities in Kalmar County and a number of youth organisations collaborate in the organisation Kumulus that initiates and operates several youth projects, like youth democracy, youth mobility (i.e. volunteer exchange), online security, anti-racism, etc.

Shifting priorities

A new south-west orientation influences infrastructure planning

At the time of the 2012 territorial review, Småland-Blekinge was focusing on the expansion of its transport infrastructure for new markets to the east, acknowledging the opportunities in trade that could be seized with the Baltic States, the Russian Federation and China. Those countries were opening up to Swedish industry and firms in Småland-Blekinge seemed particularly well positioned, geographically, to take advantage and expand on these incipient opportunities.

However, geopolitical changes over the past five years have taken much out of the attractiveness of the Russian market. Likewise, initial experiences with the recently developed China to Europe land routes have reduced the high expectations linked to the importance of the eastern-looking trade routes. The orientation shift favouring a south- and western-looking development perspective has decisively reduced the importance of Kalmar County in infrastructure planning for the whole region. While Kalmar County was viewed as a bridge to access eastern markets, with the new configuration looking west, the county no longer plays a strategic role in the development strategy of the Småland-Blekinge region. As such, in the region, the importance of freight connectivity towards the east has also been reduced while the high-speed train project to the west has gained priority.

In Blekinge, eastern connections remain high on the agenda of both public and private organisations and the geopolitical situation seems not to have affected the development negatively. Several trends indicate that eastern trade continues to increase.⁹ Developments in several of the new member states in the EU show regional growth (EU Espon 2014, GDP growth 2001-11) that is larger than in the West and trade between Asia, China and Europe is increasing.¹⁰ China's investment on The Silk Road, One Belt, One Road, may be redirected to Lithuania and the port of Klaipeda, one of the largest ports in the Baltic Sea. Correspondingly, the TEN-T corridor Baltic-Adriatic will become increasingly important for trade between Asia and Europe. The corridor's connection in Gdynia, whose harbour is larger than any Swedish harbour, has a ferry connection with Karlskrona. There are therefore significant links to Blekinge and Scandinavia. However, the Swedish priorities in infrastructure do not yet reflect this development, the government and the Swedish Transport Administration continues to focus investments on the traditional routes.

Although the eastern markets and trade routes may not currently represent strategic areas of investment opportunity, it is likely that this will change over the coming years and that the importance of this eastern corridor will grow again. Planning should not get caught up in what the current situation dictates. On the contrary, it should try to visualise what the outlook will be in the future, especially because major infrastructural investments are slow to get approved and implemented. By taking a proactive stance in infrastructural needs, Kalmar and the Småland-Blekinge region could better prepare to accommodate the future eastern trade as it develops. However, it is likely that such infrastructure investments will get little support from two influential counties in the consortium of South Sweden counties (Skåne and Halland), of which Kalmar is a part. Those counties may not see the benefits and, therefore, show interest in new eastern trade routes developing outside of their territory. Pledging a proactive stance to the national administration may be equally as difficult in a context in which infrastructure investments tend to be reactive, focused on meeting existing needs.

The business retention strategy focus has shifted from supporting new businesses to helping existing ones

An important shift in attitudes has been revealed in relation to the recommendation on designing and implementing strategies for business retention. While in 2012 the focus of such efforts was centred on new business creation and entrepreneurship promotion initiatives, nowadays the attention has shifted to supporting existing businesses. This change is determining for it is likely to further encourage local businesses to stay and grow in the county in which they are located rather than envision better development prospects in another county or region. Such a strategy puts in evidence the more holistic approach to regional development that has been developing in Småland-Blekinge and the four counties whereby direct (e.g. labour market, infrastructure, complementary industries) and indirect factors (e.g. proximity services, quality of life) play a decisive role into people and businesses' willingness to establish and remain in a certain location.

This shift is in part a result of shifting governmental responsibilities. Promoting new businesses is mainly seen as a local issue; municipalities all engage in such work and co-operate with Almi and other parts of the system. In contrast, the region is more focused on improving conditions for entrepreneurship, support growth in existing firms but also support new entrepreneurs who target other markets than the local. This can be achieved through Science Parks where, for example, Kalmar Science Park Incubator's geographical coverage has changed from just Kalmar Municipality (the majority owner)

to all of Kalmar County. To date, companies from four other municipalities have been accepted in the incubator and more municipalities are expected to follow. This work has exceeded expectations; the number of business ideas has been analysed and found suitable for development in the incubator has been far greater than expected. Another factor that has affected the need for regional efforts is the national effort on verksam.se – a national portal for business information and contact links.

Inter-county collaboration has taken on new forms

The regionalisation reform is no longer on the agenda. The perspective of undergoing a regionalisation process was a driving factor for conducting the previous OECD 2012 *Territorial Review of Småland-Blekinge*. The 2012 study aimed to analyse the merits of establishing a union of the four counties that would have been composing the region of Småland-Blekinge. The lost idea of a regionalisation reform puts into question the justification for conducting a single monitoring report delimited to the four counties, as strong inter-linkages can also be found with neighbouring counties. However, despite the regionalisation reform project having been abandoned, unlike what could be sensed in 2012, the current dynamic within and amongst the four counties was much more collaborative than before. The climate of uncertainties that accompanied the regionalisation process may have created obstacles to reaching the level of co-ordination, shared engagement and goals that the counties are currently achieving.

In the context of the planned regionalisation reform, the four counties of Småland-Blekinge (especially the regional councils) were attempting to strategically advance their interest through a new regional geographic and administrative configuration which they would present to the national administration. The intention was to avoid any imposed regional boundary that may not be beneficial for the interests of the different counties involved. However, the Småland-Blekinge regional configuration was not unanimous with some counties and municipalities, preferring an annexation with other neighbouring counties. As an example, Blekinge would have seen greater benefits by getting closer to Skåne, while Kronoberg's south-western municipalities may have preferred to join in with Halland County and Kalmar's northern municipalities would have seen a natural configuration bringing them closer to Östergötland instead of the southern Kalmar County municipalities.

As they were faced with a future that involved cross-county mergers into new administrative regions, many counties initiated several exchanges and inter-county project collaborations which then lost strength with the abandonment of the regionalisation reform. Nonetheless, an area in which those envisioned inter-county collaborations remained strong is that of infrastructural planning and negotiation with the national administration. Blekinge County has also significantly increased its collaboration with neighbouring Skåne County in the area of business promotion with the science parks and tertiary education (through the Blekinge Institute of Technology and Lund University). While there may be other inter-county initiatives and collaborations, we have not heard of in the monitoring review meetings, an observation that may be made when comparing the situation in 2012 is that today's priority is much more focused on improving in-county inter-municipal collaboration and co-ordination.

The need to enhance regional planning: A (not so) new issue

The existing framework for regional planning is weak...

Sweden's planning system is characterised by a "municipal planning monopoly" (Pettersson and Frisk, 2016^[24]). Municipalities prepare comprehensive plans and detailed plans and issue building permits based on those plans and other relevant regulations. In order to make their comprehensive plans more strategic, municipalities are supposed to consider a regional perspective. In support of this, County Administrative Boards represent the national government's interests in the planning process; provide municipalities with data and advice; and co-ordinate in the case of conflicts between municipalities. At the regional level, the legal framework allows County Councils to prepare regional plans, but this is not mandatory (except in the case of Stockholm).

There are growing calls for enhanced regional planning in Sweden and several recent reforms have sought to improve the co-ordination between different levels. In 2011, changes to the Planning and Building Act introduced new requirements for comprehensive plans to incorporate national and regional objectives. In 2013, the government established a committee to further investigate the need for regional spatial planning and to improve the co-ordination of planning at the regional level. Furthermore, Sweden's national strategy for sustainable regional growth and attractiveness 2015-20 emphasises the need to better co-ordinate local comprehensive planning and regional development efforts. The strategy states that by 2020 each county should have integrated a spatial perspective in its regional development policies. At present, a dialogue-based process is used between municipalities in order to reach consensus on planning priorities such as densification and public transport accessibility. However, there are limits to this approach. For example, in a study of ten municipalities in Skåne, it was found that while there may be consensus around strategic objectives, their operationalisation within municipal planning practices varies – thus limiting its effectiveness and demonstrating weak implementation (Pettersson and Frisk, 2016^[24]).

... but is evolving to take on a stronger form

The administrative mergers at the county level in Jönköping and Kronoberg have led them to develop new competencies and a new administrative culture. Kronoberg County Council and the Regional Council of Southern Småland (Södra Småland) merged to form Region Kronoberg on 1 January 2015, and the same process occurred in Jönköping. The new authorities are responsible for healthcare, culture, public transport and regional development. With this change, the county council has taken over responsibility for regional development and the Regional Development Council has ceased to exist. Incorporating regional development into the directly elected county council structure is meant to better promote policy complementarity across the region. This new structure is intended to be better placed to address development in an integrated fashion, grounded in local conditions. The merger process is expected to commence in Blekinge and Kalmar Counties in 2019 after the next regional elections take place. There is no set structure for these reforms; Blekinge and Kalmar will be able to craft their own and drawing on the experiences of their predecessors.

The OECD has long called for the delegation of all tasks concerning regional development to County Councils and for government agencies to increase their co-operation on regional issues (OECD, 2017^[22]). Regional actors have expressed that while the regional level has been strengthened and a number of issues have been

devolved, regions do not feel like they necessarily have the mandate to act on them. For example, the national government has forwarded the importance of strategic integrated regional plans – planning not just for the physical environment but for society as a whole, integrating infrastructure, culture, environment, etc. But there is a limited mandate for the regions to implement such a vision, as this is largely the purview of local governments to act upon. Moreover, local actions can undermine regional objectives in such areas as reducing carbon dioxide emissions.

The newly formed regions are thus in a challenging position as they seek to fulfil their new mandates, but with limited authority over some elements of their policy portfolios, particularly as related to regional planning. In order to overcome these challenges, the regions will need to work very closely with municipalities and other actors in order to align priorities on the basis of “sermons” and “carrots” in the absence of “sticks”.

Developing the regional planning competency

Enhanced regional planning co-ordination is important for the counties across Småland-Blekinge. There are some good spatial planning practices to note in Småland-Blekinge. For example, Blekinge has ongoing co-operation (Strukturbild Blekinge) between actors on all public decision-making levels and has developed regional maps and accessible statistics on planning issues that are used in public engagement. In some areas (e.g. Jönköping), there is a growing need to manage urban expansion and the protection of high-quality agricultural land. A regional plan could help to co-ordinate on these issues. The first step towards this is developing a comprehensive picture of spatial trends and land use plans across the region. Jönköping is presently working towards this; the region is compiling all municipal and comprehensive plans in order to develop a comprehensive understanding of spatial planning in the region. The goal is to adopt a spatial development vision for the region in the coming years.

One key element of this has been to highlight cross-border functional connections rather than focus on specific municipal borders. A broader question is how to operationalise this concept within planning priorities. For example, while Jönköping County has identified functional regions (defined by commuter flows), there are no planning frameworks based on this at the moment. While the region can provide critical support to municipalities with analytical skills and data knowledge, it is also critical that county administrative board are involved due to their governance of environmental issues. Going forward, structures need to be in place to bring together both the regional strategic vision, environmental concerns and municipal plans.

Counties are now working with municipalities to establish a common knowledge base in the form of regional maps and functional relationship analysis. In Kronoberg, a network has been established with the aim of strengthening border-municipal planning; the region will be assisting with planning documents and provide regional insights/monitoring. While the CAB has most of the data necessary, it is not presently shared in a public manner. Beyond this, there is a need for a higher level of knowledge in the regional council and a regional network for using geographical data and GIS to create better grounds for regional planning. Furthermore, in the next year, regions may gain new responsibilities for the spatial planning of housing. How this can be deployed without intervening in the municipal monopoly of spatial planning is subject to an ongoing national investigation. As many municipalities in Småland-Blekinge are experiencing a housing shortage (e.g. Jönköping), the regions will play an increasingly important role in addressing this issue and could help to ensure that new housing investments are well

co-ordinated with infrastructure investments and protect high-quality agricultural soils. A stronger regional role could further enhance the planning capacities of municipalities in key areas such as planning for future sea level rise. In a recent study of such considerations among coastal municipalities in Kalmar and Blekinge Counties it was found that practices differ considerably, with many municipalities not employing sea-level rise scenarios in their planning – thus demonstrating a need for improved and more consistent practices (von Oelreich et al., 2015^[25]).

With limited statutory authority over municipalities, regions will need to rely on dialogue and engagement

Growing competencies for regional planning offer a unique opportunity for regions to adopt a strong spatial vision for development that can help to target strategic investments, manage growth, enhance inter-municipal co-ordination and build local planning capacity. Regional planning is a new competency, with the exception of infrastructure planning.

While the regions are pursuing a stronger co-ordinating role for integrated strategic planning, they have very limited statutory authority to ensure conformity by municipalities. Therefore, the effectiveness of this approach will need to rely in large measure on ongoing dialogue and engagement. As regional competencies for planning are developed, there are several key issues that should be addressed:

- *Collecting and sharing data for improved community planning.* Consolidation of data, plans and indicators at the regional level has the potential to provide a comprehensive picture of land uses and spatial trends that can be used to improve decision making. For example, Jönköping is presently compiling all municipal and comprehensive plans in order to understand it for the whole region. While municipalities have purview over zoning and housing development; there is a need for a comprehensive regional understanding of these spatial trends and the public investments that will be needed in the short and medium terms. As a first stage, this is a technical matter to combine plans. Going forward it will be important that this is constructed in a format that it is accessible and useful for municipal planners and decision makers, including communities that are smaller and have more limited planning capacities.
- *Linking indicators to the strategic regional plan.* The regional plans should include a set of key indicators to monitor spatial quality. These should serve two purposes. First, to monitor and communicate objectives to municipal decision makers/planners and secondly to express and demonstrate to citizens whether spatial objectives at the regional level are being met. As such, a different set of indicators may need to be developed to cater to these two uses.
- *Pursuing regional and inter-municipal co-ordination across functional territories.* It is critical that regional level planning consider the functional spaces across which people live, travel and work in order to develop integrated planning strategies. At present, some counties have expressed that border areas can be neglected despite their importance to those living in or travelling across them. There should be a strategy to address integrated spatial planning across functional territories. There are many approaches to this across the OECD. France's territorial coherence plans offer one illustration. While Sweden's regulatory framework at the regional level is very different than France's, the process by which plans of territorial coherence are elaborated across many municipalities as

well as well as the integrated nature of the plans may be of interest to Småland-Blekinge.

- *Establishing dialogue to co-ordinate between the regional and local levels on planning issues.* Currently, many countries lack the structures to achieve the required co-ordination between levels of government on spatial planning issues. Both Austria and France have established regular conferences that provide such structure, but at different scales and for different topics. The Austrian Conference on Spatial Planning assembles representatives from all levels of government and is specifically targeted to address spatial planning issues whereas France’s territorial conferences for public action focus on dialogue between regions and local authorities and are open to a range of thematic areas. In Småland-Blekinge’s case, the French model may be of greatest interest and could be targeted to key issues facing the region (e.g. housing) (see Box 2.12).
- *Helping smaller municipalities develop planning capacity.* Municipalities have the same planning obligations regardless of their size. Smaller municipalities inherently have a more limited capacity when it comes to technical planning skills. Many rural municipalities in Småland-Blekinge have to buy these services from consulting firms; in some cases, they also purchase them from larger municipalities. There are presently no programmes at the regional level to help smaller municipalities, but it is a function that the regions could do well to expand.

Increased regional planning capacities across Småland-Blekinge has the potential to link up multiple actors working on sustainable development to developing common actions. For example, linkages with the work of Sustainable Småland (est. 2011) – a regional environmental network with a special focus on knowledge sharing and development of innovative and challenging environmental solutions – and that of the Blekinge Institute’s Sustainable Development Solutions Network (Sustainable Småland, 2018^[26]; Blekinge Tekniska Högskola, 2018^[27]). The regional planning function can provide an encompassing lens on sustainable development if properly structured – i.e. where there are opportunities for engagement to develop shared priorities and regular reporting on their progress. It can also be used to champion the ambitions of local actors – for example, the municipality of Växjö which has the ambition of becoming the Greenest in Europe. This type of networked governance should be a goal as the regional spatial planning competency evolves.

Box 2.12. Strategic spatial planning: France’s territorial coherence plans

Over the past two decades, there has been a significant rise in the number of strategic spatial plans across urban agglomerations in the OECD. In France, as in many other countries, it is the notion of cohesion that underpins this joint spatial development project. The territorial coherence plan (*schéma de cohérence territoriale*, SCoT), created in 2000, is a key mechanism for intercommunal planning using a sustainable development framework. It covers the “local labour market” or “urban area” (*basin de vie* or *aire urbaine*) for parts of the country. This type of plan was established by the Solidarity and Urban Renewal Law (*Loi solidarité et renouvellement urbain*, 2000, SRU).

A SCoT links housing, urban planning and transportation plans more effectively than they otherwise would be and supports cohesive development strategies for the entire area. There is no compulsory requirement for communes or groups of communes to participate in a SCoT, but there are incentives to do so. For example, according to national law, natural areas can be developed only if the area is covered by a SCoT. Such incentives have been further strengthened by the requirement that developed areas that are not covered by a SCoT cannot be expanded starting from 1 January 2017 onwards. To encourage the adoption of SCoTs, since 2010 the state has been setting up annual calls for proposals to increase participation in rural territories with limited human and financial resources to draw up SCoTs.

The plan establishes a reference framework for territorial planning over a time frame of 20 years. As such, it does not give granular detail on land-use development – that task falls to plans and planning decisions at the scale of the commune (the *Plan local d'urbanisme* [PLU] for instance), but these must align with the principles or fundamental guidelines. Every municipality covered by the same SCoT commits itself to integrated and joint development, which can help mediate and settle territorial issues for the whole area. In total, 448 SCoTs have been approved or are presently in the process of being developed. This covers 25 137 communes (nearly 70% of total), 50.5 million inhabitants (77% of the French population) and almost 60% of the national territory (Government of France, 2015^[28]).

SCoTs have become the reference strategic planning documents for urban planning and development in large residential zones or urban areas. They constitute plans that go beyond *commune*, *intercommune* or across *département* administrative boundaries. The SCoT must, for example, set statistical objectives regarding the consumption of agricultural, natural and woodland spaces. It must also create a link between development and other policies; for example, the SCoT specifies conditions that favour the development of urbanisation as a priority in areas already served by public transport but it can also promote creating new public transport services in locations that require them to improve access. However, it should be noted that this policy is not always successfully implemented. Many city regions in France have not succeeded in setting up a SCoT even though attempts have been made (Hoggart, 2016, p. 74^[29]).

Sources: OECD (2016^[30]), *The Governance of Land Use in France: Case Studies of Clermont-Ferrand and Nantes Saint-Nazaire*, <http://dx.doi.org/10.1787/9789264268791-en>; Government of France (2015^[28]), *Overview of SCoT*, <http://www.logement.gouv.fr/schema-de-coherence-territoriale-scot> (accessed 2 May 2016); Hoggart, K. (ed.) (2016^[29]), *The City's Hinterland: Dynamism and Divergence in Europe's Peri-urban Territories*.

Notes

¹ Blekinge's strategy for tourism led to the development of "Visit Blekinge" for branding Blekinge outside of Blekinge.

² For example, each co-production project within SPARK starts with a workshop between participating companies and researchers under Science Park management. The aim is to bring initial thoughts about commercialisation of research results into the project, either directly through participating companies or through the academy. Jönköping University is also one of the

shareholders and joins several million in operating contributions to the regional science park; this offers an example of the proximity between academy and business development/entrepreneurship.

³ The counties in Småland work separately on the domestic market but together internationally through “Masterplan Småland” which is a four-party agreement also including Visit Sweden. The masterplan contains a strategy for prioritised markets (Denmark, Germany, the Netherlands and Norway) and co-ordinates the three counties’ investments in international marketing.

⁴ Investments have both increased frequency and reduced travel time through fewer stops, better commuter stops and better connection to local traffic. Also, all buses have been replaced with modern, more environmentally friendly, safer and more comfortable vehicles with free on-board Wi-Fi, etc.

⁵ However, there are objections from some municipalities who have tried to interest LNU in establishing on-site satellite-education in municipal learning centres, which has only offered traditional distance learning (which may not meet the needs of all students). In some cases (e.g. Production Engineering in Västervik), other Swedish HEIs have filled the gap. This may serve the purpose of the municipality but is perceived as diminishing the relationship between the region and Linnaeus University.

⁶ Finland’s Rural Policy Committee is a 35-member co-operation body appointed by the Finnish government which draws its membership from national ministries, regional co-operation bodies, trade unions, the federation of higher education and training institutions, the association of local authorities, the ombudsman for the LEADER programme, associations of producers of agriculture and forestry products, and the Village Action Association of Finland. The committee is presently led by a representative of the Ministry of Agriculture and Forestry. There are also seven thematic networks that support the work of the Rural Policy Committee and the realisation of Finland’s National Rural Policy Programme 2014-20. Given that Finland’s Rural Policy Committee involves multiple levels of government from the European Union to decentralised local government and several non-governmental actors, it can be described as a form of new governance or governance networks (Sørensen and Torfing, 2007_[32]).

⁷ In an assessment of rural proofing in England and Northern Ireland, Shortfall and Alston (2016_[31]) find that it has had limited effectiveness due to a lack of commitment to the policy across government; that the tendency for policymakers is to argue that rural proofing is not pertinent to the policies reviewed; and that it has led to little consideration of appropriate targets, outcomes or goals. In effect, rural proofing is only as effective as underlying commitments to rural development. It is also connected to the nature of the social welfare state in the country in question and its commitment to the territorial redistribution of public resources. As such, it may have greater utility in some counties than in others (Shortfall and Alston, 2016_[31]).

⁸ Kalmar County has established yearly fora/meeting places for young people and youth politicians in connection to the annual regional development conferences. These have been called “Youth Boards” but are not a permanent network.

⁹ Blekinge has Roll-on/roll-off connections to both Lithuania and Poland. The annual growth during the last ten years has been at around 7% to 8% (in relation to the Swedish Transport administration’s prognosis of 2.4% annually). The ferry operators Stena-Line (operating the Karlskrona-Gdynia crossing) and DFDS Seaways (operating Karlshamn-Klaipeda) have increased the size and number of ferries as well as departures per day. Stena-Line currently has 4 ferries with 44 trips a week to Gdynia and DFDS has 3 ferries with 18 trips a week to Klaipeda. The development supports the Swedish Transport Administration’s forecasts that the eastern oriented trade can go past the traditional western trade already in 2030.

¹⁰ The Baltics show strong economic growth; in the World Bank’s competitive rankings, it is greater than in Sweden.

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Annex 2.A. Monitoring progress at a glance: Småland-Blekinge

The monitoring table (below) summarises the progress made to date on each of the sub-recommendations of the OECD 2012 *Territorial Review of Småland-Blekinge*. It indicates the changes, identifies bottlenecks and presents future actions to be undertaken. The assessment is based on the analysis of questionnaire data, field interviews, social and economic trends and desk research. It further reflects a consensus by the OECD team and peer reviewers who have partaken in the study.

Progress on meeting each one of the sub-recommendations is reported on a scale of 0-3 (as described below). A measure of 3 indicates that the recommendations have been met by all counties while a measure of 0 indicates that no progress has been made in any of the countries. Some recommendations are also reported as “not applicable”, where conditions have changed and they are no longer relevant. The table specifies the timeframe in which the recommendations could be implemented: in short-term (0-1 year), medium- to long-term (3-5 years) and long-term (more than 5 years) perspectives. Many of the recommendations made in the 2012 territorial review of the region will require medium- to long-term actions. As such, efforts to meet these recommendations may be underway but not yet entirely realised.

Annex Table 2.A.1. Progress indicators

3	Recommendation met by all counties
2	Notable progress has been made in all counties, but ongoing efforts necessary
1	Way forward well defined, but implementation has not started yet <u>or</u> mixed results in counties
0	No progress, by any of the counties
N/A	The recommendation is no longer applicable to the region because conditions have changed
ST	Short-term perspective (0-1 year)
MT	Medium- to long-term perspective (3-5 years)
LT	Long-term perspective (more than 5 years)

Annex Table 2.A.2. Monitoring progress at a glance: Småland-Blekinge

Progress reported on sub-recommendations	Time-frame	Ran-king	Nature of the change	Bottlenecks identified	The way forward
Recommendation # 1: Developing a knowledge-based economy					
1.1 Develop knowledge-intensive businesses	MT	2	Jönköping and Kronoberg have made the most progress in meeting this recommendation, by supporting the creation of new businesses. Kalmar County has also partnered in most activities, especially those involving Linnaeus University.	<ul style="list-style-type: none"> - Limited financial and skills resources for low-technology firms to engage in innovation. - Skills mismatching: difficulty finding employees with the right skills, particularly in the case of high-skilled individuals. - Organisations need to focus more on lifelong learning. - Business activities are booming, which creates a low motivation to up-scale and innovate. - Immaturity of SMEs to address complex challenges. 	<ul style="list-style-type: none"> - Efforts should equally focus on how to support value-added activities in existing businesses. - Create project funding requirements dependent on HEIs-business collaboration (also valid for 2.1). - Establish a regional programme promoting the integration of postgraduate/PhD students in local firms (also valid for 2.1). - Build more awareness among local businesses about the importance of innovation and product development. - Strengthen SME network to support knowledge-sharing between local firms.
Recommendation #2: Addressing labour market mismatches					
2.1 Strengthen the links between the regional education system and regional businesses	MT	1	Jönköping University is strengthening international linkages, but there remains a need to focus on skills demand for local businesses. Linnaeus University is notable for its extension services and cross-geographical coverage.	<ul style="list-style-type: none"> - Training and education curriculum are slow to adapt to the emerging needs of employers and labour market demand. - National curricula provide little space for regional adaptation and the development of curricula relevant to the local labour market. - Weak collaboration between education and training institutions and the private sector. - Difficult to get vocational and education training courses approved by the national authorities, and short-term financing gives limited opportunity to build knowledge and networks. - Absence of a regional level of authority in the education system. 	<ul style="list-style-type: none"> - There remains a need to better assess demand for labour market skills both now and in the future. - Strengthen vocational training; this would enhance the capacity for adaptable curriculum. - Strengthening career guidance is important to achieve better links between the education system and businesses. - Involve companies more actively in planning and recruiting for VET in order to meet labour market needs.
2.2 Educate local communities about the importance of young entrepreneurs and provide support for their	ST	1	Youth entrepreneurship has been given higher prominence in policy agendas. Specific initiatives promoting youth	<ul style="list-style-type: none"> - Youth is not necessarily interested in entrepreneurship. - Resistance from educational institutions to promote 	<ul style="list-style-type: none"> - Programmes are needed to address business succession, due to the older profile of business ownership. Almi seeks to identify potential

initiatives			entrepreneurship have been developed in Kalmar and Kronoberg Counties..	entrepreneurship tracks as viable career options. - Weak co-ordination amongst the organisations working to support youth entrepreneurship.	business takers for retiring owners. But other complementary actions should be taken, e.g. mobilising entrepreneurship incubators. - Also continued focus and resources on young entrepreneurship initiatives in schools (e.g. Ung Företagsamhet). Jönköping University's international business school could develop applied projects with the community that address youth entrepreneurship.
2.3 Increase the involvement of young people in regional development efforts	ST	0	Over the past five years, two counties have established a youth board (Kalmar County) or reference group (Kronoberg County) while the two remaining counties did not take any new initiative to address the recommendation. There have been some efforts to involve young people more in regional development have started recently. e.g. an "attraction index" has been developed with interviews of young people in order to get their views and opinions on regional development issues.	- Lack of knowledge on how to proceed to involve young people (e.g. instruments to use, format to adopt). - Attention has shifted from youth (and female) engagement to migrant integration challenges.	- The new Regional Development Programme in Kalmar County is promising in this regard – it prioritises youth issues. It is seen as one of four central policy areas for regional growth. This is a major step forward from the current RDP and was supported by the knowledge obtained since the years of the Local Follow-up on Youth Policy (LUPP) tool.
2.4 Work with local industry to open up employment opportunities for foreign students	MT	1	Blekinge (BTH) has demonstrated advancements on this action through their student internship and placement programmes. The other higher education institutions in the region have not manifested specific progress.	- Recommendation was interpreted as a means to give local labour opportunities to recent arrivals, perhaps due to immigration trends, whereas it originally meant to answer the human capital requirements of the local industry. - Actions in this area over-rely on personal relationships; there is a need for a more institutionalised and longer-term approach. - Jönköping and Linnaeus Universities indicate that regulatory bottlenecks remain an obstacle. - There may have been a lack of responsiveness of local employers to such initiatives.	- Need for greater labour-force "need finding" amongst local firms. - Need for ongoing labour-market integration programmes for foreign students. - There must be a commitment from the upper echelons of the higher education institutions and the local business community in support of such programmes. - Potential recruits should be identified amongst the foreign students studying in local higher education institutes early in their programmes, even prior to arriving in Sweden. This may more directly attract students with intentions of establishing themselves in the region, and/or clearly signal the possibility of doing so. This is

					likely to encourage intention. - Target European students for local business recruitment.
2.5 Improve co-ordination and collaboration in supporting migrant integration (including labour market, training, social assistance and housing), and addressing the limited capacities of smaller municipalities	ST	2	There has been major capacity building to address the recent wave of humanitarian and family reunification migration. Progress is needed to better address labour market migration. Ronneby Municipality has shown the greatest amount of progress on this issue. County Administrative Boards now tasked with organising early measures for asylum seekers; this may improve multi-level governance co-ordination in the future.	- Unclear information system for migrants to access public services. - Misunderstanding from migrants of the benefits of some activities organised by public authorities.	Overall, a stronger labour market integration approach needed to support migrants. What could be done: - Strengthen/adapt: flexible educational pathways. - Work with key sectors to meet labour market demand. - Build a locally accessible database of newcomers' competencies. - Adopt special strategies and designing resources to assist younger migrants. - Design programmes and services for women. - Offer language training relevant for specific professions.
2.6 Strengthen support and incentives for migrant entrepreneurship	MT	1	Progress has been made. In Småland-Blekinge, the municipalities of Ronneby and Olofström have made special efforts to fast-track foreign-born entrepreneurs in order to help them start their own business and establish themselves more quickly. At the national level, Sweden has developed a new fast-track for recently-arrived migrant entrepreneurs.		Fast tracking is a good step, but enhanced supports for migrant entrepreneurs are needed, such as: - Strengthen connections between universities and colleges and support for migrant entrepreneurship. - Offer integrated packages for entrepreneurship support (coaching, microfinance and strengthening of business networks). - Broaden the reach of the existing initiatives focusing on migrants (e.g. through Almi).
2.7 Improve the social recognition of female entrepreneurs and facilitate networking opportunities for them	ST	2	National regionalised economic growth project – this was a renewal of the previous project. Projects for female entrepreneurship linked to EU funding. Gender equality criteria are now being used to influence the distribution of public project funding. This is complemented by several county-level initiatives and projects aiming for gender equality in business and industry.	- Attention shifted from female (and youth) focused recommendations to migrant integration challenges. -The promotion of the entrepreneurial initiatives women is said to be limited by the national and EU rules that do not support the consumer-based services often promoted by women entrepreneurs. - Consumer-based services are often the entrepreneurial projects most accessible to women with less labour market adapted human capital or experience, such as migrant women.	- Champion successful female entrepreneurs; strengthen networks. - Local support programmes should support consumer services and, in this way, fill the gap left unattended by National and EU entrepreneurship support.

Recommendation #3: Quality of life					
3.1 Better promote the region's natural and cultural assets to local people and potential migrants	MT	0	Limited or no actions on this front. In Kalmar County, this has been addressed to some extent by Kalmarsundsregionen.com and in Blekinge by such initiatives as public transport focused on adding destinations of great cultural and natural values, new projects on developing and promoting hiking trails and canoe trails have been implemented since 2012.	- The recommendation aimed to improve the socio-economic well-being of the local population, Unfortunately, the recommendation was interpreted as tourism promotion; but quality of life is equally important to local residents.	- Invest in culture (i.e. theatre, music and dance). - Give residents the possibility to enrol their children in an international school.
Recommendation #4: Tourism					
4.1 Place tourism at the forefront of development efforts	LT	3	All four counties have their own brand for the tourism market and the three counties of Småland have a common brand and digital platform (visitsmaland.se).	- Weak co-ordination in counties amongst actors involved in regional development and tourism. - Limited resources of tourism agencies to invest in product development and innovation. - Limited resources of public authorities at county-level to upgrade infrastructure and public service delivery to improve the quality of tourism experiences. - Blekinge and Öland operate their own visit-platforms, do not have the common brand-challenge.	- Strategic territorial branding campaign (example of French and German regions, Box 2.4). - Encourage multi-functionality of tourism for rural areas. - Explore growth opportunities for service-based businesses and entrepreneurial ventures (also valid for 2.6 and 2.7). - Increase the quality of tourism products and experiences, further developing smaller and part-time actors into more sustainable businesses. - Co-operate with some of the region's international consumer brands in order to promote the attractiveness of the region as a touristic destination.
Recommendation #5: Small and medium-sized enterprises					
5.1 Further promoting knowledge-intensive service activity firms, particularly those which are attracted to amenity-rich areas	ST	2	There is an increasing focus on SME promotion. Kalmar invests in research and development for its integrated food strategy and Blekinge supports local brand development and product internationalisation. Jönköping and Kronoberg also have initiatives related to innovation in production processes and business incubators.	- Focus on promoting new industries; need to strengthen initiatives focusing on value added of existing industries/firms. - Low motivation levels of local companies to grow their activities due to the positive current economic climate. - Poor infrastructure, such as digital connectivity, although important progress is being made in this area - Few investors in the region.	- Continue to strengthen digital connectivity. - Consider instruments such as innovation vouchers. - Promote and prioritise the creation and development of local knowledge-intensive business services (KIBS) in the counties as they are a main transmitter of knowledge and innovation across local firms and manufacturers.
5.2 Design and implement strategies for	MT	1	Attention has shifted to supporting existing	- Need for a better understanding of this issue	- Business retention efforts should be better linked to

business retention			businesses (as opposed to new business creation only).	and the growth dynamics of local businesses.	quality of life and increase the attractiveness of the region. - Need for holistic assessment of the local obstacles affecting the business community that includes both direct (labour market, infrastructure, complementary industries, etc.) and indirect factors (proximity service, quality of life, visibility, etc.).
5.3 Better facilitate business succession amongst SMEs through local business facilitators who can support business owners and broker solutions between sellers and buyers	ST	1	In 2012 there was a focus on entrepreneurship and business creation; now there is more of an emphasis on existing businesses.	- Reluctance of business owners to pass on the company. - Difficulty in finding interested candidates to take over local businesses.	- Enhance education about business succession (project work, business succession plan); - Support practical experience (working in enterprises, entry/take-over strategy). assistance with business succession (ownership transfer process, competencies transfer process, management transfer process). - Need for business consolidation to form stronger companies (regardless of family relations).

Recommendation #6: Improving accessibility to the region

6.1 Remove the main bottlenecks and improving road and railway connections to Gothenburg and Malmö	LT	1	Improved collaboration between regions and agreed priority list of investments present a single voice to the national government. There are new efforts to upgrade the road network.	- Difficult for Småland-Blekinge counties to influence national infrastructure investments. - Poor railway infrastructure. - High-speed train project still in the planning phase (as it has been for the past ten years). - Less of a focus on eastward connections (with the exception of Blekinge).	- Continue the promotion of the development of eastern-oriented commercial routes and infrastructure for the future. - Prioritise the inter-county connections between Blekinge and Kalmar.
6.2 Improve connectivity between larger towns/nodes and more sparsely populated rural areas	LT	1	Progress shown and efforts to improve and co-ordinate rural bus system.	- High cost of high-speed railway project could divert resources from infrastructure investment projects (note: financing of high-speed railway not decided as yet). - At present, some counties have expressed that border areas can be neglected despite their importance to those living in or travelling across them.	- Enhanced rural-urban linkages are needed at a functional level (and not by county). An integrated perspective is needed to better map and understand these linkages and propose service solutions. Particular attention should be given to border areas.
6.3 Improve air transport from each of the four county capitals by improving scheduling that enables same-day travel	LT	1	- Increasing competition between the four counties to establish new routes. - New connection between	- Difficult to build profitable new partnerships with European hubs. - Lack of awareness of some	- Optimise the use of county airport infrastructures and facilities in order to better cater to local business and industry needs so as to make

to and from other European capitals via Copenhagen and Stockholm			Jönköping County and Frankfurt. - Ronneby Airport (Blekinge County) has increased the number of landings over the past five years.	EU grant rules which have the potential to increase opportunities. - Developing new routes also depends upon the available infrastructure in airports of other countries (example of connection Kalmar-Berlin being discontinued).	them more than just places where flights land and depart. - Make these airports and their surroundings active places of work, logistics and leisure.
6.4 Improve freight transport infrastructure to take advantage of opportunities for trade with the Baltic States, the Russian Federation and China	LT	1	This is a low priority for most counties with the exception of Blekinge. In Blekinge, two major infrastructure projects related to taking advantage of eastern trade were finished in 2013 and 2014. They were financed through TEN-T, Motorways of the Sea programme, developments on port infrastructure and rail network in Blekinge (and Kronoberg). As such, the network organisation Baltic Link is still actively working to connect the Baltic TEN-T corridor to the Mediterranean Adriatic corridor. The pace of engagement has slowed down but has not stopped.	- Trade connections with Russia hindered by Russia's trade embargo as a response to EU economic sanctions.	- Develop a long-term strategy for infrastructure investments eastwards. - Pursue the promotion of greater development of eastwards routes and infrastructure. - Promote the establishment of an effective and efficient land to sea logistics platform.
6.5 Improve co-ordination between counties and the private sector in prioritising transport and communicating a single voice to the national government	MT	3	Counties have agreed on a priority list of investments to present a single voice to the national government. There have been new common efforts to upgrade the roads.		- Develop an integrated territorial perspective to assess transport needs alongside other sectoral policy areas such as infrastructure investments and the delivery of public services.
Recommendation #7: Better co-ordination of business development efforts					
7.1 Engage in more cross-border interaction and co-operation to avoid the territorial fragmentation	ST	3	Strong sense of cohesion across the institutions involved, including the CABs. Inter-county and intra-county fissures seem to have been greatly remedied.	- Overlapping scopes and responsibilities across local, county and/or regional institutions and administrations. - EU-funded measures and policy have created a system of territorial development strategies and structure that runs parallel to those developed at the county/regional level.	- There are still efforts required in bringing the measures and development strategies rooted within the EU's Rural Development Policy, especially those implemented through the Local Action Groups of the old LEADER initiatives, with those developed and implemented by the Regional Council and other administrations within the county. - Learn from the regionalisation process to avoid competitive postures.
Recommendation #8: Regionalisation reform					
8.1 Undertake a cost-benefit analysis to	N/A	N/A	This recommendation is no longer relevant.	No bottlenecks to report: Regionalisation reform	N/A

determine the potential advantages and disadvantages of reform				abandoned.	
8.2 Clarify roles and competencies of agencies involved in regional development and how they interact	ST	2	Current project of mergers involves counties of Jönköping and Kronoberg, and in 2019, Blekinge and Kalmar Counties.		- Although the ongoing process will formalise roles, communication of the roles and responsibilities are needed towards other organisations and even the general public in some cases in order to achieve efficiency in regional development.
8.3 Transition toward a model whereby a directly elected regional council is responsible for regional development	N/A	N/A	This recommendation is no longer relevant.	No bottlenecks to report: recommendation being met through the mergers that are carried out.	N/A
8.4 Strengthen the bridging role of County Administrative Boards between central government and the regions and simplifying the territorial boundaries of national agencies		N/A	This recommendation is no longer relevant.	No bottlenecks to report: recommendation being met through the mergers that are carried out.	N/A
Recommendation #9: Regional Development Programmes					
9.1 Develop more concrete and institutionally reinforced programmes with clear targets and measurable outcomes	MT	2	Food programme well-elaborated. Co-ordination has increased across all four counties; need to improve the co-ordination with the CAP.	- Difficulty positioning county development strategy documents as a pillar of county development given municipalities' strong self-governance and autonomy in many areas.	- Increase the involvement of municipalities in the development of county-level strategies and programmes to promote ownership of those and vertical co-operation.
9.2 Establish an enforcement framework to link investment priorities with the objectives of RDP	MT	0	Although much has been done in all four counties to increase the co-ordination of the different actors, a concerted regional development strategy has not yet emerged and by consequence investments remain fragmented.	- Funding tools linked to regional strategies are national, not regional. - Local Action Groups (LAGs) are not well linked to the regional and county councils' efforts.	- Better link locally driven efforts and strategies with the initiatives and measures rising from EU-agri's CAP Pillar 2. - Greater collaboration is needed between the Regional Council and LAGs. - Include the LAGs in the co-ordination efforts towards a single regional development strategy.
9.3 Integrate rural and general development programmes into a single comprehensive regional development strategy	ST	1	Mixed outcomes across counties. Kronoberg County is involved in cross-transversal governance. Efforts less co-ordinated in Jönköping and Kalmar Counties.	- Local Action Groups (LAGs) are not well linked to the regional and county council efforts.	- Encourage the setup of more institutionalised mechanisms for collaboration in county-wide strategies. - Better linking regional programmes, plans and strategies together, including the rural development programme given assignment by national government of different strategies to different organisations in the public sector. - Voluntary collaboration of

those different organisations.					
Recommendation #10: Strengthen inter-county planning					
10.1 Strengthen inter-county planning arrangements by including clear initiatives with funding and accountability and monitoring arrangements	MT	1	There has been progress on this front in terms of infrastructure issues in all counties. There are efforts to join with counties outside of the study area in order to have greater bargaining power with Stockholm. Blekinge, for instance, is increasingly co-operating with Skåne.	<ul style="list-style-type: none"> - Tools and funding mostly linked to the national level and distributed through national authorities. - Delimitation of the responsibilities and roles of the national, regional and municipal governments remain often unclear. 	<p>The new role of the region in spatial planning is promising. Future efforts could improve/entail:</p> <ul style="list-style-type: none"> - Collecting and sharing data for improved community planning. - Linking indicators to the strategic regional plan. - Pursuing regional and inter-municipal co-ordination across functional territories. - Establishing dialogue to co-ordinate between the regional and local levels on planning issues.
Recommendation #11: Further develop public-private interactions					
11.1 Build institutional frameworks for public-private co-operation like public-private partnerships or industry advisory groups	ST	2	The participation and contribution of the private sector within the wider discussions of the strategic and socio-economic development of the region was more developed.	<ul style="list-style-type: none"> - Always the same players around the table. - There is little culture of private involvement in areas considered of public domain, such as development and local services. 	<ul style="list-style-type: none"> - Give priority to the development of public-private partnerships (PPP) investment projects at senior political level.
11.2 Enable the legal framework for public-private partnerships	MT	0	No new actions undertaken.	<ul style="list-style-type: none"> - Legal obstacle to providing funding directly to companies – a legal framework for PPPs has not yet been created. - Reluctance of the private sector to engage in large work such as infrastructure projects because deemed as a public sector responsibility. 	<ul style="list-style-type: none"> - Develop clear, impartial, transparent and enforced regulation to better frame PPP agreements and projects.
Recommendation #12: Municipal co-operation and reform					
12.1 Initiatives and mechanisms that show co-ordination across municipalities around common projects	MT	3	There is much more active inter-municipal co-ordination today than at the time of the original territorial review in 2012. The management and integration of the recent migrants into the different counties is a good example of collaboration. The regional councils play an increasingly important role.	<ul style="list-style-type: none"> - Although to a lesser extent, certain larger municipalities do not always have a county-wide vision, they often do not perceive the potential synergies that could result from greater inter-municipal collaboration and co-ordination beyond infrastructural issues. 	<ul style="list-style-type: none"> - Place incentives and support mechanisms that encourage inter-municipal co-operation and joint initiatives that go beyond those orchestrated by the Regional Council.
12.2 Establish place incentives and support to encourage inter-municipal co-operation	ST	2	There are new examples of inter-municipal co-ordination which are promising; e.g. with the food strategy in Kalmar. The recent growth in humanitarian and family reunification related migration has increased	<ul style="list-style-type: none"> - System continues to be reliant on personal relationships rather than institutionalised incentive mechanisms. - It was not obvious that inter-municipal co-ordination in certain counties stretches 	<ul style="list-style-type: none"> - Inter-municipal co-ordination has progressed more as a result of the removal of past disincentives than from the establishment of true incentives to do so. True incentives that encourage greater co-operation in the search for common higher-

			co-operation.	much beyond the infrastructural and migrant issues that seemed most pressing.	order interests and benefits are still required.
12.3 Conduct an in-depth assessment of municipal competencies; identify opportunities for regional or national institutions to take on responsibilities, and/or develop an asymmetric approach (larger municipalities have responsibilities that smaller ones do not)	MT	0	No new actions undertaken.	<ul style="list-style-type: none"> - Political sensitivity of discussing asymmetrical solutions because it would interfere with municipal autonomy. - Limited funding to commit to competency platform. 	- A national investigation of municipal competencies is ongoing. It is expected that the results of this investigation will allow the region to identify opportunities to take on responsibilities and/or develop an asymmetric approach, as the recommendation had indicated.

Chapter 3. Special focus on migrant integration

Between 2011-16, the four counties of Småland-Blekinge (Blekinge, Jönköping, Kalmar and Kronoberg) experienced an unprecedented population increase, recording among the highest net migration rates per capita in Sweden. This chapter examines the processes of recent migrant settlement and integration in Småland-Blekinge, and offers a number of recommendations on how they could be strengthened. The chapter briefly outlines trends in migration in the four counties of Småland-Blekinge and explores a territorial approach to migrant integration around four key themes: i) multi-level governance; ii) community integration policies; iii) capacity for policy formulation and implementation; and, finally, iv) sectoral policies, with a focus on labour market integration.

Introduction

As noted in Chapter 1, between 2011-16, the four counties of Småland-Blekinge (Blekinge, Jönköping, Kalmar and Kronoberg) experienced an unprecedented population increase (4.3%) which was fuelled by a rise in migration, mostly from asylum seekers and refugees. The four counties recorded among the highest net migration rates per capita in Sweden during this time.¹ As counties experiencing labour market shortages in some occupations, migrants have the potential to make an important contribution to employment and, with a younger age profile than the native population, they help to balance the counties' demographic structure which is ageing. Yet, the participation of migrants in the labour market is low and thus represents a challenge for the region. The employment rate of those who are foreign-born is 65.5% versus 80.5% for those born in Sweden for those aged 15-74; meanwhile, the unemployment rate is 15.8% for foreign-born versus 4.8% for those born in Sweden (Statistics Sweden, 2016^[1]). Those who arrive do not always have the language skills, education or training required for them to successfully integrate. The pace at which newcomers have arrived in Småland-Blekinge has challenged the counties to provide suitable housing and to reorient services and develop new ones to meet the needs of this group of diverse individuals. Their successful integration and retention in the region will be critical for its future development.

This chapter examines the processes of recent migrant settlement and integration in Småland-Blekinge and offers a number of recommendations. Inclusion and equal access to opportunities is a major aim of the migrant integration in Sweden and achieving these goals requires that different levels of government work together – local, regional and national. This chapter draws on a range of data sources including: a questionnaire that was distributed to the counties in order to gather information on migration trends and policies; interviews with key stakeholders on migration in all four countries; statistical analysis (data from Migration Agency and Statistics Sweden) and; a literature review. This chapter is framed within a territorial approach to migrant integration and draws on the OECD's recently developed Checklist for Public Action for Migrant Integration at the Local Level developed in the forthcoming report *A Territorial Approach to Migrant Integration: The Role of Local Authorities* (OECD, 2018^[2]). A territorial approach to migrant integration emphasises that the cities and communities where migrants arrive have different characteristics that influence their capacity to welcome new groups. Conversely, newcomers are more or less concentrated in different places and they cluster according to different factors (i.e. presence of communities from the same country of origin, motivations for moving, job and education opportunities, etc.). Consequently, the ways that local authorities and their partners at different levels of government – state or non-state actors – address migrant integration challenges has an impact on their outcomes. The characteristics of the place, of the host community and of those arriving and how local authorities and other stakeholders can ensure the sustainable integration of migrants determines outcomes – both now and in the longer term.

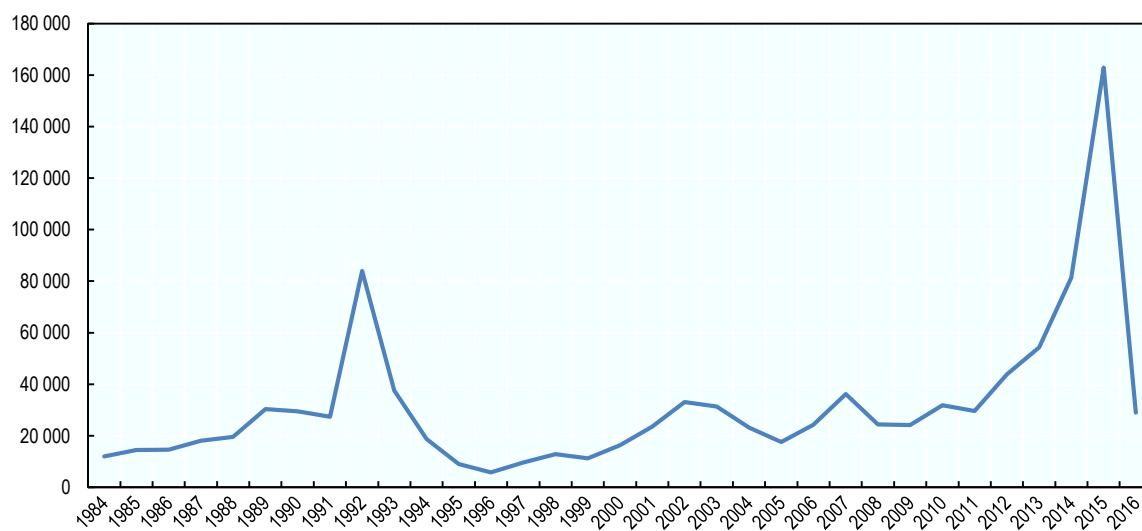
This chapter explores these dynamics in two parts. First, it briefly outlines trends in migration in the four counties of Småland-Blekinge. Following this, four themes linked to a territorial approach to migrant integration are discussed: i) multi-level governance; ii) community integration policies; iii) capacity for policy formulation and implementation; and, finally, iv) sectoral policies, with a focus on labour market integration.

Migration trends

While a large share of migrants to Sweden in the early 1980s were Nordic work migrants, those arriving since then are increasingly doing so for humanitarian reasons or for the purposes of family reunification (see Box 3.1 on terminology). The profile of migrants has thus changed, and rates of migration have grown sharply in intervening decades. The share of foreign-born in Sweden has more than doubled since 1980 – increasing from 7.5% in 1980 to 16% in 2015 (OECD, 2017^[3]). Estimates suggest that about half of the current foreign-born population originally came to Sweden as refugees or as family members of refugees (OECD, 2017^[3]). This changing profile of migrants in terms of language, education and skills training has required new services and models of integration in order to help newcomers find jobs and become autonomous. Service providers have been challenged to quickly build capacity and to adapt strategies and policies to the needs of a growing public that changed its characteristics over the years.

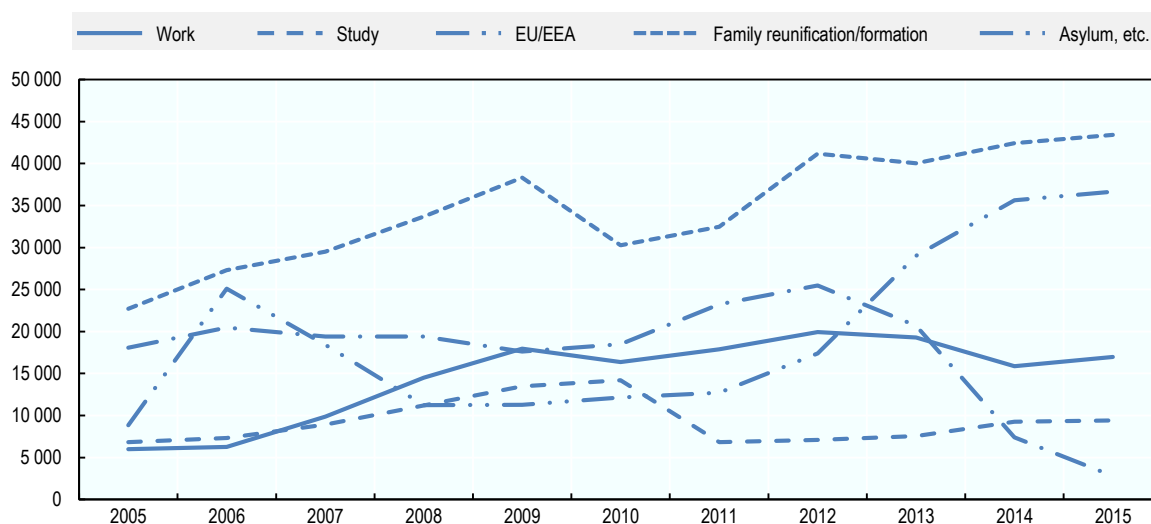
The most recent wave of asylum seekers is larger than in past decades and between 2012-16, the top three countries of origin were Afghanistan, Iraq and Syria (OECD, 2017^[4]).² In 2015, the number of asylum seekers to Sweden reached an all-time high, at 162 877 (Figure 3.1). This was the highest per capita inflow of asylum seekers ever to be registered in an OECD country. In 2015, the most common reason for migration or asylum based on first permits was for the purposes of family reunification or formation followed by asylum (Figure 1.32). This inflow has since fallen to 28 939 in 2016 as a result of external factors as well as a tightening of immigration policy. In 2016, Sweden adopted a temporary act restricting the possibility of being granted a residence permit and the right to family reunification, with the immediate effect of reducing asylum-related immigration. Similar reforms were adopted in other OECD countries.³

Figure 3.1. Asylum seekers to Sweden, 1984-2016



Source: Migrationsverket (2018^[5]), *Översikter och Statistik från Tidigare år [Statistical Review and Archives]*, <https://www.migrationsverket.se/Om-Migrationsverket/Statistik/Oversikter-och-statistik-fran-tidigare-ar.html> (accessed on 31 January 2018).

Figure 3.2. Migration and asylum, first permits, 2005-15



Source: Swedish Migration Agency (2018^[6]), *Overview and Time Series*, <https://www.migrationsverket.se/English/About-the-Migration-Agency/Facts-and-statistics-/Statistics/Overview-and-time-series.html> (accessed on 31 January 2018).

Box 3.1. A note on terminology

The general term “migrant” describes people that move to another country with the intention of staying for a significant period of time. While asylum seekers and refugees are often counted as a subset of migrants and included in official estimates of migrant stocks and flows, the UN’s definition of “migrant” does not include refugees, displaced, or others forced or compelled to leave their homes; it is reserved for those who are free to migrate. It can, for example, include EU citizens who are moving to work, study or live in Sweden or those who are moving to Sweden for purposes of family reunification (joining a family member who is a Swedish citizen or who has a permanent residence permit).

In Sweden, the term “newly arrived” (“*nyanländ*” in Swedish) has come to serve as a common term for all migrants who have arrived in the last few years whether they flee war, natural disasters or extreme poverty or whether they have refugee status or not. Individuals are termed “newly arrived” in Swedish society when they have been legally accepted and settled (prior to this they would be referred to as having the status of asylum seekers). An individual can, therefore, have been an asylum seeker for a period of time before a decision is made. He/she then becomes newly arrived. It can take some time to receive a residence permit and settle in – e.g. finding employment and housing. This process of becoming established can take considerable time, up to several years.

Those who have submitted a claim for international protection but are awaiting the final decision are referred to as “asylum seekers”. There are generally two reasons for granting asylum seekers residence permits in Sweden:

1. **An individual qualifies for refugee status.** In accordance with the UN Convention Relating to the Status of Refugees, Swedish legislation and EU regulations, a person is considered a refugee when they have well-founded

reasons to fear persecution due to race, nationality, religious or political beliefs, gender, sexual orientation, or affiliation to a particular social group. A person who is assessed as a refugee will be granted a refugee status declaration (an internationally recognised status) and will normally be given a residence permit for three years in Sweden. Refugees claiming asylum who are under 18 years old and come to Sweden without any parents or relatives are termed “unaccompanied children” (*ensamkommande*). They are received under a detailed policy and require protection due to their underage status.

2. ***A person is deemed in need of subsidiary protection.*** A person deemed in need of subsidiary protection is one who: is at risk of being sentenced to death; is at risk of being subjected to corporal punishment, torture or other inhumane or degrading treatment or punishment; or as a civilian, is at serious risk of injury due to armed conflict. Subsidiary protection status is founded on EU regulations and individuals are generally granted a residence permit for 13 months in Sweden

There are some extraordinary circumstances whereby asylum seekers may be granted a residence permit even if they do not need protection from persecution (e.g. serious health issues). Those who are denied protection status and decide not to appeal the decision or do not apply for another form of legal permission to stay become “undocumented migrants”.

Sources: Migrationsverket (2018_[71]), *Migrationsverket [Sweden Migration]*, <https://www.migrationsverket.se/> (accessed on 31 January 2018); OECD (2018_[21]), *A Territorial Approach to Migrant Integration: The Role of Local Authorities*, OECD Publishing, Paris.

Among the four counties in Småland-Blekinge, Kalmar had the largest share of asylum seekers in 2016 while Jönköping had the largest number of unaccompanied minors (Table 3.1). Of all those registered with the Migration Agency in 2016, almost 15% were unaccompanied children requiring special protection and support.

Table 3.1. Persons in the Migration Agency’s reception system, by county, 2016

	Residential residents	Own housing	Other accommodation	Total	Of which, unaccompanied children
Blekinge	2 032	385	450	2 867	416
Jönköping	2 921	979	959	4 859	939
Kalmar	4 942	771	714	6 427	710
Kronoberg	2 317	759	554	3 630	550
Total	12 212	2 894	2 677	17 783	2 615

Note: Residential residents (ABO) are persons living in accommodation offered by the Migration Agency (*Migrationsverket*), usually an apartment in a rented house. Own housing (EBO) refers to accommodation where the person arranges their own housing. The category “other accommodation” consists mainly of single-parent children in municipal housing/family homes/pre-arranged children (children living with, for example, relative).

Source: Migrationsverket (2018_[51]), *Översikter och Statistik från Tidigare år [Statistical Review and Archives]*, <https://www.migrationsverket.se/Om-Migrationsverket/Statistik/Oversikter-och-statistik-fran-tidigare-ar.html> (accessed on 31 January 2018).

Migration as an opportunity to rebalance demography in the region

Migration has the potential to help the regions in Småland-Blekinge have a more balanced demographic profile. For example, in Blekinge County, where the refugee reception per capita has been among the largest in the country, the number of individuals of working age has been bolstered through migration. In many of the county's municipalities, immigration has helped prevent population decline while increasing the working-age population. While Blekinge County has shown a positive population trend over the last 4 years, at the same time, the trend of population ageing continues and those aged 65 and older constitute 23% of the population (2016). The elderly dependency ratio (aged 65 and older) remains high at 84% in 2016 (10% higher than in 2000).

The participation of migrants in the labour market is lower than native-born but there are encouraging results for newcomers after the introduction programme

Population growth is hence of great importance to Småland-Blekinge in several ways, not least for the region's future supply of skills. As such, employment is a core aspect of the integration process. It is not only vital for economic integration but also has implications for broader social integration, such as finding adequate housing, learning the host-country language and interacting with the native-born population. Over the last decade and a half, progress has been made in terms of the employment rate of the foreign-born versus native-born population; however, at the same time, the unemployment rates of foreign-born persons has increased and there remains a large discrepancy in overall labour market outcomes between the foreign-born and native-born population (Table 3.2).

Table 3.2. Labour market outcomes, Sweden, 2000 and 2016

		2000		2016	
		Foreign-born	Native-born	Foreign-born	Native-born
Employment rate (%)	Men	51.6	75.8	68.7	79.8
	Women	48	73.2	61.3	78.8
	Total (men and women)	49.8	74.6	64.9	79.3
Unemployment rate (%)	Men	13.5	5.1	16.6	5.3
	Women	11.2	4.3	15.1	4.5
	Total (men and women)	12.4	4.7	15.9	4.9

Source: OECD (2017^[8]), *International Migration Database*, <http://dx.doi.org/10.1787/data-00342-en>.

Sweden's Employment Service (*Arbetsförmedlingen*) reports recent progress in the share of newly arrived immigrants in each county who, 90 days after leaving the agency's introduction/establishment programme, are either working or in some form of education or training. Between March 2016 and February 2017, Blekinge had shown the highest rate of employment, education or training 90 days post establishment programme among all Swedish counties at 44% (both men and women).⁴ In Kalmar, this figure stood at 35%; in Jönköping, 34% and in Kronoberg, 26%.⁵ In all counties, the rate of female employment or educational attachment post-establishment programme is lower, but Blekinge is also notable for having the smallest gender gap in this indicator.

While the region of Småland-Blekinge is experiencing labour market demand in some occupations which migrants can help to fill, there is often a skills mismatch between

newcomers and the types of jobs available in the region. The two trends of high humanitarian and family reunion migration, and declining school results increase the supply of low-skilled and low-qualified labour, while demand is tilted towards high skills and qualifications in Sweden (OECD, 2017_[3]). Low-skilled jobs account for only about 5% of total employment in Sweden (OECD, 2017_[9]).⁶ Even in industries where low-skilled jobs may exist, there may be a skills mismatch. For example, in Småland-Blekinge, it has been reported that there are unfilled jobs in the forestry and dairy industries but that many migrants do not have the skills or background to work in these areas, having largely migrated from cities. Large technology industries also experience recruiting challenges in Blekinge County.

A territorial approach to migrant integration

Migrant reception and integration: Multi-level governance dynamics

Sweden has long been at the forefront of migrant integration policies and the country receives a high ranking from the Multidimensional Migrant Integration Policy Index (MIPEX).⁷ It was one of the first countries to recognise the importance of such policies and it has provided state-funded language courses to migrants since the 1960s. Migrant integration policies were solidified in law in 1996 through “the recognition of equal rights, obligations and opportunities for all, regardless of ethnic or cultural background” (Wiesbrock, 2011_[10]).⁸ The process of migrant settlement and integration involves a wide array of institutions – from national, county and local governments to private and not-for-profit organisations and civic groups. The effective co-ordination of these actors thus represents an important multi-level governance challenge – one that extends across several policy areas, including health, skills, education, housing and transportation.

Enhance the effectiveness of migrant settlement and integration policy through improved vertical co-ordination and implementation at the relevant scale

The large numbers of arrivals in recent years have put a lot of stress on Sweden’s migrant reception and integration systems at all levels of government. In the regions, frontline organisations (e.g. non-governmental organisations (NGOs), state agencies, municipalities that directly deliver services) had to quickly build capacity and increase staffing and a number of co-ordination challenges arose. Given this, in the past year, there have been efforts to take stock and improve the process in order to make the system more efficient work better vertically and horizontally across levels of government in order to better meet the often-complex needs of newcomers in a timely manner.

At the national level, the Ministry of Justice is responsible for migration policies; the Swedish Migration Agency and the Swedish Police Authority both report to the Ministry of Justice on these matters. The Swedish Migration Agency is a key institution and is responsible for residence permits, work permits, visas, the reception of asylum seekers, voluntary return, acquisition of citizenship and repatriation (Migrationsverket, 2016_[11]). The Swedish Migration Board is the first state authority in which a refugee comes into contact and there is a certain process that every single asylum seeker has to go through. The agency has the main responsibility for the reception of asylum seekers, from the date on which an application for asylum has been submitted until the person has been received by a municipality after being granted a residence permit or has left the country (in the case of a rejected application). The Migration Agency should “motivate” persons to return to their home countries if their application for asylum is declined. However, they are not responsible for the repatriation, the police are. Meanwhile, integration policies are

largely the responsibility of the Ministry of Employment. Once an individual has been granted a residence permit, the National Employment Service (*Arbetsförmedlingen*) offers support for those who seek employment or require training. Its operational activities are divided into three regions across Sweden (northern, middle and southern regions). There are currently 280 employment offices across the country which provide an important source of knowledge on the local labour market and training issues, and as part of the national agency, can help to synthesise and inform the national government about how policies are working on the ground.

The role of county administrative boards in migrant reception and integration policies has recently changed in an effort to improve vertical co-ordination. County administrative boards are representatives of the state in the counties and serve as a link between the population, the municipalities, governmental authorities and the Swedish Parliament. Following from the spring amending the budget for 2016, from 2017, county administrative boards will be tasked with co-ordinating and organising early measures for asylum seekers and others. In light of this, the Swedish Migration Agency will no longer be responsible for organised activities for asylum seekers that aim to strengthen their knowledge of the Swedish language and other measures to promote integration. By shifting the responsibilities to the county administrative boards, the government hopes that multi-level governance co-ordination will be improved (something that is part of the County Administrative Board's (CAB) existing structures) and that asylum seekers and others will have better access to regional and locally adapted early measures.

At the regional level, county councils primarily have responsibility for healthcare and transportation, and municipalities are responsible for various aspects of migrant integration, notably language training, adult education, social assistance and compulsory school (K-12 education) and the reception of unaccompanied minors. The approach to and quality of these municipal services can vary considerably across the country (OECD, 2016^[12]). Interviewees in Småland-Blekinge have noted that much is being done but not enough is co-ordinated between all of the organisations and agencies working on these issues. The Labour Agency and the County Administrative Board is co-ordinating to some extent, as is Region Blekinge; meanwhile, municipalities and other organisations that provide services to migrants tend to work in an operative manner.

Like many OECD countries, Sweden experienced a decentralisation of migrant integration policies in the 1980s, but there has since been a recentralisation of some elements due in part to concerns that labour market integration programmes were not strong enough or consistently addressed across municipalities (see Box 3.2 for elaboration). Interviewees in Småland-Blekinge have noted the drive towards centralisation on the national level and have expressed that they feel there needs to be more autonomy at the regional and local levels, backed by financial resources which are invested based on local needs. While the national administrations and agencies as well municipalities (also county councils) responsible for various aspects of migration and integration have received additional resources, there are limited resources to connect these bodies with the organisations responsible for regional growth/development. Stronger connections between the two would strengthen migrant labour market integration and economic development.

Box 3.2. From localisation to centralisation: Newcomer integration policies in Sweden

In the mid-1980s – alongside a shift in multiculturalism policy – responsibility for migrant integration was transferred from state ministries in Sweden to the Employment Services and municipalities. This decentralisation accompanied a change in the profile of many newcomers from labour migrants to those arriving on humanitarian and protection grounds. The rationale for this localisation of integration policies was so that municipalities could design programmes that were suited to local conditions and needs with municipalities offering state-funded language and labour market training and civic orientation to newcomers. These services tended to focus on social care over labour market integration and as such, state policy was shifted to encourage a stronger emphasis on the former starting in 1991.

At this time, a new refugee reimbursement policy was established whereby municipalities were compensated on a per person basis for two years as opposed to reimbursement for the costs associated with social assistance. This reorientation thus created an incentive to help newcomers be self-sufficient as quickly as possible. Accompanying this change, a new state agency – the Swedish Integration Board – was established in order to help municipalities successfully implement integration strategies, learn from best practices, and co-ordinate between the national, regional and local levels. This approach produced successful regional and local agreements but concerns at the national level over differing local capacities and standards for integration remained. The Swedish Integration Board was subsequently dissolved in 2007.

In 2010, the state took over responsibility for Introduction Programmes from municipalities (*Etableringsuppdraget*). Furthermore, the Employment Services were given overall responsibility for labour market integration and an individual state allowance was adopted. Emilsson (2015_[13]) describes these changes as increasing state involvement in three ways: i) the responsibility and administration for the introduction programmes moved from the municipalities to the state; ii) state funding for integration programmes increased; and iii) the content of the programme became regulated by law. Other state centralisation efforts affecting the local level include a new law that forces municipalities to accept the settlement of unaccompanied minors, increases rights for undocumented migrants and provides state funding for local anti-discrimination measures.

Source: Emilsson, H. (2015_[13]), “A national turn of local integration policy: Multi-level governance dynamics in Denmark and Sweden”, <http://dx.doi.org/10.1186/s40878-015-0008-5>.

The recent wave of migrants to Sweden has raised numerous multi-level governance challenges – many of which are profiled further in this chapter. For example, the waiting period to have asylum cases heard and to receive a residency permit has impacted the sequence and timing of when individuals can access services related to integration which are delivered at the local level. Further, there have been numerous challenges related to housing wherein individuals have sought out their own housing in order to gain access to some services; but which has in some instances led to overcrowding and substandard housing conditions. These issues have been identified early on and the different levels of government and social actors are working on joint solutions. There has also been some reallocation of responsibilities among service organisations in order to address these issues. For a thorough description of the division of competencies related to migrant

integration across the level of governments in Sweden please see “Integration of Migrants in Cities: A Case Study on the City of Gothenburg” (Piccinni and Lindlom, forthcoming_[14]). The following section profiles existing initiatives where progress is being made and additional mechanisms that can be used to improve multi-level governance in Småland-Blekinge.

- **Efforts to conduct institutional mapping are underway.** Identifying the type of relations across levels (co-operation, subordination and representation) helps to clarify roles and responsibilities and establish spaces for co-ordinated actions. It provides a useful starting point in multi-level dialogue and can be used to identify redundancies, gaps, costs and supports for reception and integration activities. In Småland-Blekinge, it was noted that there are many different groups at the local level that have some programmes or services to offer to migrants – e.g. associations, community groups and so on. While the main governmental actors know one another and are increasingly working together, this broader community could be better linked up and institutional mapping could help to achieve this. There are some positive actions on this front. CABs have recently been given the assignment to map the civil society’s efforts for asylum seekers. As a new function, CABs should share expertise on best practices on how to develop and share this information in an accessible and easily updated format and use it for policy purposes.
- **There is increasing use of multi-level and multi-stakeholder dialogues.** Multi-level and multi-stakeholder dialogues increase mutual knowledge of integration practices and objectives across levels to improve system design (see Box 3.3 for examples). Already in Småland-Blekinge, there are successful examples of this approach. For example, Blekinge and Kalmar Counties have regional councils for integration which act as a platform to discuss key issues for those who work closely with newcomers. The council consists of all municipalities, the county council, the region, the employment agency, Migrationsverket and Försäkringskassan and is led by the CAB. This has been a task of the County Administrative Board since 2010 and a regional strategy was adopted in 2013. With the CAB now having responsibility for collaboration at a regional level for activities for asylum seekers (as of January 2017), there is a dialogue with the migration authority to mobilise local actors. The CAB is working to improve its ability to serve asylum seekers and to support integration effort (prior to this, asylum seekers were formally the migration authority’s responsibility). It remains important to note that there are several policy domains where the CAB does not have formal responsibility, such as healthcare, and collaboration with the healthcare sector needs to be improved. This, there is a broader application for the multi-level and multi-stakeholder dialogue approach.
- **Further efforts are needed to establish inter-municipal partnerships and strengthening urban-rural linkages.** Municipalities can, for example, set up joint service provision and financial agreements across neighbour municipalities for migrant integration programmes and services. This strategy is used for example by the Association of the Region of Gothenburg (involving 13 municipalities). Together with four other sub-regional associations and the region, they have set up an organisation called Validation West (*Validering Väst*) which works with various stakeholders (including the employment agency) in order to help individuals receive documented proof of their skills (e.g. as an electrician or a builder) so that they can work in specific vocations that require a

license or formal education. One of their goals for 2017 is to create conditions for newcomers to Sweden to have their practical skills “made visible” and documented (OECD, 2018_[2]). Some municipalities across Småland-Blekinge are adopting a partnership approach, for example, Ronneby Municipality has a Blekinge integration and education centre which operates all societal orientation for immigrants in Blekinge. As another example, in Kronoberg County there is an ongoing project, “Establishment Co-operation Kronoberg”, that aims to enhance regional and local co-ordination between state and municipal resources in order to help individuals will succeed with their establishment (Svenska ESF-rådet, 2018_[15]). Lessons from how these have been structured and what they have achieved should be more widely shared in order to expand such initiatives and to gauge in which policy areas they most make sense.

Box 3.3. Multi-level and multi-stakeholder dialogue mechanisms – Examples from practice

Multi-level and multi-stakeholder dialogue provides upfront interaction between state and non-state actors who play a significant role in integration issues (i.e. NGOs, the private sector, migrant and refugee organisations, unions, faith-based organisations, etc.). The OECD has identified four models that are commonly used to achieve this:

1. **Sharing information:** To allow the central and local levels to mutually learn about policy directions and place-based needs. Such exchanges should inform the local and national levels of policymaking.
 - **Austria:** The Expert Council for Integration is composed of relevant ministries, all provinces/*Länder*, and five of the most relevant NGOs. It meets twice a year to share information around the implementation of the national plan for integration.
 - **Germany:** The Permanent Conference of Ministers and Senators for the Interior of the federal *Länder* (IMK) – subnational governments – which takes place twice a year, is an important venue in co-ordinating policymaking between *Länder* and the federal level.
2. **Design and implementation of integration policies:** From conception to action for integration policies, these dialogues take the form of peer negotiation in which each party has its share of sovereignty and the result is that a policy is agreed upon at both the local and national level. A multi-level council with programmatic responsibilities for EU and national funding relevant for migration can serve such a purpose; a multi-level working group to define criteria for asylum seekers’ and refugees’ geographical distribution as well.
3. **Clarifying roles and responsibilities to implement specific policies contributing to integration objectives.** The multi-level task force on youth employment with a focus on migrant youth among other groups is an example of such an approach.
 - **The Netherlands:** National-local consultation mechanisms are topic-specific; they involve relevant national ministries, the local level (often through the G4 composed by the city of Amsterdam, The Hague, Rotterdam and Utrecht) and social partners (trade unions and employers associations). For instance, the Ministry of Labour set up a roundtable to fight discrimination in the labour

market and a national measure was developed to impose anonymous job applications.

4. **Evaluation shared mechanisms:** To assess the results of integration policies, including in terms of the respective contribution of levels of government, and possibly use them to revise the next policy cycle.
 - **Germany:** The institutionalised dialogue conference of ministers for the integration of the *Länder* (*Integrationsministerministerkonferenz*, IntMK) is an interface for the federal level and develops indicators that are compared across *Länder*.

Source: OECD (2018_[2]), *A Territorial Approach to Migrant Integration: The Role of Local Authorities*, OECD Publishing, Paris.

Seek policy coherence in addressing the multi-dimensional needs of and opportunities for migrants at the local level

Different policy sectors (housing, education, jobs, health, etc.) and related integration-relevant initiatives are often designed in silos. This can lead to a number of negative outcomes, such as loopholes for migrants in their access to services because of administrative delays, or changes in regulatory frameworks that suspend service provision; uncoordinated services that do not connect users' information and multiply administrative obstacles (OECD, 2018_[2]). These gaps often result from difficulties or in mainstreaming an integration approach across policy sectors and/or a lack of information-sharing across public agencies. Policy silos can also occur where the same group is targeted (migrants, newcomers, etc.) resulting in fragmentation of objectives, measures and actors. Local policymakers are often best placed to ensure that local strategies (i.e. economic development, social inclusion, spatial planning, youth employment, elders' inclusions, cultural activities, etc.) take into account the presence of migrants in their community, not only to ensure equal treatment but also to make sure their contribution to local development is valued.

The overall goal of more coherent local policies is to ensure that integration is facilitated simultaneously through different aspects of migrants' lives: labour integration, social, language, social assistance etc., driving them to self-reliance and empowering them as active members of their new societies. Some additional strategies that can help Småland-Blekinge to deliver on these objectives are noted below.

- **Integration service hubs/one-stop shops could help individuals to better navigate the services available to them.** Regrouping relevant information in one place renders the integration process more transparent and helps to direct newly-arrived migrants to the services they need. Recent feedback from migrants in Kalmar collected by the employment offices reinforces this point. In service assessments, refugees have indicated that it is very hard for them to know who provides what services. These types of issues are well recognised and, in an effort to better integrate services and information across sectors, Sweden launched the platform “Setel.in”, which brings existing applications and websites relevant to new arrivals together in one place. Another example from Sweden of such services is *Integrationscenter Karlskrona* and the Facebook-based information-sharing initiative Meeting-place Olofström (*Mötesplats Olofström*). Similar initiatives have recently been developed in Germany, the Netherlands, Sweden,

the United Kingdom and several other OECD countries (OECD, 2017, p. 78_[4]). However, given the recent assessments by refugees of Kalmar County's employment office, more efforts need to be made on the ground to help individuals navigate the host of services available to them.

- **Creating municipal or regional departments or co-ordination bodies would help to mainstream integration policy across municipal departments.** Such permanent or ad hoc bodies can be used to raise awareness and build capacity in other departments and to develop “migration-sensitive” policies in their respective sectors of competency (OECD, 2018_[2]). In the case of county councils, such bodies could have specific tasks, for instance, monitoring the health status of migrants, etc. Such bodies can also take on an operational mandate, by assessing migrant integration policies, programmes and services. For example, in Tampere, Finland, the Head Co-ordinator of Immigrant Affairs is responsible for co-ordinating services in all the policy sectors of the municipality. At present in Småland-Blekinge, there is usually one integration co-ordinator per municipality; however, the person is typically focused on services to refugees as opposed to co-ordinating broader organisational responses. In Småland-Blekinge, county administrative boards work with municipalities on the integration process. In interviews it was noted that different authorities have struggled to manage their administrations and that there is variability across municipalities in terms of how well they have been able to manage – a point that has been made in larger studies of the overall Swedish migration system more generally as well (OECD, 2016_[12]). The creation of an integration team which could help connect the key departments together with those working in the health system was mentioned as one possible solution to this issue which should be explored.
- **Consultative mechanisms with migrant communities could be more developed.** Some municipalities across the OECD have developed mechanisms to include migrant communities in the formulation, implementation and evaluation of the policies that concern them. For example, in Berlin, Germany, the State Advisory Board on Migration and Integration includes representatives of seven migrant organisations (elected) and makes recommendations and approves the appointment of the Integration Commissioner of the City of Berlin (OECD, 2018_[2]). Municipalities in Småland-Blekinge do not have strong consultative or engagement practise with migrant communities as yet. As communities become more strongly established in the region, this function will continue to grow in importance.
- **Some municipalities in Småland-Blekinge have adopted local integration strategies – but these need to be better resourced in order to be effective.** Integration strategies can serve as political programmes or communication tools, while others may include an action plan and/or define concrete actions, indicators and responsibilities (OECD, 2018_[2]). Some municipalities such as Ronneby in Blekinge County have adopted an integration strategy. In order to be operational, such action-oriented strategies require a budget and dedicated personnel. It is important to involve different services (schools, employment agencies, health units, police, etc.) and non-state actors in the formulation of the integration policy, such as migrant associations, civil society organisations and business. If informed by local economic needs and data on the characteristics of migrant population settled in the city or community, such strategies can identify which enabling factors (i.e. education opportunities aligned with the local labour market, etc.)

could allow migrants to fully contribute to the drivers of local development. A strategy adopted by some OECD municipalities is to establish thematic strategies rather than integration ones (see Box 3.4 for examples) (OECD, 2018_[2]). For counties and municipalities in Småland-Blekinge, this approach might develop priority areas of action.

- **Service providers would benefit from enhanced capacity to share information among them.** In Småland-Blekinge, one of the barriers to improve policy co-ordination is the confidentiality requirements between the various service providers. At present, there is a siloed system wherein, for example, employment services and municipalities cannot speak to one another about their cases. Consequently, at the operational level, it can take a long time to know how to better co-ordinate services, which in turn impacts how migrants access health, work or studies. Confidentiality requirements are of course in place for a very good reason in order to protect individuals; but at the same time, better solutions are needed to help individuals navigate the system and to improve how services interact with one another. One option which could help in this regard is to assign a caseworker to an individual who would help them navigate services which are delivered across multiple organisations and facilitate information sharing. One of the projects which have helped to improve the capacity to share information among service providers in Småland-Blekinge is the Meeting Venues Project which began with Vaxjo Municipality participating along with four others in 2015 (Sveriges Kommuner och Landsting, 2018_[16]). The project entailed collaboration among a number of public authorities (e.g. the Employment Service, the Insurance Agency, the Migration Board, the Pension Agency, the Tax Agency), in order to simplify and improve the interaction of newcomers' first contact with public authorities. Through this project, it has been found that a process which usually takes between 3-4 weeks for an individual can be reduced to a few hours in Project Meetings – leading to estimated savings of SEK 27 000 (Sveriges Kommuner och Landsting, 2018_[16]). Given the success of this approach, there are efforts to employ this type of partnership in more municipalities in the future.

Box 3.4. Adopting a local integration strategy: Examples from Berlin, Vienna and Gothenburg

Some municipalities in the OECD have adopted local integration strategies in order to address problems that affect migrant and host communities through cross-sectoral measures, for instance: protecting diversity and security; raising awareness about human rights; anti-discrimination; anti-radicalisation; inclusion and emancipation.

- **Berlin** has developed and readjusted its integration concept several times since 2005. In 2010 the most recent Participation and Integration Act was established. It is grounded in law and has to be considered as an obligation to follow in all legislative and administrative actions taken by all of the city departments, agencies and other subordinated bodies across sectors. Its main aim is to ensure that all people, regardless of their origin, have the same access to all services of the city.

- **The City of Vienna** has established its own guidelines for integration and diversity politics. Defining its integration policy as a set of measures that equalise access to services across departments for the whole population. Following this principle, the city's integration department (MA17) conducts reports that measure the integration of its migrant population in comparison to its native-born population. Further, the city evaluates its own institutional departments and services regarding diversity management. Part of this evaluation is measurements against benchmarks for the inclusion of diversity into the department's own strategy and field of action.
- **Gothenburg**: An example of programming across public sectors at the municipal level is the programme called “Safe in Gothenburg”. Launched in 2016, it aims to combat crime and increase citizens' trust in particular neighbours facing segregation challenges. The municipality and the local police co-ordinate efforts regarding security issues and violence prevention. The programme follows a community-based approach: it builds first on inquiries from inhabitants and, second, on inputs from the police such as indicators on high crime rates in certain areas, as well as third, on inputs from social services of the municipality, like low educational attainment or unemployment rates in different neighbourhoods. Based on a collection of such information, common problems were predefined and addressed in a joint action plan. What does it take to implement such a project? Facilitation with different groups at the community level, human resources dedicated to the project (municipal personnel, social workers and police officers) and specific funding to implement the measures identified.

Source: OECD (2018_[21]), *A Territorial Approach to Migrant Integration: The Role of Local Authorities*, OECD Publishing, Paris.

Ensure access to and the effective use of financial resources that are adapted to local responsibilities for migrant integration

The large numbers of newcomers to Småland-Blekinge in the past few years has imposed financial costs for the counties and municipalities related to the delivery of integration programmes and services. In recognition of these types of challenges, Sweden has bolstered its funding to address the refugee situation, spending close to 1% of its GDP in 2016 (OECD, 2017, p. 86_[4]). This includes SEK 534 million (EUR 57.8 million) for integration measures, such as new language initiatives and reforms of the “Swedish for Immigrants” scheme, skills assessments and validation for asylum seekers. Moreover, the compensation paid to municipalities per new arrival has been raised, with an estimated additional budget cost of SEK 1.1 billion in 2016 (EUR 119 million) and SEK 2.6 billion in 2017 (EUR 272 million) (OECD, 2017, p. 86_[4]).

Sweden's 2016 national budget announced a number of funding priorities to support migrant reception and integration efforts including: increased access to mental healthcare for traumatised asylum seekers; more funding for early skills assessment for asylum seekers (for the Swedish Public Employment Service); increased funds for refugee guides to carry out early measures for asylum seekers; special measures in liberal adult education for folk schools; increased funds for county administrative boards' work on the reception of unaccompanied minors and newly arrived immigrants; and increased funds for compensation to municipalities for special costs for the reception of newly arrived

immigrants.⁹ Further, Sweden's Spring Fiscal Policy Bill (2017) shifted some funding allocations to a reallocation of responsibilities. Funding will be shifted from the Swedish Migration Agency to county administrative boards to fund their expanding role. In the past year, funds to the Swedish Migration Agency were increased to enhance integration measures (e.g. language initiatives, skills assessments and validation for asylum seekers, reforms to the Swedish for Immigrants syllabus and organisation, and a new fast track for newly-arrived entrepreneurs) (OECD, 2017, p. 234_[4]). It bears noting that regional and local actors may also have access to several EU funding streams – such as the AMIF, the European Social Fund (ESF) and the European Regional Development Fund (ERDF) either directly target migration emergencies, or indirectly support integration through social inclusion, education, labour-market-related investments and other infrastructure investments.

Sweden's subnational governments have relatively low tax autonomy and rely in large measure on transfers from the national government. OECD research has found that multi-year and flexible local funds for integration purposes can increase co-ordination across levels (i.e. regional, national supranational) with the ultimate goal of aligning integration objectives. More autonomy in financing integration at the local level requires that local integration objectives are in line with national strategies alongside mechanisms for assessing the performance and impact (OECD, 2018_[2]). In terms of economic resources for migrant integration activities, it was noted that a large share of the resources from the Swedish central government is invested at the local level (with limited local autonomy) and that the wide variety of organisations and institutions involved can create confusion regarding roles and responsibilities and lead to a duplication of efforts. Therefore, while there are many benefits to Sweden's fiscal framework and funding from the central government has been increased to respond to growing need, there are also some rigidities embedded within the system.

The following activities can help to ensure access to and the effective use of financial resources that are adapted to local responsibilities for migrant integration:

- **Sound assessments of the costs of services and integration-related activities are needed.** Improved data on the presence and characteristics of migrant populations will help the service providers in Småland-Blekinge have a clear dashboard of the areas of spending and estimate future needs.
- **Co-funding mechanisms can be used in order to incentivise municipal co-ordination.** Bundled un-earmarked multi-year funding for municipalities can help to incentivise co-ordination for multiple social purposes, including for migration-related programmes. For example, in west Sweden, the EU funded Structural Fund Partnership (SFP) decides on funding and co-ordinates calls for proposals based on specific regional needs or intentions. The SFP is composed of members from Västra Götaland Region as well as neighbouring Halland Region, the county government, the municipalities, labour market stakeholders, universities, the employment agency and civil society actors (OECD, 2018_[2]). This may be a structure of interest to Småland-Blekinge to employ.
- **Funding from the non-state sector should be drawn on more strategically at the local level, exchanging information on needs and proposing innovative solutions.** Municipalities are best-placed to create partnerships with different local donors (i.e. private sector, foundations, etc.). For example, in Amsterdam, such strategies were used to hold a convention with 40 big private companies to support refugee access to the labour market (OECD, 2018_[2]). In Småland-

Blekinge, there are examples of private sector initiatives, such as industry-SFI at several firms, OBOS/Smålandsvillan works actively with integration. However, it was noted that private sector actors could be much more involved in migrant integration in Småland-Blekinge. Such engagement could be strengthened.

Community integration

The importance of early integration is well recognised in the literature (OECD, 2006_[17]). Recent research shows that the first 2 to 3 years from arrival have a disproportionately positive impact on the probability of finding a job; this drops by 23% after this time (Bansak, Hainmueller and Hangartner, 2016_[18]). As such, there are high costs to delayed action. Sweden's record level of asylum seekers in 2015 created a backlog of pending asylum and family reunification cases and placed pressure on various municipal services (social services, schools, etc.) due to growing demand and impacted the length of time that asylum seekers wait for their claims to be heard affects their subsequent economic integration.¹⁰ Individuals were delayed in accessing important integration services such as language training and employment support. It is only once a residency permit has been issued that the responsibility for integration is transferred from the Swedish Migration Agency to the Public Employment Service and that individuals can start the two-year Introduction Programme (*Etableringsuppdraget*) with language classes, upskilling and labour market activities and access to an "introduction" benefit, housing benefit or supplementary benefit (for those with children living at home). Furthermore, individuals cannot start the Introduction Programme until they have obtained a social security number issued by the Tax Agency and the timeframe to obtain this can be lengthy (OECD, 2017_[9]).

This issue has largely been resolved by Sweden's 2016 temporary act restricting the possibility of being granted a residence permit and the right to family reunification; with a reduced number of applicants, files were able to be more quickly processed. At the same time, some efforts have been made to grant asylum seekers access to some integration services (e.g. language training) in advance of obtaining a residence permit as well. Additionally, efforts have been made to better co-ordinate actions across the key actors involved in migrant settlement. For example, the pilot project Meeting Points and Information, involving among others the Migration Board, Tax Authority, Public Employment Service, Social Insurance Agency, Pension Agency and the Association of Local Authorities and Regions, gathered the most important actors in the settlement process in municipal Service Centres at the same time, with a checklist of processes to be completed (OECD, 2017_[19]). The project reduced the process from about four weeks to four hours, improved co-operation between different institutions and their understanding of the settlement process and increased migrants' confidence and sense of control of their situation. Public savings due to efficiency gains were found to be substantial. This way of working is to be gradually rolled out nationwide (Social Insurance Agency, 2016_[20]). The large gains from reducing the settlement time by only four weeks illustrate the potential to be reaped from streamlining and removing bottlenecks in the asylum, settlement and integration processes (OECD, 2017_[19]). Faster settlement means speedier integration and employment, better lives and longer working careers for migrants.

In the longer term, the bottlenecks related to obtaining a residence permit and a social security number and finding housing remain to be addressed. Sweden should work to continue to simplify the procedures to help migrants get residence and work permits and should build on successful experiences at the local level to enhance the efficiency of integration (OECD, 2017_[19]). Sweden's 2016 budget announced that an inquiry is

underway in government offices to simplify and streamline the introduction system through reduced administration and increased flexibility (Government Offices of Sweden, 2016_[21]). Therefore, progress on addressing this issue would appear to be underway.

Design integration policies that take into account migrants' lifetimes and status evolution

While the above-mentioned efforts to streamline the processing time are welcome, local authorities still face the decision of whether or not to include asylum seekers among the beneficiaries of local integration measures. Delaying such measures can be a setback to long-term integration, but on the other hand, rejected asylum seekers will have to return to their countries of origin and the host community will not benefit from the potential of these newcomers (OECD, 2017_[3]).

Early integration models are being experimented with in municipalities across the OECD, including in Småland-Blekinge, in order to avoid the sequential approach to migrant reception and integration which first builds language, then professional skills, and then start labour market integration – an approach that combines the three stages through on-the-job language training and part-time courses (OECD, 2017_[3]). Several such strategies are noted below, as well as areas for improvement.

- **There has been improvement in adopting an integrated approach from “Day One” – but stronger use could be made of local networks to assist newcomers.** This strategy introduces integration mechanisms that encompass all aspects of a newcomer’s life beyond job integration at the very beginning of migrant arrival, whatever migrant status. For example, In Altena, Germany, all persons with a foreign background who arrive in the city are accompanied in every step from arrival, status recognition and administrative procedures, accommodation to education and integration in the local society by *Kümmerer* (members of civil society and dedicated municipal counselling services and offers) (OECD, 2018_[2]). Municipalities in Småland-Blekinge could make a stronger use of these types of local networks to assist newcomers. One promising initiative is the Swedish from Day One scheme which provides funds to study associations and folk high schools in order to organise language and civic integration training for asylum seekers and refugees living in reception centres. Another best practice to highlight is in the Kalmar region, which on behalf of all the municipalities in the county, run classes in “social orientation” for refugees in 21 languages. It is a 72-hour programme where participants get to know the Swedish societal mechanisms in order to improve their understanding and strengthen their feeling of inclusiveness in their new country and give them better tools for entering the job market (Regionförbundet i Kalmar län, 2018_[22]).
- **There remains a need to multiply the entry points for migrants to access services over time.** Migrant-oriented “one-stop shops” can be used to connect beneficiaries to the relevant administrative services or to gain access to in-house services. Some localities within the OECD have delivered this approach through municipal departments (i.e. hiring social workers to counsel migrants, adapting the language capacity of public services, etc.) while others have outsourced this function to the third sector (NGOs, migrant associations) or private companies. For example, Glasgow has a Govanhill Service Hub – a partnership between the local housing association and Glasgow City Council – which offers a range of public and voluntary services to support migrant integration and social cohesion

(OECD, 2018_[21]). The hub hosts regular meetings between the community and service providers. Public services (such as schools, kindergartens, hospitals, etc.) also provide opportunities to reach out to migrants at different stages of their lives. For instance, municipalities can involve migrants' parents by organising extracurricular activities at schools (i.e. "parent cafés", informal learning components for parents with children at school, etc.). Gothenburg has adopted an informal approach. They have a "refugee-guide and language friend" programme where citizens volunteer to offer guidance for newcomers in the city. The programme established a virtual platform and also provides meeting spaces to facilitate the organisation of mentoring programmes or buddy systems by civil society organisations and NGOs (OECD, 2018_[21]). In Kronoberg County, the CAB has set up a website in order to help migrants navigate among and explore different activities/programmes to facilitate the integration process (Kronoberg Tillsammans, 2018_[23]). Interviewees in Småland-Blekinge noted that many migrants who successfully integrate often do so thanks to the role of volunteer contacts who help them to navigate services. Blekinge CAB has initiated discussions regarding who is best placed to take on this role. The CAB's view is that responsibility for such assistance is best placed with the authorities who have clear assignments on asylum seeker reception as opposed to the civil sector. It is their opinion that it is the authorities' responsibility to develop methods to help the newly arrived to navigate services.

- **There remains room to strengthen the involvement of migrants, research institutions and local organisations who have longstanding experience in receiving newcomers.** Småland-Blekinge – like other regions in Sweden – quickly had to build capacity in the most recent wave of migration. It is important to build on existing networks involving research institutes and local organisations in efforts to support newcomers. Local organisations are involved in Småland-Blekinge in receiving newcomers; however, their activities and funding are often limited to such areas as Swedish courses for newcomers. The scope of their roles and regular mechanisms for co-ordination could be expanded. Efforts in Kronoberg may serve as an example – there, local organisations provide a range of activities with the aim to facilitate the integration process e.g. swimming and biking courses, mentorship programmes, special groups for girls and boys to focus on their specific needs in the process, homework assistance.

One of the potential risks identified by some organisations in Småland-Blekinge that work with migrants is the how the 2016 legislative change which has led to asylum seekers receiving 13-month temporary permits will impact the integration process. This could lead to a level of insecurity that makes it more difficult for people to settle down and focus on integration measures and also places limitations on family reunification. Uncertainty about staying in a country and long asylum processes can increase the risk of post-traumatic stress disorder that complicates a rapid establishment. Furthermore, those with expertise and experience may be less likely to validate their knowledge or initiate additional studies if the process takes longer than the residence permit allows (Cheung, Maria; Hellström, 2017_[24]). This is an issue that should be monitored.

Create spaces where the interaction between migrant and native-born communities are physically and socially closer

Municipalities in Småland-Blekinge have a great asset in the sense that they are smaller places with strong community and social connections; however, this could translate also

into being less open to others and to diversity. Several municipalities have identified that there is some risk that newcomers are isolated within their own migrant communities, particularly where migrant housing is concentrated in particular neighbourhoods. Ensuring that there are spaces of interaction between migrant and native-born communities is, therefore, an important role for localities, as is accessibility and mobility (e.g. access to reliable transportation). The CAB presently have no tools to prevent or decrease segregation. The national government should provide municipalities with the policy tools and incentives to address physical segregation.

Spaces of interaction exist to a certain degree within public institutions such as schools, but it is important to provide broader opportunities for engagement as well. While funding for civil society organisations through the CAB has helped to promote such efforts – civic events are also important in this regard. Further, the profile of many of Småland-Blekinge’s newest residents is quite young. It is important to improve conditions in communities for young people in terms of amenities and quality of life – efforts which will help with migrant retention and integration in the longer term. One area where the region is seeing some success in this regard is with sports. For example, a number of sports clubs in Småland participate in a project led by *Smålands Idrottsförbund*, a regional branch of the Swedish Sports Confederation, called “ethnic diversity in sports” (*Etnisk mångfald inom idrotten*) (Smålandsidrotten, 2018_[25]). In Älmhult, the municipality runs a project which provides opportunities for young migrants (aged 13-19) to try different sports for free. These types of “soft project” are important for social cohesion and youth engagement.

Policy formulation and implementation

The region of Småland-Blekinge has had to adapt very quickly to the most recent wave of migration. While lessons from previous waves of migration were certainly helpful in structuring a response, capacity in many cases needed to be built up from scratch, particularly in terms of the services provided by front-line organisations in such areas as health, housing, education and skills. Sweden has adopted a mainstreaming approach to the provision of services to migrants for the most part. This means that the manner in which services are accessed and structured are often the same as that for the population as a whole (with some exceptions). However, the provision of services and front-line interactions to newcomers will often demand a specific sensitivity and cultural awareness. Already to date, over the past few years, there are examples of good practices, capacity building, support to staff and the development of more integrated systems whereby those working with newcomers receive targeted training, help to monitor change and inform policymakers of how things are working on the ground.

A great deal has been achieved in a short amount of time and this should be applauded. However, challenges with policy formulation and implementation remain and moreover, integration can be a very long process, particularly for individuals who have arrived with less transferable or very low skills or who suffer from health issues, including mental health ones. Therefore, while the 2016 reforms have lessened the number of asylum seekers to the region, the demand remains for settlement and integration services and there is a need to cater services to those who may face the greatest obstacles to integration. In particular, there is a need to address the needs of unaccompanied minors who require special support.

Ensure timely data to help anticipate and respond to migration

One of the issues repeatedly raised in Småland-Blekinge is the lack of adequate and timely data on reasons for migrating, education or professional profiles well as future projections (even in the short and medium terms). A lack of timely data was particularly challenging for local authorities at the height of the refugee situation. These issues have since been addressed for the most part. For example, it was reported in Jönköping that data on migration provided by the Migration Office is presently adequate, however, projections for the future are lacking. Such forecasting can be very difficult to achieve, but even a range of scenarios could help local officials better plan for the future and anticipate change. In 2015, at the height of the refugee situation, the data from the national Migration Office was published every day in order to follow developments, but even so, it was difficult to keep the numbers up to date in the database.

Build capacity and diversity in civil service

A large number of new arrivals and asylum seekers in recent years has propelled the need for skills development in a number of areas and for better co-operation between service delivery organisations. The region's counties and municipalities initially struggled under this pressure but have since adapted and there are many positive examples of capacity building activities. For example, the labour market units in four of the five municipalities in Blekinge are co-operating in an ERDF-project called "Personal Inclusion Competence" in order to increase their skills in addressing how immigrants can better be included in the local community and how staff working directly with integration can work more resource- and time-efficiently through increased knowledge, improved structures and better co-ordination.¹¹

It is noted that workplaces often struggle to provide adequate staff training or to provide an inclusion perspective in their work (Personal InkluderingsKompetens, 2018_[26]). Further, staff working new arrivals/asylum seekers can need a wide range of skills which tend to be provided through conferences which are expensive and hence, limit the number of participants that can attend (Personal InkluderingsKompetens, 2018_[26]). The Personal Inclusion Competencies (PIK) project seeks to help to overcome these challenges by providing flexible and personalised training through lectures, workshops and supervision to all occupational categories in the workplace and is based on the idea that the work on inclusion should be ongoing and able to develop according to needs. Its efforts are mainly targeted at municipal employees who come into contact with new arrivals and also involves other participants from the private sector and civil society. Competency development is focused in three areas: i) administrative and legal aspects; ii) gender mainstreaming, accessibility and equal treatment; iii) individual-specific dilemma (e.g. helping individuals with posttraumatic stress). The project is presently financed to run for two years (ending 2018).¹² The CAB has together with the municipalities and the PIK-project implemented a large number of competency-increasing efforts aimed at this sector in the last couple of years. The challenge now is to put that knowledge into practice and find new, effective ways of working.

Capacity building should not only target public servants engaged in frontline services for migrants, but also all services receiving newcomers: teachers, social workers, police and services in charge of connecting them with the job market (OECD, 2018_[21]). It should be clear what obstacles migrants, service providers and employers face and what needs to be adapted. Some practices from across the OECD to highlight include Berlin where a compulsory and basic curriculum guiding schools on how to integrate newcomers was

established (OECD, 2018_[2]). The framework covers general education from Grade 1 to 10. The new curriculum was adopted in 2017/18 and aims to support schools in managing an increasing number of students with diverse religious, cultural, educational, linguistic and other backgrounds. The framework includes, for instance, specific language promotion in all subjects and intercultural education is included as a compulsory component for general education. As another example, the Education Department of the City of Rome has promoted programmes for pre- school teachers and day-care staff to improve their intercultural skills. The department also funds the projects *Progetto Aquilone* (Project Kite) and *Accogliere per Integrare* (Welcoming for Integrating project) through which cultural mediation is provided by schools (2011/12 school year) (OECD, 2018_[2]).

As a final note, it is also important that diversity is built into the public service. Doing so can help to make direct contact with migrants easier, to boost the integration image and expectations from migrants, and to change mentalities among public servants themselves as well as the local society (OECD, 2018_[2]). There are different approaches to how this can be achieved. As one example, the City of Berlin has made a diverse public administration the second principle of its integration strategy, called Intercultural Opening (*Interkulturelle Öffnung*) (Berlin.de, 2017_[27]). The strategy is binding in regional law, participation and integration law, and its implementation is monitored based on a set of indicators which are reported to the city's parliament.

Strengthen co-operation with non-state stakeholders, including through transparent and effective contracts

Outsourcing to NGOs and private partners is widely used to deliver local public services in general and services for migrant integration in particular. Doing so can help access experienced actors for specific integration-related services and can help to diversify service provision. However, there are some risks associated with this approach and there is a need to ensure that co-operation with non-state actors takes place through effective and transparent contracts that can monitor and assess outcomes and practices. This is of growing importance since interviewees in Småland-Blekinge have noted a trend towards having state-run organisations where the resources are invested in smaller private enterprises (e.g. decentralised services). Cautions regarding how non-state actors are used in integration services are well-heeded in Småland-Blekinge due to recent experiences with a recent countrywide programme that paid individuals to assist newcomers with various aspects of integration.¹³ The outcomes of this programme were found to be very inconsistent and it was subsequently ended (there is no replacement programme that adopts a similar approach). In Kalmar County, it was noted that, in terms of assessing civil society organisation that works with migrants, there are follow-ups every third month, but that there is no a clear assessment (the process is focused on reporting and a dialogue).

These types of issues are quite commonly faced. One strategy to improve processes and manage risks involving third-party providers is to set service standards within contracts in order to achieve more consistent outcomes. For example, The COMPASS contract, initiated by the Home Office on behalf of the UK national government, was designed to offer accommodation, transport and basic sustenance to asylum seekers through private service providers (United Kingdom Parliament, 2017_[28]). The first contract generation created problems, as users, NGOs, municipalities and the Scottish Government in the United Kingdom realised that the quality of services provided by the contracted service providers under COMPASS was poor. In order to address the problems and

increase the standard of the service while still serving a high service demand, a changed contract was set up. In the new contract voluntary and private sector landlords provide services during the claim process. However, communication and co-ordination mechanisms between accommodation operators and local social services require improvement (OECD, 2018_[2]).

Sectoral policies

Migrant integration involves a number of sectoral policies that may be regulated, funded, designed, implemented and evaluated at different levels of government. As such, how the various actors in the system work together across these levels, and with external actors, is critical. A feature of the Swedish system of migrant integration is that there are a wide range of actors involved in delivering various programmes and services. This large institutional patchwork is a strength, but it can also be very difficult to understand comprehensively where initiatives are being targeted and where they are making the most impact and to co-ordinate between levels. Furthermore, the resources and services offered by the multiple actors involved can be challenging for migrants to navigate. Sectoral co-ordination is also important. For instance, newcomers' housing placements impact upon their subsequent chances for labour market attachment. In Småland-Blekinge, it has often been the case that those municipalities with the most housing on offer also have the weakest labour markets. This section profiles two sectoral policies that are of chief importance to migrant integration in Småland-Blekinge: i) labour market policies and training and skills assessment; and ii) the provision of adequate housing.

Match migrant skills with education, training and job opportunities

The successful labour market integration of migrants has been one of the most important issues for Småland-Blekinge. The primary agency which addresses this is the Employment Office, which assigns a caseworker for each individual (this person may change depending on the services being accessed) and develops a plan for each new arrival based on their needs. Over the course of 24 months, the Employment Office co-ordinates access to education and training as needed and assists individuals in having their educational qualifications recognised and their competencies certified. Access to the employment programme commences once individuals have received a residency permit and have housing in the municipality.¹⁴ There is very high uptake by newcomers of the services offered by the Employment Agency. It is important to acknowledge that the integration of very low-educated humanitarian migrants requires long-term training and support (OECD, 2016_[29]).

Assessments of the Employment Services have found that intensified search and match assistance, job coaching, work experience and subsidised work for migrants are some actions which have led to the most positive labour market outcomes (Cheung et al., 2017_[30]). However, robust evaluations of which approaches are working the best are needed. Further, there is a need to improve communications around some existing programmes and how they work. For example, Sweden has an incentive programme to hire migrants wherein the Employment Service will pay 80% of an individual's salary for a period of time. The uptake of this programme by businesses in Småland-Blekinge has been relatively low. This initiative could be bolstered by improving the communications of this programme and its benefits to employers and profiling some successful examples where it has been implemented.

Both at the national, regional and local levels, a great deal of progress has been made in adapting systems to better support the most recent wave of migrants. However, there remain several areas for which labour market integration policies and services should be strengthened.

- **Sweden has made efforts to adopt flexible educational pathways.** Many of the newly arrived in Sweden may have partial credentials or incomplete and interrupted educational and training. Flexible pathways to education and training help individuals to meet programme requirements in a timely manner and, depending on how this is structured, make it easier for individuals to work while doing so. In recognition of this, Sweden has opened its trainee jobs and vocational introduction jobs scheme to recently-arrived refugees, to allow those with incomplete education to earn a vocational certificate while working part time. This is a very positive development and could be expanded to other educational areas as well.
- **The need for early skills assessments has been well-recognised and progress has been made – now there is a need to strengthen and expand these initiatives and make sure they are used by some of the hardest to reach.** Early skill assessments enable a better profiling of asylum seekers and can improve labour market matching and inform relocation decisions. While many countries have incorporated elements of skills assessment into their integration programmes for humanitarian migrants, fewer already assess their skills during the asylum procedure. Sweden has started providing additional funds to the public employment service in June 2016 to map the educational background and work experience of asylum seekers. One example is the ABO Integration Pilot, which enables asylum seekers to undergo preliminary skills checks and create electronic portfolios using a smartphone application. Sweden’s employment services (*Arbetsförmedlingen*) have also launched the mobile application “Jobb-skills”, where asylum seekers and newly arrived can register their competency. Sweden also recently introduced (2016) specific supplementary courses for tertiary-educated new arrivals, to speed up their entry into skilled employment. These are very promising initiatives and though in their early stages, they should be assessed how they can be strengthened and expanded.
- **There is progress in the fast-tracking the recognition of foreign credentials – for some occupations; more efforts are needed to link the partial recognition of credentials to bridging courses.** One of the major challenges that newcomers to Sweden face is long delays in the recognition of foreign credentials. There have been recent efforts to adopt early integration and those still in the asylum process can now partake in educational certification and assessment. This is a very positive development. Småland-Blekinge has recently made a great deal of progress in speeding up this process for some professions for which there is particularly strong labour market demand. For example, county councils operate a Fast Track for Health Professionals programme which validates foreign exams and competencies and Emmaboda Municipality in Kalmar County is leading a project called *Ny Resurs* (New Resource) to support refugees and other newly arrived with a university degree or similar training (Ny Resurs, 2018^[31]). The Kalmar County council, which is responsible for publicly funded healthcare, has a “fast track” for validation to absorb refugees with professional training in healthcare doctors, nurses, pharmacists, laboratory personnel, dentists, etc. (Sveriges Kommuner och Landsting, 2018^[32]). They scan the newly arrived long

before they receive their permit of residence and schedule training, internship, validation and other assistance in order to speed up the legal process. These are all positive initiatives that have demonstrated results. As a further step, employers' attitudes and knowledge of recruitment need to be challenged and increased so that it is the individual's actual skills that are evaluated, not factors such as gender, age and ethnicity. Broad-based recruitment is a term that the county councils will work with in the future in order to strengthen employers' skills and challenge prejudices in recruitment. One of the elements of the foreign recognition process that requires further development is to link the partial recognition of credentials to bridging courses (OECD, 2017_[33]). From the national level, Sweden recently made significant efforts to cater to the growing demand for evaluations of foreign qualifications. Among other measures, it enhanced funding for the Swedish Council for Higher Education, the public agency responsible for the recognition of foreign qualifications. From the national level, Sweden also invested significant funds to increase the availability of bridging programmes that enable migrants with foreign credentials in law, medicine, nursing, dentistry, teaching, and – as of 2017 – pharmaceuticals, to complete the training required to practice their occupation in Sweden.¹⁵

- **Working with key sectors to meet labour market demand has proven successful – but more firms need to be convinced of the merits to engage.** Labour market demand in Småland-Blekinge differs by sector and municipality. For example, it is reported that there are unfilled jobs in the region in the forestry and dairy industries, but that many migrants do not have the skills or background to work in these areas, having largely migrated from cities. The farmers' federation has made efforts to recruit refugees both among those who are recently arrived and those who may come in order to help fill this gap, with mixed results. The project New Power and Mutual Learning to the Countryside (*Ny Kraft och Ömsesidigt Lärande till Landsbygden*) is a co-operation between two municipalities (Högsby and Mönsterås), the national Forestry Agency (*Skogstyrelsen*) and the Farmers' Association, Employment Services which creates internships, provides on-the-job-training, jobs and helps individuals find housing in the countryside in order to increase labour in the forestry and agricultural sectors. The project also has a focus on female entrepreneurship (LRF, 2018_[34]). In Jönköping, prefabricated housing businesses have provided half-day language training and half-day job training courses and participate in the skills assessment of newcomers. This type of direct job placement and training programmes show great promise. It is important to demonstrate their utility in order to expand such initiatives if they are deemed to work well. One of the issues raised in Småland-Blekinge has been that private sector firms are not often interested in providing training to employees (or potential employees) themselves, thus limiting the application of such schemes. It is important to demonstrate whether the resources that are placed into training schemes leads to positive outcomes – both for the individuals involved and the business.
- **Efforts are underway to build a locally accessible database of newcomers' competencies.** Regional authorities often hold the (exclusively or not) competency for economic development, meaning interaction with enterprises. Both regional and local authorities can be a crucial link between central authorities and the employers when the database on migrant's competencies and lists of available positions are available locally. With such information, the local

level could have a more proactive role in picking up the employers' demand and attract migrants based on their capacities (OECD, 2018_[2]). The previously mentioned mobile application “Jobb-skills” where asylum seekers and newly arrived can register their competency is one way to capture this data. However, as a self-assessment tool, it may have several limitations in terms of how comprehensively it covers the population.

- **Public support to firms who provide work experience for new arrivals has expanded opportunities.** One of the strategies to help engage migrants in the labour market is to offer work experience and job placement programmes to newcomers. To this end, Sweden has instructed 200 central government agencies to provide work experience for new arrivals during 2016-18. Larger private sector employers, who take in at least 100 refugees, receive tailored support and package solutions from the public employment service in the framework of the “100 Club” initiative. Coompanion, an NGO with the purpose of increasing the number of co-operative “social” companies, has been granted SEK 2 million by the National Growth Agency (*Tillväxtverket*) in order to involve refugees in social co-operatives (Coompanion Kalmar Län, 2018_[35]). As noted earlier, there are also positive examples of certain sectors taking a proactive role in developing employment opportunities and jobs training (e.g. in forestry, agriculture). These could be expanded.
- **Support and incentives for migrant entrepreneurship are underway – more needs to be known about which initiatives are working best and how they could be improved.** Entrepreneurship is a way into the labour market and often the only alternative to informal labour that authorities can support. For example, in Sweden, the percentage of Swedish men who are self-employed is 4.8%, but it rises to 7.7% for Iranian-born and 11.4% for Syrian-born men (OECD, 2018_[2]). Småland-Blekinge would like to strengthen the supports for migrant entrepreneurs. It is recognised that establishing a firm (even a very small family-owned one) in Sweden can be challenging and is a particularly difficult process for newcomers to navigate. Sweden has developed a new fast-track for recently-arrived migrant entrepreneurs. In Småland-Blekinge, the municipalities of Olofström and Ronneby have made special efforts to fast-track foreign-born entrepreneurs in order to help them start their own business and establish themselves more quickly. The results of these efforts should be assessed and may serve as an example for other municipalities to follow. Also of note is the *Företagsam Framtid* – an ESF-funded project that offers training to unemployed migrants who want to start their own business. The initiative is a collaboration between the County Council and *Ölands Folkhögskola* folk school (ESF, 2018_[36]). It was repeatedly noted in interviews that the connections between universities and colleges and support for migrant entrepreneurship should be strengthened. They could, for example, be involved in offering integrated packages for entrepreneurship support (coaching, microfinance and strengthening of business networks). In Amsterdam, the Create Your Own Job programme is being offered to all citizens who would like to set up a new business, including specialised training and mapping entrepreneurs, using data from the Chamber of Commerce and from the Dutch Central Agency for Statistics. Migrants, like all other citizens, have access to fiscal incentives to start their activity and Amsterdam also provides microfinance for migrant entrepreneurs (OECD, 2018_[2]).¹⁶

- **Special strategies and resources are needed in order to assist younger migrants.** Given the young profile of many of the region's newest migrants, special strategies should be developed to help inform and prepare youth for future education and training. This should include resources on the local labour market and assessments of high demand occupations in the region as well as resources on higher education options. Sweden's higher education system entails many educational pathways and resources that can help individuals navigate this in a simple manner are needed. It is also noted that municipalities in Småland-Blekinge could be more involved in such initiatives as the Delegation for the Employment of Young People and Newly Arrived Migrants (DUA) promotes co-operation between municipalities and the Public Employment Service.¹⁷ It aims to help reduce youth unemployment and enable newly arrived migrants to become more effectively established in work. The organisation's tasks include encouraging municipalities and the Employment Service to enter into collaborative agreements at the local level; these local agreements are supported through government grants (Delegationen för unga och nyanlända till arbete, 2018_[37]). It is noted that at present, Jönköping is working with the DUA through Arbetsförmedlingen.
- **Further consideration should be given to designing programmes and services for women.** There is a need to better understand the types of support that are most effective for women, whose integration time is much longer than that of men in Sweden. Many newly arrived women are lower educated (a majority have only primary or lower secondary school) and they have lower completion rates for the establishment programme than men (Wickström Östervall, 2017_[38]). Given this, one strategy to address the specific needs of female newcomers is to focus first on education and to extend the period of the establishment beyond two years (Wickström Östervall, 2017_[38]). Further, it is important to ensure that childcare responsibilities do not present a barrier to participate in integration programmes (OECD, 2017_[39]). The various service providers across all sectors in Småland-Blekinge should take a gendered lens to their policies to consider the particular barriers that might limit female migrants' engagement and success.

The above-noted examples serve to highlight the many important initiatives that assist individuals to access education and training, find jobs and start businesses. Efforts have been made in the last few years to streamline processes, work better across levels of government and ultimately help individuals to integrate faster, and yet, challenges remain and some of the new approaches and systems that are being used to improve outcomes could have broader application.

The mobilisation of local networks has been critical to this work. Blekinge serves as an example; the county has among the best results in Sweden for the labour market integration of newcomers despite it not having the most robust labour market. This success has been attributed to the strong co-operation within the region, including the involvement of the employment office with housing, day-care providers, the health sector and so on. Another key success factor that the county notes is the importance of Swedish language training to facilitate labour market integration. The municipalities provide Swedish for Immigrants training but there is a waiting queue to access this. For example, the municipality of Ronneby recently had a queue of 150 migrants waiting to access this language training. In order to reduce the wait times, Ronneby purchased Swedish for Immigrant training services from other providers. This approach may be of interest to other municipalities in the region.

Secure access to adequate housing

There are two different ways that newcomers arrive in Småland-Blekinge: some are appointed to the municipality and are provided with a house, while others find their own accommodation, which has led to overcrowding in some cases. In the case of asylum seekers, the migration board pays landlords directly for housing. Those asylum seekers receiving housing from the migration board cannot access employment services; they can only do so if they find their own housing. Consequently, individuals have moved into what is often poor and overcrowded housing conditions in order to receive these services. From the perspective of many municipalities, this has led to some social issues, and has also been difficult to plan for. Some municipalities, such as Ronneby in Blekinge County, have made a special effort to help individuals settle in the countryside where there is demand for labour and greater housing availability.

As regards the refugee population, in March 2016, a new act for the refugee reception system entered into force which stipulates that all municipalities within Sweden can be required to receive newly arrived and their family members for settlement. The law was aimed at municipalities which had a very low refugee intake and is meant to provide greater access to accommodation and reduce delays to integration (OECD, 2017, p. 44_[4]). Austria and Italy have also recently adopted such dispersal mechanisms. The Swedish government – as administered through the Migration Agency – decides how many refugees each Swedish county will accept. County Administrative Boards then decide how to distribute these individuals within their respective jurisdictions. They are also responsible for ensuring that municipalities have the capacity to support integration and settlement and help co-ordinate among municipalities on these issues. There are a number of considerations in terms of how migrants are allocated to municipalities, including the conditions of the local labour market, the number of migrants already on the municipality and housing availability. In order to address the needs of unaccompanied minors, the government has established a new system of allocating unaccompanied minors to cities and regions and has increased funding for their reception.

The new law represents a challenge for many municipalities, especially those that suffer from housing shortages (Migrationsverket, 2016_[11]). Among persons registered within the Migration Agency's reception system in Småland-Blekinge, the majority are settled in residential units offered by the agency. However, individuals may also find their own housing, though this reported to be a less frequent option in the counties of Småland-Blekinge. While housing allocation is meant to be determined by where migrants' education and experience are best matched to the labour market, in practice migrants are have until recently been often placed where housing is most available – which may or may not match to labour market and training needs. Waiting times for housing allocation are long and compensation from the government to municipalities not always the true cost of settlement (OECD, 2016_[12]). The Swedish system, therefore, operates on the basis of two parallel principles: migrants may choose to find their own accommodation pending decision on residence permits; they can otherwise live in residential properties allocated by the state. However, this policy of voluntary settlement has often been criticised because newcomers tend to concentrate in metropolitan municipalities where there is already a housing shortage but where there tends to also be a stronger and more diversified labour market. Thus a central dilemma of Swedish reception policies is that where housing is available, there are fewer jobs, and where the possibilities of finding work tend to be the greatest, there is less housing (Larsson, 2017_[40]). The issue of where and how to allocate housing to newcomers has been a source of contention in Swedish reception policies. There are many differences of opinion regarding how this allocation

should be best structured (Larsson, 2017_[40]). In Småland-Blekinge it was reported that, while the county administrative boards have agreements with municipalities on the number of refugees that they have agreed to take, many municipalities do not have adequate housing and as such, have not fulfilled these obligations, instead, in some cases, paying other municipalities to settle asylum seekers. From 2018, the new settlement law has been applied which considers both migrants that have moved on their own alongside those that have been allocated housing in order to provide a fairer balance between municipalities. It will be important now to track how these changed rules impact the settlement pattern and so assess whether they resolve the labour mismatch issue.

A special consideration is how unaccompanied minors (UAMs) are received and housed in the region. After receiving the largest share of UAMs among European OECD countries in 2015, Sweden introduced “supported accommodation” as a new form of housing to supplement placements in foster and care homes in 2016. Moreover, a new allocation model was implemented to distribute UAMs more evenly across municipalities. In addition, as of mid-2017, further planned revisions to the central government compensation system will introduce differentiated reimbursements for different forms of UAM placements. County administrative boards are tasked with ensuring preparedness and capacity in municipalities to receive unaccompanied minors and newly arrived immigrants. A large number of unaccompanied minors seeking asylum means there is a great need for measures particularly focused on this target group. In the spring amendment of the budget, the government, therefore, proposed that county administrative boards have SEK 30 million at their disposal for these measures in 2016.

Box 3.5. Impact of dispersal policies on integration perspectives for asylum seekers and refugees

There is wide debate in the literature with regard to how dispersal mechanisms impact the integration outcomes of refugees. Evidence mainly does not include arrivals since 2015, although some publications have started including more recent data. In general, the literature finds mixed evidence on the impact of dispersal mechanisms. While some scholars emphasise the positive potential of dispersal in terms of avoiding residential segregation of newcomers in cities (Andersson, Bråmås and Holmqvist, 2010_[41]), others point to the negative effect of fragmentation on their earnings as a consequence of creating distance from their ethnic networks (Damm, 2009_[42]) and from attractive labour markets (Zimmermann, 2016_[43]). Beside labour market integration, dispersion seems to have negative effects also on mental health and quality education, as children in less ethnically diverse schools outside major urban centres might face more racism and discrimination (Bloch and Hirsch, 2017_[44]). Evidence also points to the need for an integrated approach, in order to favour the long-term stay of newcomers in the city where they have been assigned. It is important to integrate the entire family and not just the parent(s) that might be working; in this respect, providing education for migrants’ children and jobs for their spouses is crucial (Greve Harbo et al., 2017_[45]).

This mixed evidence suggests that the integration of individuals who arrived in a place as the result of dispersal mechanisms might be more complex as compared to the ones who arrived spontaneously. This might call for stronger place-based policies for integration in the sense that local policies can prepare the ground better for receiving newcomers and making integration more effective, including in small and rural places. This will imply,

for instance, preparing housing solutions, matching information about newcomers' profiles and job market needs, as well as other measures analysed in the OECD checklist for migrant and refugee integration at the local level.

Source: Piccinni, A. and P. Proietti (forthcoming^[46]), "Multi-level governance of humanitarian migrants reception and integration", OECD Publishing, Paris.

The housing situation differs by municipality and county across Småland-Blekinge. For example, in Blekinge, the County Administrative Board's analysis of Blekinge's housing market has indicated that there is a housing shortage and that the situation has deteriorated in a short period of time. In previous years (as late as 2016), there has been a lack of housing in the urban core of municipalities. In 2017, all municipalities in Blekinge have reported that the housing deficit remains an issue, particularly in the urban core. For growing regions, a well-functioning housing market is very important and housing shortages can be detrimental to regional growth. In Kronoberg, migrants have largely concentrated in the eastern part of the county, where the greatest amount of housing has been available; this area also has lower demand for employment, creating a system between where people live and where they are needed. In Kalmar, newcomers are concentrated in smaller towns. The region has asylum housing in all of the municipalities (around 10 000) with concentrations in the northern part of the county. In 2016, net immigration to Jönköping County was 4 000 people, the majority of whom arrived from the Middle East (and to a lesser extent, North Africa) and all municipalities have seen growth. In Jönköping Municipality, the need for housing for social services groups and refugees is considered urgent; for these groups, newly created apartments are not an option as costs are too high (Jonkopings Kommun, 2017^[47]).

There is a need for municipalities to consider the long-term planning implications of the most recent wave of migration. However, this is challenged by the fact that the retention of newcomers in the longer term is unknown. From previous waves of migration, it can be anticipated that many will leave the region to settle in Sweden's largest cities. A particular consideration is how to manage housing demand and link these issues to investments in transportation and infrastructure, assessing both shorter- to medium- and longer-term needs. Some actions which can help in this regard are discussed below.

- **There is a need for improved data sharing between levels of government on migrants' housing needs.** At the height of migration in 2015, the immigration office conducted the first profile of individuals. However, when newcomers were allocated to municipalities in the regions, this profile was not provided to municipalities and they subsequently needed to redo this assessment profile. Confidentiality requirements limited the ability to share information on migrants. Learning from this experience, it is clear that this can lead to duplicated efforts and put a great deal of pressure on municipalities that are already pressed to deliver services to a growing population. Efforts should be made to integrate these systems so that information can be shared. This is also beneficial from the migrants' perspective.
- **While not as yet identified as a major issue, policies to help to avoid spatial exclusion may be needed in the future.** By mainstreaming migration in urban planning and land-use policies, municipalities can encourage distribution of migrants across neighbourhoods where they are less concentrated through social housing and new housing plans. For example, asylum seekers and refugees can be

better distributed by incentivising landlords. For long-term housing policies, it is important to consider the impact of limited and concentrated housing availability on social cohesion. Responsive systems tend to entail *active* land use planning practices. Municipalities can formulate criteria for new housing, taking into account issues related to the inclusion of vulnerable groups, including migrants. For example, Gothenburg has established a long-term strategy to be included in all new housing projects initiatives with the aim of increasing diversity (OECD, 2018_[2]). New projects should aim to create housing areas that are affordable and attractive to various groups of the population by, for instance, mixing flats for rent and family-owned housing. In Småland-Blekinge, spatial exclusion has not as yet been identified as a major issue however, this is something to pay attention to in the future.

- **Migrants should be considered in municipal planning and housing policies.** Municipal planning processes do not always look at the effect of migration on infrastructure and services. This is in part because strategic city plans and spatial plans are elaborated through a long process which stretches over a few years and is usually updated every five to ten years. As such they cannot react well to emerging conditions such as demographic change and spatial exclusion and population movements. Therefore, statutory land use planning can block attempts of more flexible zoning that could address emerging needs – i.e. temporary housing for refugees. Amsterdam employs a mix of flexible and active planning instruments and is working with housing associations to deliver additional homes to meet housing demand stemming from recent migration, often in temporary locations together with young people and students. This is a deliberate policy to promote community building and integration. Such flexible planning approaches, including the manner in which the city builds temporary housing accommodation, may serve as a useful example for the municipalities of Småland-Blekinge to follow. While this may no longer be an issue as the number of migrants to the region is now declining, it can be an important lesson for the future.

Box 3.6. Summary of recommendations on migrant integration

This chapter has examined migrant settlement and integration policies in Småland-Blekinge, focusing on the response to the most recent wave of migration (2011 to present). The region has successfully mobilised and built capacity to welcome newcomers and to help them settle and integrate in a short amount of time. Moreover, both the migrant settlement and integration systems have shown adaptability – with roles and responsibilities being reoriented in order to better meet needs and adopt place-based solutions.

The chapter has profiled some many of the successful initiatives that are being undertaken and – drawing on *A Territorial Approach to Migrant Integration* (OECD, 2018_[2]) has offered a number of instruments and tools that could further strengthen the migrant settlement and integration system in the region. These are summarised here (both those for which progress is being made and those for which activities could be strengthened and expanded):

Table 3.3. Summary of recommendations

Theme 1: Migrant reception and integration: Multi-level governance dynamics	
Enhance the effectiveness of migrant settlement and integration policy through improved vertical co-ordination and implementation at the relevant scale	<ul style="list-style-type: none"> ● Efforts to conduct institutional mapping are underway. ● There is increasing use of multi-level and multi-stakeholder dialogues. ● Further efforts are needed to establish inter-municipal partnerships and strengthening urban-rural linkages.
Seek policy coherence in addressing the multi-dimensional needs of, and opportunities for, migrants at the local level	<ul style="list-style-type: none"> ● Integration service hubs/one-stop shops could help individuals to better navigate the services available to them. ● Creating standalone municipal or regional departments or co-ordination bodies would help to mainstream integration policy across municipal departments. ● Consultative mechanisms with migrant communities could be more developed. ● Some municipalities in Småland-Blekinge have adopted local integration strategies - but these need to be better resourced in order to be effective. ● Service providers would benefit from enhanced capacity to share information among them.
Ensure access to, and the effective use of, financial resources that are adapted to local responsibilities for migrant integration	<ul style="list-style-type: none"> ● Sound assessments of the costs of services and integration-related activities are needed ● Co-funding mechanisms can be used in order to incentivise municipal co-ordination. ● Funding from the non-state sector should be drawn on more strategically at the local level, exchanging information on needs and proposing innovative solutions.
Theme 2: Community integration	
Design integration policies that take into account migrants' lifetimes and status evolution	<ul style="list-style-type: none"> ● There has been improvement in adopting an integrated approach from "Day One" – but stronger use could be made of local networks to assist newcomers. ● There remains a need to multiply the entry points for migrants to access services over time. ● There remains room to strengthen the involvement of migrants, research institutions and local organisations who have longstanding experience in receiving newcomers.
Create spaces where the interaction between migrant and native-born communities are physically and socially closer	
Theme 3: Policy formulation and implementation	
Ensure timely data to help anticipate and respond to migration	
Build capacity and diversity in civil service	
Strengthen co-operation with non-state stakeholders, including through transparent and effective contracts	
Theme 4: Sectoral policies	
Match migrant skills with education, training and job opportunities	<ul style="list-style-type: none"> ● Sweden has made efforts to adopt flexible educational pathways. ● The need for early skills assessments has been well-recognised and progress has been made – now there is a need to strengthen and expand these initiatives and make sure they are used by some of the hardest to reach.

	<ul style="list-style-type: none"> ● There is progress in the fast-tracking the recognition of foreign credentials – for some occupations; more efforts are needed to link the partial recognition of credentials to bridging courses. ● Working with key sectors to meet labour market demand has proven successful – but more firms need to be convinced of the merits to engage. ● Efforts are underway to build a locally accessible database of newcomers' competencies. ● Public support to firms who provide work experience for new arrivals has expanded opportunities. ● Support and incentives for migrant entrepreneurship are underway – more needs to be known about which initiatives are working best and how they could be improved. ● Special strategies and resources are needed in order to assist younger migrants. ● Further considerations should be given to designing programmes and services for women.
Secure access to adequate housing	<ul style="list-style-type: none"> ● There is a need for improved data sharing between levels of government on migrants' housing needs. ● While not as yet identified as a major issue, policies to help to avoid spatial exclusion may be needed in the future. ● Migrants should be considered in municipal planning and housing policies.

Notes

¹ In 2016, Kalmar County had the highest per capita net migration rate in Sweden. Blekinge and Kronoberg were ranked 4th and 6th among Swedish counties for this criterion while Jönköping ranked 14th.

² Past waves of migration include large numbers of asylum seekers who arrived in the late 1980s and early 1990s due to the Iran-Iraq War and later the wars in former Yugoslavia.

³ Austria and Denmark tightened the conditions under which those granted temporary protection could stay in the country, for instance by restricting access to economic benefits. Austria and Denmark also limited the duration of the residence permits granted to refugees. Similarly, as of March 2016, the Norwegian authorities may revoke refugee status and temporary residence permit if the foreign national is no longer in need of protection. In Finland, a legislative amendment approved in September 2016 reduced the time to appeal against the asylum decision, from 30 to 21 days (OECD, 2017, p. 44_[4]).

⁴ Blekinge's regional agreement RÖK is the basis for this positive development (see section 1.12.4 and 1.12.1).

⁵ Source: “*Andel deltagare som är i arbete eller utbildning 90 dagar efter avslutad etableringsplan*”, from questionnaire.

⁶ Definition of “low skilled” based on educational level.

⁷ The Migrant Integration Policy Index (MIPEX) is a long-term project which evaluates and compares what governments are doing to promote the integration of migrants in all EU Member States and several non-EU countries (MIPEX, 2015_[49]).

⁸ The title of the law was “Government Bill ‘Sweden, the Future and Diversity – From Immigration Politics to Integration Politics’”. A 2009 reform to this law intended to speed up the integration process but does not change its overarching ethos (Wiesbrock, 2011_[10]).

⁹ For the County Administrative Boards, in line with their enlarged commission in relation to asylum seekers, increased funds were made available to co-ordinate and support local initiatives in the area. Furthermore, additional funds were allocated to the CAB for general response to the refugee situation aroused from 2015.

Increased funds were allocated the Council for Popular Adult Education to be used for language trainings carried out by folk high schools and adult educational associations targeting asylum seekers.

¹⁰ As evidence of this, in a study conducted in Switzerland between 1994 and 2004, it was found that 1 additional year of waiting reduces the subsequent employment rate by 4 to 5 percentage points and this effect is stable across different subgroups of refugees (Hainmueller, Hangartner and Lawrence, 2016_[48]).

¹¹ The four participating municipalities in Blekinge are: Karlshamn, Karlskrona, Olofström and Sölvesborg.

¹² Sölvesborg Municipality is the project owner and is responsible for project implementation. The project is co-financed by the European Social Fund and runs between September 2016 and August 2018.

¹³ The intention behind this programme was for every newcomer to have an individual assigned to them who could assist in the integration process and, in particular, labour market attachment. These were private actors paid with public money. The programme incentives were poorly structured and outcomes were inconsistent. This system has since been abolished.

¹⁴ Individuals receive SEK 308 per day to participate in the agreed activities of the employment office (or more depending on family circumstances).

¹⁵ The national government in Sweden has invested SEK 25 million in these activities in 2016 and estimates spending a further SEK 75 million in 2017, SEK 220 million in 2018 and SEK 340 million in 2019 (i.e. respectively EUR 2.7 million, EUR 7.8 million, EUR 22.9 million and EUR 35.4 million) (OECD, 2017, p. 83_[4]).

¹⁶ Moreover, when applicable, authorities top up the entrepreneurial income to the amount of their initial unemployment benefit (based on personal employment history) or social benefits (accessible to all), for up to three years.

¹⁷ For example, Jönköping is working with this (DUA) through *Arbetsförmedlingen*.

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