OECD Public Governance Reviews

Public Governance Monitor of Sweden

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BETTER POLICIES FOR BETTER LIVES

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Foreword

In an era defined by multifaceted crises, governments are faced with increasingly complex and evolving policy challenges. To address them, governments must be able to handle short-term emergencies, as well as strategic priorities and long-term commitments, particularly those related to climate change. At the same time, governments must respond to higher citizen expectations, decreasing public confidence, scepticism about the integrity of policymakers and increasing fiscal pressure, all the while modernising their public administrations and embracing the digital transition. It is no small feat.

The OECD Public Governance Monitor (PGM) identifies possible responses to these challenges from a public governance perspective. It analyses the strengths and weaknesses of public governance systems, instruments and capabilities, identifying areas of opportunity for reform. Building on the Ministerial Declaration of the OECD Public Governance Committee (PGC) at Ministerial Level on *Building Trust and Reinforcing Democracy* of November 2022, the PGM draws upon cross-cutting work carried out under the Committee.

This PGM looks at Sweden's reform programmes and priorities and considers how public governance reforms could better support responses to pressing issues such as restoring growth, ushering in the green transition and boosting employment. It was drafted during the transition to the new government appointed in Sweden in October 2022 and revised in early 2023 for discussion at the OECD Public Governance Committee in April of the same year. It provides a snapshot of Sweden's public governance mechanisms around six key themes: public sector effectiveness, public spending, public participation, the governance of climate change and other crosscutting priorities, digital transformation, and public integrity.

In the preparation of this report, the OECD drew from public governance data on Sweden from various sources, including *Government at a Glance* (2021), the *OECD Economic Survey of Sweden* (2021 and 2023), the *OECD Digital Government Review of Sweden* (2019), the *OECD Value for Money report for Sweden* (2013), the *OECD Survey on Drivers of Trust in Public Institutions (2021)*, as well as from different OECD indices and dashboards (OECD Better Life Index, PISA, OECD Green Recovery Dashboard, OECD Indicators of Regulatory Policy and Governance 2021, etc.). Local sources and documents have also been used to refine the analysis, including reports from ministries, the Swedish Agency for Public Management, and other relevant agencies. During a scoping phase in 2022, inputs were also collected through virtual consultations and meetings with several stakeholders in the Prime Minister's Office and from across the Government Offices and agencies. These interactions helped identify priorities for assessing public sector effectiveness and the governance of cross-cutting issues, such as on enabling the digital transformation and strengthening public integrity. During a fact-finding mission held on 6-7 October in Stockholm, the report's preliminary findings and recommendations for public governance were discussed.

The report was discussed by delegates to the Public Governance Committee at its 67th session on 18-19 April 2023. It was subsequently approved and declassified by the Committee on 5 June 2023 and prepared for publication by the Secretariat.

Acknowledgements

This report was prepared by the Directorate for Public Governance (GOV), under the leadership of Elsa Pilichowski, Director, Janos Bertok, Deputy Director and Gilian Dorner, Acting Deputy Director. The report was drafted under the strategic direction of Martin Forst, Head of Public Governance Reviews and Partnerships Division (GOV), and Sara Fyson, Head of the Public Governance Reviews Unit. Overall, project management was led by Arnault Prêtet, Policy Analyst and Project Manager.

The OECD Secretariat wishes to express its gratitude to the Ministry of Finance, and in particular to Oskar Thorslund, who co-ordinated the project for Sweden with the support of Johan Davidsson. They have both shown dedication and commitment, including providing guidance, mobilising all relevant stakeholders, and supporting logistics. Key contributors from the Ministry of Finance include Director General in the Division for Public Administration Bob Pernodd, as well as Deputy Director General in the Unit for Government Administration Petter Kockum. The OECD would also like to thank the Budget Division at the Ministry of Finance, particularly Karl Bergstrand, Karl Gutberg and Kristina Padron, and the Prime Minister's Office, particularly Hans Bäck and Anna-Lena Sand. The Secretariat wishes to acknowledge the contributions from the Government Offices and the different agencies, and particularly Erik Nyberg, Love Berggrund, Karl Malm, Nejra Wiklund and Karin Melldahl from the Swedish Agency for Public Management; Elin Bengtsson, Johanna Edner and Kalle Sevilä from the Division for Public Administration at the Ministry of Finance; Emi Hijino and Johan Kristensson from the Ministry of Environment (from January 2023, the Ministry of Climate and Enterprise); Monika Olsson from the Ministry of Justice; Mattias Fredricson, Birgitta Lindelius and Kerstin Carlsson from the National Board of Health and Welfare; Caroline Olgart and Åsa Ljungvall from the Swedish Agency for Health and Care Analysis; Stefan Nyström from the Swedish Environmental Protection Agency; Karin García Ambrosiani and Fredric Skargren from the Agency for Digital Government; and Magnus Enzell from the Ministry of Infrastructure. The team also expresses its appreciation to Ann Sofi Agnevik and Cecilia Berglin from the Swedish Association of Local Authorities and Regions (SALAR) and Joakim Sonnegard from the former Corona Commission.

The OECD would also like to thank the participants in the fact-finding mission held in October in Stockholm. During the fact-finding mission, the OECD conducted in-depth interviews and meetings with a representative sample of line Ministries, agencies, commissions, and regional associations. These interviews were instrumental in improving the OECD's understanding of the Swedish context and providing evidence and insights that reflect national and sectoral priorities.

Several authors drafted the report. Sections 1 and 2 on public sector effectiveness and spending were written by Javier Baraibar, Ismail Bazine, Giulio Iacobelli, Teresa Lazzaroni Andina and Carla Musi, under the guidance of Arnault Prêtet. Section 3 on citizen and stakeholder participation in public decision-making was written by Javier Baraibar, Giulio Iacobelli and Carla Musi, with additional contributions and review from Emma Cantera and Mauricio Mejia from the Open and Innovative Government Division (OIG) in GOV. Section 4 on enhancing government's capabilities to address climate change and other crosscutting challenges was written by Javier Baraibar, Ismail Bazine and Teresa Lazzaroni Andina under the guidance of Arnault Prêtet. Section 5 on digital government was written by Arturo Rivera and Cecilia Emilsson under

the guidance of Barbara Ubaldi (OIG). Section 6 on public sector integrity was written by Pelagia Patsoule under the guidance of Shana Krishnan from the Public Sector Integrity Division (PSI) in GOV.

The OECD would also like to extend its gratitude to reviewers across the entire OECD Public Governance Directorate who provided invaluable inputs to the report: Jon Blondal from the Public Management and Budgeting Division, Monica Brezzi, Conor Das-Doyle and Mariana Prats from the Governance Indicators and Performance Division, Carlos Santiso, Alessandro Bellantoni, Emma Cantera, Marco Daglio, Barbara Ubaldi, and Mauricio Mejia from the Open and Innovative Government Division, Gamze Igrioglu from the Governance Reviews and Partnerships Division, and Camila Saffirio, Natalian Nolan and Charles Baubion, Senior Advisors. Ciara Muller prepared the manuscript for publication. Gabriella Scaduto-Mendola provided administrative support.

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Executive Summary

Sweden's economy performed remarkably well during and after the COVID-19 pandemic but has been slowing down as a result of high inflation, as noted by the 2023 OECD Economic Survey of Sweden. Currently low, unemployment is set to rise and real wages are expected to fall. In navigating these challenges, Sweden can rely on a robust welfare state supported by a high citizen satisfaction with public services. Moreover, Sweden ranks among the top OECD member countries for low income inequality, both before taxes (with a GINI coefficient of 0.36) and post taxes and transfers (0.27), and out-performs the majority of OECD countries in social mobility. Well-being is also high in virtually all categories of the OECD Better Life Index.

Sweden has one of the most decentralised and largest governments in the OECD, both in terms of government employment (29% of total employment) and expenditures (53% of GDP in 2021). Sweden has developed a unique consensus-based model for its public sector, with small ministries grouped under Government Offices alongside a large number of agencies. This model allows the government to plan, co-ordinate and implement policies and strategies in an agile manner. Government work with agencies is based on ordinances to ensure continuity and strategic direction. Procedures and co-ordination mechanisms between a line ministry and its agencies, such as assignments, enable the government to respond to urgent needs or new priorities. Government size and expenditure have been relatively stable over the previous decade, but Sweden has carried out expansive fiscal policies using its pre-crisis fiscal space to weather the effects of the COVID-19 crisis, while the public deficit and debt remain modest. Fiscal policy is expected to be slightly expansionary in 2023 but will need to tighten to bring inflation under control.

Sweden's public governance system has helped support progress in a number of national and international commitments, including on climate change, integrity, inclusiveness, and gender equality - all areas in which Sweden has been a frontrunner. Sweden has reduced greenhouse gas emissions by 40% relative to 1990 levels and has launched several programmes to green the economy. It is a global leader in most indicators pertaining to CO2 emissions, exposure to air pollution or renewable energy: for instance, CO2 emissions decreased significantly in recent decades, to one-third of the OECD average per capita.

Despite these positive trends, confidence in the national government is slightly below the OECD average, according to *Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions.* Fewer than four out of ten Swedes trust their national government, compared to more than four out of ten in OECD member countries. Reversing this trend could be challenging in the current context, which may exacerbate regional and sectoral disparities in access to, quality of and digitalisation of public services. Sweden also encounters challenges in governing cross-cutting issues, particularly the digitalisation of the public administration, public sector integrity and climate change. Sweden is internationally recognised for having lower levels of public sector corruption and in the OECD Trust Survey Sweden scores highest among OECD countries in people's perceptions of public integrity. Nonetheless, the Survey also finds that 29% of Swedes believe that a public employee would accept a bribe.

Enhancing the effectiveness of the public administration can also improve the responsiveness, quality and cost efficiency of public services, and help the country embrace the green and digital transitions, ultimately reinforcing trust in public institutions. Improving the use of performance management tools would allow

Sweden to more closely monitor and enhance its public sector effectiveness and achieve public administration objectives and reforms. Reinforcing the co-ordination and steering of horizontal priorities could increase the government's capacity to respond to current multi-faceted priorities. Accelerating the digitalisation of public services and taking a coherent approach to digital government across the public administration remain important challenges in Sweden. Sweden could also take a more holistic approach to public sector integrity, especially at the local levels, and the revision of its national anticorruption plan is a welcome step to achieve this objective.

1 Overview of the Public Governance System in Sweden

This chapter provides a high-level overview of the public governance system in Sweden, analysing its unique, consensus-based model of public governance as well as its strengths and challenges. The chapter underlines the robustness of Sweden's welfare state and analyses the capacity of the government to address horizontal challenges for public governance in the context of the current set of crises. It looks at six different areas of public governance: public effectiveness, public spending, public participation, the governance of climate and other crosscutting topics, integrity and digitalisation. The chapter provides the evidence base on public administration reform trends and initiatives in Sweden.

Introduction

Objectives of the Public Governance Monitor

The aim of this pilot Public Governance Monitor (PGM) is to assess whether the Government of Sweden, including its public administration, is equipped to deliver higher standards of public services, and respond to contemporary governance challenges on climate change, digital transition, public integrity, democracy and other cross cutting priorities through an overview chapter of the PGM (Box 1.1). It aims to support the delivery of long-standing goals for public governance in Sweden, as well as some of the priorities of the new government, on strengthening the democratic and collaborative governance model of the country, on climate change and on the improvements of public services in key areas, including health and education (Government of Sweden, 2022[1]).[1]

Box 1.1. The overview chapter in the Public Governance Monitor

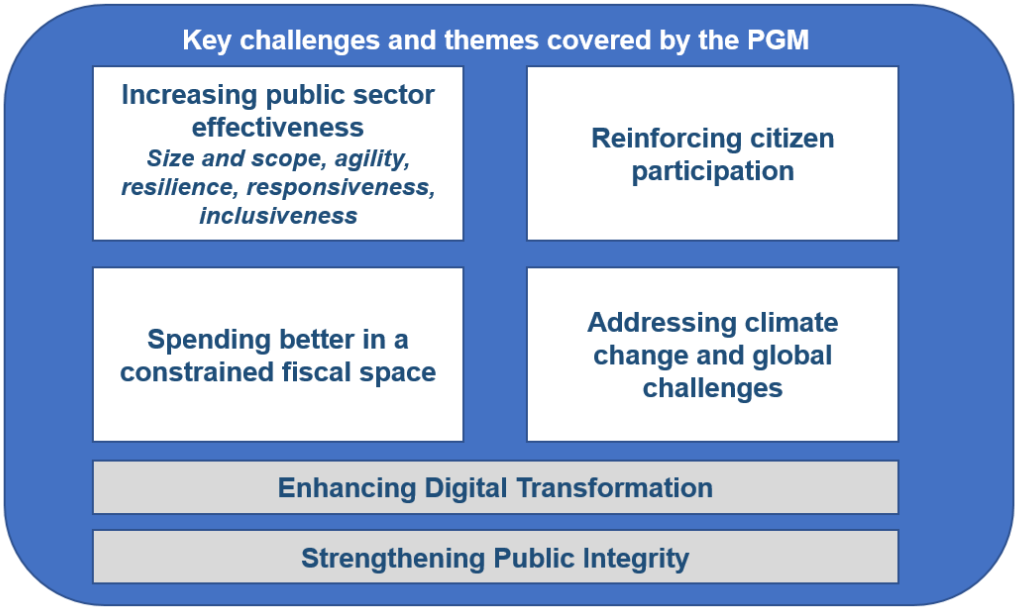
The overview chapter of the PGM provides a high-level overview of the public governance system in the analysed country. The analysis in the chapter is structured around six main dimensions that correspond to key contemporary government challenges and to core areas of public governance: strengthening public sector effectiveness; spending better; citizen participation; improving capacity to deliver on climate commitments and other crosscutting issues; digital government; and public integrity.

The snapshot on **public sector effectiveness** looks at five dimensions: the size and scope of government, agility, responsiveness, inclusiveness, and resilience. The section on **spending better** provides an overview of key public finance indicators in the respective country. The **public participation** section aims to assess how the government meets the expectations of citizens and stakeholders by responding to their interests and needs, and actively engages with them, ultimately strengthening citizen and stakeholder participation in democratic institutions. The section on the **capacity to deliver on climate commitments and other crosscutting policy issues** looks at the governance of cross-cutting policy challenges, with a focus on climate, looking at how institutions, tools and capabilities can help the government address horizontal and complex policy challenges. The next section looks at how the government has embarked on the **digital transition** and the last section to what extent **public integrity** is a lever for effective public governance in the country.

Drawing comparisons with OECD countries and relying on the wealth of available OECD indicators and data, along with national indicators and surveys, the overview chapter aims to provide the evidence base to support government's reforms, policies and capacities in these areas.

Following an introduction on the governance model in Sweden and the present context, the present chapter is divided into 6 sections that correspond to the dimensions of the PGM (Figure 1.1): increasing public sector effectiveness (section 1), spending better in a constrained fiscal space (section 2), reinforcing citizen participation (section 3), increasing government's capabilities to address climate change and global challenges (section 4), enhancing digital government (section 5) and strengthening public integrity (section 6).

Figure 1.1. Analytical Framework of the PGM (overview chapter)



Source: [GOV/PGC(2022)28].

Sweden has a consensus-based model of public governance articulated around the Government Offices with a limited number of smaller ministries and a large number of national government agencies

Sweden has a unique model of public governance defined by its structure, its consensus-based and collective decision-making principles and by shared responsibilities and delegation across different public institutions at the central level and across the different levels of government. The national Swedish administration is composed of the Government Offices and 344 national government agencies. Collective decision-making is stipulated in the constitution and is a strong principle of governance that is widely applied in the Government Offices. The Coordination Office of the Prime Minister's Office is tasked with coordinating overall government's policy, ensuring that the government's priorities are implemented, and preparing the government meetings (Government of Sweden, 2022[2]). In practice, its role mainly focuses on political coordination, preparation of cabinet meetings and resolving differences and clarifying directions across the Government Offices.

Since 1997, the Government Offices have been organized as one agency, *Regeringskansliet*, which is divided into several ministries (European Commission, 2018[3]). The Government Offices form a single, integrated public authority comprising the Prime Minister's Office, that constitutes the main Centre of Government (CoG) entity, 11 government ministries (as of January 2023) and the Office for Administrative Affairs. The Swedish Constitution stipulates that the Government Offices shall exist for the preparation of government business and to assist the government and government ministers in their other activities (Government of Sweden, 2016[4]). Given their focused functions on policymaking, the Government Offices are relatively small in size totalling around 4,500 employees, of which a limited number of political appointees (around 200) (European Commission, 2018[3]). Each ministry can host multiple ministers and numerous portfolios.

In the early 1990s, there were more than 1.300 national government agencies, and in the last decades this number has declined to 344 agencies and has been stable since. Agencies have reduced in number but have increased in terms of employees (Swedish Agency for Public Management, 2022[5]). The number of

agencies per ministry differs largely across ministries. For example, under the Ministry of Finance or Education, there are 59 and 51 agencies respectively, while there are only 9 in the Ministry of Foreign Affairs (Swedish Agency for Public Management, 2022[5]).

The Government Offices are responsible for policymaking, and collective decision-making is a cornerstone principle of the functioning of the government in Sweden. Strategic and high-level decisions are made at the weekly government meeting where at least five ministers must be present for the government to be able to take a decision. The typical policy cycle involves the following steps: policy design and proposals are initiated by the Government Offices and prepared by an independent commission of inquiry; the report of the commission is submitted to the government for analysis; the government organises consultations through the referral process and prepares policy proposals that are submitted to Parliament (The "*Riksdag*"), while public agencies are responsible for policy execution and can support and inform policymaking. Agencies are supervised and monitored by the government (to whom they are accountable) and receive appropriation directives and assignments by the government. However, the government shall not intervene on specific cases and in the day-to-day implementation and activities of agencies as stipulated in the *Instrument of Government* (Government Offices of Sweden, 2022[6]; Government Offices of Sweden, 2022[7]). In addition, in some cases, agencies can also perform work related to administrative supervision and regulation. For example, the Office of the Chancellor of Justice is an agency performing administrative supervision. Agencies can also be authorised to issue regulations about specific details of the regulatory system. They can be authorised to write rules filling out laws or ordinances, like the regulations from the Swedish Social Insurance Agency on payments to participants in labour market policy measures (FKFS 2017:06) or the regulations from the Swedish Tax Agency on the income tax return e-service (SKVFS 2006:1).

The country is composed of 20 regions and 290 municipalities. The Swedish administration and governance system is largely decentralised with significant political and administrative powers, including the right to levy taxes, devolved to the regional and local levels that also employ most civil servants, particularly at the municipal level. Regional and local levels are tasked with exercise of authority and service delivery in a number of sectors, including health, public transport, education, child, social and elderly care and environment. Nevertheless, the new government plans to launch an inquiry regarding the possibility of further centralising the health system (Government of Sweden, 2022[1]). Roles and responsibilities across the different levels of governments are regulated by the Swedish Constitution and by the 2017 Swedish Local Government Act (Government Offices of Sweden, 2015[8]). The Swedish Agency for Public Management recently noted that the state's control over municipalities through subsidies and grants has increased in scope becoming more complex, particularly in 2020-2021 with the COVID-19 pandemic. Directives sent to municipalities delegate significant priorities and assign obligations and responsibilities that have increased during COVID-19 through new legislations particularly in sectors such as social affairs, justice, and education (Statskontoret, 2022[9]).

Sweden has a well-developed welfare state and a robust governance system, and fairs well on many governance outcomes and indicators

Sweden has a well-established universal welfare state that has helped the country achieve high-quality public services and outcomes for citizens while promoting prosperity and equity. The country scores well in a broad range of socio-economic and governance outcomes, including the Human Development Index (HDI), the GINI coefficient and OECD Well-being indicators. Sweden has consistently ranked at the top of the HDI which measures both economic growth and quality of life (Human Development Index, 2022[10]). Satisfaction with public services is high across sectors, amounting to 81% in education, 82% in healthcare, and 76% in the judiciary system and satisfaction with democracy is among the highest in OECD member countries at 78% (OECD, 2021[11]). The country ranks in the top OECD member countries for low income inequality both before taxes (with a GINI coefficient of 0.36) and post taxes and transfers (0.27). The employment rate reaches 75.5% and is ten points above the OECD average. Well-being is high in virtually

all categories of the OECD Better Life Index and life expectancy is above the OECD average for both men and women by almost two years (OECD, 2022[12]).

The public governance system has contributed to supporting the country's progress towards a number of national and international commitments, including on climate change, inclusiveness, and gender equality, all areas in which Sweden has been a frontrunner. Strategies have been defined and implemented consistently to further tackle these challenges. For instance, Sweden has implemented the Agenda 2030 for Sustainable Development to meet the Sustainable Development Goals (SDGs) and ranks number third globally in the total progress towards achieving all 17 SDGs (Government of Sweden, 2021[13]; United Nations, 2022[14]). To further advance in climate goals, Sweden's parliament decided in 2017 to introduce a climate policy framework with a climate act for Sweden to have by 2045 zero net emissions of greenhouse gases into the atmosphere.

However, confidence in the national government is slightly below the OECD average according to the *Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions* with less than four out of ten Swedes trusting their national government (39%) compared to more than four in OECD member countries (41.4%) (OECD, 2022[15]). Trust in national government is consistently higher than confidence in municipal government (SOM Institute, 2020[16]). Similarly, only 23% of Swedes think that the current political system lets them have a say in government decision-making, below the OECD average (30%), and fewer Swedes than on average across OECD countries think that an unpopular national policy would be changed (34%) (OECD, 2022[15]).

Sweden enacted expansionary fiscal and monetary policies to respond to the COVID-19 crisis, however the effects of the pandemic and of Russia's war of aggression against Ukraine represent additional challenges for effective policymaking

Sweden is performing well in relation to fiscal sustainability despite the international context marked by the COVID-19 crisis and Russia's war of aggression against Ukraine. Government deficit has been affected by the current situation (-3.1% in 2020 after +0.6% in 2019) but remains significantly below OECD averages, and the government debt to GDP ratio (36.7% in 2020) is the lowest in the OECD and is expected to further decrease in 2023 and 2024 (Swedish National Debt Office, 2022[17]; OECD, 2021[11]). The government recorded a budget surplus at the onset of the crisis and has used its fiscal space to support the economy (OECD, 2021[11]).

Expansionary fiscal and monetary policies have helped Sweden curb the effects of the COVID-19 pandemic. While GDP has decreased by 3% in 2020, the GDP growth rate has bounced back to +4.8% in 2021 and an expected +3.3% in 2022 (Ministry of Finance of Sweden, 2022[18]; OECD, 2021[19]). In Q2 2022, Sweden's GDP grew by 0.9%, fuelled by household consumption and business investments. At the end of the first half of 2022, GDP level was circa 5% above its pre-pandemic level (OECD, 2023[20]). Total support has amounted to around 8.5% of GDP over 2020-2021, covering a wide range of support measures such as short-term work schemes, additional spending on health care, compensations for businesses and reductions of social contributions (OECD, 2021[19]). However, unemployment remains above EU average at 6.9% in August, and long-term unemployment is still a major challenge for the Swedish labour market (OECD, 2023[20]).

The COVID-19 crisis has challenged the Swedish government's capacity to deliver on social services, particularly in education and health (Government of Sweden, 2022[1]). While pre-pandemic performance and satisfaction with key public services was relatively high in Sweden, the COVID-19 crisis has highlighted the challenge of maintaining high standards in the welfare system, addressing the regional disparities in the access to and quality of public service delivery, and the need to further accelerate the digitalisation of the government and of public services (OECD, 2020[21]). The Corona Commission has in particular underlined the challenges linked to the delivery of health services and the protection of vulnerable populations during the COVID-19 crisis, advocating for more rigorous disease control measures and

communications (Sweden's Corona Commission, 2022[22]). This has led to changes in the crisis management system in the country (*further discussed in the resilience subsection of the report under the public sector effectiveness section*).

The war in Ukraine has led to additional challenges. While Sweden's dependency on Russian gas imports is limited, the current geopolitical situation and the related spikes in inflation (9.8% in August for headline CPI) (OECD, 2023[20]) could have an impact on policy and spending priorities, with a renewed focus on security, defence and new forms of economic support, including curbing the effects of inflation and supporting low-income households (Ministry of Finance of Sweden, 2022[23]).

In the current context and as is the case in many OECD countries, fighting against inflation that has soared to more than 10% in Sweden has been identified as a key immediate priority in reaching fiscal and monetary policies (Government of Sweden, 2022[1]).

1. Strengthening the effectiveness of the public sector

Improving the effectiveness of the public administration, including the quality, access and responsiveness of public services, is a central objective of Swedish governments and the Swedish public administration. This section analyses public sector effectiveness through the lenses of the size and scope of the government, agility, resilience, responsiveness, and inclusiveness (Box 1.1.). It looks at the size and scope of the government, exploring the level of expenditures, employment size and production costs of services. It then assesses the agility and resilience of the government. Finally, it looks at the responsiveness and satisfaction with public services, and at the inclusiveness of the public administration and society.

In 2010, Sweden's parliament (*Riksdag)* established an objective for the national government administration, under its stated goal of having "an innovative and collaborative government administration that is legally secure and efficient, has well-developed quality, service and accessibility, and thereby contributes to Sweden's development and to an effective EU work". With this goal the government highlighted the objective to evolve towards a more innovative and collaborative driven administration. While governments changed during this time span, the goal has not changed with government transitions continuing to pursue this goal (The Swedish Agency for Public Management, 2020[24]). These priorities are reflected in the budget bills, where governments state each year a reference to all goals for the government, including the goal for public administration policy.

In 2020, the Swedish Agency for Public Management conducted a study to analyse the impact of the stated policy goal on public administration performance interviewing Heads of Agencies and Heads of Units in the Government Offices. It concluded that there is broad approval in the administration by the different governments and has helped guide their work reflecting these values of collaboration and innovation. At the same time there has been limited steering and support from the Government Offices in practice, due to the absence of clear objectives, performance indicators and links between the policies implemented by the administration and the stated goal (The Swedish Agency for Public Management, 2020[24]).

The report also underlined the need for more performance reporting and monitoring against the stated policy goal relying notably on indicators based on the feedback and views of citizens and users.

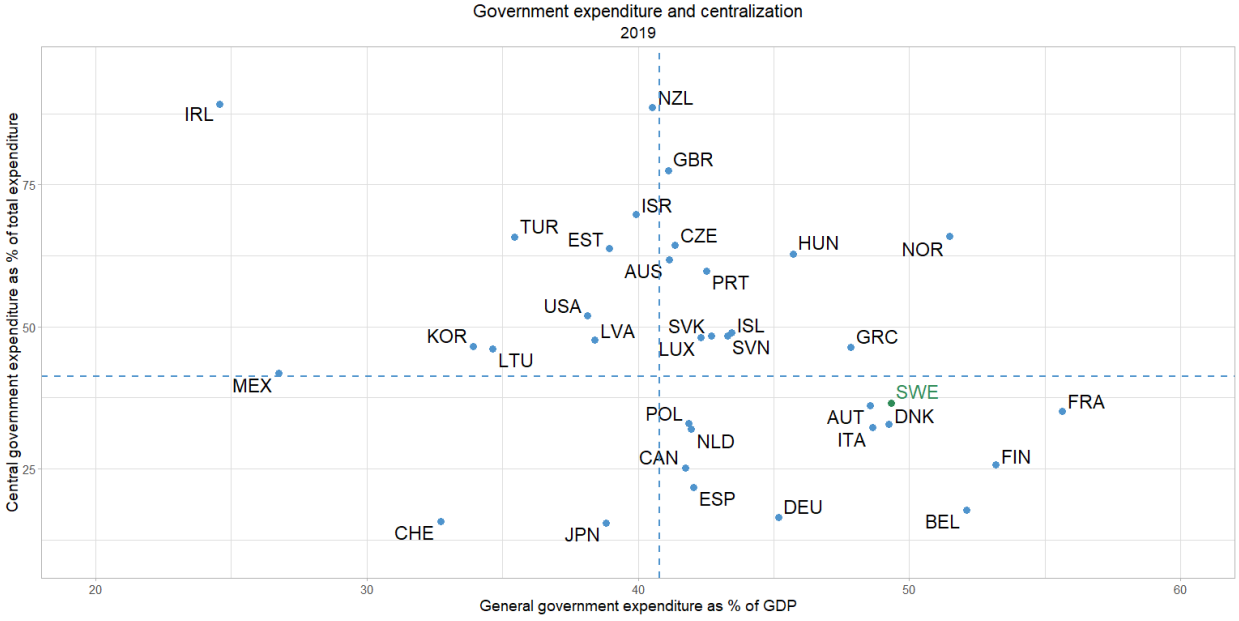
Size and scope: Sweden has one of the largest governments in OECD member countries with highly decentralised and outsourced spending

This section will look at the size and scope of the government in Sweden, both at the national and local levels and at the production costs of services, benchmarking the current model and trends in Sweden with other OECD member countries.

General government expenditures in Sweden are high and decentralised compared to OECD countries. In 2019, government expenditure represented almost 50% of GDP, significantly higher than the OECD average, but in line with peer Nordic countries.[2] Central government expenditures represent 36.5% of total government expenditures, standing below the OECD average (41%), but above neighbouring Finland (25.7%) and Denmark (32.9%) (Figure 1.2). The latter can be partly explained by a model combining small ministries in size but with a large number of central agencies in Sweden tasked with policy implementation. Expenditures are widely decentralised with large expenditures at local level, representing more than 50% of the general government expenditure in Sweden, largely above the OECD average (15%), similar to peer countries like Denmark (64%) and Finland (41%) and above Norway (34%) (OECD, 2021[11]). This reflects a model with a highly decentralised governance structure and the large provision of services at the local and municipal level. The government plans to conduct an inquiry into the centralisation of the health care system. The inquiry would analyse the possibility and conditions of transferring, partly or completely, the responsibility for the healthcare system to the state.

In 2020, the majority of OECD countries increased their public expenditure to face the COVID-19 crisis. In particular, general government expenditures in Sweden increased up to 53% of GDP and peer countries like Finland, Norway and Denmark rose to 56.7%, 58.3% and 54% of GDP, respectively. Similarly, central government expenditure also increased reaching 39%, 26.7% and 35% of GDP in Sweden, Finland and Denmark, respectively (OECD, 2021[11]).

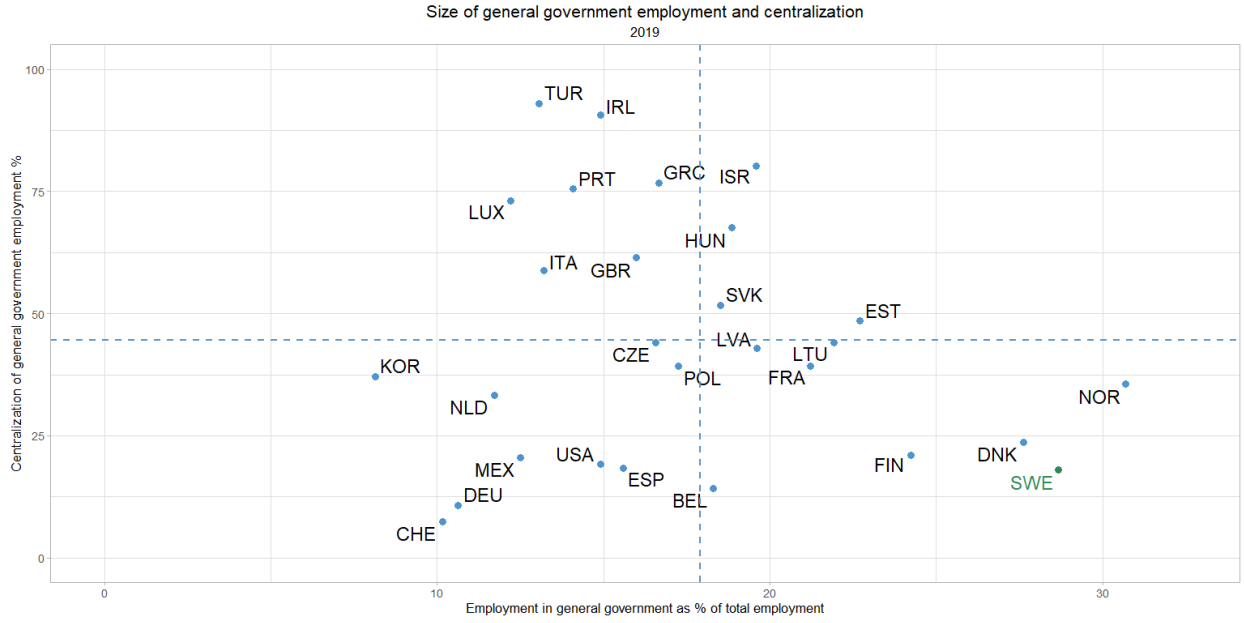
Figure 1.2. Level of public expenditures, 2019



Note: Data for Colombia, Chile and Costa Rica is not available. The blue dotted lines represent the OECD average.
Source: Author's elaboration based on (OECD, 2021[11]).

General government employment in Sweden is significantly higher than the average OECD and is largely decentralised (OECD, 2013[25]; OECD, 2021[11]). The public sector in Sweden represents almost 29% of total employment, second in the OECD after Norway (Figure 1.3) although the share of general government employment in total employment has decreased over the past years. The distribution of employment is particularly low at the central level with only 18% of government employees working at the central level, compared to 24% in Denmark, 35% in Norway, and 44% in selected OECD countries on average (OECD, 2021[11]). More than 95% of Sweden's total administrative central government is absorbed by agencies, the highest percentage when compared to Norway, Finland and Denmark. This reflects the fact that little policy execution is left in the core ministries. Sweden displays a system that, when compared to other Scandinavian countries, is based on the largest share of employment for administrative policy execution in agencies and the lowest share in administrative supervision, regulation and coordination in ministries (OECD, 2013[25]). Public employment in Sweden is largely decentralised since a large part of services in these sectors are delegated to regional and local authorities. The regional and even more the municipal level are key public employers in the country.

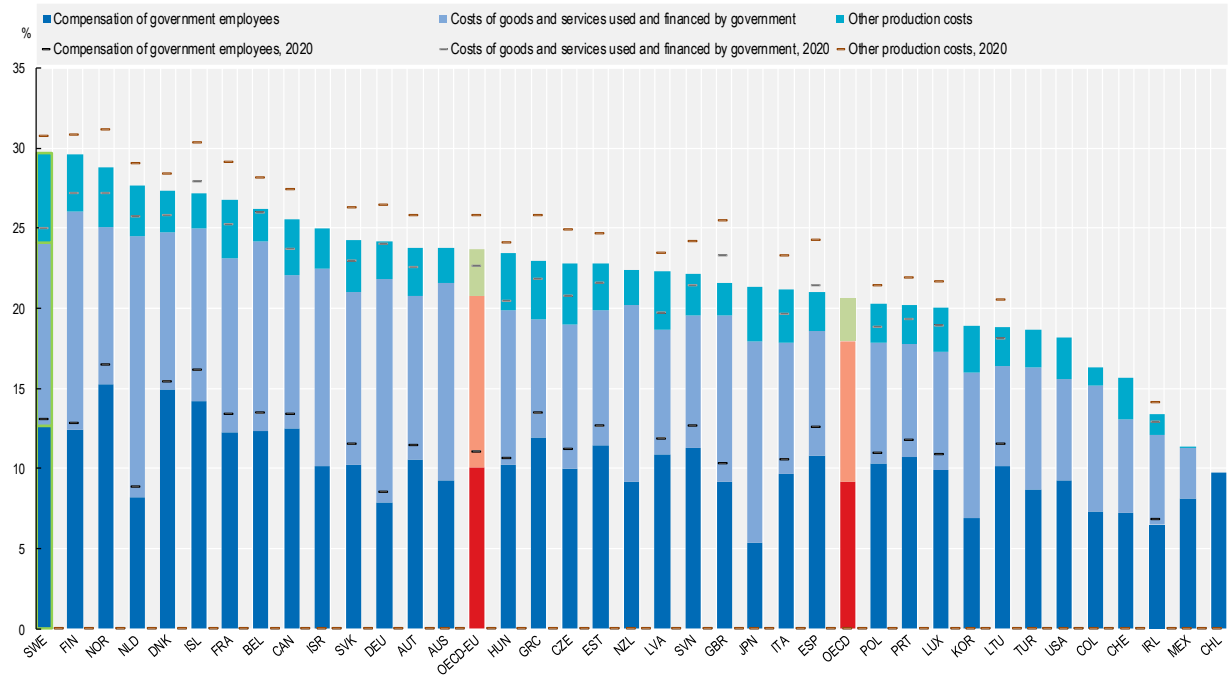
Figure 1.3. Size and decentralisation of public sector employment, 2019



Note: Data for Australia, Austria, Canada, Chile, Iceland, Japan, New Zealand, Slovenia, Costa Rica and Colombia is not available. Blue dotted line in the x axis represents the OECD average and in the y axis it is the average computed with the plotted countries.
Source: Author's elaboration based on (OECD, 2021[11]).

Sweden has the highest production costs of services in the OECD, along with other Nordic countries.[3] This reflects a model of widespread provision of publicly funded services and relatively high costs (Figure 1.4). In 2020, production costs were composed from 43% of compensation of government employees, 39% from costs of goods and services used and financed by government and 18% from other production costs. In 2019, in OECD countries, governments spent on average 8.8% of GDP on outsourced expenditure, while this fraction amounted to 11.4% in Sweden (in the figure represented by costs of goods and services used and financed by government). This reflects the outsourcing of public services such as education and health to private providers and is comparable to other Nordic countries (OECD, 2021[11]).

Figure 1.4. Production costs as a percentage of GDP (2019 and 2020)



Note: Data for Chile and Türkiye are not included in the OECD average because of missing time series or main non-financial government aggregates. Data for Japan is for 2018 rather than 2019.
Source: (OECD, 2021[11]).

Agility: the unique model of Sweden's public sector, based on ministries limited in size and a large number of agencies, allows the government to plan, coordinate and implement policies to respond to new challenges and balance the flexibility of resource allocation with control

The agility of a government ensures that it proactively identifies and tackles issues, emerging challenges and trends, makes appropriate decisions and coordinates their implementation, and carries out relevant organizational changes and resource reallocations to respond to evolving needs and to adapt to new strategic priorities and contexts (OECD, 2015[26]). This sub-section looks at agility both from the strategic and institutional perspective and from the resource flexibility perspective (i.e. the ability of the Swedish government to attract, mobilise and manage a skilled workforce) to face contemporary multifaceted challenges.

Strategic and institutional agility

With its consensus-based system and multiple layers of coordination, Sweden's unique governance structure enables the administration to collectively respond to challenges by developing strategies and measures, to ensure implementation measures through its organisationally free-standing agencies and to collect feedback, evidence and data on policy issues and outcomes. The principle of responsibility, whereby each ministry is in charge of handling the policies and measures in its own field and work with the relevant agencies, is another key principle of the regular working arrangements of the government (Sweden's Corona Commission, 2022[22]). This principle is applied within the framework of the government´s collective decision-making, meaning that all decisions relating to agencies are taken by the government collectively, and not by a single ministry.

Within the Government Offices, the preparations of strategies and policies follow well established and shared principles and procedures acknowledged by all stakeholders met by the OECD. A number of informal and formal coordination mechanisms exist, such as groups of State Secretaries, to ensure proper coordination, alignment between strategies and exchange of views, and are considered effective by all stakeholders. Proposals are usually prepared by one line ministry and submitted to the entire Government Offices for comments, deliberation, agreement and decision. The steering direction is set by the government, stating the main objectives to be reached by agencies, but the agencies have autonomy to define the "how", i.e. the way to reach these specific government goals. Agencies are organisationally detached from the government and the Government Offices and they are independent regarding individual decisions in relation to third parties (citizens, companies etc.). However, they are not independent regarding the government priorities since their main task is to execute its policy. Consultations take place at different stages of the policy cycle and enable the involvement of agencies and civil society through referrals in the design of policies and strategies.

The government work with agencies is based on ordinances to ensure continuity and strategic direction and a clear set of "ordinary procedures" and coordination mechanisms between a line ministry and its agencies, such as assignments, that can help respond to urgent needs, support better agility and responsiveness of agencies to new priorities and activities. These mechanisms include a high-level annual dialogue meeting between representatives from the government (minister or state secretary) and the management of the agency to discuss the agencies results and future direction, an annual report prepared by the agency, an annual appropriation letter and *ad hoc* commissions and assignments. The latter corresponds to specific activities assigned by the government to the agency. These assignments indicate objectives, measures to be implemented by the agency, resources and collaboration needs with other agencies. They provide agility to the system by allowing the government to prepare assignments when needed and to move from a new priority or goal expressed by the government to policy implementation in a timely manner. In most cases, they also give a high degree of operational flexibility to the agencies on the "how". While the government has a steering role and the main task of agencies is to execute the government's policy, they are free to decide on how they shall carry out their work. In times of urgency, the assignments allow agencies to be responsive and agile for immediate, short-term or *ad hoc* tasks (Government of Sweden, 2007[27]).The different mechanisms and procedures allow formal and informal feedback and two-way communications between Government Offices and agencies.

The performance of agencies is critical to the effectiveness of the public sector, particularly on execution and implementation of strategies and policies issued by the government. While the system is well established and enables Sweden to deliver high-quality services, a number of shortcomings to further increase the effectiveness of the system and of agencies exist, particularly regarding strategies and assignments. Stakeholders from the Government Offices and agencies underlined the lack of clarity of strategies, especially on how agencies are expected to turn the required objectives into concrete actions and on the need and benefits of collaboration with other agencies. Strategies appear to be often too general and are rarely detailed enough for agencies to be translated into clear targets and measures, lacking a specific action plan that would help assign tasks and responsibilities, particularly when several agencies are involved (Swedish Agency for Public Management, 2022[28]). This issue corresponds to the broader challenge of finding a balance between government assignments providing too many details to the agencies and preserving the operational flexibility of the agencies.

In practice, agencies usually find effective ways to collaborate. They have a general requirement to collaborate when there are advantages to be gained, as stipulated by the Government Agency Ordinance, giving them substantial room of manoeuvre to decide when they need to collaborate and to select the most appropriate collaboration channels. An example of effective, informal and bottom-up collaboration between agencies is the "DG Forum – Swedish government agencies in joint collaboration for the 2030 Agenda" that brings together agencies to exchange experiences and lessons learned in order to implement Agenda 2030 in the civil service (Government of Sweden, 2021[29]). However, according to stakeholders from the

fact-finding mission, there is often a lack of clarity on the need, benefits and procedures of collaboration between agencies. This happens frequently when the government prepares assignments asking agencies to collaborate on specific topics, particularly when they are crosscutting or not related to core activities of some agencies. More guidelines, good practices and examples on how agencies can collaborate from the Government Offices could contribute to a more effective collaboration between agencies.

Agencies reported during the interviews for this report on certain barriers pertaining to regulations, IT and financial resources that hamper better collaboration between them and with the Government Offices. This includes regulations on data privacy that make the sharing of information and data sometimes difficult between agencies as well as financial constraints. Financial constraints are a constantly reported issue to support agency's work notably on assignments that are not directly targeted to the core or usual business of the agency and that require further collaboration with other agencies. While agencies are funded by the budget and by fees, assignments allocate additional resources to agencies to deliver new activities and to collaborate. However, this allocation might be insufficient for some agencies, particularly the smaller ones, to collaborate on activities and to work on new assignments when urgent measures and new priorities arise. In a number of cases, assignments and the attached financial resources are discussed during their preparation process between Governments Offices and agencies, allowing agencies to plan their activities.

The COVID-19 crisis reflected the challenges linked to steering new priorities in a timely manner. Although the governance structure of Sweden allows for far-reaching opportunities for the government to steer agencies and influence the work at the regional and municipal levels, it is difficult for the Swedish government to move responsibilities across different levels of government in a short amount of time. The government also faces structural challenges when responding to crises, such as in the COVID-19 pandemic, where it took time to prepare decisions due to limited access to information and to the lack of agility of the Government Offices to deal with crises of this magnitude as the response to the crisis was delegated to one ministry under the principle of responsibility (Sweden's Corona Commission, 2022[22]). Moreover, the Swedish governance system with its organisationally free-standing agencies and the relatively small size of the Government Offices means that the expertise is, to a large extent, placed in the agencies rather than in the Government Offices (Statskontoret, 2020[30]).

The Swedish Agency for Public Management plays a specific role in evaluating the effectiveness and functioning of the Swedish administration and identifying weaknesses and challenges. The agencies can receive assignments from all parts of government and produce reports that are submitted to the government. The performance, effectiveness and accountability of agencies is measured and discussed during the annual meeting with the line ministry and supported by an annual report. The Swedish Agency for Public Management also measures annually the satisfaction of citizens with a selection of agencies in their respective field. There is wide variation in how citizens perceive agencies in Sweden. The Public Health Agency, the Tax Agency and the Police are the agencies with the highest satisfaction from Swedish citizens. On the contrary, those with the lowest levels of satisfaction are the Migration Agency, the Public Employment Service and the Social Insurance Agency (Swedish Agency for Public Management, 2022[5]). In response to declining satisfaction in the health sector and in the context of COVID-19, the Government Offices have for instance provided the National Board of Health and Welfare with the highest number of directives and assignments among all agencies, focusing in particular on analysing how services meet the specific needs of beneficiaries (Statskontoret, 2022[9]).

Public employment and management: human resources flexibility

Agility is also related to the ability of governments to attract, manage and lead a high skilled workforce to design and delivery public policies and services and to adapt to new challenges.

The public employment system of Sweden follows essentially the same employment rules that are applied to private sector employees, and there is no special legal status for them, with the exception of some public employee responsibility. The same labour law applies to the public sector and the rest of labour market

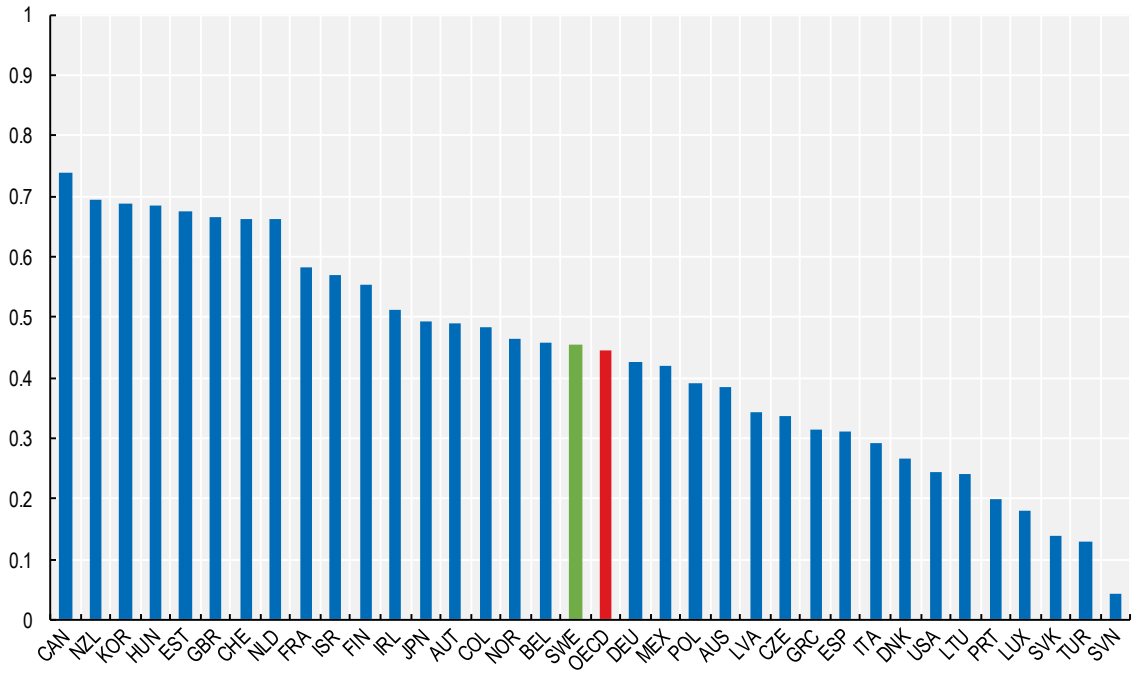
sectors, e.g., the Employment Protection Act (1982:80) and the Working Hours Act (1982:673). The Swedish labour market model relies strongly on collective agreements. As such, public employment conditions depend on sectoral agreements that complement the existing law (European Commission, 2018[3]). In particular, public employment conditions are based on two sets of sectoral agreements, one for the regional and municipal sector and one for the central government administration.

In a system based on the delegation of most public employment responsibilities to the more than 340 Agencies, these recruit, manage and dismiss their own staff, while the Heads of Agencies are appointed by the government. The government agencies must collaborate within the frameworks of the Swedish Agency for Government Employers (SAGE) to create their collective employer policies. Almost all jobs are administered as single posts and few formal administrative career systems remain, with the exception of diplomats, the judiciary, the police and armed forces, which account for 1-2 percent of all public sector employees. In addition, workers often change posts between the private and public sector (European Commission, 2018[3]). In 2021, 80% of the employees working in agencies were permanently employed, while only 20% were temporary (Swedish Agency for Public Management, 2022[5]).

Sweden's public employment systems ranks among the countries with the most accessible and open in the EU area. Moreover, the public administration ranks as the 1st among European countries for impartiality, outperforming regional peers such as Finland and Denmark, and 3rd for its professionalism, only behind Ireland and Denmark (European Commission, 2017[31]).

Recruitment in the civil service in Sweden is based on merit, with few political appointees (European Commission, 2018[3]). Sweden ranks slightly above the OECD average in the use of proactive recruitment practices to recruit candidates with the skills needed (including the use of communication campaigns and the offer of market wages), but well below the Netherlands and Finland and above Denmark (OECD, 2021[11]) (Figure 1.5).

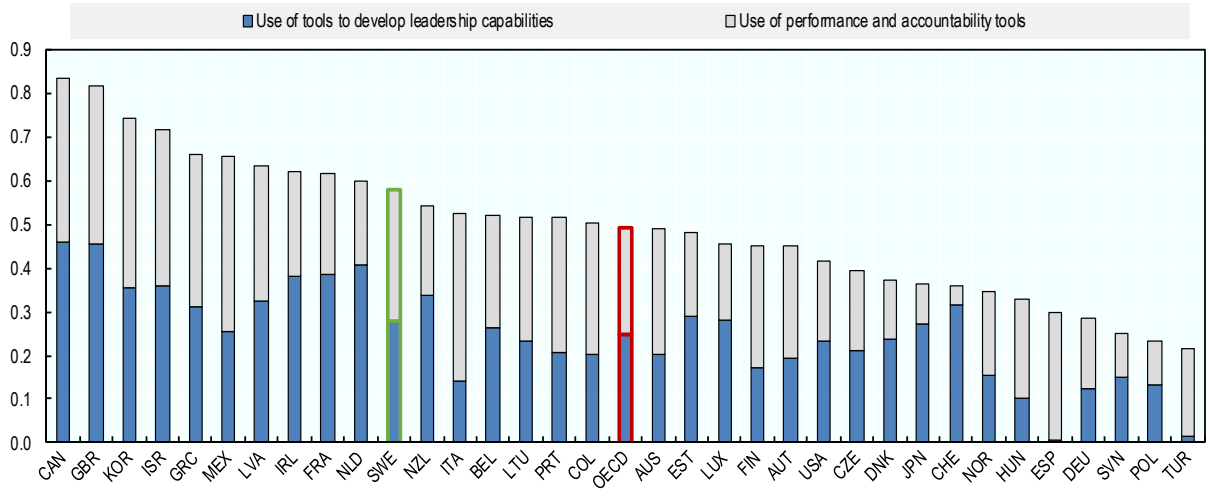
Figure 1.5. Use of proactive recruitment practices, 2020



Note: Data for Chile and Iceland are not available.
Source: (OECD, 2021[11]).

In addition, Sweden displays a strong capacity to manage its senior public servants by developing their leadership capabilities and by managing their performance and accountability. The country's score in a related index created by the OECD (0.58) is well above the average of OECD member countries and slightly below that of the Netherlands (0.6), and significantly above that of Finland (0.45) and Norway (0.36), despite being far from the top performers such as Canada (0.81) and the UK (0.8) (Figure 1.6). In particular, senior public servants are recruited with a more centralized process compared with other public employees, more emphasis is put into the management of their performance, but they can be dismissed or demoted more easily than other civil servants (OECD, 2021[11]).

Figure 1.6. Leadership Capabilities Management, 2020



Note: Data for Chile, Iceland and the Slovak Republic are not available. Data for the Slovak Republic are not available as the senior level public service is not a formalised group.
Source: (OECD, 2021[11]).

Resilience: Sweden has a crisis management system in place that proved effective during the COVID-19 crisis but could be streamlined for a better resilience to future shocks

The resilience of governments is related to their ability to absorb, recover, and prepare for future shocks (economic, environmental, social or institutional). To build resilience, governments must ensure they remain able to act at speed and scale, while better safeguarding against threats to trust and transparency. The former is related to deliver a green recovery, build buffers, strengthen anticipatory innovation and skills and develop oversight and integrity, while the latter is linked mostly to fairness and inclusion in policymaking and tackling mis- and dis-information (OECD, 2021[11]). While these areas are covered throughout the PGM, this sub-section focuses on crisis management and looks in particular at the preparedness of the Swedish government to respond to external shocks, its ability to carry out foresight exercises, develop risk management practices in the public sector, and evaluate policy responses to crises, most recently the COVID-19.

Sweden has incorporated strong crisis management principles and standard protocols and procedures at the ministerial and at the agency level, including crisis management bodies. Sweden's crisis management system relies on the principle of responsibility with line ministries and agencies keeping their portfolios alongside new responsibilities to manage responses to crises (Bertelsmann Stiftung, 2020[32]).

The overall crisis management governance has evolved in Sweden since the COVID-19 crisis. The State Secretary to the Prime Minister is in charge of leading the overall crisis management in the Government Offices. He is supported by a Director-General and Crisis Management Coordination Secretariat now in the PM's Office, that monitors the developments, supports the coordination and follows up on crisis management at the Government Offices' level (Sweden's Government Offices, 2022[33]). The State Secretary leads the Strategic Coordination Group (SCG) that comprises the State Secretaries of the involved ministries and aims to provide strategic directions to the Government Office, and the Crisis Management Council that meets twice a year for information sharing, bringing together the National Police Commissioner, the Head of the Swedish Security Service, the Supreme Commander of the Armed Forces and the Directors-General of the Swedish national grid, the Swedish Civil Contingencies Agency, the Swedish Post and Telecom Authority, the National Board of Health and Welfare and the Swedish Radiation Safety Authority as well as a County governor.

The crisis management model in Sweden had been challenged by the COVID-19 crisis. While no country was fully prepared for a crisis of this magnitude, critical issues were identified in the governance arrangements to handle the pandemic and in the capacity of specific ministries to lead the responses to a multidimensional crisis, particularly the Ministry of Health and Social Affairs and the Public Health Agency of Sweden (*Folkhälsomyndigheten*) that was assigned key responsibilities in managing the crisis. The crisis operational responses were largely led by regional and municipal councils and agencies in Sweden. However, the government was dependent on assessments made by a single actor, the Public Health Agency of Sweden, which put pressure and strained the capacity of the agency (Sweden's Corona Commission, 2022[34]). During the COVID-19 crisis, the Public Health Agency of Sweden played a major role by managing disease prevention and control and communicating on health measures, as well as the Swedish Civil Contingencies Agency (*Myndigheten för samhällsskydd och beredskap*) and the National Board of Health and Welfare (*Socialstyrelsen*) that helped with the handling of the pandemic particularly at local levels by reporting needs or disbursing funds. The country increased the number of cross-ministerial coordination instances to which the centre of government had to provide support as well as the number of stakeholders involved in coordination meetings, in particular through the Strategic Coordination (Sweden's Corona Commission, 2022[34]); (OECD, 2021[11]).

The country has traditionally established Commissions to evaluate the results of the crises and draw lessons in previous crises. The COVID-19 pandemic is no exception with the establishment of the "Corona Commission". Sweden through the commission's work has identified a series of lessons learnt and suggested improvements in the face of future shocks. The Corona Commission underlined the need for a more centralised crisis management unit that could support decision-making, compared to existing arrangements used during the COVID-19 crisis, and advocated for more leadership from the Government Offices and the creation of "a body providing clear national crisis leadership and reporting to the government". For instance, the Swedish Contingencies Agency was not tasked with decision-making while the Crisis Management Coordination Secretariat could not gather the required information and take appropriate measures from a whole-of-government perspective (Sweden's Corona Commission, 2022[22]). A report from the Swedish Public Management Agency also pointed out that agencies, municipalities and regions might require stronger national coordination from the Government Office, in particular in times of extensive and severe crisis (Statskontoret, 2022[35]). A number of OECD member countries have established such decision-making structures to articulate government responses and adopt crisis-related measures and policies swiftly and effectively and to coordinate more proactively the different levels of governments in crisis times (OECD, 2021[36]); (OECD, 2021[11]).

The government has implemented some of the measures recommended by the Corona Commission, such as moving the Crisis Management Coordination Secretariat from the Ministry of Justice to the Prime Minister's Office to further centralise crisis management. The impact of these changes still has to be assessed in light of the present crisis related to the war in Ukraine.

Foresight capabilities are also crucial to further anticipate crisis and strengthen resilience. At the national level, a unit within the Ministry of Finance is tasked with long-term strategic foresight and scenarios on economic development including at sub-national levels, and publishes every four years a "long-term inquiry" on critical issues, most recently on inequalities (OECD, 2020[21]); (Ministry of Finance of Sweden, 2019[37]).

Responsiveness: the satisfaction with public services in Sweden is above 80% and access and quality is high, although challenges on delivery and equality have grown recently

Responsiveness reflects the core objective of the public administration: to serve citizens and deliver the services that are needed and expected. While government's responsiveness covers a broad range of indicators, this sub-section focuses on key indicators relative to measuring the effectiveness of public services and the ability of the government to tailor them to needs, i.e., satisfaction with public services and access, quality and digitalisation of services, with case studies into two sectors (education and health).

Delivering equal and quality services across the national territory has been a key objective of recent governments in Sweden. The access, responsiveness and quality of public services in Sweden puts the country among top performers in OECD member countries in delivering public services. As a result, satisfaction with key public services has been high in Sweden pre-pandemic reaching 80% or more on health, education and justice (OECD, 2021[11]). Similarly, the country has obtained high scores in the usability, quality, and accessibility of digital public services.

The delivery of public services in Sweden is largely decentralised as most services are provided by regions and municipalities. The local level is a large provider of public services such as education and health as underlined by general government expenditure data at the local level in Sweden largely above the OECD average (50% vs 15%) (OECD, 2021[11]). Despite the strong emphasis made in the recent past on equal services across the entire territory, including in small municipalities, disparities are still being observed in terms of access and quality of services across regions and municipalities (OECD, 2021[19]). While this section will not deliver a comprehensive overview of public service delivery across sectors in Sweden, it will briefly introduce the digitalisation of public services (further analysed in section 5) and look at two key sectors (health, Box 1.2 and education, Box 1.3) as case studies that represent a large fraction of expenditure in service delivery in Sweden.

Digitalisation of public services

The country has outperformed the majority of EU countries in the usability, quality and accessibility of digital public services, as reflected by the European Commission's Digital Economy and Society Index (DESI). Sweden ranks 9th in Europe in the DESI indicator "digital public services", which measures aspects such as the number of people interacting with public authorities over the internet, whether information is provided in pre-filled forms, and whether services related to life-events are provided online (European Commission, 2022[38]). In comparison, Sweden ranks 15 out of 35 EU 27+ countries in the EU 2022 eGovernment Benchmark which is a more detailed evaluation exercise by the European Commission on the provision and delivery of eGovernment services (European Commission, 2022[39]). The Benchmark estimates that 87% of services in Sweden are accessible online, making the country one of the most advanced for online and mobile accessibility.

However, according to the OECD Digital Government Index the country fares less well on the transparency of public service design and delivery, including citizen's information and capacity to co-create services. The country is particularly behind in the two areas measuring if governments are "user-driven" and their level of "proactiveness". These indicators assess whether governments foresee and prioritise inclusiveness and engagement with multiple actors in the design of their digital government strategy; whether they gather feedback and take into consideration user satisfaction on government services; and

the extent to which they deliver data and government services to the public without waiting for formal requests (OECD, 2020[21]).

Additionally, a recent report by the Swedish Agency for Digital Government (*Myndigheten för Digital Förvaltning*, DIGG) concluded that the digitalisation of public services is uneven across the Swedish public administration, especially at the regional and municipal level, with ongoing efforts not necessarily generating better services or greater efficiency – the digitalisation of the government and its governance will be further analysed in section 5 (Agency for Digital Governement, 2022[40]).

Box 1.2. Case study on public service delivery in the health sector

A large proportion of Swedish citizens are satisfied with the health care system. In 2010, 82% of the Swedish population was satisfied with the health care system (71% across the OECD on average), and in 2020 this fraction was still consistently above the OECD average (82% vs 71% respectively). However, in this time span regional peers have improved their performance. In Norway, satisfaction with health services increased from 82% to 93%, while in Finland it increased from 66% to 85% (OECD, 2021[11]).

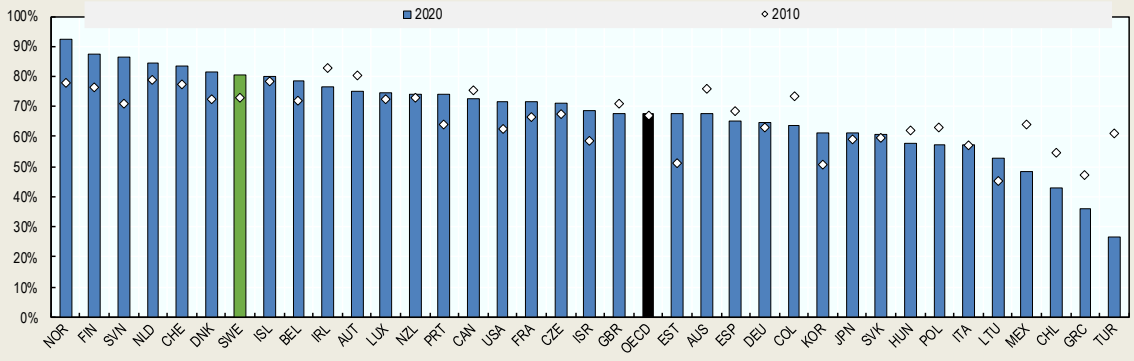
Despite having a healthcare system defined by its universal health coverage, disparities can be observed across regions in Sweden on the access and quality of health care services. Several bodies collect or have access to regional data to monitor these inequalities, such as the National Board of Health and Welfare (*Socialstyrelsen*), having access to registers at the regional and national level, or the Swedish Agency for Health and Care Service Analysis (*Myndigheten för vård- och omsorgsanalys*), that monitors and evaluates health outputs across regions within Sweden. The latter underlines that the Swedish population is in good health, with for example the average life expectancy increasing in recent years, but health outcomes are unevenly distributed between population groups and regions in terms of mortality rates and self-rated health (The Swedish Agency for Health and Care Service Analysis, 2022[41]). These disparities are also influenced by the differences in the population across regions (age, level of education etc.) in terms of needs of healthcare and in how sparsely populated the region is, with impacts on costs and access (The Swedish Agency for Health and Care Service Analysis, 2019[42]). Although Sweden has ambitious legislation, the national care guarantee (*nationella vårdgarantin),* stipulating the statutory obligation for the regions to provide care within a certain time, local public services do not always have the capacity to follow the law in practice (Vårdguiden, 2022[43]). Moreover, there is great variation in compliance with the national care guarantee between regions, and disparities between regions have increased, particularly in specialist care (The Swedish Agency for Health and Care Service Analysis, 2022[41]). Interlocutors in the OECD fact-finding mission also highlighted difficulties in accessibility to primary care services with long waiting times to see a doctor. The new government has mentioned the will to conduct an investigation to study the regional organisation of healthcare and develop feasible proposals to reform the healthcare sector and to transfer, partly or completely, responsibilities to the state.

Box 1.3. Case study on public service delivery in education

The Swedish education system is highly decentralized with 290 municipalities. Overall, the system is composed mainly by public schools, but the number of independent (private) providers is important and has risen since the early 1990s. All schools are mainly publicly financed through municipal taxes. In 2005/06 there were 596 independent schools and this number rose to 790 in 2012/2013 and to 828 in 2021/2022 (OECD, 2015[44]) (Näringslivets ekonomifakta, 2022[45]). In 2015/16, 14.8% of students in compulsory education and 25.9% in upper secondary education were enrolled in independent schools (OECD, 2018[46])

Citizens' satisfaction with the education system is among the highest in OECD countries and has improved in the last decade. In 2010, 73% of the population was satisfied with the education and school system and this proportion increased up to 81% in 2020 (Figure 1.7). In both years the OECD average was lower, being equal to 67% in 2010 and 68% in 2020. However, Sweden still stands below Norway and Finland with satisfaction levels equivalent to 92% and 87% in the population, respectively (OECD, 2021[11]).

Figure 1.7. Satisfaction with education and the school system



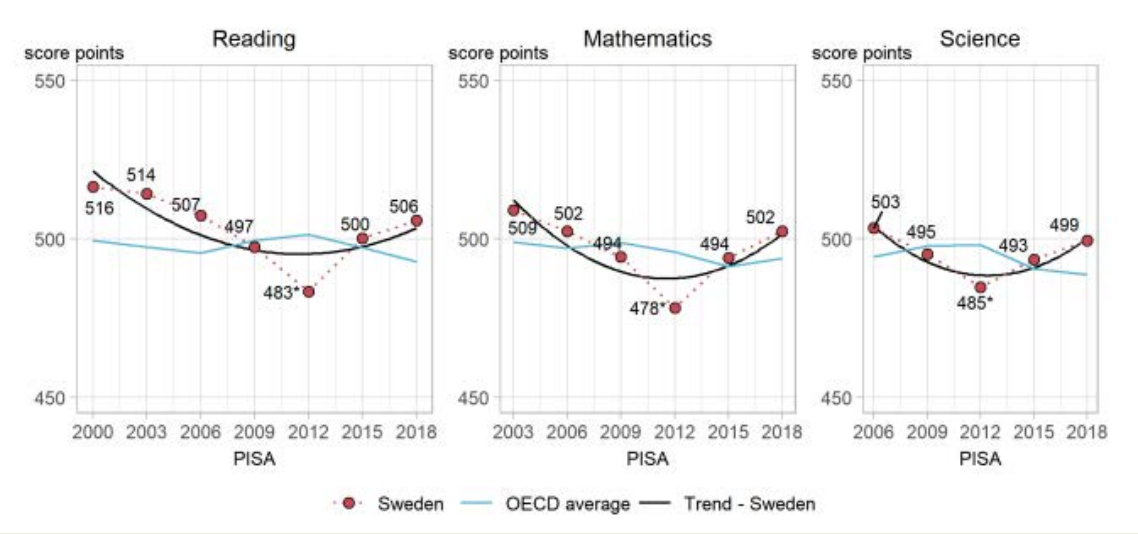
Note: Data for Estonia are for 2011 instead of 2010. Data for Iceland, Norway, Switzerland are for 2012 instead of 2010. Data for Czech Republic are for 2018 instead of 2020. Data for Hungary, Israel, Korea, Lithuania, Luxembourg and Costa Rica, are for 2019 instead of 2020.
Source: (OECD, 2021[11]).

The OECD's Programme for International Student Assessment (PISA) scores have risen as-well in the most recent 2015 and 2018 surveys following a decline in the early 2000's.[4] PISA measures 15-year-olds' ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges. Students in Sweden scored higher than the OECD average in reading, mathematics, and science in 2018. The country ranked 11th in reading (scoring 506), 17th in mathematics (scoring 502) and 20th in science (scoring 499) (Figure 1.8). In particular, 82% of students attained at least Level 2 proficiency in reading (OECD average equal to 77%), 81% of students attained Level 2 or higher in mathematics (OECD average equal to 76%) and 81% of students attained Level 2 or higher in science (OECD average equal to 78%) (OECD, 2019[47]). However, a widening gap in reading and science performance between the highest- and lowest-achieving students can be observed and partly linked to the arrival of growing shares of immigrant students (OECD, 2019[47]).

Despite the rising trend in PISA scores, there are still disparities in education outcomes within Sweden. In general, differences across regions tend to be larger at non-compulsory levels of education. In Sweden, the enrolment rate of 3–5-year-old varies from 93% in the region of Stockholm to 96% in the region of Central Norrland, while the enrolment of 6–14-year-old only fluctuates in 1 percentage point across

regions. Similarly, the fraction of 25–64-year-old with tertiary education varies from 35% in the region of North Middle Sweden to 54% in the region of Stockholm. This regional variation is similar to what observed across OECD countries with available data (OECD, 2021[48]).

Figure 1.8. Sweden's recent trends in PISA (reading, mathematics, science)



Note: * indicates mean-performance estimates that are statistically significantly above or below PISA 2018 estimates for Sweden. The blue line indicates the average mean performance across OECD countries with valid data in all PISA assessments. The red dotted line indicates mean performance in Sweden. The black line represents a trend line for Sweden (line of best fit).
Source: (OECD, 2019[47]).

Plans for reforming public services in Sweden

Improvements in public service delivery in Sweden have been a priority of recent governments, with a tension between ensuring equal services across the territory and enhancing the efficiency of delivery of services. The previous government reinforced its support by allocating more resources to the health and social care sector in municipalities and regions through general state grants, targeted grants and cost reimbursements for activities carried out by recipients (Statskontoret, 2022[9]). These priorities (education and health) are also reflected in the government statement and the coalition agreement (*Tidö Agreement*) of the new elected government.

The government statement affirms clearly that high quality education and research is central for Sweden's prosperity (Government of Sweden, 2022[1]). The coalition agreement points out to the reform of the Swedish National Council of Adult Education (*Folkbildningsrådet*), which is a non-profit association tasked by the government and the Swedish parliament to allocate grants to adult education institutions. In particular, the agreement mentions the possibility of replacing the Swedish National Council of Adult Education with an agency in the allocation of the funds. In addition, it also mentions the need to reform teacher training to increase teachers' skills and leadership (Government of Sweden, 2022[49]).

The government agreement also discusses the need to implement reforms to improve the accessibility, efficiency and equality of the health care sector, together with reducing queues in health service delivery. An investigation is notified to be conducted in collaboration with representatives of patients, regions, private health care providers and scholars, to study the regional organisation of healthcare based on the current six health regions. In addition, *inter alia,* the agreement also mentions the will to develop a new common

digital infrastructure for the Swedish healthcare system to improve the monitoring of state funds in healthcare and the collaboration across actors within large regions (Government of Sweden, 2022[49]).

The tension between equal services across the territory and enhancing the effectiveness in the delivery of services might call for more focus on service delivery in larger municipalities, potential pooling of services and further centralisation of the system. Agencies in Sweden allow the government to gather key data on service delivery and to benchmark regions and municipalities to monitor key indicators, further analyse trends and help identify possible improvements, for instance through the Agency for Health and Care Service Analysis and the National Board of Health and Welfare in the health care system (*Socialstyrelsen*). A number of initiatives have been tried and implemented, such as agencies setting up task forces to further help, study and improve the system in specific regions and municipalities. The option of centralising health services has been included in the government programme through the proposal of carrying out an inquiry on the possibility to centralise the management of the health system in the country. A number of OECD member countries have explored different options, including fostering intermunicipal cooperation such as France that has created inter-municipal co-operation structures and provided financial incentives for municipalities to join it, or further centralising specific services like Norway with the Police services and Finland that is planning to establish a single national rescue service (OECD, 2023[50]); (OECD, 2017[51]).

Inclusiveness: Sweden is a leader in equality and inclusiveness in the public administration and in society, but income inequality levels and poverty have risen over the last years

This sub-section will explore the inclusiveness of the public administration (e.g., gender equality and youth in the public sector) and the inclusiveness of society, looking at the capacity of Sweden to design and implement policies to reduce inequalities and fight poverty by tailoring government systems and programs to the diversity of citizen's needs (OECD, 2021[11]; World Bank, 2022[52]). In particular, three output measures will be considered to assess the inclusiveness of society: income inequality (Gini Index and mass of income held by earners), proportion of population falling below the poverty line and social mobility.

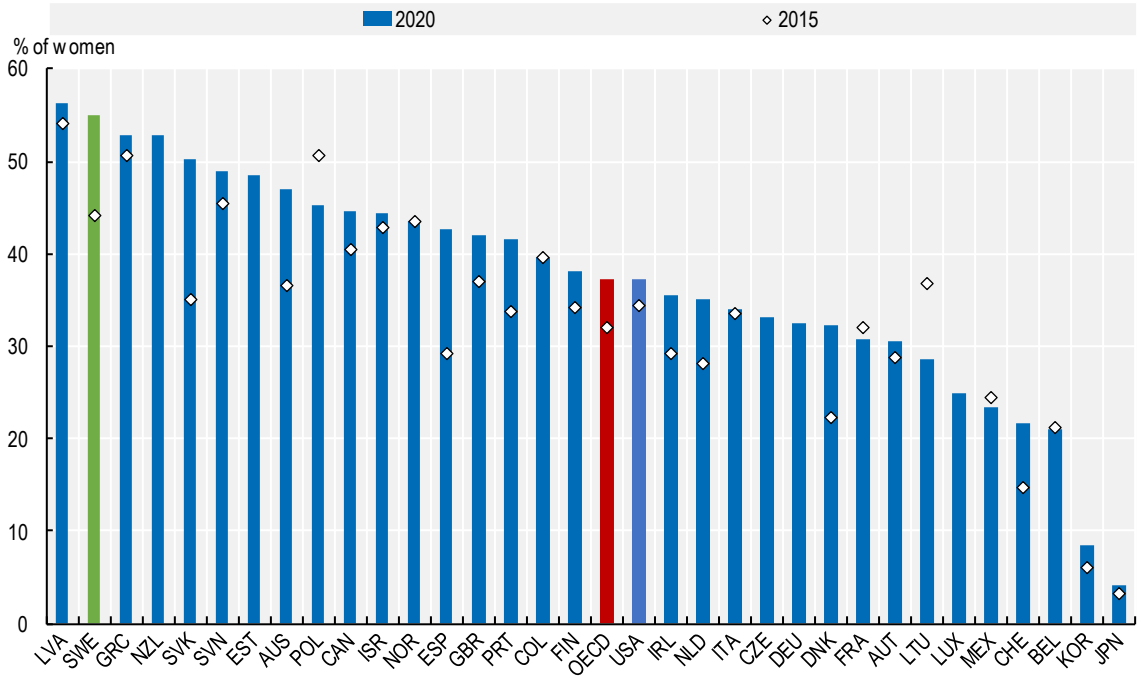
Inclusive public administration: gender equality and youth

Sweden has highlighted as a priority the need for a high degree of inclusiveness in the public sector. Sweden is a leader on gender equality. It has the highest percentage of women working in the public sector with women representing 70% of total government employment, and they occupy 55% of senior management positions in government, the second highest in the OECD (Figure 1.9) (OECD, 2021[11]). The significant gender and age equality in public sector employment, in particular in senior and middle management positions, as well as in the judiciary, represent an important achievement (OECD, 2021[11]).

Similarly, Sweden is a frontrunner in gender budgeting. Gender mainstreaming has been introduced in Sweden since 1994 and was included into the budget process in 2002. Efforts have been strengthened in the last decades. Since 2016, the annual budget circular has included instructions on the application of gender budgeting throughout the budget process with a key requirement being that gender impact analysis should be carried out at the early stage of new budget proposals. In addition, Sweden has introduced *inter alia* a gender perspective in performance setting, ex post gender impact assessment, gender audit of the budget and gender perspective in spending review (OECD, 2017[53]).

Regarding young people, 18-34-year-olds represent 23% of the central government workforce in Sweden, 4 percentage points higher than the OECD average (OECD, 2021[11]). In this regard, the OECD Recommendation of the Council on Creating Better Opportunities for Young People[5] [OECD/LEGAL/0474] highlights that a multi-generational public service workforce enables better knowledge-sharing between long-serving staff and younger employees and ensures that a diversity of perspectives are considered when developing government programmes, plans and services.

Figure 1.9. Gender equality in senior management positions in central governments



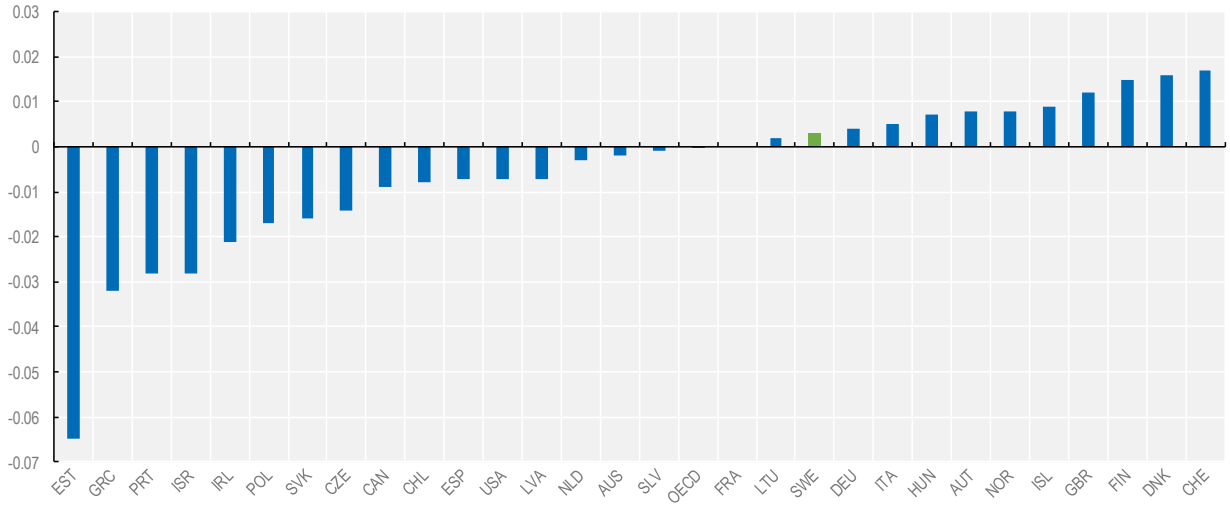
Note: Data for Hungary are for 2018. Data for France refer to 31 December 2018. Data for Luxembourg, the Netherlands, Slovenia and Poland refer to December 2019. Data for Denmark and Finland refer to February 2020. Data for Colombia refer to March 2020. Data for Korea refer to December 31 2020. Data for Chile, Iceland and Türkiyeare not available. Senior management data for Austria refer only to D1.
Source: (OECD, 2021[11]).

However, in a recent OECD index, which captures the diversity of the workforce, specific policy targets to include ethnic minorities or from migrant background, people with disabilities or LGBTQ, the country scores (0.41), well below the OECD average of almost 0.5, and below most regional peers such as Norway (0.48) and Finland (0.45), but above Denmark. Similarly, Sweden appears to be lagging behind particularly in the use of tools to attract, recruit and retain a diverse workforce, e.g., dedicated coaching or internship programmes or actively engaging with under-represented groups to encourage them to apply to the civil service (OECD, 2021[11]).

Inclusive society: inequality, poverty and social mobility

Income inequality has slightly grown in Sweden over the last years. In 2018, Sweden had a Gini coefficient at 0.27 post taxes and transfers, below the OECD average of 0.31 and one of the lowest in the OECD (OECD, 2021[11]). However, income inequality, as measured by the Gini coefficient, has been rising in the last few years and went from 0.26 to 0.27 from 2017 to 2018, respectively. This slight increase has to be put in the context of a long-term trend, whereby income inequality rose by 0.3% between 2012 and 2018 (Figure 1.10). Inequality also rose in Denmark and Finland, where the Gini coefficient increased by 1.6% and 1.5% respectively in the same time span. Similarly, Sweden displays the highest S80/S20 ratio (income quintile share ratio) relative to regional peer countries, which compares the mass of income held by the top 20% earners to that held by the bottom 20% of the income distribution (OECD, n.d.[54]). Sweden's income quintile share ratio was 4.1 in 2018, which grew steadily from 3.9 in 2008, and stands above Denmark's and Finland's ratios which reached in 2018 3.8 and 3.9 respectively. This measure further confirms the general but slight trend of rising inequalities in Sweden (OECD, n.d.[54]).

Figure 1.10. Difference after taxes and transfers in the Gini coefficient score for the working-age population, between 2012 and 2018



Note: Data for Chile, Estonia, Sweden and the United States are for 2013 rather than 2012.
Source: (OECD, 2021[11]).

In the country, the poverty rate after taxes and transfers, measured as the proportion of population whose income falls below the poverty line[6], increased from 2013 to 2020. In particular, 8.6% of the population was below the poverty line in 2013, while this proportion increased to 9.3% in 2019, and marginally declined to 8.9% in 2020. Regional peers present lower levels of poverty after taxes and transfers, with Denmark having evolved from 5.8% in 2011 to 6.4% in 2018 and Finland declining from 7.5% in 2011 to 6.5% in 2018.

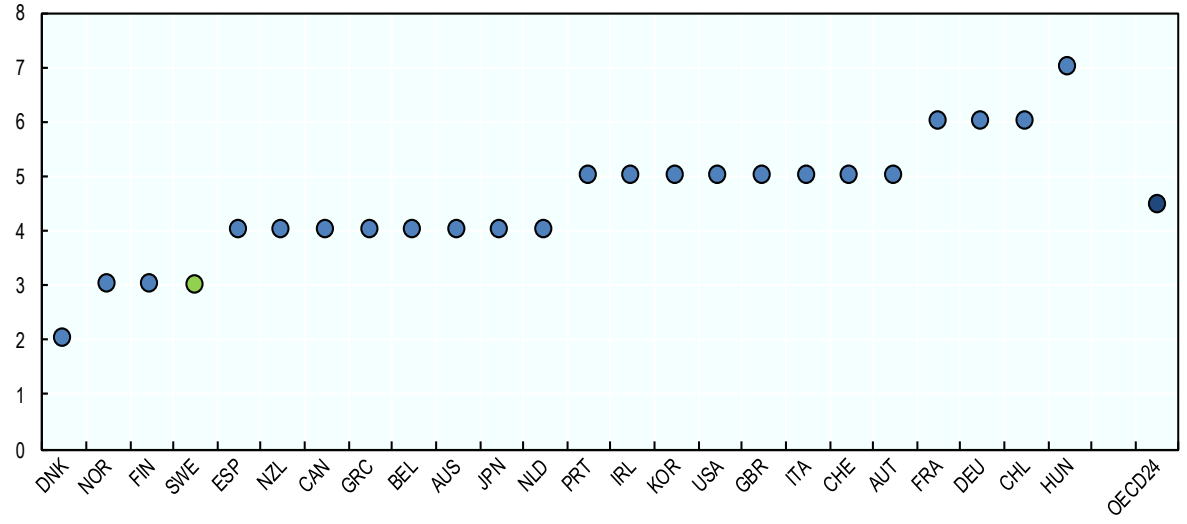
However, poverty does not affect all age groups equally: the youth and the elderly are much more likely to live in poverty. In Sweden, in 2020, around 12.9% of the population between 18 and 25 years lived in poverty, while this fraction was equal to 12.5% and 11.9% in 2019 and 2018 respectively. This proportion is lower than in Denmark and Finland, being equal to 20.3% and 17.5% in 2018, respectively. In addition, in 2018, in Sweden, more than 15% of people older than 76 years old lived under the poverty line, while in Denmark only 5% of the same age group lived in such conditions (OECD, n.d.[54]).

The need of more targeted care for vulnerable groups can be inferred also by expenditure data. Compared to regional peers, Sweden spends 7.2% of GDP in old age cash benefits, while Denmark spends 8% of GDP and Finland 11.8% (2017). Among Nordic countries, only Norway spends less on this category (6.9% of GDP) (OECD, n.d.[55]). Similarly, Sweden spends 1.8% of GDP in cash benefits for disability and sickness, compared to Denmark which spends 2.8%, Finland 2.1% and Norway 3.8% of GDP. Overall, Sweden mostly provides families with in-kind benefits rather than with cash, as expenditures in-kind benefits total 2.2% of GDP while those for cash benefits total 1.2% of GDP, similarly to Denmark Norway, but higher than Finland for in-kind benefits (OECD, n.d.[55]).

Nevertheless, Sweden outperforms the majority of OECD countries when it comes to social mobility. A standard measure to assess the inclusiveness of an economy or society is to look at the number of generations it would take for descendants of families in the bottom 10% of the income distribution to reach the mean income in society. In Sweden, the expected number of generations for descendants of a low-income household to reach the average income is equivalent to 3, compared to about 5 in the OECD (Figure 1.11) (OECD, 2018[56]). Recent evidence points out in the same direction. The Global Social Mobility Index developed by the World Economic Forum (2020) that evaluates several dimensions of social

mobility has shown that Sweden scored 83.5 ranking 4 out of 82 countries. It only stands below Denmark (85.2), Norway (83.6) and Finland (83.6) (The World Economic Forum, 2020[57]).

Figure 1.11. Expected number of generations it would take the offspring from a family at the bottom 10% to reach the mean income in society, 2018



Note: These estimates are simulation-based and intended to be illustrative. They should not be interpreted as giving the precise time that a person from a low-income household will need to reach the average income. They are based on earnings persistence (elasticities) between fathers and sons and the current level of household incomes of the bottom decile and the mean, assuming constant elasticities, following Bowles and Gintis (2002). Low-income family is defined as the first income decile, i.e. the bottom 10% of the population.
Source: (OECD, 2018[56]).

Overall, Sweden records high social-economic outcomes, including low income inequalities, and is delivering high quality public services with a large government in terms both of expenditure and employment, in line with peer Nordic countries. The country is characterised by high levels of public expenditure, employment size and outsourcing relative to the OECD average, that are broadly in line with regional peers especially Denmark. The country has demonstrated good levels of agility and resilience particularly in the COVID-19 context and has been reforming its crisis management system to further improve its response to future shocks. However, inequalities have been rising, including regional disparities in services such as health and education in the last years, as-well as the fraction of population living under the poverty line, with the youth and the elderly being more likely to be poor. In the context of the successive COVID-19 pandemic and the current crisis, new priorities and reforms are being planned in the country to address some of these challenges to public sector effectiveness both at the national and local levels.

2. Spending better in a constrained fiscal space

This section[7] aims to explore the general level and expenditures and the spending trends of Sweden to deal with the multifaceted consequences of the crises and advance towards its stated goals.

Budgeting is one of the key levers of government action that “reflects a government’s policy priorities and translates political commitments, goals and objectives into decisions on the financial resources allocated to pursue them” (OECD, 2020[58]). OECD member countries have widely used the fiscal lever to respond to the COVID-19 pandemic and increasingly to address the effects of the war in Ukraine, particularly inflationary pressures driven to a large extent by the increase in energy prices. In February 2022, energy

accounted for more than 50% of headline inflation in the euro area, mainly reflecting the sharp increases in oil and gas prices (European Central Bank, 2022[59]). This has underlined the need for governments to spend and deliver on their priorities by linking expenditure allocations and government priority measures while ensuring fiscal sustainably, particularly in the present challenging context.

The war in Ukraine is creating new challenges for fiscal policies in Sweden as it does in other OECD member countries. The current international context is contributing to increasing spending in Sweden to mitigate the multifaceted consequences of the COVID-19 crisis and the war of aggression against Ukraine. Regarding the latter, global chain disruptions and the increase in commodity prices have led to inflation soaring to close to 10% in August in Sweden. With raising interest rates weighting on mortgages and increasing energy costs, this has called for further fiscal support for citizens and particularly vulnerable households. Important inflows of refugees from Ukraine have also generated additional expenditures to accommodate them. Spending on defence is also set to increase from 1.2% to 2% of GDP in the broader context of Sweden joining NATO (OECD, 2022[60]).

In this context and as Sweden is expected to enter recession in 2023, the government has presented a tighter 2023 budget focusing on the achieving surplus target and safeguarding financial stability (Government of Sweden, 2022[61]). The budget identifies temporary measures aiming to protect vulnerable households and businesses along with spending priorities on welfare, security, defence and energy and climate (Government of Sweden, 2022[62]).

Sweden has carried out expansive fiscal policies using its pre-crisis fiscal space to weather the effects of the COVID-19 crisis whilst public deficit and debt remain modest

Sweden has carried out expansive monetary and fiscal policies using its ample pre-crisis fiscal space to weather the effects of the COVID-19 with a total support amounting to circa 8.5% of GDP over 2020-2021. Public deficit and debt have remained modest, notably below OECD averages. Data from the Ministry of Finance of Sweden indicates that the government gross debt to GDP increased from 35.2% in 2019 to 39.9% in 2020 and decreased to 36.7% in 2021 (Government Offices of Sweden, 2022[63]). After a surplus of 0.6% in 2019, the government fiscal balance decreased to a deficit of -3.1% of GDP in 2020 and has turned positive again since 2021 (OECD, 2021[11]) (Swedish National Debt Office, 2022[17]).

Despite relatively high public spending, Sweden has a comparatively low public debt (36.7% of GDP in 2019), putting it in the EU's top-third, and has experienced consistent budget surpluses in recent years except in 2020 (Government Offices of Sweden, 2022[63]). Close to half of OECD member countries recorded a budget surplus in 2019, particularly Denmark and Norway that had budget surpluses over 3% of GDP (OECD, 2021[11]). Sweden has one of the lowest government gross debt among OECD member countries, both compared to GDP and per capita, faring slightly better than regional peers, and forecasts a continuous decreasing trend in 2022 (33%), 2023 (31%) and 2024 (31%) as the budget will continue to record a surplus in spite of the international context (Swedish National Debt Office, 2022[17]).

Expenditures have markedly increased in economic and social spending areas

Expenditures increased to 53% in 2020, mirroring the trend in OECD member countries. The government expenditure ceiling had to be increased during the budget 2020, 2021 and 2022 processes and the government had to deviate from the surplus target in 2020 and 2021 to face the expenditures needed to weather the effects of the COVID-19 crisis (Bertelsmann Stiftung, 2020[32]); (Sweden's Fiscal Policy Council, 2021[64]). At the local and regional level, the government is using a fiscal equalisation system to reduce inequalities across municipalities and regions in terms of public service delivery and support to citizens. The system was last reformed in 2020, and the overall transfers to regions and municipalities have increased in recent years, including in the COVID-19 context to compensate for regional inequalities (OECD, 2021[19]).

Spending on social protection, which reached 19.0% of GDP in 2019, above the OECD average of 13.3%, remains the highest spending category and further increased during the crisis, driven by increasing expenditures on social and health services. While these expenditures on social protection are broadly in line with Norway and Denmark, they remain below Finland which spends almost a quarter of its total government expenditures on social protection (OECD, 2021[11]). Spending on economic affairs has surged by 102% in 2020 compared to 2019 following trends observed in Denmark, Norway and France, health by 41% and public services by 19%. Sweden has provided wide support to firms and workers, especially through social contribution and tax deferrals and short time work schemes.

Spending on climate has increased by 14% in 2020 after a 35% increase between 2016 and 2019, the largest increase in any budget category over the period. France and Norway had followed similar trends while the share of expenditures on climate had decreased for other regional peers pre-crisis.

In 2021, the government introduced several new grants for the health sector and care of the elderly, targeting local governments and municipalities. In total, the new government grants to regions and municipalities amounted to more than SEK 16 billion (1.5 billion euros) (Statskontoret, 2022[9]). Government priorities are reflected in the 2022 government budget along several lines that support "aggressive reforms for the climate, jobs, welfare and law enforcement" according to the Ministry of Finance (Sweden's Ministry of Finance, 2022[65]):

- "Sweden a safe and secure country for all" (including financial measures on police and justice);
- "Fast climate transition" (transport, "Industrial Climate Leap" (*Industriklivet*), protection of natural resources);
- "Strengthened welfare system" (healthcare, elderly, culture /sport, grants to municipalities).

In 2023, considering the current context, the budget aims to be tighter and achieve the target surplus. The budget has been focused on a number of spending priorities identified by the new government and covering, among the main priorities (Government of Sweden, 2022[62]):

- "A stronger economy with more people in work (including support to vulnerable households and businesses)
- Increased security and equity;
- A reliable welfare system;
- A stronger national defence and foreign affairs policy;
- A new effective and ambitious energy and climate policy".

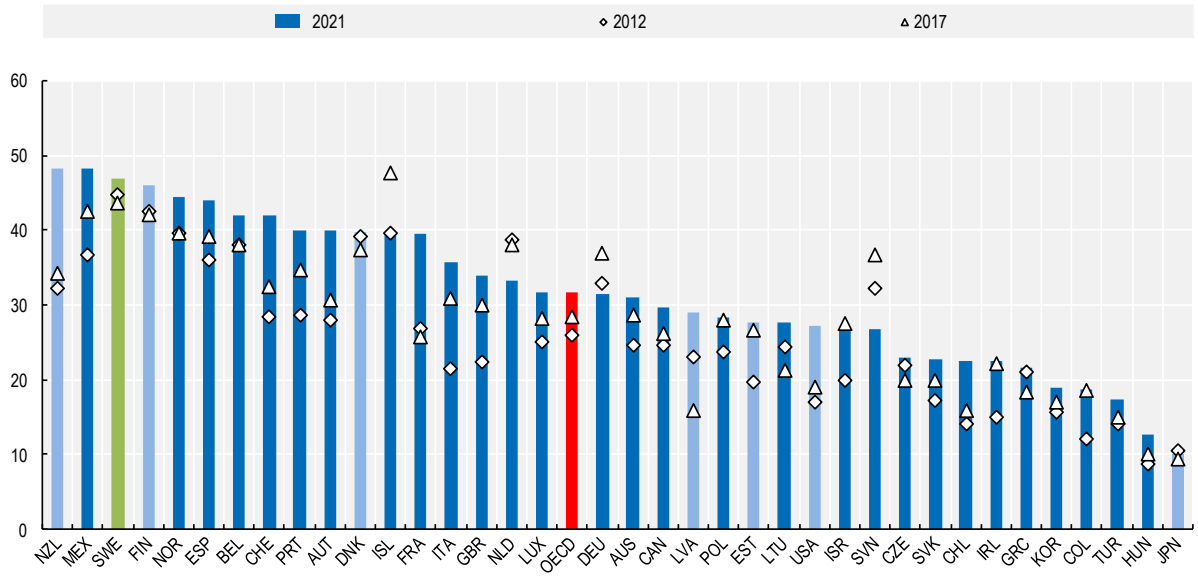
As in most countries, longer-term perspectives might prove challenging with an ageing population and related pension and health costs (OECD, 2021[19]).

3. Public participation in public decision-making

Representation: Sweden performs well in gender equality and youth representation in parliament

Sweden scores well in the representation of women in politics. Ensuring that the leaderships of parliaments reflect the populations they serve – including their gender composition – contributes to the fairness and responsiveness of this institution. In 2021, women occupied 47% of seats in parliament, evolving from 43.6% in 2017 (Figure 1.12). The country scores third in the OECD standing largely above the OECD average (31.6%), and regional peers, like Finland, Denmark, and Norway, scoring 46%, 39.7% and 44.4%, respectively (OECD, 2021[11]).

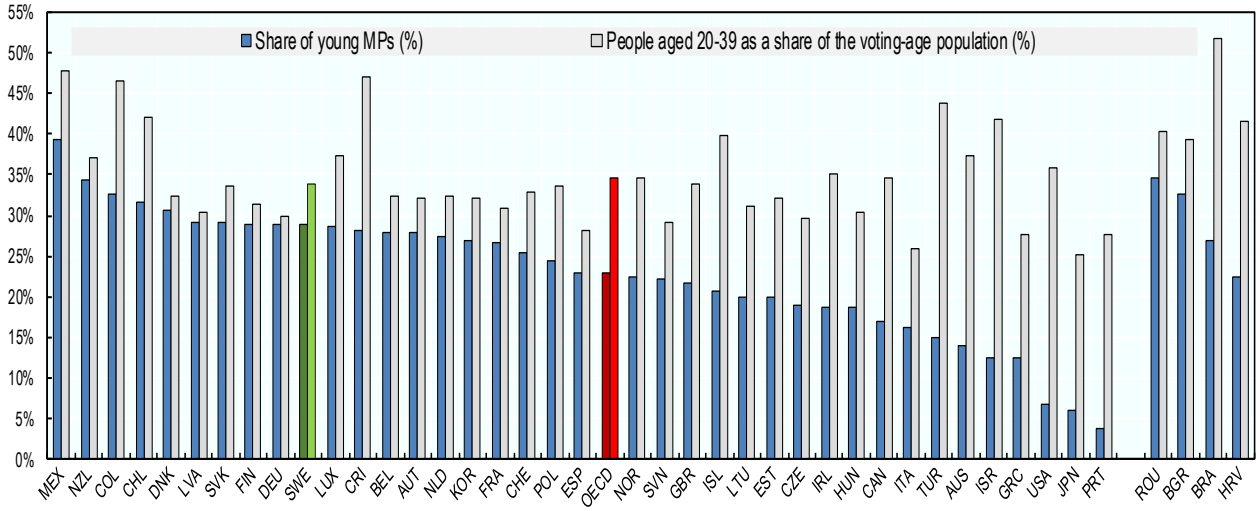
Figure 1.12. Gender equality in parliament and electoral gender quotas, 2012, 2017 and 2021



Note: Bars in light blue represent countries with lower or single house parliaments without electoral quotas as of as of February 2021. Data refer to the share of women parliamentarians recorded as of 1 January 2021, 1 January 2017 and 31 October 2012. Percentages represent the number of women parliamentarians as a share of total filled seats. Data for Israel for 2021 correspond to the outgoing legislature as parliament was dissolved in December 2020 and new elections were yet to take place at the time of preparing this publication.
Source: (OECD, 2020[66]).

Youth representation in public institutions is critical to ensuring that public decisions take into account different perspectives, policy solutions benefit from a range of experiences and skills, and that policy outcomes are sustainable and responsive to all citizens' interests, needs and specificities (OECD, 2021[11]). To promote young people's representation in parliament, Sweden has adopted a 25% quota for candidates under the age of 35 within party lists (OECD, 2020[66]). In 2022, 29% of members of parliament (MPs) were aged 20-39, above the OECD average of 23%. Yet, there is still a representation gap of roughly 5 p.p. when compared to the actual proportion of 20–39-year-olds in Sweden (34%) (Figure 1.13). Similarly, cabinet members in Sweden tend to be, on average, younger than in most OECD countries. In 2022, the average age of cabinet members in Sweden was 48 compared to the OECD average of 53. Earlier data from 2018 shows a similar trend, with Swedish cabinet members averaging around 51 years compared to the OECD average of 53 (OECD, 2021[11]).

Figure 1.13. Share of members of parliament aged 40 and under and people aged 20-39 as a share of voting-age population, 2022



Note: Data on the share of young people as a share of the voting-age population is from 2021. National Parliament average age data is from 2022, with the exception of Australia and Colombia, which dates from 2021.
Source: Upcoming Government at a Glance, 2023.

Participation: Sweden has developed an enabling environment for citizens to exercise their democratic rights and to participate in public life, but further efforts are needed in providing impactful spaces for citizens to influence public decision-making

Environment for public participation

Sweden has a strong enabling environment within which citizens and stakeholders can exercise their democratic rights. Core civic freedoms and rights —such as freedoms of expression, association and peaceful assembly, and non-discrimination — are well established and protected by legal, institutional and policy frameworks. In Sweden, anyone is entitled to exercise the freedoms of expression, peaceful assembly and associations, even individuals that are temporarily or irregularly in the territory (OECD, 2022[67]). Sweden does not have a legal framework regulating the establishment and operations of Civil Society Organisations (CSOs) territory (OECD, 2022[67]). During the pandemic, CSOs working with women, children, the homeless, undocumented and LGBTI persons, as well as activities preventing loneliness and isolation among elderly persons during the pandemic, received additional government funding (Abiri, 2021[68]). Sweden is one of very few OECD countries that provides so called “core funding” to CSOs, which is a funding modality that is directed at supporting CSOs’ organisational expenses, including administrative costs, infrastructure costs, institutional capacity building, and other recurring costs (Government of Sweden, 2016[69]). The Swedish Agency for Youth and Civil Society provides non-specified organisational funding for organisations that support young people’s non-profit involvement, strengthen initiatives related to culture, language, identity and participation in society and strengthen the position of LGBTI people in society. All organisations receiving the grant must be democratically structured, follow the ideas of democracy and be membership-based (MUCF, 2021[70]). While in 31% of OECD members respondents to the Survey on Open Government political activity by CSOs may lead to the loss of tax-exempt status of public benefit or charitable organisations, Sweden is one of very few OECD members where political activity of public benefit organisations is listed as one of the activities defined as public benefit (OECD,

2022[67]). In addition, voter turnout is high, with 84% of the voting age population participating in the parliamentary elections in 2022, placing Sweden as the 4th European country with the highest turnout (Valmyndigheten, 2022[71]); (IDEA, 2022[72]).

In the country, there is a legal basis for participation. The constitution includes provisions on democratic rights and participatory opportunities. In particular, the *Instrument of Government*, part of the Swedish constitution describing how Sweden shall be governed, the rights of the citizens and how public power is allocated, in its Art. 2 (Chapter 1) includes that "public institutions shall promote the opportunity for all to attain participation and equality in society" (Government of Sweden, 2023[73]). Similarly, Sweden has implemented regulations to enhance citizen participation such as the Referendum Act (1979:369) and the Act (1994:692) on municipal referenda.

This strong enabling environment is reflected with Sweden's top performance in international rankings that measure civic freedoms and rights, such as Freedom House (score 100/100) (Freedom House, 2021[74]), Democracy Index (rank 4/167 countries) (Economist Intelligence Unit, 2021[75]), World Justice Project (rank 4/139 countries) (World Justice Project, 2021[76]), CIVICUS (rating as 'open') (CIVICUS, 2022[77]), and V-Dem's Liberal Democracy Index (rank 1/179 countries) (V-Dem Institute, 2022[78]). As regards media freedoms, amid a general decline worldwide, Sweden continues to be at the top of Reporters without Borders' World Freedom Index (Reporters without Borders, 2021[79]). Sweden also ranked 3rd in the list of the countries where the measurement of the media's freedom to publish revelations produces the best results (no limitation whatsoever) (Reporters without Borders, 2021[79]). To counter online hate speech, authorities in Sweden have enhanced victim support structures for individuals who are exposed to threats and hatred in connection with their participation in public discourse (Government of Sweden, 2017[80]). Specialised hate crime units have also been created in Swedish police structures to assist victims, train fellow police officers and conduct outreach and confidence-building activities in local communities and among vulnerable groups (2018[81]).

However, changing demographics, increasing regional inequalities and disparities, tensions related to immigration, polarisation and social exclusion of certain underrepresented groups, such as indigenous communities, are all real challenges to inclusive citizen participation (OECD, 2021[19]) (Ministry of Finance of Sweden, 2019[37]).

When defining participation, the OECD Recommendation on Open Government (OECD, 2017[82]) refers to stakeholders, grouping together both citizens as individuals and any interested and/or affected party. Involving citizens and/or stakeholders is equally important, however, their participation should not be treated identically. The OECD distinguishes among three levels of citizen and stakeholder participation, which differ according to the level of impact: information, consultation, and engagement (OECD, 2022[83]).

In Sweden, stakeholders such as organised civil society, businesses and trade unions can participate regularly and contribute to public decision-making mainly through consultations and consultative bodies. Public consultations are used to either gather ideas, feedback, inputs or opinions about a regulation, a policy question, or a draft proposal (legislation, strategy, etc.). A consultation can help design and shape decisions, or to identify ways that an already defined solution or policy can be improved (OECD, 2022[83]). Consultations remain overall well integrated into Sweden's policy and regulatory-making processes mainly through public referrals, which is the reference process for engaging with citizens and stakeholders in the country. This process relates to major legislative and policy changes, for which the government appoints on an *ad hoc* basis a Committee of Inquiry to analyse and evaluate the suggested changes and provides a report with recommendations. The report is then submitted for the consideration of relevant "referral" bodies, including government agencies and other stakeholders such as citizens, trade unions, academics, subnational governments, etc. This process, known as referrals, provides valuable feedback for the government as it reveals the level of support of the suggested legislative change and provides inputs from civil society (OECD, 2010[84]). In Sweden, stakeholder participation in primary laws (2.03) and in

subordinate regulations (1.87) is slightly below the OECD average (2.22 and 2.14, respectively) according to the OECD Indicators of Regulatory Policy and Governance (iREG) (OECD, 2021[85]).

The Swedish government also conducts broader consultations for policies and services both *ex-ante* and *ex-post*. In practice, the government engages stakeholders in decision-making processes notably through the National body for dialogue and consultation between the government and civil society (NOD for its acronym in Swedish). Through NOD, the government uses various methods to enable dialogue and consultations, including roundtable discussions, *ad hoc* consultations, dialogue, and meetings, among other means. Initiatives through NOD can be taken by ministries, agencies as well as by civil society organisations. Some examples of initiatives made through NOD include a consultation led by the Swedish Civil Contingencies Agency to involve young people in reducing the spread of infection during the pandemic and a consultation on the role of civil society in the implementation of the 2030 Agenda conducted by the Ministry of Foreign Affairs (Government of Sweden, 2022[86]).

Furthermore, individual citizens can participate through a series of mechanisms at the local level. Referendums at the local level are a common practice in Sweden. They are always consultative, i.e., referendums held in municipalities and county councils are not legally binding. The process can be both bottom-up or top-down. On the one hand, the process can be enacted by Swedish citizens if 10% of the population entitled to vote requests it. However, the municipal or county council has the final say as the referendum does not take place when two thirds of the councillors do not support the initiative. On the other hand, it can be initiated by a municipal or county council asking citizens their opinion on a relevant matter (Riksdag, 2022[87]). Since 2012, there have been almost 50 municipal referendums (Swedish Election Agency, 2022[88]). Citizens are also involved at the local and regional level through self-governing bodies or user advisory boards targeting different sectors of the population such as elderly boards, youth councils and disability councils. Sector-specific mechanisms have also been established. For instance, in the health sector, Councils with patients have been established at the national, local and at the hospital levels to further engage them in the dialogue on the health care system at different levels. Democracy festivals represent another form of dialogue between the government and the public in Sweden. They reunite citizens, government representatives, civil society, and entrepreneurs to debate and deliberate over key social issues. They are a place of exchange where “people can physically get together, talk to each other, get inspired, exchange opinions, and debate their ideas” (Democracy Festivals Association, n.d.[89]). These festivals complement citizen participation efforts led by the government, supporting the promotion of a culture of deliberation, and providing opportunities for citizens to engage in civic activities (OECD, 2020[90]). Finally, Sweden has also developed participatory budgets to enhance citizen participation in cities like Gothenburg or Malmö and municipalities like Sigtuna (Digidem Lab, 2019[91]); (Digidem Lab, 2022[92]) (Sigtuna Kommun, 2022[93]).

While Sweden has developed a number of consultation practices and mechanisms over time, stakeholders met during the OECD fact finding mission mentioned the need in Sweden to be more pro-active in involving citizens and further mainstream participatory practices and knowledge of them across government[8]. For example, Sweden could go one step beyond consultations and implement more engaging and impactful mechanisms like representative deliberative processes. Like most OECD member countries, Sweden does not have a strategic framework or strategy on involving citizens but has a strong tradition of consultation particularly through the systematic practice of referrals when policy proposals are designed. Nevertheless, only few instruments exist for engaging citizens on next steps of the policy cycle, including implementation and monitoring of policies. Some practices exist like Councils that are used in the health sector as a mechanism to engage patients and in the education sectors, where they are compulsory as well, and could be mainstreamed across the different sectors.

The Swedes are less confident than the OECD average in their ability to influence policymaking

While Sweden has developed an enabling environment for citizen participation, additional efforts are needed in providing impactful spaces for citizens to influence public decision-making as highlighted by the *Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions.* In fact, a large fraction of respondents considers that their ability to influence policymaking is low.

In particular, around one-third of Swedish respondents have confidence that the government would adopt views expressed in a public consultation, a share similar to the one across OECD countries. However, only 34% think they could voice their concerns regarding local government decisions affecting their community, while 40% on average across OECD countries (OECD, 2022[15]). Similarly, only 23% of Swedes think that the current political system lets them have a say in government decision-making, below the OECD average (30%). Moreover, Sweden has mixed results on perception of government responsiveness to public feedback. While slightly more than 4 out of 10 respondents (41%) expect a local service to be improved following public complaints, a value above the OECD average, fewer Swedes than on average across OECD countries think that an unpopular national policy would be changed (34%) (OECD, 2022[15]).

4. Enhancing government's capabilities to address climate change and other crosscutting challenges

Governing cross-sectoral issues has been challenging in Sweden

The institutional setting on governing crosscutting issues in Sweden mainly relies on the Government Offices and agencies

In Sweden, horizontal topics are steered by the Government Offices through ordinary procedures, usually by specific divisions in line ministries. These divisions are given a special responsibility in the administration when it comes to working with a cross-sectoral issue, for example the Equality Division at the Ministry of Employment, or the Climate Division in the Ministry of Environment (now the Ministry of Climate and Enterprise). Inter-ministerial collaboration in the Government Offices has also been supported by Inter-ministerial Working Groups, like the Ministerial Working Group on Climate Policy. In addition, there are also dedicated agencies in some areas, for example the Swedish Gender Equality Agency (*Jämställdhetsmyndigheten*).

In OECD member countries, the governance of crosscutting issues is increasingly steered by the CoG. An estimated 81% of CoGs in surveyed EU member countries (21) play a leadership role on crosscutting issues. Nearly half of EU member countries surveyed cited digital transformation as one of the top three priorities managed from the centre. A number of countries have created dedicated units in the CoG to manage specific crosscutting issues, for instance on gender, youth, climate and digitalisation (OECD, Forthcoming[94]; OECD, 2021[95]; OECD, 2017[96]). In Sweden, the governance of cross-sectoral issues is mainly steered by the Government Offices with the support of agencies, while the CoG, represented mainly by the Prime Minister's Office, is managing the political coordination and plays a limited role in steering crosscutting policy priorities.

Strict rules and ordinary procedures are defined for the interplay between ministries and agencies and follow the principle of responsibility, which ensures a common understanding and functioning on the roles and responsibilities in the public administration but also creates some rigidities on horizontal and multisector priorities. The COVID-19 period has particularly attested the overall lack of anchor and agility of the system for horizontal topics as key responsibilities were assigned to agencies that lacked the

resources and capacities to prepare and steer the multisectoral response needed for the crisis (Sweden's Corona Commission, 2022[34]).

Strategies, inter-ministerial bodies and joint assignments are some of the key instruments used for crosscutting issues

Sweden has developed a number of practices and mechanisms on the governance of cross-cutting topics that could be streamlined, particularly by establishing a strong framework for crosscutting priorities to signal it as a clear priority, developing strategies and using joint assignments. Climate change is one such example as it has been supported by the establishment of a strong framework with the Climate Policy Act that set the need for a Climate Action plan every four years (one year out from elections), clear objectives and a Council / governance arrangement.

The country has often used inter-ministerial Councils and Working Groups at different levels to support policymaking and coordination on horizontal priorities (Climate, Innovation, and Digital). They were sometimes short-lived, lacking a specific mandate or did not have a clear enough institutional anchor. For instance, the National Council on Digitalisation was not connected to the preparations of a new strategic document on digital, and the Ministerial Working Group on Climate Policy was given a very broad mandate with limited resources to fulfil it. The latter was a forum for meetings and discussions composed by a secretariat, and it had two bodies reporting to it: an inter-ministerial group of State Secretaries and an inter-ministerial group of civil servants. The experience of long-standing Councils in Sweden and in other OECD member countries shows that councils can be a valuable asset provided that they are given a clear agenda and/or objective to foster collaboration and provide value added.

The practice of joint assignments whereby several line ministries provide an assignment to different agencies, is sometimes used and could be further generalised. It could help task agencies on horizontal topics that are not led by their line ministry, provided the assignments are clear for each agency and accountability remains strong. For instance, joint assessment proved to be an asset on climate issues, providing clear directions on the actors, collaboration methods, reporting mechanisms, funding, coordination among agencies and with the Government Office, actions to be taken, focus of each agency involved, reasons for the government's decision.

Mainstreaming crosscutting issues across all planned actions is another option to incorporate them into rule making, public budgeting, public procurement, infrastructure decision-making and delivery. Youth is an example of a policy field that cuts across various ministerial departments and portfolios including employment, education, transportation, environment, health, justice, and sports, among others. Youth mainstreaming is a process of assessing the implications for young people of any planned action, including legislation, policies or programmes, in all areas and at all levels (OECD, 2020[66]). In Sweden, the topic is led by the Ministry of Health and Social Affairs, and the Agency for Youth and Civil Society and the country has placed a strong emphasis on mainstreaming youth policy as one of the key priorities of its Presidency of the Council of the European Union, an effort that could be further pursued across strategies and policies.

Sweden encounters a number of challenges in governing crosscutting issues

Signalling of top priorities by the Government Offices has been a key success factor in a number of crosscutting topics in Sweden, but several challenges have been encountered in their governance (Swedish Agency for Public Management, 2022[28]). The Swedish Agency for Public Administration has recently pointed out several weaknesses in the government's policy and governance on cross-sectoral issues, including a lack of clear direction with agencies not always having the clarity they need in terms of role and assignments. Strategies provide objectives, guidance and priorities for the government and for agencies, but sometimes lack an action plan with tasks and roles and responsibilities to guide action and identify needs for collaboration for agencies. Once the strategy has been defined, assignments are issued by the government to agencies. However, at times and in particular for cross-cutting issues, assignments

are felt by agencies to be too vague. In particular, they have been not specific enough in defining which measures and actions each agency should lead and implement, why they should collaborate and on what topics or measures collaboration was required. This has proven particularly challenging in cross-sectoral matters, for which assignments and tasks are often broadly formulated and lack a clear connection to the authorities' own operations. Agencies will then tend to give priority to the assignments that they receive within their core tasks on current priorities or on their usual operations, also because they sometimes have more difficulty to interpret what is expected from them on assignments within other areas, especially on horizontal topics and due to the limited availability of resources to perform them.

Another issue related to the assignments that have frequently been reported by stakeholders in interviews and by the Swedish Agency for Public Management pertains to the fact that these are too short-term with tight deadlines that do not allow the assigned agency to build capabilities and establish collaboration with key actors that they need to cooperate with to deliver on the assignments, hampering the quality of the work of agencies[9]. While this could be needed for urgent actions, using frequently short-term assignments tends to weaken the capacity to work on structural issues and longer-term responses to identified challenges (Swedish Agency for Public Management, 2022[28]).

The actors and functions that are left to manage cross-sectoral issues often lack the right resources and operating conditions to do so. Constraints on resources are obstacles for collaboration on a number of cross-cutting priorities and adequate levels of resources are needed to foster collaboration. While this issue also stands for regular assignments, it is even more acute for cross-cutting priorities that are sometimes not at the core of the agency’s operations. Additionally, agencies interviewed by the OECD reported that it might prove difficult to change direction and involve additional agencies once the assignment has been given in case new priorities emerge.

Similarly, improving the data-sharing ecosystem is central for the effective management of cross-sectoral issues. Several agencies collect data across regions on education, health, and other relevant indicators. For example, since 2009, the Swedish government has tasked the National Board of Health and Welfare, in collaboration with the Public Health Agency and the Swedish Association of Local Authorities and Regions (SALAR), to develop and publish regional comparisons on public health indicators (The National Board of Health and Welfare, 2015[97]). However, stakeholders from the fact-finding mission mentioned the absence of interoperability in data information systems in the Swedish public administration system. This hinders the effective coordination and management of cross-sectoral issues between agencies. Improving data sharing efforts across agencies could improve the interoperability of the system and contribute to dealing in a more efficient manner with cross-sectoral issues.

Sweden could build upon good practices implemented in the governance of specific cross-sectoral issues to mainstream them to other horizontal priorities. For instance, according to stakeholders from the OECD fact finding mission, gender equality is a good example of effective governance of a cross-sectoral issue in Sweden. The government implemented the programme for Gender Mainstreaming in Agencies (JiM) which aims to introduce gender lens in the decision-making process, signalling to agencies that this cross-sectoral issue represents a priority. As such, the Equality Division, within the Government Office, was tasked with steering JiM. The program was linked to policy goals and a framework under which the agencies should operate. Agencies had to present an action plan stating how they intended to work to ensure that their operations contribute to achieve the gender equality objectives within the ordinary budget framework (Swedish Agency for Public Management, 2022[28]). The Swedish Agency for Public Management was tasked with evaluating the agencies’ results relative to gender mainstreaming. Since 2018, the Swedish Agency for Gender Equality had also a clear strategic and steering role supporting the agencies on gender mainstreaming as it was tasked with supporting the work of participating agencies with the collaboration of the Equality Ombudsman (DO), the Swedish National Financial Management Authority (ESV) and the Statistics Sweden (SCB). In addition, in 2020, the Agency was also tasked with developing and implementing a model for systematic exchange of experiences in gender mainstreaming and gender budgeting together with the Swedish National Financial Management Authority (ESV), the Swedish Prison

and Probation Service, the Swedish Tax Agency and the Swedish Research Council (Government of Sweden, 2021[98]).

Similarly, according to stakeholders from the OECD fact finding mission, the Agenda 2030 and the strategies on digitalisation were also good practices on the governance of cross-sectoral issues. In the former one, the Climate Division, located at the Ministry of Environment, led the coordination of the Agenda 2030 and had a central role in supporting the work of the programme across ministries. In the latter one, initiatives like Digital First led to the adoption of the initiative's principles by many agencies (Swedish Agency for Public Management, 2022[28]).

However, some of these initiatives lacked clear strategic planning and steering from the Government Offices, even within these afore-mentioned strategies. For instance, JiM is an open assignment and agencies lack direction in the tasks they have to perform and the goals they have to reach. The agencies pointed out receiving little feedback from the Government Offices and the Equality Division had difficulties in providing sufficient support to agencies because of its limited resources. The Agenda 2030 is also an open assignment, and most agencies received unclear assignments on how to report on how their activities contribute to reaching climate goals. Finally, the government's strategy for digitalisation lacks explicit goals and many of the areas and bodies in the strategy overlap (Swedish Agency for Public Management, 2022[28]).

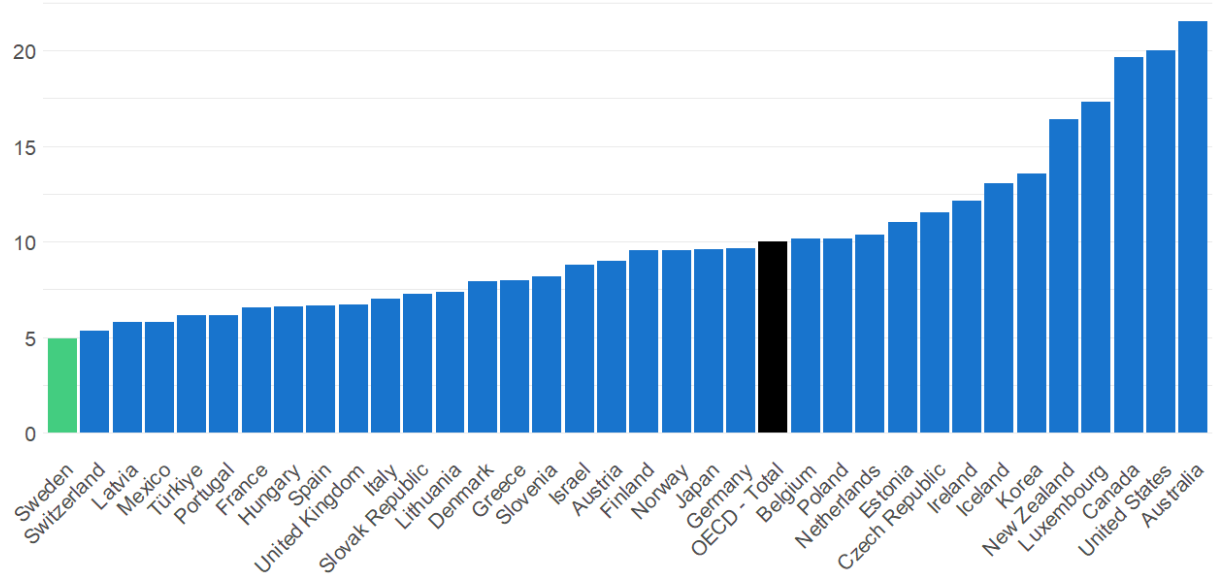
Focus on the climate change challenge

Achieving the goals required for the green transition will depend on government steering and policies enacted. It is hence key to focus not only on the content of the policies for the climate transition, but also on how the government designs and agrees on the policies to fight climate change and address environmental priorities and on how it ensures that these policies are effectively and efficiently implemented, sustainably financed and delivered; and on how they garner cross-cutting support and consensus from society (OECD, 2022[99]). The OECD has developed a framework to assess how public governance can play a significant role in the green transformation, this section will focus on the policy outputs and on the government's steering and implementation of climate and environmental goals.

Sweden is a frontrunner in delivering on climate commitments and a leader in supporting international climate efforts

Sweden is a frontrunner in the fight against climate change. Indeed, CO2 emissions have been decreasing in the past decades (representing a third of the OECD average per capita), biodiversity is improving and its ecological footprint, while still high, is slowly decreasing (Figure 1.14). The country has achieved the objective of reducing GHG emissions by 40% relative to the 1990 level by 2020 and has issued a number of programmes to green the economy. It is a global leader in most indicators pertaining to CO2 emissions, exposure to air pollution or renewable energy (OECD, 2021[19]). Sweden has the highest proportion of its energy consumption provided by renewable sources in the EU, but is also amongst the Member States with the highest energy consumption per capita. Economic incentives and policy instruments played a major role in these achievements. In addition, environmental policy is an integrated component of the larger project of restructuring the economy and making it more environmentally friendly (European Commission, 2020[100]).

Figure 1.14. Greenhouse gas emissions (tonnes per capita, 2019 or latest available year)



Note: Greenhouse gas emissions refer to the total emissions of CO2 (emissions from energy use and industrial processes, e.g. cement production), CH4 (methane emissions from solid waste, livestock, mining of hard coal and lignite, rice paddies, agriculture and leaks from natural gas pipelines), nitrous oxide (NOx), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). Data exclude indirect CO2 and emissions or removals from land-use, land-use change and forestry (LULUCF).
Source: Author's elaboration based on (OECD, 2022[101]).

Sweden continues to play a relevant role in supporting international environmental protection regimes, including the Paris climate change conference and the Stockholm+50 UN conference. Indeed, the country has a record of going beyond the requirements of international accords, such as the Kyoto Protocol, as a means of setting an example to other countries. Sweden is also a very active player on the EU's environmental policy agenda. Climate change and global warming can only be addressed through multilateral efforts and Sweden has played an important role toward such arrangements (European Commission, 2020[100]).

Nevertheless, according to the Swedish Climate Policy Council (*Klimatpolitiska rådet*), the pace of climate transition remains far from the pace required to reach net-zero emissions by 2045, and established policy is insufficient for achieving Sweden's climate goals. Throughout the crisis, the government has maintained the focus of Sweden's climate policy action plan. Yet it has not made sufficient use of the window of opportunity provided by the coronavirus crisis, to leverage crisis and recovery investments to advance overall policies for the climate (Swedish Climate Policy Council, 2021[102]).

Steering action to tackle climate challenges: the government has developed a climate policy action plan and a number of key regulations such as the Climate Act, establishing a strong framework

Among the newly established government's Statement's focus points, the government highlighted the need of dealing with the energy crisis in order to reach climate goals and return to lower electricity prices. The government aims to reform the Swedish energy system, while mitigating the acute electricity crisis for Swedish households and companies. In the short term, the risk of acute financial problems must be reduced when households and companies themselves are forced to bear a high cost of the unsuccessful energy policy. Secondly, according to its Government Statement, the government plans to give to the *Svenska Kraftnät,* the authority responsible for ensuring that Sweden's transmission system for electricity

is safe, environmentally sound and cost-effective, a clarified mandate to procure plannable electricity production where it is most needed to increase electricity production, and investigate the possibility of restarting plannable electricity production in southern Sweden (Government of Sweden, 2022[1]). Thirdly, the government will emphasize the importance of energy policy for climate policy. Thus, the energy policy goal is changed from 100 percent "renewable" to 100 percent "fossil-free". Additionally, the conditions for maintaining, developing and expanding Swedish nuclear power are being radically improved, in order to both meet the massive needs of households and the green transition for clean Swedish electricity (Government of Sweden, 2022[1]).

Sweden has established a strong policy and legal framework to support the fight against climate change and has driven whole-of-government work on the topic. In June 2017, Sweden's *Riksdag* introduced a climate policy framework with a Climate Act for Sweden. This framework sets out implementation of the Paris Agreement in Sweden according to which by 2045 at the latest, Sweden is to have zero net emissions of greenhouse gases into the atmosphere and negative emissions thereafter. The framework aims to create stability in climate policy as it provides business and society with the long-term conditions to implement the transition needed to address the challenge of climate change. For the first time, Sweden also has an act under which each government has an obligation to pursue a climate policy based on the climate goals adopted by the *Riksdag*. The Climate Act establishes the following:

- The government's climate policy must be based on the climate goals.
- The government is required to present a climate report every year in its Budget Bill.
- Every fourth year, the government is required to draw up a climate policy action plan to describe how the climate goals are to be achieved.
- Climate policy goals and budget policy goals must work together

The OECD Green Recovery dashboard also evidenced that most expenditures planned as part of the recovery in Sweden (89%) are likely to have a positive impact on the environment, compared to 29% of total funding allocated to the recovery having a positive impact on the environment in total in OECD member countries (OECD, 2022[103]).

Mobilising tools: Sweden has increasingly relied on green budgeting and a clear public procurement framework to reach climate goals

The Climate Act regulates how climate goals should be taken into account in the budgetary process. While there is no legal basis for green budgeting, it is still a high-level political commitment. In general, the Swedish Government Offices and the public authorities should conduct assessments of climate and other environmental impacts when preparing proposals for the Budget Bill as well as other bills and communications. The Swedish Climate Act contains a provision on the need to include a Climate report in the Budget Bill submitted to Parliament (Government of Sweden, 2018[104]).

Public procurement can help governments reach their policy goals and has been increasingly used in OECD member countries as a tool to fight climate change, seeking to align procurement spending with strategies to tackle the climate crisis (OECD, 2022[99]). Swedish procurement legislation is based on EU directives and EU primary law. This means that free movement in the internal market may not be limited when making public purchases, and that the basic principles of transparency, equal treatment, non-discrimination, proportionality and mutual recognition must be followed. Procurement by public authorities is regulated in the Public Procurement Act, the Utilities Procurement Act, the Act on Procurement of Concessions, and the Defence and Security Procurement Act. Several of the provisions in these acts implement the provisions of the procurement directives.

Sweden has been linking its procurement strategy and practices with climate and environmental objectives. In 2017, the government developed a National Public Procurement Strategy with seven goals. Two of them can help to reach climate goals, especially in the road and construction sector, namely "public procurement

that drives innovation and promotes alternative solutions, and environmentally responsible public procurement". In addition, in October 2021, the government proposed a regulation requiring local authorities to consider climate, environmental, human health, animal rights, and social and labour laws in public procurement. The law is expected to take effect on 1 July 2023 (Stockholm Environment Institute, 2022[105]).

The National Agency for Public Procurement is tasked with supporting the implementation and follow-up of the strategy. The agency provides support and guidance in public procurements. Support is provided to public authorities, suppliers, and other public procurement actors. The Agency has overall responsibility for developing, administering and supporting procurements conducted by the contracting authorities and units. Supervision of public procurement is carried out by the Swedish Competition Authority, which can also bring court actions regarding procurement fines.

Adapting institutions: Sweden has established a number of bodies, committees and agencies on climate and environment, but the steering and coordination of these initiatives could be strengthened

Sweden has established a number of external and internal institutions to inform, support, coordinate, implement and evaluate policies and measures related to climate change, including a Ministry of the Environment in the Government Offices, the Ministerial Working Group on Climate Policy, an independent Climate Policy Council and the Swedish Environmental Protection Agency among different other agencies involved in the field of sustainable development and environment. With the newly established government, the Ministry of Environment will cease to exist – instead, together with enterprise and industry policy from the Ministry of Enterprise and Innovation, as well as energy policy from the Ministry of Infrastructure, will become the Ministry of Climate and Enterprise. 19 out of 38 OECD member countries have established a dedicated ministry of the environment that help them ensure visibility for the topic and dedicated resources. However, they sometimes struggle to obtain political buy-in from other line ministries, and might therefore be hindered in their ability to steer and coordinate environmental climate policies. Moving environmental issues within another ministry might increase political buy in and coordination depending on the political weigh of the minister and the relative importance of the topic in the new ministry. For instance, in Germany, the environmental portfolio was moved with Energy with the appointment of a Vice Chancellor from the Green Party that might help put the topic higher on the agenda. Nevertheless, this change carries some risk as the environmental or climate agenda could be subsumed by the other portfolio.

The Swedish Climate Policy Council was instituted in the Climate Policy Framework and is an independent, interdisciplinary expert body tasked with evaluating how well the government's overall policy is aligned with its climate goals (Swedish Climate Policy Council, 2021[102]). Within the framework of the overarching mandate, the council shall:

- Evaluate whether the focus of different relevant policy areas contributes to or counteracts the potential to achieve the climate goals.
- Highlight the effects of agreed, proposed instruments from a broad societal perspective.
- Identify policy areas that require further action.
- Analyse how to achieve targets, both short- and long-term, in a cost-effective way.
- Evaluate the bases and models on which the government builds its policy.
- Foster more debate in society on climate policy.

The latest report from the Council underlines the need for better coordination between agencies and with the Government Offices. The steering role from the Government Offices could be further strengthened and longer-term assignments and more resources are needed by agencies on the implementation side. Coordination of climate actions across sectors appears to remain a challenge (Swedish Policy Council, 2022[106]).

The Ministerial Working Group on Climate Policy was also created in June 2020 in the Government Offices to foster whole-of-government coordination on climate change effects, steer and mainstream efforts towards integrating climate change in all policies. The Working Group is led by the Prime Minister and includes several ministers. The Working Group can also help ensure the consistency of strategies and policies on climate change. However, it was reported that the Working Group has only met a limited number of times and its mandate and responsibilities need to be clarified. The Swedish Climate Policy Council recommended to strengthen its role to ensure consistency and ownership of climate policy action across the government (Swedish Climate Policy Council, 2021[102]). Limited connections with the implementation done by agencies were reported as they received assignments by the government, raising questions about its capacity to follow up and steer the implementation.

Sweden has a number of agencies that deal with different aspects of environmental issues and climate change, including the Swedish Environmental Protection Agency (Swedish Environmental Protection Agency, 2022[107]). The government delivers assignments to these agencies with measures to implement and the agencies are tasked with preparing policy proposals for decision-making by the government. According to interviews carried out by the OECD, no institutional feedback was provided by the Government Offices on how the proposals were taken into account. The coordination between agencies with connected portfolios (e.g., water and environment) is instrumental to maximize effectiveness, create synergies and avoid overlaps, but this coordination seems to mostly happen at an operational, informal and *ad hoc* level, lacking clearer guidance and action plans from the Government Offices, which echoes challenges encountered on most crosscutting topics. There is no single agency tasked with climate change in Sweden, raising concerns on the consistency of the implementation across agencies and portfolios. However, the strong legal framework and the joint assignments have helped so far deliver on government's commitments on the topic.

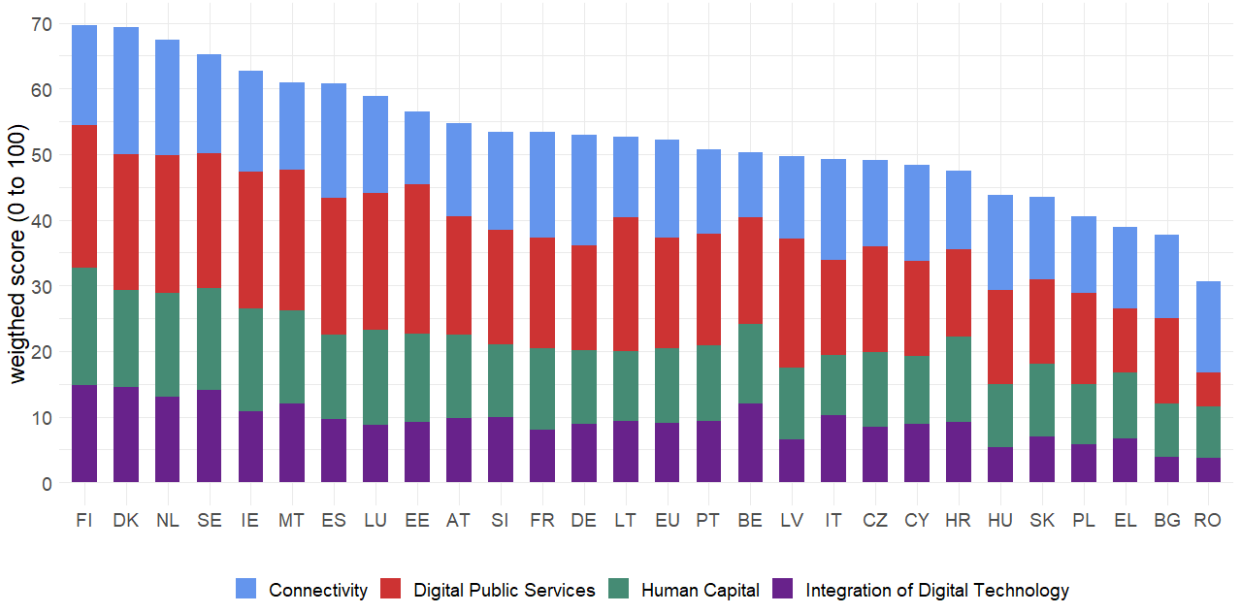
An example of a joint assignment on climate issues in Sweden is the assignment to the County Administrative Board of Uppsala, the Environmental Protection Agency, and the Swedish Energy Agency. In 2021, the government instructed the County Administrative Board of Uppsala to, with the support of the Environmental Protection Agency (*Naturvårdsverket*) and the Swedish Energy Agency (*Energimyndigheten*), produce documentation with analyses and proposals for policy instruments and measures that contribute to a local and regional climate change throughout Sweden. The assignment includes analysing what conditions municipalities, regions, and other relevant actors have at their disposal to steer toward reduced emissions so that the national and global climate goals can be reached in a long-term, sustainable, and cost-effective way, forming part of the basis for the next climate policy action plan according to § 5 second paragraph 8 of the Climate Act (2017:720) and include changes and measures that should be implemented during the period 2023-2026. The assignment defines clearly roles, responsibilities and timelines for all actors. It stipulates that the County Administrative Board of Uppsala shall coordinate the work with the Ministry of the Environment, the Ministry of Finance, and the Ministry of Infrastructure with clear deadlines, procedures and deliverables. The assignment further states the role of declares that the Environmental Protection Agency and the Swedish Energy Agency shall, in providing supplementary analyses in matters such as environmental quality targets, climate effect calculations, emission calculations, environmental assessments and other issues for which the Environmental Protection Agency is responsible and, for the Swedish Energy Agency, in matters such as climate impact calculations, energy efficiency, electrification, circular economy, sustainable renewable fuels and infrastructure for fuels. Lastly, the County Administrative Board of Uppsala should also cooperate with the Swedish National Board of Housing, Building and Planning (*Boverket*), the Swedish Transport Administration (*Trafikverket*), and Transport Analysis (*Trafikanalys*). The assignment also provides financial resources for its implementation for, both the County Administrative Board of Uppsala and the Swedish Energy Agency from the Environmental Protection Agency in 2021and 2022 with defined amounts and timelines (Government of Sweden, 2021[108]).

5. Digital government

While digital maturity is high in Sweden, public sector digitalisation remains uneven

Sweden is a frontrunner in the uptake and use of digital technologies among firms and individuals – with well-developed infrastructure, wide internet usage, and strong innovations in ICT (OECD, 2021[19]). In the European Commission's 2022 Digital Economy and Society Index (DESI), Sweden ranked 4 out of the 27 EU Member States (see Figure 1.15).

Figure 1.15. Sweden ranks fourth in the 2022 Digital Economy and Society Index (DESI)



Source: Author's elaboration based on (European Commission, 2022[38]).

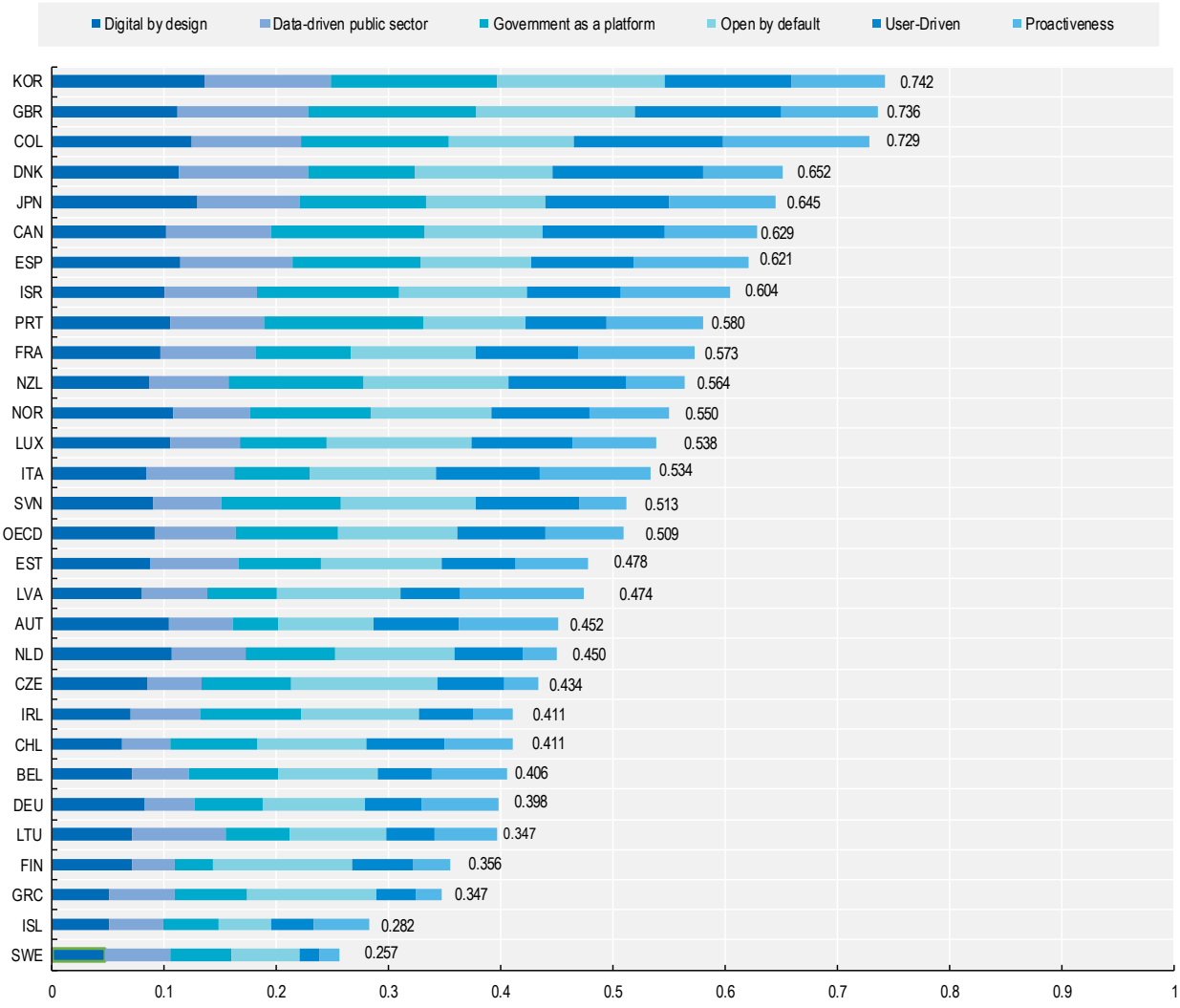
Sweden is also a frontrunner in terms of digital human capital, with a general population with a high degree of basic digital skills. However, despite being one of the EU countries with the highest percentage of employed ICT-specialists and an above-average share of ICT-graduates, Sweden struggles with the supply of ICT professionals in relation to demand (European Commission, 2022[38]). Sweden also ranks 3rd in the "integration of digital technology", which measures the uptake of digital technology in businesses and e-commerce (European Commission, 2022[38]). Although not a frontrunner in the indicator for connectivity, Sweden ranks above the EU-average.

Sweden has historically invested a lot of resources in advancing the digitalisation of the public sector with public sector productivity and efficiency as its main drivers (OECD, 2019[109]). The most recent efforts are focused on developing common digital infrastructure[10], data and interoperability[11], and public sector AI capabilities[12]. Despite Sweden's performance in digital public services in the 2022 DESI, a recent study by the Swedish Agency for Digital Government (*Myndigheten för Digital Förvaltning*, DIGG) found that digitalisation is uneven across the Swedish public administration, especially at regional and municipal level, with ongoing efforts not necessarily generating better services or greater efficiency. While progress is being made, the development is fragmented, with more resourceful organisations taking further leaps ahead of others.

The challenges of achieving a coherent approach to digital government across the public administration in Sweden were reflected in the 2019 results of the pilot OECD Digital Government Index (DGI) (OECD,

2020[21]). The DGI is based on the six dimensions of the *OECD Digital Government Policy Framework* (DGPF) and monitors countries' efforts to ensure a consistent and human-centric digital transformation of public sector bodies at the central government level through strategy, policy levers, practical implementation, and monitoring mechanisms (see Figure 1.16).

Figure 1.16. Results of the OECD Digital Government Index (pilot)



Note: Data are not available for Australia, Hungary, Mexico, Poland, Slovakia, Switzerland, Türkiye and the United States of America.
Source: (OECD, 2020[21]), Digital Government Index: 2019 results.

Across these dimensions, Sweden obtained higher scores in *open by default* and *data-driven public sector.* The lower performance in *Digital-by-design* and *Government-as-a-platform* are explained by the reported lack of a national digital government strategy, coordination mechanisms for the management of digital government investments, and of policy levers and initiatives across ICT procurement and ICT project management. It also reflects the absence of government standards and initiatives on public sector digital skills and service design and delivery. Sweden scored lowest in the *user-driven* and *proactiveness* dimensions, which is mainly explained by a reported lack of formal mechanisms for stakeholder engagement and communication as part of public service design and delivery, and of requirements to

enforce the once-only principle. Since the pilot Index result was launched, Sweden has made progress in several of these monitored areas.

Leadership, vision and tactical coordination on public sector digitalisation could be improved

The Swedish government adopted its current digitalisation strategy in 2017 with the overall objective that "Sweden should become the best in the world on reaping the benefits of digitalisation" (Government Offices of Sweden, 2022[110]). While the strategy brought a political vision, it did not come with detailed targets and the strategy has not been updated since then. The strategy was accompanied by setting up the Swedish National Digitalisation Council (*Digitaliseringsrådet*) (Swedish National Digitalisation Council, 2022[111]). The purpose of the Council was to "contribute to better coordination of the government's work on general issues of digitalisation and for effective implementation and development of the government's strategic work on digitalisation". The Council was aided by a group of State Secretaries coordinating the digitalisation policy within the Government Offices (Governement Offices of Sweden, 2017[112]). In 2020, the Agency for Public Management (*Statskontoret*) recommended the government to dismantle the Digitalisation Council Secretariat while maintaining the advisory role of the Council within the Government Offices (Swedish Agency for Public Management, 2020[113]). The Council has remained but has not been active.

The current elected government recognises the importance of digitalisation for Sweden. the Statement of the Government Policy mentions the importance of strengthening the EU's competitiveness with a greater focus on digital transformation and technology, and the relevance of the EU digital single market for Sweden (Government of Sweden, 2022[1]). However, digital government is not mentioned specifically in the Statement and is not covered in the *Tidö Agreement* except for the establishment of a common health digital infrastructure.

The digitalisation policy is today situated under the Ministry of Finance and the Minister for Public Administration. It was previously placed under the Ministry for Infrastructure and the Ministry of Enterprise and Innovation. The model chosen by the Swedish Government for developing the digital government policy remains decentralised, with each agency responsible for their own digitalisation efforts, which makes it more difficult to steer, coordinate and oversee the policy and its implementation. Existing efforts to balance this decentralisation include establishing DIGG in 2018, and through government assignments to establish a common digital infrastructure and rules for interoperability. Despite these efforts DIGG has called for greater political leadership and discussion on public sector digitalisation in Sweden (Agency for Digital Governement, 2022[40]), which aligns with the OECD Recommendation on Digital Government Strategies[13] [OECD/LEGAL/0406].

Inter-agency collaboration on digitalisation is a common feature in Sweden but co-ordination and steering could be further enhanced

DIGG is instructed to co-ordinate and support the digitalisation of the public administration (including government agencies, regions and municipalities); be responsible for Sweden's digital infrastructure; follow up and analyse the digitalisation of society; and provide advice to the government in the area of digitalisation policy (Sweden's Agency for Digital Government, n.d.[114]); (Swedish Parliament, 2018[115]).

While DIGG has grown considerably in terms of the size of its mission, number of government assignments, and human- and financial resources, it remains a relatively small agency compared to other agencies in Sweden. During the fact-finding mission, DIGG was seen as relatively under-resourced given the size and complexity of its tasks and not yet able to live up to the full expectations of other agencies. The interaction and coordination between DIGG and the Government Offices is seen as satisfactory, while some actors have raised that the communication could be improved.

Although DIGG has the responsibility to coordinate public sector digitalisation issues, inter-agency collaboration on this topic is not new. The voluntary programme eSamverkan (eSam) exists since many years and works on a needs-driven basis defined by its 34 members[14] including large resourceful agencies. The objective of eSam is to "reap the benefits of digitalisation to make it easier for individuals and businesses, and to use our common resources effectively" (eSam, 2022[116]). eSam is a positive example of the collaborative environment that exists within the Swedish public sector and it will be important for the Government Offices and DIGG to incentivise and improve formal coordination while avoiding duplicating tasks and efforts of eSam. Many of the government assignments relating to public sector digitisation are today shared assignments between several government agencies, with DIGG coordinating the work of the agencies in implementing the assignments.

One way for the Swedish government and parliament to incentivise coordination and increase horizontal steering is to improve the steering and prioritisation of digital investments. A report by the Agency for Public Management (2020[117]) found that the government currently lacks an overview of digital investments in the public administration and sets few requirements for agencies with regards to this aspect when reporting back on the implementation of government assignments. Agencies perceive the steering of digital investments as weak, and that there is a lack of co-ordination between ministries which can lead to inefficiency with regards to establishing common digital infrastructure. In a report, the Swedish National Financial Management Authority (*Ekonomistyrningsverket* - ESV) (Swedish National Financial Management Authority, 2020[118]) has recommended that DIGG should receive a greater mandate in this area and create a strategic plan for digital investments within the state to be approved by the parliament and government. ESV has also suggested that some investments in common digital infrastructure would better be classified as community investments (*samhällsinvesteringar*) rather than operational investments (*verksamhetsinvesteringar*) within the Swedish government budget framework. By defining investments as community investments, the Swedish parliament and the government have more influence to strategically steer the area within the existing budget framework, which is currently being done in areas such as transportation infrastructure.

6. Strengthening public integrity at the national and sub-national level

While Sweden fairs extremely well in measurements of apparent forms of corruption, such as bribery, it could increase its understanding and resilience to modern threats to public sector integrity

Sweden is internationally recognised for having lower levels of public sector corruption. For example, Sweden ranks high (4th out of 180 countries) in the Corruption Perception Index of Transparency International (TI, 2021[119]) and the Global Corruption Barometer revealed that only 1% of public service users paid a bribe in the previous 12 months (GCB, 2021[120]). However, the latest GCB found that 31% of people thought corruption increased in the previous 12 months. While these rates are low compared to other countries in the European Union, Sweden could consider how to strengthen its controls in areas of less apparent corruption, often referred to as 'friendship corruption' (TI, 2022[121]), in order to protect its parliaments and public service from undue influence. In particular, a number of international reports including GRECO have highlighted potential weaknesses in Sweden's framework for political integrity and conflicts of interest which could be exploited, including by foreign actors (GRECO, 2021[122]); (European Commission, 2022[123]).

The *Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions* also show that Sweden scores better than the rest of OECD countries in people's perception of public integrity, through progress remains to be done. In this regard, 29% of Swedes find likely that a public employee would accept a bribe, while this fraction is equal to 36% in OECD countries on average (OECD, 2022[15]).

The strategic framework for public sector integrity can be enhanced to take a more holistic approach and to future-proof the Swedish democracy by addressing continued weaknesses in accountability of public policymaking

Sweden recently stepped up anti-corruption efforts by developing and implementing the National Anti-Corruption Action Plan (NACAP), which focuses on integrity in the national public administration and was launched in December 2020 and runs until 2023 (Sweden's Government Offices, 2020[124]). The Action Plan is primarily aimed at government agencies. It can also be used as a starting point to prevent corruption at the local and regional level. The NACAP aims to establish a more effective and structured approach towards anti-corruption policies based on corruption risk analysis processes. To this end, the action plan provides an overview of the main regulatory framework, as well as guiding principles from evaluation agencies and international organisations. Under the NACAP, the Swedish Agency for Public Management (Statskontoret) is responsible for providing guidance on assessing risks and is in the process of collecting information on the anti-corruption measures carried out by government agencies (Sweden's Government Offices, 2020[125]).

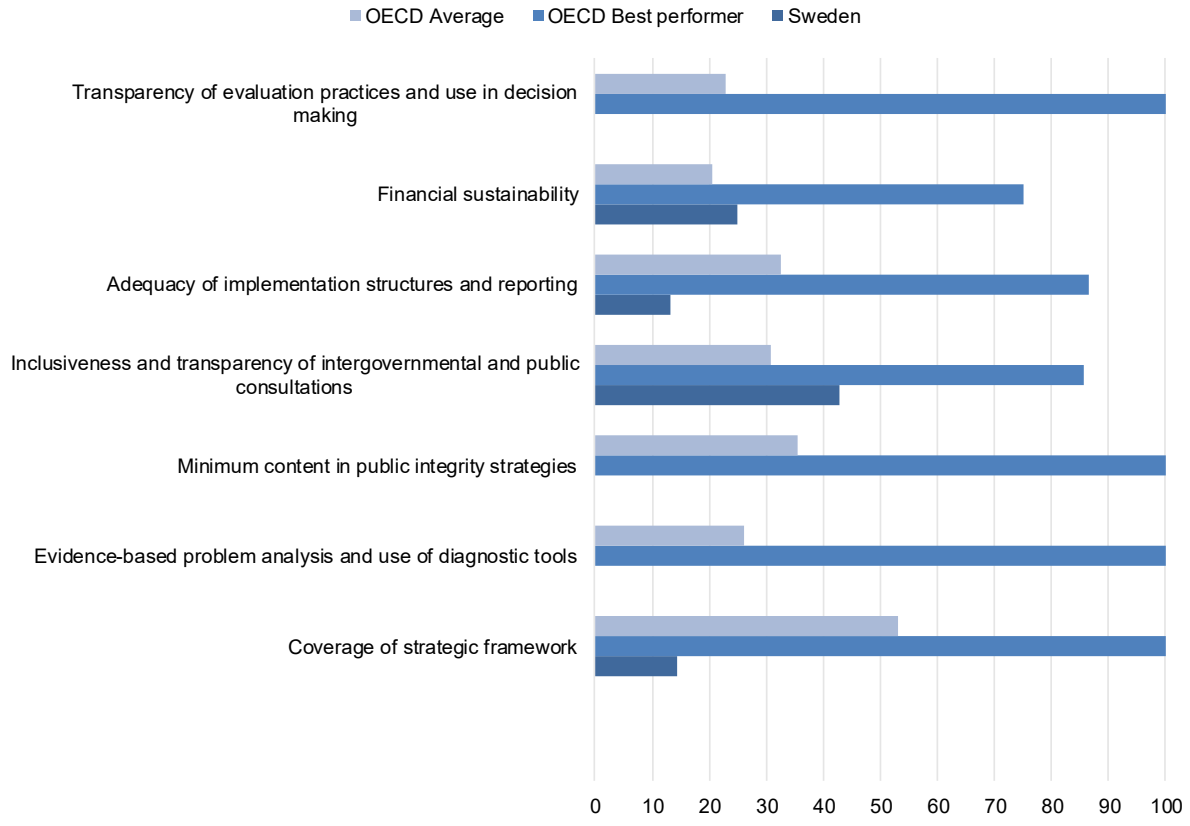
In line with the OECD Recommendation on Public Integrity (OECD, 2017[126]), the strategic framework on anti-corruption should have adequate coverage, and consist of strategies that are developed based on data and evidence, in an inclusive manner, adequately implemented and evaluated, and financially sustainable. As a positive feature, the Swedish NACAP assigns the responsibility for preventing corruption to the managers of government agencies. Moreover, the implementation of the NACAP by public organisations should be guided by the following principles:

- Improved control environment and clearer accountability;
- Corruption risk analysis as the foundation of effective and operationally appropriate anti-corruption measures;
- Dissemination of rules and corruption prevention methods in order to improve employees' knowledge and skills to manage ethical dilemmas;
- Establishment of complaints management procedures regarding suspicions of corruption;
- Cross-agency collaboration and peer-learning processes to identify common challenges and good practices.

According to the OECD Public Integrity Indicators (OECD PII) on the quality of the strategic framework, Sweden has managed to establish processes for inclusive and transparent inter-governmental and public consultations with regards to the development of the national strategic framework. In particular, all public integrity strategies in force have undergone mandatory inter-governmental and public consultation processes. Additionally, integrity strategies are consulted with integrity bodies and non-state actors (OECD, 2022[127]).

Despite recent efforts, Sweden is below average in the OECD Public Integrity Indicators, particularly on indicators related to the coverage of its strategy and evaluation practices (Figure 1.17). More specifically, according to the OECD PII measurements, Sweden's national strategic framework did not fulfil the minimum required content for public integrity strategies, such as a situation analysis, identification of existing public integrity risks, outcome-level indicators for the public integrity objectives and target values for these indicators. With regards to the coverage of the strategic framework, the strategic objectives do not adequately address a significant number of areas related to public integrity, such as mitigating risks in human resource management, public financial management, and internal control and risk management. As far as evaluation practices are concerned, while ongoing work by the Statskontoret is helping to address this, Sweden does not have a comprehensive system to measure the impact and monitor the achievements and shortcomings of all aspects of its strategic framework.

Figure 1.17. Public Integrity Indicator on the Quality of the Strategic Framework

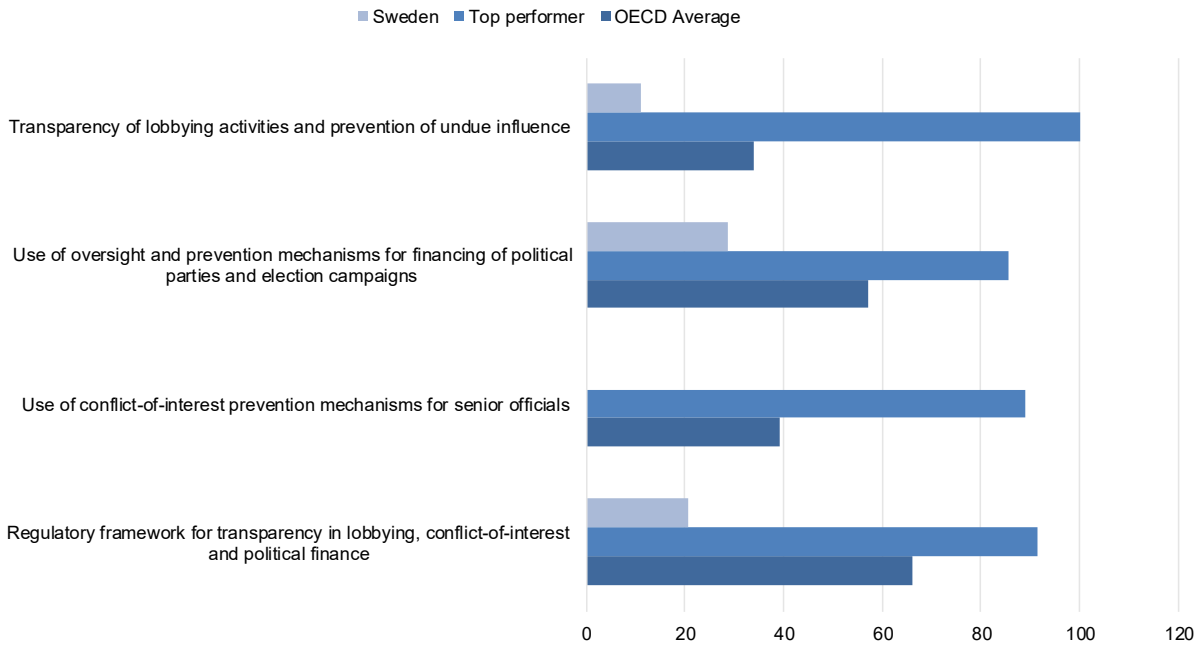


Source: OECD Public Integrity Indicators (OECD, 2022[127]).

A key shortcoming of Sweden's 2021-2023 NACAP is the lack of clear actions and responsibilities, although these are remedied by government processes to assign particular tasks to agencies including the Swedish Agency for Public Management. The NACAP stresses the need for more methodological working methods and tools for preventing and detecting corruption in government agencies and presents a number of findings and assessments describing the extent of the problem in Sweden. The task of developing working methods to support national agencies in the fight against corruption is assigned to the Swedish Agency for Public Management. However, the plan is currently missing a concrete problem diagnosis linking these findings to specific measures. In addition, the NACAP highlights certain priority policy areas, such as transparency of administration, state owned enterprises and protection of whistle-blowers, but it is not clear how these were identified and selected. To address these shortcomings, Sweden could consider including a broader diagnosis in thematic areas later covered by the plan, explaining the priorities of the plan or the importance of implementing envisaged reforms.

In the area of open government, Sweden is leader on transparency and accountability of public policymaking, as well as legislative stability, thereby ensuring high levels of trust in the rule of law. However, the OECD PII findings (Figure 1.18), indicate that Sweden could consider implementing additional reforms to improve its regulations and implementation thereof on transparency of policy influence, in particular in the areas of lobbying and conflict of interest. Further efforts could also be adopted to strengthen transparency and integrity in post-employment practices of ministers and top officials.

Figure 1.18. Public Integrity Indicator on Accountability of Public Policymaking



Source: OECD Public Integrity Indicators (OECD, 2022, unpublished; Data may be subject to changes.)

Reforms on revolving doors and undue influence reflect Sweden's willingness to address particular contextual issues that have been identified in Sweden (European Commission, 2022[123]). However, Sweden could consider taking a more holistic approach to understanding and addressing government and political accountability to respond to less apparent forms of corruption or weaknesses in integrity, as previously identified in reviews undertaken by international organisations (GRECO, 2021[122]). Drawing from the currently ongoing work of the Inquiry Commission on Revolving Doors, new Inquiry Commissions could be launched with broader mandates to also cover issues such as political finance and lobbying and conflicts of interest. These issues may be particularly acute at the regional and local levels where over 40,000 politicians regularly hold political positions in addition to another occupation. Sweden could also assess potential risks of foreign interference in political finance, lobbying and other democratic processes as OECD members have identified issues in this area (OECD, 2016[128]) (OECD, 2021[129]). Sweden could strengthen its action plan by seeking political commitment to address identified challenges related to public sector and political integrity and including appropriate enforcement mechanisms in order to respond to suspected violations and to safeguard its strong democratic tradition.

Integrity is a cross-cutting issue and Sweden could consider stronger models for inter-agency and inter-governmental cooperation, including local government

The implementation of the NACAP is coordinated by the Swedish Agency for Public Management (*Statskontoret*). In terms of institutional arrangements, a Network against Corruption for Swedish State Agencies is hosted by the Agency for Public Management that coordinates efforts on anti-corruption in the government agencies. This network works as an informal mechanism that enables horizontal exchange of good practices and lessons learned on integrity, anti-corruption, internal control and efficiency across public bodies. Delegates participating in the network include heads of administrative departments and heads of legal departments. Similar structures can be found in other OECD countries (OECD, 2020[130]).

The National Anti-Corruption Unit within the Swedish Prosecution Agency is in charge of addressing anti-corruption issues more broadly. At the municipal and regional level, the Swedish Association of Local Authorities and Regions (SALAR) plays an important role in supporting local administrations in the fight against corruption and provides useful and practical information as well as training at the regional and local levels (UNODC, 2020[131]).

Nevertheless, interviews with national stakeholders and public officials indicated that civil society and local government entities could be more actively engaged anti-corruption initiatives. While the NACAP does not steer the regional or local levels of government, Sweden could consider stronger models for interagency and intergovernmental cooperation in line with those adopted for other horizontal issues, such as climate change, digitalisation policies and gender diversity to develop holistic responses and ensure clear accountability for reform. Recognising the challenges arising due to Sweden's autonomous local government model, this could be achieved through formal cooperation agreements with local government entities to support regions and municipalities in selected priority areas. For example, the National Transparency Authority in Greece engages in various ways with local government entities to support their anti-corruption efforts through the organization of capacity-building workshops and the development of resources, such as an internal audit manual to support the operations of internal audit units (National Transparency Authority of Greece, 2019[132]). These resources are not binding but can be used by local government to strengthen anti-corruption efforts. Furthermore, Sweden could consider a more strategic approach to support the promotion of integrity in regional and local government through the development of local anti-corruption plans or seeking high-level regional political commitment to a whole-of-Swedish-government plan. The risk assessment work developed by *Statskontoret* will be a strong platform for engaging more actively with regional and local-level stakeholders to ensure that Sweden is taking a consistent and holistic approach to public sector integrity, including, for example, for internal control and audit. This is particularly considering a significant portion of public spending, including on health, is controlled at the regional and local levels.

National assessments have identified risks of undue influence at the regional and local level, therefore the active engagement of local and regional authorities in strengthening anti-corruption efforts is critical (Sweden's Ministry of Justice, 2022[133]). The increased frequency and closeness of interactions between sub-national government authorities with citizens and firms as compared to the national level can make local government entities prone to these types of integrity risks. Sweden could enhance cooperation with local government focusing on streamlining the national anti-corruption plan at the local level, as well as supporting agencies in understanding corruption risks identified and changing attitudes towards corruption. The practice of collecting data and benchmarking feedback in regions and municipalities in different sectors, used for instance by the Swedish Agency for Health and Care Analysis on health outcomes, could serve as a horizontal good practice to boost overall performance on integrity issues across Sweden. In order to address the need for greater common risk assessment on money laundering and terrorist financing, Sweden set up in 2018 a coordination function which includes a number of federal agencies but also regional level authorities and is responsible for developing annual risk assessments. A similar coordination function to develop and monitor any further action plan could be a useful catalyst for coordinated action across the national and regional governments (Sweden's Government Offices, 2019[134]).

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Notes

[1] The OECD met with stakeholders from the Swedish Government Offices and Agencies to identify key priorities for public governance in Sweden in preparations to the Public Governance Monitor, first virtually in the first quarter of 2022 as part of the scoping phase and then on 6-7 October 2022 in Stockholm as part of a fact-finding mission. The report relies on and refers to these meetings whenever useful.

[2] We refer to 2019 data because it is the most complete updated dataset that includes OECD averages and the majority of OECD countries (OECD, 2021[11]).

[3] The production costs of government are public expenditures on the goods and services which government uses, primarily wages and purchases of goods and services.

[4] Those are the latest OECD's Programme for International Student Assessment conducted. New international comparisons will be available with PISA 2022 bringing more evidence to the Swedish trend.

[5] OECD Legal Instruments.

[6] People are classified as poor when their equivalised disposable household income is less than 50% of the median prevailing in Sweden.

[7] This section focuses on spending trends in Sweden. Further analysis and discussions on budgetary governance and processes would be addressed in chapter 2 on the spending lever.

[8] See note 1.

[9] See note 1.

[10] *"Assignment to continue the establishment of a common government digital infrastructure for information exchange"* (I2022/00102) (Government of Sweden, 2022[136]).

[11] "*Regulation and steering for interoperability to support data sharing within the public sector and from the public sector to external actors"* (2022:118) (Government of Sweden, 2022[137]).

[12] *"Assignment to enhance the public sector's capability to use artificial intelligence"* (I2021/01825) (Government of Sweden, 2021[138]).

[13] OECD Legal Instruments.

[14] The 34 members of eSAM are all government agencies. Members include the Swedish Social Insurance Agency, the Swedish Public Employment Service, the Swedish Transport Administration and the Swedish Tax Agency which are some of the largest state-level agencies in terms of number of employed (eSAM, n.d.[139]).

2 Illustrative Priorities for Reform for Sweden's Public Administration

Based on the analysis provided by the overview chapter, this chapter identifies opportunities for reform in key areas of public governance in Sweden. It focuses on performance management tools to support increased effectiveness of the public sector, discusses how to enhance the impact of public participation mechanisms and explores ways to improve the governance of crosscutting issues, including climate change and the digital transformation of the government. It also aims to support Sweden's efforts to take a more holistic approach to public sector integrity. These potential priorities are also illustrated by experiences from OECD member countries that could inform future reform initiatives in Sweden.

Introduction

Whilst the Sweden Public Governance Monitor does not go in depth into its Public Governance Systems, the following section showcases a number of potential priorities for reform that were identified based on the research and analysis undertaken.

Potential areas of opportunity for Sweden identified include: to further increase the use of performance management tools to monitor and raise the effectiveness of its public sector; strengthen citizen's engagement in public life; enhance public sector integrity; and improve its capacity to address long-term horizontal challenges, including digitalisation and climate change, using the experience of peers and international comparisons. This section provides a brief illustrative overview of suggested priority areas for the government along the dimensions of the PGM.

Public sector effectiveness

Priority area 1: enhancing the use of performance management tools to increase transparency, better steer and deliver public administration objectives and reforms

Sweden has set a goal for the public administration to be "an innovative and collaborative government administration that is legally secure and efficient, has well-developed quality, service and accessibility, and thereby contributes to Sweden's development and effective EU work", but has been lacking a performance framework to ensure that this goal is properly measured, monitored and achieved by the whole-of-public administration (The Swedish Agency for Public Management, 2020[1]).

The government has tasked the Swedish Agency for Public Management through an assignment to develop key performance indicators (KPIs) to monitor the progress towards this goal. The topic is also central to the work of the Department for Public Administration (Ministry of Finance) that should help gather and monitor information for the whole-of-administration and fulfil the future KPIs and achieve the goal. Given the Swedish model, the task of aggregating the data could also be delegated to an agency, that should report to the Department of Public Administration.

The wide-ranging nature of the goal that encompasses several dimensions of public governance related to innovation, effectiveness, coordination, service delivery and EU commitments calls for selecting a limited set of key performances indicators in each of this area. They also require the definition of clearer, measurable objectives and actions attached to each dimension that can be measured over time. This first step will allow for the identification of Key Performance Indicators to be monitored. For instance, the UK has prepared a Declaration on Government Reform that identifies key priorities for reforming and modernising the public administration and improving its effectiveness. The document was signed by all ministers and outlines a number of key actions to be implemented, assigning Senior Responsible Owners (SROs) that are in charge of implementing the different actions (United Kingdom, 2021[2]).

Performance management tools based on key performance indicators can help identify, monitor and address key priorities and targets. Their use can provide policymakers with information on progress and achievements on specific goals, support the identification of priorities for reform and help engage in further dialogue and work with the public entities involved. They can also promote transparency within the administration and with citizens and support the relations between citizens and the administration. A number of OECD member countries have established dashboards with key performance indicators to measure progress, communicate and support improvements on targets and measures set in public policy initiatives and reform plans (see Box 2.1).

Box 2.1. Country dashboards and performance framework from OECD member countries

Austria has over recent years reformed and streamlined its budgetary framework so that each ministry presents its estimate on a programme basis, with a small number (no more than 3-5) of performance objectives specified for each programme. At least one of these programmes must relate to gender equality. Both the resources allocated to each programme, and the performance relative to the objectives, are subject to audit by the supreme audit institution. Some examples of indicators include: Number of men and women who attend preventive health examination; percentage of women between 45 and 75 years who participate in breast cancer screening.

Likewise, **New Zealand** has a well-developed results approach, whereby agencies are organised around the outcomes that matter to citizens, and in this context each agency must specify the "vital few" indicators that will tell whether these goals are being achieved. The Percentage of children sitting and achieving School Certificate in five subjects is an example of indicator used.

The **United States** has also placed a high priority on articulating clear performance objectives for each agency, including a small number of "agency priority goals"; these objectives have become an organising principle for public accountability and also for internal management and staff engagement.

Scotland's National Performance Framework involves a co-ordination mechanism to ensure alignment of strategies and programmes across sectors, in support of broader national outcomes. The country uses a detailed, open dashboard analysing trends and indicators on key national priorities. Examples of indicators include: Proportion of driver journeys delayed due to traffic congestion; Total additions to the supply of housing, including public and private new house building; conversions of existing buildings to housing use; and refurbishment of dwellings.

Source: (OECD, 2016[3]); (OECD, 2018[4])

Key performance indicators must possess some fundamental qualities to fully benefit countries. They should be relevant (linked to key objectives of the organisation rather than on process), clear (simple to ensure common understanding), measurable and objective (expressed on pre-determined measures and formulas and based on simple data that can be gathered objectively in a cost-effective manner), achievable (realistic) and timed (include specific timeframes for completion) (OECD, 2016[3]).

For example, a number of international indicators were used in this report to evaluate the effectiveness of the public sector and can be selected depending on the objectives and priorities of the Department. They include but are not limited to the following dimensions:

- Productive (efficient): size and scope of government (general government expenditures as a % of GDP); production costs (central government expenditure by sector or production costs by function as part of GDP); public employment (general government employment as a % of total employment); regulatory effectiveness (use of Regulatory Impact Analysis RIA or iREG);
- Agile (innovative and collaborative government): leadership (composite indices of public service leadership and capability); resource flexibility (share of workforce of central / federal administration who works remotely or the use of proactive recruitment practices); innovation and transformation (innovative capacity indicators);
- Responsive (satisfaction with services, access and quality of services, digitalisation): citizen's satisfaction with public services (e.g. OECD Trust Survey or local surveys); access, quality and territorial coverage of public services (national data on service delivery); engagement (adoption of

people-driven approaches to design and deliver services); digitalisation (e.g. OECD Digital Government Index, the EU Digital Economy and Society Index DESI);

- Inclusive (inclusive public administration and inclusive society): inclusive administration (development of a diverse central government workforce, gender equality in senior management positions in central governments, gender equality in public sector employment and in total employment, gender pay gap in the public sector); inclusive society (income inequality before taxes and post taxes and transfers, wellbeing, share of total net wealth by household).

Performance indicators can also rely on user-surveys on the quality and satisfaction with public services. Many OECD countries have implemented these surveys to improve the quality of public services and the performance of the public administration. For example, among these countries, France has developed a barometer of the public administrative complexity ("*Baromètre de la complexité*") that looks at the perceived complexity of "life events" experienced by citizens and firms. It evaluates the level of complexity experienced by users, understands how citizens interact with the public administration through these life events and measures pain points for users. It is a standardised questionnaire administered over the phone to a quota sample of 7700 individuals aged 15 or older. The Barometer is carried out every two years and helps to identify key reform priority areas that very often involve different public administrations. The Barometer also measures the overall trust of citizens in public services and how much they feel public services are efficient, equal and take into account their specific needs (France, 2020[5]) (OECD, 2022[6]).

Public participation

Priority area 2: Sweden could increase the impact of its participatory mechanisms

Sweden could increase the impact of participatory practices by reinforcing the enabling environment with an overarching policy framework, and by implementing more innovative and engaging participatory and deliberative processes at all stage of the policy cycle. Sweden could continue to mainstream existing mechanisms, particularly the use of Councils with citizens and users, as well as local practices such as participatory budgeting and referenda. Among peer countries, Sweden could take inspiration from Finland and implement innovative instruments like representative deliberative processes to further strengthen citizen participation in the policymaking process. For example, Finland has organised Citizen Juries to involve citizens in climate or transport policies, meaning conveying randomly selected citizens to weigh evidence, deliberate to find common ground, and develop detailed recommendations on policy issues for public authorities (OECD, 2021[7]). Representative deliberative processes focus on the depth of deliberation and all parts of society being represented within a smaller group of participants, whereas the majority of other methods of citizen participation place the focus on the breadth of participation – aiming to ideally directly involve everyone affected by a specific issue (OECD, 2020[8]).

Enhancing government's capabilities to address climate change and global challenges

Priority area 3: Reinforcing the coordination and steering of horizontal priorities could increase the government's capacity to respond to current multi-faceted challenges such as digital and green transitions

Further enhancing the governance of crosscutting topics in Sweden can help equip the Government Offices and agencies with the appropriate public governance settings and mechanisms to deliver on the country's commitments, embrace the green and digital transitions and respond to contemporary multidimensional governance challenges. On a horizontal topic like climate change, the Climate Policy

Council has shown that more can be done to achieve the climate change objectives and that strengthening governance arrangements can support in this regard (Swedish Climate Policy Council, 2021[9]).

A common issue shared by Sweden and the majority of OECD member countries remains the identification and arbitration among priorities, particularly crosscutting ones. The CoG usually plays a crucial role in signalling priorities in OECD member countries (OECD, 2017[10]). Strategies and legal framework prepared by the Government Offices can help play this role of signalling priorities for the whole-of-administration. This role could be complemented by discussions during the annual dialogue between the line ministry and agencies to further identify priorities for action. Linking strategies prepared by the different Ministries with key measures identified in the government programme is also a common venue to identify priorities and provide guidance to the whole-of-government.

Sweden has developed a number of coordination mechanisms and practices that can be mainstreamed to help improve the coordination of horizontal priorities. The establishment of a strong policy framework and of a strategy helps signal that the horizontal topic is an important priority for the government. For instance, the Climate Policy Act helped creating a share sense of priority on climate change with clear indicators and instruments for the public administration. Clear priority setting and the development of strategies from the Government Offices are key to providing directions to agencies. A strategy needs to point out a clear direction and also clarify which effects in society the government wants to achieve within the cross-sectoral issue. Strategies should also point out which actors need to contribute in order for the effects to be achieved. Based on the strategy, an action plan or other steering document should be produced with clear goals and efforts, as well as a timetable for when the efforts are to be implemented and roles and responsibilities on the matter. The use of joint assignments can be further expanded in setting tasks and activities for multiple agencies on horizontal priorities to establish common priorities for action, ensure coordination and remove obstacles including on resources. As part of the joint assignment preparations, resources could be discussed early and more thoroughly to alleviate capacity constraints faced by agencies, particularly the smaller ones, when collaboration is needed on horizontal topics.

Sweden has often used inter-ministerial Councils and Working Groups to support policymaking and coordination on horizontal priorities, such as the Ministerial Working Group on Climate Policy or the National Digitalisation Council. The effectiveness of these Councils has been variable according to the stakeholders met by the OECD and local sources, partly due to a very large scope of activities and insufficient capabilities (Swedish Climate Policy Council, 2021[9]; Swedish Agency for Public Management, 2022[11]). Successful practices in OECD member countries have underlined the importance of setting a clear mandate and objectives, for instance linked with the development and monitoring of a specific strategy, and further integrating these bodies into decision-making processes by ensuring that their recommendations and work are taken into account and submitted to the highest-level decision-making platforms, including Cabinet meetings. A number of OECD member countries have established such interministerial councils, for instance on climate (Box 2.2).

Box 2.2. Examples of interministerial bodies on climate change in OECD member countries

Interministerial bodies can be deployed at the ministerial or technical level to effectively coordinate on climate change policies. **Canada** has two cabinet committees on the Economy, Inclusion and Climate (covering different dimensions of the topic), as well as topic-specific interdepartmental committees at senior management level to coordinate environmental matters, and finally a Deputy Minister Committee on Climate Plan implementation (Prime Minister of Canada, 2022[12]). In particular the Cabinet committees support the preparations and review of key items that will be submitted to the Cabinet meeting and help with high-level interministerial coordination and decision-making.

France has created an Ecological Defence Council in 2019 that is designed as a small Cabinet meeting chaired by the PM with only selected ministers involved, including selected experts, that aims to support policy coordination and make decisions on climate change and to ensure that national objectives are met (Présidence de la France, 2020[13]). Mexico has established an Inter-ministerial Commission on Climate change established by the General Climate Change Law in 2012 that contributes directly to setting overall national objectives (Grantham Research Institute on Climate Change and the Environment, 2018[14]).

Source: (OECD, Forthcoming[15])

The role of the CoG in Sweden remains limited in steering and coordination horizontal priorities compared to most OECD member countries where CoGs are increasingly tasked with steering crosscutting initiatives. An estimated 81% of CoGs in surveyed EU member countries (21) play a leadership role on crosscutting issues. Nearly half of EU member countries surveyed cited digital transformation as one of the top three priorities managed from the centre (OECD, Unpublished[16]; OECD, 2017[10]). Several of them have established dedicated bodies at their centres of governments tasked with leading on the climate portfolio overall, for instance in France, with the newly created General Secretariat of Ecological Planning, reporting directly to the Prime Minister (French Government, 2022[17]).

Digital government

Priority area 4: Improving the horizontal steering of the digital government policy

A number of opportunities for reform could be explored by Sweden to support a more coherent effective digital government transformation:

- Promote greater political leadership for public sector digitalisation, including by considering establishing a strategy that outlines Sweden's vision for public services in the digital age to guide the work on digital government;
- Consider reinstating/kick-starting the Digitalisation Council within the Government Offices while learning from good examples such as the independent Climate Advisory Council;
- Consider improving the steering of digital investments through the existing budget framework, in particular for common digital infrastructure;
- Consider prioritising resources and support to national government agencies and local governments who are falling behind in digitalisation.

Integrity

Priority area 5: Taking a more holistic approach for public sector integrity to future-proof the Swedish democracy and address continued weaknesses in accountability of public policymaking

To ensure a holistic consideration of all aspects of a functioning integrity system across the various levels of government in Sweden, Sweden could consider developing a second anti-corruption plan and broadening the scope to expressly focus on integrity, as defined in the OECD Recommendation on Public Integrity. Sweden is well-positioned to do this by building on the risk analysis undertaken by the Swedish Agency for Public Management. In addition, it could consider emerging integrity risks and prioritise measures to mitigate those risks based on international best-practice, involve a broad range of stakeholders including local and regional governments and civil society in the development of the plan and design clear responsibilities and mechanisms to monitor progress across Sweden.

Sweden could also consider launching new Commissions of Inquiry on the topics of political finance and lobbying and undue influence to address Sweden's resilience against emerging political and other integrity risks in modern democracies.

Mechanisms to enhance inter-agency cooperation and to take a whole-of-government and whole-of-society approach to integrity could be applied, drawing examples from cooperation mechanisms used in other policy areas in Sweden such as health and gender equality.

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OECD Public Governance Reviews

Public Governance Monitor of Sweden

This OECD Public Governance Monitor (PGM) provides a concise analysis of Sweden's public governance system, instruments and capabilities, and helps identify areas of opportunities for public governance reforms. The report provides an overview of public administration in Sweden looking at public governance mechanisms around six key themes: public sector effectiveness, spending, citizen participation, the governance of climate change and other cross-cutting priorities, digital transformation, and public integrity. The report suggests several priorities for reforms to improve public sector effectiveness, increase the impact of participatory mechanisms, reinforce the governance of cross-cutting topics, strengthen the steering of digital government policy and take a more holistic approach to public sector integrity, in particular by revising the national anti-corruption plan.

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